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SEVENTY-SECOND CONGRESS, SECOND SESSION

SENATE

TUESDAY, JANUARY 24, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	King	Sheppard
Austin	Davis	La Follette	Shipstead
Bailey	Dickinson	Lewis	Shortridge
Bankhead	Dill	Logan	Smith
Barbour	Fess	Long	Smoot
Barkley	Fletcher	McGill	Steiwer
Bingham	Frazier	McKellar	Stephens
Black	George	McNary	Swanson
Blaine	Glass	Metcalf	Thomas, Idaho
Borah	Goldsborough	Moses	Thomas, Okla.
Bratton	Gore	Neely	Townsend
Brookhart	Grammer	Norbeck	Trammell
Bulkley	Hale	Norris	Tydings
Bulow	Harrison	Nye	Vandenberg
Byrnes	Hastings	Oddie	Wagner
Capper	Hatfield	Patterson	Walcott
Caraway	Hayden	Pittman	Walsh, Mass.
Carey	Hebert	Reed	Walsh, Mont.
Connally	Howell	Reynolds	Watson
Coolidge	Hull	Robinson, Ark.	Wheeler
Copeland	Johnson	Robinson, Ind.	White
Costigan	Kean	Russell	
Couzens	Kendrick	Schall	
Cutting	Keyes	Schuyler	

The PRESIDENT pro tempore. Ninety-three Senators have answered to their names. A quorum is present.

THE WASHINGTON, D. C., POST OFFICE

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting draft of proposed legislation designed to place the Washington, D. C., post office under the custody and control of the Secretary of the Treasury to the same extent as courthouses, customhouses, post offices, appraiser's stores, and other public buildings outside the District, which, with the accompanying paper, was referred to the Committee on Public Buildings and Grounds.

NAVAL STATION AND LIGHTHOUSE RESERVATION, KEY WEST, FLA.

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of Commerce, transmitting draft of proposed legislation to authorize the Secretary of the Navy and the Secretary of Commerce to exchange portions of the naval station and lighthouse reservation at Key West, Fla., which, with the accompanying paper, was referred to the Committee on Naval Affairs.

CHANGE IN DATE OF THE INAUGURATION

The VICE PRESIDENT laid before the Senate a letter from the Governor of Oklahoma, transmitting certified copy of the preamble and a concurrent resolution of the Legislature of the State of Oklahoma, which, with the accompanying papers, was ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF OKLAHOMA,
EXECUTIVE CHAMBER,
Oklahoma City, January 18, 1933.

To the honorable the PRESIDING OFFICER OF THE UNITED STATES SENATE, *Washington, D. C.*

Washington, D. C.

SIR: I herewith transmit to you a certified copy of the preamble and concurrent resolution known as House Concurrent Resolution No. 1 of the Fourteenth Legislature of the State of Oklahoma, being a concurrent resolution ratifying a proposed amendment to the Constitution of the United States of America fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress.

The said house concurrent resolution was adopted by the House of Representatives of the Fourteenth Legislature of the State of Oklahoma January 13, 1933, and signed by Hon. Tom Anglin, speaker, and also passed by the Senate of the Fourteenth Legislature of the State of Oklahoma on the 13th day of January, 1933, and signed by Hon. Robert Burns, president of the senate, and the same was signed and approved by me, as Governor of the State of Oklahoma, on the 18th day of January, 1933.

I shall be glad to have your receipt for said inclosure.

Witness my hand this January 18, 1933.

By the Governor of the State of Oklahoma.

WM. H. MURRAY.

STATE OF OKLAHOMA,
DEPARTMENT OF STATE.

To all to whom these presents shall come, greeting:

I, R. A. Sneed, secretary of state of the State of Oklahoma, do hereby certify that the following and hereto attached is a true copy of enrolled House Concurrent Resolution No. 1 (by Graham and Roberts of the house and Nichols of the senate): Concurrent resolution ratifying a proposed amendment to the Constitution of the United States of America, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of State. Done at the city of Oklahoma City this 19th day of January, A. D. 1933.

[SEAL.] R. A. SNEED,
Secretary of State.

House Concurrent Resolution 1 (by Graham and Roberts of the house and Nichols of the senate) ratifying a proposed amendment to the Constitution of the United States of America

Whereas both Houses of the Seventy-second Congress of the United States, by a constitutional majority of two-thirds thereof, made the following proposition to amend the Constitution of the United States in the following words, to wit:

"Concurrent resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein)*, That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

"'ARTICLE —

"'SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"'SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"'SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"'SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"'SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"'SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission'":

Therefore be it

Resolved by the Legislature of the State of Oklahoma—

SECTION 1. That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the Legislature of Oklahoma.

SEC. 2. That certified copies of the preamble and concurrent resolution be forwarded by the governor of this State to the Secretary of State at Washington, to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

Adopted by the house of representatives this the 13th day of January, 1933.

TOM ANGLIN,
Speaker of the House of Representatives.

Passed by the senate this the 13th day of January, 1933.

ROBERT BURNS,
President of the Senate.

Approved this 18th day of January, 1933, by the Governor of the State of Oklahoma.

WM. H. MURRAY.

Correctly enrolled.

JULIUS W. COX,
Acting Chairman Committee on Enrolled and Engrossed Bills.

The VICE PRESIDENT also laid before the Senate a letter from the Governor of Nebraska, transmitting certified copy of an act of the Legislature of the State of Nebraska, which, with the accompanying paper, was ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF NEBRASKA,
EXECUTIVE OFFICE,
Lincoln, January 19, 1933.

Hon. CHARLES CURTIS,
President United States Senate,
Washington, D. C.

DEAR SIR: In accordance with the provisions of the bill as passed by the Nebraska Legislature, I am transmitting herewith a certified copy of Senate File No. 1, which is a bill ratifying a proposed amendment to the Constitution of the United States of America, fixing the commencement of the terms of the President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

Very truly yours,

CHARLES W. BRYAN,
Governor of Nebraska.

STATE OF NEBRASKA,
SECRETARY OF STATE.

I, Harry R. Swanson, secretary of state of the State of Nebraska, do hereby certify that the attached is a true and correct copy of Senate File No. 1, as passed by the 1933 session of the legislature.

This bill being an act for a joint and concurrent resolution ratifying a proposed amendment to the Constitution of the United States of America, fixing the commencement of the terms of the President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Nebraska. Done at Lincoln this 18th day of January, A. D. 1933.

[SEAL.]

HARRY R. SWANSON,
Secretary of State.

Senate File No. 1 (introduced by Senator W. C. Bullard, of Red Willow; Senator C. J. Warner, of Lancaster; Representative Marion J. Cushing, of Valley; and Representative W. H. Meyers, of Red Willow)

A bill for an act for a joint and concurrent resolution ratifying a proposed amendment to the Constitution of the United States of America, fixing the commencement of the terms of the President and Vice President and Members of Congress, and fixing the time of the assembling of Congress

Be it enacted by the people of the State of Nebraska—

PREAMBLE

Whereas before a proposed amendment to the Constitution of the United States may become valid and a part thereof, it should be ratified by the legislatures of three-fourths of the States; and

Whereas both houses of the Seventy-second Congress of the United States of America did propose, by a constitutional majority of two-thirds thereof, to amend the Constitution of the United States in the following words, to wit:

"Joint resolution proposing an amendment to the Constitution of the United States, fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of assembling of Congress

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein)*, That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

"'ARTICLE

"'SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"'SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"'SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"'SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"'SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"'SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission.'

"JNO. N. GARNER,
"*Speaker of the House of Representatives,*
"CHARLES CURTIS,
"*Vice President of the United States and*
President of the Senate.

"I certify that this joint resolution originated in the Senate.

"EDWIN P. THAYER, *Secretary.*"

Therefore,

Be it enacted by the people of the State of Nebraska—

SECTION 1. That the above and foregoing proposed amendment to the Constitution of the United States of America be, and the same is, hereby ratified by the Legislature of the State of Nebraska.

SEC. 2. That certified copies of this joint and concurrent resolution be forwarded by the Governor of this State to the Secretary of State of the United States and to the presiding officers of each House of the National Congress.

WALTER H. JURGENSEN,
President of the Senate.
HOMER H. GRUENTHER,
Secretary of the Senate.
GEO. W. O'MALLEY,
Speaker of the House.
MAX ADAMS,
Chief Clerk of the House.

Approved: January 18, 1933, 11 o'clock a. m.

CHARLES W. BRYAN, *Governor.*

This is to certify that the within Senate file No. 1 originated in the Senate and passed the legislature at its forty-ninth session on the 13th day of January, 1933.

HOMER H. GRUENTHER,
Secretary of the Senate.

PETITIONS AND MEMORIALS

Mr. BROOKHART presented a memorial of sundry citizens of Humboldt County, Iowa, remonstrating against the passage of the bill (H. R. 13742) to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes, or any other measure that would "override the eighteenth amendment of the Federal Constitution," which was ordered to lie on the table.

He also presented the memorial of Rev. E. L. Sheldon and other citizens of Nevada, Iowa, remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law, which was ordered to lie on the table.

Mr. BINGHAM presented a resolution adopted by Branch No. 32, Fleet Reserve Association, of Bridgeport, Conn., opposing any reduction in the pay of enlisted men of the Navy, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the regents and treasurers of chapters of the Connecticut Daughters of the American Revolution, assembled at New Haven, Conn., protesting against any reductions in appropriations for the

Army, Navy, and Marine Corps, and also any reduction in the personnel of such armed forces, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Hartford (Conn.) Chamber of Commerce, protesting against the adoption of the so-called domestic-allotment plan of agricultural relief, which was referred to the Committee on Agriculture and Forestry.

He also presented the petition of the Woman's Home Missionary Society of Kensington, Conn., praying for the prompt ratification of the World Court protocols, which was ordered to lie on the table.

Mr. CAPPER presented resolutions adopted by the Woman's Foreign Missionary Society of Manchester; the Nazarene Woman's Missionary Society, of Plainville; the Wyandotte County Women's Republican Club, of Kansas City, and local chapters of the Woman's Christian Temperance Union of Augusta, Garnett, Hazelton, Holton, Iola, Lawrence, Lecompton, Liberal, Little River, Manchester, Northbranch, Ottawa, Ransom, Robinson, Wathena, and Yates Center, all in the State of Kansas, favoring the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

He also presented resolutions adopted by local chapters of the Woman's Christian Temperance Union of Denison, Kennard, and Osborne; the Baptist Sunday School of Downs, and the Woman's Christian Temperance Union, together with a public meeting of citizens of Gardner, all in the State of Kansas, remonstrating against the repeal of the eighteenth amendment of the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

He also presented memorials numerously signed of the pastor and members of the London Heights Methodist Episcopal Church and sundry citizens of Kansas City, and of sundry citizens of Byers, Enterprise, and Wellington, all in the State of Kansas, remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

Mr. GOLDSBOROUGH presented a resolution adopted by the Frederick County (Md.) Medical Society, opposing the furnishing by the Government of medical and surgical treatment to veterans, or their dependents, for disabilities not directly connected with the military service, which was referred to the Committee on Finance.

He also presented the petition of the Janet Montgomery Chapter, Daughters of the American Revolution of Maryland, praying for the prompt passage of the so-called Dies bill, being the bill (H. R. 12044) providing for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

He also presented memorials of sundry citizens of Hagerstown and Smithburg, in the State of Maryland, remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law so as to permit the manufacture and sale of beer, which were ordered to lie on the table.

He also presented resolutions adopted by the Tri-Towns Ministerial Association, representing the Protestant churches of Westernport and Luke, Md., and Piedmont, W. Va., and also by members of the Woman's Christian Temperance Union, of Aberdeen, protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

TARIFF ON COPPER

Mr. VANDENBERG. Mr. President, the New York Evening Post in its issue of January 21, 1933, carried a succinct summary of the useful effects of the copper tariff which the Congress wisely attached to the revenue act one year ago. I ask for the publication of this information in the RECORD, and that the article be appropriately referred.

There being no objection, the article was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

[From the New York Evening Post of January 21, 1933]

TARIFF ON COPPER FOUND STABILIZER—INROADS OF FOREIGN PRODUCERS THAT THREATENED UNITED STATES MARKET ARE SEEN HALTED

By W. W. Lynch

The tariff on copper imposed by the revenue act of 1932 has been in effect for about six months. The question naturally arises as to whether it is benefiting the domestic copper industry as its proponents anticipated. This article purports to show that the tariff has changed the industry from a situation approaching hopelessness to one of steady recovery.

The fundamental cause which led the domestic producers and the communities involved to seek tariff protection was that foreign producers were making serious inroads on the American market and threatening thereby to destroy a considerable part of the American industry. Such a cause has been commonly recognized in the United States as prima facie evidence of tariff needs when the industry involved is competent to supply domestic requirements at a reasonable price. Such competency on the part of the domestic copper industry is too well known to be questioned.

Loss of home market is to be judged by facts of trade balance. The United States Tariff Commission reported to the Senate of the Seventy-second Congress as follows:

"Before the entry of the United States into the World War the excess of exports averaged, roughly, 200,000 short tons. * * * During 1929, 1930, and 1931, however, not only did the excess disappear, but imports were greater than exports."

SITUATION WAS SERIOUS

During the 12-month period preceding the imposition of the tariff the excess of imports over exports—even including manufactures and scrap—amounted to 228,000,000 pounds. Total domestic consumption in 1932 was about 600,000,000 pounds.

A continuation of the above-mentioned rate of excess imports obviously would have meant the absorption by foreign producers of over one-third of the domestic market in 1932. With new Rhodesian developments coming into production in 1932, the situation gave promise of becoming even more serious.

From the beginning of the depression American producers attempted to offset the declining consumption by curtailment of production, but were forestalled in their efforts by the failure of some important foreign producers to do likewise.

Consequently, with the foreign market lost to American producers, and with foreign copper being poured into the United States, stocks in America increased almost monthly from the beginning of the depression until the tariff finally stopped the excess of imports.

The circumstance of increasing stocks was accompanied by lowering of prices to an eventual low record of 5 cents per pound, a point probably 2 cents per pound below that at which any mine in the United States can make even an operating profit.

The revenue act of 1932 imposed an import tax on copper which, in existing circumstances, has had the effect of a protective tariff. The only way in which the increase in stocks and consequent decrease in price otherwise might have been halted would have been for American mines to admit defeat at the hands of foreign producers and cease operating.

Such a course would have meant desolation of well-established mining communities and additional thousands added to the ranks of unemployed. The hardships now being borne by the people of those communities could well have been increased to the breaking point. It simply would have been an un-American course to follow.

The dire effects of the depression undoubtedly would have been reflected in the price of copper even if the tariff had been in force prior to the depression. The attitude and action of American producers in regard to curtailment clearly indicates, however, that with tariff protection such accumulation of stocks and demoralization of price as actually occurred would have been avoided. Without it the damage was unavoidable and of such proportions that no extraneous action, tariff or otherwise, could possibly have brought about an overnight recovery in price or a betterment in the unemployment situation at the mines and smelters. Only a miraculously high and sudden increase in consumption could have done such a thing.

HUMANITARIAN AID

There are some outspoken opponents of the copper tariff in the United States largely because American capital is involved in some of the foreign production which threatened to wipe out the domestic industry.

The opponents previously argued that the tariff would cost the American public millions of dollars, because it would increase the price of the metal to consumers. Now assertions are made that the tariff has not raised the price and hence is a failure. True, it has failed as yet to restore to stockholders the dividends that have long since been omitted. It has proved an immediate and heroic success to the thousands of families of the mining communities who otherwise would have been driven from their homes into untold privation.

Aside from the humanitarian aspect, however, the informed stockholder knows that the tariff has started the American copper industry on the road to recovery. Production is below consumption, and each month since the tariff became effective has seen a reduction in stocks—not large but, nevertheless, a step in the right direction.

The pressure of stocks still is too strong to permit a benefit in price. With a constant and sure reduction of that pressure, however, the eventual result is obvious.

The low point of domestic consumption was apparently reached last August. A continued improvement in consumption would, of course, speed the recovery. Next summer the domestic industry probably will help matters along by duplicating the temporary shutdowns of last summer.

The consumer of copper products will do well to face the facts. He has been buying his materials at less than the cost of production, due to a great oversupply of the metal, some of which has required immediate liquidation at whatever price it might bring.

The oversupply has started to dwindle, and the necessity for sacrifice prices gradually is being reduced. It would seem that only a further collapse in general business can long keep the domestic price of copper where it is to-day.

STABILIZATION OF THE CURRENCY

Mr. SCHALL. Mr. President, I have received a resolution adopted by the Farmers Holiday Association at Mankato, Minn., which I ask leave to print in the RECORD and have referred to the appropriate committee.

There being no objection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

We, the farmers of the Blue Earth County Holiday Association, in convention assembled at Mankato, Minn., this 12th day of January, 1933, do hereby declare:

That in a nation such as ours, owning 40 per cent of the world's wealth and where 80 per cent of that wealth is owned and controlled by 4 per cent of the people, and where thousands upon thousands of farm homes are being lost by foreclosure, and millions of its people are walking the streets, in the midst of plenty, asking for bread, and where bankruptcy and ruin to thousands of business men is eminent and probable, that all is not well.

That the desires and ambitions of any man or party or any group of men, for political preference or for control of the functions of government, must always give way to the principles and functions which make for greater peace, happiness, and prosperity to our people, if free government is long to endure.

That for more than five years America's basic industry—agriculture—has been forced to sell its products at a price that did not equal the cost of production.

That during the war and the years following the buying power of the American dollar fell to a new low level. Two hours of labor would buy a dollar, 5 pounds of pork would buy a dollar, ½ bushel of wheat would buy a dollar, 2 pounds of butter would buy a dollar, 3 dozen of eggs would buy a dollar, and other prices in proportion. Agriculture and industry were financed on this basis. Then through the Federal reserve system and under the direction of the money changers in the temple began the deflation. Farm values tumbled and fell to a new low level, the farmer's basis for credit was completely kicked out from under him, and his whole credit structure lay a wreck at his feet. As a result the buying power of the dollar rose steadily higher and higher, or, to put it in everyday language, the price of labor and commodities fell steadily lower and lower.

That by this process of manipulation and centralized control and the resultant utter destruction of the entire credit fabric of the people, the buying power of the American dollar rose steadily higher and higher, so that to-day it takes 4 hours of labor, 40 pounds of pork, 3 bushels of wheat, 4 pounds of butter, and 10 bushels of corn to buy a dollar.

That in normal times 90 per cent of the Nation's business is transacted upon a credit basis and only 10 per cent upon the currency or cash basis.

That money and currency is not a commodity the buying power of which should fluctuate as other commodities. It is a governmental function and should be stabilized by governmental control and inflation and deflation so as to maintain its buying power at a normal fixed level. This function should not be delegated to private persons, groups, or interest, but should forever rest exclusively in the Government itself.

That because of the condition above so briefly set out, the buying power of agriculture and agricultural communities has been utterly destroyed, factories closed, millions of people thrown out of employment, and the ghost of utter ruin and bankruptcy is now walking up and down the avenues of trade and commerce in this, our beloved United States, where we produce foodstuffs more than plenty to supply every hungry mouth within the borders of our fair land.

That the American dollar must be made honest by governmental action and our credit fabric rebuilt and reestablished before prosperity will again return to our people.

We hold that governments are useful only to the extent that it serves to make for greater peace, happiness, and prosperity of its people and the establishment of equality and justice between the various classes of its people. That the ultimate functions of government are the establishment and enforcement of laws and rules of conduct that will make for equality and justice for all its people and the greatest amount of peace, happiness, and prosperity.

We hold that in order to bring this about the Congress of the United States must, by a process of deflation, make the American dollar honest and reduce its buying power to a normal level and on an equality and parity with the normal values of commodities and labor in accordance with American standards, and that only by this method can panic be driven from the land, the credit fabric of the people be reestablished, and business again flow normally through the usual arteries of commerce and trade: Be it therefore

Resolved, That we urge upon our Senators and Representatives in Congress the urgent need of immediate action for the stabilization of our currency, the reduction of the buying power of the American dollar to an honest level by the means and processes hereinbefore indicated; be it further

Resolved, That copies of this resolution be given to the press and transmitted to our Senators and Representatives in Congress and to the President of the United States.

Adopted at Mankato, Minn., this 12th day of January, 1933.

CALIX F. BAUER, *Chairman.*

Attest:

RALPH WORTHLEY, *Secretary.*

WOOD PULP AND NEWSPRINT

Mr. SCHALL. Mr. President, in view of the importation of wood pulp and newsprint without duty, it seems to me the information in this letter is vital. I ask unanimous consent to have it published in the RECORD and referred to the appropriate committee.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

THE MINNEAPOLIS TRIBUNE,
January 19, 1933.

Hon. THOMAS D. SCHALL,
Senate Office Building, Washington, D. C.

DEAR SENATOR: May I bring to your attention the disastrous state of affairs that exists in the paper-mill industry by reason of the depreciated currencies and gold export embargoes that prevail in countries that produce wood pulp and newsprint? No doubt other newsprint manufacturers have brought this situation to your attention.

You may know that the Tribune for years has operated a newsprint mill in the United States, and that wood pulp and newsprint have been imported largely into the United States without any duty. In spite of these importations, which created a highly competitive situation, neither I nor the Tribune has ever advocated a tariff on newsprint or on wood pulp.

Our mill at Manistique, Mich., was built and designed for a capacity of 50 tons. As an illustration of the efficiency of our management, this 50-ton mill has for several years been producing 80 tons of newsprint a day. This efficiency of operation enabled us to hold our own against Canadian and European imports so long as the producing countries were on a gold standard. Now that there has been a recession from the gold standard to the extent of 12 or 15 per cent, it is impossible now for us to compete with these countries.

It may have come to your notice that three ships discharged wood pulp at the port of Duluth this summer, which wood pulp was produced in Estonia. This wood pulp was sold at a price below that which the Minnesota mills a few miles from Duluth could meet.

Newsprint is now being sold in the United States at a price lower than the raw manufacturing cost, to say nothing of depreciation, insurance, and interest on capital invested.

We have had to close our mill at Manistique, throwing men out of employment, and our mill was the only large employer of labor in that community.

The necessity of some sort of protection against depreciated currencies is not confined to the paper makers, but to their employees and the communities in which they operate as well. As you perhaps know, paper mills are located in sparsely settled communities, and for the most part are the communities' only industry.

I am a newspaper publisher as well as a manufacturer, and I can see both sides of the question. As a newspaper publisher I can see the bankruptcy of American mills, which is certain at some future date to make a very sharp and punitive rise in newspaper prices.

I trust that you may find an opportunity to give this matter some thought, and in this hope I have a full realization of the multitude and complexity of the legislative questions that confront you.

With kind personal regards, I am, respectfully,

F. E. MURPHY, *Publisher.*

FISH AND GAME LAWS AS APPLIED TO THE SENECA INDIANS

Mr. SCHALL. Mr. President, I have just had read to me a letter from Robert P. Galloway, representative of the Seneca Nation of Indians in the State of New York. It seems to me it contains some vital suggestions and thoughts that ought to be of interest to us all, and I ask unanimous consent to publish it in the RECORD and to have it appropriately referred.

There being no objection, the letter was referred to the Committee on Indian Affairs and ordered to be printed in the RECORD, as follows:

SILVER CREEK, N. Y., *January 21, 1933.*

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D. C.

MY DEAR SENATOR SCHALL: I represent the Seneca Nation of Indians. I expect to appear before the committee Wednesday.

I think the Indians should be allowed to make their own fish and game laws. The Court of Appeals in New York State in 245 N. Y. 433, Patterson against council of Seneca Nation, July 20, 1927, have conceded the self-government of the Indians on the reservation through their constitution, peace makers' court, surrogate's court, and tribal council, all of which are functioning. It seems clear that there is no reason why the Seneca Nation can not carry on its own laws in relation to hunting and fishing as well as the other aspects of government. The conservation department of the State of New York has been very vindictive toward the Indians. Wilford Kennedy is now imprisoned in the Erie County jail on a body execution on a civil judgment for a penalty involving the catching of 12 fish. This Indian was acquitted by a jury on the criminal charge, and yet that did not satisfy the conservation commission. They also brought an action for a penalty against Charles Conklin, Chester Conklin, and George Seneca for $160. They started actions in justice court, but withdrew the actions. Never, in my experience, has a white jury convicted an Indian on a criminal charge in relation to the conservation laws.

The Indians have their own natural game laws that they follow, and I think they are better than the white men's laws. After all, the reservation is for the Indians, not the white men; yet the white men are trying to make it their business. Officious game wardens flaunt their pretended authority at the Indians.

Let me cite the case of Walter Hill, of Limestone, whom I defended. A game officer stopped him on the reservation, did not find any game, and then turned and said to him, "Don't let me catch you hunting out of season." The Indian boy was angered because after all he was innocent of any offense and should not have been insulted; he replied, "Don't let me catch you on the reservation again." Promptly the conservation officer swore out a warrant for his arrest on the ground that the Indian had threatened him. A jury, of course, acquitted the Indian. I can understand how the petty conservation officers are misguided in their zeal, and think they are doing something noble in getting body executions against the Indians, but there ought to be some brains at the top of this department.

The white man is asking a moratorium on mortgages and debts. This certainly is a fine time to start to collect civil penalties from the Indians. I do not believe they are sincere in trying to collect the penalty, because the Indian has no money. They are merely gloating over the fact that they have put an Indian in jail. What is left of the Indians on their reservations minding their own business ought to have the rights of the reservation, the game and wild flowers around the reservations, because after all the only true lover of nature is the Indian.

Down in Arkansas an alleged American sportsman has imported some lions to shoot at, and he calls himself a sportsman. The New York Conservation Commission is doing the same thing. They are propagating pheasants and rabbits for the game clubs to put out in the woods and shoot at.

The Indian has his strawberry festival, his green-corn dance as an expression of thanks for the gifts of nature. He understands the wild animals; he does not kill them for target practice as the white men do, or in the spirit of competition like our local Hanover Game Club that gives prizes for those who catch the biggest fish. The white man lacks the spiritual approach to the proposition of hunting and fishing. The Indian hunts and fishes as part of his sustenance.

I think it is very shameful on the part of the conservation commission to ignore the fact that New York State is the greatest violator of the conservation laws. The New York State Hospital at Gowanda is dumping raw sewage into the Cattaraugus Creek, the largest stream on the Cattaraugus Reservation. They are now to spend $3,000,000 for additional buildings at the hospital which makes more sewage and no disposal plant. Why don't they spend their time convincing New York State to dispose of its sewage and not destroy the Indians' fishing in Cattaraugus Creek? Why does not the conservation commission of New York State put the president of the glue factory at Gowanda in jail for dumping wastes into Cattaraugus Creek that kill the fish? Why does not the commission sue the Brown Shoe Co. at Gowanda for dumping wastes and acids, etc., into the creek and killing the Indians' fish? Why does not the conservation commission make some protest against the village of Gowanda for dumping sewage into the creek? The white man does not understand the Indian. The Indian has a philosophy of living in his own confines on the reservation; he ought to be allowed to live it.

Do not take the local game club's protest too seriously. The Salamanca Game Club ought to be silent until those residents of Salamanca who owe the Indians for years and years back lease money have paid it.

The act of 1927 was put through although the Indians opposed it. Ninety-five per cent of the Indians opposed the act of 1927. The Indians believe in live and let live. If they have their own way as in the past, in the future there will be more game and more wild life on the reservation.

The white man, after ruining the forests, after exterminating the game, after polluting the streams, lacks a sense of humor when he turns to the Indian and says, "Now I will give you rules and regulations in regard to hunting and fishing."

Yours respectfully,

ROBERT P. GALLOWAY.

ENROLLED BILLS PRESENTED

Mr. VANDENBERG, from the Committee on Enrolled Bills, reported that on the 23d instant that committee presented the following enrolled bills to the President of the United States:

S. 4597. An act to restore to their former retired status in the Regular Army of the United States persons who resigned such status to accept the benefits of the act of May 24, 1928 (45 Stat. 735), and for other purposes;

S. 5260. An act granting the consent of Congress to the Board of Supervisors of Marion County, Miss., to construct, maintain, and operate a free highway bridge across Pearl River at or near Columbia, Miss.; and

S. 5261. An act granting the consent of Congress to the Board of Supervisors of Monroe County, Miss., to construct, maintain, and operate a free highway bridge across Tombigbee River at or near Old Cotton Gin Port, Miss.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBINSON of Indiana:

A bill (S. 5494) for the relief of Henry J. Miley; to the Committee on Finance.

A bill (S. 5495) granting a pension to Fannie Howell (with accompanying papers);

A bill (S. 5496) granting a pension to Sarah A. Redens (with accompanying papers); and

A bill (S. 5497) granting an increase of pension to Lucinda Luse (with accompanying papers); to the Committee on Pensions.

By Mr. SHORTRIDGE:

A bill (S. 5498) to authorize an increase in the limit of cost of one aircraft carrier; to the Committee on Naval Affairs.

By Mr. FRAZIER (by request):

A bill (S. 5499) to amend section 3 of the act entitled "An act to extend the period of restriction in lands of certain members of the Five Civilized Tribes, and for other purposes," approved May 10, 1928 (45 Stat. L. 496), as amended by the act of February 14, 1931 (46 Stat. L. 1108); to the Committee on Indian Affairs.

By Mr. SHIPSTEAD (by request):

A bill (S. 5500) to repeal the revenue act of 1932; to the Committee on Finance.

By Mr. REED:

A bill (S. 5501) to credit certain services as cadets at the United States Military Academy; to the Committee on Military Affairs.

By Mr. McNARY:

A bill (S. 5502) to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.; to the Committee on Commerce.

By Mr. TYDINGS:

A bill (S. 5503) authorizing the Chesapeake Bay Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Chesapeake Bay from a point in Baltimore County to a point in Kent County in the State of Maryland; to the Committee on Commerce.

REORGANIZATION OF EXECUTIVE DEPARTMENTS—AMENDMENT TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. LOGAN submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

Strike out all of Title IV, beginning at the top of page 83, down to the end of line 25, on page 86, and in lieu thereof to insert the following:

"That there is hereby created a committee on reorganization and consolidation of departments and independent establishments

in the executive branch of the Government of the United States of America, herein and hereafter referred to as the committee, the membership of which, by virtue of their respective offices, shall be the President of the United States, the Speaker of the House of Representatives, the minority leader of the Senate, the Comptroller General of the United States, and the Director of the Bureau of the Budget. It shall be the duty of the committee to make such reorganizations and consolidations in the departments and independent establishments of the executive branch of the Government as a majority of the committee may deem necessary or expedient. It shall be the duty of the committee, and power is hereby conferred upon it so to do, to suspend, until the law shall otherwise direct, any useless, duplication, and/or unnecessary activities, in the judgment or discretion of the committee, now authorized by law, but nothing herein shall authorize any transfers or consolidations or diminution of the jurisdiction of the Interstate Commerce Commission, the General Accounting Office, the Federal Trade Commission as now established by law. Nothing herein shall be construed to mean that the committee may not transfer to these four independent establishments, or any one or more of them, functions of existing agencies of the executive branch of the Government. The committee shall report in detail to the Seventy-third Congress not later than January 15, 1934, the reorganizations and consolidations effected by it, and the activities suspended under authority herein conferred and the savings to the Government as the result thereof. The Congress reserves the right to disapprove by law whatever the committee may do under authority herein conferred."

EXPENSES, SPECIAL COMMITTEE ON CONSERVATION OF WILD-LIFE RESOURCES

Mr. WALCOTT submitted the following resolution (S. Res. 340), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the special committee authorized and directed by Senate Resolution No. 246 on April 17, 1930, to investigate the conservation of wild-animal life hereby is authorized to expend in furtherance of such purposes $10,000 in addition to the amounts heretofore authorized.

NOTIFICATION OF CONFIRMATIONS TO THE PRESIDENT

Mr. REED. Mr. President, several days ago the Senate confirmed a number of routine Army nominations. It was then believed by the Senators who had charge of the matter that the action of the Senate contemplated an order that the President be notified of the confirmations. It seems that that order was not entered. Therefore, as in executive session, I ask unanimous consent that the President may be notified of the confirmation of Army nominations which have heretofore been acted upon by the Senate.

The PRESIDENT pro tempore. The Senator from Pennsylvania, as in executive session, asks unanimous consent that the President may be notified of the confirmation of nominations in the Army heretofore made. Is there objection?

Mr. ROBINSON of Arkansas. Mr. President, the Senator from Pennsylvania has correctly stated the matter. I know of no objection to the request.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the order will be entered.

Mr. McNARY. Mr. President, should not the order apply to nominations in the Navy and Marine Corps?

Mr. ROBINSON of Arkansas. It should apply to all nominations that have been confirmed. As a matter of fact the Chair, at the time of confirmation, stated that, without objection, the President would be notified. I recall that, but for some reason it was not entered of record.

The PRESIDENT pro tempore. Without objection, the order will include confirmations in the Navy and Marine Corps.

"FAR-REACHING INVESTIGATION"—CHAIN STORES

Mr. BROOKHART. Mr. President, I ask leave to have published in the RECORD an editorial from the Journal of Commerce, of New York, December 22, 1932, entitled "Far-Reaching Investigation."

There being no objection, the editorial was ordered to be printed in the RECORD, and it is as follows:

FAR-REACHING INVESTIGATION

Current investigation by the Federal Trade Commission of activities in the grocery industry is aimed primarily at preparing and establishing a possible basis for future legislation concerning the corporate chain and its place in and effect upon the scheme of distribution. It is, however, having another and quite unexpected result. The commission has to date released nine studies in connection with its final report to the Senate on the grocery chain-store situation throughout the country, and each and every one of these studies has disclosed a situation in the merchandising field which demands correction.

The first report issued in July of last year uncompromisingly revealed to the independent wholesale-grocery trade of the country its general weakness, which is high cost of operation. Opportunely timed, and coinciding with the growth of cooperative movements in the grocery trade, such as the so-called voluntary chains, this report had a most cathartic effect on the general grocery situation at that time. The manufacturing trade, though it generally denied that the private-brand report, showing a tremendous growth in this field in two years' time, was an accurate capitulation of conditions such as now exist, nevertheless took it seriously enough to go to considerable expense to improve its own trading position.

The ninth study, just released by the commission, states uncompromisingly that the "latest report shows one-half of items bought in stores selected in four selected cities as lacking in weight." This new study goes into the sale of bulk commodities and their repackaging by both chains and independents. It dispels the widely held theory in the trade that the general run of business in a day or a week will equalize the difference between the over and under weights. That the practice of selling underweight is very general in both chains and independent outlets throughout the country is the only conclusion that can come from a reading of this report.

Carelessness, which is probably the basic reason for underweight, can not be used to discount the damaging evidence which the commission has collected. And the report, like its predecessors, will give impetus to another movement for betterment of grocery trade conditions. Increased package business and a concentration on weighing-scale sales will probably follow.

There is another consideration which is beginning to assume significant proportions. What will be the character of the final report of the commission and what will its recommendations be? One can easily see by studying the reports so far issued that there has been no catering to inside opinion and the facts as interpreted have made tremendous impression on the grocery trade of the country. There are several topics which as yet have been left untouched, and it may be that the operating expenses of chain organizations, the effect of secret rebates, and allowances on profits and chain buying policies may yet be brought into the light of publicity.

THE MERCHANT MARINE

Mr. FLETCHER. Mr. President, I ask leave to have published in the CONGRESSIONAL RECORD an editorial from the Washington (D. C.) Herald of the 21st instant, entitled "Congressional Attacks on Merchant-Marine Policy Aid Foreign Lines."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL ATTACKS ON MERCHANT-MARINE POLICY AID FOREIGN LINES

The American attitude toward its merchant marine has been described as "wayward and inconstant."

This is being shown at the present time in recurrent and very shortsighted attacks in Congress on the mail-pay contracts authorized in the Jones-White Act of 1928 and upon other provisions of the act involving Government aid to ship construction.

The purpose of this act is wholly misconceived by some Members of the Senate and also of the House.

The propriety of the outlays made by the Government, pursuant to the provisions of the act, is not to be gaged by direct and immediate returns to the Government in the form of profits nor with strict reference to the extent and commercial value of the immediate carrier services rendered therefor.

Such advances are made with a broad objective in contemplation; that is, the upbuilding and maintenance of a merchant marine.

This purpose can be served only by the creation of ships of efficient type, the establishment of regular services upon which shippers can depend, and the inauguration of trade routes which will become permanent and nourishing arteries of an expanding ocean commerce.

To subject such advances to continual revision to hold over ship owners and operators the constant menace of a possible reversal of the Government program of encouragement and support is to nullify the effects of advances already made, and by discouraging private cooperation and also patronage by well-disposed shippers to defeat the purposes which the Government has in view.

This was forcibly brought to the attention of the Senate Committee on Post Offices and Post Roads by an important trade organization whose membership includes representatives of Ohio, Michigan, Illinois, Indiana, West Virginia, Iowa, Wisconsin, Minnesota, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Missouri, Kentucky, and Tennessee.

It is known as the Middle West Foreign Trade Committee. It speaks for important agricultural, industrial, and business groups in the Mid-western States above named.

Declaring that the uncertain status of American shipping, due to attacks in Congress, has created misgivings on the part of American shippers who otherwise would be disposed to use

American vessels, the chairman of this trade committee stated that such attacks gave a distinct advantage to foreign shipping interests in the competition for American export business.

"We are discouraged to find," said he, "that every time an appropriation bill comes up for passage there are proposals to destroy what has been accomplished in the upbuilding of American steamship lines. This discredits us in the face of the whole world, due to the fact that our foreign competitors are frankly expecting the collapse of the American merchant marine every time Congress meets. Representatives of foreign lines say to our shippers: 'Why not patronize a well-established foreign line whose government is always behind it?'

"They capitalize the attacks in Congress on our shipping and assure the American shipper that no continuity of service is to be expected from the American merchant marine."

Speaking particularly for the business interests of the Middle West, he continued:

"Our people of the Middle West are 800 miles or more from the sea. We are compelled to depend on established and continuing services. We must have regular dependable schedules of sailings. Our exporters are not situated like the man at or near the seaport who can avail himself of occasional sailings or tramp ships. Our people must make arrangements for shipping far in advance and must know that the line will have a ship on a certain date."

This is obviously true. Such mischievous attacks should cease.

It is the ocean mail contracts which seem particularly inviting to this form of congressional harassment. The fact that they are not intended as mere compensation for the transportation of mail is lost sight of.

They are the channels through which the assistance of the Government is passed and are designed to offset the difference in cost of operation between American and foreign vessels, due to the higher wages and operating costs of American-built and American-manned ships.

It must not be forgotten that the Government imposes substantial burdens in return for its aid.

It stipulates the routes on which the vessels receiving assistance shall be operated and the frequency of their sailings.

Each line obligates itself to build new vessels "of the best equipped and most suitable types," on plans approved by the Navy Department; and as to old vessels, to reconstruct or recondition them so that they will be suitable as naval or military auxiliaries in time of war or national emergency.

It is unfair to attack these contracts as extravagant without having in mind all the considerations which the Government receives in return, including the assurance which is provided by efficient ships and fixed sailings, that our trade routes will be kept open to our foreign markets and our foreign sources of supply.

Our merchant marine has made distinct progress since the enactment of the Jones-White Act. American steamship lines have more than held their own with foreign competitors, despite the depression.

To conserve our gains and to maintain the progress already made, require, however, that the Government's support of our merchant shipping shall be consistently and not fitfully given, and that the present law shall be administered with loyalty to the broad purposes contemplated in its enactment.

ADDRESSES OF DR. JACOB H. HOLLANDER AND HON. BAINBRIDGE COLBY ON FOREIGN DEBTS

Mr. JOHNSON. Mr. President, I ask unanimous consent to have printed in the RECORD a speech by Dr. Jacob H. Hollander, professor of political economy in the Johns Hopkins University, on American Public Opinion and War Debts, delivered at the round table on war debts and conference on the cause and cure of war in Washington, January 19, 1933; and at the same time, following that address, I ask the same permission to print the address of Hon. Bainbridge Colby, at one time Secretary of State of the United States, delivered at the Hotel Pennsylvania on January 19, 1933, entitled "The International Debts and Their Relation to Business."

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

ADDRESS OF JACOB H. HOLLANDER, PROFESSOR OF POLITICAL ECONOMY, JOHNS HOPKINS UNIVERSITY

It is, of all things, important in a sober discussion of the subject which is to engage us this evening that at the outset the matters to be discussed should be made precise. I propose, therefore, to define in approved homiletical fashion what I understand to be the meaning of the major terms of my topic, "American Public Opinion and the War Debts."

The phrase "war debts" is simple enough. The statement of the public debt of the United States as of October 31, 1932, the latest date available, reports the total foreign obligations owned by the United States Government to be, in round numbers, $11,777,000,000.

From this we may omit from consideration (a) $250,000,000, being cash advances to Czechoslovakia and Russia; (b) $21,000,000, being payment for surplus war supplies to Czechoslovakia, Nicaragua, and Russia; (c) $19,000,000 for relief supplies sold on credit by the American Relief Administration to Armenia, Czechoslovakia, and Russia; (d) $7,000,000 for relief supplies sold on credit by the United States Grain Corporation to Armenia, Czechoslovakia; (e) $386,000,000 for account of reimbursement of the United States army of occupation in Germany. There remain funded bonds to the aggregate of $11,094,000,000, received under a series of debt-funding agreements as authorized by acts of Congress extending from February 9, 1922, to December 18, 1929. This total of $11,094,000,000 represent debts of 14 separate countries. Of them, the four largest debtors are England, $4,398,000,000; France, $3,864,000,000; Italy, $2,004,000,000; Belgium, $401,000,000. My comments, although applicable to the entire series, will envisage the four enumerated major debtors.

The phrase "American public opinion" is more subtle. Its content has baffled those foreign observers, De Tocqueville, Bryce, Siegfried, who have understood other aspects of our national life. It is imperfectly comprehended, because taken for granted by the American people itself. It is grossly mistaken by the European world.

We shall perhaps simplify the problem by setting forth what American public opinion, in regard to the war debts, is not.

It is not the internationalism of expatriates who, as unofficial ambassadors in Paris, London, Rome, or Brussels deprecate the stupidity of the American people.

It is not the domestic counterpart of this galaxy—the small, distinguished, and extremely voluble intelligentsia in the United States who in or out of academic seclusion frame concepts of international idealism highly creditable to their benevolence but remote from the severities of Real-Politik—much the same company who after the Versailles conference acclaimed Woodrow Wilson and the League of Nations only to suffer the engulfment of the presidential election of 1920.

American public opinion is not the unanimity of American banking circles who, taking their note from the great banks and issue houses, bleat, "Peace on earth and good will to men," with incidental regard to the protection of private credits and loans extended European borrowers in the buoyant optimism of the late twenties.

Neither the press of the United States nor its legislative bodies are representative of American public opinion in the matter of the war debts. Our newspapers are not "inspired" in the European sense; but they are preeminently conservative and prudent. One wide-flung chain has a definite alignment in opposition, and the small-town weeklies, by sheer proximity, reflect something of their readers' opinion. But the great city newspapers inevitably incline, in this as in other matters to the stronger battalions of finance, industry, and commerce. This applies primarily to the editorial page. As to the news columns there is regard for the best traditions of a free press. But a journal can not afford a foreign correspondent whose dispatches are unsympathetic with the views entertained in the quarter to which he must have recourse for fresh information. Nor in any event can it control the garbling of its own news reports by European editors. In a recent senatorial debate on the war debts, speaker after speaker voiced strong anticancellationist views. One speaker alone expressed different opinion. The debate was reported fully, or at least fairly, by important American papers. In the French press, according to return cables, the congenial utterance was featured, almost to the exclusion of the dominant strain.

Instinctively we turn finally to our legislative halls for a faithful echo of public opinion. The textbooks enjoin this upon us. But the political realist knows that the moth-eaten tradition is a pious fraud. The controlling purpose of an elected representative from the day of his election is to insure the likelihood of his reelection. It is a political axiom that the surest way of accomplishing this is to offend; that is, differ in profession from the smallest possible number of constituents. The post of apostle of the forgotten man or of conservator of vested interests may have spiritual appeal, but the safer rôle of the American publicist is to say nothing, do nothing, be nothing except as ordained by political expediency, partisan advantage, and the strength of an organized minority.

If American public opinion be so impalpable and so elusive a thing, what chance is there of appraising it? And yet the attempt must be made if we are to escape from impasse. Vox populi may not be vox Dei, but in all vital matters of public policy it is definitive. Experience and instruction may modify, even reverse, it. But at any given time, with respect to any given issue, it is the court of last resort. No policy can prevail that runs counter to it, no resistance to what it wills can endure. The Monroe doctrine is supported by such opinion. American adherence to the League of Nations is counter to it. The public-school system is an expression of public opinion. Licensed gambling is at variance with it. It is because Europe has failed to accept this truism, because continental foreign offices as if not sufficiently chastened by the penalties of crude acquaintance with the American constitutional system have been unwilling or unable to gage American public opinion—that the war debts remain unpaid.

I shall venture, therefore, of necessity to set forth my conception as to what at this time is American public opinion on the war debts. I can claim no authority other than my own; no virtue beyond objectivity. But it will be refreshing to replace advocacy by photograph. The image may be imperfect or blurred or distorted. Yet at least we shall be dealing with what is rather than sputtering over what ought to be.

Let me accordingly give way on this rostrum to that more interesting speaker—the American citizen. He dwells sometimes on the side streets of small towns, sometimes in the modest 2-story houses of industrial cities, sometimes on simple farms. He lives

in Maine or California, in Dakota or Texas. He is artisan, corner grocer, farmer, school-teacher, bank clerk. On this occasion, at least, he will break his habitual silence and voice the faith that is in him.

"The war debts," he says, "or more accurately the funded bonds of foreign governments now in the Treasury of the United States, are my property. They belong to me as definitely as does the note I hold for the money lent my hard-up neighbor, or as the mortgage on my home belongs to the lending bank. It is my property, not as a fat surplus but as something on which I am relying for economic security in the dreary years to come. Fifteen years ago I had saved up by sacrifice and denial a moderate sum. In 1915–1919 I was persuaded to lend this to Uncle Sam so that he in turn might lend it to beleaguered countries for food, munitions, supplies, and reconstruction purposes. I did so because of emotional appeal and strong-arm propaganda. I was not in the least influenced by the fear, since so solemnly presented, that unless Germany were defeated my own country would be the next to suffer. Had it been urged, I should have said then that as between a truculent Germany and an embattled France there was little choice. Certainly I should say that now. No! I fell for brass bands and brass buttons. 'Bleeding Belgium,' 'stricken France,' 'stout old England,' 'Teuton fury,' 'a war to end wars,' 'making the world safe for democracy'—these were the catchwords with which I was gulled. I emptied out the woolen sock, drew down the savings account, kept John home from college, refused Mary her promised marriage settlement. I bought Liberty bonds—bought them, as I was besought, until it hurt, giving up what I had saved, scaling down what I used, mortgaging what I was to get.

"For what I lent, Government bonds—Liberties—were given me, bearing interest and sinking-fund provision. At the time I did not realize that this in itself was hanky panky; that it was I who would have to pay myself interest, that what came into one hand as coupon money was to be paid over by the other as debt-service taxes. When I awoke to the fact I was reassured, officially, that this was only a temporary delay, that the war over, the borrowing countries would assume debt service, and that Uncle Sam, so paid, would reimburse me for what I had lent without thereafter taking it out of my pocket in taxation.

"The war came to an end. But as Bastable had long before assured me 'borrowing is an agreeable process'; and with so complacement a lender intrepidity in battle was succeeded by readiness in debt. Reconstruction, rehabilitation, purchase of supplies, even rearmament were paid for by me. Only when the habit threatened to become chronic did I post the sign 'No more funds—to lend,' with a reaction ranging from affronted dignity to angry abuse on the part of the chronic borrowers.

"With the Versailles conference the veil first dropped from my eyes. I had been fed on noble phrases—'the parliament of man,' 'self-determination,' 'open covenants,' 'fourteen points,' 'a spoilless triumph.' Instead I saw a Carthaginian victory, a struggle for loot, barnyard amenities, secret treaties, cunning, intrigue, deception. I thought of the sacrifices and denials of my household, of the distress and misery that lay ahead, of my neighbors' boys who had fallen, that American valor might be acclaimed and congressional medals of honor be bestowed, and I suffered a form of mental nausea.

"I believe history will appraise the World War in its net result as definitely a profitable war, for the victors, as the campaigns of Cæsar and Napoleon. The settlements were in the spirit of vae victis, applied with the brutality of Brennus. I realize there is no common denominator for human suffering and material gain. But time brings healing for the first and makes no deduction from the second. The peace treaties are but 14 years behind us, but even now I may venture what another generation hence will assert, that as the life of a nation goes—in territorial gain, in political benefit, in economic advantage, as against blood spilt and treasure wasted, the Allies—France, England, Italy, and Belgium—when the throes of readjustment have subsided will be accounted richer and stronger than before the war, indeed, by reason of the war.

"In the distribution of loot," continues our speaker, "my country took no part, save in the moderation of rapacity; and accepted no share. We were not more virtuous or more tender—our part in the Mexican War and in the Spanish-American is sufficient commentary—but we were neither frenzied in resentment nor competent to gain. So I returned to my appointed place, bruised a little, disillusioned more. The "Lafayette, we are here" and the "Hands across the sea" business had not turned out as they were supposed. Things, moreover, at home had gone topsy-turvy—for one can not drop his tools and run off to help put out a neighbor's fire—and not find a mess when he comes back. But after all, this was in the day's work—even though made a bit sour by grudging thanks from those whom I had aided.

"The worst, however, was yet to come. The one assurance on which I had counted was that the war over and a period of grace given—my savings were to be returned to me at least in payment of interest, without the cheating device of accompanying taxation. This meant that the Allies would at the earliest date begin the service of the war debts. I was skilled neither in the ways of the Quai d'Orsay nor of Downing Street. At first barely audibly, then unmistakably, then noisily, with counterpart accompaniment from defined groups in this country the age-old cry of the reluctant debtor was raised: 'It is not right that I should pay; though I wanted to, I could not pay; and even if I could and did pay it would be bad for you to be paid.'

"The first phase of the debt cancellation case was accordingly advocacy of cancellation for reasons—moral, economic, international:

"1. The war debts ought not be paid, because the war was a common cause to which the Allies contributed men and to which the United States contributed money.

"2. The war debts could not be paid because the Allies had not enough gold with which to pay, and because they lacked an exportable surplus and our tariff walls in any case shut it out.

"3. The war debts must not be paid—in the interest of the United States as well as Europe—because world recovery was only possible if the slate were wiped clean.

"I was not convinced by the logic. But I have had to do with slow debtors before; so I agree to the funding arrangements of 1922–1929. The principal of the debts was scaled down, the interest rates were reduced, the dates of maturity extended. Even more than all this the principle of capacity was inserted in the funding contracts. No debtor country should be asked to repay more at any given date than it was able then to pay—and the issue as to fact might be raised by the debtor at any time.

"The years have passed. Time holds the bank, and history has displaced controversy. It now appears that I was right on all three counts. The moral argument has melted away. The economic argument has been answered by fact. The international argument has become a fantasy. Capacity—the sufficient defense of an honestly distressed creditor—dare not even be raised.

"In this second stage of the war debts, mendicancy has been succeeded by default. The alignment has become clear. One of the great debtors—directed by astute absolutism—has realized how advantageous is the settlement heretofore made; has conformed to it; and has gained in stature. The second—historically a creditor country whose economic existence lies in the fidelity of contracts—has kept faith, even at heavy cost, and is assured of fair, even generous reexamination. From the two remaining countries—where it was least to be expected—there has come default. None of the worn-out defenses are used—except by our domiciled 'foreign legion'—but in lieu a recriminative complaint of seduction and betrayal in the Hoover-Laval conference.

"I know that in conversation among nations, it is conventional never to call a spade a spade—but always an agricultural implement. Yet I believe that as the final act of an administration, which the future is certain to appraise far higher than does the present, President Hoover should directly and categorically, with calm unreserve and full documentation, scotch once and for all this reptilian dialectic.

"This is why," says my somewhat winded spokesman—for he does not often hold forth at such length and with such explicitness—"this is why I see perhaps not red, but pink when there is talk of cancellation or revision, except as provided, to the advantage of the defaulting countries. My opinion is clear, strong, unshakable: They 'hired the money'; they profited by its use; they are able to repay it now and I need it badly. If they do not pay, I shall not go to war. But my memory is long. I had not forgotten Lafayette. I remember Chateau-Thierry and the Argonne, and I shall not forget December 15, 1932."

Thus far, ladies and gentlemen, I have acted as reporter. With that report, let me add, I am in full agreement. But Civis Americanus is a realist, not a seer, certainly not one prone to previsions. My part in this program will not have been filled unless to this imaginary conversation to which you have patiently listened should be added a few comments of what at least one observer conceives to be the wider effects of cancellationist advocacy.

I believe such advocacy involves the gravest consequences—economic, social, and international—to the United States and to the whole civilized world. Economic, because whatever measure of accord society in five centuries of slow progress has reached, is in largest degree assignable to the growth of financial faith between nation and nation. It is in this manner that commerce has grown, that undeveloped countries have expanded, that backward States have been stabilized, that international division of labor has spread, that the surplus income of older societies has found productive use in the needs of newer areas. The one factor which has made all of this possible has been the inviolability of economic contract. It has been incorporated in law; it has been accepted in mores. It is the one secure enduring link in economic association. Abandon it, corrupt it, even challenge it and the economic world falls apart in dissociated nationalism—reluctant and distrustful.

The social menace of cancellationist advocacy is developing with disturbing swiftness before our eyes. The unmistakable appearance, indeed the creeping spread of repudiation sentiment in the United States and in South and Central America—by inflation, by postponement, by cancellation—as to public indebtedness, corporate obligations, mortgage liens, business liabilities—is a direct repercussion of the countenance given to war debt cancellation. If we are able to lighten the burdens of foreigners who are able to pay, why should we not preferentially lighten the burdens of our own citizens who are not able to pay—runs the challenge. If not charity, certainly grace begins at home. It is an amazing thing to me that those in high financial place, with the fullest knowledge of what economic contract means in the well-being of a people—will encourage the project of cancellation abroad, and cry unto heaven at any whisper of repudiation at home.

To a company such as this—dedicated to the cause and cure of war—it is the international consequence of cancellation advocacy that must appear its dire menace. Whatever an unborn

to-morrow may unfold as to a federation of the world and the part the United States shall play in it, we should be blind to international realities, blind as children playing with fire in an arsenal are blind, if we did not recognize that the rôle of this country, now and as far ahead as our generation can scan, is that of moderator. We have no interest in the irritants and provocations of European war. Our wish for peace is as near an undiluted humanitarianism as a political society can conceive. We can not impose our judgment upon armament-expending war-threatening nations by fleets and armies. Our one resource in the cause of peace is our economic strength. Here are food and material and above all capital—to be withheld or supplied as right and justice, in our conception, shall determine. This is the one great chance of serving the cause of peace. Are we to cast it away?

SPEECH OF BAINBRIDGE COLBY

THE INTERNATIONAL DEBTS AND THEIR RELATION TO BUSINESS

It was six weeks ago that I received your invitation to discuss the international debts and their relation to business.

Since then there has occurred the French default, presenting a situation which is yet difficult to appraise in all its implications.

The private debts owed to American institutions and individuals by private borrowers abroad seem to be outside the scope of my subject. Furthermore, repudiation has not yet shown its head in the field of private debts. While their great amount and the pressure for postponement of their maturities is naturally a source of uneasiness to the holders of the loans, there has been no discussion looking to an alteration of their character, beyond informal suggestions of a reduction in the rate of interest. Such international debts with their specific problems we may leave to the bankers who so improvidently made the advances.

American attention is centered upon the war debts owed us by our former allies. These include the postwar advances of large amount for internal rehabilitation, the support of their currencies, and other peace-time aids and subventions, dictated by American generosity and the desire to assist the economic recovery of friendly, and we assumed, grateful nations.

The situation, precipitated by the unlooked for, and still incredible action of France, is tense and growing more so.

In discussing it words should be measured and utterance guarded. The maxim of Benjamin Franklin is a good one to observe—"Say nothing," said he, "unless it is useful."

Much water has gone over the mill in the 14 years during which the war debts have been under discussion. For it must be remembered that hardly had the armistice been signed in November, 1918, when the movement began among our European debtors to bring about the remission of the debts.

The first hint, according to Mr. Lloyd George, in a book recently published, proceeded from England. It was only a little later—to be exact, January, 1919—that Colonel House, then in Paris to attend the peace negotiations, says in his diary:

"There is every evidence that the Allies have a growing intention not to repay us the money we have loaned them."

In 1922 came the famous Balfour proposal of an all-round cancellation—a suggestion which fell flat when it was seen that England and France were relinquishing only what they would be obliged to pay us in turn, and that the proposal meant merely a shift of the residual cost of the war upon the American taxpayer.

The funding of the debts by voluntary agreement with the debtors involved negotiations extending over a period of seven years. The first agreement was made with Finland in 1923, and the last with Austria in 1930. The agreements involved large concessions by us on the obligations as originally incurred, and were formally ratified by the several debtor nations, although by France with significant delay.

All payments abruptly ceased with the declaration of the so-called Hoover moratorium in June, 1931, since which time this country had received nothing on account of its advances until the partial payment of the sum due on December 15, made up chiefly of the payment received from England.

Now we are assured, even by those of our debtors who have paid, that nothing more will be paid until their debts are put upon a new and drastically revised basis.

No request is made for the help or forbearance which a creditor might naturally be asked to extend to a debtor endeavoring against difficulties to meet his debt. Not in that spirit have our debtors at any time approached us.

On the contrary, it has always been with an unconcealed animosity to the obligation itself. They have assailed the fact that their obligations exist, seeming to rebel at the fact that they are debtors, and apparently harboring a resentment toward the United States not only for heeding their cries for succor during the war, but for putting them even under the obligations of gratitude.

I think I may say truthfully that this attitude has been the chief source of the difficulties which, in such thick cluster, have grown up around the subject of the debts in general.

Much has been said of the attitude of Europe to the debts. Too little has been said of the attitude of the United States to the debts.

Strange as it may seem to our allies, there is still an impression in this country that America saved them from defeat—possibly from destruction.

On our part it was the act, not of a government but of a people, persuaded that the Allies were defending the principle of good faith in international relations, the validity of the signatures of governments, the honor of pledges given by nations.

The billions we loaned to Europe were raised by popular subscription.

The great sum required merely to pay the annual interest upon our Liberty bonds is raised by taxation of the people. We were adjured to "pay until it hurt," and we are still paying and must continue to pay indefinitely by way of interest a sum in addition to what we originally contributed.

To the surprise and painful disillusionment of the American people, they find their debtors not only thankless, but apparently determined not to pay.

We can not understand why they should even be desirous of not paying. We can not understand why they should not be solicitous and insistent that we receive back, as fast as they can pay it and in whatever form they find it possible to pay us, the money advanced with such unexampled generosity, in an hour of such sore and utter need, without security, and in sole reliance upon the good will and the good faith of the borrowers.

In fact, there is in this country a feeling that Europe should mass its resistance, not against payment, but against the possibility of nonpayment, which to the obligors of such a debt as theirs should be in the last degree unthinkable and abhorrent.

But we overlooked the international financier and the economists, and at this point, they came marching on the scene. They have done a good job. They have had gratifying success in confusing public thinking and in burying the true elements of the problem under an avalanche of irrelevant facts and near facts, false emphasis and distorted reasoning. They have assembled the entire apparatus of debt evasion, not to use the harsher term, repudiation, which is distasteful to our debtors as a term but not so distasteful, apparently, as a policy.

I do not wish to be understood as speaking derogatorily of economists in general, although as I struggle through their conflicting testimonies, I am often reminded of John Bright's saying in the House of Commons that "The trouble with great thinkers is that they so often think wrong."

One thing, however, will not be disputed and that is, that the chief concern of economists is to refute all other economists. The progress of the science seems marked by the steady rejection of its own claims to accomplishment and the continuous substitution of new for discarded axioms.

That the commerce of the world is sadly dislocated none can deny.

That international payments are in the final analysis made in goods or services is one of the few untoppled axioms of economics.

That the maldistribution of the world's gold supply makes international transfers difficult and in some cases impossible may be admitted.

That further transfers of gold may operate detrimentally to the currencies of some of the debtor countries is perhaps true.

But none of these things, nor all of them together, justify the demand that the United States shall assume Europe's war debts and transfer the burden of them to the American taxpayer.

Our debtors are by no means so resourceless as they would have us believe. Given the will to pay, the way can always be found.

There is a positive as well as a defeatist approach to every problem. There is a smooth avenue to every creditor's cooperation if the debtor is on the level and intends to stand up to his obligations.

Our debtors have not approached us with any display of solicitude that the United States shall not suffer as the result of its confidence in their promises.

None of them has said: "See here, you know how difficult our position is. The approaching payment will strain our available resources. We need a little time."

Or, "We are in a position to do so much, but not more, and what we can we will cheerfully apply upon what we owe. As soon as times improve we will resume the performance of our engagements."

This has not been their mode of approach. Their talk is ever about "equities," obscure and thus far difficult of statement, which may have been in their hearts but were not upon their lips when the debts were contracted. They were not in the lender's contemplation. They were not mentioned in the demand notes given by the debtors, nor in the bonds subsequently given in replacement of the notes. They did not figure in the refunding agreements, which affirmed many years after the advances were made the original undertakings to repay given by the borrowers.

But we are met by the retort that whatever the facts may be about the contraction of the debts, however regrettable that the American taxpayer, having parted with his money to make the loans, should now be obliged to part with his money a second time in order to repay them, the fact remains that the debtors can not pay them—so what can be done about it?

Of course the matter can not end there, agreeable as such a result would doubtless be in many quarters. The rights of the United States as a creditor, as well as the obligations of the debtor nations, can not be quite so easily dissolved.

There is no place in the modern world for the principle of repudiation. Good faith is still the foundation upon which mutually trustful relations between enlightened powers must rest.

The war debts are one of the world's problems which must be solved. Neither repudiation nor remission is a solution. Either would be a desertion, an abandonment of the problem. World recovery will not be brought about by running away from prob-

lems. They must be faced with courage and confidence. Building, not wrecking, is the technique of recovery.

It is an inviting task, which the war debts present, a task for good faith and good will. These are stronger forces than evasion and default.

There are not only economists of the defeatist school. There are also economists and financiers who are constructive. Bernard Baruch, who served the United States so superbly as chairman of the War Industries Board, is such a man.

With his experienced resourcefulness and his habit of constructive approach to a complicated problem, he does not look upon the claims of the United States as impossible to be met.

"Payment can be made," says he, "in foreign exchange or nonperishable commodities which are not produced by American farmers."

As a contribution to the restoration of international prosperity he maintains that the United States could agree to store commodities such as tin, jute, manganese, chrome, and possibly even silver for five years.

"I am opposed to cancellation," says Mr. Baruch. "In the first place, our Government could only cancel its assets—that is, what the Allies owe us—but could not cancel its liabilities which are owned by its own Liberty bond holders.

"To cancel, in order indirectly to relieve Germany of further costs of the war, would be to take $300,000,000 a year from the backs of Germany's industries and put it on ourselves, thus saddling us with a handicap of $600,000,000 a year on our industries, as compared with German industries, in the international struggle for trade.

"Some of the debtor nations say they can only pay in goods and services. Well, that is not an insuperable obstacle. Our Government might accept cash or partly commodities or partly foreign exchange."

Defaulting nations, Mr. Baruch observes, are somewhat in the position of Russia, which can not secure necessary foreign credit without paying exorbitant and uneconomic rates of interest.

Concluding, he observes that "Our foreign debts have a real value, one that we should not pass up too lightly. The $270,000,000 which the associated powers owe the United States for the next fiscal year is a small item compared with the whole of international payments, and it has been grossly exaggerated for propaganda purposes."

These are the words of a distinguished financier and practical economist. He speaks with a deeper insight into the problem than I can claim.

There is no solution of the war debts except by their liquidation. As a factor in world economy they are not eliminated by their transfer as an obligation from Europe to America. As an obstruction to world recovery they will not be removed by shifting their incidence. Two men can not be said to be richer if one assumes the other's debt.

From the American standpoint, the effect of their remission would be a definite addition to our public debt of $11,000,000,000. The annual interest charge which to-day is $300,000,000 and which, under the funding agreements gradually increases, must be deducted from our estimated national income and will increase by that amount our tax burden. This in turn means a reduction by the same amount in the purchasing power of our people.

But we are told there are countervailing benefits of a derivative and indirect character which, if properly appraised, will more than offset these results.

If this is the fact, it should be susceptible of demonstration. The American people can not be expected to renounce claims of such amounts and validity—to disregard equities which have their roots in the sacrifices of our people, and in a generosity which has no parallel in history—for purely conjectural or vaguely anticipated considerations.

When the moratorium of 1931 was announced, it was greeted with rapturous acclaim. The stock market staged a brief return engagement—very brief—in the most popular piece in its repertory, a bull market with resumed pool operations, manipulated advances, and all the old footlight favorites. But after a very short run the realties of the situation again took the stage.

We then witnessed the deepest and most precipitous decline in security and commodity values that had been recorded in the entire course of the depression.

Now, if our trade is to be benefited by relieving Europe's budgets of the annual payments due us, can it reasonably be apprehended that with more than 40 nations on a depreciated currency basis and favored by low-wage scales any increase in Europe's purchasing power will be turned into the American market with our higher production costs due to our stable currency and higher wage and living standards?

It seems to me that this is quite an idle expectation.

On the other hand, how can we, with our grave unemployment problem and the prostrate position of many of our industries, hope to restore either employment or industry if we open still wider our gates to the influx of cheap foreign merchandise?

The advocates of a policy of further sacrifice by the American people in their treatment of the debts seem to be under the spell of certain economic catchwords which do not square with present-day realities.

Of course, transfers are facilitated by credit balances, but how are credit balances to be built up in the face of the established trends of present world commerce?

Of course, foreign lending imparted a very marked, but we now learn, a very costly and false stimulus to our exports in recent years. But this could not continue indefinitely. If debt remission is to be treated as analogous to foreign lending, and justified on that theory, it will find little support from the holders of Europe's private debts, already deeply worried about their position.

There is still to be considered the question of our position as a competitor for world markets—is it helped or hurt?

It can hardly be denied our competitive basis would be fundamentally changed by the assumption of Europe's debt. Not only would the budgets of the debtor nations be instantly lightened, but in the same amount ours would be instantly weighted.

The potential purchasing power of their people would be augmented and the purchasing power of the American people would be diminished by the same amount.

Already at great disadvantage in our struggle to cope with their low production costs, we would find our production costs increased by new and undeserved additions to the tax burden, even now so severe a handicap to American business revival.

You ask: What is the answer? Have we reached an impasse? Is the problem beyond human faculty?

Not by any means!

It may have to be approached from a new angle. It may require some variation of formula.

But unless default has lost its stigma among men and honor is no longer sensitive, but has become callous, the solution can and will be found.

Let us remember that even in France—so ill served by the politicians who compose her present Parliament—the protest against her deault has not been stilled.

When the French Parliament, after its refusal to pay the installment due us on December 15 of $19,000,000, approved a loan of $14,000,000 to Austria, a leading organ of French opinion asked:

"Did we refuse our millions to the United States, to whom we owe something, if only gratitude, to give them to Austria, to whom we owe nothing except the shells she fired at us?"

It was said of Ireland's historic grievances against England that they were things for England to remember and for Ireland to forget.

We shall need to approach the problem of the debts with calmness and detachment—with fairness, and expecting to be met with fairness.

Solution often lurks in the simplest expedients, although the simple formula is sometimes hard to find.

However, thought without aim is wasted. Debate without decision, or conference which does not issue in program is of little value.

With your permission, I will make bold to offer for your consideration a plan of approach to the problem. It is not my own. It is the suggestion of a distinguished American thinker, John Spargo. It has already been broached and has met with respectful and serious reception.

In my opinion it has great merit. It can be stated in a few words.

Suppose that the United States, in conjunction with its European debtors and the former Central Powers, were to form a consortium, by which is meant merely an agreement between nations to act jointly with reference to some mutual financial undertaking.

Let the amount of all intergovernmental debts be ascertained and fixed, including the debts of our late enemies for reparations.

Then let obligations, promises, or bonds, if you choose to call them such, maturing in 40 or 50 years, be issued for the total of these debts by a corporation formed for the purpose, which would act as a formal obligor. This corporation would embrace representatives of the debtor nations, including former allied nations which owed debts to the United States and former enemy nations which owed reparations.

The new bonds would replace all existing bonds covering the different classes of debt. Provision would be made for redemption from a sinking fund to be formed and maintained by contributions representing the agreed and equitable proportion of each nation.

Each of the debtor nations would agree to pay an annual sum, equivalent to an agreed per cent of its actual expenditure upon armaments for the year 1932, to be applied to the payment of interest and the redemption of the bonds. It has been estimated that 11 or 12 per cent of the present military and naval expenditures of the debtor nations would suffice.

The United States, although a creditor nation, would agree to make an annual contribution equivalent to a percentum of its Army and Navy expenditures for 1932, which would be equal to, or have a just relation to the sum paid by the principal debtor nations.

We would do this as our contribution to an effective and practical reduction in world armament.

Furthermore, it would be an act of cooperation with our debtors in liquidating this great mass of debt, and in coping with a situation that is world-embracing.

The United States would be the eventual and ultimate recipient of the sums paid in, as obviously in the consolidation of the total intergovernmental debts the final and effective figure would be the net indebtedness.

This plan could hardly be stated more generally, but its details, both legal and mathematical, could readily be worked out.

It would involve no new taxation but only the better application of revenues which, in the darkest year of the depression, it has been found possible to create.

It would mean a forward step toward reduced armaments, when to date no substantial progress has been found possible.

Perhaps as an alternative to general repudiation, which is unthinkable; to cancellation or revision, which is impossible—and to the existing scheme of payments which we are assured by the debtor nations can not be continued, this proposal has something in it worthy of examination.

THE BANKING ACT

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from Montana [Mr. WHEELER] in the nature of a substitute for the amendment of the Senator from Louisiana [Mr. LONG].

Mr. WHEELER obtained the floor.

Mr. GLASS. Mr. President, will the Senator yield to me for a moment?

Mr. WHEELER. I yield.

Mr. GLASS. Mr. President, I shall not enter into any discussion of the proposed substitute amendment. It deals with a problem that is totally foreign to the purpose of the bill, and, of course, I shall ask the Senate to reject the amendment; but I want to give notice that hereafter when propositions so entirely foreign to the purposes of the banking bill are presented, I shall undertake to conserve the time of the Senate by moving to lay them on the table and not have the time of the Senate taken up with discussion. The banking bill is designed to prevent bad banking and to insure in some measure good banking and has nothing to do with the issuance of currency, and hereafter I shall treat foreign proposals just in that way.

Mr. LONG. Mr. President, that has not always——

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. I yield.

Mr. LONG. That has not always been the position of the Senator from Virginia. During the last session of Congress a bill which he had for the inflation of the currency was offered on the home loan bank bill as being of aid and assistance in connection with that bill and was supported by the Senator from Virginia. I can not see how the Senator can now make fish out of one and fowl out of the other.

Mr. GLASS. That is my position now, Mr. President. That is the important point.

Mr. WHEELER. Mr. President, I appreciate what the Senator from Virginia has said, and I can assure him that I am not offering this amendment for the purpose of delaying his bill, whatever the effect of it may be. I am offering the amendment for the reason that it has become quite apparent that the legislation it contemplates would not have an opportunity to be heard or to be considered at this session of the Congress; and, by reason of the importance of the subject and particularly by reason of existing conditions throughout the world, it seems to me that the Congress of the United States ought to give serious consideration to the problems which I am about to discuss.

First of all, Mr. President, let me say that I offered this bill in the Senate just a little over a year ago and at that time I issued this challenge:

I assert—and challenge intelligent criticism, not mere denial—of the following statements:

First. The enactment of my bill into law would immediately thereafter nearly double the volume of the world's primary money, with the resultant increased conservative credit basis of twenty times the amount of primary money thus added to the world's stock.

Second. Within one year after the enactment of this bill the world's price of wheat, cotton, and all agricultural products would be more than trebled.

Third. The purchasing power of over 50 per cent of the entire world's population now using silver as their sole yardstick of exchange and business transactions would contemporaneously be quadrupled; that is, the value of the silver stock would increase from 30 cents to $1.30, resulting in the creation of a market which would more than absorb all the surplus of our raw materials and manufactured products.

Within two years all our present agricultural land values throughout the United States would be more than quadrupled, thereby transforming the present frozen assets of the country banks in agricultural communities into liquid assets.

The unemployed-labor problem would be rapidly solved.

Both labor and capital would be benefited.

Contentment, happiness, and lucrative occupation would be substituted for discontentment and despair, with their inevitable resultant tragedies to follow.

It would relieve starvation in the midst of plenty.

This legislation would do more than all suggestions heretofore combined toward reviving, encouraging, vitalizing, and resuscitating business in this country and throughout the world.

The market prices of securities, especially the common stocks of all corporations enjoying honest, efficient managements and being properly financed, where listed on some of the great stock exchanges of this country, would almost contemporaneously show increased activity and market value.

Since that time, Mr. President, nobody on either side of this Chamber has risen in his place to deny or to controvert the challenge which I issued at that time. Not only that but during that period of time we have seen an increase in the number of mortgage foreclosures; we have seen an increase in the number of bank failures; we have seen country after country go off the gold standard, until to-day something over 42 nations of the world are off that standard.

I wish to call attention to a statement which was issued by the president of the United States Chamber of Commerce. He said:

For a year and three months depreciated foreign currencies have been exerting an undermining influence upon our economic situation—

First, by negativing our tariffs so that, in our home markets, American goods have been displaced, factory output cut down, and unemployment increased;

Second, by depressing price levels and preventing any upward price movement to a basis of fair return for American labor and capital;

Third, by decreasing much-needed customs revenue to our Government.

Over half of the products coming into the United States are benefiting from the advantage of depreciated currencies. Over 20 foreign countries have the advantage in undercutting the prices of American products.

Mr. President, in addition to that, I desire to call attention to a statement made by President Hoover in his address to the Congress of the United States on December 19, 1932, in which he said:

The depreciation of foreign currencies lowers the cost of production abroad compared to our costs of production, thus undermining the effect of our protective tariffs.

I want particularly to call attention of those on the other side of the Chamber to this statement, because I propose to show before I conclude that, as a matter of fact, the remonetization of silver would do more to make the tariff effective upon manufactured cotton goods and on every other commodity on which a tariff is levied to-day than would any other single piece of legislation that has been offered in this Congress or in any other Congress since the depreciation of the currencies of other countries.

The President continued:

I concur in the conclusions of many thoughtful persons that one of the first and most fundamental points of attack is to reestablish stability of currencies and foreign exchange, and thereby release an infinite number of barriers against the movement of commodities, the general effect of which would be to raise the price of commodities throughout the world.

I propose, Mr. President, to show that the remonetization of silver would do more to stabilize the currencies of the world than any other piece of legislation that has been offered in this branch of the Congress or in the other branch of the Congress. The President further said:

While the gold standard has worked badly since the war, due to the huge economic dislocations of the war, yet it is still the only practicable basis of international settlements and monetary stability so far as the more advanced industrial nations are concerned. The larger use of silver as a supplementary currency would aid stability in many quarters of the world. In any event it is a certainty that trade and prices must be disorganized until some method of monetary and exchange stability is attained.

Then, Mr. President, I want to call the attention of the Senate to an article in the Saturday Evening Post, by Mr. Samuel G. Blythe. In this article he says:

There are rubber boots there, made in Japan, that cost in American money, to land in this country all charges paid, just under 34 cents a pair, and that can not be made in this country for less than 95 cents a pair. There are rubber boots from Czechoslovakia, that cost the Czechs $1.16 to lay down in this country, that can not be made here at less than $1.48 a pair. And plenty of other rubber boots, shoes, overshoes, and so on, that carry out these ranges. There are rubber toys, beach balls, swimming rings, and other beach paraphernalia with the same discrepancies—a swimming float, for instance, that costs 17 cents to get into this country from Japan and costs us $2.46 to make. Rubber dolls that Japan sends here for $4.26 a gross and cost Americans to make $7.84 a gross; celluloid toys that Japan sends over for $20.14 a gross and cost $33 a gross to make here; celluloid combs that Japan offers here for $11.06 a gross and cost us to make $25.86 a gross. Such things by the hundred.

I want to call the attention of those who come from the cotton manufacturing States to this statement:

Japan lands here cotton hit-or-miss rugs at 6 cents each, and we can not make one of these rugs, with our wages, at a less cost than 29 cents. Japan sends grass rugs, 9 by 12 in size, landed here all charges paid for 92 cents each, and they cost our manufacturers $8.88 each to make.

And so on, taking up, item by item, goods manufactured in China and Japan.

Mr. DAVIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Pennsylvania?

Mr. WHEELER. I am glad to yield to the Senator from Pennsylvania.

Mr. DAVIS. What does the Senator think about putting an embargo upon those products and in that way preventing them from coming in?

Mr. WHEELER. I am glad to answer the Senator's question. I would not advocate such a course for the simple reason that putting an embargo upon those products would not in the slightest degree affect world commodity prices. What we are seeking to do—what everybody wants to do—is to increase the purchasing power of the people, not only of this Nation but of the world.

I submit to the Senator from Pennsylvania that there is only one way that has been suggested by which Congress, acting singly and alone, can raise world commodity prices, and that is to remonetize silver. By doing that we would double the primary money of the world, and we would increase the purchasing power of over 60 per cent of the peoples of the world. It would treble or quadruple the purchasing power of 60 per cent of the people of the world, who now use silver money, so that China, India, and Japan, and the other silver-using countries, instead of being able to sell to us and dump their products in this country, as they are doing to-day, would come into our market and purchase our goods and not be dumping theirs upon the American market.

I have never been a believer in embargoes in any shape or form, because I have always been forced to the conclusion that if we should put embargoes around this country we would thereby destroy our foreign trade, and we being an exporter of raw materials and manufactured goods, we can not confine our industries just to our home consumption without ultimately destroying ourselves.

Mr. DAVIS. Then, the Senator hopes to increase the buying power of China and Japan in the expectation of exporting more of our own manufactured products to them?

Mr. WHEELER. Exactly. In addition to that, Mr. President, we would increase their cost of production so that they would be unable to underbid us in the world market, for by quintupling the price of their money we would quintuple the cost of their production as measured by our production costs.

Mr. DAVIS. Then, the Senator does not take into consideration that practically about 95 per cent of all we produce is consumed at home and that we export only 5 per cent?

Mr. WHEELER. The trouble with that argument is that the 5 per cent of the articles we sell abroad does not include farm products, but only manufactured goods. The surplus wheat and cotton which we export fixes the price the farmer gets for these crops in the United States. My bill would raise the world commodity price level and thereby increase the price of all our commodities of which we have a surplus.

Mr. DAVIS. Then, the low prices on the foreign market of articles shipped here destroy the local prices.

Mr. WHEELER. Of course it is the depreciated currencies of the world to-day that is destroying prices; it is the depreciated value of the money of 60 per cent of the peoples of the world that is destroying the world market and destroying our market.

No country in the world has ever been able to live within itself; and no country, in my humble judgment, will ever be able to build a tariff wall or put an embargo around itself without destroying its own civilization.

Now, Mr. President, I wish to call attention to exactly what the amendment proposed by me will accomplish. First, I want to call attention to the effect of depreciated currencies:

Let me give a simple illustration of how this principle is working to our disadvantage to-day. Let us suppose that Canadian currency depreciated 50 per cent like that of Japan, and that a shoe manufacturer in Boston and one in Toronto were each paying their labor $6 a day, and that the average cost of making a pair of shoes was in each factory $2 a pair. The Canadian dollar, although depreciated 50 per cent (as measured by our gold dollar), would still buy as much labor or pay as much rent or debt in Canada as the United States dollar would purchase or pay in the United States. To all outward appearances, the standards of living and the value of each dollar were identical as long as it operated within its own country. It was only when the dollar crosses from one country to the other that the difference became apparent. The factory cost of production in the Toronto factory and in the Boston factory was $2 per pair of shoes, measured in the dollars respectively of each country. But see what happens when trade crosses from one of these countries to the other. An American merchant goes to the Canadian factory and finds that one American dollar will purchase one pair of $2 Canadian shoes. This seems like a good bargain to the American, so he imports his shoes from Canada. But let us suppose that a Canadian merchant comes to the Boston shoe factory to purchase American-made shoes valued at $2 a pair in United States money. He finds that it will cost him $4 of his Canadian money to buy one pair of $2 American shoes, and the chances are he will not purchase them.

Now, if you will multiply that simple illustration by many thousands, you will understand the great commercial advantage enjoyed by countries with a depreciated currency, and why Japan is able to flood this country with her products at a cost delivered here in the United States of less than one-half our cost of producing them.

Let me call attention to the effect of what is happening with reference to wheat.

By reason of the depreciated currency of Argentina of 40 per cent, the farmer of Argentina gets 40 per cent more of his currency for his wheat. He can pay off 40 per cent more of his fixed charges. His cost of production, to the extent that he has to hire labor, is 40 per cent less than that of the American wheat farmer.

In other words, assume that the world price of wheat was 50 cents gold. The American farmer would get for that wheat 50 cents, less handling charges and transportation charges, while the Argentine farmer would get for his wheat 70 cents of his money, and he could pay off 40 per cent more of his indebtedness and 40 per cent more of his taxes and 40 per cent more of his transportation charges, and so he could undersell us in the world market.

Now, Mr. President, I want to call the attention of the Senate to another matter; and I must hurry, because of the fact that my time is limited.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Louisiana?

Mr. WHEELER. I yield for a question.

Mr. LONG. The Senator from Montana has not spoken yet on any amendment we have had up here. I ask unanimous consent that we extend his time 30 minutes in order that he may discuss this question, because a number of us are very anxious to hear him.

Mr. BULKLEY. I object, Mr. President.

The PRESIDENT pro tempore. Objection is made.

Mr. WHEELER. I thank the Senator from Louisiana; but the Senator from Ohio need not object, because I do not want to be unfair to any other Member of the Senate, and I am not asking for any special privileges in this body or anywhere else.

I want to call the attention of the Senate, however, to this matter, and I want to call as witnesses three great economists—two of them, particularly, England's famous economists. They were testifying with reference to the price of wheat and the effect of the depreciation of silver.

We hear so much to-day about the high price of gold being the cause of the fall of prices in this country. I assert without fear of challenge that it is not the high price of gold that is wrong, but the thing that is wrong is the depreciation of the money yardstick of over 60 per cent of the people of the world, and that is the depreciation of silver.

Let me call your attention to the statement of Mr. Nicholson, who in his time was looked upon as the greatest economist of Great Britain. The question was asked about Indian wheat, and he said:

> Indian wheat is the very wheat that is complained of by Secretary Manning, Secretary of the United States Treasury, as having lowered the price of European and American wheat, and he attributes it all to the divergence of gold from silver. You do not think tying gold and silver again would raise the price of English and American wheat by 25 per cent?

In his reply Professor Nicholson discusses the factors entering into the determination of prices under given conditions, and on the point immediately germane to the point under discussion says:

> Now it seems to me probable if the price of silver rose to its old level, wheat could not be profitably exported from India until prices rose in a corresponding degree; for India being a silver country, the price of wheat there is independent of the relative value of gold and silver. An exporter to England at present will give the Indian price in silver, and he can buy his silver for less gold, and thus competition will lower the price. If the price of silver rose, the exporter from India must get more gold. Thus a rise of silver would, on this view, raise the price of wheat to a corresponding degree.

What is true in India, my friend, is likewise true in every silver-using country throughout the world. Mr. Daniels, in his work on the Industrial Competition of Asia, Mr. Bagehot, in his work on the Depreciation of Silver, both of them being gold monometallists, agree in substance with the statement I have just read from Mr. Nicholson.

> At a meeting of the British and Colonial chambers of commerce, held in London, 1886, Sir Robert Fowler, a member of Parliament, a banker and ex-mayor of London, made the following statement:
>
> "The effect of the depreciation of silver must finally be the ruin of the wheat and cotton industries of America and be the development of India as the chief wheat and cotton exporter of the world."

Is there anybody in this body who dares stand here and challenge these statements?

Oh, I know what is being said. The Hearst paper this morning said I was reviving the old Bryan 16-to-1 doctrine. Let me say to you that I have no pride of authorship about this matter. Bryan was not the originator of it. I am simply asking the Members of the Congress of the United States to have the courage to adopt the money of their forefathers.

Is there anybody on the other side of the Chamber who wants to stand here and challenge the wisdom of Alexander Hamilton? Is there anybody on this side of the Chamber who dares stand here and challenge the wisdom of Thomas Jefferson?

Talk about its being a Bryan 16-to-1 doctrine! Silver was the money of Thomas Jefferson. It was the money of Alexander Hamilton. It was the money of James Madison. It was the money of all the great leaders who have gone down in history as the greatest statesmen of America. We were on a bimetallic-standard basis from 1792 down to 1873; and, according to the uncontradicted sworn testimony of Members of Congress, silver was demonetized through trickery and deception. The Rothschilds of England, who controlled the gold of the world, acting through one of the international bankers of this country, brought pressure to bear upon the Congress of the United States to demonetize silver in order that they might more easily control the money and credit of the world.

Oh, I know the fear that is in the hearts of some people here. The statement is frequently made that we would be flooded with silver if we should remonetize silver.

Let me say to the Members of the Senate that I have recently talked with one of the leading financiers of the United States. I talked with him last night in my own home. I asked him the question that many of you are asking yourselves, as to whether the United States alone could adopt bimetallism, and while he is not in favor of bimetallism, but has always been a gold-standard Republican, he said to me last night that in his opinion there was no question but that we could maintain bimetallism on the basis of 16 to 1, or 20 to 1, or 14½ to 1, because of the fact that at the present time the commercial and financial position in the United States is such that the minute we adopted it the world would know that we could carry it out. The trade balances are practically all in favor of the United States.

If we remonetize silver, what do we do? Do we decrease our commercial balances abroad? Not at all. We increase our commercial balances abroad, because we make it possible for countries to buy from us that are unable to buy from us now, due to their depreciated currencies, and consequently we increase trade balances with the Orient, where they are decreasing at the present time.

Talk about taking gold out of this country! How is gold going to be taken away from the United States when the trade balances are in favor of the United States? The only way that gold can be taken out of the United States is by taking up the difference of trade balances; and when the trade balances of China and India with us would be more favorable, it is impossible for them to dump their silver in this country.

Again, Mr. President, let me call attention to this fact. The economist for one of the largest banks in the city of New York, who is against any deflation, made this statement to me in private conversation, but said that he could not be quoted. When I asked him the question as to whether we would be flooded with silver if we should remonetize it, he said, "Why, of course not." He said, "The economic and commercial standing of the country at the present time is so great that the price of silver would immediately go to $1.29^{29}/_{100}$ all over the world. Why should they send their silver here, with the cost of shipping it here, when it would have the same purchasing power in China or in India as it would have here?"

Somebody says to me, "Oh, but they will melt up their silver spoons!" Did they melt up their silver spoons in 1919? At that time the price of silver was more than $1.29^{29}/_{100}$. Did they melt up their silver spoons then? The price of silver generally throughout the world has been $1.30. Did India melt up her silver spoons then? Did she send her jewels and the great mass of silver she is holding into the United States?

Compare, if you will, the standing of the United States of America in the financial world, in the trade world, in the commercial world in 1932, with favorable trade balances all over the world, with her position in 1873. All fears that we would be flooded with silver as a result of passing my bill are based upon misconception relative to the amount of silver in the world to-day, and the further fact that the passage of my bill would raise the price of silver throughout the world to $1.29^{29}/_{100}$ and there would be no profit in shipping it to the United States.

Why, my friends, England went on the single gold standard in 1816, France, if my memory serves me right, about 1870, Germany about 1871, and the United States in 1873, not because we were being flooded with silver, not because it was not beneficial to the United States, but because the international bankers, acting at the behest of the Rothschilds in England, insisted and slipped through a proposal here in the Congress that nobody here understood, except possibly one or two men, and thus they demonetized silver in the United States.

We speak of an international conference, and that we are going to be able to get it now. Why should England, for instance, want to agree with us to remonetize silver? England's manufacturing interests at the present time have the United States by the throat, so to speak. They can get their raw materials, their cotton and their wheat, and their other raw materials from India and from countries that are off the gold standard cheaper than they can get them from the United States.

In addition to that, let me call your attention to the fact that by reason of her depreciated currency she can undersell us in the markets of the world. Also, by reason of the depreciation of silver in China, Shanghai is booming; Hong Kong's factories are booming, while the factories of the United States—the cotton factories at Haverhill, at Lawrence, at Lowell, Mass., and throughout the South—are finding it impossible to compete with the countries whose currencies have depreciated. The same thing is true of all our manufacturing industries whether it relates to boots and shoes or the product of our steel mills. Then why should we expect England or these other countries to join with us in an international conference when they now enjoy a commercial advantage over us, due to their lower production costs?

Oh, it may be said that we should not put a provision of this kind upon this bill, as the Senator from Virginia says; but I want to say without fear of contradiction that we can not go before the 12,000,000 unemployed who are walking the streets of America to-day and offer that as an excuse for not putting this provision upon this bill. We can not go to the millions of farmers who are losing their farms to-day through foreclosure and offer that as an excuse for not voting for this amendment to-day.

Those who represent the cotton mills of Massachusetts, and those from the South, can not go before the manufacturers of their States and the other people of their States, and they can not go before the bankers of this Nation, who have written to me by the score, and say, "I did not want to vote for it because I did not want to put it on the Glass bill," a measure which offers to the people of the country little, if anything, in the way of help to the hundreds of thousands, yea, millions of men, who are tramping the streets of this country to-day.

Mr. President, I am standing here pleading for the United States as against China. I am standing here pleading for the United States as against India. I am standing here pleading for the United States as against Great Britain, and as against every other nation in the world, and I say that no scheme has been offered in Congress during the last year that would do so much to stabilize the currencies of the world as would the remonetization of silver. The only reason why we are not adopting a measure remonetizing silver is that some fear political consequences will follow, such as followed in 1896, when we only copied what the forefathers of the Nation had adopted, only copied what was adopted as the money of the Constitution in 1792.

The PRESIDENT pro tempore. The time of the Senator from Montana has expired.

Mr. SHEPPARD. Mr. President, out of reverence for the enthusiasms of the past, which I have always believed to have had a logical foundation, I am going to vote for the pending amendment. My first two great enthusiasms in life were Bryan and silver. My first public political speech was for free silver and Bryan at Mount Vernon, Tex., in 1896. Bryan was at that time the Democratic nominee for the Presidency on a platform favoring the remonetization of silver.

I can remember how proud I was of the expression which I coined as an aspiring young speaker, after burning a great amount of midnight oil, when I said in the course of that address after picturing the economic gloom of the time, "And God said, let there be light, and there was Bryan."

I recall the wonderful sentences with which Mr. Bryan concluded the address on the money question before the Democratic National Convention of 1896, the address which won him the nomination for the Presidency: "Thou shalt not press down upon the brow of labor this crown of thorns. Thou shalt not crucify mankind upon a cross of gold."

I remember, further, how my youthful soul had been stirred and lifted by Bryan's dramatic description of that thrilling incident in the Battle of Marengo, when the drummer boy, ordered by Napolean to beat a retreat, replied: "My masters never taught me to beat a retreat. Sire, I can not beat a retreat, but I can beat a charge. I can beat a charge that will make the very dead fall into line."

Mr. President, I am frank to say that I do not understand the money question to such degree as to be certain of my ground. I thought I understood it in 1896. I do not understand how to handle price levels in the world or in this country so as to prevent disastrous recessions, and I do not believe anybody else does. But I do know that the basis of Mr. Bryan's contention was the quantitative theory of money, and that after the campaign of 1896 there was a new influx of gold into the world, and that a marvelous era of prosperity followed. I know also that the present congestion of gold in two or three countries gives us the equivalent of another gold famine for the world.

Out of loyalty to the early enthusiasms to which I have referred, and out of the conviction that there is something in the quantitative theory of money, as illustrated in the recognition of silver now proposed, I am going to vote for the pending amendment.

Mr. WHEELER. Mr. President, may I make just one statement?

The PRESIDENT pro tempore. In the time of the Senator from Texas?

Mr. WHEELER. I ask leave to make the statement in the time of the Senator from Texas.

The PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Montana?

Mr. SHEPPARD. I yield.

Mr. WHEELER. I just want to make this statement. I have given rather intensive study to this problem during the past year, I have consulted with economists, and if there is anybody who would like to ask a question, I would be only too happy to answer any question which might be propounded.

Mr. SHEPPARD. Is it not a fact that the principle on which Mr. Bryan founded his contention for the remonetization of silver was vindicated by subsequent events? Was it not true that there had been a decrease in the quantity of the basic money of the world, that is, in gold, a decrease continuing over many years, that this scarcity was threatening mankind, that an era of falling prices had accompanied that decrease; that some time after the campaign of 1896 there were new discoveries of gold, a tremendous increase in this basic metal, and a great era of prosperity? Is not that correct?

Mr. WHEELER. There is no doubt about it. I have here a pamphlet which has just been issued by Mr. H. S. Denny, an Englishman now living in Toronto, an expert, and recognized as one of the leading economists of Canada. He points out exactly what the Senator has said, and calls attention to the fact that the reason why the predictions of Mr. Bryan in 1896 did not come true was the tremendous discovery of gold in South Africa, and likewise by reason of the finding of gold in Alaska. Those discoveries helped to increase the quantity of the primary money of the world. But since that time, while there has been some increase in gold, yet due to the maldistribution of gold, much of which is held in France

and the United States, two things are happening to-day: There is not gold enough in the world to finance the expanding commerce of the world, and by reason of the tremendous expansion of the debts of the United States and all the world there is not gold enough to meet those debts.

Mr. SHEPPARD. Mr. President, we have a situation now practically parallel with the conditions in 1896, so far as the supply of basic money is concerned the world over.

Mr. WHEELER. Much worse, may I say.

Mr. SHEPPARD. In addition to the expansion of commerce there has been a tremendous increase in population throughout the world.

Mr. WHEELER. Exactly.

Mr. SHEPPARD. And there is greater need to-day for a larger volume of basic money than ever before.

Mr. WHEELER. Exactly.

Mr. TYDINGS. Mr. President, will the Senator from Texas yield to me to ask a question of the Senator from Montana?

Mr. SHEPPARD. I yield.

Mr. TYDINGS. I would like to ask the Senator from Montana this question: If these countries in South America or in India or in Europe continue to melt up their silver coin, or to debase their silver, will it not put the United States in the position of having to buy silver, because of a surplus, an unnatural surplus, so to speak, forced upon the world market by those countries which are debasing their silver coinage, as in the case of England, and Belgium, and France, and India particularly?

Mr. WHEELER. Let me say to the Senator, in the first place, that there is very much misinformation with reference to those facts. At the present time, according to Mr. H. S. Denny, the Orient is taking 180,000,000 ounces of silver a year, 180,000,000 ounces out of a production of 251,000,000 ounces in 1931, and the greatest production of silver the world has ever seen was in 1929. That year it reached the point of 261,000,000 ounces.

Eighty per cent of the silver of the world is produced as a by-product of copper, lead, zinc, and other metals. Twenty per cent of it is produced in silver mines, much of it in Canada and in Mexico. If the output of silver in the silver mines of Mexico were increased 50 per cent, the world supply would be increased by only approximately 15 per cent, if my memory serves me correctly.

Mr. TYDINGS. Mr. President, I do not think the Senator has gotten my question. For instance, when an attempt was made to put India upon the gold standard the Senator knows the silver coinage of India was gathered up and melted into bullion and sold upon the silver market.

Mr. WHEELER. Some of it.

Mr. TYDINGS. One year over $100,000,000 worth was sold upon the world market, and of course silver coinage is still being melted in India. In fact, they have a tremendous amount of bullion stored, which, due to the decreased price of silver, is not now being offered in the market, as I understand it. My question was purely for information.

Mr. WHEELER. I understand.

Mr. TYDINGS. In other words, if the United States goes into the market with the definite policy of buying the silver whenever its price is so and so, as a matter of fact would not that encourage countries to fly from the silver standard, more or less to debase their coinage, and to dump silver upon the market, so that in effect we would be buying, not the new surplus which comes from the ground, but old silver coinage melted up by these countries because it was financially attractive for them to melt it up, and we would be compelled, under the proposed amendment, to buy it and take it off the market?

Mr. WHEELER. Quite the contrary, let me say to the Senator from Maryland. The minute silver is remonetized at $1.29, we would not be buying. I submit that if we simply went into the market, as is proposed—if the Senator from Texas will permit me——

Mr. SHEPPARD. I yield to the Senator. I am glad to have the Senator make his statement.

Mr. WHEELER. If we went in, as has been proposed, and bought silver and treated it as a favored commodity, then there would be no question but that the Senator would be absolutely right, because of the fact that there would be no unlimited demand, and those countries would simply say, "We want to unload our silver upon the United States, dump it upon the United States market, and get away from it, because it is not going to be used as money."

Under my proposal the price of silver would be immediately stabilized the world over at 1.29^{29}/_{100}$. Consequently, the money of India, the money of China, the money of all the silver-using countries, would immediately have the silver purchasing power of 1.29^{29}/_{100}$ in those countries, and, as a result, it would be worth more in those countries than it would be worth in the United States, because to ship it over here would mean the necessity of paying the cost of transportation, the cost of insurance, and so forth.

Mr. TYDINGS. Mr. President, I still do not make my point clear. Assuming that silver is worth 24 cents an ounce, and the Senator's amendment drove up the price, it strikes me that would be an added inducement to these countries having bullion silver to sell it.

Mr. WHEELER. Not at all. They would not sell it to the United States. They would simply put it into coinage, because of the fact that that silver would then have a higher purchasing power, not only according to my statement, but according to some of the best known financiers of this country. I talked in my home last night with one of the leading economists of this country from New York. He stated that beyond a question of doubt silver would go to 1.29^{29}/_{100}$ the world over. I talked to one of the leading economists of one of the great banks of New York, as I stated a short time ago, who made identically the same statement. I talked to one of the leading economists in the city of Washington, who made the same statement. Unfortunately, these men, by reason of their connections and their holdings, are unwilling to go before some committee of Congress and testify at the present time. But if the price of silver rose to 1.29^{29}/_{100}$ in India, what incentive would there be to send that silver to the United States of America and to sell it to the United States? We would not buy it. My bill does not provide for the buying of silver by the United States.

Mr. TYDINGS. There would be every incentive, may I say to the Senator, because if they could sell for that price they could turn around and buy gold with it, which all nations want, because that is the standard in which trade balances are settled.

Mr. WHEELER. If the price of silver money in India had a purchasing power of $1.29, the same as it had in the United States, the man who would take his silver money and ship it to the United States, and thereby have to pay the expense of shipping it here—the transportation charges, and the insurance costs—it seems to me would be a very poor business man. There is only one way by which that silver would come to the United States, and that would be in exchange for manufactured goods.

Some silver would come here undoubtedly. If we remonetized silver to-morrow, undoubtedly there would be some speculators in India, some speculators throughout the world, who would immediately send their silver here, until such time as they found that we intended to maintain the price ratio provided in my bill and were strong enough in the world to maintain it.

Let me also call attention to this fact: England would immediately have to follow suit, in my judgment, because if she did not we would take the trade of the Orient away from Great Britain and people of the Orient would buy here instead of buying in Great Britain.

Would the Senator rather have silver in payment for manufactured goods, or would he rather have 12,000,000 people continue to be idle throughout the world? Everybody says that what we want is the opening of the factories; and the man who would first benefit by the adoption of my proposal would not be the farmer—it would be the manufacturer. Secondly, it would be the farmer who would benefit by it.

Mr. TYDINGS. If the Senator from Texas will permit an interjection——

Mr. SHEPPARD. Certainly.

Mr. TYDINGS. I want to say to the Senator from Montana that I feel that the stabilization of silver currency is the real foundation stone upon which rehabilitation may be built, and I want to vote for the measure which will best accomplish that result.

My only fear has been that, if the United States acts singly, other countries will continue to debase their silver so we will be in the position of a sponge, and we will have to absorb the silver which other countries will sell in order that they may get money with which to buy gold. My fear is that, if silver rises in Great Britain, she would sell her silver and buy gold which she sorely needs in many of her international relations. Therefore, unless nations act more or less in concert, if we take over the whole burden upon our own shoulders, I am afraid it may be a very staggering weight before we are done.

Mr. WHEELER. As I pointed out a moment ago, this country was on the bimetallic basis up to 1873. England went off the bimetallic basis in 1816, France about 1870, and Germany in 1871. The last two countries that were on the bimetallic standard, and they were there alone, were Germany and the United States. We were on it alone for something over a year when no other country in the world was on it. I challenge anyone to go back through the records and point out where anyone complained of the dumping of silver in this country in 1873.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Texas yield further to the Senator from Maryland?

Mr. SHEPPARD. I am glad to yield.

Mr. TYDINGS. I am not taking issue with the Senator, but I know the Senator will be fair enough to concede that the need for dumping to-day, through national exigencies all over the world, is much greater than obtained in the years to which he has referred, for the reason that since that time the national-debt situation has become a web and every nation is attempting to get out of that web. The only way they can get out of that web is with gold. If they have not the gold, they must remain enmeshed until we make a settlement which will be appropriate.

I come back to the main objection, which to my mind might lie against the Senator's proposal, and I say it without any idea of belittling at all the splendid effort he has made to tackle and solve the question. It seems to me if the price of silver is materially increased the nations having silver will sell that silver at the high price and translate it into gold, because gold is the touchstone with which they must proceed to an orderly progress in their own country. My thought is that it will encourage the sale of silver with the idea of translating it into gold.

Mr. SHEPPARD. May I say at that point that nearly half the people of the world live in the silver-using Orient. They have been accustomed to silver for centuries. They are not accustomed to gold and will not use it in ordinary transactions for many reasons. No people are more weighted down by custom and habit than the people of the Orient. To say that they would change their whole monetary system and put it upon a different basis and substitute gold for silver, making wholesale purchases of gold for that purpose, would be to advance an almost unbelievable idea.

Mr. TYDINGS. Mr. President, will the Senator yield further?

The PRESIDENT pro tempore. Does the Senator from Texas yield further to the Senator from Maryland?

Mr. SHEPPARD. Certainly.

Mr. TYDINGS. Take the question of China as an exact illustration. China is on the silver standard. China is comparatively prosperous at the present time. But suppose the Chinese Government needs 30 or 40 airplanes with which to fight the Japanese or for the purpose of putting down banditry in China or for any other purpose. In order to acquire those airplanes she has to have gold, because there are no airplane factories in China. If she buys them from the United States, she has to take a vast amount of silver and translate it into gold in order to acquire the airplanes.

China at the present time can stand no new internal taxation. She is at the saturation point. She is on the silver standard. The result is that China is impotent. She can not defend herself because she has not the weapon of gold with which to go out into the armament market and buy the equipment she needs to hold off Japan or to establish order in her own country.

Mr. WHEELER. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Texas yield to the Senator from Montana?

Mr. SHEPPARD. I yield.

Mr. WHEELER. The very argument the Senator is using is the very argument that should be used. In the first place China is a buyer of silver. The only thing in the world that China knows is silver. She will not divest herself of silver because her people will not use anything else. If she shipped all of her silver here to-morrow, she would have to buy it back somewhere else in the world, in order to have a currency for domestic and foreign trade. The reason China is in the shape she is now is because of the depreciation of silver. She can not buy airplanes and she can not buy automobiles to-day because her purchasing power has been killed. Remonetize silver, bring it up to where it was for centuries, $1.30, where it has always been until England sought to put India upon the gold standard, sought to debase the silver of the world, and we would put purchasing power in the hands of the Chinese Government.

Mr. TYDINGS. I agree with the Senator.

Mr. WHEELER. We would make it possible for the Chinese Government to come to this country and buy automobiles and shoes and clothing and everything else she may need. We would open the factories of this country, and nothing else under the sun can do it, because we would quintuple the purchasing power of over 60 per cent of the people of the world in that way.

Mr. TYDINGS. Mr. President, will the Senator from Texas yield for one final observation?

Mr. SHEPPARD. I am glad to yield to the Senator from Maryland.

Mr. TYDINGS. I stated in the early part of the brief remarks I have made that, of course, the rehabilitation of silver is one of the prime factors in world recovery. The Senator is, of course, arguing that the rehabilitation of silver will straighten out many of the questions which now confront the world. What I am attempting to say to the Senator is that China, knowing the position of silver is more capricious and uncertain than that of gold, would immediately, if she had wise statesmen, sell her silver at the high price, translate it into gold, and then have something that, no matter what happens to silver, would permit her to acquire the necessities to maintain her national existence.

My fear is that his proposal will encourage the sale of silver by the silver countries and, therefore, undo to a large extent what the Senator proposes to do, unless the United States becomes an international sponge to absorb all of the silver in the international pond.

Mr. WHEELER. Mr. President, will the Senator from Texas yield further to me?

The PRESIDENT pro tempore. Does the Senator from Texas yield further to the Senator from Montana?

Mr. SHEPPARD. I am glad to yield to the Senator from Montana.

Mr. WHEELER. For centuries and centuries England has been trying to get China to do exactly what the Senator says he fears. England went in and deliberately pounded down and debased silver in India because she wanted to drive India upon the gold standard. She could not do it because the Indian people by tradition still cling to silver and nothing under the sun can make them go to gold. How would they get gold and what would they do with it after they got it? They would have to put it in their banks and issue paper currency. No Chinese in China will take the paper currency of China. It is an impossible physical proposition to do it.

On the contrary, the remonetization of silver would do more to open the factories of the Senator's State than any other single piece of legislation that he or anybody else has proposed. Several pieces of legislation have been offered for the purpose of treating silver as a favored commodity. It is proposed to go into the world market and buy up the surplus of silver, just as we tried to do with wheat and as Brazil tried to do with coffee. That has not worked; it could not work; and it will not work. Nobody knows how much of a surplus of silver there is in the world.

There is only one way to carry out the idea of the Senator from Maryland to rehabilitate the world to-day and open the markets, and that is to remonetize silver. If the United States will do it, we need not have the slightest fear, because there is more sentiment, I am told, for the remonetization of silver in Great Britain to-day than there is in the United States, but they are being held back by the same influences that are holding us back—by a little group of selfish bankers of the United States who to-day have practically all of the money in their vaults. They are not lending it to the people of the country, and I do not blame them for that particularly, because, with prices falling and falling, no banker can make a loan to-day that is safe to-morrow. It may be safe to-day but not to-morrow. They have the money, and if they hold it and this depression continues, think of the power they will have. They will be able to take over not only the independent banks of the United States but all of the businesses of the United States.

Last night, as I said, this financier said to me, "The only thing I am afraid of, Senator, is that the remonetization of silver will not inflate enough, and it will not do it quick enough, because," he said, "the sound financial structure of this Nation is tottering." Another great financier in the city of New York said to me, "Senator, you are getting conservative. I do not think your proposal will do enough." Yet we are sitting here in this Chamber with the financial structure of the country tottering and we are doing nothing.

I am simply offering an amendment and asking the Members of the Senate to vote on it to get a start. I have no fear it will go too far. The fear that it will not go far enough to inflate and bring the dollar back in its purchasing power to where it was in 1928 is the fear I have. If they would take silver money for our manufactured goods it would help to bring back the purchasing power of the gold dollar. Remonetize silver and we would double the primary money of the world; we would immediately decrease the value of the purchasing power of the gold of the world; we would increase the purchasing power of the people of the world, the very thing that we want.

We may try to inflate our currency by paper, but we will never for one minute raise the commodity price level. When Germany's mark went to zero it did not affect the world commodity price level. When Austria's mark went to zero, that did not affect the world market price level. When Russia's ruble went to nothing it did not affect the world market.

But, Mr. President, I say that no single act that can be done by the United States Congress will be of so much benefit to the people of the United States as the remonetization of silver—not only to the people of the United States but the people throughout the world. Yet we sit here in the Senate of the United States, with our factories and banks closing, with 12,000,000 people walking the streets unemployed, with the farmers up in arms refusing to pay their taxes. Absolutely there is, as a matter of fact, a small revolution prevailing at the present time in the Middle West, and it is spreading day by day. Yet we sit idly by, afraid to act, afraid to do this, afraid to do that, afraid the national banks will object, afraid that somebody will criticize us when we are only trying to do something. While the house is burning we sit here afraid. We are afraid that some man is going to say, "He is going to vote against it because he does not want to put it upon the Glass bill as an amendment." Senators, go back home and tell your people you did not want to do it because you did not want it as an amendment upon some bill that will not do the country a bit of good—and yet we can not get it another way—and see what the response of your people will be.

Leading editorial from the Portland Sun, dated April 25, 1896:

EFFECT OF THE TWO STANDARDS

It is a fact, not a theory, supported not only by the best known authorities but by the common sense of every individual who carefully investigates the question, that the bullion value of silver directly influences and governs the price of wheat, cotton, and all other products raised in nations on a silver monetary basis. Anyone of ordinary intelligence or rightfully outside the wards of idiocy or the insane asylum, appreciates the fact that the products of all nations on a gold monetary basis which are sold in competition with similar products raised by nations on a silver monetary basis are also directly affected by the bullion value of silver. The prices of such products rise as the bullion value of silver rises, and fall as the bullion value of silver falls. In evidence of the correctness of these statements, the Sun quotes from the report of the British royal commission on gold and silver, held in 1887. Before this commission Mr. J. Shield Nicholson, professor of political economy at the University of Edinburgh and one of the most distinguished economists of Great Britain, gave his evidence in reference to the effect of the competition of India on the price of American and English wheat. The following question, which is precisely to the point, was put to Mr. Nicholson by a member of the commission:

"Indian wheat is the very wheat that is complained of by Secretary Manning, Secretary of the United States Treasury, as having lowered the price of European and American wheat, and he attributes it all to the divergence of gold from silver. You do not think tying gold and silver again would raise the price of English and American wheat by 25 per cent?"

In his reply Professor Nicholson discusses the factors entering into the determination of prices under given conditions, and on the point immediately germane to the point under discussion says:

"Now it seems to me probable if the price of silver rose to its old level, wheat could not be profitably exported from India until prices rose in a corresponding degree. For India, being a silver country, the price of wheat there is independent of the relative value of gold and silver. An exporter to England at present will give the Indian price in silver, and he can buy his silver for less gold, and thus competition will lower the price. If the price of silver rose, the exporter from India must get more gold. Thus a rise of silver would, on this view, raise the price of wheat to a corresponding degree."

What is true of India is true of Russia, the Argentine, Egypt, and every other competitor of the United States that is on a silver monetary basis. What is true of wheat is also true of every other product raised by nations on a silver standard and sold in competition with products of a similar kind raised in the United States or in other gold-standard nations.

Should any of our readers desire further evidence on this point, we would call their attention to Mr. Daniel's work on the Industrial Competition of Asia, also Mr. Bagehot's work on the Depreciation of Silver. Mr. Bagehot was for many years the editor of the London Economist, and is to-day one of the most pronounced gold monometalists of Europe; advocating the tenability of his position for the reason that the lower the bullion price of silver the cheaper can Great Britain get her wheat, cotton, and raw materials, for a supply of which she has to depend upon other nations. Mr. Bagehot, in his work just referred to, on page 54, very tersely expresses this fact as follows:

"The necessary effect of a depreciation of silver as against gold is to give a bounty on exports from India and the other silver-using countries to England. An English merchant can now buy many more rupees than he formerly could with the same number of sovereigns, and therefore he can import from India, though prices at Calcutta are not at a level at which it would have paid him to operate if he had not had the novel facility in getting rupees."

At a meeting of the British and Colonial Chambers of Commerce, held in London, 1886, Sir Robert Fowler, a member of Parliament, a banker and ex-mayor of London, made the following statement:

"The effect of the depreciation of silver must finally be the ruin of the wheat and cotton industries of America and be the development of India as the chief wheat and cotton exporter of the world."

The gentleman's sagacity and farsightedness is clearly demonstrated by present existing conditions. In 1886, the time of the gentleman's prediction, wheat was 87 cents per bushel in Chicago, cotton 10 cents per pound in New York, and silver 99 cents an ounce. Since then wheat has touched 50 cents per bushel in Chicago, cotton 5¼ cents per pound in New York, and silver 56 cents per ounce. To-day there is a speculative rise in silver, due to the probable call by Germany of an international conference, and a consequential rise in cotton, wheat, and all other products of silver-standard nations. A rise approximating 20 per cent is shown by to-day's prices in silver, cotton, and wheat above the lowest figures touched by those commodities.

No better arguments in favor of the free and unlimited coinage of silver can be advanced in the United States than the arguments of the gold monometalists advanced in Europe. The conditions are exactly reversed on the two continents. The United States are producers of breadstuffs and raw materials, exporters, and debtors; Europe, or particularly Great Britain, are consumers of breadstuffs

and raw materials, importers, and creditors. Thus it is seen that if the world's price of silver be nearly doubled by the remonetization of that metal by the United States, the present price of cotton, wheat, and our other cereals will also be nearly doubled, on account of the direct effect and influence that the bullion value of silver has upon the price of those commodities. Under the remonetization of silver the producers of Oregon would receive on a conservative estimate $25,000,000 more for their products annually than they receive on the single gold standard. Every community or State dependent for the greater portion of its wealth upon its agricultural resources has been as directly affected by the demonetization of silver as has the State of Nevada or any other State noted for its silver mines.

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA,
Washington, December 16, 1932.

For a year and three months depreciated foreign currencies have been exerting an undermining influence upon our economic situation:

First, by negativing our tariffs so that, in our home markets, American goods have been displaced, factory output cut down, and unemployment increased.

Second, by depressing price levels and preventing any upward price movement to a basis of fair return for American labor and capital.

Third, by decreasing much-needed customs revenue to our Government.

Over half of the products coming into the United States are benefiting from the advantage of depreciated currencies. Over 20 foreign countries have that advantage in undercutting the prices of American products.

The membership of our chamber urges emergency legislation to meet this condition.

Facts about the situation are set forth in the inclosed report of the foreign commerce department committee of the chamber, together with suggestions as to the legislation needed.

These proposals, you will observe, ask only that the competitive status prevailing prior to September, 1931, be restored—surely a measure which present conditions make highly desirable.

I trust you will give this report your consideration and support the necessary legislation in the interests of increasing revenues, restoring employment, and giving to our American producers a fair competitive position in their own home market.

Very truly yours,

H. I. HARRIMAN, *President.*

[From the Saturday Evening Post, December 3, 1932]

"BUY AMERICAN"

By Samuel G. Blythe

England was in the tumult of her latest national election. The mother country of the vast empire that belts the world, with her back to the topless wall of economic disaster, of political disaster, of social disaster, was fighting a finish fight against powerful foes, both within and without her little home islands, fighting with the desperation and the courage that love of country inculcates when the peril is great.

An American of world-wide interests, on his way to France, walked on a boat at Dover. He met a chief steward he knew.

"Who will win the election?" he asked the steward.

"England will win, sir," the steward told him, his shoulders thrown back and his answer confident. "England will win."

And England did win. He and thousands of his fellows were ready to save their country from the peril they had had a hand in making.

Some years before France was fighting the same sort of a battle, beset by similar economic enemies. Her franc was in danger. Her whole financial structure was being undermined. Debasement of her currency was threatened. Inflation was just ahead. The sappers and miners had their explosives and tunnels under the Bank of France.

Poincaré was making the fight to save the franc—an old man, and a patriot. The opposition was defiant, dangerous, resourceful, relentless, and led by Herriot, the chief of the Socialists. Herriot was always on the old man's flank, always goading, decrying, taunting, torturing Poincaré, even then feeble, but upheld by the love of his country.

Finally, after a vicious attack by Herriot, the aged statesman turned on Herriot, pointed a shaking finger at him, and raising his voice to its utmost limit, urged by that racial ferocity that exists in France as nowhere else, screamed:

"Are you a Frenchman?"

The noisy Chamber of Deputies stilled instantly. There was silence, complete and ominous, for half a minute as the old man stood with his outstretched arm and accusing finger pointing at the bulky Lyonnais. Then there came a howl of rage. The quibbles and sophistries and theories of a financial debate were forgotten. France was in danger, and every man in that chamber was a Frenchman before he was anything else, and before all else. Herriot, Premier himself as this was written, had no answer. France had been invoked. And Poincaré saved the franc and saved France from economic disaster.

It is the belief in France that a good country can not be hurt by loving it, and by serving it first, before all else. It is the belief in England that the interests of England are the paramount interests of all Englishmen. But is it so in the United States?

The answer is that it is not so true of this country, and that answer is based on the fact that conditions in this country—political, economic, and sociological—are such that a national unity is almost impossible of accomplishment because of our vast spread of territory, our vast diversity of population, our vast, complete or partial, assimilation of peoples from all the world, and our unique position of being a self-supporting entity, with almost everything we need for our well-being—save, perhaps, certain luxuries and other nonessentials—producible within our own borders.

The unrestricted immigration of former years brought to this country millions of people from all other countries in the world, but as yet the melting pot has not reduced to an entirely American product all this foreign human material cast into the crucible. France is a French country. Few go there to compete in business or politics with the Frenchmen. England is English, and stays so. Englishmen go out to their dominions, but few Englishmen consider their adventures into any of those dominions as anything more than a temporary absence. England is always home to every English expatriate.

Therefore a national unity, not so difficult to establish at a time of crisis in France or England, say, is almost impossible of accomplishment in this great, far-flung country, with its sections and cross sections of citizenry who originated elsewhere, and who, escaping from the privations of their native lands, came here to enjoy our vast benefits, but at the same time kept a few roots in their natal soil. Instead of being a homogeneous people, we are a heterogeneous people. We get together fairly well—only fairly well—in a great national crisis such as the Great War, but we operate selfishly and sectionally in most of our political and economic situations.

A REAL TEST OF AMERICANISM

There is nothing to our usual political situation save that numerous millions of our people want the Republicans to have the governmental power and perquisites, and numerous other millions want the Democrats to have that power and those perquisites. The result is that we operate under the auspices and with all the maladministrations of a political partisanship instead of an American partisanship. Our political campaigns are all based on the dominance of one major party or the other, rather than on the domination of the real spirit of Americanism.

In this recent presidential campaign we heard countless predictions that the Democrats would win, or the Republicans; but was there anywhere from any source a voice suggesting that the United States would win? Not a whisper, and the reason is that neither party is strong enough permanently to defeat the other party, and that neither party has unlimited or continuing power enough to do anything but conduct a partisan government subject to ceaseless compromise and exigencies and opportunism and sidestepping and buck passing. Our political condition does not allow of a national unity of action. Our actions, in a governmental sense, are either partisanly Democratic or partisanly Republican. And not particularly American.

Now the economic condition of the country is somewhat analogous. Owing to the fact that in its widest sense the criterion of success in this country has been, and still is, first, bigness, and second, money, we have built up a commercial and financial situation that has for its incentive domination along both lines and devil take the hindmost. This structure has had, and still has, its economic troubles since the depression began, and during it, but so have the commercial and financial structures of all the world.

Since its inception it has been ruthless in competition, and that is as it may be. Business is based on getting business, and the way to get business is to produce, distribute, and market cheaper and better than the other fellow. To be sure, this has brought into effect a great number of restrictive laws which, theoretically, give the consumer a chance, a protection against the rapacity of the makers and sellers, but in reality are not so beneficially operative as they were designed to be.

Business is business. That is one of the oldest commercial maxims of the world, emphasized by the principle of "caveat emptor," recognized in both English and American law. Let the buyer beware. Therefore the buyer in all the markets of all the world has bought as cheaply as he could and the seller has always sold as dearly as he could, to his greater consequent profit.

That is human nature. That is an inheritance from the earliest of the bargainings of homo sapiens until the present day. It is as inherent as the instincts of self-preservation and self-reproduction. The whole commercial structure of the world is based on it. It dominates every transaction, save in the case of affluent fools, from San Francisco to Samarkand, from Threadneedle Street in London to the great Mitsui Co. in Japan. Sell as dearly as you can and buy as cheaply as you can. It goes for almost everybody, from the large corporation and its smallest competitor to the butcher, the baker, and the candlestick maker—you, me, and the man up the road.

We operate in theoretical unity, but in reality, environmentally and geographically, every four years in our presidential elections—and, as at present, we all feel the depression in the same way. However, a riot in Boston has no special significance in San Francisco, save as an item of news, and anything that happens in Minneapolis means nothing much in New Orleans. Whereas what happens in Liverpool is of direct and immediate interest in London, and when there is a disturbance in Lyons it is instantly reflected in Paris. Compared to ours, those countries are so small.

Thus this lack of a spirit of national unity can be extenuated. Geography has more to do with it than anything else—geography

and our mixed population. But now a situation has arisen, a condition confronts us wherein every resident of the United States, every American, whether he is a descendant of the Pilgrim Fathers or an immigrant from Finland, whether he is of New Amsterdam ancestry or recently arrived from southern Europe, whether he is a colonial Marylander or Virginian, or of German, or Scandinavian, or of recent Italian descent—now a crisis, national in scope, has arisen that should stir every real American, every naturalized American, every pseudo-American, every intending American, every immigrant American, provided that the prosperity, progress, and perpetuation of the United States is of consequence to them, to determined and concerted action.

Here is a chance for every American to prove whether he is an American or remains a foreigner; whether he has the great commercial and prosperity-bringing interests of this country at heart, or is merely a theorist, a sophist, a malingerer in the busy currents of our national life; whether he is a believer in foreign anti-Americanism, a detractor of his own country, a Francophile, an Anglophile, a promoter of theories rather than a facer of facts. Here is an opportunity for all Americans to do something for America, for the United States.

The prosperity of this country depends on the business done in this country. The business done in this country depends on the support of American business, commercial, and manufacturing institutions. If our people buy what we make, every class of our citizenry profits—the workers, the transporters, the distributors, the sellers, the financiers, and the consumers, for our wage payments are billions and without those billions we could not survive an hour. If we do not consume, we can not make. If we do not make, we can not pay our potential makers. If we do not pay our makers we lapse into bankruptcy, for the real prosperity and progress of this country rest on wages—salaries—income.

All this is true enough in a didactic or expository sense, but it leads up to a present situation that is in no sense either didactic or academic, and is pressing, vital, and of vast consequence to the United States. It lays the groundwork for a statement of a condition that confronts the United States that is of immediate concern to every American, and points a way for every American with any purchasing power to be of great and instant service to his country. It seeks to enlist Americans under banners that should be unfurled in every community, to enroll all Americans under the patriotic injunction, promise, and practice to:

Buy American!

When England saw her trade slipping, as it did, her exports decreasing, her unemployment mounting, her markets flooded with cheaply made foreign goods, her proud pound sterling forced down because England had to abandon the gold standard, her credit impaired, her dominions and colonies seeking other markets than hers, her dole mounting, England enlisted under the slogan:

Buy British!

England appealed to English unity, English tradition, English patriotism. England took immediate steps to perfect reciprocal tariffs with her dominions. England put every Englishman, every Australian, every New Zealander—all the sons of Albion in her widespread possessions—under the patriotic obligation to rally to the trade and prosperity defense of the mother country. "The homeland needs you" was the appeal sent out. "Buy British!"

All the empire rallied. They perfected protective and defensive tariffs. They consolidated the loosely tied empire into a compact, fighting, economic structure. The entire empire put its gigantic shoulder to the Buy-British wheel. The results are already apparent. England is coming through.

WHERE TARIFF PROTECTION ENDS

While our situation is not definitely analogous, our emergency is as great. We are now in a place where it is the duty of every American who is a real American to buy American, and the proof of that assertion is herewith set forth.

Naturally, as this situation relates to imports, the question of tariff would intrude if this were to be a polemical discussion; but this is not a polemical discussion and is a statement of fact. There have been about 40 general revisions of our tariff since George Washington signed the first tariff act on July 4, 1789. More theorists, protagonists, economists, and similar what not have taken hacks at the tariff question, in all probability, than at any other subject of national discussion since this Republic was organized. Also, more speeches have been made about it.

It took almost 18 months to pass the present tariff law through Congress, and the reports of the hearings before the House Ways and Means Committee and the Senate Finance Committee covered some 18,000 printed pages. The only tariff angle that comes into bearing here is the statement on the authority of the United States Commissioner of Customs that of all our imports only 38 per cent are subject to duty and over 60 per cent of those imports are on the free list.

The present situation that is depriving thousands of workers of jobs, closing factories, sending millions of our money abroad for all sorts of things we produce in this country, is based on this fact:

The United States has remained on the gold standard, has kept the dollar worth 100 cents, and about 40 other countries have gone off the gold standard, with the inevitable depreciation of their currency. This depreciation ranges from 50 per cent in Japan to about 10 per cent in Canada. This depreciation also decreases cost of production in these countries by the lowering of wages and the reduced cost of materials, and enables these countries to flood the United States, despite our tariffs, with these cheaply made goods, which are put in direct competition with American goods, after all freight and customs duties are paid and profit taken, at prices below the actual cost of production in this country, to say nothing of an allowance for a reasonable profit for the American maker and the seller.

THE SENATE'S EXHIBIT OF IMPORTS

There is an exhibit in the Senate Office Building at Washington of some of the smaller items in this vast list of goods made by the cheap labor of the countries that have debased their currencies. I saw it on the day this was written—in mid-October—the day, incidentally, that the hearings began before the United States Commissioner of Customs on this very matter, hearings that are vital to every American wage earner and wage payer, almost, in this country. There have been many protests made by manufacturers who have been practically put out of business by these importations, and much discussion of the matter. Finally, after a tremendous amount of harm has been done, the matter has been taken up again.

The Senate Office Building is a large building, with much space in it, but hardly enough to install an exhibit of steel and pig iron, say, or lumber products, and so on. So this exhibit is composed of smaller articles. It covers several long tables, and it is as miscellaneous in character as the stock of the modern drug store. All sorts of goods are there, in large array, from rubber boots and shoes to celluloid combs and dolls, from rugs to pocketknives, from gloves to rubber beach balls.

All the articles in that large collection were made in a foreign country, and the cost of producing them, paying freight on them, paying duty on them, and introducing them into this country to compete with American-made merchandise ranges far below the actual cost of producing these articles in this country; just making them, at our present scale of wages and materials, not at a selling price in the market.

I give a short list of these articles, showing the cost of each article, landed in this country all charges paid and ready to go into the market, and the cost to the American manufacturers, with our scale of wages and our price of materials, both money quotations being in American currency.

There are rubber boots there, made in Japan, that cost in American money to land in this country, all charges paid, just under 34 cents a pair, and that can not be made in this country for less than 95 cents a pair. There are rubber boots from Czechoslovakia that cost the Czechs $1.16 to lay down in this country that can not be made here at less than $1.48 a pair. And plenty of other rubber boots, shoes, overshoes, and so on, that carry out these ranges. There are rubber toys, beach balls, swimming rings, and other beach paraphernalia with the same discrepancies—a swimming float, for instance, that costs 17 cents to get into this country from Japan and costs us $2.46 to make. Rubber dolls that Japan sends here for $4.26 a gross and cost Americans to make $7.84 a gross; celluloid toys that Japan sends over for $20.14 a gross and cost $33 a gross to make here; celluloid combs that Japan offers here for $11.06 a gross and cost us to make $25.86 a gross. Such things by the hundred.

Japan lands here cotton hit-or-miss rugs at 6 cents each, and we can not make one of these rugs, with our wages, at a less cost than 29 cents. Japan sends grass rugs, 9 by 12 in size, landed here all charges paid, for 92 cents each, and they cost our manufacturers $8.88 each to make. They can land vacuum jugs here for 56 cents each, and the cheapest we can make them is 79 cents each. The difference in the price of toothbrushes by the gross is the difference between $9.67 and $15.

They are stuffing the market with electric-light bulbs and flash lights of various sorts. Japan sold in this country in 1932, at a price with which no American manufacturer could compete, 54,500,000 electric-light lamps and bulbs of various sorts. The Foreign Exchange and Trade Institute is authority for the statement that the principal miniature electric-light manufacturing company in this country, employing nearly 2,000 people, has recently closed because of this ruinous competition due to the disparity in exchange and the low wages and prices of materials possible in Japan, with the Japanese yen worth half of the 50 cents it was worth before Japan debased her currency.

BELOW MANUFACTURERS' COST

England sends us men's leather gloves laid down here for $24.89 a dozen pairs that cost us $26 a dozen pairs merely to make, and knives and forks at $4.81 for a set of six that cost our manufacturers $7.42 merely to produce. And so it goes, all through the long list of the goods on those tables in the Senate Office Building—crockery of all sorts, canes, silk goods, cotton handkerchiefs, beads, buttons, cutlery, watch glasses. The list is too long to itemize, but every item on those tables, and hundreds more not exhibited there, can be, and are, laid down in this country, with all charges paid, at prices in every instance below the actual cost of making to the American manufacturer, and to the consequent unemployment and drastic wage reductions of American workers, to say nothing of the vast outpouring of American money for these imports that should be kept at home.

I was sitting in the office of Captain Eble, the United States Commissioner of Customs, when a rag-rug manufacturer called him on the long-distance telephone from a town in Pennsylvania to ask about the new hearings. This man said he had been a rag-rug manufacturer, with a factory employing about 200 hands, and had been forced to close down because he could not make a rug for 29 cents in competition with a rug that Japan lands in this country for 6 cents. Captain Eble asked this man about the general status of the rag-rug industry in this country, and he said it is practically out of business; that it formerly employed 150,000 Americans, most of whom are now out of jobs.

American rag rugs are made from rags, washed and sterilized in sanitary factories. Although the duty on these rugs is 75 per cent, Japan lands them here at 6 cents each wholesale. Both these rugs are the hit-and-miss variety, and while the American article is of better quality, the imported rug has displaced it almost entirely in the markets of this country. And so with many other Japanese manufactures.

The average wage of the Japanese male worker before the country went off the gold standard was 2 yen, or $1 a day. Now it is 46 cents a day. The average wage of the female worker was 1 yen, or 50 cents. Now it is about 24 cents. This wage situation exists in every production. The decline in the china-porcelain industry, for example, is one-third. However, Japanese workers have work. No flood of cheap American goods has thrown them out of jobs.

Of course, these items, largely Japanese, are little things. The Japanese are the greatest imitators and the feeblest originators in the world. They have built a few ships, mostly on plans supplied by the Clyde, and a bridge here and there, but their finest hotel was built by an American, Frank Wright, and their finest building, the Mitsui Bank, in Tokio, was built by another American, Jim Stewart.

A sewing machine or a bicycle is about their limit in constructive effort, but, nevertheless, they do make by billions the sort of stuff that is above enumerated and much more not set down, and they are one of the greatest factors by means of their depreciated currency, their house labor, and their puny wages in the dislocation of our markets on this class of goods and the consequent unemployment of a large number of our own people. Given a sight at a beach ball, or a comb, or a rubber doll, or a pair of rubber shoes or boots, or any of the other hundreds of cheap things flooding the American market, the Japanese can and will imitate, and at production prices lower than elsewhere in the world, especially in the United States.

STEEL UNDER A PROTECTIVE TARIFF

So let us get away from the little things and turn to the bigger ones, steel, for example, and lumber products, and fisheries, and so on. Big things. Take iron and steel.

Japan makes comparatively little iron and steel. So Japan is out of the picture, but into that picture come Belgium, England, Germany, France, and other countries where wages are lower than they are here, where some currencies are depreciated, and where, as in Germany and France, the gold standard persists, with scales of wages and standards of living enormously lower than in the United States.

To bring the tariff into it momentarily, the American steel industry asked for no increase of duty in the Smoot-Hawley bill and received none. The existing rates are those of the Fordney-McCumber bill of 1922. Under normal conditions these rates would reasonably protect American steel workers and steel producers. However, conditions are not normal; steel is being dumped into this country in vast quantities at prices with which no American steel producer can compete. If, with all the protection the present American tariff affords, American steel wages were reduced to 75 cents a day, American steel producers could not possibly meet this foreign competition. The wages referred to are the wages prevalent in steel-producing plants abroad.

In the first quarter of this year the 19 leading steel producers in this country, after a drastic period of cutting production, sales costs, overhead, salaries, wages, and, for the most part, passing dividends, showed a net loss of $29,892,078. Not all of this was due to the dumping of foreign steel, for building slackened greatly in this country. But a large portion of it was due to that foreign cheap steel.

It would require several pages of this magazine even to summarize what has happened to this gigantic steel industry of the United States; but what has happened in one section is relatively what has happened in all sections, and, for illuminating example, let us review the situation on the Pacific coast.

Over a period covering 1931 and the first six months of 1932 there were imported into the Pacific coast territory 183,228 net tons of finished steel, made by cheap foreign labor and sent there under cheap freight rates in foreign ships.

If this steel had been produced by the Pacific coast American steel mills, the American money disbursed in the United States, going to the employ of American workmen, would have been as follows:

Raw materials	$3,201,325.62
Wages	2,671,844.28
Fuel oil	464,314.40
Electric current	382,855.73
General overhead and miscellaneous supplies	1,425,526.67
Total	8,145,866.70

In wages alone, the American workingmen lost more than $2,600,000 by this influx of foreign steel, and in all more than $8,000,000 that rightfully should have remained in this country went to foreign countries and to foreign workingmen, working under conditions and at wages no American would tolerate and no American employer would try to enforce. Moreover, the rotation of this more than $8,000,000 on the Pacific coast would have greatly increased the buying power for other commodities.

Is it good steel? It is not. The National Association of Flat Rolled Steel Manufacturers, comprising 41 makers in all parts of the country, in referring to this phase of the matter in a memorial to Congress, said:

"It is cheap Bessemer steel usually quoted at $5 the ton lower than what is termed 'good open-hearth steel' by the makers themselves. It is a cheap, galvanized product. Samples of a well-known brand made in Belgium averaged eight-tenths of an ounce of zinc coating per square foot. It is so cheap in price that if all the labor charges were eliminated from the cost of galvanizing these sheets, American producers could not compete with it."

WHEN CHEAP IMPORTS ARE EXPENSIVE

"Estimating 30 man-hours of labor to the production of a ton of the heavier grades of finished steel, at the average wage now applying in the American steel industry, one can readily compute from the prices quoted on foreign steel delivered along our seaboard that if all labor charges were eliminated from the cost of American steel producers they could not compete with the freight rates now existing from the foreign mills to the American seaboard."

As an instance of the seriousness of the situation and the loss to American workingmen, the association says that in 1931 the importation of 370,000 net tons of foreign steel caused the loss of a week's work each to 237,000 men in the steel industry, and to 37,000 miners, and the loss of wages and revenues to the railroads for transporting approximately 550,000 cars at an average of 33 tons a car. Every ton of foreign steel imported into the United States means the loss of four days' work to some steel laborer. Also, it means a loss to the railroads and their employees of the transportation of the 4 to 5 tons of raw material necessary to the production of 1 ton of finished steel, together with a proportionate loss to all industries, utilities, and labor serving the steel industry.

So much for steel. Another gigantic industry that has been paralyzed by these cheap importations is the rubber industry. The United States Commissioner of Customs, speaking recently on this phase of this displacement of American goods, said:

"It is the displacement of American labor and American merchandise by these low-priced importations that plays havoc with our economic situation. It is this which is depriving many American men and women of their means of livelihood. The vice presidents of three of the largest rubber companies in the United States told me that 26,000 employees in the rubber boot and shoe industry are affected by the importations now flooding our markets from Japan and Czechoslovakia, and that this industry is threatened with annihilation. One of these concerns last year lost $5,000,000 on this branch of their industry alone.

FOREIGN THREATS TO OUR INDUSTRIES

"The American china, porcelain, and earthenware industries are very seriously affected. Thousands of their employees are working only half time; and if these importations are permitted to come in at their present prices, a representative of the pottery industry tells me, several factories will be forced to close down in this country."

Let us consider lumber and its products. And fish. There is $86,000,000 invested in the wood-pulp mills of the Northwestern United States, and most of this large sum was invested in the past seven years, and there is $50,000,000 invested in the Pacific coast fisheries. As compiled from the industrial insurance rolls of that section of the country, there are now 122,000 men out of employment in the lumbering and fishery industries in the States of Oregon and Washington, to say nothing of the very large number of men not employed in the lumber and fishery industries in California.

The markets are flooded with pulp from Sweden, Norway, and other countries that have debased their currencies, putting their production costs, including wages, at such low levels that American producers can not compete with them.

To show how this works, an instance is cited of an order for 8,000 tons of wood pulp on which a Washington State firm quoted a few months ago. The Swedish krona was then depreciated about 35 per cent and the American firm quoted, on that basis for the krona, a price that would get the business for the United States. The Swedish krona immediately dropped another 15 per cent and the United States did not get the order.

Our investment in fisheries is now in jeopardy because of the cheaper products sent in by Japan, which can catch the fish and pack them, owing to the depreciated yen and the consequent almost negligible wage costs, and sell in the United States at a price with which the packers of the United States can not compete.

The list is long and disastrous. The merest detail of what has been happening, and is happening, to the workingmen and manufacturers of the United States has been given here. There are few industries that have not been crippled by this flooding of cheaply produced foreign merchandise, and few workingmen who have not felt the pinch of it either in loss of jobs or curtailment of wages.

A survey recently issued by the United States Department of Labor shows that the average wage for all American manufacturing establishments is 60 cents an hour, while the corresponding wage in France is 12 cents an hour, in Italy 9 cents, and in Japan 7 cents an hour.

The average American worker is the highest paid worker in the world, but he will not be long if this flooding of the country with cheaply produced foreign merchandise continues; this flood of merchandise that, owing to depreciated currencies, has almost eliminated our tariff protection.

At the time of writing—mid October—almost 43 per cent of the importations arriving in the United States originated in countries, including Canada and Newfoundland, off the gold standard. This is a percentage of value on the basis of depreciated currency and

not of volume, but the volume is constantly increasing. We are too easy for these exporters not to take expert advantage of us.

In speaking of this, Captain Eble, the United States Commissioner of Customs, says:

"So long as a great number of the leading nations of the world ship their commodities into the United States at depreciated-currency prices, such importations will continue to increase and their purchases of our wares will continue to decrease. It is axiomatic that in order to keep their heads above water, such countries will be obliged to buy only from those which have also abandoned the gold standard."

KEEPING COMMERCE ON GOLD

"By the same token, those countries remaining on the gold standard will continue to sell us less and less, since they will be unable to compete with those countries selling us their wares at depreciated-currency prices. At the same time they, too, will be constantly losing trade with countries which have abandoned the gold standard. Thus will the commerce of the world continue to grow more lopsided. Indeed, isn't it possible that greater chaos is facing international trade from this feature rather than from tariffs and import restrictions?"

I said that this was to be no polemical discussion, nor a discussion of remedies of the existing disastrous situation. It is a statement of facts. However, as a suggestion of what is necessary to be done, the following expression of Mr. John J. Underwood, of Seattle, one of the recognized tariff authorities in the country, is of interest:

"There is only one method of correcting this—namely, through equalization of imports into the United States on a gold basis. This will automatically reestablish normal trade flow, if not in volume at least in principle, between the nations and give them an equal chance at our trade. Such a step would likewise have the effect, as quickly as possible, of inducing these foreign nations now enjoying debased-currency trade to go back on the gold standard, as the trade advantage automatically gained by them through their ability to undersell gold-standard countries will be lost as far as the American market is concerned."

All this is of the future. As this is written hearings are in progress in Washington, attended by dozens of great and small manufacturers who are telling their sad stories and seeking a solution of this great peril to American industry, American wages, American standards of living.

On October 24, President Hoover, acutely conscious of what has happened and is happening to American wage earners and American manufacturers because of this dumping of low-priced foreign goods, addressed a letter to the Tariff Commission directing that body to make immediate investigation into the situation as detailed, in part, in this article and report to him without the usual delays incident to such investigations.

A REMEDY IN THE PEOPLE'S HANDS

The President specified as commodities to be investigated as to American landing cost by foreign makers compared to mere production cost here, rag and grass rugs, toothbrushes, hairbrushes, rubber boots and shoes, leather gloves, electric-light bulbs, cutlery, pottery, silverware, jewelry, canned vegetables, canned fish, dried beans, iron and steel products, lumber products, metal goods, and chemical products; and named more than 100 communities where much unemployment has been caused by the flooding of our markets with these goods. Most of our larger cities and many of the smaller cities and manufacturing towns are in this list.

Under the present tariff law the President can not, by virtue of the flexible provisions of that law, change a rate of duty more than 50 per cent up or down. However, if the Tariff Commission so recommends, the President can change the basis on which customs duties are levied from the foreign, or production, value of the imported article to the American selling price of such articles when, as is the disastrous case now, a mere increase in duty would not be effective. This is what he has in mind, but any Executive action will be a considerable time in coming, owing to the slow operations of the Tariff Commission.

A measure of relief is in the hands of Americans themselves. Until the effective laws are made and the proper formulas decided on, the American people can vastly improve the situation by taking a voluntary, an American, a highly patriotic stand. They can demand American-made goods. There are plenty of them, most of which are of far higher grade than this stuff shoved in here from the cheap-waged countries of the world, from the countries where money is debased and labor is paid wages that no American could live on.

We have been greatly excited, in the past, over the influx of cheap foreign labor to this country, and have taken drastic legislative steps to restrict that cheap foreign-labor immigration by establishing quotas and otherwise holding it in strict control; but to what avail is all this as a protection to American labor, if we do nothing to restrict the importation of cheap-labor goods made in foreign countries? That is a more direct and dangerous competition than any influx of cheap foreign labor, because it strikes directly at the wages, the homes, and the standards of living of those who are now Americans.

Christmas is coming. Help American industry, the American workingman, the American merchant, by buying American goods. Do your Christmas shopping early, and confine it to American goods and gifts. Take none of this foreign stuff.

Are you an American? Then buy American!

The VICE PRESIDENT. The Chair must announce that all of this discussion has proceeded by unanimous consent. The Senator from Texas had no authority to parcel out the time and it could only be done by unanimous consent.

Mr. SHEPPARD. Mr. President, it has been a pleasure to hold the floor and thus to enable the Senator from Montana [Mr. WHEELER] to round out his remarks. The recognition of silver as a basic money will do far more to restore world stability than the currencies and financial dealings of certain leading countries of the world without any metallic standard whatever. I refer to such nations as England, which have gone off the gold standard entirely.

Mr. BROOKHART. Mr. President, this amendment raises one of the three questions that are necessary to be considered and acted upon by Congress in order to take us out of the depression. The proposition it presents, in a general way, is one of inflation. The other two propositions are the employment of the unemployed labor of the country and the restoration of agricultural prices to a parity with other commodity prices. Those three things are necessary to be done by the Congress of the United States before the depression can end.

Now, I wish to discuss briefly the question of inflation. What will be the effect if we inflate the currency? I will not particularly distinguish between the free coinage of silver and any other method of inflation. To me that is merely one method of inflating the currency—an effective method, to a certain degree—but whether it will effect the final cure is another question. What will be the effect if we do inflate the currency? What will be the effect on commodities? They will all rise in price, and they will all rise in the same percentage. I was in Berlin in 1923 and the first day I was there I bought 57,000 marks for a dollar. The last day I was there I bought 80,000 marks for a dollar. They were inflating the currency every day, and prices were rising in proportion. An unlimited inflation produces an unreasonable and unlimited rise in price; a controlled inflation is just as safe and sound as any proposition that can be made.

Mr. WHEELER. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Montana?

Mr. BROOKHART. I yield.

Mr. WHEELER. I assume when the Senator talks about "controlled inflation" he means world-controlled inflation and not merely controlled inflation in the United States?

Mr. BROOKHART. No; I refer to the United States. The United States can control its money volume irrespective of the world. The German illustration I am giving relates, of course, to Germany alone, and not to the world.

Mr. WHEELER. What I was going to say was that, of course, we could have an inflation of the currency; I agree that we could have a paper inflation of the currency in this country, and it would help the debtor class by cutting down the purchasing power of the dollar. We could go to the extent, by paper inflation, of wiping out entirely the creditor class in the United States, but we would not thereby, if the Senator will pardon me, it seems to me, in the slightest degree affect world commodity prices or increase the purchasing power of the people of the world. That is the difference.

Mr. BROOKHART. As I see the matter of world exchange, it is one of barter, anyway, carried on according to the value of gold or the value of silver or whatever we may agree upon when we trade with another nation. Other nations do not accept our money except as it has a barter value in their own country. So I am not going to spend much time on the international phase of this question.

What will be the effect of inflation on commodity prices? I think they will all rise in proportion to the inflation; I think there can be no doubt of that whatever. If we provide for the free coinage of silver, that will inflate our currency to a degree, and will, to some extent, increase our commodity prices.

Mr. President, I am one of those who do not believe it will raise them sufficiently. I do not believe there is enough silver in the world at this time to transact the business of the world, even in conjunction with gold. I think the two together are inadequate for that purpose.

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Oklahoma?

Mr. BROOKHART. I yield.

Mr. THOMAS of Oklahoma. In the opinion of the Senator from Iowa, how much inflation should we have? In other words, at what prices should commodities sell to enable the farmer to live, taking, for example, wheat, corn, cotton as stable commodities?

Mr. BROOKHART. In answer to that question, I will say that the economists usually accept the 1926 level as the normal price level of commodities, and the currency should be inflated until we restore that general level. After we have reached that general level, however, there would still be a heavy discrimination against agriculture. The 1926 level of agricultural prices would not be adequate in comparison with prices generally. Agriculture, therefore, demands a special treatment in addition to the inflation of the currency. Inflation alone will not cure the agricultural trouble. However, it will cure one part of the trouble, and that is the ability to day debts. There is where it will help agriculture; but it will raise the price of all commodities which the farmer buys as well as those he sells in the same proportion, and that, of course, will leave him in no better position than he is at present, so far as that feature is concerned.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

Mr. BROOKHART. I yield.

Mr. THOMAS of Oklahoma. I have before me some figures which I should like to submit to the Senator and ask his explanation of why these figures are thus. For example, on January 23, 1920—that was 13 years ago yesterday—wheat was selling for $2 a bushel, corn was selling for $1.42 a bushel, May cotton was selling for 38.10 cents a pound. That was at a time when we had the largest volume of circulation of real money—more than $6,000,000,000. On December 15 last year, 1932, when we had no credit in circulation and very little money in circulation, May wheat was selling at 47 cents on the exchange, May corn was selling for 27 cents on the exchange, and May cotton was selling for 6 cents on the exchange. Can the Senator explain the difference in those prices other than on the quantitative theory of money and credit?

Mr. BROOKHART. The quantitative theory of money is in part the cause of that decline, but there was a further cause for the agricultural decline. The railroad law increased agricultural freight rates by 60 per cent and reduced agricultural prices by that amount under the operation of the law, because the farmer's prices are fixed by the sale of his surpluses in the free-trade markets of the world and he must pay the freight to those markets. The Federal-reserve deflation policy was put into effect in 1920, late in that year, and, as we know it, deflated agriculture some $32,000,000,000—some $18,000,000,000 of it in land values and the other on the two crops of 1920 and 1921. Then tariff laws have been enacted which leave agriculture to buy at the high price levels of the protected American market and to sell at the prices fixed by the sale of its surplus at the low level of the free-trade market of the world. Add those things to the deflation of the currency and I think we have the causes of the change in prices which the Senator has mentioned.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Louisiana?

Mr. BROOKHART. I yield.

Mr. LONG. Does not the Senator know that there can not be what might be termed a healthy flow of currency where wealth continues to become concentrated in a few hands? If I may illustrate the point I am endeavoring to make, in 1916, according to statistics compiled by the Industrial Relations Commission, 2 per cent of the people of this country owned 60 per cent of its wealth; but, according to the statistics of the Federal Trade Commission—and they were certainly not friendly to the purposes—instead of 2 per cent of the people owning 60 per cent of the wealth, 1 per cent owned about 59 or 60 per cent of the wealth, and it has now gone to the point where it is estimated that some 5 or 6 per cent, or, perhaps, even a less percentage than that, own 85 per cent of the wealth. Does not the Senator think that will impede the working of our currency or of our medium of exchange, whatever it may be?

Mr. BROOKHART. Yes I have already pointed out some of the laws which produced the result the Senator has described. In addition to that, I might say that the railroads were inflated some $7,000,000,000 in value by the railroad law. If one had bought them at their market value, although the law fixed their value at $18,900,000,000, they would have been obtained, according to the market quotations, for about $11,750,000,000.

Insull inflated his utilities a couple of billion dollars; Morgan inflated his utilities some billions; every big corporation in the country issued stocks and bonds, and then organized syndicates, pools, and groups on the stock exchange and sold them to the public at enormously inflated values. In addition to that, bank examiners went out and told the banks to buy these long-time bonds as a secondary reserve; that it would be good banking business to do so, and to lay off farmers' loans, and things like that.

All that upset the economic situation; a good deal of it was a special discrimination against agriculture, and hit agriculture harder than it did other lines of business, and agricultural prices were driven lower than any other set of prices. Therefore, when we expand the currency, while that will help agriculture in part, and will make it easier for the farmers to pay their debts, agriculture will still need a special treatment to overcome the discriminations of the various laws that have been set up against it.

Now, Mr. President, I wish to review, as I see it, the effect of inflation on the various lines of business in our country. As I have said, I think the general effect on commodities will be to bring about a general rise in prices. What would be the effect on insurance contracts? I think it would reduce the value of insurance contracts.

What would be the effect on bonds? I think it would have the same effect on bonds.

What would be the effect on debtors and on creditors? It would make it easier for a debtor to pay his debts in the commodity which he produces; so it would be to the advantage of the debtor and the disadvantage of the creditor.

What would be the effect on labor? It would reduce the value of the present scale of wages; there can be no doubt about that.

What would be the effect on stocks? It would boom stocks; it would raise the prices of stocks.

Would there be any compensations? Take the insurance contracts; would there be any compensation for the resultant reduction in the value that would follow from the inflation of the currency? Yes; I think there would be. The defaults and the losses on their securities the insurance companies are now having make the present situation worse than the situation would be if the general value of insurance contracts were reduced. The same thing is true as to bonds. And what about debtors and creditors? The creditors can no longer collect their debts. The defaults and losses and bankruptcies they are sustaining put the creditors in worse shape than they would be if the currency were expanded. The last check I made there were $203,000,000,000 of debts in the United States, and the whole national wealth probably less than $280,000,000,000. This means general bankruptcy, and currency inflation is the only relief.

And about labor? Well, Mr. President, there are 12,000,000 men who are unemployed as a result of this situation. The reduction or apparent reduction in the value of the wage scale would be more than offset by the reemployment that would follow as the result of the expansion of the currency.

As to stocks and bonds, so far as they are concerned, I do not believe there can ever be a stable condition of prosperity established in this country so long as the New York Stock Exchange runs as it is now running. It is the greatest fraud, the greatest inflator, the world has ever known. I think it has got to be curbed and the inflation of paper stock values

stopped before we can ever have a general stable basis for prosperity in the United States.

Now about the gold standard: We have heard a good deal about the divine and sacred value of the gold standard, but what has happened under the gold standard?

Since 1920, 10,000 banks have closed, with the gold standard working and operating every day. Here are 12,000,000 workers unemployed, all under the gold standard. Here are practically all of the farmers of the United States on the verge of bankruptcy under the gold standard. The gold standard did not save us from this situation, so there is nothing sacred about the gold standard. Gold is no more sacred than any other commodity. Gold is one of the commodities of the world; and, in fact, I think its appreciation and its manipulation by the financial powers of the country have contributed a great deal to bringing about this result. Therefore the argument of the gold standard is a fetish. It ought to have no weight in the consideration of this subject.

I shall vote for this amendment. That will help some toward the inflation. I do not think it will help enough. Why? Because the contraction of credit in the United States, according to the last estimate I got, was some $13,000,000,000, so the amount of silver we coin will take only a little part of that place. This contraction of credit, as well as the advance of gold, has helped to bring about this lowering of commodity prices generally.

Then here is a further fact in reference to the gold standard: There are about $45,000,000,000 of bank deposits in the United States now, and every one of those dollars is entitled to have gold payment if it demands it. It can demand money of the United States, and it is all redeemable in gold. There is about four and a half billion dollars of gold in the United States, so if one-tenth of the depositors should go into the banks and demand their gold they would wipe out the gold standard in one day. They would take it all—every bit of it.

I do not think, myself, that any such standard as that is a safe and sound standard for business. I think it will always bring about these inflations and these depressions. Therefore early in the last session I introduced a bill to abolish the gold standard entirely; to make the national wealth the basis of the dollar; to make the dollar a fraction of the national wealth; and increase the denominator of that fraction by the average increase of the wealth of the country, which is less than 4 per cent a year; to replace all our money issues with this new money issue; and then balance the Budget, provide farm relief, unemployment relief, and pay the soldiers' bonus; pay the obligations of the Government in this new money until the price level rose according to the index to the normal level.

Formerly we did not have a safe guide, perhaps, by which to inflate currencies, but we have it now. This index of labor commodities is a perfectly scientific guide. It tells us when to stop, and it tells us how to figure this out scientifically and safely, and that will do justice to everybody at all times. That will stabilize the money standard, instead of our having the present gold standard, which fluctuates the same as any other commodity. Whenever it goes up in price it puts down everything else that it measures in price. That is a dishonest dollar. It could not be any more dishonest than that. It is just as dishonest as the depreciated marks of Germany that I have already described. That ought to be stabilized and ought to be corrected. This silver proposition will do part of it, at any rate. I do not believe it will do all, but because it will do part, and because it is in the right direction, I shall vote for this amendment.

Mr. THOMAS of Oklahoma. Mr. President, I rise in support of the pending amendment. I am for the amendment not because I think it will afford all the relief that ought to be granted or because it will grant the relief in ample time but because this is the only amendment that has been presented that is having any sort of serious consideration.

Mr. President, it has taken a discussion lasting 20 days to get the Senate to a point where it will even consider an amendment that has any influence whatever upon commodity prices. After 20 days of discussion of the provisions of this bill, wherein the junior Senator from Louisiana [Mr. LONG] has undertaken to call to the attention of the Senate some of our distressing existing conditions, on yesterday the Finance Committee reported a resolution providing for an investigation of the causes of our present economic and human distress. These 20 days during which action on this bill has been suspended have brought forth results.

The New York Times of this date contains the following paragraph. I read:

> Notwithstanding the admonitions of the Treasury head or of private bankers who have sought to advise Congress on the subject, the question of inflation is now seen as one that has to be met and solved.

Mr. President, the New York Times, probably the greatest newspaper in the world, admits that an issue has been raised in the Senate that must be met and solved. At least some good has come from this delay.

That, however, is not all. I exhibit to the Senate a copy of to-day's New York Daily Investment News. I take it that every Member of the Senate would like to see commodity prices rise. Is there any Senator who would not like to see the price of wheat go up? Is there any Senator who would not like to see the price of cotton go up? Is there any Senator who would not like to see the price of hogs and the price of cattle and the price of commodities in general go up? If there be, I now pause for a reply.

Mr. President, on yesterday, when the distinguished Senator from Montana [Mr. WHEELER] rose in his place and offered his silver amendment, immediately that act was reflected in the prices on the New York Stock Exchange. Here is the evidence of the statement I have just made. The headlines in this first-column editorial of the New York Investment News are as follows:

> Stocks temporarily under influence of inflation gestures in Congress.

I read. This is by Waldo Young:

> One of those surface waves of inflation psychology that have been appearing from time to time since the Huey Long group in the Senate has been paralyzing legislative proceedings made its appearance again yesterday and exerted for a time its influence upon the markets. * * *
>
> The wheat market rallied before the close from a sinking spell it had had shortly before 2 o'clock. The closing prices of wheat were up fractionally from the closing figures of Saturday and were about the best of the day. Most other commodities were dull and inclined to firmness within narrow ranges. Cotton closed up 2 to 4 points.

Listen:

> Silver, however, with the introduction of the Wheeler proposal in the Senate, advanced a quarter cent an ounce to a new high for the year.

Mr. President, if the mere suggestion of inflation, if the mere offering of an amendment proposing to coin silver, will raise the price of silver, will raise the price of wheat, will raise the price of cotton, will raise the price of corn, will raise the price of copper, then what effect would the adoption of this amendment have upon commodity prices?

This publication, like the New York Times, admits that inflation is the issue not only before the Senate but before the Congress and before the country; and this conservative financial publication published this day has the following to say:

> Perhaps inflation of some sort or other—and the method is just about impossible of forecast—will be the way out of the well-nigh impossible situation of the low-price level for commodities, especially in its relation to the country's tremendous burden of debt contracted at inflated price levels.

Mr. DILL. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Oklahoma yield to the Senator from Washington?

Mr. THOMAS of Oklahoma. I yield.

Mr. DILL. It seems to me there is not any doubt at all in the minds of any men who have studied the economic situation with relation to silver but that an increase in the price of silver would increase the price of products throughout the world; but the question I want to ask the Senator is this:

Does the Senator think that to raise the price of silver by one jump from 25 cents an ounce to $1.29 an ounce, as this legislation would do, is the best method of handling this situation?

Mr. THOMAS of Oklahoma. Mr. President, I can not divert at this time to details. I am arguing for a principle. That principle is that we must have more money in circulation; I care not what kind—silver, copper, brass, gold, or paper. I care not what kind it is. Even the printing of certificates, the printing of trade checks—even the printing of slips of wood in the Senator's own State saved the situation there. I can not take time to discuss details, but the principle is that we must have more money of some kind, or else our economic structure will collapse.

Mr. DILL. I agree with the Senator; but while I think an increase in the price of silver is the most vital method that can be used at this time to help the economic condition of the world, I am anxious to get the Senator's view as to the wisdom of doing this by one jump, as the remonetization of silver will do, or of doing it by some method that will bring about that increase gradually throughout the world.

Mr. THOMAS of Oklahoma. Mr. President, when a majority of the Senators accept the principle that we must have more money, then I shall be glad to discuss the question raised by the Senator from Washington.

Mr. President, I exhibit to the Senate a letter just received. At the request of the writer I will not give his name, but I will read one or two paragraphs. This letter is from the chairman of a committee consisting of some of the most wealthy men of the Nation. I read:

A group of business men has been considering problems arising from the change in the price level in the course of the present deflation. They recognize that such changes affect various economic groups unequally, and bear with peculiar severity upon some—for example, small-home owners with mortgages, and agriculture.

In their search for reliable information this group found that there exists at the present time no point at which the best experience and expert knowledge of the country is being brought to focus. As the first step in its work the committee engaged the National Industrial Conference Board to make a systematic analysis of these problems. It is hoped that the results of this investigation will make it possible to crystallize a sound program behind which national support can be mobilized at the earliest possible date.

Not alone the newspapers, but men who have their fortunes at stake, realize that this problem must be met and must be solved.

I call attention to an article reflecting in part the sentiments and statements of the distinguished senior Senator from Idaho [Mr. BORAH]. Recently the Associated Press carried a rather lengthy story about what the Senator from Idaho had said.

I shall read part of this article:

"It is going to be difficult—and I believe impossible—to balance the Budget, certainly to keep it balanced," the Idahoan asserted, "until you balance the budget of the taxpayers.

"Is there any way to bring about the latter until you devise a plan for increasing the price of commodities? Is there any way to do that except through reflation through adjustment of the money problem?"

I now quote from a signed article in the Chicago Tribune of January 18. It is most appropriate that this be read on this side of the aisle. The heading is, "Platform for Sound Money," and the article reads:

PLATFORM FOR SOUND MONEY

The Democratic platform declared for a "sound currency to be preserved at all hazards." The only concession it made to the inflationists was espousal of an international conference for the rehabilitation of silver.

New York financiers, believing that inflation is going to be a big issue during the Roosevelt régime, have been at considerable pains to learn the attitude of the head new dealer. As a result the word was being passed around Wall Street yesterday that the President elect is opposed to inflation of the currency, but is in favor of inflation of credit through the operations of the Federal reserve system.

If this be true, Mr. Roosevelt is in accord with the present policy of the Federal reserve system, which, for nearly a year, has pursued a credit inflation policy through purchasing of more than a billion dollars' worth of Government securities.

One of the purposes of this policy was to boost commodity prices, a purpose which has not been attained up to date, mainly because while the means of credit inflation has been provided there has been no inflation.

Mr. President, the force of this article is that the Federal Reserve Board, through the use of public credit, has tried to raise commodity prices. It has not been done, and it can not be done. Commodity prices can not be raised by the expansion of credit. The only way commodity prices can be raised is through placing more actual money in circulation. An increase or expansion of credit, or deposit money even, will not increase commodity prices.

Mr. President, what controls the price of wheat? It is not the number of contracts of wheat sold and bought on the Chicago exchange. It is the number of actual bushels of wheat in the granaries of the people and in the elevators of the country.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. TYDINGS. Without wishing to delay or to kill the amendment that is pending, may I ask the Senator from Oklahoma and the Senator from Montana, there being many silver bills pending, if it would not be more conducive to the best solution if all these measures were referred to one committee, with the idea that they all be considered, and the best of the bills reported, rather than to take up just one of them?

Mr. THOMAS of Oklahoma. We have the amendment now before us, and I favor voting on it rather than refer or postpone.

Let me call this fact to the attention of the Senate. In 1920, when there was the largest volume of money in circulation, the dollar had the lowest buying power. When the dollar had the lowest buying power, commodities had the highest selling value.

When money is plentiful, money is cheap. When money was the most plentiful, the dollar was the cheapest in buying power. In 1920, when there was this vast sum of money in circulation, the dollar was worth only 64 cents.

Mr. President, this cheap dollar did not suit some of our people. The vast amount of bonds soon floated into the hands and strong boxes of a few people, and the persons who held the bonds wanted the value of the dollar to go up, so that the dollar would buy more, and they took steps to increase the value of the dollar. They proceeded to make dollars valuable by making dollars scarce, and accomplished their purpose by taking money out of circulation.

In the first 17 months after 1921, after the change of administration, the new party coming into power took out of circulation more than a hundred million dollars a month; and as money was taken out of circulation, the buying power of the dollar increased.

I give the following figures from statistics furnished by the United States Department of Labor, Bureau of Labor Statistics.

In 1920 the dollar was worth $0.648. In 1926 it was worth $1. In 1929 it was $1.049. In 1930 it was $1.157. In 1931 it was $1.370, and in 1932 it was $1.543.

Last December, not 30 days ago, the buying power of the dollar was $1.597. There was no credit. Money was scarce, and $1 bought $1.59 worth of the commodities of the people.

How do such statistics apply to farm commodities? The same bureau states that last December the dollar had a buying power of $2.03 in farm commodities. How can the farmer pay his taxes, how can the farmer pay his interest, how can the farmer pay his debts, when he has to pay $2.03 in commodity values to get a dollar?

To give an illustration, in 1920 a farmer in Montana, Idaho, or North Dakota had $100 of taxes to pay on his 160 acres. In my section of the country he could take 1 bale of cotton and, selling that bale of cotton for 40 cents a pound, get $200 for it. He could take a hundred dollars of that and pay his taxes and have a hundred dollars left. This year, with money scarce and therefore high, the farmer perhaps still has his farm and perhaps still has to pay $100 in taxes; but how much cotton does it take to pay

those taxes to-day? He takes 4 bales of cotton to market and sells the 4 bales for $100, takes the $100 and pays his taxes, and has no money left.

That is the reason why taxes are not being paid. That is the reason why interest is not being paid. That is the reason why debts are not being paid. That is the reason why the distinguished Senator from Mississippi [Mr. HARRISON] is proposing to lend the people's credit to the people to pay their taxes. That is the reason why the distinguished Senator from Georgia [Mr. GEORGE] has a bill pending to lend the people's credit to the school districts to keep the schools going the balance of this winter. But, Mr. President, I can not subscribe to such a program of relief.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Louisiana?

Mr. THOMAS of Oklahoma. I yield.

Mr. LONG. Has the Senator discerned any actual desire on the part of the advocates of this bill to raise commodity prices? Has he seen anything to indicate it in what they have been sponsoring here?

Mr. THOMAS of Oklahoma. The record made and being made here depresses rather than raises commodity prices. Mr. President, I do not know, and I can not understand, why Senators can not see that by placing more money in circulation, by the inflation of the currency—and by inflation I mean expansion or reflation, not inflation in the odious sense—Senators must know that placing more money in circulation will raise commodity prices. As an evidence of that I refer to the editorial read a moment ago. Even the introduction of the amendment raised commodity prices. Last winter when various bills came before Congress suggesting inflation, immediately prices began to go up on the exchanges of the country. If even the suggestion of inflation will raise prices, then what would real inflation do?

I am not in favor of going the route Germany went. I am not in favor of going the route Italy went. I am not in favor of going the route France went. But let us stop and consider a moment. Italy inflated, France inflated, Great Britain is now inflating, and what has been the result? Italy reduced the value of her lire from 19.3 to 5.5 and Italy was the only nation among our debtors abroad that did not ask for a postponement on the 15th of December, but made her payments in gold. France inflated by decreasing the gold value of her franc from 19.3 to 3.91. To-day, next to the United States, France has more gold than any other country in the world. France could have paid her debts on the 15th of December. She did not refuse to pay because she could not pay. She refused to pay for other reasons.

Great Britain went off the gold standard and now is proceeding to inflate her currency. Great Britain, while inflating, paid the debt installment due us in December. Mr. President, expansion, reflation, or inflation, call it what you will, is coming, and the longer delayed the worse it will be for the people of our country.

Mr. President, when my name is called, I shall vote for the Wheeler amendment.

The PRESIDING OFFICER. The question is on the substitute offered by the Senator from Montana [Mr. WHEELER] for the amendment of the Senator from Louisiana [Mr. LONG].

Mr. LONG. Mr. President, I do not desire the discussion to close without the Senator from Minnesota [Mr. SHIPSTEAD] being given an opportunity to speak. I had understood that he wishes to speak on the pending question. I have withheld any comment myself. I should like to cover just one or two points until the Senator from Minnesota can be notified.

Mr. CONNALLY rose.

Mr. LONG. I yield the floor to enable the Senator from Texas to speak.

Mr. CONNALLY. Mr. President, I understood the senior Senator from Idaho [Mr. BORAH] expected to address the Senate at this time. He does not seem to be in the Chamber at the moment, and I shall avail myself of the opportunity to speak briefly.

The PRESIDING OFFICER. The Senator from Idaho is in the Chamber.

Mr. CONNALLY. I did not see him. Does the Senator from Idaho desire to address the Senate?

Mr. BORAH. Not just at present.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. CONNALLY. Mr. President, I desire to embrace this opportunity to make some observations with reference to the money situation in general. I regret that at the moment I am not prepared to address the Senate in the fashion which the importance of the subject seems to require. However, I do desire to state that I am now investigating and studying a measure relating to the revaluation of the gold dollar.

Mr. President, every plan for inflation, whether it be through the issuance of paper currency or through the remonetization of silver, has for its purpose the reduction of the value of the gold dollar. That is the purpose and the object of every plan for monetary inflation—to bring down the value of the gold dollar.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CONNALLY. In just a moment.

Mr. President, I submit that if the purpose of proposed legislation is to reduce the value of the gold dollar, the best and most practical way of reducing the value of the gold dollar is to reduce the value of the gold dollar, not indirectly, not by a backstairs method, not by going around and climbing in the kitchen window but by the exercise of the sovereign power of the Congress vested in the Congress by the Constitution to coin money and—to do what? Not to fix its value but to coin money and to regulate its value.

I yield now to the Senator from Montana.

Mr. WHEELER. Let me call the attention of the Senator to the fact that when France revaluated her gold franc, it had absolutely no effect upon world-commodity prices. It did help the debtor class; but the remonetization of silver would not only help the debtor class by bringing down the value of gold, but it would increase the purchasing power of over 60 per cent of the people of the world by increasing the value of their silver. That is the difference.

Mr. CONNALLY. Let me say to the Senator that I do not agree with his conclusion. When France revalued her franc, she increased the commodity prices in France, did she not?

Mr. WHEELER. Oh, yes. She helped the debtor class in France. There is no question about it.

Mr. CONNALLY. She increased the commodity prices of her people's products?

Mr. WHEELER. In France.

Mr. CONNALLY. I am undertaking to legislate for America. If France, by revaluing her franc, enabled the debtor class in France to pay their debts and enabled the price of commodities in France to appreciate and to enhance, then by the same token it ought to have that effect in America. Let me suggest to the Senator from Montana that so long as the other great commercial nations of the earth are on the gold standard, I can not believe that it would help America to go off the gold standard entirely and go to the silver standard. I do not want to argue with the Senator from Montana about the question, and I do not want to discuss the silver question. I want to discuss the gold question.

Mr. WHEELER. The only thing I want to say to the Senator is this: He says he does not want to discuss the silver question; but he is making statements with reference to silver that are not in accordance with the facts.

Mr. CONNALLY. I made no statement with reference to silver until the Senator from Montana interjected silver in the discussion.

Mr. WHEELER. Let me say to the Senator that the difference between the position of France and the position of the United States is this: France is not an exporter of wheat and raw materials. This country is an exporter. The result is that we can not, in my humble judgment, have the same effect by devaluating the gold upon cotton and

wheat as France did, because she is an importer and we are an exporter.

Mr. CONNALLY. I want to say to the Senator from Montana that I am concerned with doing something to aid the debtor class. By that I do not mean that I desire to deprive the creditor class of its just and fair return or repayment of its credits, but I do believe that it is fair and just for the Government of the United States, the repository of the power to regulate money, to exercise that power in justice and in fairness and revalue the dollar at such a figure as will give to the creditor the same fair measure of value which he gave to the debtor when he loaned the money.

I shall not undertake to-day to weary the Senate or to trespass upon its time by rehashing the facts with reference to depreciation in the prices of all commodities save gold. Those prices have not depreciated in the same ratio. But if Senators will investigate the question, they will find that the general price level, the average wholesale price level of commodities, measured by present prices, is wholly out of relation to the price and value of gold as compared with those of prior dates when the vast amount of indebtedness now outstanding was incurred.

Mr. President, so long as we inflate with paper money, so long as we inflate with silver money, so long as we inflate with any other character of money—and it is all anchored back on the supply of gold—when every paper dollar is redeemable in a gold dollar, when every silver dollar is interchangeable with a gold dollar, we have anchored the values of debts and of commodities to the high-priced gold dollar. It holds those values approximately in accordance with the world's standard of gold.

Now let me call the attention of Senators to the fact that this is no new exercise of power by the Government. On at least one former occasion, I believe it was in 1834, the Government of the United States changed the gold content of the eagle or the half eagle. That fact is adverted to by the Supreme Court of the United States in its decision in the Legal Tender cases, and I want to point out that under the authority of the Legal Tender cases the Congress has the power to change the gold content of the dollar and make the new dollar legal tender in the payment of debts not specifically providing for payment in dollars of a particular weight or fineness, contracted either before or after the passage of the act and make it acceptable because it is lawful money of the country.

There are those who contend that the adoption of such a plan of revaluation would cause a temporary disturbance. That is true of any plan. Whether we adopt some method of remonetization of silver, or whether we adopt some plan of controlled currency, or whether we adopt the revaluation plan of gold itself, there will, of course, be a period of transition, a sort of interregnum, in which there will be some slight disturbance. That is true of every exercise of any governmental power if it is of a sweeping character; but that is no reason why the Congress should not exercise the power which the Constitution gave it.

What did the makers of the Constitution mean when they said that Congress should have the power to regulate the value of money? Was it not a power which they expected the Congress to exercise? Did they not, in their far-seeing wisdom, vision the time when economic conditions, some great emergency, the exigencies of war or some other fundamental condition affecting the welfare of the people of the United States, might require, or, at least, suggest to Congress that the monetary measure of value ought to be regulated? What does regulate mean? It means to move up or move down according to the wisdom and the judgment and the patriotism of the Congress. There are those who say that that would be immoral and illegal. Mr. President, in time of war we draft men and send them to the battle front to give up their lives. Why? Because the Constitution reposes in Congress the power to declare war. By reason of that grant of power Congress has the authority to do all that is necessary either with property or with lives to carry on war. Now we are faced with a tremendous economic condition which warrants and demands the most far-seeing action of the Congress. The country is distressed. Mortgagors who have given liens upon their farms, upon their homesteads, and cities, counties, and municipalities are staggering under such a burden of debt, valued by the present standard of the gold dollar, that they will never be able to discharge it. What are the consequences that are sure to follow? Unless commodity prices shall be increased, unless the value of the dollar shall be, in some way, modified or changed, the result will be, I repeat, the wholesale bankruptcy of the people of the United States.

Will the creditor be any better off? The creditor class to-day will never be able to get the value of their bonds; they will never be able to collect the "pound of flesh"; they will never be able to realize, on present values, the nominal amount stipulated in the bond. The creditor class, after they shall have foreclosed and secured possession of the property upon which they hold liens, will be poorer than they were before. The property upon which they foreclose will be worth less in their hands than it was in the hands of the debtor. The debtor will be wiped out, and America, land of plenty, will be a land of paupers and of bankrupts.

But, it is said, the Congress has not the power to enact legislation of this character; the Congress has no right to pass an act infringing upon the obligation of contracts. It is well known that the constitutional limitation on the States which prohibits them from passing any act impairing the obligation of contracts is not a limitation upon the power of the Congress, and it has been held repeatedly by the Supreme Court that the Congress may enact legislation which does impair the obligation of a contract. Let us assume in time of war that an American citizen has a contract for the delivery of goods in the foreign country with which we are at war. The mere declaration of war, in pursuance of the power of the Congress, in effect, abrogates that contract and destroys its value in the hands of that American citizen. Is there any answer to that act of Congress? None whatever. I might cite other instances in which the acts of Congress do infringe upon and impair the obligation of contracts.

However, it is said that a great many of the contracts and bonds outstanding and already incurred carry clauses which provide for the payment of gold dollars "of the present weight and fineness." I readily admit that we are facing a very serious difficulty, but it is not one that is without some question as to its validity. It seems to be fairly established by the decisions of the courts that if a contract calls for so many ounces or so much gold bullion, it is a commodity contract and must be fulfilled according to its terms; but I am not clear as yet—I am investigating the authorities—as to the power of Congress when a contract calls for dollars, even though it may contain the clause "of the present weight and fineness." I am not clear but that is a contract calling for gold dollars, and that it may be fulfilled by a delivery of gold dollars at a subsequent date which the United States Congress, by reason of its exclusive grant of power by the Constitution, may declare to be lawful gold dollars of the United States.

Mr. President, if private individuals, by contract between themselves, may fix the value of the gold money of the United States, then the provision in the Constitution which says that the Congress and Congress alone may fix the value of money becomes nullified to that extent.

But, on the other hand, it is said that the Government has already obligated itself to pay a large volume of bonds in the dollars of the present weight and fineness. That is the most important aspect of this particular angle of the case. It may be that the Government itself, having promised to pay gold dollars of a certain standard of weight and fineness, would probably be estopped to undertake to discharge its debts in dollars of a different value. In order that it might keep faith with its people and in order that it might preserve the credit of the Government beyond the shadow of question in time of emergency and in peril, it probably would be wise and best not to undertake to do otherwise. The Government will have to pay those obligations

anyway; whether we revalue the dollar or whether we do not, it will have to pay them in gold money of the present weight and fineness. But I am thinking, Mr. President, of the millions of Americans who owe debts. I am thinking of school districts, of municipalities, and States throughout the Nation which are covered by a load of bonded indebtedness which they can never, under present values, discharge; and if the revaluation of the gold dollar would aid those debtors, if it would lift commodity prices—and there seems to be no question in the minds of economists that it will have that effect; even the Senator from Montana admits that in the case of France, when she revalued the gold franc, debtors were enabled to pay their debts, and commodity prices within France appreciated and enhanced—if such an act of the Government of the United States would make that kind of a contribution to its people in this hour of great distress, it would, in some measure, have met the tremendous responsibility that is resting upon the shoulders of this Congress.

Mr. President, my own idea as to how much the gold dollar should be reduced is not absolutely fixed, but, on the basis of present values and the indices of commodity prices, my view would be that it ought to be about 65 or 66⅔ per cent of the present amount of gold in the gold dollar.

It is said that this action is drastic. Mr. President, it may be drastic, but we are faced by a drastic condition. This is a case that is going to require a major operation. No absent treatment, no faith cure, no legerdemain is going to bring back health and sanity to the commerce and industry of the United States. It is going to require a major operation. I am firmly of the view that the best plan looking toward inflation yet proposed is that of revaluing the gold dollar. The Senator from Montana says that it would not raise the prices of wheat and cotton because we export them. I submit to the Senator from Montana that if we reduce the amount of gold in the gold dollar, while commodity prices in gold in France would not be increased, the effect would be to increase them here.

Mr. WHEELER. Mr. President, let me say to the Senator——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Montana?

Mr. CONNALLY. I yield.

Mr. WHEELER. I think the Senator misunderstood me or I misspoke myself, one of the two.

Mr. CONNALLY. Either is probable.

Mr. WHEELER. I simply said it would not raise the price of wheat and cotton on the world market. I do not want the Senator to misunderstand me. I think that the revaluation of gold as suggested by the Senator would do tremendous good without a question of doubt, and he and I are working for exactly the same purpose. I think he has explained the situation. I agree with him that we have got to take some drastic steps. I am in thorough accord with his views in reference to it. It is only a question, in my judgment, as to whether we should do it by the revaluation of gold or whether we should do it by the inflation of paper currency or whether we should do it by the remonetization of silver. My own view about it is—and I am not infallible—that the greater benefit would come by raising world commodity prices, as would be brought about by the remonetization of silver. In that way, it seems to me, we would accomplish what the Senator wants, and, at the same time, raise world commodity prices for cotton and other commodities that have to be sold on the world market.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CONNALLY. I yield.

Mr. LONG. I desire to say that I am in sympathy with both the Senator from Texas and the Senator from Montana. I intend to vote for the proposition of each of them, whichever one can get passed first. They both aim at the same result. I do not know which one is going to be most general in its wide-sweeping effect. I think probably silver will be, but I know that what the Senator from Texas is advocating will also be of great help.

Mr. WHEELER. To be sure.

Mr. CONNALLY. I thank the Senator from Montana for agreeing in principle with the views I have expressed, but I still do not desire to retract anything I have said as to his former observation with reference to raising world prices. So long as foreign countries are on a gold standard, so long as France measures her values in gold, I dare say that even with silver as an auxiliary money base, values in France would still be measured largely in gold, and therefore in the French market wheat and cotton which might be exported from America to France would still be valued in gold.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. CONNALLY. Just a moment. I submit to the Senator from Montana, however, that even though the value of commodities such as wheat and cotton does not appreciate in France, measured in bullion gold, if we devaluate or revaluate the dollar at home, the dollar which your citizen gets for his wheat and the dollar which my citizen gets for his cotton will be a better dollar, and he will get more of them than he would under the present conditions; and with those dollars he will be able to pay more debts, he will be able to buy more commodities in the market, because of the rise in value of his own products, than he would if the dollar were not revalued.

The Senator from Montana assumes that by an edict or a fiat of pumping value into silver he would thereby raise commodity values abroad. I do not mean to argue with the Senator, but with my present information I can not agree with him in that thesis. It might or it might not result; but it is inevitable that under the plan which I suggest the man out in Montana would get more for his wheat—maybe not any more for his silver, but more for his wheat—and the cotton farmer in the South would get more for his cotton than he would under the present conditions.

Mr. WHEELER. Let me say to the Senator that I agree with his statement with reference to what the devaluation of gold would do as far as commodities in this country are concerned. A man who produced silver would get more money to pay off his fixed indebtedness. There is no question at all about that. That can be done also by inflating his paper currency. The thing that I want to point out to the Senator, if he will pardon me, is this: By reason of the fact that over 60 per cent of the peoples of the world use silver as their yardstick, as we quintuple the value of their money we thereby raise the cost of production in countries that compete with the United States.

India competes with us in wheat. She competes with us in cotton. The leading experts of Great Britain and all over the world say—I challenge the Senator to call attention to a single expert who has ever studied the question but who will say to him, as they have written and said in everything that has been said upon the question—that an increase in the value of silver increases the cost of production in the silver-using countries. As silver goes up the cost of production of wheat and cotton must automatically go up in those countries.

The only difference between the Senator and myself is that I feel that raising the price of silver would raise the commodity level of the things we have to sell in the world market. If we can not get that, let me say to the Senator from Texas, I am perfectly willing to go along with anything that is going to save the debtor class; but, for heaven's sake, let us do something; and the only thing that we have before us now is the remonetization of silver. I am willing to take the remonetization of silver. If we can not get that, I am willing to take something else; but, first of all, I want to save the people of this country from the catastrophe which is facing them.

Mr. CONNALLY. Let me say to the Senator from Montana that, I understand, silver is now selling for about 30 cents an ounce; is it not?

Mr. WHEELER. Yes; less than that.

Mr. CONNALLY. From 25 to 30 cents an ounce. When the Senator makes that silver interchangeable with our own gold at $1.29 an ounce, there is no question but that we will get plenty of imports of silver. India and China will,

of course, dump their silver on the United States, because it will be higher here than it is anywhere else on earth; and water has a disposition to run downhill, unless Congress passes a law to make it run uphill.

Mr. WHEELER. If the Senator will pardon me again, I am sure he did not hear my speech. I said that the remonetization of silver would automatically raise the price of silver all over the world as fast as the telegraph and the radio could get the news there. If we create an unlimited demand for silver, we automatically raise the price of silver the world over. China and India, which use silver and know silver as their only yardstick, can not possibly dump in this country the silver that they use as money and continue to carry on their domestic and foreign business.

Mr. CONNALLY. Let me ask the Senator a question. His object is to raise the price of silver all over the world, so that India and China will buy our goods?

Mr. WHEELER. Exactly.

Mr. CONNALLY. And they would pay us in silver; would they not?

Mr. WHEELER. Not necessarily. They would take goods in exchange and give us goods. At the present time they can dump their goods upon us and they can not buy from us. The only way that people get gold from us, let me say to the Senator, is by taking gold to fix the balance of exchange. If we remonetize silver, we then give those countries a purchasing power from us; and the balance of trade would be in our favor much more than it is now, and the only way they could get the gold would be to have the balance of trade come in their favor.

Mr. CONNALLY. Let me say to the Senator that I indicated a little earlier that I did not really care to get into a silver discussion.

Mr. WHEELER. I understand, and I am sorry if I diverted the Senator.

Mr. CONNALLY. I am perfectly willing for the Senator to have a chance for his amendment, and I am not undertaking to discuss that. I was only prompted to make such comments as I have made by the Senator's question.

Mr. WHEELER. I understand.

Mr. CONNALLY. But, if the Senator will recall, there is a certain law in economics known as Gresham's law. That law is that whenever the ratio between gold and silver in any country is more favorable than in some other country the migration of gold sets in, and silver goes in the opposite direction. The result is that wherever silver is more to be preferred, that country accumulates all the silver, and, conversely, the other country accumulates all of the gold. Now, how China and India are going to buy our goods, in view of the remonetization of silver, unless they pay for them in silver, I do not understand.

Mr. LONG. Mr. President——

The VICE PRESIDENT. The time of the Senator from Texas has expired.

Mr. LONG. The Senator has another hour on the bill.

Mr. CONNALLY. I do not want to take it all. Mr. President, may I make a parliamentary inquiry? If I use only a portion of the time, do I then have the other time remaining?

The VICE PRESIDENT. The Senator has the balance of his hour.

Mr. CONNALLY. I will consume just a few minutes, then.

Mr. LONG. Mr. President——

Mr. CONNALLY. I yield to the Senator from Louisiana.

Mr. LONG. I was going to ask the Senator about Gresham's law—if that law was not repealed in Texas?

Mr. CONNALLY. Well, I am sure if it were not repealed in Texas we could send it across the border and it would be. [Laughter.]

Mr. WALSH of Massachusetts. Mr. President, may I ask the Senator whether he has prepared an amendment dealing with the subject matter he is now discussing?

Mr. CONNALLY. I will say to the Senator from Massachusetts that I am studying the matter with a view to the preparation of a bill if my investigation justifies that course.

Mr. WALSH of Massachusetts. Would the Senator be willing to state concisely just what his proposition is?

Mr. CONNALLY. I will say to the Senator that I have two alternative branches of the subject. The first is a proposal simply to revalue gold at the present time and leave it stationary in the future. Then there is an alternative plan by which we would devalue it at the present time and then set up a plan whereby we would not coin gold, but would keep the bullion in the Treasury and would issue gold certificates against it, varying from time to time in the amount of grains, depending upon the fluctuations of commodity prices.

I will say to the Senator that I have not yet reached a definite conclusion, but the idea is based upon the condition arising through the appreciation of gold by the action of governments. If gold, based purely on its value as a commodity, had enhanced, that would be one situation; but gold has enhanced and appreciated within recent years, not because of its intrinsic value but because of the increased demand for gold caused by India going off the silver standard and on the gold standard and by the action of other governments throughout the world. That has resulted in an undue and an inordinate demand for gold; and, as the Senator understands, the value of any article depends upon its demand, whether it is for use as money, or for use as ornaments, or for use in the arts or the sciences.

In no other way can the fact be explained that silver, when its volume in the world for 400 years has been about 15 or 16 to 1 of gold, is now probably one-thirtieth or one-fortieth the value of gold. No other explanation can be made, except the fact that silver being demonetized there is not the demand for it; there is not the use for it; there is no desire for it; and, consequently, its value has gone down and down because of the appreciation of gold.

Mr. WALSH of Massachusetts. Mr. President——

Mr. CONNALLY. I yield to the Senator from Massachusetts.

Mr. WALSH of Massachusetts. I have heard it suggested that if the Senator's proposal to devalue the gold dollar were seriously under consideration and likely to be successful——

Mr. CONNALLY. The Senator evidently did not observe the heat and interest which I displayed in my speech when he suggested that it might not be seriously considered.

Mr. WALSH of Massachusetts. I apologize; but it has been suggested that if the people of the country thought favorable action would be taken upon the Senator's proposition, there would be a tremendous movement toward storing the present gold in the expectation that it would be more valuable after devaluation took place, and that would cause a financial catastrophe. I assume the Senator has heard that argument made heretofore.

Mr. CONNALLY. I have.

Mr. WALSH of Massachusetts. And if he has opportunity, in the limited time at his disposal, to discuss the matter, I should be very glad to have him do it.

Mr. CONNALLY. I will advert to that very briefly. Of course, that situation had suggested itself to the Senator from Texas, and that situation would suggest itself in the case of any other readjustment of currency, whether it be by silver or whether it be by paper.

Mr. WALSH of Massachusetts. True.

Mr. CONNALLY. It is simply one of those situations that can not be ignored.

Mr. WALSH of Massachusetts. It would be true of the proposal of the Senator from Montana.

Mr. CONNALLY. It would be true equally of the proposal of the Senator from Montana, and equally with reference to paper money.

Mr. WALSH of Massachusetts. In other words, there would be a temporary period when there would have to be a moratorium or some other drastic step taken to permit the people to readjust to the new standard.

Mr. CONNALLY. I suggest to the Senator that my own thought is that if such a program were determined upon, the first step in the program would be to suspend gold pay-

ments by the Treasury, keep in the Treasury the gold that is now there, and, if possible, to suspend gold payments by the banks and the Federal reserve system for the purpose of then undertaking this readjustment. But let me say to the Senator from Massachusetts that there are $5,000,000,000 of gold in the United States. Is not that true?

Mr. WALSH of Massachusetts. Certainly.

Mr. CONNALLY. How much property is there in the United States? There is supposed to be $200,000,000,000 of property in the United States, even under the reduced values we are living under to-day. At one time it was estimated, I believe, that there was $360,000,000,000 of property in the United States. That property has been reduced now to $200,000,000,000, with only $5,000,000,000 of gold. Suppose the holder of every dollar of that actual gold got his money and, on a revaluation, was able to get $1.40 for every dollar of gold. Would not that be a cheap price to pay in order to save the other $200,000,000,000 of property which that $5,000,000,000 of gold has already appreciably reduced in value?

Is it fair, is it just, that to a little pile of $5,000,000,000 of gold there should be anchored not only the currency of the country but the value of every home, of every farm, of every skyscraper, and every piece of tangible property in the United States?

Would a nominal increase in the value of gold to its owners be an insuperable objection to a measure which, I believe, would restore measurably the prosperity of the people of the United States and enable debtors to discharge their obligations and enable creditors to get payment for their bonds? Neither, under present conditions, will receive either the obligation in the form of payment of the bonds or the satisfaction which would come from the discharge of the debts on the part of the debtors. We would freeze, for the time being, all gold deposits, and hold them subject to readjustment on the new basis of value as decreed by the Congress.

If Senators will observe, any kind of drastic action in any field by the Congress causes a reaction. I have already adverted to the change in the conditions due to the World War. Think about how fundamental and how profound were the effects not only upon the United States, but upon the whole world, of the entry of the United States into the World War. Think about the millions of lives and the billions of dollars that were wasted. Think about the economic suffering that has ensued since that time, traceable in some measure to the World War. Did Senators then hold up their hands in horror and say, "We can not enter the war because of that"?

(At this point a message was received from the House of Representatives, which appears at another place in the RECORD.)

Mr. CONNALLY. Mr. President, we have just heard read a message from the House of Representatives advising the Senate that the House had agreed to the conference report on the crop production loan measure. Why was that measure necessary? Was it because our fields have become sterile? Was it because the farmers of the United States are no longer industrious? Was it because they were no longer tilling those fields, putting their labor and their intelligence into the marvelous laboratory of nature to bring forth food to sustain the people of the earth, and clothing to protect them from the elements? No, Mr. President; we are called upon now to make crop-production loans to the people of the United States because their commodities, their farm products, when produced, measured by the present value of gold and by the present onerous burden of indebtedness, do not yield them a sufficient return to enable them to make the expenditures necessary for their own sustenance, and in any degree discharge their obligations and their debts.

I am glad I was interrupted by that announcement. It brings vividly before the Senate the absolute necessity for Congress and the Senate to refrain from pursuing the old French policy of laissez faire. The policy of laissez faire—let things alone, let them be—would result inevitably in wholesale bankruptcy and further paralysis of the business and the commerce and the agriculture of the United States. Senators need no admonition along that line.

I lay down the challenge here and now for Senators to point out either the lack of legal authority of the Congress or absence of the economic necessity, for the plan which I now suggest, of revaluing the gold dollar on a ratio comparable to the prices of other commodities and other values in the United States.

The Senator from Montana proposes to make gold and silver money in a ratio of 16 to 1. What does he do? He multiplies the price of silver by four. If it is fair and just to multiply the value of silver by four, is it not fair and just to depreciate the value of gold by 33⅓ per cent?

Mr. LONG. Mr. President, in 1919, when the price of silver went to $1.30 an ounce, it did not have such an effect as the Senator seems to think it had. It did not result in a great deal of silver coming into the country. It did result in a large amount of trade.

Mr. CONNALLY. Mr. President, I am not trying to argue the silver question. I am prepared to accept any sound plan for revaluing our money that may be proposed, and the one that is most available; but let me suggest to the Senator from Louisiana that when the world price of silver was $1.29, there was no more reason for silver coming to the United States than for it going to any other country, because it was worth everywhere the same. But, if by law we should make silver worth four times as much in the United States as it is worth in China, I do not think even a Chinaman would hesitate to send his silver to the United States and get four dollars for one.

Mr. LONG. Mr. President, if the Senator will pardon me further, there are only two countries to-day that are on the gold basis, the United States and France, and France is in default.

Mr. CONNALLY. That is true. While Great Britain is off the gold standard, she is not on the silver standard. She is on the pound standard, of course. Let me suggest to the Senate what England did when she went off the gold standard. She revalued her pound; that is all she did. She did it deliberately, according to my view. I believe that the Bank of England and the English Government could have maintained the gold standard if they had desired to do so, but English statesmen, not laboring under some of the hesitation and fear under which some Senators seem to be laboring, thought that in the then economic status of the world it was to England's advantage to revalue the pound, and she went off the gold standard by suspending gold payments and revaluing her pound at something above $3.

Mr. GLASS. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. GLASS. Does the Senator exactly understand that England revalued her pound, or that the pound itself depreciated when England went off the gold standard?

Mr. CONNALLY. I will say to the Senator that I did not mean to suggest that England, by any governmental action, actually revalued the pound, but I did mean to suggest that her action resulted in the pound revaluing itself.

Mr. GLASS. Does the Senator suggest that thereupon commodities rose in price in England to anything like the percentage of devaluation of the pound?

Mr. CONNALLY. No; I do not.

Mr. GLASS. Trade went on as usual, on the usual basis.

Mr. CONNALLY. Very well; but the Senator indicates that England did not revalue her pound in gold, and that commodity prices were not appreciably changed by her going off the gold standard. Would the Senator contend that that would be true if she had revalued her pound in gold and remained on the gold standard?

Mr. GLASS. I will say to the Senator that I have no faith whatsoever, I have never been convinced, that the theory of an abundance of promises to pay is a correct theory. In other words, I totally dissent from the quantitative theory of money.

Mr. CONNALLY. I was not advocating that particular angle. I will ask the Senator, though, if he believes that

22½ grains of gold would buy the same amount of commodities that two-thirds of that amount would buy?

Mr. GLASS. I think it depends upon many related circumstances. I do not think the depreciation of the dollar would permanently raise commodity prices. On the contrary, I think it would so deprave our currency that it would bring ruin particularly to the wage earners of the country and to those who are on fixed salaries.

Mr. CONNALLY. I can not quite understand the Senator from Virginia. In one breath he says that in England the reduction of the value of the pound to about $3 did not change the price level and consequently, of course, did not change the wage level, and yet in the next breath he suggests that if we cut down the value of the gold dollar it would reduce the wage level and would not improve the commodity level.

Mr. GLASS. If the Senator will permit me, the Senator from Virginia thinks that it is impossible to stabilize the dollar as the standard of the country without stabilizing everything the dollar will buy.

Mr. CONNALLY. Let me ask the Senator whether he thinks it is fair for the dollar to dominate all other commodities on earth, or does he think it is fairer for the dollar to bear some relationship to the values of all other commodities in the world? That is what the Senator from Texas is interested in, and the Senator from Texas is not preaching fiat money, he is not preaching free silver, but he is undertaking to lay down the doctrine that events, the actions of governments, inexorable facts, have increased the value of gold out of all proportion to what it was at the time the debts of the American people were contracted, and that simple justice and fairness require that the dollar be revalued so that it will bear some fair relationship to the dollar which the debtor borrowed when he borrowed it.

Mr. GLASS. Yet the United States has billions of dollars more of gold to-day than it had when the debts were contracted. I will say to the Senator that there is one inexorable law which no amount or character of legislation can affect, and that is the law of supply and demand.

Mr. CONNALLY. Certainly; I agree with the Senator in the enunciation of these platitudes; I agree with him that the law of supply and demand is the law, and that is exactly what I am talking about. A while ago the Senator said reducing the amount of gold in the dollar would not help matters, and then I asked him if he thought 22½ grains of gold would not buy more products than 16 grains of gold would, and he did not seem to make a distinct reply.

Mr. GLASS rose.

Mr. CONNALLY. Wait just a minute. We have the law of supply and demand on gold, which is a commodity, the Senator says. Its value depends upon the amount of it, the demand for it, and the use of it; and gold being a commodity, regardless of the stamp of the Government, regardless of anything else, I lay down another generality, another glittering platitude, that 22½ ounces of gold are worth more than 16 ounces of gold, and will buy more goods anywhere in the world.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. If every country in the world should by legislation provide that all debts should be paid in wheat, what effect would that have on the price of wheat?

Mr. CONNALLY. It would make the price of wheat go skyrocketing because every man that owed a debt would want to get some wheat so he could pay that debt. It would lift the price of wheat to-morrow. The only reason why a man wants wheat now is to eat it. It would double or quadruple the price of wheat. Does the Senator agree with that statement?

Mr. SHIPSTEAD. Yes. May I ask the Senator another question?

Mr. CONNALLY. How much time have I remaining, Mr. President?

The VICE PRESIDENT. The Senator has eight minutes remaining.

Mr. CONNALLY. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Wheat would still be a commodity, would it not?

Mr. CONNALLY. Wheat would still be a commodity, to be sure, but even so, if we adopted that standard, 2 bushels of wheat would pay twice as many debts as 1 bushel of wheat. If the unit value was one bushel instead of two bushels, the debts would be discharged half as easily.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Louisiana?

Mr. CONNALLY. I yield.

Mr. LONG. The Senator from Virginia suggested that the law of supply and demand must be taken into consideration. Is not that what the Senator from Texas is arguing?

Mr. CONNALLY. I tried to make it clear to the Senator from Virginia that with the world supply of gold its price would depend upon the amount of gold in the world and the demand for that gold for use either as money or in the arts or as ornaments and jewelry. Such being the law of supply and demand, 2 ounces of gold would buy more of any other commodity than 1 ounce of gold, and therefore if the dollar were reduced from 23 or 24 to two-thirds of that amount, the new dollar would be only two-thirds as much as the old dollar; but as a result commodity prices would be enhanced, and debts would be scaled in somewhat the same proportion.

The Senator from Virginia talks about the paper British pound. He is not talking about the gold pound. Of course, we would go to a drug store and we would buy a proprietary tooth paste or some other article that always sells for 25 cents. The chances are that the article would go on selling for 25 cents regardless of any particular slight change in the value of money.

In England the pound has been the standard of value for hundreds of years. It is standardized in the British mind. When Great Britain went off the gold standard, among themselves in their own little British family it was still a pound. The Briton did not get any gold for it, but it was still a pound. The man whose salary was measured in pounds probably went on receiving the same number of pounds for his day's work or for his month's work. The man who was purchasing an article that had always been selling for a pound went on purchasing it for a pound. The value of the pound in a large degree was only affected in the world market when England got off the paper pound and went on the gold pound.

If we were on a paper currency basis here, unsupported by gold, if we had only paper money, I grant that what the Senator from Virginia has suggested might be true. Commodity prices probably would not go up very much. Wages might not be very much affected, because if we had paper money, and if we did not see any gold, and if we got $100 a month last year, then we would get $100 a month this year in paper money. But the pound is not a gold standard of value of a pound. The dollar is a gold standard of a dollar. I submit with due respect to the eminent Senator from Virginia who is in charge of the bill, the honored chairman of the Subcommittee on Banking and Currency, a man for whose views I have the highest respect and for whom I entertain the warmest personal regard, that any high-school boy is bound to acknowledge that, according to the law of supply and demand, 23 grains of gold is worth more than 16 grains of gold.

Mr. President, I have consumed more of the time of the Senate than I expected when I took the floor. On some future occasion I expect to address the Senate upon some of the legal aspects of the proposal which I have had the temerity and hardihood to advance in this body amidst the clash of views, on the one side, of the Senator from Virginia [Mr. GLASS] and, on the other side, of the eminent Senator from Montana [Mr. WHEELER] and other Senators who are advancing various views as to inflation.

I suggested at the outset that I am investigating the authorities as to the constitutional power of the Congress to do what is proposed and as to the power of the Congress in



the future to prohibit gold contracts calling for payment in dollars of any specific weight or standard of fineness. I would not prohibit that on the part of the Government, because the Government credit must be preserved at all hazards; but I propose a provision of that kind, making contracts that call for dollars dischargeable in whatever may be the lawful money of the country at the time of payment.

In addition to that, Mr. President, I desire to suggest to the Senate that Congress possesses ample power, through the power of taxation if no other way, to prohibit creditors requiring the execution of these extraordinary contracts payable in gold of a specific weight and standard of fineness. To do that is to permit individuals by contract to fix and regulate the value of money in defiance of the grant of the Constitution. I would use the taxing power of the Government, if necessary, to tax such contracts at such a rate of annual income as to make the contractors very happy to accept the legal money of the country at the time of payment.

Mr. FESS. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Ohio?

Mr. CONNALLY. I yield.

Mr. FESS. I have been greatly impressed with the argument of the Senator from Texas.

Mr. CONNALLY. I thank the Senator from Ohio.

Mr. FESS. I am not an inflationist. On the other hand, I am very much opposed to that policy. But the Senator from Texas is arguing on the basis that if gold is of a value intrinsically established by the law of supply and demand, and if we have $5,000,000,000 of gold to-day, that represents the coinage value of that amount at the rate of 24 and a fraction, and if we should reduce that one-third, or if we should reduce it 6 grains, we would have a coinage value of about $6,600,000,000 instead of $5,000,000,000. We have not increased the quantity of gold at all, but we have changed the value of it. But if gold is coined on the basis of the value that it commands in the market, I do not see how, by increasing the coinage to $6,600,000,000 without increasing the value of it, we have done what the Senator is trying to do. It would appear to me that if there is a fault in our coinage on the ground that we do not produce enough gold, then the change in value which the Senator would make would be a logical process. That impresses me. But how does the Senator increase the purchasing value from $5,000,000,000 to $6,600,000,000 merely by changing the coinage value, wholly ignoring the current value in the markets of the world?

Mr. CONNALLY. I do not wholly ignore the current value. I recognize it, and I recognize that current value measured in dollars—I am not talking about world value now—is so out of proportion to the value of those dollars when the debts were incurred that it calls for a readjustment. Let me suggest to the Senator, furthermore, if the Senator's contention is true, why not increase the gold content of the dollar twice over? Does the Senator mean to say that if we had 46 grains of gold in the dollar we would get them just as easily and that that would not have any effect on the price level?

Mr. FESS. The effort here is this. As gold is mined and brought to the mint it is coined. The price that is paid for gold of course is the price that it commands in the market. If we undertake to change that by coinage stamp alone, we run up against the obstacles which the Senator from Virginia has suggested, and we can not by legislative decree change the law of supply and demand.

Mr. CONNALLY. I have really no further views on the law of supply and demand. I submit to that law. But let me suggest to the Senator another thought. If the Senator will go back over the mining history of the country he will find that gold has not increased in volume in the world anything like in the proportion that other wealth has increased. Will the Senator admit that?

Mr. FESS. Other wealth? That may be true. However, the increase in the production of gold has kept pace with the increase of population. I am not sure but what it has been nearly equal in proportion to the increase of the business of the country.

Mr. CONNALLY. The Senator talks about gold being mined and brought to the mint. When it is mined and brought to the mint it becomes a dollar. Anybody can bring gold there and, having sufficient grains of it, can have it coined into a dollar. So far as the dollar is concerned, that is the fixation of the value. It is made a dollar because it is 23 grains of gold.

Mr. FESS. The Senator is wrong, because the gold is worth just as much in the bar as it is when it is coined.

Mr. CONNALLY. Why, of course it is, because the man with the bar of gold in his pocket, if he wants to do so, can go over to the mint and trade it for just as many gold dollars as the bar will make. It is just like a check for $100. If we can go to the bank and cash the check for $100, it is worth $100. Of course the gold bar has value aside from its use as money.

It has value in the chain which the Senator wears that adorns his otherwise attractive person. It has a value in gold-rimmed spectacles. It has value in the valuable gold watch the Senator has in his pocket. So far as money is concerned it has the same money value that it has by reason of its exchangeability at the mint for a dollar.

Mr. FESS. I am not taking serious issue with the Senator except upon the point of increasing the purchasing power.

Mr. CONNALLY. If the Senator had done me the honor to give my former remarks the same analysis and particular attention that he is giving my remarks at the present moment he would have observed that my chief argument was that the value of this reduction would enable debtors, who borrowed money when money was cheap, to discharge their obligations now that the dollar is skyrocketing out of all proportion to other values. I agree with the Senator to the extent that 16 grains of gold in France or in England probably would not buy another dollar's worth of foreign goods more than it would now.

My proposal is to help the people of the United States. The Senator from Ohio is rather distinguished for his lack of sympathy for any of our money's going to England and France for the purchase of commodities for the purpose of having them imported here, and I am rather surprised at his concern as to the value of our money in foreign countries. I am trying to lower the gold content of the dollar because doing so will enable the debtors to pay their debts; it will enable people to get more for their commodities in America. Suppose an article sells for 100 francs in Paris; what difference does that make to the farmer in Ohio? He is not dealing in francs; he is concerned with the big, old dollar. That is what he pays his debts with. He does not spend his money on the boulevards; he does not visit the night clubs along the lighted highways of Montparnasse, and spend his money in that way. He wants some dollars that will pay his grocery bill; he wants some dollars that will pay the mortgage on his cow; he wants some dollars that will discharge his note at the bank; and if by revaluing the gold dollar he can get more United States dollars with which to discharge his obligations and buy himself commodities, he does not worry about what the dollar is worth in francs. [Laughter.]

Mr. FESS. The Senator from Ohio thinks that the Senator from Texas is not properly appraising what the people of Ohio want. What the people of Ohio want is to prevent the articles manufactured in France by labor that is already cheap, and which is paid in a cheap franc, coming in competition with what they produce in Ohio. The people of Ohio are more concerned about that than anything else. They are not willing to cheapen the dollar in order to meet the demand in France.

I wish to say to the Senator that I have been impressed by the argument he has made. It is very different from the

argument which is sometimes made on the silver question in advocacy of setting up two metals and requiring the Government to keep them at a parity. I can not see how that can be done. If both should be made legal tender, I am wondering how long we would have both gold and silver circulating, and how soon we would go off the gold basis by that action alone. I have no sympathy with that sort of thing; but I think the Senator has made a very strong presentation of the case he has in hand.

Mr. CONNALLY. I thank the Senator, and I want to take this occasion, in thanking him, to assure him that the people of Ohio ought not to have any doubt as to the sincerity and loyalty of the Senator from Ohio in doing just what he indicated was to the interest of the people of Ohio with reference to manufactured goods abroad. He has, on a number of occasions, distinguished himself in both Houses of Congress by his course with reference to the tariff.

Mr. KING and Mr. SHIPSTEAD addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. I yield first to the Senator from Utah, but, Mr. President, I wish to save a few minutes, and I should like to inquire how much time I have left.

The VICE PRESIDENT. The Chair is informed the Senator has about 20 minutes left.

Mr. LONG. Mr. President, may I make a unanimous-consent request?

The VICE PRESIDENT. The Chair desires to make a statement. The Senator can only yield for a question except by unanimous consent.

Mr. CONNALLY. I can only yield for a question by unanimous consent?

The VICE PRESIDENT. Except by unanimous consent.

Mr. CONNALLY. I yield merely for a question.

Mr. KING. Mr. President, I was interested in the statement the Senator made—perhaps I misunderstood him—which implied that Congress could by law change a contract which called for the payment of an obligation in gold of the present weight and fineness. The Constitution——

Mr. CONNALLY. If the Senator will pardon me right there, let me say that he evidently did not hear that portion of my speech. I said that I am examining the authorities but that I was not as yet prepared to make that statement; that I was not accepting it without question at this time. I am not prepared to argue that with the Senator. I may suggest to him, however, that in the Legal Tender cases the Supreme Court of the United States held that a contract which called for coin face could be discharged by paper dollars irredeemable in any kind of coin. The Senator is aware of that decision.

Mr. KING. I am familiar with that. It occurs to me though—if the Senator will pardon me, and then I will conclude—that if a contract, for instance, calls for the payment of an obligation in so many bushels of wheat, Congress could not interfere and require that the creditor should take so many bushels of rye or should take a less number of pounds of wheat than the contract itself called for. So a contract calling for so many ounces or grains of gold or silver in the payment of a debt can not be, it seems to me, modified by Congress, for that would be interfering with the obligations of a private contract.

Mr. CONNALLY. Let me say again that evidently the Senator was at luncheon when I was delivering the major portion of my address.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Nebraska?

Mr. CONNALLY. I will yield in a moment. Other Senators here will bear witness to the statement, if the Senator from Utah questions it——

Mr. KING. I accept the Senator's statement.

Mr. CONNALLY. That I expressly stated that a contract which called for a commodity—so many ounces of bullion, so many bushels of wheat—was a contract which the courts would require to be fulfilled. Further, I said, however, that I was not clear as yet as to a contract which calls for so many dollars, even though qualified by a clause of the present weight and fineness. That is an element in the situation, and it may be determined that a clause as to present weight and fineness will govern. However, a contract calling for dollars of present weight and fineness is distinguishable from a commodity contract. The dollar is a creature of law; it is not the gold in a dollar that is a dollar; it is not the silver in a dollar that is a dollar; the dollar is simply a symbol, a symbol established by law, and when the creditor calls for so many dollars I am not prepared at this time to deny that that contract can not be met by the tender of a dollar which the Congress, under its power to coin money and regulate the value thereof, may determine to be a dollar at the time the debt is to be discharged.

As tending to support that view, I submit the decision of the Supreme Court in the Legal Tender cases, wherein it was held that a contract which called for dollars at a time when only gold or silver coins were money could be lawfully discharged by a paper dollar which had no redeemability at all, but was simply a promise of the Treasury at some time in the future to pay a dollar, without saying what kind of a dollar. I submit that is rather persuasive.

Mr. SHIPSTEAD and Mr. NORRIS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Texas yield; and if so, to whom?

Mr. CONNALLY. The Senator from Minnesota was on his feet a few minutes ago and I did not yield to him. I now yield to him.

Mr. SHIPSTEAD. I should like to ask the Senator if a contract proved to be impossible of performance—if it were impossible to deliver as contracted—would that affect the contract?

Mr. CONNALLY. Under the law, one may not be required to do impossible things; it would be necessary to measure it in some other way. For instance, an act of God or something of that character might interfere with the contract; but that question I have not now the time to discuss.

Mr. SHIPSTEAD. May I ask the Senator another question?

Mr. CONNALLY. Certainly.

Mr. SHIPSTEAD. In the colloquy with the Senator from Ohio I understood the Senator from Ohio to say that the Senator from Texas had said that, in his opinion, it was the intrinsic value of the gold that determined the value of the dollar. Am I correct in that?

Mr. CONNALLY. If I said that, I was not quite accurate. What I meant to say was that it is the value of the gold measured by the demand for it that makes the value.

Mr. SHIPSTEAD. May I ask the Senator a further question?

Mr. CONNALLY. Certainly.

Mr. SHIPSTEAD. If gold were demonetized and not used for money——

Mr. CONNALLY. It would not be worth so much; of course not. I tried to make that clear in answering the Senator a little while ago about wheat.

Mr. NORRIS. Mr. President——

Mr. CONNALLY. I yield to the Senator from Nebraska.

Mr. NORRIS. The Senator from Utah in the question he propounded to the Senator from Texas said, as I understood him, that a contract payable in wheat could not be complied with by the delivery of rye. I merely want to call attention to the fact that, in my judgment, that does not apply to the question the Senator from Texas has raised, because Congress has no constitutional authority to fix the value of wheat or rye, either one, but it distinctly has authority under the Constitution to fix the value of money.

Mr. CONNALLY. That is correct.

Mr. KING. Mr. President, will the Senator yield?

Mr. CONNALLY. Yes.

Mr. KING. Is the Senator quite accurate? Congress has the power to "regulate the value." Is there not some difference between regulating and fixing?

Mr. NORRIS. Of money?

Mr. CONNALLY. Regulating means changing it whenever you get ready, of course. Let me say to the Senator

from Nebraska and also to the Senator from Utah as to the decisions of the courts upon which Senators rely for maintaining the doctrine that these gold-of-the-present-weight-and-fineness contracts can not be affected, that in not one of those cases had the Congress undertaken to do this thing; that is, in none of those cases upon which they rely, was the question presented from the angle which we are now presenting it. In other words, in none of those cases had the Congress undertaken to change the value of the gold dollar or to change the value of the dollar at all. When Congress, in the exercise of its undoubted power to coin money and regulate the value thereof does that thing, a new question is presented. All the cases hold that when Congress acts under a specific grant of power there is a wholly different question presented than an incidental one which arises by the exercise of some other power. Does the Senator from Ohio follow me?

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Arkansas?

Mr. CONNALLY. I yield.

Mr. ROBINSON of Arkansas. I can not make the interruption of the Senator from Texas by a mere question.

Mr. CONNALLY. I ask unanimous consent that the Senator from Arkansas may be permitted to interrupt for more than a question.

The VICE PRESIDENT. Is there objection? The Chair hears none, and permission is granted.

Mr. ROBINSON of Arkansas. My statement will be very brief. Under the legal issue the Senator from Texas has raised, in my conception two possible questions arise; first, whether the Government of the United States itself when entering into contracts for the payment of sums in gold dollars of the present weight and fineness may estop itself from the exercise of the power granted in the Constitution to the Congress:

> To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

Certainly private contracts can not estop the Congress from the exercise of the power which has just been described. In my judgment, the mere agreement between individuals or individuals and corporations for the payment of sums in gold dollars of the present standard of weight and fineness would not operate to prevent the exercise of the power of Congress to increase or decrease the amount of gold in the standard dollar. That power has been exercised and it has been sustained.

Mr. CONNALLY. Will the Senator let me interject a remark just there?

Mr. ROBINSON of Arkansas. Yes.

Mr. CONNALLY. The Senator from Texas has already undertaken to make clear to the Senate that in the case of Government obligations he is not prepared to propose that the Government ought even to try to do it, because if the Government has made that sort of a promise in order to maintain the public faith and in order to preserve the public credit I am not prepared to say that I favor the Government itself undertaking to revalue its own obligations.

Mr. ROBINSON of Arkansas. What would be the economic effect of the exercise of the power, if it exists, to reduce the quantity of gold in the standard dollar is a question which at this time I shall not attempt to discuss; but I am speaking now briefly of the legal question involved. Certainly private individuals can not estop the Government from the exercise of its constitutional power. They can not prevent the Congress from the enactment of laws changing the weight and fineness of gold in a dollar. The provision of the Constitution which inhibits or prevents the impairment of the obligations of contracts is not directed against the Congress or against the Federal authority, as the Senator from Texas and other Senators will understand, but it is directed against the power of the States. There does arise a question, as I have indicated, as to what would be the moral and the economic effect of the exercise of the power, granting that it does exist.

If the Government should say that, notwithstanding these contracts are payable in gold dollars of the present standard of weight and fineness, they may be paid in gold dollars of a less weight and fineness, it is difficult to determine whether it would affect in an indirect way the credit and standing of the Government of the United States to exercise the power which I think it possesses. I think there is very little doubt about the existence of the power.

I thank the Senator for yielding to me, and I do not feel justified in taking any more of his time.

Mr. CONNALLY. I thank the Senator from Arkansas for his illuminating interruption. Let me suggest to the Senator from Arkansas this thought: Even though the Congress does not have the power, if it should be so held, to alter or change the effect of the gold contracts in the past as to present weight and standard of fineness, I submit that an act of Congress prohibiting contracts of that kind in the future would be a sound public measure which would be for the welfare of the whole people of the United States, because contracts of that sort really are in derogation of the paramount power of the Congress to fix the value of money.

What is the use of Congress having the power to regulate the value of money if private individuals, in defiance of the Constitution, may themselves regulate the value of money and fix the measure of values? Why was that clause inserted in the Constitution? Was it meant to slumber there unused? Was it meant to become a portion of a paralyzed power? The power to regulate the value of money was put in the Constitution by the fathers of the Republic to be used, to be employed, to be exercised whenever Congress felt that it was necessary to use that power and regulate the value of the gold dollar or any other kind of a dollar.

Senators talk about impairing the obligations of contracts and scaling down debts. Take our present posture with reference to World War debts: Our debtors say they can not pay us. They say they are bankrupt; yet Senators who stand on this floor and tremble at the prospect of reducing the value of the gold dollar in order that the American people may pay their own debts are perfectly willing to revalue the World War debts, and scale them down, and probably cancel them. If it is immoral to scale down the debts of our own people, how does it become moral to scale down the debts of foreign governments?

I am not prepared to argue that question. I am only using that by way of illustration.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Louisiana?

Mr. CONNALLY. I do.

Mr. LONG. About 30 minutes of the Senator's time has been consumed——

Mr. CONNALLY. I do not want any more.

Mr. LONG. I wanted to suggest that while it is true that the Government may have prescribed that its obligations should be paid in gold coin of the present standard of weight and fineness, nevertheless Congress has the power to regulate the value of money; and the Supreme Court of the United States has held time and time again that regardless of whatever contracts might be fixed by a municipality or by a State or by the Government, the power to regulate was above that and that whatever was fixed by contract yielded to the future regulation vested in Congress.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator permit me to interrupt him for just a minute?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Arkansas?

Mr. CONNALLY. I do.

Mr. ROBINSON of Arkansas. Concededly, that is correct with respect to private contracts. I am not prepared to admit that it is correct with respect to contracts which the Government itself makes.

Mr. LONG. As to the law, it is correct. As to the morals, it might not be.

Mr. CONNALLY. Mr. President, I have adverted to that matter several times and I shall not take up any more time to cover it.

As to contracts which the Government itself has made payable in gold coin of a certain standard of weight and fineness, I am not prepared to say that the Government should not pay them according to their terms in order to preserve its faith with the people and preserve its credit; but I am not worried about the governmental debts that the United States owes. We are going to pay them, and pay them in whatever way they ought to be paid; but I am concerned with private obligations.

Senators say we can not afford to scale down debts. What does Congress do when it passes a bankruptcy law? What does it do to the contract of the creditor? It wipes it out and destroys it. What does Congress do to the obligation of contracts when it passes other legislation? Why, we have bills pending here now to amend the bankruptcy law, to invoke the aid of the Federal courts in order to prevent creditors from collecting their debts from debtors, and to force debtors and creditors to readjust their debts; and Senators will vote for those measures.

Mr. President, the power to regulate the value of money is one of the paramount powers of the Congress. It is superior to the right of any individual. It is superior to the right of all of the individuals in the United States, if they could be gathered together. It is a constitutional grant to the Congress; and the Constitution trusts the Congress to use its patriotism, its sense of justice, its wisdom, not so to revalue the dollar as to be unjust to the creditor or unjust to any other class. It is a power that the Constitution grants to Congress in the expectation that Congress, with due deference to the general welfare, with a solemn respect for the oath which its Members took, and in the presence of all of the high powers under the Constitution will perform its duty in revaluing money, and revaluing it justly and fairly. There is no question of morals involved, unless Senators in their own hearts vote for such a revaluation as is not just and fair under all of the circumstances and in consideration of all other factors and values of commodities.

Mr. President, at some future date I shall ask leave of the Senate to deliver some other remarks with regard to different aspects of this question, particularly with respect to the constitutional and legal features. At the present time I yield the floor.

The VICE PRESIDENT. The time of the Senator from Texas has expired.

Mr. GORE. Mr. President, I do not pretend to have any extensive knowledge on the subject of money—on the science of money. Indeed, I have not very much confidence in anyone who professes to have; but there is one point arising out of the discussion to which we have just listened that perplexes me. I wish to illustrate my perplexity.

Suppose that in 1929—it is rather a wild assumption—the Senator from Texas [Mr. CONNALLY] and I were each possessed of $1,000 in gold coin of the United States of the present standard of weight and fineness. The Senator from Ohio [Mr. FESS] applied to me for a loan of $1,000 in gold. I made answer that I did not like the outlook. I refused the loan, stating that I preferred to keep my gold in my sock, or locked up in a strong box.

The Senator from Ohio then applied to the Senator from Texas for a loan of a thousand dollars in gold. The Senator from Texas, more public-spirited than myself, with more confidence in the outlook, made the loan of a thousand dollars in gold, payable four years after date.

When the date of payment arrived, prices had declined 50 per cent. Gold had appreciated 100 per cent. The Senator from Ohio took $500 in gold of standard weight and fineness to the Senator from Texas and made tender. The Senator from Texas suggested that he had lent to the Senator from Ohio a thousand dollars of standard weight and fineness, and that he desired, and all that he desired was, the return of as much gold as he had parted with. He wanted that—nothing more, nothing less.

The Senator from Ohio stated that while the loan bore the form of gold, after all, he had borrowed purchasing power, that he was tendering to the Senator from Texas as much purchasing power as he had obtained, that $500 in gold would buy as much now as a thousand dollars in gold would have bought when the loan was negotiated. The Senator from Texas, when payday comes, still insists on a thousand gold dollars of standard weight and fineness.

The Senator from Ohio comes to Congress, exerts his influence with this legislative body, and prevails upon Congress to cut down the number of grains in a standard gold dollar to one-half of what it was when the contract was entered into. He returns to the Senator from Texas and makes tender of one-half as much gold as he borrowed; and the Senator from Texas, under the compulsion of Congress, receives one-half as much gold as he parted with.

I am watching the transaction. I have kept my gold in my sock, and I have twice as much gold as the Senator from Texas. I have twice as much purchasing power as the Senator from Texas, because my gold slumbered instead of working.

A little later the Senator from Ohio returns to the Senator from Texas and suggests that he would like to borrow another $1,000 in gold. The Senator from Texas says, "Very well; I will make the loan; but I should like to insert in the contract a stipulation that you will return to me as much gold as I let you have, neither more nor less." He writes the gold clause in the contract, feeling safe. Time passes. Prices decline. Gold appreciates. The Senator from Ohio makes tender of half as much gold, half as many of these cheap dollars as he had borrowed. The Senator from Texas says, "I have the gold clause in my contract, and you must pay me back what you got from me." The Senator from Ohio comes to Congress and prevails upon Congress to annul these contracts, to impair the obligations of private contracts, striking out and annulling the gold clause. The Senator from Ohio makes tender of half as much gold as he borrowed in the last instance and one-fourth as much gold as he borrowed in the first instance; and under the law introduced by the Senator from Texas, abrogating the gold clause, the Senator from Ohio makes payment in full. The Senator from Texas is obliged to accept.

Senators here undertake to make the point that the Government should reserve and retain its right to insert the gold clause and to exact "the pound nearest the heart" but that it ought not to insist upon the observance of good faith as between private individuals. The individual is helpless. He is not a sovereign. He relies upon the protection of his Government for the sanctity of his contract. The Government abrogates that contract.

The private citizen toils and pays taxes in times of peace. He fights and dies, if need be, in time of war. All that he asks, all that he expects is protection—protection of life and property, the protection of his rights. The supreme duty of government, indeed the supreme purpose and object of government, is protection—to protect its citizens against injury and injustice.

I do not doubt that in so far as contracts are concerned that are not stipulated to be paid in gold this Government can require the creditor to take one-half as much gold as he parted with. Henry VIII debased the coin of the realm several times during his reign, until the coin contained less than half as much gold as it contained at the beginning of his reign. I believe Sir James Mackintosh said that Henry VIII approached as near to total depravity as the infirmities of human nature would permit. That act of debasement has always stood out amongst the blackest marks against the record of that tyrant and that despot.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. GORE. No, Mr. President; I do not wish to yield at this moment. John II, of France, debased the coin nine times during his reign. In France, from first to last, the standard coin was depreciated and debased until it contained one seventy-third as much metal as when the standard was originally proclaimed.

These acts of debasement on the part of tyrants have heretofore been regarded as among the blackest pages in the annals of human despotism.

Mr. President, I am not yet convinced that Congress can change a contract stipulating that payment shall be made in

standard gold coin of standard weight and fineness at the date the contract is made. The Supreme Court of the United States, in the case of Bronson *v.* Rhodes (7 Wall.), held that such a contract was nothing more nor less than a contract to deliver bullion, and held the contract in that case a valid contract and payable in gold, and that principle has never been reversed or overruled, in legal decisions or elsewhere, so far as I have been able to ascertain.

Mr. President, the power of regulating the value of money set forth in the Constitution relates to our own coins and to foreign coins. What does the power mean? It is the power to fix the weight and fineness and denominations of our coins. Neither the fathers assumed, nor has any economist, so far as I know, assumed, that Congress can regulate the value of money in exchange.

Congress authorized the issuance of paper money during the Civil War, and the dollar fell to as low as 35 cents, and it passed current with the people, was legal tender in payment of debts, and creditors were compelled to take it, whether they would or not. Does anybody assume that Congress could have raised the price of those greenback dollars from 35 cents to a hundred cents merely by an act of legislation? If it could have done so, how gross the moral turpitude of Congress in not exercising such power and raising that money to 100 cents on the dollar, and in compelling honest creditors to accept 35 cents in discharge of a debt of a dollar.

Suppose I should agree to deliver, I will say to the Senator from Arkansas, who, we will say, is a cotton spinner, a thousand bales of cotton. He makes his contracts based on the expectation that he will get a thousand bales of cotton, and commits himself to his customers. Time passes, the price of cotton doubles; I tender the Senator 500 bales of cotton, and he says, "No; I want 1,000 bales of cotton. I have made my contracts based on that expectation, and I will be financially ruined unless I can get that amount of cotton at the price upon which we agreed." But I say, "Well, 500 bales of cotton will buy as much now as 1,000 would when we made the contract. I am delivering purchasing power." The Senator made his commitments and assumed his obligations, and he refuses to take the 500 bales of cotton.

I come to Congress and prevail upon Congress to pass a law providing that 250 pounds of cotton shall constitute a bale of cotton. The Constitution says Congress shall have power to "regulate the value" of money. It says, "fix the standard of weights and measures." So Congress passes the law, I deliver 250 pounds of cotton instead of 500 pounds as a bale to the Senator; he is compelled to take it; he can not fulfill his contract; he is forced into bankruptcy.

Some question was raised a while ago about wheat as a medium of exchange and standard of payment. The thought flashed into my mind that perhaps what we ought to do would be to pass a law providing that 30 pounds of wheat instead of 60 pounds of wheat shall constitute a bushel. Then we would double the number of bushels of wheat in the country and we would have twice as much wheat as we have now, and we could extinguish the grizzled specter of famine by legislation such as that.

Mr. President, to-day we wonder why people who have capital and money will not lend their money, why they hoard it, why the banks hoard money—and they are hoarding; why individuals hoard money—and they are hoarding it. We wonder why we hear on every hand, both at home and abroad, proposals which suggest the reduction or the repudiation of debts. We hear discussion of dividing the gold dollar, and yet wonder why people will not make loans. We wonder on the one hand why credit is refused, when on the other hand we are discussing the passage of laws which will make it impossible for creditors who have extended credit to collect their debts.

Mr. President, it is not strange in these circumstances that those having money are loath to lend it. The operation of economic laws can not be eluded. When they are violated, they exact a harsh penalty. We may make it impossible to collect a debt. We have the power to do so, but we can not compel people who have money to lend it. That is why from every quarter of this country to-day groups are trooping to this Capital asking us to pass laws to extend them credit.

Why do these people come here? Because they can not borrow money from people who have money. Why can they not borrow money? Because those having money to lend are afraid to lend it for fear we will pass an insolvency law, or for fear we will make them settle for half of what they parted with. We can do that where it is not otherwise stipulated in the contract.

In regard to contracts that contain the gold clause, I do not believe Congress has the power, the constitutional power, to change a contract which provides for payment in gold dollars of standard weight and fineness, or silver dollars of standard weight and fineness, or any other specific commodity.

Congress has the undoubted right to enact insolvency legislation. Congress has the express constitutional power to enact bankruptcy legislation. It has exercised that power as many as four times in the past. It may be necessary now to liberalize those laws in behalf of distressed debtors. That is a question of policy, not of principle. We have that power.

Debts undoubtedly constitute the center of gravity of our existing troubles. These debts may represent the abuse rather than the use of credit. Under existing circumstances these debts must be paid twice or thrice over—"there is the rub." That is the pity of it; that is the tragedy of it. My concern is that in our well-meant efforts to relieve distress we should not deepen distress. We should not apply a remedy that would aggravate the disease. I am willing to join in the support of any measure, any constitutional measure which I believe will accomplish more of good than of evil. That is my only test.

But I believe that we must develop some other plan than changing the number of grains in a gold dollar in order to extricate ourselves from this economic morass. Personally I think we will have to trade our way out. What our people need is more and better markets, not more and heavier debts.

Mr. SHIPSTEAD. Mr. President, the address of the Senator from Oklahoma [Mr. GORE] reminded me of a very practical statement made by Lord Aldenham in 1894 in discussing this subject, speaking of Great Britain as the creditor state. What he said of Great Britain as a creditor state applies to the individual or the corporation who is a creditor in dealing with his debtor. He put the practical question in so few words, and so clearly, that I can do no better than repeat what he said. This is his statement:

> We are the creditor state, and a great part of the balance of trade which comes to us is the interest on loans to foreign states. They pay us in cheap goods or dear gold. It is all one to us, but not to them. The prices of their commodities fall away, as we have seen. The cheaper the goods the more they must send. When they can send no more, they must send us gold for which they may have to pay. At last they can send no more, whether goods or gold, and they cease to pay at all. You have taken your debtor by the throat, but instead of getting his money you have stopped his breath! A poor result of appreciating gold (so far as that has been the cause) for the supposed benefit of those who were to receive dividends. Payment even in depreciated metal is better than no payment at all.

Mr. President, it is necessary to call the attention of the Senate and of the Congress and of the American people to the fact of the lack of means of payment, or lack of means with which to settle international balances of trade. It is not necessary here to repeat what has been repeated so often, the practical situation with which this country is confronted in an inability of debtors to pay in the appreciated price of gold.

We hear talk about the immorality of depreciating the dollar. We depreciated the dollar and debased the dollar in purchasing power every year from 1924 to 1929 by the inflation of credit.

Some one raised the question here this afternoon or made the statement that the production of gold had not kept pace with the growth of population. John Sherman said in 1873 that if the United States was to be able to continue to do business on a gold basis there would have to be an annual

increase in the production of gold amounting to $50,000,000 a year. At that time the United States had a population of 70,000,000. Last year we produced $51,000,000 of gold, and no one will deny that not only has our population increased, but our volume of business has increased and, what is more important in this connection, there is an overwhelming overproduction of evidences of debt payable in gold.

In 1925, when Great Britain and certain European countries returned to the gold standard, we started the world decline in the price level. We did not feel the full effect of it here until 1929, but the world's price level started to go down in 1925 when the various European countries decided to go back to the gold standard.

The reason for that was the overwhelming demand for gold, that these debts being decreed by governments to be paid in gold created a great demand developed for gold.

Jevons, the economist, in his Investigations in Currency and Finance, said:

> It stands to reason, of course, that if several great nations suddenly decide that they will at all cost have gold currencies to be coined in the next few years, the annual production can not meet the demand, which must be mainly supplied, if at all, out of stock. The result would be a tendency to a fall in prices.

As the demand for gold is increased, the domestic price level has continued to decrease. England went off the gold standard in order to balance her budget, and in order to balance her budget she had to stop the price level from descending further, and, as a matter of fact, the domestic price level of Great Britain was stabilized, and Great Britain refused to follow the gold-standard countries in the continued descent of the price level.

Our price level has been going down ever since. Last-week reports showed a continual decrease in the price level, destroying values of commodities, destroying values of capital issues of bonds and stocks and mortgages. This decline in the price level has been going on in ratio and in inverse proportion to the appreciation of gold. As the conception of the people awakens to the fact that gold must be had in order to pay debts and as the overwhelming amount of debts forces itself upon the public conscience, the demand for gold increases. As the demand for gold increases and gold appreciates, commodity values decrease.

Some economists say we must let it take its natural course until it stops of its own momentum. But there is no natural course in finance. It is all artificial. The natural course of the snowslide, unless it is stopped, is the bottom of the valley, carrying everything before it. The descending price level has attacked all values here and all over the world and is continuing like an avalanche, wiping out values, paralyzing our credit system, stopping commerce. There are very grave reasons why our commerce has failed—because of the lack of a means of settlement. We will not take goods. Countries have not gold. They can not pay because they can not sell. There is no available medium of exchange. They may have goods we want. We may have goods they want. But there is no basis upon which to settle.

A government official in Germany in 1931, when I called his attention to the fact that Germany used to import $800,000,000 worth of agricultural products every year and had that year placed a tariff on agricultural products, and when I asked how they could afford to do that and raise the price of food to their people, said, "We have no means of paying for that food. You will not take our goods. We can not get foreign exchange. We have no gold. We have no means of obtaining any means of settlement."

It has been said, and I think with some reason, that if silver were remonetized we would restore the purchasing power of the Orient and also our own. More than half the human race lives in the Orient. If that is true, and I believe it is true, it would raise the purchasing power of the Orient and it would revive trade. As trade is revived, more and more exchange or foreign exchange would be created. It would revive trade with Europe because the Orient would be able to buy. Europe therefore could sell to the Orient, creating a form of exchange. The greater the amount of international trade, the greater the amount of foreign exchange flowing in channels of world trade, and therefore they could settle their balances here with oriental foreign exchange. That is one reason why I believe that if the United States would remonetize silver it would help to restore commerce, at least between the Orient and Europe and between the Orient and the United States.

Mr. KING. Mr. President——

The PRESIDING OFFICER (Mr. JOHNSON in the chair). Does the Senator from Minnesota yield to the Senator from Utah?

Mr. SHIPSTEAD. I yield.

Mr. KING. I suggest to the Senator, in the form of a question, if he is not becoming heterodox. We are being flagellated daily by demands to impose an embargo upon all imports to the United States. A hundred reasons are assigned for cutting off our trade with foreign nations. The Senator is advocating a policy by which he suggests we would be enriched if we should find export markets and receive in part payment for exports the commodities of some other countries. I am afraid he is running counter to this demand that we shall buy nothing excepting that which is produced in the United States.

Mr. SHIPSTEAD. I have seen the dire results of orthodox policies pursued here. We have pursued policies here for the last 15 years which have been guaranteed to be orthodox, and we see the results, the dire results, of those orthodox policies. Within the last two years we have been called upon to vote for orthodox policies to stop the depression. I have voted against every one of them, I think, because I did not consider that they would have any effect on the depression at all except to increase its intensity and postpone the final day of reckoning. So I have no apology to make. One is almost forced to the conclusion that to be considered economically sound a man has to be an idiot. When I view the wreckage of the works of those who claim to be orthodox I make no apology for my lack of orthodoxy. I have lost most of my respect for the apostles of what is called "economic soundness." They are wrecking the country.

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from New York?

Mr. SHIPSTEAD. I yield.

Mr. WAGNER. I am asking for information, because that puzzles me somewhat. I understood the Senator to say that increasing the price of silver would increase the purchasing power of people like those of China who deal primarily in silver as a currency. As I understand it China imports her silver, so that if the price of silver is increased it means that she will have to pay a higher price for that particular commodity which she imports, and thus she will have to give more of her goods in return for that silver. If that is true, I am wondering how that could possibly benefit China?

Mr. SHIPSTEAD. China would send goods over here to buy silver. She buys silver here or wherever she can get it. It would increase the value of her money in proportion to the increase in the price of silver and therefore the value of her products.

Mr. WAGNER. But the point I am trying to make is that they would have to pay for that silver with their commodities, and as the price of silver increased they would have to give more of their commodities for the silver; so I can not see under those circumstances, if my premise is correct, how it would benefit that particular country.

Mr. SHIPSTEAD. If the price of silver in the Orient were raised, it would raise the cost of production. It would raise the price of goods in proportion to the price of silver. China would not have to send more goods. Her goods would have a greater value because based on the value of her money. I do not see how it would make her goods any cheaper. Her goods having had a greater value as the result of the increased value of her money and the rise in the cost of production of her goods, she would not have to give any more goods because the goods would have a greater value. She would have a sufficient medium of exchange in silver to do business. With a lack of exchange as in the price of gold, of course, commodities would come down for

lack of trade due to lack of a medium of exchange to facilitate trade.

Mr. WAGNER. It is difficult for me to understand how a country would be benefited by having to pay a higher price for a commodity which it imports.

Mr. SHIPSTEAD. I think she would have a higher price for everything and we would pay more for the goods she sends to us because our price level would be up. It would raise the price level in both countries.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Montana?

Mr. SHIPSTEAD. I yield.

Mr. WHEELER. May I say just a word in answer to the Senator from New York? In the first place, the Senator from New York is worrying about the Chinese. I am worrying about the people of the United States.

Mr. WAGNER. I simply inquired because the senior Senator from Minnesota asserted that the purchasing power of China would be increased thereby. It was to that suggestion that I addressed my inquiry.

Mr. WHEELER. The money the Chinese hold at the present time would be quintupled in its purchasing power in the world market. Consequently the Chinese, to the extent that they have silver, would have their purchasing power quintupled. Their labor cost would be increased because of the increased value or the increased price of production. At the present time, by reason of a depreciated currency in the gold countries, they can sell to us, but can not buy from us. That is true of every country on a similar basis.

Mr. WAGNER. Is it not true that as the price of currency increases, there is a drop in commodity prices?

Mr. WHEELER. No; because their currency increases in value.

Mr. WAGNER. When the gold dollar increases in value, it means commodity prices have dropped.

Mr. WHEELER. It means that the commodity prices in their own country go down, that is true, but the gold dollar to-day has a greater purchasing power in the world than any other dollar at all, and that is why we are on a basis where we can not sell to the rest of the world, but we can buy from them. If we raise the value of their money we quintuple the purchasing power of silver which they have. Consequently they will be able to buy more in the world market with the silver they have.

Mr. WAGNER. I do not think the Senator meant we are buying more than we are selling to other countries?

Mr. WHEELER. I am speaking about China and Japan.

Mr. WAGNER. Statistics show at the present time that the balance is in favor of the United States.

Mr. WHEELER. There is no doubt about that. I tried to point that out this morning when the Senator was absent. I said that is one reason why our gold is not leaving. I wanted to point out that China and Japan are to-day shipping in a quantity of goods over our tariff walls, as has been pointed out by Mr. Blythe in the Saturday Evening Post, by President Hoover, and by many others. What I propose to do is to bring up the price of production of our competitors by raising the price of their money. By doing that we bring up the world commodity prices and the prices of commodities in this country. That has been the history of silver throughout the years.

Mr. WAGNER. I do not want to be misunderstood as maintaining that increasing the price of silver would not have a beneficial effect, but the Senator from Minnesota cited the particular instance of China, and in that particular case I did not think the general rule applied because of the fact that China is required to import her silver and does not produce it.

Mr. SHIPSTEAD. Mr. President, the Senator will bear in mind that it was stated that China would dump her silver here and would get rid of it. I do not think she would.

Mr. President, I want to say a few words on the bill, in view of the fact that it has been said on the floor that unless this measure should pass with the branch banking privilege incorporated in it several hundred banks in the United States would close. That statement has left the implication that those of us who voted against the branch banking privilege naturally would be responsible for the closing of those banks in case the bill should fail to become law.

It has been said that if the bill with the branch banking feature should be enacted into law, it would prevent the closing of banks, for if the "strong" banks could have branches they would take over the weaker banks and the small banks, leaving the implication that the small banks are the banks that have been badly managed and are the ones that are in trouble.

When those holding that view are asked whether the strong banks will take over all the weaker and smaller banks they become very indefinite. When they are asked whether or not it is intended to take over a few and to let the remainder go they are also very indefinite. I have not been able to get anyone to assure me if the bill should pass containing the branch banking privilege that the so-called "strong" banks would take over the so-called weaker banks that we are called upon to save. It leaves the implication that it is only the small banks that have been in trouble; but the record of the loans made by the Reconstruction Finance Corporation which was inserted in the RECORD a short time ago by the Senator from Nebraska [Mr. NORRIS] shows that there has been more money loaned by the Reconstruction Finance Corporation to the strong or large banks than has been loaned to small banks, indicating that the large banks have been having greater difficulty than have the small banks.

The record also shows that there has been more money lost to depositors in the United States by branch-bank systems closing than there has been lost to depositors by unit banks closing. Therefore, so far as we have been presented with the record, there is nothing here to show that if this bill containing the branch banking privilege should become a law, or had previously become a law, we would have had any guaranty that the so-called strong banks or the larger banks would take over all the other banks which are said to be in trouble. We have too great respect for big things. We seem to think because a bank is big it is therefore strong and safe. There is no justification for this.

It has been said on the floor by the author of the bill that the reason banks are in trouble is because their securities have depreciated in value; that the general descending price level of the country has affected the securities in the portfolios of the banks. From the best information we can get, I believe that to be true.

We find also that the securities that have depreciated in value are usually bonds of one kind or another, or, in other words, long-term paper.

Mr. LONG. Mr. President, will the Senator from Minnesota yield to me?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Louisiana?

Mr. LONG. I want to suggest the absence of a quorum.

Mr. SHIPSTEAD. I do not want to impose upon the Senate.

Mr. LONG. I should like to ask for a quorum, if the Senator will permit.

Mr. SHIPSTEAD. I yield for that purpose.

Mr. LONG. I suggest the absence of a quorum.

Mr. GLASS. Mr. President, has any business been transacted since we had the last quorum call?

Mr. LONG. Plenty.

Mr. GLASS. I am asking the question of the Presiding Officer.

Mr. LONG. We have received a message from the President of the United States.

Mr. GLASS. I am addressing my remarks to the Presiding Officer. I am asking the question of the Presiding Officer.

The PRESIDING OFFICER. The Chair will request the clerk to advise him. [A pause.] The clerk responds that there has been business transacted. The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	King	Sheppard
Austin	Davis	La Follette	Shipstead
Bailey	Dickinson	Lewis	Shortridge
Bankhead	Dill	Logan	Smith
Barbour	Fess	Long	Smoot
Barkley	Fletcher	McGill	Steiwer
Bingham	Frazier	McKellar	Stephens
Black	George	McNary	Swanson
Blaine	Glass	Metcalf	Thomas, Idaho
Borah	Goldsborough	Moses	Thomas, Okla.
Bratton	Gore	Neely	Townsend
Brookhart	Grammer	Norbeck	Trammell
Bulkley	Hale	Norris	Tydings
Bulow	Harrison	Nye	Vandenberg
Byrnes	Hastings	Oddie	Wagner
Capper	Hatfield	Patterson	Walcott
Caraway	Hayden	Pittman	Walsh, Mass.
Carey	Hebert	Reed	Walsh, Mont.
Connally	Howell	Reynolds	Watson
Coolidge	Hull	Robinson, Ark.	Wheeler
Copeland	Johnson	Robinson, Ind.	White
Costigan	Kean	Russell	
Couzens	Kendrick	Schall	
Cutting	Keyes	Schuyler	

The VICE PRESIDENT. Ninety-three Senators have answered to their names. A quorum is present.

Mr. SHIPSTEAD. Mr. President, at the time I was interrupted I was calling the attention of the Senate to the fact that the portfolios of the banks are decreasing in value because they contain bonds that are responding to the general descent of the price level. That is what has been closing the banks.

It has been said in the debate that if we had branch banking we would have had no closure of banks. Does anyone mean to say that if we give the privilege to the national banks of operating branches that will raise the value of the bonds in their bond pouches? When we look into the pouches of the banks of the United States we find securities which we do not find in the portfolios of the banks of Canada.

In the CONGRESSIONAL RECORD of January 12, on pages 1654 and 1655, there is printed a consolidated statement of the banks of Canada. From that statement it can be seen why the banks of Canada have had no failures during the depression. When one peruses the statement he does not need any argument to convince him as to why there have been no bank failures in Canada during the depression. It has been said there have been no failures in Canada because the branch-bank system is in operation there; but Senators forget that Canada has had branch banks for a great many years and that many years ago there were tremendous bank failures in Canada. They made their mistake; they learned a terrible lesson; and they paid the price. If the portfolios of the banks of the United States contained such securities as are shown to be contained in the portfolios of the banks of Canada, we would not be here talking about a bank reform bill.

We find that the only investments the banks of Canada hold are securities of the Canadian National Government, the securities of the provincial governments of Canada, and of the municipalities of Canada. Those are securities behind which is the taxing power of the Canadian National Government and of the Provinces and municipalities of Canada.

Canada, again, did not employ her credit system as we did through our banks from 1924 to 1929. The loans were made on a more conservative basis. In this statement you will find no record of holding-company bonds, of public-utility bonds, or of railroad bonds, with one exception. Less than 2 per cent of the total assets are invested in railway and other bonds, debentures, and stocks. I think we have a right to assume that the railroad debentures and bonds are the bonds of the National Canadian Railways, again guaranteed by the Government; and the total amount of that pouch containing those railroad bonds and debentures represents less than 2 per cent of the assets of the banks of Canada, and obligations of Canadian National Railways are guaranteed by the Government. More than one-half of their deposits are in loans and discounts; and, viewing their conservative investments, we have a right to assume that the loans and discounts are as conservatively covered by collateral as are their investments.

There is another pouch in which they have call loans and not exceeding 30-days loan in Canada on stocks, debentures, bonds, and other securities of a sufficient marketable value to cover in case of sale in the market, loaning money on collateral, making the borrower carry the risk, and not taking short-term funds as our banks are, and tying them up in long-term loans, except on government securities.

Evidently the bankers of Canada know the difference between short-term loans and long-term loans; and a man who does not know the difference between the two, and who does not know enough to know that they should not be mixed together, has no business to be in a bank.

There is a principle involved here that is a fundamental of banking, and that is that bank funds are short-term funds, and it is dangerous to invest short-term funds in long-term loans. The long-term loans come within an entirely different sphere of finance. When a bank loans money on collateral, making the borrower put up collateral with plenty of margin for safety, the bank runs no risk. The borrower carries the risk.

If, for instance, I loan my neighbor $50 for 30 days and he loans that money on an automobile for three years, how can he pay me back my $50 at the time it is due?

To illustrate: New York bankers shipped $800,000,000 of short-term loans to Europe, to England, and to the Continent. England shipped short-term loans to the Continent, some of their own and some that they had gotten from the United States. The Continent converted them into long-term paper, and when they could not remit when due the crash came. They could not pay back at the time when they were due. They could not liquidate long-term paper in order to pay the call money or the short-term paper. Then we had the moratorium, costing the American taxpayers $250,000,000, because short-term funds had been converted into long-term credits.

That is the secret of Canada's lack of bank failures. They know the difference between short and long term loans.

England has the same policy. Several British bankers told me that British banks did not buy securities. They said, "We are in the banking business. We loan money on collateral." They said, "We let the borrower take the risk. We do not buy investments on which we loan money, because we think it unethical for a banker to loan money on a security in which he is personally financially interested." That explains the lack of bank failures in Canada—not because they have branch banks, but because they have bankers who know they handle other people's money for safety not speculation.

Germany had a branch banking system, and has it now; and out of the 10 systems of branch banking in Germany, every one of them except one has been taken over by the Government through the Reichsbank of Germany, operating the branch banks of Germany, because in Germany the bankers did not know the difference, or acted as though they did not, between short and long term loans, and they mixed the two.

France has had no depression; but out of her four systems of branch banking, one is now carried by the other three; and when you see the difference in the banking practices of Germany and of England, both having had the depression, you know why England has not had any bank failures, and you know why Germany did, and why the United States did.

If the Banking and Currency Committee had put in a provision here that national banks should not be permitted to tie up short-term funds in long-term credits, I think they would have rendered a service to the national banks.

I very well remember when this provision, branch-bank provision, came in as a rider upon the so-called McFadden banking bill. At that time we had bankers coming here lobbying to liberalize the banking laws. They said, "We must be given permission to liberalize our business so that

we can compete with State banks," and I had the temerity to say to them, "You are competing too severely with State banks now." They wanted the law to permit them to loan their short-term funds on long-time real-estate mortgages, and they got that permission. I have seen some of them now. They wish they had not been permitted by Congress to make loans on long-term real-estate paper with short-term funds of their depositors. You can not make bankers by law.

The branch banking bill or feature came in here then, as it does now, with the same argument, that it would prevent bank failures. We were told, "They have no bank failures in Canada because they have branch banks. They have no bank failures in England because they have branch banks." The lack of failure of banks in Canada and Great Britain is not due to branch banking. It is due to good banking.

Mr. LONG. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Louisiana?

Mr. SHIPSTEAD. I yield.

Mr. LONG. I do not know just what the Senator means by good banking; but the statistics show that since they have started the Canadian system some 26 chain-bank systems have closed down, and that there are only around 11 chain-bank systems there now.

They further show that there has been a 30 per cent loss in bank deposits in Canada as against an 11 per cent loss in bank deposits in the United States.

They further show that there is no such thing as a bank in Canada to lend money for the ordinary agricultural, industrial, or commercial business, as they do in the United States.

They further show that Canada, with resources equal to those of America, has been kept and remains practically an undeveloped country; and I do not think that shows very good banking for Canada.

The VICE PRESIDENT. The time of the Senator from Minnesota on the amendment has expired.

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. Has not the Senator another hour on the bill?

Mr. SHIPSTEAD. I am talking on the bill.

The VICE PRESIDENT. The Senator has an hour on the bill. He has used 30 minutes.

Mr. SHIPSTEAD. I have an hour on the bill. I am talking on the bill now.

Mr. LONG. A parliamentary inquiry: Has not the Senator another hour now on the bill, if he wishes it, in addition to what he has used?

The VICE PRESIDENT. The Senator took 30 minutes on the amendment. He has an hour on the bill.

(At this point Mr. SHIPSTEAD yielded for the consideration of a conference report which appears at the conclusion of his speech.)

Mr. SHIPSTEAD. Mr. President, just as I was interrupted, the Senator from Louisiana asked a question about the banks of Canada. He said that they had not loaned money to the farmers and business men as had been done by the banks of the United States. I am of the opinion that the business men and farmers of the United States would be far better off if they had not been able to borrow quite so much money during our period of inflation of credit. That is creating debts in a cheap dollar to be paid in a dear dollar. I do not consider that that was good banking at all. It was not even good citizenship, and has a great deal to do with the terrible condition in which we now find ourselves.

When I said I thought Canada had good bankers, I meant that they were able to take other people's money and invest it safely in loans so that they could get the money back and pay the people when the people from whom they borrowed it in a form of deposits had it coming to them and demanded it.

Answering the Senator's question as to what I call a good banker, I would say that, in my opinion, a good banker is a man who first remembers he is handling other people's money, conserves and protects, first of all, the money of the depositors by prudent investments, or prudent loans on collateral. He will, as a result, do business on very little profit and with practically no loss. That is what I call a good banker.

I do not call it good banking to do what was practiced here for a period of six or seven years—buying printing presses, running them night and day printing evidences of debt in the form of notes and mortgages and bonds and stocks, and peddling them out to the little banks, which were so gullible that they thought the big banks could do no wrong because they were big, loading up the gullible investors with these pieces of paper, with green fringe and gold stars on them, which can be made for less than a cent apiece, getting $100 for them if they were called stock, and if they added another cipher and called them bonds got a thousand dollars for them. I do not call that banking in the legitimate sense of banking, certainly not commercial banking. That is a form of piracy, but considered orthodox.

The idea was fostered here that we could not only finance commerce and business but run all the printing presses of the United States, and that was not the only idea that prevailed. Our bankers had the idea that the Federal reserve system and the banks of the United States could be used to finance the entire world, and our banking system was made the foundation for carrying the credit and the debts of the world for banking purposes, and we have to pay the price for that, too.

Mr. President, I wanted to make these remarks, in view of the fact that the principal difference between bank legislation and bankers had not, in my opinion, been properly brought out in the discussion, that this bill was to be used as a vehicle, undoubtedly upon the advice and counsel of people who knew just exactly what they wanted, and to carry through things which could not be based upon any sound principle of banking. Nor is there any sign or any evidence that it would stop bank failures; and I wanted to explain why there is a lack of failure of banks in Canada and England and not here in order to brush away a lot of misrepresentation of facts previously presented here.

Mr. President, I think there are two things in this bill which are meritorious. I am sorry to see those things mixed up with some of the other things in the bill. I believe that liquidation of closed banks is a commendable thing. I believe that divorcing investment affiliates from commercial banks is a commendable thing to do. They ought to be divorced. They should never have been allowed to unite. However, that part of the bill can not be said to be an emergency measure. They have unloaded upon the banks all the bonds and stocks they are going to be able to unload upon them for several years to come. The damage is done. That part of the banking bill can be passed at any time. We can always lock the door after the horse is stolen. It does not make much difference whether we do it to-day or to-morrow. The main thing is to get the horse back, and we are not going to get it back in that way.

Mr. President, I am sure the Committee on Banking and Currency brought this bill in with all of its contents in good faith, and whatever I have said about certain provisions of the bill I do not intend as any personal reflection upon the committee or upon any member of the committee. I hope, nevertheless, we may look forward to the time when we shall be through with these fetish remedies that serve merely to intensify our evil policies and their dire consequences.

During the delivery of Mr. SHIPSTEAD's speech—

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 5160) to provide for loans to farm-

ers for crop production and harvesting during the year 1933, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8750) relative to restrictions applicable to Indians of the Five Civilized Tribes of Oklahoma.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 3675) relating to the deferment and adjustment of construction charges for the years 1931 and 1932 on Indian irrigation projects, and it was signed by the Vice President.

CROP PRODUCTION AND HARVESTING LOANS—CONFERENCE REPORT

Mr. SMITH. Mr. President——

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from South Carolina.

Mr. SHIPSTEAD. I yield if I do not lose the floor. I do not want to lose the floor. If the measure which the Senator from South Carolina desires to present will lead to discussion, I should prefer not to yield.

Mr. SMITH. As I understand, the consideration of a privileged matter, such as a conference report, does not cause a Senator to lose the floor.

The VICE PRESIDENT. The Senator would not lose the floor if he yielded to permit the Senate to take up a conference report.

Mr. SHIPSTEAD. I will yield for that purpose if it does not lead to too extended debate.

The VICE PRESIDENT. The Chair lays before the Senate a conference report, which will be read.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with the following amendments: On page 2 of the House engrossed amendment, line 3, strike out "cultivation and harvesting" and insert "and cultivation, and in drought and storm stricken areas not to exceed $1,000,000 for feed for farm livestock"; on page 2, line 5, of said engrossed amendment strike out "$75,000,000" and insert "$90,000,000"; on page 3, line 2, of said engrossed amendment strike out the words "and harvesting"; on page 3, line 3, after the word "crops" and the comma, insert "and feed for farm livestock"; and the House agree to the same.

CHAS. L. MCNARY,
LYNN J. FRAZIER,
E. D. SMITH,
Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
W. W. LARSEN,
GILBERT N. HAUGEN,
FRED S. PURNELL,
Managers on the part of the House.

Mr. SMITH. I ask for the adoption of the conference report.

Mr. KING. Mr. President, I should like to ask the Senator from South Carolina to make a little explanation; and I do it in view of the fact that I have been told that with respect to one of the bills that we passed some time ago, providing for seed loans, some 1,600 or 1,700 employees were put into positions by the Agricultural Department, and that an enormous number of persons were employed in the various States for the administration of the act. I am told that with respect to a bill which was passed—and I presume this is the one—it is contemplated that a large number of lawyers will be employed in every county, and perhaps 3,000 to 5,000 employees, for the purpose of administering it.

I should like to ask the Senator if he has made any investigation as to the machinery to be used in the execution of the law, and whether it would not be possible to utilize some of the organizations which now exist under the Reconstruction Finance Corporation act for the purpose of carrying out the provisions of the measure that is now before the Senate.

Mr. SMITH. Mr. President, under the terms of the House bill, substituting some features for the Senate bill which has been reported, there is no doubt but that during the last administration—we have had, up to this time, five loans of this character—during the last administration there were no doubt more employees than would have been justified, in my opinion, on account of certain political conditions.

This fund has been wonderfully economically administered up until this last year. I do not know of any lawyers who have been employed for the purpose of aiding the administration of this law. I do know that this measure would afford the only real aid which the tenant farmer, the one-horse farmer, has gotten since I have been a Member of the Senate. In every other effort on the part of Congress to aid the man in the field, we have had too many cream separators between the appropriation and the man who was ultimately to receive the benefit. This would give direct aid. The percentage of these bankrupt and distressed individuals who have made repayment to the Government is marvelous.

Mr. President, in answer to the query propounded by the Senator from Utah, I will say that I do hope that in the administration of the fund to be provided the greatest economy possible will be exercised, in order that the suffering individuals may get the maximum assistance this bill would render. From every State in the Union has come the request for this, the most efficient and direct aid the real dirt farmer, the one in the field, could receive. I hope the report will be agreed to.

Mr. KING. Mr. President, the Senator did not quite answer my question, or at least the last question I propounded, as to whether this fund might not be administered by some of the organizations which are now set up under the Reconstruction Finance Corporation; for instance, the regional credit organizations.

Mr. SMITH. Mr. President, in answer to that, I will say to the Senator that they themselves have not set up yet, and under the terms of the law need not set up, any administrative agencies in the field, for the reason that the requirements as to collateral under the terms of the law have made it impossible for them to function. I understand that practically no contracts have been let, because there are required, as a precedent to a loan, securities outside of the products of the farm and in possession of the farmer to such an extent that no one can qualify. The same administrative forces will be used in the administration of this measure that were used, not last year but in the preceding years, and I do not think there will be any duplication whatever between the so-called regional credit banks and the agencies administering this fund, for the reason that the regional credit banks can only deal with those who have sufficient collateral outside of the farms to qualify.

Mr. KING. One other question: Will the same individuals who are now representing the Department of Agriculture in handling the seed loans be employed to administer the funds under this measure?

Mr. SMITH. I do not think the Senator, knowing as well as I do the imminent change of administration, expects an answer to that question. I do not think it is necessary.

Mr. KING. I was wondering whether or not, during the intervening time before the termination of the present administration and the coming in of the next administration, there would not be remarkable zeal manifested by the Secretary of Agriculture to maintain and to endow with the power those in authority now in this organization?

Mr. SMITH. I think not, Mr. President. The time is too short; and, really, I think the present administration, after

the smoke of battle has cleared away, will be inclined to be as patriotic, perhaps, in the administration of the law as they would be under normal conditions, because last year, as the Senator knows, was a rather abnormal year, and men will use any kind of machinery they possibly can to help themselves in the midst of a very distressing condition.

Mr. KING. I would like to say, Mr. President, in conclusion that, as far as I am concerned, I would be entirely willing that the present administration should proceed to set up the necessary machinery, if there were any assurance that it would set up machinery that would be effective and fair and just, but we all know that during the past years political organizations have been set up for the purpose of administering the funds provided.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

After the conclusion of Mr. SHIPSTEAD'S speech—

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

BANKING ACT

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. GLASS. Mr. President, I have no disposition to discuss the pending amendment. I would like to develop, however, whether there are others who want to discuss it, because we have wasted five hours to-day in discussing problems which have not the remotest relationship to the pending banking bill, directly or indirectly.

I want to say, while I am on my feet, however, that if views presented here to-day are to prevail, this country is nearing the brink of absolute wreckage, without any question of doubt. If it be admitted for a moment that private contracts, of which there are millions upon millions now in existence, may be abrogated by a law of Congress, or if, indirectly, the creditors involved in these contracts may have their property confiscated by means of taxation, that would simply abrogate contractual relations in this country and there would be no more of them.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. GLASS. No; I am going to occupy a very few minutes. I am not going to discuss the merits of the proposed amendments.

Mr. WHEELER. I just wanted to direct attention to the fact that the Senator made a statement with reference to the fact that there was nothing in the remonetization of silver that had any connection with the pending bill.

Mr. GLASS. No; I said the views expressed on the floor here to-day. I had not heard the Senator from Montana express any such views. An astonishing differentiation was sought to be made between the moral obligation of the Government of the United States and the moral obligations of the citizens. It was held that perhaps the Government would have to pay its obligations, already contracted, in the dollar of existing gold content, but even that was regarded as doubtful, or at least the view was expressed that it was within the province of Congress to determine that that should not be done.

If such views are to obtain, if there is any approach to that view by the Congress of the United States, may God have mercy upon the Secretary of the Treasury of the United States when he shall be compelled, in a few months from now, to refund $11,000,000,000 of Government obligations. I should like to be told where he might expect to find his clients. What bank or individual investor of average intelligence would agree to buy a bond of the United States in such circumstances?

Moreover, Mr. President, it seems to have been forgotten that this Government now has outstanding in excess of $20,000,000,000 of its obligations made in reliance upon the sanctity of contract. There are millions upon millions of citizens owning these obligations. While too many of them are in the banks' portfolios, in my view, billions of dollars of them are held by individual citizens and by estates representing the earnings and the livelihood, the very subsistence, of widows and orphans and other people of moderate means. If it may be held that the Congress of the United States has it within its jurisdiction and power to repudiate, practically, such obligations, then we are indeed in desperate straits.

Arbitrarily reduce the contents of the gold dollar? Very well. What is the moral difference between a 30 per cent and a 50 per cent repudiation in an obligation that has been incurred? Why shall we make it 16 grains of gold? Why not make it 6? Why not go the whole length and authorize the repudiation of these obligations by the debtor class of the country? Why not follow the example of Germany and start the printing presses without cease and then repudiate our own currency and let it be used for wall paper and for less desirable but necessary purposes? [Laughter.]

It has been to me a most astonishing and alarming discussion. But, Mr. President, I do not intend to be a party to prolongation of the debate upon measures that have no reference whatsoever to anything in the bank bill.

I ask the attention of the Senator from Montana [Mr. WHEELER] and the Senator from Louisiana [Mr. LONG]. Unless there may be now within a reasonable time a termination of the debate upon problems that have no reference to the bill, I shall feel compelled to move to lay the pending proposition upon the table so as to terminate debate. We have now expended five hours and eight minutes in the discussion.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Louisiana?

Mr. GLASS. I yield.

Mr. LONG. I have desisted from even discussing my own amendment.

Mr. GLASS. Yes; I think the Senator has.

Mr. LONG. I hope the Senator will not deprive me of a few restricted remarks.

Mr. GLASS. Oh, no; I would not think of depriving the Senator of a few observations. [Laughter.]

Mr. JOHNSON. Mr. President, I understood the Senator from Virginia to say he was going to make a motion to lay on the table?

Mr. GLASS. Not now.

Mr. JOHNSON. I wanted him to yield to me five minutes for an extraneous matter.

Mr. GLASS. I will yield to the Senator much more than five minutes in the moment that I shall further consume.

Mr. President, I ask unanimous consent to insert in the RECORD as a part of my remarks, not meaning thereby that I agree with all the views expressed, an article by the Secretary of the Treasury, Mr. Ogden Mills, on this very problem.

The VICE PRESIDENT. Is there objection?

Mr. FESS. Mr. President, may I say to the Senator from Virginia that the article was inserted in the RECORD this morning.

Mr. GLASS. I am told the article was inserted in the RECORD to-day, and therefore I withdraw my request.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. GLASS. Certainly.

Mr. LONG. I understood the Senator wanted to offer the remarks of Ogden Mills for the RECORD?

Mr. GLASS. I wanted to have them printed in the RECORD, but I am told they have been printed in the RECORD to-day, and therefore I withdrew my request.

Mr. WHEELER. Mr. President, does the Senator coincide with the remarks of Ogden Mills about inflation?

Mr. GLASS. I stated distinctly that I would not care to have it thought that I coincide in all the conclusions of Mr.

Mills, but I think it an exceptionally thoughtful and temperate presentation of the various aspects of the problem of inflation.

Mr. WHEELER. Let me say to the Senator that we have just had an election, and the election returns show that the people want no more of Mr. Ogden Mills in the United States Treasury.

Mr. GLASS. Yes; and we just had declarations by two party platforms that we do not want free silver except by international agreement, and yet the matter has been precipitated here upon a bill to which it has no relation whatsoever.

Mr. WHEELER. Yes; and the Senator himself was in one national convention, where he signed a report in favor of independent bimetallism for this country—in 1896, if I recall correctly.

Mr. GLASS. Oh, my heavens! [Laughter.] I would not like to detain the Senate by telling it how often I have changed my mind for the last 40 years, and always in the right direction! [Laughter.]

TRIBUTE TO TRIUMPH OF SENATOR GEORGE W. NORRIS

Mr. JOHNSON. Mr. President, with apology to the Senate and apology to the Senator from Virginia [Mr. GLASS], I rise for an instant to felicitate the Senator from Nebraska [Mr. NORRIS] upon two accomplishments such as during our legislative careers we have seldom witnessed.

Mr. President, in December, 1924, engaged in the controversy over Muscle Shoals with the distinguished Senator from Alabama, Mr. Underwood, who was then the Democratic leader, I gave utterance to certain words concerning the dreams of the Senator from Nebraska. Those dreams have during my lifetime and his now come true. Those dreams, sir, of the Senator from Nebraska, at this late day in his life and in that of some of the rest of us, having been consummated and realized, I recur, with the permission of the Senate, to the words I used in December, 1924, and I read them upon the occasion now of congratulating him and felicitating him upon the wonderful accomplishments that have been his legislatively and otherwise in this body and in this Nation.

Then, sir, in replying to the Senator from Alabama, Mr. Underwood, I said:

I heard the Senator from Alabama say the other day that the Senator from Nebraska was dreaming dreams. Maybe he is right. Perhaps the Senator from Nebraska, in what he asks, is dreaming dreams; but since man emancipated himself, Mr. President, men have been dreaming dreams for man and mankind, and it is the dreaming of these dreams that has marked the mileposts in human progress during all the centuries past.

I can recall historically that Galileo dreamed dreams. He dreamed his dreams, and, though compelled to recant under the threat of torture, his frightened lips yet told the immutable and the unchangeable truth.

Newton dreamed a dream as he lay upon the ground and saw an apple fall. He dreamed a dream that now we all understand.

Columbus dreamed a dream of another world far beyond the oceans that then were known—a dream at which every court scoffed and every courtier laughed. We are here to-day because Columbus dreamed that dream.

The men who landed at Plymouth Rock and those who came to Jamestown dreamed a dream of a new empire and a great, new nation. That dream we of this generation realize in part.

Garrison and Wendell Phillips dreamed a dream—a dream that resulted in one of them being mobbed in New York and another chased by a populace in Boston. Just think of it! But Lincoln brought the realization of that dream.

Roosevelt dreamed a dream of the Panama Canal. To-day it is the greatest engineering feat in all the world.

The Senator from Michigan [Mr. COUZENS] dreamed a dream in the city of Detroit—of Detroit public ownership there. To-day that public ownership exists profitably for the city of Detroit.

Down in the city of Los Angeles a self-educated engineer named Mulholland dreamed a dream that water might be brought for domestic purposes 250 miles, over gorges and canyons and impassable mountains. First he was laughed at. That dream to-day is a realization, and Los Angeles draws its great water supply from the Owens Valley, 250 miles distant.

Some men in the city of San Francisco years ago dreamed a dream when the city was in the grip of a street railroad that wrought its own will as it pleased. They dreamed a dream that San Francisco might operate a municipal road. To-day San Francisco operates that road, operates it on a 5-cent fare, and the municipal road there, in opposition to that privately owned, is operated successfully, prosperously, advantageously.

So it has been, Mr. President, with dreams of real men during all the years. Dream on, you Senator from Nebraska, for your dreams mean but one thing. Your dreams, sir, mean that humanity may benefit, people may prosper, and human beings may be a bit happier.

So the dream of the Senator from Nebraska I can appreciate. I trust he will continue iterating and reiterating. I regret the note of discouragement that I observed the other day in his remarks. Oh, be not discouraged, sir! Never mind the temporary defeat or the temporary disaster. Never mind what ephemeral catastrophe there may seem to be, for dreams such as are yours ultimately will prevail, for the truth prevails. Sometimes it is as dangerous to preach the truth as to enter a powder magazine with a lighted torch, but, nevertheless, truth yet exists; and all history has taught us, all people's governments have taught us, that whatever may be the check, whatever may be the defeat, whatever the haltings, the heartburnings, and the disappointments, they are but ephemeral, and ultimately, finally, the truth will prevail. (CONGRESSIONAL RECORD, Senate proceedings, December 19, 1924, 68th Cong., 2d sess., vol. 66, pt. 1, p. 816.)

To the Senator from Nebraska in this day of the consummation of his dream of his constitutional amendment, for which year after year and day after day, against insuperable obstacles, he fought, which now by all the requisite States of the Union has been ratified, I extend not only my felicitations and congratulations but I believe as well the felicitations and congratulations of this whole body and, better than all, those of the American people.

Then, Muscle Shoals—it was concerning that I talked December, 1924—there is the dawn of a new day. There is the dawn of a new era in dealing with the Government's money, and the people's money, wrung from them by taxation, at Muscle Shoals; there is the dawn of a new day for the long effort and brave struggle put forth in respect to that particular project by the Senator from Nebraska.

Two of his marvelous dreams thus have come true. Dream on, my friend! Your dreams are ours, and your dreams mean the benefit of the American people and by them countless thousands are rendered happier.

BANKING ACT

The Senate resumed consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. REED. Mr. President, I hesitate to add any word of mine to the discussion of the pending bank bill because I do not want to seem to be one who has prolonged its discussion or postponed its disposition, but I can not refrain from putting into the RECORD my feelings about the pending amendment and my feelings about the discussion that took place here this morning respecting a change in the value of our currency.

First, as to the pending amendment for the remonetization of silver at the ratio, as I recall, of 16 to 1. As I regard it, that is nothing more nor less than an attempt by the United States Government to peg the price of silver as against the entire world. Silver to-day is worth something less than 25 cents an ounce. If it shall be made available for free coinage, at the rate of 16 to 1, it will acquire an artificial pegged value of five times its present market value or something slightly more than $1.25 an ounce.

Obviously the surplus silver of the entire world will be sold to us as quickly as it can be brought to America, unless we, by putting a duty of about 400 per cent on its present-day value, establish thereby an embargo to prevent its being brought in, with the paradoxical result that we make a metal the basis of our coinage with one hand and forbid its free movement in international commerce with the other. Obviously if silver is a sound standard for currency in connection with the gold standard, it ought to be just as free of movement from one country to another as should be gold.

I am told, Mr. President, that there are about 250,000,000 ounces of surplus silver in the world to-day. Immediately we would be called upon to buy all that silver. I am not stating that figure of my own knowledge, because I have no personal knowledge of the amount; but I do know, I have

been so told by people whose information is better than my own, that in India alone there is such a store of surplus silver that we would be compelled to pay to them hundreds of millions of dollars, at this dollar and a quarter rate, for that silver which they would immediately send to us.

How in the world the depression in America can be remedied, how in the world the distress in America can be relieved, how the unemployed in America can be aided by our buying from Asiatic countries millions of ounces of silver that we do not need, I am utterly incapable of understanding. To try to peg the price of silver at $1.25, which is what this amendment would do, would be just as ineffective in helping any other industry than that of silver mining as was the attempt to peg the price of wheat, which failed so miserably, or to peg the price of cotton, which failed so miserably. We would give a great bonus to the miners of silver, and naturally their industry would prosper out of all proportion to the rest of American business; we would be giving a great cash bonus to India, and perhaps to China, and we would be relieving Great Britain from an embarrassing contract under which she is working, requiring her to buy some 80,000,000 ounces of silver from India each year. They would be relieved, but how the rest of the United States would be advantaged by it is beyond my comprehension. Enough, then, for my reason for voting against this amendment. I never supposed, after 1896, that the Senate of the United States would again have to vote on the free coinage of silver again, but I hope we will do it; and I trust that we will show such a preponderance of opposition to the amendment that the proposition will not be worth while reviving.

Mr. KING. Mr. President, will the Senator yield?

Mr. REED. Yes.

Mr. KING. Does the Senator mean by any observations he has made to repudiate the views which were expressed so often by President McKinley and other distinguished Republicans, including Mr. Blaine, and which found expression in Republican platforms, in favor of remonetizing silver internationally at the ratio then existing and the maintenance of a parity between silver and gold?

Mr. REED. That is something totally different.

Mr. KING. I was wondering whether the Senator's animadversion was directed against the use of silver for primary money or rather was directed against the suggestion that the United States go it alone?

Mr. REED. My opposition is based on the idea that the United States should go it alone. Whether some sort of bimetallism can be arranged by international agreement is a totally different matter.

Mr. KING. The Senator does not contend, if I may be pardoned for interrupting him further——

Mr. REED. Certainly.

Mr. KING. That the gold standard has proven satisfactory, and that, with the limited quantity of gold, there being to-day about 11,000,000,000 ounces for monetary purposes in all the world, there is an adequate base upon which to rest the credits and currencies of the world?

Mr. REED. I do not want to get into that subject at all; that would carry me too far afield and use up too much time; and I am still mindful of the fact that we ought to get a vote on this amendment and get it quickly. But I must say one word——

Mr. WHEELER. Mr. President, will the Senator yield for a question?

Mr. REED. Yes.

Mr. WHEELER. I understood the Senator to say to the Senator from Utah that he thought an international agreement fixing the price of silver or remonetizing silver at $1.25, or some such figure, would raise commodity prices. Did I understand the Senator correctly?

Mr. REED. Is the Senator addressing the question to the Senator from Utah?

Mr. WHEELER. No; I am addressing my question to the Senator from Pennsylvania.

Mr. REED. I do not want to get into the question of an international agreement. No such thing is proposed here. We are not voting on a proposal to bring about an international agreement; we are voting on a proposal that the United States, all by itself, shall be made the dumping ground of the world's surplus silver and shall try to peg the price for the benefit of that industry at a figure five times its market value to-day. I say it is preposterous, and I expect to vote against it for that reason.

Mr. WHEELER. If the Senator will pardon a further interruption, let me say to him that, with all due deference to his statement with regard to it, it is perfectly apparent that the Senator has not given the subject very serious consideration, or he would never permit himself to make a statement of that kind on the floor of the Senate.

Mr. REED. Perhaps not. I can only use the brains that the Lord gave me, and if they are of a poor quality it is not my fault.

Now, Mr. President, I wish to say a word about these proposals for inflation. It is a subject on which one could talk for a long time. Obviously there are two kinds of inflation. First, there is the printing-press method, Congress authorizing an indefinite issue of that kind of money which in this country we call greenbacks. We do not need to consider that very seriously, because we all know that by the operation of economic law that kind of money would immediately drive out of circulation all the better kinds of money that now exist. That is elementary economics, not subject to debate. We would then be on a printing-press basis entirely. It is a process that, like the use of drugs, leads one steadily downward into further excess. We have seen it resorted to in many countries since the war; in fact, we have seen whole masses of populations, particularly the great middle class of those populations, bereft of their entire substance by what everyone must see was profound national dishonesty. I do not believe that there is the slightest likelihood that this country or either House of the Congress will ever approve the unlimited issue of greenbacks. It is too bad that the matter should be discussed seriously, because of the apprehensions that the very fact of discussion will create.

The other kind of inflation which has been talked about to-day consists in two steps: First, a legislative enactment by us that the gold content of the dollar shall no longer be 23 and a fraction grains of gold, but shall be something less than that—say 16 grains or 10 grains, or whatever figure might be suggested. Obviously that, standing by itself, would give spotty and irregular relief to the debtor class, because most of our farm mortgages, all of our corporate bonds, all of our governmental bonds—Federal, State, county, and city—are made payable in gold dollars of the present standard of weight and fineness; and so long as those contracts remained obligatory, the fact that we had debased the gold dollar would give relief to the maker of a promissory note, perhaps, but no relief to these other debtors who need relief perhaps even more.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. COUZENS in the chair). Does the Senator from Pennsylvania yield to the Senator from Louisiana?

Mr. REED. No; I do not want to yield for a minute.

That proposal necessarily would have to be accompanied—and the speakers this morning were frank enough to say so—by an attempt on the part of Congress to impair the obligation of the gold-standard clauses in all of these bonds and mortgages.

Whether Congress has the power to take the property of the creditor—whether such a taking would not be a violation of the due-process clause—is somewhat of a hair-splitting legal proposal that might take time to discuss. I should doubt very much whether Congress had that power. If it had the power, this Nation ought not even to dream of its use. I doubt if the power exists; I want to make that clear; but I do not believe that the United States of America or the people of the United States have gone dishonest overnight merely because we are having a spell of hard times.

As was well said by the Senator from Virginia [Mr. GLASS], there is no stopping place. If we could make the content of

the gold dollar 16 grains of gold, we could make it 6, or we could make it 3, or we could make it 1, or we could make it a disappearing fraction.

I do not believe that the United States is going in for that. I believe that the very discussion of it here has a profoundly bad effect; and I believe that if such a measure were seriously pressed in Congress, and if the country thought that Congress was seriously intending to enact such a measure, all the supposed benefits of its enactment would be many times outweighed by the panic and crisis that would be precipitated during the days while such a bill was pending. We would see a flight of capital from America that would take our breath away. We would see a collapse of business and credit, a hoarding of gold, a rush to get rid of these securities that we were planning to debase; we would see such a catastrophic overturn in American business that all of the supposed benefits of its enactment would not begin to compensate for the damage that we had done.

So I hope, Mr. President, that at every opportunity that we have we will put our feet down hard on this talk of throwing away the national honor in any such scheme. After all, we are merely stealing from one class to help another by any such process, and we would be inflicting upon American national credit an injury from which it would not recover in a century. I mean that, and I believe that it is proven by the experience of France since she repudiated the assignats that were issued in the time of Louis XVI. I believe that to-day France is paying a higher interest rate because of that default a century and a half ago. I believe that America a hundred years from to-day would have to pay a higher rate of interest, because she would be considered a poorer credit risk.

America borrows money to-day at a fraction of 1 per cent. Why? Because her credit is not subject to doubt. It is the best credit in the world. Let us not jeopardize it even by such reckless talk as we might have recourse to in our wild desire to help the suffering that we see about us.

In what I say I am not speaking without a full realization of the distress that exists, of the difficulty of the debtor class in meeting its obligations with commodity prices at the shockingly low level at which they now are. All of us who are not deaf, dumb, and blind know what distress exists in the United States; but we also know that the best contribution we can make toward recovery is the use of some self-control here in Congress. There are many signs of reviving business. If we will do our part and show some self-restraint, and not rush after any panacea that is suggested from God knows where, American business will come back, commodity prices will come up, and the distress that is about us now will cease.

Mr. BARKLEY. Mr. President, I have no desire to delay the Senate in the consideration of this bill, on which every one of us has been anxious to vote for a number of weeks; nor could I hope to enlighten the Senate with reference to the amendment offered by the Senator from Montana [Mr. WHEELER]. Inasmuch as I shall vote against his amendment, however, I wish to say just a few words with reference to the situation, not in explanation of my vote, not in any effort to apologize for it, but in the hope that I may offer a constructive suggestion that may ultimately result in some benefit in the solution of this great question of money.

There is no problem that confronts the American people to-day that touches them more vitally from every standpoint than the question of money. I doubt whether any man in the world has the last word on the subject of money. I doubt whether any man in the world, if commissioned by all the governments of the world, could sit down and solve the question of money, of its standard, type, or character. But there is no subject that arouses a keener interest among people, whether they be financiers, farmers, clerks, or professional men, than the subject of the circulating medium which operates as a means of exchange in the transfer of what they have for what they want.

I remember as a schoolboy in 1896, during the Bryan campaign, how difficult it was for me or others to pick our way down the streets in a small county-seat town in Kentucky because of the fact that any man who stopped on the corner and began to discuss silver or gold or the monetary standard immediately gathered around him everybody who had nothing else to do—and that included nearly all the people at that time—in order to listen eagerly and intently to a discussion, even an amateur discussion, of the question of money.

That campaign came and went. Those who advocated the free and unlimited coinage of silver on the theory that there was not enough money in circulation, and that gold as a single standard for money did not afford enough of that precious metal to operate as a basis for enough circulating money to transact the business of the world, found a remedy soon afterward in the discovery of gold in Alaska.

There are very many able economists and financiers who now take the position that there is not enough gold in the world to form a true and sound basis for the issue of currency in sufficient quantity and flexibility to afford the means of transfer and exchange necessary in a complex business world.

Frankly, I do not know. Sometimes I feel that our business, not only nationally, but internationally, has become so complex, and the basis for credit and money and the exchange of products has become so complicated, as to outgrow the present volume of gold in the world operating solely as a basis upon which our monetary system exists.

As a remedy for that situation, if it is a situation that is susceptible of remedy, the remonetization of silver has been suggested, not only by the Senator from Montana [Mr. WHEELER] but by many others who have given consideration to the subject.

The revaluation of the gold dollar has been suggested by reducing the gold content of the dollar something like 25 per cent. There has also been put forward a suggestion that the requirement of a gold reserve as a basis for the issuing of currency ought to be lowered something like 25 per cent, in order that there might remain still a semblance of the gold standard, and that we might at the same time broaden the basis for the issue of currency based upon gold.

I do not know whether any of these suggestions, or all of them together, afford any remedy for our situation. It was the hope and belief of those who were the sponsors and advocates of the Federal reserve system that a more flexible currency system ought to be adopted, so that by some process that might be regarded as automatic the amount of money in circulation would expand as business expanded and needed it, and that by the same automatic process it would be contracted and retired as business should no longer require it. I am inclined to the belief that even with a World War that, it seems to me, brought the supreme test of the Federal reserve system, and with this depression in our country and in the world, if the Federal reserve system had been allowed to operate normally along the lines conceived by those who inaugurated it, there would still be enough money in circulation in this country to justify the belief that no change in our monetary standard would be necessary.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. LONG. Just what does the Senator mean when he says "if the Federal reserve system had operated along the lines of those who originated the Federal reserve act"? To whom does the Senator refer in that connection?

Mr. BARKLEY. I could not name all of those to whom I refer. I refer, of course, to those of us who were in Congress at the time and voted for the measure, and especially those who conceived it, including the President of the United States; the Secretary of the Treasury; the Senator from Oklahoma, Mr. Owen; the Senator from Virginia, Mr. GLASS, then a Member of the House and chairman of the Banking and Currency Committee; and all of those who voted for it and believed in it. It was the thought then that by the

creation of a new kind of currency under the operation of the Federal reserve system and under the guidance of the Federal Reserve Board, through the Federal reserve banks using rediscountable commercial paper as a basis for circulating medium, the needs of business would automatically be responded to by this currency, so that when a larger volume was needed because of larger business and the desire to expand it would be available, and when it was no longer needed it would be automatically retired. That is what I had reference to.

Mr. LONG. If the Senator intended to include in that, outside of himself, our friend the Senator from Virginia, I wanted to know just what policy Mellon and Mills had followed which the Senator from Virginia has not indorsed in his advocacy of the pending bill.

Mr. BARKLEY. I am not going to use my remarks here as a vehicle for getting into a controversy with the Senator from Louisiana over the Senator from Virginia.

Mr. GLASS. Mr. President, the Senator from Virginia is perfectly capable of taking care of himself.

Mr. BARKLEY. And that is why I do not think it is necessary for me to assume that responsibility.

Mr. GLASS. The Senator from Virginia does not need any assistance from his very distinguished and affectionate friend from Kentucky.

Mr. BARKLEY. I realize that full well, and the Senator could do it so much better than I in the first person that I do not desire to undertake it in the third.

I was undertaking to mention only topically some of the suggested remedies for our present situation and, as I was already saying, I do not know that any of them singly, or all of them combined, offer any remedy for our present situation.

I do not know, and I do not know that anybody else knows, whether we need actually more money in circulation, more gold dollars, more silver dollars, more gold certificates, more silver certificates, more Federal reserve bank notes, or more national-bank notes, or whether there should be a sound readjustment of the credit system, not only in this country but in the world, so as to facilitate a larger degree of confidence, and therefore expansion of business, under which the Federal reserve system itself would automatically operate to increase, by whatever amount might be necessary, the circulating money of the United States.

Mr. GLASS. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. GLASS. If at that point I may interrupt the distinguished Senator from Kentucky, let me again call his attention to the fact that the Federal-reserve system now has a gold reserve sufficient to expand the credits of its member banks in rediscounts to the extent of more than $4,000,000,000. Not only is that so, but, under the terms of the statute, the Federal Reserve Board is authorized to reduce the reserves. It is even authorized to suspend the reserves entirely for a period. So that when people talk about needing more currency, what would they have done with it? To whom would they have it given? To whom would it be issued? The banks are chock-full of currency.

The banks are so fluid and have such an immense amount of currency on hand that the Federal Government is enabled to make its loans at one-half of 1 per cent, which is utterly absurd. But the banks contend they can not make loans to people because people are not doing business. So I would like to have the Senator tell us, or to have some of the other Senators who are advocating wholesale issuance of currency tell us, what they would have us do with it; to whom they would have it issued. Would they give it away? Would they require public officials to stand on the street corners and hand it out to the passers-by? Currency for business purposes is abundant. Credit for business purposes is sufficient to expand Federal-reserve discounts $4,000,000,000 right to-day, with the gold reserve back of it.

Mr. BARKLEY. Mr. President, of course, as the Senator knows, and as we all know, the reason why that $4,000,000,000, or any portion of it, has not been extended or expanded under the Federal-reserve system is the fact that not only is there no demand on the part of business for money they can not use, not only is there a lack of confidence on the part of financial institutions to lend money to business institutions, because they see them declining and their business declining, but because of this very situation there is not a demand for the automatic expansion of currency provided for in the Federal reserve act itself, not only operating on the gold reserve as a basis but upon rediscountable commercial paper as a basis, for the issuance of currency.

Mr. GEORGE. Mr. President, let me ask the Senator from Kentucky if the question is so much a monetary question as it relates to the United States but, rather, is it not a question of the stabilization of the currencies of the principal commercial trading countries of the world?

Mr. BARKLEY. I am inclined to think the Senator has really put his finger on the real trouble.

Mr. GEORGE. If that be true, how can we correct it except by international action, and is not the whole question simply one of whether we are willing to take international action?

Mr. BARKLEY. It could not be corrected except by international action, unless by some fortunate chain of circumstances all the nations should operate separately so as to bring about a harmonious situation among all the nations, which is a conception impossible of realization.

Mr. GEORGE. That is not likely in the present state of the world.

Mr. BARKLEY. Not at all. I did not really intend, Mr. President, to embark on any effort to add to or illuminate the argument on this complicated question. What I started out to say, and what I hoped my remarks would lead to, was the suggestion that not necessarily in this Congress, but in the next one, at the very beginning of the next administration, we ought to form a joint committee or commission of some kind to make a profound study of the entire money question, either to report to Congress or to the Executive, in an effort to find out what remedies are spurious and what remedies are sound, if there are any remedies available.

My mail is filled, as I am sure the mail of every Senator is filled, with suggestions about the cheapening of the dollar, about increasing the amount of money in circulation. Some of them go to the extent of the remedy suggested by the Senator from Montana in his amendment about the remonetization of silver. I certainly would not, even though I were sympathetic with the amendment, feel called upon to vote to authorize the remonetization of silver in the present state of ignorance, national and international, on the subject of the silver question. There has not been a remedy offered by anybody, in or out of Congress, upon which I would feel at liberty to vote in my own present state of lack of information and definite conclusions with reference to the matter.

These letters come from sections by relays. I am this week receiving dozens upon dozens of letters, all written from the same town, not in my own State, I will say, which are probably the result of some suggestion, dropped overnight, it may be in some speech before a Rotary Club, or a Kiwanis Club, or some business organization, suggesting a remedy and offering the suggestion that all those present write to somebody in Washington to do something.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. WALSH of Massachusetts. Does the Senator favor holding an international conference on the subject?

Mr. BARKLEY. Yes; I am inclined to think that we will not get anywhere toward the stabilization of international money without some sort of discussion, at least.

Mr. WALSH of Massachusetts. In suggesting that no action be taken now, has the Senator in mind the statement of President-elect Roosevelt when he said, in referring to an international conference on this subject, "This I promise to do without delay or evasion when I go to Washington next March"?

Mr. BARKLEY. I recall that the President elect made that statement in the course of his campaign for the Presidency, and I approved of it then, and I think that that is the logical and sensible way to approach the subject. I think that any effort on our part now as a separate nation, trying to do something by which we may lift ourselves up by our own bootstraps, without regard to the relationship of our country commercially and from a standpoint of money with the rest of the world, would be calculated to do infinitely more harm than good, if it could accomplish any good whatever, and it is therefore my thought that it might be well in the very beginning of the new administration coming in on the 4th of March, either through the Executive or through resolution, joint or otherwise, of the two branches of Congress, to set in motion a sincere, exhaustive, detailed, and, if possible, a profound investigation of this whole matter so that in the very near future we may be able to deal with it either in international conferences, by international agreement, or, if we attempt to deal with it as a nation, that we may deal with it wisely and conservatively and in the light of information we may gather as the result of these conferences.

It is with that in mind that I would not feel myself able to vote to support the amendment of the Senator from Montana, or any other amendment at this time undertaking to deal with our currency system, except as it may naturally flow from whatever legislation we may enact to strengthen the banking system of the United States.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. LONG. Inasmuch as the Senator from Massachusetts very wisely calls to our attention the statement of the President elect of the United States on this question, I was wondering whether the Senator would have the same attitude on the statement made by our President elect as to decentralizing wealth, and stopping it from being concentrated in the hands of the few.

Mr. BARKLEY. I do not recall just what statement he made on that subject. I would have to refresh my recollection with reference to it before I would like to discuss it. I have not it before me.

Mr. President, I have said all I wanted to say, not as suggesting any apology or explanation of the vote which I am going to cast, but simply to throw this suggestion out as offering at least some hope that we may give our undivided attention to the matter in the future.

Mr. LEWIS obtained the floor.

Mr. LONG. Mr. President, will the Senator yield to me to suggest the absence of a quorum?

Mr. LEWIS. I thank the Senator from Louisiana, but I am not particularly concerned about a large audience. I have such an intellectual one around me that I am content with its numbers.

Mr. LONG. Mr. President, if the Senator will yield just a moment, I think there ought to be others here to listen to the Senator, whether he would want it or not, and I would like to have him yield to me to suggest the absence of a quorum.

Mr. LEWIS. Mr. President, the little I desire to say will occupy so short a time that it would not consume the length of time necessary to call a quorum. I appreciate the courtesy of the Senator.

Mr. President, let me say to my distinguished colleagues on both sides of this Chamber that unless we make very clear what we are doing, in every country of the world the vote on the pending amendment will be misconstrued, and the result of it will be imputed to a reason and a sentiment really not expressed in the vote itself. The vote will be mostly yea or nay, if the amendment should or should not be appended to the bill now before the House entitled as a bank system measure.

We recall that in the sacred law there is the injunction that "there is a time and place for all things." The present bill before the Senate is a bill to constitute a system of banking. It is in its provisions complete in itself, however much there may be those who differ as to the application of some of its provisions and as to whether it more completely represents the thoughts which they possess or whether it should be somewhat changed in order wholly to conform to what may be said by different Senators to be the needs of banking.

There is to that bill, which is only a measure to constitute a system of banking, tendered an amendment that has for its object the establishment of a complete new ratio of coinage as the basis of money for the United States of America. There will come a time, as intimated by the Senator from Kentucky [Mr. BARKLEY], responding to the allusion of the Senator from Massachusetts [Mr. WALSH], when that question will be both pertinent and appropriate, and when a discussion under any clause tendered to the public can be fully completed and addressed wholly to that subject.

Senators to-day opposing the measure, being an amendment to a bank bill, conscious that it could not cover the whole subject, nor as an amendment be treated in the fullness which such a measure should receive, may be favoring the abstract doctrine it represents and still could not see the propriety of putting it as an amendment on the bank bill, but would see the impropriety of assuming to enter upon the discussion in all its gravity and various forms of responsibility when tendered as an amendment to a measure that is not framed to carry on either the question or, Mr. President, its natural concomitant, the consideration of the relative relation of coinage in the money of other countries than our own.

The question has not failed to disturb the world at certain periods, nor has it failed to engage the most serious attention of those who have reflected upon it, Senators; it is recalled that the question of silver as fundamental money has ever had some doubts surrounding it. When the place of burial of Abraham's relatives was chosen and the sacred ground which surrounded the place of repose of the bodies of his children was questioned in ownership, the patriarch, in order to prove his title, announced that the ground had been purchased by a certain number of pieces of silver according to the law of merchant, showing that even then there was a serious question as to what was the true rule establishing the value of silver as money of the land.

It is familiar to the Senate that in England, when the question of the weight and value of coinage was seriously brought for the fiftieth time before their legislative body and disputed as to weight and fineness, Robert Peel tendered an act which was the composite wisdom of the most thoughtful men in finance that then surrounded the realm, and to-day is known as the Robert Peel Act, which prescribed a certain number of grains of gold which made the current gold as a basis of that upon which the English pound to-day is issued. But we have seen lately and we have heard eminent Senators to-day allude to how England only in the last few months has made some change even as to that, leaving things somewhat, as we may call it, hazy and doubtful as to what is the standard of England.

Mr. President, what I wish to press is this: The great question that has now been precipitated by the amendment does not belong here. At a proper time it should be presented and there discussed with the wisdom that I know this honorable body on both sides could contribute towards it. But as an amendment to a purely bank bill, with the limitation that is essentially attached to the amendment, it ought not to be presented as an amendment to the bill. The votes against the amendment of many Senators upon the theory that it does not belong to this measure which is now pending and can not receive a proper consideration at this time, will be justified as votes only from their point of procedure, yet, sir, as to the world it will go out as a vote of our policy upon the question of silver or gold or the coinage upon some percentage of either in respect of one metal to the other.

Rather than be misrepresented and have us misunderstood, and the amendment itself receive the rebuff which apparently will be charged against it when the vote is merely a matter of procedure to avoid complicating the measure that is intended to relate only to a system of



banking, I would suggest to the honorable Senators who offer it that they withdraw it as an amendment to the pending bill and withhold it and tender it as an independent measure for the consideration, at a fitting time, of this honorable body, unmarred, unaffected, and unconfused by the situation that now refers as an amendment to the banking bill, to which it is wholly foreign, and which, if precipitated further to the full extent to which it can go, can involve the present measure in such ceaseless debate as to confuse the principal measure on the one hand, mislead the country in the result, and leave us where before America a form of uncertainty will seize the general business and financial mind of America. All this will go to the extent of seriously affecting the credit of the present-day merchantman and more or less greatly impair the revival which we all seek to have, that is just now, as we see it, appearing with the light of a new day and advancing hopefully upon us.

For this reason, therefore, I could not support the amendment because it is foreign to the issue before the Senate and does violence to the consideration of the bill that is now only to be considered as a bank regulation bill. So, sirs, to prevent the vote from being misunderstood and the conclusions from being misconstrued, I rise to suggest, in the observations which Senators have been kind enough to tolerate from me, that the amendment be withdrawn at this time while the bank bill is pending; the silver-coinage amendment to be presented at a proper time, when it can properly have all the issues that are essential to it presented in a fair and just manner, and at such time, as the Senator from Kentucky [Mr. BARKLEY] well alludes and the Senator from Massachusetts [Mr. WALSH] referred, when the question in its largeness can be considered in its full scope, doing complete dignity to the authors of the amendment and complete justice to the great subject it represents.

Mr. WALSH of Massachusetts. Mr. President, we have all been greatly enlightened by the discussion on the subject. I am going to request, in connection therewith, that there be printed in the RECORD an article by Willard De Lue, published in the Boston Sunday Globe of January 22, 1933. The article seeks to deal with the silver problem in a very fair and impartial manner. I think it is a valuable contribution to the able discussion we have had this afternoon.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The article is as follows:

[From the Boston Sunday Globe of January 22, 1933]

FALL IN PRICE OF SILVER IS TRAGEDY TO TRADE OF EAST—WITH THE EXCHANGE VALUE OF THEIR MONEY CUT IN HALF, MERCHANTS OF ASIA CAN NOT BUY—HENCE LOW PRICES—WORLD CONFERENCE WILL BE CALLED TO SEE WHAT CAN BE DONE

By Willard De Lue

This silver problem. * * * Oh, is there a silver problem? Indeed there is, and a mighty serious problem it is, too. The newspapers have been printing stories about it for a couple of years, but probably you've passed them over with no more than a glance. Almost everyone has—that is, almost everyone in this corner of the country, where the silver problem seems to be something extremely remote, something neither important nor dramatic.

But, the fact is that the silver problem—the present all-time record low price of the metal in world bullion markets—has the world at its wits' end. Economists are pretty well agreed that it has been a major influence in the business depression. Something must be done to get silver back onto its feet again.

Both the Democratic and Republican parties made silver a subject for platform discussion in the last campaign. President-elect Roosevelt promised to call an international conference on the matter. "This I promise to do without delay or evasion when I go to Washington next March," he told an audience at Butte, Mont. President Hoover, speaking of the coming world economic conference, said: "I made it a condition of our acceptance that the whole silver question should be put in the agenda and that it should be fully dealt with."

HALF OF WORLD AFFECTED

Congress now has several silver proposals before it for consideration. The legislatures of a dozen States have demanded action. Organizations by the score, including the American Federation of Labor, have joined in the plea that "something be done about silver."

Obviously, then, something is the matter.

Suppose, for instance, that you had $100 in silver money that you had earned by hard work. Suppose that some fine morning you awoke to discover that your silver, instead of being worth $100, was worth only $40. Naturally you'd feel a bit peeved, to put it mildly—and you'd be a little more than peeved if you discovered that this drop in the value of your wealth was caused, not by the operation of any obscure laws of economics, but by the direct legislative action of various nations of the world.

Something of that sort has hit half the people of the world. The millions in China, India, and other Asiatic countries, where silver has been a common standard of wealth for thousands of years, discovered a couple of years ago that their wealth—their purchasing power—had been cut more than in halves.

Silver metal, which for many years has been worth somewhere between 60 and 70 cents an ounce in terms of American currency, began to drop in value in 1926. It kept on dropping, though very gradually, until 1929, when it began a high dive that became climactic in 1930; in December of that year silver fell to 32 cents. Since then it has fallen even lower, with spasmodic variations in price. It is now worth only twenty-five and a fraction cents an ounce. A few months ago it was down to its all-time-record low of close to 24 cents.

ONCE REPRESENTED SOLID WEALTH

The effect of this tumble was world-wide. Its significance can't be grasped unless you keep always in mind the fact that the wealth of the Asiatic peoples has, from time immemorial, always been in the form of silver.

Instead of putting their savings into stock certificates or into banks, the masses in India and China and their neighbors always have put it into silver—good, hard silver—which they regarded as being something that time or business fortune could not materially rob of its intrinsic worth. This silver was, some of it, in the form of coins. Much of it, millions and millions of ounces of it, was in the form of bangles and necklaces, trinkets, statuary, and other religious articles, either carried on the person or hidden in or near the homes.

It represented, to them, solid wealth. If times were good with them, they could produce it for the purchase of little luxuries; if times were hard, they could produce it for purchase of the necessities of life.

But now, by the fall in the silver price, these little family fortunes have been robbed of half their value. The economy of half the world has been knocked into a cocked hat.

"In all calmness and deliberation," said Senator BORAH a few weeks ago, "I consider that the action of the international bankers in demonetizing silver and virtually destroying the purchasing power of over 800,000,000 people was one of the most brutal acts ever committed in modern history."

LOOKING CLOSER AT HAND

Mr. BORAH, when he said this, was speaking of the peoples of the East. But in his mind's eye he was looking closer at hand; looking upon his fellow citizens in the States in the silver-mining region. For the low market value of silver has hit the mining industry. While it is true that, in this country, much of the silver is a by-product of lead and other mining operations, it still has counted as a material source of mine revenue.

Its fall in price (coupled with a decline in demand for other metals, due in a measure to the world chaos which the silver slump helped to cause) has intensified mine shutdowns, with attendant unemployment and hardships. And the high-content silver mines in other parts of the world, which have been even harder hit by the slump, represent the investment of large amounts of American capital which now is not earning its salt.

World production of silver dropped from 244,000,000 ounces in 1930 to 195,000,000 ounces in 1931, with a further decline last year. The production in the United States fell from 50,000,000 ounces in 1930 to 31,000,000 in 1931.

Mr. BORAH, when he spoke, was thinking also of the Pacific States, where trade with the Orient is a big business item. Here the crippled buying power of the oriental peoples has resulted in heavy trade losses and a consequent deepening of the depression. The drop in our exports to China was from $166,000,000 in 1928 to only $114,000,000 in 1931—a loss of $52,000,000. And our imports from China fell in the same period from $156,000,000 to $73,000,000—a loss of $83,000,000.

While it has been suggested that the falling off in China's purchases from us is rather a result of internal disorders than of low silver, Julian Arnold, our commercial attaché at Shanghai, has declared that this is a false premise. War ordinarily makes no big difference in China's trade machinery. "The low value of silver," he says, "is more of an important factor."

LESS USED FOR MONEY

Why was it that silver took such a terrible drop in value?

Chiefly, as has been said, through legislative action.

Normally the world production of silver keeps pretty close pace with the world demand. There is no glutting of the market. Consequently the silver price (barring the abnormal war and post-war years) has ridden along on a fairly even keel, without violent fluctuation.

But in 1920, following a lead by Great Britain, most of the European and South American countries (and also Mexico) began a process of either debasing or demonetizing silver currency. Debasing meant that they reduced the amount of silver in their silver coins. Demonetizing meant that they stopped, in part or in whole, making silver coins, and issued paper money instead.

In either case, less silver was used by the governments. And on top of that, the obsolete coins were melted down and, along with reserve stocks of silver in the treasuries, were dumped on the public market. Thus the demand for silver was reduced and the supply was increased.

This brought the price of silver down from extraordinarily high war levels, but it had no serious effect on world affairs.

CHINA THE HARDEST HIT

But in 1926 India revamped her financial system and went on a gold standard. Without going into puzzling detail, this great silver-buying country found it necessary to dispose of her treasury supply of silver in order to buy great quantities of gold in order to maintain the gold value of her currency. She began to dump this silver into the market in increasingly large quantities year after year—selling most of it to China, which previously had been a great market for the newly mined metal.

To cap the climax, in 1930 French Indo-China went on a gold standard. She, like India, dumped another mighty store of silver into the bullion market.

Between the public sales due to demonetization or debasing of silver, and sales by India and Indo-China, about 400,000,000 excess ounces of silver—second hand silver, if you please—were thrown into the market from 1920 to 1930. This was pretty nearly as much as the mines normally produced in two years.

Naturally, the market could not absorb it. So the price fell. The East was plunged into an economic abyss, and the silver-mining industry was prostrated.

China was hardest hit of all, for with her silver was an absolute standard of value. The values of her coins and paper money were all based upon the actual market value of silver. When silver became unstable all values became unstable. Trade was demoralized, because nobody could say what silver was going to be worth from day to day.

SIMPLY WENT WITHOUT

The buying power of silver, when making purchases from countries on a gold standard, was shot to pieces. Prices skyrocketed. Naturally, nobody was anxious to buy imported goods when it was necessary to pay 2 ounces of silver for what 1 ounce bought before the slump.

Ordinarily this might have led to a development of competitive home industries—something which would not have been so bad, for then China would have been in the market for machinery and other equipment. But here again the low price of silver operated against purchases. Chinese capitalists hesitated to pay the higher price for machine equipment. They would be in competition with those who had bought before them at the lower price. And they would also be handicapped as against any who might buy later on when silver came back into its own again.

So China turned not to competitive home manufactures but to Chinese substitutes for the imported articles. If, for instance, a Chinese farmer discovers that American kerosene comes too high, he can revert to burning his own homemade wood oil, especially since the American market for wood oil (used in paints) has fallen off.

In many cases China simply did without. "When a prospective customer for a tin of California fruit is confronted to-day with a price of $1.40, local currency, as contrasted with 70 cents for the same thing less than a year ago, he naturally will stop to consider his pocketbook before making the purchase." This from our commercial attaché a year or so ago. To-day the can of fruit would cost the Chinese close to $2.

MANY REMEDIES PROPOSED

The exact method, the precise sequence of operations by which the fall in silver influenced the world-wide depression, is something on which economists may differ. But they do point out that the slump in silver was followed by the world-wide drop in commodity prices.

And, as everybody who reads the newspapers must know, the whole world agrees that this commodity-price drop is one of the great economic evils of the day.

"Get the price of silver back where it belongs, restore its buying power and the buying power of 800,000,000 people, and you have made at least a start in jacking up commodity prices," some eminent economists declare.

That, after all, is the immediate silver problem—how to get it back to a more nearly normal, steady price level.

The methods proposed for accomplishing this result are many. They include: (1) Having all the nations start making silver coins again, instead of issuing so much paper; (2) having the nations that debased their coinage restore it to its original silver content; (3) having India and other countries with a silver surplus still on hand agree not to sell silver unless the price is above a certain level to be fixed upon; one figure mentioned is 50 cents an ounce; (4) encouraging the extended use of silver for commercial purposes.

In short, the demand for silver must be maintained and the supply kept at normalcy.

Mr. NORRIS. Mr. President, I believe that Senators, especially those who want to bring about an international agreement in regard to silver, ought to consider very seriously the suggestion made by the Senator from Illinois [Mr. LEWIS]. For various reasons, some of which were given by the Senator from Illinois, the vote on this particular amendment will probably not fully record the favorable light in which it would be voted upon if it were considered independently of the pending bill.

Let me say to those who want to bring about an agreement on silver by the nations of the world that this vote will be taken practically as conclusive by those who are opposed to an international agreement, either in this country or in any other country. There will be built up a hurdle in front of those who are trying so earnestly to bring about that kind of an agreement, an agreement which I would myself very much like to see made.

Mr. President, I have never been and was not one of the advocates of free silver at the time it was agitated quite a number of years ago. However, I think we are confronted with a condition to-day such as has never confronted us before, not even during the World War. I listened with the greatest attention and interest to the very eloquent argument made by the Senator from Pennsylvania [Mr. REED] against the pending amendment. I want to say before I discuss his argument that I concede to him full sincerity and honesty in the belief which he advocated. He may be entirely right. But when he closed he left me, as I told him privately, without any hope.

The Senator from Pennsylvania called attention to the three methods proposed to bring about relief from the depression by financial legislation, one by the issuance of a larger amount of paper money upon the gold reserve, another one by free silver such as the pending amendment proposes, and the third method to change by law the gold content of the gold dollar. He condemned every one of them with a severity that left not a leg for any one of them to stand on. Each one of them, according to his argument, would bring disaster if enacted into law. All were condemned. It may be that the advocates of each one exaggerates the benefits that might come from them. It may be that they would all be failures.

But it seems apparent to me, as I believe it is to a majority of the American people, that unless we have some remedy, disaster is bound to come. Our people are unemployed by the millions. They are starving by the millions. We have been getting in a worse condition daily, from day to day. I believe it can be safely said, so far as finances are concerned, that the much beloved gold standard has been a failure. Unless some remedy shall be provided, I can see nothing but ruin ahead of us. I say that measuring my words. I very much dislike to say it, and yet everybody knows it, and privately all are discussing it.

So it seems to me, I should like to say to my friend from Pennsylvania, in whose judgment I always have the greatest confidence and whose wisdom nobody doubts, that when the different remedies are proposed one by one he knocks them down, and, from his point of view at least, demonstrates that a given remedy which is proposed would bring ruin to our country and our civilization. So he removes each one of them, and we are left helpless.

Are we going to confess our helplessness? Is the American Congress in such a condition that it is going to admit there is no solution for the existing difficulty? It may be that there is not, but if all remedies which are proposed are refused, then, unless we are willing to admit that there is no remedy and that destruction awaits us in the near future, we ought to propose some other remedy. If the remedy now suggested will not work, let us have one that will work, or let us put our arms around each other and go down to death, ruin, and destruction together, and admit our inability to meet the conditions.

I do not like the remedy proposed by this amendment, Mr. President. Under ordinary circumstances, I would not support it. I had rather take either one of the other two remedies that have been suggested. At least one of them, it seems to me, would be practical, and I feel that we are perhaps somewhat in the position of a drowning man grasping at a straw. I do not see how this particular proposal would work; but it is conceded, I think, that it would cheapen the dollar, and I want to do that. I believe we must make it easier for those in debt to pay what they

owe. Many of them, indeed, millions of them, are in a condition for which they are not responsible, and millions of others are in a condition for which they are only partially responsible. The difficulty has come, as I see it, to a great extent, from our much beloved gold standard, our measuring yardstick, which is like a rubber string which changes its length. The farmer who has a mortgage on his farm, now due, which he is struggling to pay, is confronted with the condition that he can not pay it in the same kind of a dollar that he got when he gave the mortgage. If he gave a mortgage for a thousand dollars on his farm when wheat was worth a dollar a bushel he is now compelled to pay it with wheat which is worth less than 25 cents a bushel.

The very statement—and it is not exaggerated, but is conservative—shows that, so far as that farmer is concerned, he is confronted with an absolute impossibility. His mortgage can not be paid; he can not pay the debt. He will not pay it because he can not pay it.

What happens? He loses his home. It is not sufficient for us to say that the farmer ought not to have given the mortgage; perhaps he ought not to have done so; it may be he was unwise when he did it; many such farmers were, I know; but that farmer when he gave the mortgage did not know that the gold standard—the beautiful gold standard—was going to change. He did not know that the yardstick that measured the money when he got it was going to be of a different length when he paid it back. But that is the condition.

It is said while this proposed remedy might help the debtor—and the same criticism could be made of any of these remedies—it would be an injury to the creditor. In the first place, let us look at that from two angles. Suppose it would hurt the creditor; the creditor had better get something than to push this thing on over the precipice and get nothing and go to destruction with the rest of the unfortunates, because the creditor, too, will go along if destruction shall come; but it would not be as great a hardship for the creditor as we often imagine. Using the same illustration of the farmer who gave a $1,000 mortgage when wheat was worth a dollar a bushel, he was in reality getting credit that bought wheat. One can not eat money; one can not wear gold; one can not burn it for fuel; it is no good except as a medium of exchange.

If the farmer who borrowed a thousand dollars with which he bought a thousand bushels of wheat tenders back the same amount of wheat that the gold represented when he got it, the creditor has not been hurt very much; he has got, so far as goods are concerned, just what he loaned the farmer when the mortgage was made, and in the meantime, during the period of the loan, he has been paid interest regularly. So he is not so greatly injured after all. It is the same with every other method that makes the dollar cheaper. The dollar was cheaper once. It has been made more valuable, not because the men who borrowed money wanted it to be more valuable, but, in spite of their efforts, it has been made so by other people and by methods over a majority of which, perhaps, nobody had any control; but it brought the evil that confronts us, and, so far as I am concerned, I would rather preserve our civilization and our country and adopt a remedy which under normal conditions I would not accept than to turn it aside and adopt none.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield.

Mr. LONG. I wish to ask the Senator a question. I realize my own ignorance of the money question, and I am pretty well convinced that I am not more ignorant of that question than are some other Members of this body; but does not the Senator think that fundamentally we are going to have to provide that a greater share of the wealth of this country shall be distributed in the hands of the people, regardless of what we do about the regulation of the currency?

Mr. NORRIS. Yes, sir; I do most emphatically, but that question is not involved here. The Senator knows, and I presume all Senators know, that, right or wrong, I am an advocate of an inheritance tax that would go farther than any that we have ever adopted. I believe while we are confronted with an emergency, and we are particularly interested in emergency legislation such as that now pending, that, nevertheless, we will never have permanent happiness and prosperity until we shall impose an inheritance tax that will make it impossible for the huge combinations of wealth and fortunes to exist and be passed on from one generation to another. I am not going to argue that question now, Mr. President, but I think it can be demonstrated, even if I do not have the ability to do it, that such a law would not be unjust or unfair and would bring with it no suffering and no unhappiness. It does seem to me, however, that the vote on the pending question is going to be misunderstood. I understand that Senators on the other side are pledged—I hope they are, and I want to help them to get it, so far as I can in my weak way—to an international agreement. I think that would go a long way toward solving the silver difficulty; and it seems to me, in order to prepare for that and to make as good a showing as possible, we ought not to go before the world with the small vote that this amendment is going to get.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Montana?

Mr. NORRIS. I yield.

Mr. WHEELER. For two or three years we have been talking about relief legislation. Over a year ago I introduced into the Senate the bill which I am now offering as an amendment, but we have never been able to secure a vote on it up to the present time, and this is the only opportunity that we are going to have to secure a vote on it.

I was not particularly anxious to offer it as an amendment to this bill, but I am anxious to have it before the people of this country and to have a vote on it. If I could have assurance from the leaders on both sides that I could get this bill up, and that it would be put on the calender and set down for discussion, I would be perfectly willing to have that done, but I do not see any other way of getting any monetary legislation before this session of Congress unless we offer it as an amendment to some bill of this kind. The idea that some one is afraid to vote for it because of the fact that it is offered as an amendment, it seems to me, will never appeal to the American people who are suffering and who have been suffering for a period of three years, and yet nothing has been done to relieve the situation.

Mr. NORRIS. Mr. President, I have a great deal of sympathy with the ideas expressed by the Senator from Montana. I know that we can not always get bills out as we ought to do, and probably this is one of them. I have a lot of sympathy for the view the Senator takes of it, that he wants to crowd it to a vote, and under any ordinary circumstances I would be glad to have him do that; but I call his attention to the fact that it is not only the American people, as I look at it, that we have to take care of; it is the people of all the civilized nations of the world who are going to look upon this vote as a black eye for silver, and I fear they will turn a deaf ear to our pleadings when we try to have an international agreement which I myself believe is going to be very difficult to obtain, though if we should obtain such an agreement it would probably settle this question for a generation to come.

Mr. KING and Mr. WHEELER addressed the Chair.

The VICE PRESIDENT. Does the Senator from Nebraska yield; and if so, to whom?

Mr. NORRIS. I yield first to the Senator from Utah, who, I think, rose first.

Mr. KING. The Senator will pardon me, I hope, for expressing in the form of an interrogation, if I may do so, a little dissent from his view with respect to the probability or impossibility of obtaining an international conference.

I think the Senator exaggerates the difficulties that will be encountered in obtaining an international conference.

Mr. NORRIS. I hope I do.

Mr. KING. May I say that Great Britain has called an international economic conference and the preliminary committee have recently met in Geneva and, as a part of the agenda, have provided for a consideration of the silver question. I am afraid, however, that they do not go far enough; and perhaps that conference, which is more concerned with what might be denominated pure economic questions, will not give the attention to silver which they should.

This, however, is what I started to say. There are many evidences of a tremendous awakening in Europe, as well as in Asia, in behalf of the remonetization of silver.

I have upon my desk a manifesto, signed by 20 or 30 of the leading statesmen, bankers, and publicists of Great Britain, in favor of an economic conference and in favor of an agreement for making silver a part of the monetary system of the world. I believe that if the economic conference called by Great Britain does not result in an agreement for the restoration of silver to a proper monetary status, the conference which Mr. Roosevelt will call—and he is pledged to do so under the Democratic platform—for the rehabilitation of silver, a conference to be called to meet in the United States, will eventuate in the rehabilitation of silver. That conference will be attended by representatives of the leading commercial nations of the world, and out of that conference will come an agreement that will give to silver the high standing which it had anterior to its demonetization by some of the nations of the world.

Mr. NORRIS. I hope that is true, Mr. President; but I want to say to the Senator, as I look at this money question, that I do not care whether it is gold, or silver, or what not. I am not married to any standard. The ideal standard would be one that never varies in its commodity value. We have not such a commodity, so far as I know. I should not hesitate to give up the gold standard if I thought I could get a better one. I am one who believes that it is a difficult thing to have a double standard, because it is always difficult to keep parity; but I would not have any objection to a silver standard if it did the work.

Mr. WHEELER. Mr. President——

Mr. NORRIS. I yield to the Senator.

Mr. WHEELER. This talk about an international agreement has been going on for a long time. For almost 30 years those who have been opposed to the remonetization of silver have talked about an international agreement. The only difference between the Democratic Party and the Republican Party in 1896 was that one of them was for independent bimetallism, and the other was for an international agreement. All during this period of time we have had nothing but talk about an international agreement.

I am in accord with the views of Will Rogers when he says that the United States Government never lost a war and never won an international conference, and I am perfectly sure that any international conference we have with reference to the remonetization of silver will be lost in exactly the same way that we have lost all others.

Mr. NORRIS. If that is true, there will not be any hope for silver, Mr. President.

I realize the truth of what the Senator said about an international agreement having been agitated for so many years and never having accomplished anything. That is true; but a whole party that is the dominant party is going into power in a few weeks, and the incoming President is pledged to call an international conference. I have not any more doubt about his calling that conference than I have that I am here in the Senate now. I have not any doubt about his calling it in good faith, and that he is in earnest about it; and that is more than can be said about a lot of these conferences that have been called in the past.

Mr. WHEELER. Mr. President, if the Senator will pardon me——

The VICE PRESIDENT. Does the Senator from Nebraska further yield to the Senator from Montana?

Mr. NORRIS. Yes.

Mr. WHEELER. I have not any doubt about the good faith of Governor Roosevelt with reference to calling an international conference. I have implicit confidence in that; but I have not any confidence whatsoever that those across the water who are profiting by keeping us on the gold standard, and by being off the gold standard themselves, will ever agree in an international conference to let us out of the hole that they have us in at the present time.

Mr. NORRIS. That may be true. I can not dispute that.

Mr. WHEELER. For instance, if we pick up the New York Times we see that there has been talk about getting back on the gold standard, and there have come from England statements to the effect that they will not enter into any agreement to go back on the gold standard because it is to their economic interest to remain in the position where they are. They can undersell us in the world markets, and yet at the same time as a manufacturing nation they can get their raw materials cheaper than they can when they are on the gold standard.

Mr. NORRIS. Mr. President, just a few words in closing.

What the Senator from Montana says is true; but I do not want to be an instrumentality here—and I know nobody else does, either, but I am afraid action is going to be taken that will put us in that light—I do not want to be an instrumentality of in any way hindering or making more difficult the calling and holding of an international conference by any action that we take here. I do not want to hamper the new President in any way; he is going to have a difficult task. It may prove to be a failure, but I do not want to add here, by a ridiculously low vote on the silver question in the Senate, to what I believe would be used with great effect as an argument against the consummation of any international conference on silver that gave any hope of success.

Mr. WHEELER. Mr. President, if the Senator will pardon me again——

The VICE PRESIDENT. Does the Senator from Nebraska further yield to the Senator from Montana?

Mr. NORRIS. Yes.

Mr. WHEELER. Of course, if everybody takes the position that he does not want to vote for the remonetization of silver because of the fact that he is afraid an adverse result would hurt an international conference, then there is no hope of its being done.

Mr. NORRIS. Let me say to the Senator that I am going to vote for it; and I am moved in part by my theory of the argument I have made. I want to make as good a showing as possible, and I might vote for the proposal on a final test if it had full sway. I am willing, on this question of trying to cheapen the dollar, which I believe is a necessity in getting out of this depression, to vote for things that I would not support under other conditions, that I would not have supported at a time when I thought they were not necessary to save the very life of our civilization. I believe something must be done; and I would rather even experiment than to do nothing, and go down saying that we are helpless and that we are confronted here with a condition that we can not do anything to help.

Let me say to the Senator that this amendment is going to be defeated anyway. As nearly as I can find out, it is going to get a relatively small vote. If it could be passed, if it could go over the veto that would await it when it got to the White House, we would be confronted, perhaps, with a somewhat different proposition.

I think this discussion has been valuable. I am not one of those who believe that the time this discussion has taken has been lost. I think if some of these other propositions were discussed more, it would be of some benefit. It might help us to get together on some remedy to pull us out of the morass that we are in. We can not pass it, however, and the bill would not be signed if it were passed; so that the only benefits coming out of it will be the debate and the

discussion that takes place here. That has always been beneficial; but the injury that I am afraid is going to come, and that will be there when the conference is called, will be the vote.

Mr. LEWIS. Mr. President, I desire to ask a question of my friend, the Senator from Montana [Mr. WHEELER]. Upon hearing him state that for nearly a year he has been pressing this measure, anxious to get both audience and action, and, as I have addressed the Senate on the theory that it ought not to be pressed as an amendment to the banking bill lest it should not receive proper consideration, and many votes might be cast against it merely because Senators feel that it should not be appended to this bank bill, and thus be misconstrued as an expression against his bill, I ask the Sentor from Montana whether, during this year of which he speaks, the Senator has been pressing this bill before some appropriate committee?

Mr. WHEELER. Before the Finance Committee.

Mr. LEWIS. Has it been acted upon in any way?

Mr. WHEELER. It has not been acted upon. They have taken no action.

Mr. LEWIS. It has received no report from any committee, nor any action from any committee?

Mr. WHEELER. No.

Mr. LEWIS. I thank the Senator.

Mr. WHEELER. I desire to say, if I may, in further answer to the question, that I did not think it ought to be necessary for Democratic Senators to have long hearings on the subject. The Democrats of the Nation have been committed to independent bimetallism by convention. It was the money of our forefathers. While there has not been any discussion about it, I assumed that when the Democrats went on record for independent bimetallism in 1896, they meant what they said; and the world conditions at the present time, and conditions in this country indicate that it is so much more important at the present time than it was in 1896, and it could do so much more good at the present time, that it is inconceivable to me that Democrats who supported it in 1896 would not readily support it at the present time.

Mr. BLAINE. Mr. President, it had not been my intention to engage in this debate in connection with the amendment offered by the Senator from Montana [Mr. WHEELER]; but a great deal has been said here this afternoon in connection with the question of inflation, and what effect it may have upon the country, and what influence it may have upon the trend of economic affairs here and abroad.

Mr. President, I have observed that there have been many suggestions as to various types of inflationary measures. For instance, last year we passed the Glass-Steagall bill. That was alleged to be a mild inflationary measure. Then, following the passage of that bill, we passed the Glass-Borah amendment to the home loan act authorizing the issuance of national-bank notes against United States bonds, making additional bonds eligible for that purpose—as I recall, bonds drawing a rate of interest not exceeding 3⅗ per cent per annum. It was contended at that time that that measure was a mild inflationary proposal.

When it was proposed the other day to extend the time for the operation of the Glass-Steagall Act, I made an inquiry of the Senator from Virginia [Mr. GLASS] as to the amount of Federal reserve notes that had been issued under authority of that act, and also the amount of national-bank notes that had been issued under the authority of the amendment to the home loan act. The Senator from Virginia was not informed at that time, but suggested generally that the amount of national-bank notes that had been issued under the authority of the act to which I have called attention was about $150,000,000, and that the Federal reserve banks had purchased about a billion dollars of Government securities.

Then, following that colloquy, the Senator from Oklahoma [Mr. THOMAS] read what purported to be, and I understand to be, a report from the Treasury Department which showed that the total outstanding currency on January 1, as I recall, was $57,000,000 less than the year before, or at least before the passage of the Glass-Steagall Act and the act authorizing the issue of national-bank notes. Therefore, we have had a complete demonstration of the fact that neither one of those acts was in any degree inflationary, or at least they did not produce a greater flow of currency.

Mr. GLASS. Mr. President, will the Senator yield to me?

Mr. BLAINE. I yield.

Mr. GLASS. I tried to indicate to the Senator on that occasion that in the purchase from the banks of nearly a billion dollars of Federal securities, it was not necessary for the Federal reserve banks to issue currency, that it was largely a bookkeeping operation. They simply released the member banks in large degree from their indebtedness to the Federal reserve banks, enabling them thereby, if they desired to do so, and business demands suggested to them to do so, to discount commercial paper to that extent.

Mr. BLAINE. Mr. President, I am aware of the accuracy of the statement of the Senator from Virginia. The only point I desired to emphasize was the fact that neither one of the two measures to which I called attention actually produced any inflation; and if we are to take as a standard of inflation or deflation the amount of currency in circulation, there was, in fact, a deflation in that currency.

Then there was the proposal known as the Goldsborough bill. That was intended to promulgate a system of controlled inflation under the authority of the Federal Reserve Board. That bill passed the House but did not pass the Senate. However, the Goldsborough bill as it was passed by the House and designed by the author and those supporting the Goldsborough bill did not become a law.

Now comes the possibility of another inflationary measure involving bimetallism, the use of silver as a medium of exchange on the basis of 16 to 1. I shall not discuss that measure in any respect, except to suggest that it would introduce into our monetary system another commodity which would be subject to fluctuation and, in my humble opinion, might cause us more difficulty than a single standard of monetary measurement, at least more difficulty unless we could have an international agreement for the adjustment of exchange.

Mr. President, there has been another suggestion for inflation, that is, the devaluation of the gold dollar, reducing the gold content of the gold dollar. I am not informed as to the amount proposed to be deducted in grains. Anyway, it is for the reduction of the amount of gold in the gold dollar. That is promoted on the theory that it will mean inflation of the currency or provide a larger medium of exchange.

I can not see wherein that proposal would be of beneficial effect, unless it were accompanied by other measures which would guard us against dangers which would be bound to come upon the country if that sort of inflationary measure were adopted. It would seem to me that if we are to embark upon that character of inflation, it would be necessary for the Government of the United States, through the President of the United States and the Secretary of the Treasury and the Federal Reserve Board, exercising the powers they may now have, to impound all of the domestic gold there is, impound it in behalf of the Government of the United States, or that gold will find its way to the pockets principally of the banks which have the opportunity to gather the gold.

Mr. President, it has also been suggested, in connection with that proposal, that to avoid the difficulties into which it would surely bring us respecting debentures, bonds, and securities which are payable in gold coin of the weight and fineness provided by law, there should be imposed a tax equal to the amount of the difference between the gold in the devalued dollar and the gold in the present dollar, payable upon collection of the gold due on bonds, notes, and securities, whether issued by private individuals, corporations, or the Government of the United States.

Mr. President, I am not going to discuss that proposal further. I am simply throwing out the suggestions for the purpose of discussing briefly what, in my opinion, will be the result of any inflationary measure which involves the ques-

tion of gold. I am not speaking now of inflationary measures respecting a system of controlled currency, but inflationary measures which involve the question of gold in the gold dollar.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. BLAINE. I yield.

Mr. HARRISON. I merely wanted to ask the Senator having this matter in charge whether he intended to have the Senate run on to-night, or what the program was. There are several Senators here inquiring about it.

Mr. BLAINE. Mr. President, will not the Senator withhold that inquiry? I am not going to occupy the floor very long.

Mr. HARRISON. I wanted to see if we could get together on some agreement.

Mr. BLAINE. If the Senator will withhold his inquiry, I will much appreciate it.

The VICE PRESIDENT. The Senator declines to yield at this time.

Mr. BLAINE. I will endeavor to be very brief. I desire to confess at the outset that I have not gone into the legal question involved with the thoroughness to which I would like to subject the proposition, but I want to set forth what I think are well-known and familiar rules of constitutional construction and the powers of the Congress and the inhibitions upon Congress respecting this question.

I am convinced, so far as I am personally concerned, that Congress has not the power to violate a contract, whether a contract entered into on behalf of the Government and a private party, or a contract entered into between private parties. I am convinced also that, while the Congress has been granted the power to coin money, regulate the value thereof, and of foreign coin, and to fix the standard of weights and measures, that power does not justify the Congress in violating a contract when it exercises the power to determine the kind of money we shall have, whether it is coin or currency, that is, specie or paper money, nor has it that power in the regulation of the value of that money, nor has it that power in fixing the standard of weights and measures to impair the obligation of any contract which provides for payment of specifically defined coin dollars.

Of course, the legislative power of the Congress of the United States goes no further than that granted to the Congress by the Constitution, and the Congress is bound by other provisions of the Constitution to respect certain guaranties. I call attention to article of amendment No. 5:

> No person shall * * * be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use without just compensation.

That is an inhibition on the legislative branch of Government. It is analogous to the inhibition on the several State legislatures, in my opinion, and I want to review, just briefly, some of the authorities on this proposition generally.

While the Congress has the right to coin money, determine the kind of money, and fix the value thereof, yet it has no right, under that power, to violate a contract. There is reserved to the States of the Union the police power, under which the States, not the Congress, will determine the law of contracts. But if a contract provides for payment in coin, that contract can not be violated by State legislation. Obviously the Congress of the United States has no grant of power respecting that character of contract.

Then there is another character of contract, a contract for the sale of something, it may be a commodity or it may be service, providing that payment therefor shall be made in some particular commodity, for instance, wheat, tobacco, copper, silver, nickel, aluminum, or any other commodity. State legislation can not violate that contract, and it is obvious that the Congress of the United States has no power in the premises.

Another character of contract, by way of illustration, is a contract for services or commodities providing for the payment thereof in gold or silver coin. The States can not violate that contract. Neither can the Congress of the United States violate that contract. It is an enforceable contract, and the payment must be made as agreed.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from New York?

Mr. BLAINE. Certainly.

Mr. WAGNER. May I suggest to the Senator if there is not something to the proposition that when one makes a contract he has constructive if not actual notice of the fact that the Congress has the right to exercise that power?

Mr. BLAINE. The answer is that Congress never attempted to exercise any such power in connection with the matter I am discussing or in connection with the matter upon which we are legislating. I doubt if Congress has that power. That power is reserved to the States. That is a police power. The Congress can not determine the law of contract. I think the Senator's question will be answered in the course of my remarks.

There is another character of contract to which I was about to refer, and that is a contract for a commodity or service, the payment for which is to be made in gold of the weight and fineness then provided by the law of the Congress. The States have no power, of course—that goes without argument—to violate that contract. Neither has the Congress of the United States any power to violate that contract under its grant of power to coin money and to fix the value thereof. In other words, the law of contract is a police power especially reserved to the States of the Union and over which the Congress has no power whatever. That is definitely determined in the Legal Tender cases.

Congress may define what is money, what shall be the standard of value for the payment of all public and private debts. The Congress has that power, but that power does not go to the extent of violating an express contract between private parties or between the Government and a private party. In the absence of an express contract, the party to discharge the obligation, to make the payment, may make a tender in any lawful money of the United States, any money by the Congress declared to be lawful money. But when a contract has a specific, definite form of payment to be made, that kind of a contract is to be interpreted by the laws of the respective States, the State in which the contract was executed and can not be controlled, limited, or expanded by any act of Congress acting under the power to coin money or to fix the value thereof. That doctrine applies with equal force to contracts made by the Government of the United States with private parties. The Government can not violate such contracts.

I have not familiarized myself with the specific provisions of law respecting all the forms of money authorized by the Congress. We have greenbacks, we have silver coins, we have United States Treasury notes, we have Federal reserve notes, and national-bank notes, and Federal reserve bank notes. They are all money. They are all lawful money for the payment of private and public debts. I think most of them are by the law made legal tender for the payment of excise taxes and customs duties.

The Congress has the power in that respect; but when it comes to the question of a contract, the Congress has no power by its declaration to provide that a contract shall be payable only in a particular specified coin or currency; at least there is no such provision in the present law, and Congress has never attempted to assume such power.

In justification of these general observations I want to point out that in the case of Union Pacific Railroad Co. against the United States and in the case of Central Pacific Railroad Co. against Gallatin, known as the Sinking Fund cases and reported in Ninety-ninth United States Reports, page 718, Mr. Justice White delivered the opinion of the court, in part as follows:

> The United States can not, any more than a State, interfere with private rights except for legitimate governmental purposes. They are not included within the constitutional prohibition which prevents States from passing laws impairing the obligation of contracts, but equally with the States they are prohibited from depriving persons or corporations of property without due process of law.

That is the due process of law guaranteed under the fifth article of amendment to the Constitution.

I need not quote further from the decision, but the dissenting opinions rendered in the same case more emphatically declare the same doctrine, in brief, that the Congress of the United States has no authority to violate a contract in which the Government is one of the parties. Therefore, if by operation of the law the Government bonds that are outstanding to-day are payable in gold of the weight and fineness provided by law at the time of the issuance of those bonds, there is no act of Congress which, by devaluation of the gold dollar or any other act of Congress, can violate that obligation.

The VICE PRESIDENT. The Senator's 30 minutes on the amendment have expired.

Mr. BLAINE. I will take the balance of the time on the bill. I have not taken any time on the bill.

The VICE PRESIDENT. The Senator has one hour on the bill.

Mr. BLAINE. I desire to review another class of cases, namely, the Legal Tender cases.

Mr. WHEELER. Mr. President, will the Senator yield to me to make a brief statement?

Mr. BLAINE. I would prefer to finish. I am not going to consume a great deal of time.

The VICE PRESIDENT. The Senator declines to yield.

Mr. ASHURST. Mr. President, if we do not have an understanding now, it will be too late in 5 or 6 or 10 minutes. If the Senator wishes really to accommodate the Senate, he can probably make it manifest that we are not going to vote or that we are, so that we may know where we stand.

Mr. BLAINE. I want to assure the Senator from Arizona that I am engaged in no obstructive tactics.

Mr. ASHURST. I did not so infer.

Mr. BLAINE. I am undertaking a debate which I believe is legitimate. I have always accommodated the Senate. I appreciate that when a time is fixed, as may be proposed in this matter, that concludes my debate upon the proposition and I do not choose to conclude it under those circumstances.

Mr. ASHURST. I would be delighted to stay and hear the Senator, but it would be a great accommodation to many of us to know whether we are going to have to remain until 10 o'clock. That is what I wanted to know.

Mr. MOSES. Mr. President, I thought that was determined yesterday.

Mr. GLASS. Mr. President, I can reassure the Senator of that. We are going to stay here until 10 o'clock.

Mr. BLAINE. I am in perfect agreement with the Senator from Virginia and with the Senator from New Hampshire. I think we ought to stay here until 10 o'clock, or even later if necessary, to transact the business of the Senate.

Mr. President, before the interruption I was discussing the Legal Tender cases. After all, the Legal Tender cases largely consist of the case of Knox against Lee, reported in Twelfth Wallace, page 457. The opinion written by Mr. Justice Strong is very voluminous, but as a matter of fact the whole case is stated in the syllabus. The first section of the syllabus is immaterial to a discussion of the question.

The second section of this opinion overruled the opinion in the case of Hepburn *v.* Griswold (8 Wall., 603) on the point only that—

> The acts of Congress, known as the legal tender, are constitutional when applied to contracts made before their passage.
> 3. They are also valid as applicable to contracts made since.

In that case, involving what might be termed a damage suit for trespass, in an action to recover the value of certain sheep, an effort was made to prove the difference between the then value or the purchasing power of what was known as the greenback and gold and silver coins. That raised the question that was decided, the single question, and the court held that the legal tender acts were constitutional. I need read but a very few brief excerpts from the opinion. The court held that the legal tender acts were valid as to contracts entered into prior to the passage of those acts, as well as the contracts entered into thereafter, so far as making a tender of the amount due under those contracts was concerned, but particularly limiting the discussion and conclusion to contracts to pay money generally, not to contracts, to pay some specifically defined species of money. I quote——

Mr. CONNALLY. Mr. President——

The VICE PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Texas?

Mr. BLAINE. I yield.

Mr. CONNALLY. That was all that was before the court.

Mr. BLAINE. Exactly.

Mr. CONNALLY. And the court could not decide something that was not in issue.

Mr. BLAINE. But the other matters had been before the court prior to that time.

Mr. CONNALLY. Yes; I know.

Mr. BLAINE. And I will discuss those.

Mr. CONNALLY. But will not the Senator concede that the only thing in issue in the Legal Tender cases was the tender of irredeemable paper money in discharging contracts calling for coin?

Mr. BLAINE. I not only concede it, but I asserted it while the Senator was absent from the Chamber.

Mr. CONNALLY. As soon as I heard the Senator was speaking, I returned to the Chamber; but let me suggest to the Senator that being true, the Legal Tender cases are not authority for anything except the one question that was there involved.

Mr. BLAINE. As to the Legal Tender cases, so characterized, he perhaps is correct, but the Legal Tender cases have antecedents, and the Senator will find that those cases have gone far beyond the question discussed in the case I am now considering.

Mr. CONNALLY. Will the Senator permit one other interruption, and then I shall not disturb him further? This is right on the point, if the Senator will indulge me.

The VICE PRESIDENT. Does the Senator from Wisconsin yield further to the Senator from Texas?

Mr. BLAINE. I yield.

Mr. CONNALLY. Does not the Senator though distinguish between the Legal Tender cases and any other case discussing generally the action of Congress where Congress is acting specifically under a specific grant of power? For instance, in none of those cases was the question presented to the court of a case in which Congress had already undertaken to regulate the value of money. Is not that much stronger than the incidental question raised in those cases?

Mr. BLAINE. I think the Supreme Court has definitely charted the course for the Congress. I merely want to quote a brief excerpt on page 458:

> The argument assumes two things—first, that the acts do, in effect, impair the obligation of contracts, and second, that Congress is prohibited from taking any action which may indirectly have that effect. Neither of these assumptions can be accepted.

Exactly; the assumption was incorrect; the facts do not justify the contention that there was any attempt made by the Congress to impair the obligations of contracts in the first instance. In the second instance, the assumption that Congress is prohibited from taking any action which may indirectly have that effect relates entirely to different contracts and different subjects and not to the question of the constitutionality of the legal tender acts.

So much for that case. I am not going into these matters with a great deal of thoroughness; I merely want to have preserved in the RECORD some information which I believe may be of assistance to those who are considering this character of legislation. I do not refer particularly to Members of Congress; but because there is a general feeling abroad that Congress has the power to declare anything as money and then compel those who have entered into contracts to accept that character of money in payment of the contract, regardless of the terms of the contract, I think the minds of the people ought to be disabused of that thought.

Mr. GLASS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Virginia?

Mr. BLAINE. I yield.

Mr. GLASS. I want to ask the Senator a question merely for information. I was a boy at that time, taking only a boy's interest in current public affairs. Is it or is it not a fact that it was known that the Supreme Court was evenly divided on that proposition and that another member was added in order to get a decision in favor of the legal-tender quality of greenbacks, and that it was universally charged that the court was packed for that purpose?

Mr. BLAINE. That has been intimated. I have directed the attention of the Senate to the fact that that case did not involve primarily the question that confronts us. That case involved only whether or not the party upon whom the alleged trespass was committed could recover a certain species of money. That was the only question at issue in that case, and around and about that question arose the decision that the legal tender acts were constitutional, that is, that greenbacks were made lawful money for the payment of public and private debts. That statement practically covers the scope of the Legal Tender case, but the antecedents to that case were far more important and far more persuasive in connection with the subject to which I have directed my attention.

I will state briefly the facts from the record in the case of Bronson *v.* Rodes, reported in 7 Wallace, page 229:

In December, 1851, one Christian Metz, having borrowed of Frederick Bronson, executor of Arthur Bronson, $1,400, executed his bond for the repayment to Bronson of the principal sum borrowed on the 18th day of January, 1857, in gold and silver coin, lawful money of the United States, with interest, also in coin, until such repayment, at the yearly rate of 7 per cent.

Those were the facts involved in that case, and the court, in considering the subject at some length, discusses the act of 1849 authorizing the coinage of gold double eagles and gold dollars conformable in all respects to the established standards.

I need not review that portion of the decision. I point out that the court said, Chief Justice Chase delivering the opinion, that:

Payment of money is delivery by the debtor to the creditor of the amount due. A contract to pay a certain number of dollars in gold or silver coins is therefore, in legal import, nothing else than an agreement to deliver a certain weight of standard gold, to be ascertained by a count of coins, each of which is certified to contain a definite proportion of that weight. It is not distinguishable, as we think, in principle from a contract to deliver an equal weight of bullion of equal fineness. It is distinguishable in circumstance only by the fact that the sufficiency of the amount to be tendered in payment must be ascertained, in the case of bullion, by assay and the scales, while in the case of coins it may be ascertained by count. * * *

But we need not pursue the subject further.

Says the court:

It seems to us clear beyond controversy that the act must receive the reasonable construction not only warranted but required by the comparison of its provisions with the provisions of other acts and with each other, and that upon such reasonable construction it must be held to sustain the proposition that express contracts to pay coined dollars can only be satisfied by the payment of coined dollars.

So a contract that is payable in gold of a certain weight and fineness, whatever the express terms of the contract may be, can only be paid in gold of that particular weight and fineness; and as I have pointed out, the Congress of the United States has no power over that contract. The law of contract rests with the State sovereignty under the police power of the respective States.

In the same volume of reports, in the case of Butler against Horwitz, page 258, the Chief Justice, delivering the opinion of the court, reviews these propositions. I shall quote but brief excerpts from that opinion:

It was not necessary—

Said the court—

in the case of Bronson *v.* Rodes—

Decided at the same term of court and, I assume, argued at the same term of court—

nor is it necessary now to decide the question whether the acts making United States notes legal tender are warranted by the Constitution. We express no opinion on that point, but assume, for the present, the constitutionality of those acts. Proceeding upon this assumption, we find two descriptions of lawful money in use under acts of Congress, in either of which damages for nonperformance of contracts, whether made before or since the passage of the currency acts, may be properly assessed in the absence of any different understanding or agreement between the parties.

That is, in the absence of an express agreement for payment in a particular species of coin or money, then any money that is declared legal tender by the Congress of the United States may be tendered in satisfaction of that contract and must be accepted; but quite different when the contract provides for the specific payment of a species of coin or particular character of money.

Again:

But the obvious intent, in contracts for payment or delivery of coin or bullion, to provide against fluctuations in the medium of payment, warrants the inference that it was the understanding of the parties that such contracts should be satisfied, whether before or after judgment, only by tender of coin, while the absence of any express stipulation, as to description, in contracts for payment in money generally, warrants the opposite inference of an understanding between parties that such contracts may be satisfied, before or after judgment, by the tender of any lawful money. * * * We are of the opinion, therefore, that under the existing laws, of which, in respect to legal tender, the constitutionality is, we repeat, in this case assumed, damages may be properly assessed and judgments rendered so as to give full effect to the intention of parties as to the medium of payment.

That appears to be perfectly clear.

When, therefore, it appears to be the clear intent of a contract that payment or satisfaction shall be made in gold and silver, damages should be assessed and judgment rendered accordingly.

Mr. President, going back to the case of Knox *v.* Lee—the Legal Tender cases—in Twelfth Wallace, page 549, it is said:

Contracts for the delivery of specific articles belong exclusively to the domain of State legislation, while contracts for the payment of money are subject to the authority of Congress, at least so far as relates to the means of payment. They are engagements to pay with lawful money of the United States, and Congress is empowered to regulate that money.

Mr. THOMAS of Oklahoma. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Kendrick	Robinson, Ind.
Austin	Couzens	Keyes	Russell
Bailey	Dale	King	Schuyler
Bankhead	Davis	Lewis	Sheppard
Barbour	Dickinson	Long	Smith
Barkley	Fess	McGill	Smoot
Bingham	Frazier	McKellar	Steiwer
Black	George	McNary	Swanson
Blaine	Glass	Metcalf	Thomas, Idaho
Bratton	Goldsborough	Moses	Thomas, Okla.
Broussard	Gore	Norbeck	Townsend
Bulkley	Grammer	Norris	Trammell
Bulow	Hale	Nye	Vandenberg
Byrnes	Hastings	Oddie	Wagner
Capper	Hayden	Patterson	Walsh, Mass.
Carey	Hebert	Pittman	Walsh, Mont.
Connally	Howell	Reed	Watson
Coolidge	Hull	Reynolds	Wheeler
Copeland	Kean	Robinson, Ark.	White

The PRESIDENT pro tempore. Seventy-six Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment, in the nature of a substitute, proposed by the Senator from Montana [Mr. WHEELER] to the amendment proposed by the Senator from Louisiana [Mr. LONG].

Mr. GLASS. Mr. President, does the Senator from Wisconsin desire to discuss the question further?

Mr. BLAINE. I have concluded.

Mr. GLASS and Mr. LONG addressed the Chair.

The PRESIDENT pro tempore. The Senator from Virginia.

Mr. GLASS. Mr. President, I rise to move to lay the proposed amendment of the Senator from Louisiana on the table.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. That motion carries with it the amendment proposed by the Senator from Montana [Mr. WHEELER] to the amendment and the question is upon agreeing to the motion proposed by the Senator from Virginia.

Mr. LONG. Mr. President, would I have a right to discuss my own amendment?

Mr. ROBINSON of Arkansas. Mr. President, a motion to table is not debatable.

The PRESIDENT pro tempore. The point of order is sustained. The question is on agreeing to the motion proposed by the Senator from Virginia.

Mr. GLASS. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HEBERT (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. NEELY]. I transfer that pair to the senior Senator from California [Mr. JOHNSON], and vote "yea."

Mr. KING (when his name was called). I have a pair with the junior Senator from California [Mr. SHORTRIDGE]. Not knowing how he would vote, I withhold my vote.

Mr. SWANSON (when his name was called). I have a pair with the senior Senator from Illinois [Mr. GLENN], which I transfer to the junior Senator from Mississippi [Mr. STEPHENS], and vote "yea."

The roll call was concluded.

Mr. SHEPPARD. I desire to announce that the senior Senator from Maryland [Mr. TYDINGS], the senior Senator from Mississippi [Mr. HARRISON], and the junior Senator from Mississippi [Mr. STEPHENS], if present and not paired, would vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Maryland [Mr. TYDINGS];

The Senator from Minnesota [Mr. SCHALL] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Iowa [Mr. BROOKHART] with the Senator from Missouri [Mr. HAWES]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Mississippi [Mr. HARRISON].

I am advised that the Senator from Iowa [Mr. BROOKHART] and the Senator from Minnesota [Mr. SHIPSTEAD] would vote "nay" if present.

Mr. SHEPPARD. The senior Senator from Washington [Mr. DILL] is necessarily absent. If present, he would vote "yea."

Mr. McNARY. I desire to announce the unavoidable absence of the senior Senator from Idaho [Mr. BORAH]. If he were present, he would vote "yea."

I desire also to announce the unavoidable absence of the senior Senator from California [Mr. JOHNSON]. If he were present, he would vote "yea."

Mr. HOWELL. I have a pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. COSTIGAN (after having voted in the negative). I had a pair with the junior Senator from Connecticut [Mr. WALCOTT], but it was my understanding that that Senator was in the Chamber; hence I voted. In his absence, it will be necessary for me to withdraw my vote. If permitted to vote, I should vote "nay."

Mr. DAVIS. I transfer my pair with the junior Senator from Kentucky [Mr. LOGAN] to the senior Senator from Idaho [Mr. BORAH], and vote "yea."

The result was announced—yeas 56, nays 18, as follows:

YEAS—56

Austin	Coolidge	Hatfield	Reed
Bailey	Copeland	Hayden	Robinson, Ark.
Bankhead	Couzens	Hebert	Robinson, Ind.
Barbour	Dale	Hull	Smoot
Barkley	Davis	Kean	Steiwer
Bingham	Dickinson	Kendrick	Swanson
Black	Fess	Keyes	Thomas, Idaho
Bratton	George	McKellar	Townsend
Broussard	Glass	McNary	Trammell
Bulkley	Goldsborough	Metcalf	Vandenberg
Byrnes	Gore	Moses	Wagner
Capper	Grammer	Oddie	Walsh, Mass.
Carey	Hale	Patterson	Watson
Connally	Hastings	Pittman	White

NAYS—18

Ashurst	Long	Reynolds	Thomas, Okla.
Blaine	McGill	Russell	Walsh, Mont.
Bulow	Norbeck	Schuyler	Wheeler
Frazier	Norris	Sheppard	
Lewis	Nye	Smith	

NOT VOTING—22

Borah	Fletcher	King	Shortridge
Brookhart	Glenn	La Follette	Stephens
Caraway	Harrison	Logan	Tydings
Costigan	Hawes	Neely	Walcott
Cutting	Howell	Schall	
Dill	Johnson	Shipstead	

So Mr. LONG's amendment was laid on the table.

Mr. GLASS and Mr. LONG addressed the Chair.

The VICE PRESIDENT. The Senator from Virginia.

Mr. GLASS. Mr. President, I want to proceed now with the consideration of the pending bill. We have wasted eight hours to-day; and when that was begun, we were considering the provision of the bill relating to the liquidating corporation. I yield to the Senator from New Jersey to offer his proposed amendment.

Mr. KEAN. Mr. President——

The VICE PRESIDENT. The Senator may not do that, but the Chair recognizes the Senator from New Jersey.

Mr. KEAN. Mr. President, I offer the following amendment.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. The Senator from New Jersey proposes on pages 16, 17, and 18, to omit subdivisions (e), (f), and (g) of section 12 B.

Mr. KEAN. Mr. President, I offer this amendment because I have proven, I think, that the Federal reserve banks are easily able to pay the amount of money necessary to carry on this corporation, and I can not see why the member banks should be assessed against their will to create a corporation to take up badly managed banks over which they have no control, while the Federal reserve bank has the control. It has the examiners, it has all the machinery to inspect the banks, and therefore it ought to be responsible. If a bank fails, they are the people who ought to take it up and pay the depositors a proportion of the money according to the assets.

In addition to this, I believe this is the way the Federal Reserve Board said they wished to have the matter carried through.

Mr. LONG. Mr. President, I undertook to get the floor to discuss my own amendment, but the Senator from Virginia had entered into a voluntary unanimous-consent agreement that no Senator on this floor should discuss any amendment longer than 30 minutes. I had offered an amendment to the bill which had been discussed all day long, particularly by the Senator from Virginia, and as I rose to discuss my own amendment, I was done the distinct discourtesy by the distinguished Senator of having a motion made to table the amendment without my having the right of discussion.

I presume that is within the realm of recognized and confirmed courtesy. My having failed to receive my education upon that line, the experience which I have had renders my education more complete.

I had not understood that the distinguished Senator from Virginia was undertaking to railroad my own amendment in such a way as that. I had, on the contrary, felt that, proceeding with deference to others who wished to discuss the amendment, I was according them a courtesy.

Mr. GLASS rose.

Mr. LONG. I yield to the Senator from Virginia if he wishes to propound a question.

Mr. GLASS. I do not wish to propound a question.

Mr. LONG. That is the only purpose for which I will yield.

Mr. GLASS. I want to correct a statement made by the Senator from Louisiana.

Mr. LONG. Very well. If I am in error I would like to be corrected.

Mr. GLASS. The Senator from Louisiana had indicated to me that he would like to withdraw his own amendment;

that he did not desire to discuss it. That was more than an hour ago. I submit to the Senator from Louisiana that after we had wasted eight hours in discussion upon a proposition that has no relevancy whatever to the pending bank bill, it was about time to terminate matters. I had no idea the Senator from Louisiana wanted to discuss his amendment. As a matter of fact, I think if the Senator from Louisiana would examine his own inward thought he would find that I have relieved him from a very awkward situation.

Mr. LONG. No; I do not agree to that. I realize that I did state, amongst the efforts of others, including the Senator from Nebraska [Mr. NORRIS], that it would probably be better to let the amendment which has just been disposed of be considered as an independent matter. Having failed to reach that satisfactory adjustment of the matter, when the Senator undertook to present a motion to lay the amendment on the table, I rose, as the RECORD will show, I think, to undertake to discuss it, but the Senator persisted in his motion without debate.

However, I am sure the Senator at some future time will accord me more than he probably would have in view of what has happened in this particular matter. There is a matter, however, Mr. President, which I wish to present. I was not particularly averse to the early disposition of the amendment, but I am now compelled to use some of my time that I wanted to use in discussing the amendment to explain the situation presented by the former amendment.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Montana?

Mr. LONG. I yield.

Mr. WHEELER. I think it should be called to the attention of the Senate and of the people that both the Senator's amendment and my substitute were not beaten by legitimate votes opposed to the remonetization of silver, but they were to a large extent or a considerable extent defeated by those who have always pretended, at least, that they were for the remonetization of silver when they were talking to the people of their own States.

Mr. LONG. Mr. President, I have in my hand a resolution adopted by the Legislature of South Carolina in which they state, in effect, that through the action of the war and the part played in it by the United States, we have become the greatest creditor Nation of the world, and that notwithstanding that fact the people of the United States are in the midst of an economic crisis unparalleled in its history, and it is asked in this resolution of the Legislature of South Carolina that we remonetize silver.

A great deal has been stated as to what status we would occupy in remonetizing silver. There is quite a little misunderstanding as to the law. This matter has been rather hastily discussed. Congress has the power under the Constitution to regulate money. I do not quote the exact words, but it has the right to regulate the value of money. That is the right of Congress. A 10-year-old schoolboy who has been reading the late decisions of the Supreme Court of the United States knows that since 1920 there has been a long line of decisions holding that regardless of contracts which were entered into by the Government or by private bodies or by public bodies, it did not make any difference what those contracts were; that wherever the power to regulate was held in the public body it outweighed and overrode any contract that was made, public or private. Let me illustrate that to the point where I think anybody who has studied it, even as a layman, will have no doubt whatever as to the power of Congress to inflate currency, to change the value of the dollar, or to remonetize silver.

In the case of the San Antonio Railway Co., the city of San Antonio, acting under a contractural authority, had fixed the rate of fare over street railroads at 5 cents per person. That had stood for years and years. Eventually, however, the street-railway concern came to the United States Supreme Court claiming that the city of San Antonio had the power to regulate rates and to fix rates and charges, to fix the value of the service; and inasmuch as the city of San Antonio had the right to fix rates and regulate rates, that any contract entered into by and between the city of San Antonio and the San Antonio Street Railway Co. was subject to the greater power of the city to regulate rates, and, therefore, the city having the right to regulate rates, the regulation must be reasonable.

That gave them the right to plead in the courts that their property was being confiscated without due process of law because the rate was not a reasonable rate giving them a fair rate of return. They had agreed and contracted as to the value of that service at 5 cents per passenger, but the Supreme Court of the United States held that, notwithstanding that situation, the power to regulate at all times warned whatever public or private contractor there was that the city at any time would have a right to impose a lower rate if the conditions justified it or that the concern would have the right to claim a higher rate if the circumstances required it in order that it might have a reasonable rate of return. That is No. 1.

Mr. President, in the case of the Southwestern Gas & Electric Co. *v.* The City of Shreveport and the Louisiana Public Service Commission, a concern owned by the Insull interests, as a member of the Public Service Commission of the State of Louisiana I found a number of contracts existing in which there had been a contract entered into guaranteeing that certain privately owned and operated factories could have gas supplied to them as low as 7 cents per thousand cubic feet; in other instances there were factories who had contracts signed, sealed, and delivered that fixed the rate of electricity as low as 1 cent per kilowatt. As a member of the Public Service Commission of the State of Louisiana, acting with two other members, as chairman of the board, I annulled those contracts giving 7 cents a thousand for gas and as low as 1 cent a kilowatt for electricity on the ground that the rate was unreasonably low.

On the contrary, there were contracts made with the city for street lighting fixing the rate much higher, and I annulled those contracts on the ground that they were unreasonably high. That case was carried to the Supreme Court of the State of Louisiana, and there I was upheld. I think it probably reached the Supreme Court of the United States on application for a writ, but in that case the Supreme Court of Louisiana, backed up by the Supreme Court of the United States under prior jurisdiction, held that wherever a body or State had retained the right to regulate a service, private contracts made by private parties to the contrary notwithstanding, the power to regulate was above and overrode and overcame the provisions of the contract.

I have first demonstrated the jurisdiction of the city and next the jurisdiction of the State. Now, coming to the United States, prior to the creation of the Interstate Commerce Commission there were all kinds of rates established throughout the country, a dollar per thousand pounds or 10 cents per hundred pounds or 7 cents per hundred pounds from one station to another. As a matter of fact, the Standard Oil Co. of New Jersey had an agreement under which it not only had a certain rate for itself but it had a contract with the railroads by which the railroads paid the Standard Oil Co. a certain portion of the freight which it charged the competitors of the Standard Oil Co. to haul oil produced by the independent interests. In other words, the contract was such that concerns like the big oil company not only received very low rates themselves but they were actually paid a part of the freight collected for hauling the oil of their competitors.

The Interstate Commerce Commission was created. Some of those cases, possibly not the oil cases, but cases involving the same principle, went to the Supreme Court of the United States, and what did they hold? While the Congress of the United States up until that time had never asserted the right to regulate rates or to regulate the charges of commerce between the States, the Supreme Court held that notwithstanding the fact that Congress had laid dormant about the matter, just as it has about remonetizing silver, just as it has about inflating the currency, just as it has about cheapening the dollar, the Supreme Court said the facts were that

there was in the Constitution of the United States the power of Congress, whenever it saw fit, to regulate interstate commerce; and therefore, regardless of any kind of contract or stipulation that had been made before the Interstate Commerce Commission was created, that when the Congress of the United States saw fit to create the Interstate Commerce Commission, that commission, vested with powers and functions to control interstate commerce, could wipe out whatever private contracts had been made and fix rates and charges of freight on the railroads from that time forward.

That was the United States acting under its power to regulate as I have also illustrated the power of the States to do under their power to regulate, and the powers of the municipalities operating by authority of the States, and boards and commissions acting by authority of the States, to regulate and to cancel private contracts which might be made. Why? Because we have reached the very condition that we might have anticipated. When the years rolled on and on it developed that the commerce of the country could not survive under the rate structures and charges and schedules that were being assessed at that time. That was the situation. I think there were public agreements; at any rate, there was an agreement made by the people of San Antonio, Tex., with the San Antonio Street Railway Co., and there were hundreds of thousands of that kind of private contracts made on the part of the public, and yet no one heard from these distinguished defenders of the right of contracts when they were trying to protect the people. If they had been doing it there would not have been anything but 5-cent fares over the street railroads in those cities to-day.

There were further agreements and regulations and contracts made for rights of way and made as a condition precedent for the railroads to go into the States. Some of them were grants of land, some of them were grants of other franchises, by which the railroads were bound not to charge more than 3 cents per mile per passenger, and yet when the time came that the Interstate Commerce Commission wanted to grant the request of those railroads to raise that fare from 2 or 3 cents up to 3.6 cents per mile per passenger, they did not pay any more attention to those private stipulations and contracts than if they had not been written.

On the contrary they went into the Supreme Court of the United States and that court said it did not make any difference what kind of a contract had been made, what kind of specie had been prescribed or how much had been prescribed; that when the time came that regulation in the public interest suggested that something else should be done, those private agreements had to be canceled. That is the law, so why spend days of the time of the United States Senate discussing a question that is as axiomatic as that the sun will rise when the morning comes? That is the law.

Why should my friend the distinguished Senator from Pennsylvania [Mr. REED] or the distinguished Senator from Wisconsin [Mr. BLAINE] labor so hard and talk about the great sacred rights of contract to be paid in this or that species of a certain standard of weight and fineness, when we had contracted that we should pay certain species and certain prices, but when the time came that the general public of the United States required it, Congress could exercise its power to regulate the situation with regard to commerce because it had the right to regulate the situation with regard to commerce?

So it is, Mr. President. If Congress does not feel to-day that privately made contracts are a benefit to the country, and if we have arrived at a time when we have become enmeshed and covered up with a debt structure that is threatening to break the backbone of the people, then the great Government of the United States, under its power to regulate, in order to relieve a condition growing out of private contracts that is destroying property, has the right to invoke its power to regulate money, and that power to regulate can not be taken away or obstructed by any kind of an agreement or anything else that Congress has done in the meantime.

The power to regulate, Mr. President, can not be bartered away. It does not make a bit of difference if the United States Government has entered into 40,000 contracts or written $10,000,000 worth of bonds or $10,000,000,000 worth of bonds, the power to regulate money can not be bartered away by any officer of the United States Government or by anybody else.

Whenever a man buys a bond he buys it with his eyes open, and there is a right of the United States Government, at whatever time the welfare of the people may require it, to change the money according to such standards of weights and fineness as the circumstances may require at the time.

Mr. WHEELER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Montana?

Mr. LONG. I yield.

Mr. WHEELER. There was no complaint at all on the part of the bondholders and the rest of the creditor class when we demonetized silver.

Mr. LONG. Oh, no.

Mr. WHEELER. But now when we are talking about remonetizing silver and giving the people back their money, then the creditor class begin to say, "You are destroying the value of my contract that you entered into."

Mr. LONG. Exactly. Let me elaborate on that. There has not been any change in the Constitution of the United States on the money question since 1873; and up to 1873, under the Constitution of the United States, silver was monetized and was good money. However, without any change in the Constitution of the United States, they demonetized silver; and they tell us that since this kind of a fraud had been pulled off—and I say it was a fraud; President Grant himself said he did not know he was demonetizing silver when he signed the bill; and if he had, he would not have signed it—since they pulled off on the people of the United States this skin game of demonetizing silver without amending the Constitution of the United States in any respect or particular they now come back and tell us that we can not invoke the Constitution, which says that gold and silver shall be coined by the United States.

This is not a harsh principle of Government, and it has been resorted to by the wealthy class in the past years over and over again. It would not have made any difference if the United States Government had contracted with the House of Morgan that it would pay it off an obligation in gold of a certain weight and certain fineness; it would not have made any difference just what the United States Government might have agreed. The United States Supreme Court has stated that the congressional power can not be bartered away for any length of time or by anybody. The power to regulate that is given to the Congress or given to any State. It can not be bartered away or traded away. At any time, whenever the authority acts reasonably and within its functions under the law to enforce its power to regulate, its action can not be disputed, except where it is specifically allowed by law.

That being the case, Mr. President, this matter is not difficult at all. I believe the Senator from Arkansas was convinced this morning that his original view of the matter was wrong when he spoke of the Government's having issued its bonds and specified that they would be paid in dollars, and therefore, having specified payment in dollars, there might be something questionable about the moral side of it. Now let us discuss it from the moral side. From the legal side I think I have proved to the mind of everybody, beyond reasonable doubt, that there is no question about the right of the Government to regulate money whenever it wants to, but now let us discuss the moral side of the question.

When the United States Government sold a bond to me or to anybody else, when it sold me a hundred-dollar bond in 1918 or 1919 or 1920, what the United States Government sold me for my hundred dollars was a hundred dollars' worth of goods, commodities. I come back to-day and I say to the United States Government, "It has now so happened that the hundred dollars that I invested with you in 1920, which in 1920 would have bought four-fifths of 1 bale of cotton, will now buy 4 bales of cotton." Are we going to stand here and say to the people, 120,000,000 of them, that they do not have just as much right to depend upon the Congress

of the United States to protect them as did the man who bought the bonds? Are we going to say that there is anything immoral because we insist upon giving that man everything he invested at the time? Has not the man who has plowed from sunup until sundown got just as much right to claim the protection of the Government to maintain the value of the dollar as the man who bought the bonds? Is there not just as much right in 120,000,000 American people to demand a currency or a medium of exchange that is reasonable to them as there is right on the part of the man who has bought the bonds who toils not, who spins not, yet Solomon arrayed in all his beauty was not nearly so good to look at as one of them?

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Oklahoma?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. It has been stated on the floor this afternoon that we have outstanding $20,000,000,000 of bonds.

Mr. LONG. That is right, payable in gold of a certain standard weight and fineness.

Mr. THOMAS of Oklahoma. Those bonds were issued in connection with the World War in 1917 and 1918, when the dollar was worth 50 cents. If the dollar goes to 100 cents then the people owe in value twice the amount to pay for the bonds that they received for the bonds. So when the dollar went to 100 cents we had in existence, in value, $40,000,000,000 of bonds outstanding. Is that correct?

Mr. LONG. That is right.

Mr. THOMAS of Oklahoma. The record shows that the dollar now is worth more than a dollar and a half. So we would have to add $20,000,000,000 more.

Mr. LONG. Yes; that would be $60,000,000,000.

Mr. THOMAS of Oklahoma. So the $20,000,000,000 of bonds are now worth $60,000,000,000.

Mr. LONG. That is right, as against a total property value in the United States, under present commodity prices of less than $200,000,000,000. Under this theory the bondholders of the United States Government to-day own $60,000,000,000 of the $200,000,000,000 worth of property we have in this country.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

The VICE PRESIDENT. Does the Senator from Louisiana yield further to the Senator from Oklahoma?

Mr. LONG. I yield for a question.

Mr. THOMAS of Oklahoma. If it be true that the holders of these bonds have a value worth $60,000,000,000, it must be true that they have a value of $40,000,000,000 which they did not buy and did not earn?

Mr. LONG. That is right.

Mr. THOMAS of Oklahoma. And they are now objecting to surrendering that $40,000,000,000 that they did not buy and did not earn, and that is the real power behind this bill objecting to the remonetization of silver and inflation?

Mr. LONG. That is the power behind the throne; that is the power that objects; that is the power, like the big banking houses that protest loudly and lustily whenever an effort is made to protect the American people by the exercise of the right of the Government to regulate and standardize the dollar on a livable basis. Some banking houses took their lawyers, went into the courts of the United States Government, and had private contract after private contract annulled on the ground that the United States Government had the right to regulate rates and charges and services in such an amount as would protect them. Now they come back here and lift up their arms in holy horror and say the United States Government has not any right to regulate the coinage and the value of money because it will help 120,000,000 people.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Oklahoma?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. If the bonds, then, have increased in value, is it not true that the interest rate has likewise increased in value, so that if the people at one time had to pay 3½ per cent interest that rate has increased three times, until now the people have to pay interest at the rate of three times 3½ per cent or 10½ per cent on $60,000,000,000 of Government bonds?

Mr. LONG. That naturally follows.

Mr. THOMAS of Oklahoma. May I ask the Senator another question?

The VICE PRESIDENT. Does the Senator from Louisiana yield further to the Senator from Oklahoma?

Mr. LONG. Yes.

Mr. THOMAS of Oklahoma. Does the Senator think that the people of the United States can ever pay $60,000,000,000 of bonds with an annual interest rate of 10½ per cent?

Mr. LONG. They can not.

Mr. THOMAS of Oklahoma. If that be true, what are these bonds worth to-day?

Mr. LONG. They are eventually going to be worth nothing; they are going to be swallowed up in smoke in this country some day.

Mr. THOMAS of Oklahoma. The distinguished Senator from Virginia this afternoon made the suggestion that some sort of paper money might be good for papering the walls or some other necessary or unnecessary purpose. Does not the Senator think that these bonds are worth just about as much as the money of which the Senator spoke?

Mr. LONG. They will be worth less than that, because they are not going to have any wall to paper if they keep on with this kind of business in this country. That will be the only difference. Mr. President, they are pulling the temple down on themselves just as fast as they can. There never was a man who was given a rope with which to hang himself who is hanging himself any faster than the financial powers of the United States of America are doing to-day. Many times, in my short and uneventful career, I have stood at the bar of criminal justice and plead for the life of a man who was about to be sentenced, perhaps to be hung. I have never more sincerely plead for the life of a man in my life than I have plead for the liberty and lives of the financial powers of this country since I came to the Senate almost one year ago to-day. They do not realize they are pulling the house down on themselves.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield further to the Senator from Oklahoma?

Mr. LONG. I yield.

Mr. THOMAS of Oklahoma. I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Louisiana yield for that purpose?

Mr. LONG. I yield for that purpose.

Mr. GLASS. Has there been any business transacted since the last quorum call?

The VICE PRESIDENT. There has been a motion to lay on the table, which was carried, since the last roll call.

Mr. GLASS. Very well.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Carey	Goldsborough	Lewis
Bailey	Connally	Gore	Long
Bankhead	Coolidge	Grammer	McGill
Barbour	Copeland	Hale	McKellar
Barkley	Costigan	Hastings	McNary
Bingham	Couzens	Hatfield	Moses
Black	Dale	Hayden	Nye
Blaine	Davis	Hebert	Oddie
Bratton	Dickinson	Howell	Patterson
Broussard	Dill	Hull	Pittman
Bulkley	Fess	Kean	Reed
Bulow	Frazier	Kendrick	Reynolds
Byrnes	George	Keyes	Robinson, Ark.
Capper	Glass	King	Robinson, Ind.

Russell	Swanson	Vandenberg	Watson
Schuyler	Thomas, Idaho	Wagner	White
Sheppard	Thomas, Okla.	Walcott	
Smith	Townsend	Walsh, Mass.	
Smoot	Trammell	Walsh, Mont.	

The VICE PRESIDENT. Seventy-three Senators have answered to their names. A quorum is present. The Senator from Louisiana has the floor.

Mr. LONG. How much time have I, Mr. President?

The VICE PRESIDENT. The Senator has seven minutes.

Mr. LONG. Mr. President, the Senator from Virginia [Mr. GLASS] has informed me that he will not object to my time being extended 15 minutes on this question. I ask unanimous consent that I may have 15 more minutes.

The VICE PRESIDENT. Is there objection to the time of the Senator from Louisiana being extended 15 minutes? The Chair hears none, and the Senator has 22 minutes left.

Mr. LONG. Mr. President, the discussion which I made for a few minutes on the power of Congress to fix the value of money was made at a time when some of the distinguished lawyers of the Senate were not here. Therefore, I shall very briefly allude to just what I said.

Up until 1920 there had not been any judgment by the Supreme Court of the United States on the questions of the power of Congress, or of the States, or of other authority, to regulate, overcome, and override a contract that might have been made.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. THOMAS of Oklahoma. Has business been transacted since the last point of no quorum was made?

The VICE PRESIDENT. The Chair thinks not.

Mr. LONG. The only thing that was done was an extension of my time.

Mr. THOMAS of Oklahoma. A unanimous-consent agreement was had for an extension of time for the Senator from Louisiana.

The VICE PRESIDENT. The Chair does not consider that business within the rules. Unanimous consent was granted immediately after the roll was called. The Chair would hold that another request for a roll call at this time would not be in order.

Mr. LONG. I do not suppose——

The VICE PRESIDENT. The Senator from Oklahoma was asking a parliamentary question and has the floor.

Mr. LONG. I am talking now in my own right, Mr. President. I am not talking through the Senator from Oklahoma, but in my own right.

What I had said, Mr. President, was—this may sound a little bit shocking to the ears of some of our constitutional lawyers, but they will find it to be the law—that it does not make any difference what kind of a contract is entered into by a city, nor by a State, nor by the United States on rates, charges, or anything else. If the municipality has a right to regulate, it overcomes any right to make a contract, and the contractual regulations have to give way to the general power of regulation. If the State has the power to contract and to regulate, the contractual regulations have to give way to the regulations in the public interest; and the same thing is true with the Government.

The United States Government can not barter or give away in any respect or particular the right to regulate. The fact that for these many years the United States Government may not have exercised the right to regulate is of no importance whatever. The fact is that the United States has the right, at whatever time it sees fit, to regulate the currency and the value of the dollar of America.

For instance, when we created the Interstate Commerce Commission there were many, many outstanding contracts. There were contracts with agencies of a State; there were contracts with agencies of municipalities; there were contracts with agencies of the United States, providing for various and sundry rates and charges and service to be performed by common carriers of the United States.

There were contracts outstanding with private individuals providing for certain rates and certain services to be performed and rates to be charged for that service; yet the Congress of the United States created the Interstate Commerce Commission, and the Interstate Commerce Commission wiped out and set aside millions and millions of dollars' worth of contracts and regulations that were valued at 100 cents on the dollar until the power of Congress to regulate commerce spoke.

The same thing prevails on the money situation. The Senator from Wisconsin [Mr. BLAINE] has read an old decision back in 8 Wallace, before they ever heard of regulating. The power never had been invoked by Congress up until that time. Up until the San Antonio Street Railway case I might say that it was almost a dormant power of government, of which no authority had ever availed itself; and it probably never would have been availed of except that public necessity required that contracts be set aside in the greater public interest.

What was decided in the San Antonio Railway case?

In the San Antonio Railway case the city of San Antonio contracted with the San Antonio Street Railway Co. for a 5-cent fare. The time came when the San Antonio Street Railway Co. could not operate on a 5-cent fare, so the San Antonio Street Railway Co. went into the United States court and said, "We demand an increase in our rates because under the conditions now prevailing we are unable to operate and discharge our duty as a common carrier and have a fair return at a 5-cent fare."

What did the Supreme Court of the United States say? They did not say, "This contract, made between the city and the street-railway company, is binding." They said that the power to regulate can never be bartered away nor traded away; that wherever a contract is made, and the interest of the public requires that a regulation be imposed, the contract is not worth the paper it is written on.

What about the Goulds when they got all of these land grants all through the United States, and what about the other railroads when they were getting all these grants? Why, Mr. President, in contract after contract, many, many things were agreed upon by these railroads. In many instances they contracted with States. In other instances they contracted with private individuals. In some instances they contracted that their passengers would be hauled for not to exceed 2 or 3 cents a mile. They contracted for freight rates. They contracted for service free of charge to municipalities. Lo and behold! when the time came that the United States was called upon to exercise its arm of regulation, those contracts were swept aside because of the fact that the power to regulate had to be a reasonably exercised power, and therefore contracts made were of no value whatever, and they were swept aside.

To-day, Mr. President, the railroads all over the United States are charging 3.6 cents per mile passenger fare, notwithstanding the fact that innumerable contracts had been entered into that forbade them from charging more than 2 or 3 cents a mile, just as in the case of freight charges there were any number of private contracts prevailing at the time Congress created the Interstate Commerce Commission providing that they would charge a certain amount to haul a certain amount of goods a certain number of miles. Any number of contracts were in existence providing that electricity would be furnished at such and such a rate; and yet when the time came that these corporations wanted to say that they had contracted for those charges and for that service when the dollar was worth considerably more than at the time of going into court, and that they could no longer render such service because the dollar had been cheapened, the United States Supreme Court invoked its arm and said that inasmuch as the dollar had been cheapened, therefore the Government of the United States, acting through its various commissions, supervised by its courts, would increase the rate that was being charged and the price of the service that was being rendered to make up for the cheapening of the dollar.

Now we are told that since the price of the dollar has gone up we can not invoke the arm of the Federal Government to cheapen the price of the dollar, whereas the same arm of

the Government was invoked to make up for the price of the dollar when it had become cheapened. It is a ridiculous proposition to argue the contrary. They have gone into the courts of this country all over the land and have invoked the arm of the law, and they have been forward enough in providing legislation for whatever was necessary regardless of contracts that were outstanding. I have stated the law. There is no question about its being the law.

Now, just a word on the amendment of the Senator from New Jersey. I voted against an amendment like this yesterday, but I do not know whether I am going to vote against this amendment to-day or not. I am seriously considering changing my mind. I do not know but what I am going to follow the line of thought that has prevailed with the Senator from Virginia here to-day.

I want to say this, Mr. President, that I have gone all over this country criticizing Mr. Andrew W. Mellon's policy as Secretary of the Treasury of the United States. I have gone all over this country criticizing Mr. Ogden Mills and his policy as Secretary of the Treasury of the United States. But I want to say, with the limited lights that I have before me and behind me, that if there is any difference between the policy of the Senator from Virginia and that of Mr. Andrew W. Mellon and Mr. Ogden Mills, I have not lights enough to discern the difference.

I want to say further that I want to be honest and I want to be fair and I want to be right about this matter; and the day that the President elect of the United States, in the exercise of a greater wisdom than I have, sees fit to put the portfolio of the Treasury in the hands of my good friend the distinguished Senator from Virginia I will write a letter of public apology to Mr. Andrew W. Mellon and Mr. Ogden L. Mills and say to them:

"At last I have been unanimously proven wrong, because your twin-bed mate and disciple in policy for the operation of the Treasury of the United States has been appointed your successor."

Mr. GLASS. Mr. President, it may be that the Senator from Louisiana had better begin cogitating on the letter.

Mr. LONG. I will not have to dictate very long. I have already made the apology public. I will make it more public, Mr. President.

I want to say that I did not approve of Mr. Mellon's policy. However, probably I misunderstood a great deal, and I will yield to greater lights than my own. I will not censure the appointment of the Senator from Virginia. It would not do me any good; it might help beat the Democratic Party four years from now. But I will not censure it; I will not say a word about it. I will simply yield and recognize that I have been at fault in all that I have said about Mellon and about Mills.

I believe in being honest and being fair about these matters. I never made a political statement in my life in which I was shown to be at fault by subsequent events that I did not show absolute frankness and a willingness to apologize and correct my mistake, and when a greater authority has shown me my error in having disapproved of the conduct and course of action of Ogden L. Mills and Andrew W. Mellon, I will be frank enough and willing enough to say that a super and higher authority than I has proved to the world that I am wrong about it, and I will make proper amends to Mr. Mellon and to Mr. Mills.

In that connection we may go a little farther, as I said here the other day, in arguing out the question of bimetallism. It is said that silver is not a controlled product and, therefore, that there is danger of the world being flooded with it. I suggested, when there was a reference to bimetallism, that we make the second metal aluminum, instead of silver, and we might come through. I am not sure but what that might enter the minds of our administration, and I am sure that if it does it will have the careful thought and the wonderfully digested opinion the Senator from Virginia could give it, if it ever came under his surveillance.

Mr. President, how much time have I left?

The VICE PRESIDENT. The Senator has seven minutes more.

Mr. LONG. I have such a short time to discuss these important matters that I am hurrying over them. If in my hurry I fail to reason them out, the Chair and the Members of the Senate will understand the impossibility of my covering them as thoroughly as I would like to cover them.

Mr. President, I know very little about the money question. I have realized since this matter has been in the course of discussion that I know less than nothing about the finances of the United States. But I realize that probably I am no more ignorant on the money question than many other Members of the Senate who have studied it for many, many years. I realize that it is an involved, complicated question, that the banking and other questions that are similar and are collateral to it are not possible of easy understanding to one with the limited means of education which I have had. But while I am discussing that matter, while we are discussing all the bank matters—and the Senator from Virginia, in speaking of these little banks, calls them pawnshops—I want to say that the one thing I have been unable to direct the attention of the Senate to an understanding of has been this, that the civilization of this country has been built up through these unit institutions, that the entire progress this country has enjoyed was due to the unit institution, and that it is the unit of value, the unit of operation, the independence of action, that means the safeguard of our liberties, economically, industrially, and in every other respect.

The Senator from Nebraska touched upon the point to-day that is the fundamental, underlying issue, and that is this. I realize that our currency will be to some extent a corrective, but I realize further that the great overwhelming disaster with which this country has been met is the failure to keep our wealth distributed in the hands of our people. That is the one trouble to-day. We have not been able to get a revenue bill from the other side of the Chamber brought here at this session, but if one had been presented, I had proposed to tack on to that bill, if I had been supported by Members of the Senate, sufficient stipulations to provide that at the death of every man there should be such an inheritance tax levied upon his estate that no one child could inherit more than a few million dollars.

What would that mean? The World's Work estimated the fortune of Andrew W. Mellon at $8,000,000,000. It might have been less than that, it might have been more than that, but I just take that figure for the purpose of comparison. At the death of Mr. Andrew W. Mellon, if he died with a fortune of $8,000,000,000, according to my ideas, if he had as many as five children—I do not know how many children he has—each one of those children would inherit $5,000,000 apiece. Twenty-five million dollars would be inherited by his children. But $7,975,000,000 would go into the United States Treasury. That would never hurt anybody, because each one of those children would be able to start out life with $5,000,000, and it would give the Government of the United States $7,975,000,000.

I would not allow any child to inherit more than $5,000,000 when he had rendered no service whatever to anybody to warrant his receiving more than that. Unless we decide that we are not going to allow these huge fortunes to be pyramided and pyramided, the $8,000,000,000 fortune in the next generation will be a $16,000,000,000 fortune, and will continue growing until it has been destroyed by revolution. The only means by which we can avert such a calamity as the centralizing our wealth in the hands of a few people is by an inheritance tax, that will not allow the swollen fortune to grow through the next generation and accumulate.

Since 1916, when 2 per cent of the people owned 60 per cent of the wealth, we have allowed that condition to prevail, until to-day 1 per cent of the people own 60 per cent of the wealth and 60 per cent of the people in the United States do not own 3 per cent of the wealth. Three-fifths of our people, 60 per cent of our people, to-day do not own as much as they owe. We have allowed practically the entire wealth of this country to be concentrated into a few hands.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from New Jersey [Mr. KEAN].

Mr. KEAN. I suggest the absence of a quorum.

Mr. GLASS. Mr. President——

Mr. McNARY. Mr. President, a parliamentary inquiry.

Mr. GLASS. I have no objection to having a quorum. I want to state the purport of the amendment.

Mr. McNARY. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the inquiry.

Mr. McNARY. The Senator from New Jersey has suggested the absence of a quorum.

The VICE PRESIDENT. The Senator from New Jersey was not recognized for that purpose.

Mr. McNARY. If I am recognized, I suggest the absence of a quorum.

The VICE PRESIDENT. The Senator can not rise for one purpose and suggest something else; but the Chair will recognize the Senator if he desires to raise the point of no quorum.

Mr. McNARY. I raise the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Dale	Kendrick	Schuyler
Bailey	Davis	Keyes	Sheppard
Bankhead	Dickinson	King	Smith
Barbour	Dill	Lewis	Smoot
Barkley	Fess	Long	Steiwer
Bingham	Frazier	McGill	Swanson
Blaine	George	McKellar	Thomas, Idaho
Bratton	Glass	McNary	Thomas, Okla.
Broussard	Goldsborough	Metcalf	Townsend
Bulkley	Gore	Moses	Trammell
Bulow	Grammer	Nye	Vandenberg
Byrnes	Hale	Oddie	Wagner
Capper	Hastings	Patterson	Walcott
Carey	Hatfield	Pittman	Walsh, Mont.
Connally	Hayden	Reed	Watson
Coolidge	Hebert	Reynolds	White
Copeland	Howell	Robinson, Ark.	
Costigan	Hull	Robinson, Ind.	
Couzens	Kean	Russell	

The VICE PRESIDENT. Seventy-three Senators having answered to their names, a quorum is present.

Mr. GLASS. Mr. President, I would like to state briefly the objection to the amendment proposed by the Senator from New Jersey [Mr. KEAN]. He wants to exempt all the member banks of the Federal reserve system from this inconsequential assessment for the capital stock of the liquidating corporation which is being set up for the advantage of the depositors in these banks. He suggests the extraordinary theory that all of this capital should be supplied by the Federal reserve banks for the reason that the Federal reserve banks will have supervision of the liquidating corporation and that the member banks have no control.

But, Mr. President, the member banks have almost complete control of the Federal reserve banks themselves. Nine men constitute the boards of directors of the Federal reserve banks, and two-thirds of those men are selected by the member banks themselves; in other words, six of the nine members on each Federal reserve bank board are selected by the member banks themselves, and but three members are selected by the Federal Reserve Board as representatives of governmental and other interests. Therefore the member banks have complete control of the Federal reserve banks themselves and can manage them according to their best fiscal judgment.

Moreover, for years and years the Congress has been importuned by member banks of the Federal reserve system to increase the dividend allowance of the statute to member banks. They have insisted over and over again, and to-day are insisting that they should receive a larger dividend than a cumulative 6 per cent. It was the idea of your subcommittee and of the general Committee on Banking and Currency that this provision for a liquidating corporation would be to the member banks perhaps the most attractive provision of the whole bill, because it would assure their depositors that in the event of a failure they would be promptly taken care of and not be required to go over a prolonged period of deprivation in the settlement of the affairs of the bank by a receiver. It was conceived that the earning capacity of the liquidating corporation would be such as to enable it to make a material contribution in dividends to the member banks, and thus in that way and in that measure satisfy the repeated demands of the member banks for a larger dividend out of the earnings of the Federal reserve banks.

Therefore, your committee, both the subcommittee and the general Banking and Currency Committee, thought it was a very inviting provision of the bill. The assessment against the member banks is inappreciable, one-quarter of 1 per cent upon their deposits, one half of which is to be callable in 90 days and the other half perhaps never to be called; so that in the last analysis it amounts to an inconsequential assessment of one-eighth of 1 per cent upon the deposits of member banks contributing to a liquidating corporation that gives assurance to their depositors.

Therefore I hope very earnestly that the Senate will vote down the amendment of the Senator from New Jersey.

Mr. KEAN. Mr. President, the Federal Reserve Board is organized and located, of course, here in the city of Washington. Next they have members who are dictated by the Government, and next they have the banks divided according to their capital. Those banks elect different members from different trades as members of the board. The member banks have very little to say. While it is true that they vote their stock, yet word is usually sent around that so-and-so has been nominated and they have very little to say about who shall be the governors of the Federal reserve banks.

In addition to that the Federal reserve banks have made large sums of money year by year. They have under them examiners. They have all the information as to how the different banks are doing, while the member banks have no such information. Therefore the member banks are charged and taxed without their will. It does not make any difference how much the amount may be, if they are taxed against their will to put this money into the liquidating corporation, I say that the Federal reserve banks ought to be the ones having all the information, being in a position to watch the banks, being in a position to know exactly what their assets are. They ought to be the ones to pay in the money rather than the member banks.

Mr. GLASS. Mr. President, the Senator from New Jersey talks about the Federal reserve banks making money—to do what with it?

Mr. KEAN. To build marble castles in almost every town where they are located.

Mr. GLASS. That has nothing to do with it. They have good bank buildings, yes; but the earnings of the Federal reserve banks, we all should understand, are appropriated to the uses of the member banks. Every dollar of the surplus of any Federal reserve bank is devoted to the accommodation of the member banks when they want to rediscount.

The VICE PRESIDENT. The question is on the amendment of the Senator from New Jersey.

Mr. KEAN. I call for the yeas and nays.

Mr. METCALF. Mr. President, I wish merely to read a memorandum from the American Bankers' Association with reference to liquidating corporations:

> First, with regard to the liquidating corporation (sec. 12 B, par. e) we believe that it is practically the unanimous judgment of bankers that the purposes of this bill would be better accomplished by omitting any contribution to the capital stock on the part of member banks. We feel that it is an unsound principle to call upon banks to contribute to the liquidating corporation directly. If the Congress were to require banks to contribute even a small amount for such a purpose, it would open the door, both in the national and State legislatures, to much larger contributions of the same sort and would be a direct step in the direction of guaranteeing bank deposits, which has proved unsound in practice wherever it has been tried.
>
> Even if this fundamental and vital principle were not generally accepted, we call attention to the special circumstances existing at this time where many banks throughout the country are in a frozen condition, so that they could not make contributions to the liquidating corporation out of their capital stock and certainly could not be expected to make the contribution out of their depositors' money. Every effort is being made by the Government,

in cooperation with the strong banks in the various communities throughout the Nation, to strengthen the present situation and to obviate a recurrence of the unsettlement which existed to such a tragic extent a few months ago. To pass a law calling upon several thousand banks to make a contribution which they can not make would involve a very grave danger by stirring up a situation which is now under reasonable control. The amount involved is small. But the danger is great. By unanimous vote the Federal Reserve Board has recommended that it be eliminated from the section referred to, and we believe that the committee would be very wise to give most careful attention to this recommendation.

Mr. President, I hope that this advice from the American Bankers' Association will be carefully considered by Senators when they vote.

Mr. GLASS. Mr. President, of course, all banks want to be relieved of assessments, just as all taxpayers would like to be relieved of all taxes for the support of their Government. But this proposed liquidating corporation is an institution——

Mr. KEAN. Mr. President, will the Senator yield?

Mr. GLASS. I yield.

Mr. KEAN. When the board of governors of the Federal reserve banks are willing to assume this expense it does not seem to me that all the banks wish to be relieved from it.

Mr. GLASS. Yes; all banks that pay their proportion, because the liquidating corporation is to take care of their depositors in the event of failure, and they ought to contribute to the capital stock.

The VICE PRESIDENT. Is there a second to the demand for the yeas and nays?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote, I transfer that pair to the junior Senator from Maryland [Mr. GOLDSBOROUGH] and will vote. I vote "yea."

Mr. HEBERT (when his name was called). I have a general pair with the Senator from West Virginia [Mr. NEELY]. Not knowing how he would vote, I withhold my vote.

Mr. KING (when his name was called). I have a general pair with the junior Senator from California [Mr. SHORTRIDGE]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, not knowing how he would vote, I withhold my vote.

Mr. SWANSON (when his name was called). I have a general pair with the senior Senator from Illinois [Mr. GLENN]. I transfer that pair to the Senator from Arizona [Mr. ASHURST], and will vote. I vote "nay."

Mr. FESS. I wish to announce the following general pairs:

The Senator from Minnesota [Mr. SHIPSTEAD] with the Senator from Maryland [Mr. TYDINGS];

The Senator from Minnesota [Mr. SCHALL] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Iowa [Mr. BROOKHART] with the Senator from Missouri [Mr. HAWES]; and

The Senator from Nebraska [Mr. NORRIS] with the Senator from Mississippi [Mr. HARRISON].

Mr. SHEPPARD. I desire to announce that the Senator from Mississippi [Mr. HARRISON] is necessarily absent. If present, he would vote "nay."

The result was announced—yeas 25, nays, 43, as follows:

YEAS—25

Austin	Dickinson	McNary	Steiwer
Barbour	Frazier	Metcalf	Thomas, Idaho
Bingham	Hale	Moses	Watson
Capper	Hastings	Oddie	White
Carey	Hatfield	Patterson	
Dale	Kean	Reed	
Davis	Keyes	Schuyler	

NAYS—43

Bailey	Bulkley	Costigan	Glass
Barkley	Bulow	Cousens	Gore
Black	Byrnes	Dill	Grammer
Bratton	Connally	Fess	Hayden
Broussard	Copeland	George	Howell
Hull	Norbeck	Sheppard	Trammell
Kendrick	Nye	Smith	Vandenberg
Lewis	Pittman	Smoot	Wagner
Long	Reynolds	Swanson	Walcott
McGill	Robinson, Ark.	Thomas, Okla.	Walsh, Mont.
McKellar	Russell	Townsend	

NOT VOTING—28

Ashurst	Cutting	Johnson	Schall
Bankhead	Fletcher	King	Shipstead
Blaine	Glenn	La Follette	Shortridge
Borah	Goldsborough	Logan	Stephens
Brookhart	Harrison	Neely	Tydings
Caraway	Hawes	Norris	Walsh, Mass.
Coolidge	Hebert	Robinson, Ind.	Wheeler

So Mr. KEAN's amendment was rejected.

Mr. WALSH of Montana. I sent to the desk a few days ago an amendment to come in at page 36. I ask that it may be stated.

The VICE PRESIDENT. Let the amendment be stated.

The LEGISLATIVE CLERK. On page 36, in line 6, it is proposed to strike out the word "general."

Mr. WALSH of Montana. Mr. President, I understand the Senator from Virginia is not quite through with the feature of the bill to which prior amendments have been directed. I therefore withdraw my amendment for the time being.

The VICE PRESIDENT. The Senator from Montana withdraws his amendment.

Mr. GLASS. Mr. President, I do not know of any other amendment to the provision relating to the liquidating corporation. There may be one——

Mr. LONG. I have one, Mr. President, which is at the desk.

Mr. GLASS. Very well, I hope we may consider it right away.

Mr. LONG. I would rather consider the amendment of the Senator from Montana, but I am willing to offer my amendment if that is more satisfactory to the Senator from Virginia.

Mr. GLASS. The amendment of the Senator from Montana is unobjectionable.

Mr. LONG. Then I will offer mine.

The VICE PRESIDENT. The Senator from Louisiana offers an amendment, which will be stated.

Mr. METCALF. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield to the Senator from Rhode Island if I can do him any favor thereby.

Mr. METCALF. I merely wish to offer another amendment on the same subject we have been considering.

Mr. LONG. Then I withdraw my amendment temporarily to allow the Senator from Rhode Island to offer his amendment.

Mr. METCALF. I do not think it will take any time.

The VICE PRESIDENT. The Senator from Louisiana withdraws his amendment, and the Senator from Rhode Island is recognized.

Mr. METCALF. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 17, in line 7, it is proposed to strike out "one-fourth" and to insert in lieu thereof "one-eighth," and also on page 17, line 15, to strike out "one-fourth" and to insert in lieu thereof "one-eighth."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Rhode Island.

Mr. METCALF. Mr. President, I merely wish to make it as easy as possible for the small banks. The amendment, if agreed to, will accomplish that purpose, and I hope the Senator from Virginia will agree to it. I think with a one-eighth subscription there will be enough money in the corporation to do all that the Senator from Virginia hopes it will do.

Mr. GLASS. I will say to the Senator that the assessment is inappreciable, and we have no idea that the second call will ever be required, so that really, in fact, the call will be one-eighth; but I think as a precaution it ought to be one-fourth of 1 per cent as now required by the bill, and I hope the Senator will not press the amendment.



Mr. METCALF. I will withdraw the amendment with that understanding, and I thank the Senator.

The VICE PRESIDENT. The Senator from Rhode Island withdraws his amendment.

Mr. WALSH of Montana. Mr. President, the amendment tendered by me simply applies to the word "general" in line 6, page 36. I understand the Senator from Virginia to say that there is no objection to it, but I desire to call his attention in this connection, and that of the Senator from Michigan, who exhibited some interest in this matter, to this feature of the bill.

It was the purpose of the drafters of this bill, as I take it, to prohibit the national banks from dealing in securities that could not be very readily convertible and that would be likely to be frozen in their hands. The bill provides that—

The limitations herein contained as to investment securities shall not apply to * * * general obligations of any State or of any political subdivision thereof.

The Senator from Michigan [Mr. COUZENS] conceived the idea that if the word "general" were eliminated, then obligations of improvement districts would be available for purchase by the national banks. I call attention to the fact that whether the word "general" is in the bill or is not in the bill securities of that kind would be eligible for purchase. As I understand the matter, it is not the intention of the Senator from Virginia or any of those interested in the passage of the bill that such securities should be eligible for purchase. But observe, Mr. President, it provides that the eligible securities shall include—

obligations of any State or of any political subdivision thereof.

An improvement district is a political subdivision of a State, and ordinarily it has only one class of securities outstanding, which, of course, would be general obligations, so that they would become eligible under this provision. If they were to be excluded, as I think they ought to be excluded, some additional language ought to be incorporated, and at the request of the Senator from Michigan I have suggested that there be included the following:

After the word "thereof," as it appears in line 7, on page 36, the following might be inserted to reach that end:

"Not including, however, obligations of improvement districts and other districts of like character payable out of taxes imposed upon the property within such district presumably to be benefited by the work for the prosecution of which such obligations were issued."

Some such language as that will be necessary to exclude obligations of that character, in my judgment.

The Supreme Court of the United States has held that an improvement district is a political subdivision of the State, and, accordingly, if the language is left as it is, the securities of such district would be eligible for purchase.

Mr. GLASS. Mr. President, is the Senator under the impression that what we are trying to do here is to exclude obligations of the United States, general obligations of States, or political subdivisions thereof?

Mr. WALSH of Montana. No; my understanding is that you desire to make those eligible.

Mr. GLASS. Yes.

Mr. WALSH of Montana. But the point I am making is that under this language you make the obligations of general improvement districts, sewer districts, and parking districts eligible.

Mr. GLASS. No; we had not intended to do that.

Mr. WALSH of Montana. That was my understanding; but I say to the Senator that I am perfectly satisfied that with the language you have here, such obligations are eligible.

Mr. GLASS. I shall be very glad, so far as I am concerned, to accept the amendment.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from New York?

Mr. WALSH of Montana. I yield to the Senator from New York.

Mr. COPELAND. Do I understand that the Senator from Montana is proposing two amendments—first to strike out the word "general" on line 6, and then to add certain language?

Mr. WALSH of Montana. I have done that at the suggestion of the Senator from Michigan [Mr. COUZENS].

Mr. COPELAND. I am very much in favor of the first amendment. We discussed it the other day. I think that word certainly ought to come out. I am not so sure about the language proposed in the second amendment. That would have no relation, I should assume, to any activity within a city.

Mr. WALSH of Montana. Of course, many cities—indeed, practically all cities—create improvement districts of one kind or another; and it was the contention, in the discussion of the subject the other day, that those ought not to be made eligible for purchase.

Mr. COPELAND. I should like to inquire from the Senator—I am sorry one of the Senators from Illinois is not here—what would happen to the Drainage District in Chicago?

Mr. WALSH of Montana. The obligations of the drainage district would not be eligible.

Mr. GLASS. Those obligations are eligible for purchase by the Federal reserve banks in open-market transactions, but they ought not to crowd up the portfolios of member banks.

Mr. COPELAND. Mr. President, I think we might well accept the first amendment offered by the Senator from Montana.

Mr. GLASS. I feel at liberty to accept that, and have accepted it.

Mr. WALSH of Montana. Let me ask, then, that that amendment be passed on.

Mr. COUZENS. Mr. President, I should object to the elimination of the word "general" unless the amendment proposed by the Senator from Montana were accepted or agreed to. In other words, eliminating the word "general" would require or permit the members of the Federal Reserve System to take these local and special assessment district bonds which would be payable only out of the revenues of that specific district.

Many millions of bonds issued under these special districts are now in default, because the revenue is derived solely from the taxes on the specific property. That property may be made up entirely of vacant subdivisions, from which no revenue could be obtained unless the property were sold. It is quite probable that these districts, not being able to sell the real estate, would not be able to pay the special-assessment bonds; and I think the Federal reserve banks should not be loaded up with those securities.

Mr. WALSH of Montana. I think, perhaps, the Senator was not in the chamber when I addressed myself to this subject originally. I am calling attention to the fact that whether the word "general" is in there or is not in there does not in any wise, whatever, affect the matter of the eligibility of the securities the Senator has in mind.

Mr. COUZENS. May I ask the Senator at this point whether those special-assessment district bonds would not be eligible if the word "general" were taken out?

Mr. WALSH of Montana. No. They will be eligible, under the language of the bill, whether the word "general" is in there or is not in there.

Let us suppose that it is taken out. You have, then, "the obligations of any State or of any political subdivision thereof," which would include the improvement district. Leave it in, and you have "the general obligations of any State or of any political subdivision thereof"; and as an improvement district is a political subdivision, you then make eligible the general obligations of the improvement district, and ordinarily they have only one class of obligations.

So that the word "general" does not in any wise affect that question. That question is controlled by the language "or of any political subdivision thereof." So that the two are unrelated. The word "general" put in there applies to the obligations of the State, so that special obligations of the

State would not be eligible; but when you come to the matter of the political subdivisions, the general obligations of every political subdivision become eligible; and an improvement district, under the decisions of the Supreme Court of the United States, is a political subdivision.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. COUZENS. I do.

Mr. LONG. What was the suggested amendment?

Mr. WALSH of Montana. I suggested, in order to meet the views expressed by the Senator from Michigan, the incorporation after the word "thereof" of the following:

not including, however, the obligations of improvement districts and other districts of like character payable out of taxes imposed upon the property within such districts presumably to be benefited by the work for the prosecution of which such obligations were issued.

Mr. LONG. That is just what I am hoping the Senator will not offer. That is exactly what we are trying to keep out of the bill. If the word "general" is stricken out, I think that clears up the objection; but certainly the officers of these banks are to be presumed to have some reasonable intellect; and certainly if this is a public bond, whether it is of an improvement district or a drainage district or a sewerage district or what it is, ninety-nine times out of one hundred they are paid. There are a few of them that are in default to-day, but that is not a bad thing.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. The Senator from Louisiana has the floor. Does he yield, and to whom?

Mr. LONG. I yield to the Senator from Kentucky. Then I will yield to the Senator from Illinois.

Mr. BARKLEY. Are these the same drainage-district bonds that are covered in a bill which is now pending in both Houses of Congress, providing that the Government shall take them over?

Mr. LONG. I do not know whether they are or not.

Mr. BARKLEY. There is a bill pending in the Senate and in the House, and I think it passed the Senate once, providing that out of the Treasury of the United States these drainage-district bonds shall be taken up. I do not know whether they are the kind of bonds that it is proposed to make eligible for rediscount or not. Certainly, they have not been paid; the interest on them has not been paid; and that is one reason why the holders want the United States Treasury to step in and relieve them.

Mr. COPELAND. Mr. President, a parliamentary inquiry.

Mr. LONG. There are some of those bonds——

The VICE PRESIDENT. The Senator from Louisiana will suspend a moment. The Senator from New York rises to a parliamentary inquiry.

Mr. COPELAND. I wish to know the situation. Was the first amendment of the Senator from Montana accepted by the Senate?

The VICE PRESIDENT. It was not. It was proposed, and is now being debated.

Mr. COPELAND. As I understand, the Senator from Montana desired to couple the two amendments—to strike out the word "general," and then to add the language stated by him. Do I correctly understand it?

Mr. WALSH of Montana. No; I have submitted the two separately.

The VICE PRESIDENT. They are separate amendments.

Mr. WALSH of Montana. I should like to ask for a vote on the first amendment.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. The Senator from Louisiana has the floor.

Mr. LONG. I promised to yield to the Senator from Illinois [Mr. LEWIS]. Then I will yield to the Senator from Virginia.

Mr. LEWIS. Mr. President, at this point I desire to interrogate the Senator from Montana. May I ask the Senator from Montana whether the provisions to which he has been making allusion affect the possibility of what is known as the Sanitary District of Chicago floating its bonds and presenting its bonds as an institution; also the Board of Education of the city of Chicago as a municipal corporation? Does the Senator's provision prevent those two institutions from having their bonds taken up by the bank as security?

Mr. WALSH of Montana. Neither of them, in my judgment, would affect the Sanitary District bonds. As to the Board of Education bonds, if the word "general" were left in, I dare say it would affect the eligibility of those bonds. I am asking that that word be stricken out. The other provision, which I have suggested simply upon the initiative of the Senator from Michigan [Mr. COUZENS], in my judgment would make ineligible the Sanitary District bonds.

Mr. LEWIS. Since the Senator from Louisiana has kindly yielded, may I ask the Senator from Montana whether I gather, then, that under this language the Sanitary District bonds, however well secured they may be in property, could not be floated in one of these banks?

Mr. WALSH of Montana. They would be ineligible for purchase by the banks.

Mr. LONG. That, Mr. President, is the very thing we were undertaking to avoid.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Virginia?

Mr. LONG. I yield to the Senator from Virginia.

Mr. GLASS. If I may intervene there with just one remark; your committee did not discuss this legal refinement which seems to have been brought to the attention of the Senate by the use of the words "general obligations of any State," for the simple reason that that has been the law for years. We have made no alteration in the existing statute. This is a proposed amendment to section 5136 of the Revised Statutes, putting some limitations upon what national banks could do; but we have not changed in any particular that language. It is in the text of existing law—"general obligations of any State or of any political subdivision thereof." So, being a layman and not a lawyer, I can not comprehend just how it may be contended that what has been the law all these years, part of the national bank act, now affects the limitations that we propose on this bill.

Mr. WALSH of Montana. Mr. President——

Mr. LONG. I yield to the Senator from Montana.

Mr. WALSH of Montana. I shall be very glad, by a specific instance I have in mind, to indicate the importance of this word "general" in the law, whether it is new or whether it is old.

The State of Montana issues certain general obligations. That is to say, it incurs indebtedness for the general running expenses of the State government. Those are regular bonds of the State, payable out of all of the revenues of the State. Those are its general obligations. However, by its authority the State highway commission issues debentures, secured by the gasoline tax of 5 cents a gallon. That easily takes care of the interest upon these bonds, and provision is made for the retirement of them. The bonds are secured by that tax, and the law fixing the tax is irrevocable during the existence of the bonds.

Those are not general obligations of the State. They are special obligations; but they are obligations of just as high character, so far as their value and responsibility are concerned, as any of the obligations of the State. They are issued under the provisions of the following section of the law:

The issue and sale of said debentures shall constitute an irrevocable contract between the State of Montana and the owner of any of said debentures that the excise or license tax on gasoline or motor fuels or dealers or distributors therein, as provided in this act, or in any of the other laws of the State of Montana, shall not be reduced so long as any of said debentures remain outstanding and unpaid, and that the State of Montana will cause such taxes to be promptly collected, and after the payment of drawbacks or refunds, that the State treasurer shall set aside from the said proceeds of said license taxes, into a fund to be known as the State highway treasury debenture redemption fund, a sufficient amount of money each month to provide for the payment of the interest accruing each respective month, and during the 12 months

next preceding the maturity of said debentures he shall set aside in such fund from said proceeds sufficient money to provide for the payment of the principal maturing at the end of that year. The said license or excise taxes upon gasoline or motor fuels and dealers and distributors therein as herein provided, shall be irrepealable until all of said debentures and the interest to accrue thereon shall have been fully paid, and all of said debentures and the interest thereon shall be paid from the proceeds of said excise taxes: *Provided*, That nothing in this act shall prevent the reduction of such excise taxes when sufficient moneys to pay the principal and accrued interest on all of said debentures have been set aside in said States highway treasury debenture redemption fund.

So that the securities are perfectly sound. The interest upon the obligations will be promptly met, and the obligations themselves discharged from this tax.

The State is not generally obligated; that is to say, it does not undertake to pay these bonds out of its general revenues at all, but only out of the revenues coming into this particular fund. So, Mr. President, it being desirable, as a matter of course, to sell those bonds to banks which are quite willing to take them, I should dislike very much indeed to have this measure pass with that language in it.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield?

Mr. LONG. I yield to the Senator from Illinois.

Mr. LEWIS. Mr. President, may I ask the Senator from Montana to contemplate the following situation? The general bonds of the sanitary district, it is well known here, were issued within its power and upon its properties. The Supreme Court of the United States having made a decision in a case in which I participated without success—the court decided that the city of Chicago should build an electric plant, which should meet the conditions and avoid draining such an amount of water from the lake as to interfere with the navigation of the States complaining, to wit, Wisconsin, Ohio, and others.

Assume the drainage district of Chicago issued specific bonds for the purpose of raising the money to comply with the decision of the Supreme Court. In this construction which I have described, could those bonds be floated in this bank under this provision?

Mr. WALSH of Montana. Under the bill as it reads, in my judgment, they could be.

Mr. LEWIS. Then I have no further comment with which to disturb the Senator.

Mr. LONG. That is not affected by striking out the word "general"?

Mr. WALSH of Montana. No. I have tried to explain that whether the word "general" is in or is out, that situation is not affected.

Mr. LONG. I did not thoroughly understand that.

Mr. President, the Senator from Virginia has said that this is already covered in the Federal reserve act.

Mr. GLASS. No; in the national banking act.

Mr. LONG. In the national banking act. The fact is that in the pending bill the Senator is striking out affiliates. Heretofore these bonds have been marketed through the banks largely, or to a considerable extent, through their affiliates. I know in our section of the country all these banks usually have their affiliates, and they bid on all bonds. They bid on the drainage bonds, they bid on the school district bonds, they bid on the highway bonds; and if, as the Senator from Montana suggests, we pass this bill to-day and include in it the provision of the Senator from Virginia, which would strike out the affiliates, there would be no place where the public could market its bonds.

I am not unmindful of the fact that there may be once in a while some kind of a special municipal security which may not be so very good. There are some in default. But that is going to happen with anything. There is not a very big chance that that is going to happen very frequently. There may now and then be some drainage bond that is not so good. However, these bankers are supposed to look into that fact also. There is not a chance for spoliation or for speculation in buying municipal bonds. The bankers are placed on their guard to find out what revenue there will be with which the bonds will be discharged at maturity and the interest paid. They understand all that when they buy them. But if language is placed in the bill providing that these special improvements have to be bid on only by private investment houses, that will practically close the door to the possibility of the banks of the country bidding on municipal securities.

Mr. BULKLEY. Mr. President——

The PRESIDING OFFICER (Mr. BINGHAM in the chair). Does the Senator from Louisiana yield to the Senator from Ohio?

Mr. LONG. I yield.

Mr. BULKLEY. I think the Senator from Louisiana is right in stating that whereas the exceptions from the limitation are the same as in the existing law, the limitation proposed is itself more severe, and consequently there is some reason for omitting the word "general" in stating the exceptions.

Mr. GLASS. I have already said that I am perfectly willing to do that.

Mr. LONG. We are agreed on that; but how about the second amendment proposed by the Senator from Montana? Let us adopt the amendment striking out the word "general" and then settle the other one. There have to be two amendments, anyway, as I understand.

The PRESIDING OFFICER. The question is on agreeing to the first amendment offered by the Senator from Montana.

The amendment was agreed to.

The PRESIDING OFFICER. The Chair understands the Senator from Montana to offer a second amendment.

Mr. WALSH of Montana. Mr. President, I do not offer this. I drew this amendment as an accommodation to the Senator from Michigan [Mr. COUZENS].

Mr. LONG. Mr. President, I hope I can prevail upon the Senator not to offer that.

Mr. COUZENS. Mr. President, I think that under the circumstances, with my knowledge of the situation, I shall have to offer it, whether the Senate agrees to it or not.

I offer this amendment, which was drafted by the Senator from Montana at my suggestion.

Mr. LEWIS. Let it be reported.

The PRESIDING OFFICER. The clerk will read the amendment.

The LEGISLATIVE CLERK. On page 36, line 7, after the word "thereof," the Senator from Michigan proposes to insert the following: "not including, however, the obligations of improvement districts and other districts of like character payable out of taxes imposed upon the property within such districts presumably to be benefited by the work for the prosecution of which such obligations were issued."

Mr. WALSH of Montana. Mr. President, will the Senator yield to me.

Mr. COUZENS. I yield.

Mr. WALSH of Montana. That amendment ought to be included in brackets, to show that it is a qualification of what goes before.

Mr. COUZENS. Mr. President, when the Senator from Montana offered his amendment to strike out the word "general," we had considerable discussion among ourselves as to the effect of the elimination of the word "general." I pointed out to him that in many cities territory outside of the city limits is brought into the city, and immediately there is a demand upon the board of aldermen, or upon the council, to put in streets, pavements, sidewalks, and sewers. The council will say, "If you want to pay for these things, all right, but we are not going to make them a general obligation of the city. We will set aside a special district that will benefit by these improvements. We expect that particular district to pay for the issuance of these securities. We will not make the property of the city liable for that special-assessment district."

Mr. President, in many cases there is no possibility of collecting revenue, because it depends upon whether the property is salable. If the property of the subdivision happens to be salable, they probably might collect the assessments. If the real-estate development is not sold, there is no revenue to pay these taxes. I think it is unwise that the

Federal reserve banks should be encouraged in buying that sort of security.

The amendment proposed, which was drafted by the Senator from Montana, specifically provides that the only bonds to be exempted are the ones which are issued in a district where the benefits are presumably for that specific district, and therefore they are in no sense general obligations of the political subdivision which authorizes the issuance of the securities. For protection against floating that sort of securities—and there are millions and millions in default to-day for the very reasons I have pointed out—I think this provision ought to be put into the bill.

Mr. COPELAND. Mr. President, the Senator would not see any objection to the sanitary-district bonds; that would be entirely different from a subdivision such as the Senator speaks of?

Mr. COUZENS. Entirely. While on that point, I desire to ask the Senator from Illinois from what source does the sanitary district get its revenues to pay the sanitary-district bonds?

Mr. LEWIS. Mr. President, it has a very large lighting plant, from which there is much rent, and also they have much material to sell as a result of excavating. So they are always able to get an income that equals their interest. Lately they have had difficulty because financial conditions and things which have transpired at Chicago have made it impossible to sell their bonds.

Mr. COUZENS. Is there any assessment in the sanitary district on the real estate to pay the securities?

Mr. LEWIS. There is no assessment that is levied upon the real estate. They rent. They have large real estate; but if these rentals are withdrawn, I am unaware of any assessments that are levied on the real estate to meet any indebtedness.

Mr. COUZENS. What does the sanitary district cover; what area?

Mr. LEWIS. All of Chicago and much of the county of Cook besides.

Mr. COUZENS. It seems to me, in view of that explanation of the Senator from Illinois, this amendment would not include the kind of case he has reference to at all. The sanitary-district bonds are not issued, presumably, as we have written into this amendment, for the specific benefit of the particular sanitary district. That is the reason why we have that placed in there.

Mr. SMOOT. Mr. President, I want to call the Senator's attention to Order of Business No. 202, Senate bill 1856, introduced by the senior Senator from Illinois [Mr. GLENN].

Mr. COUZENS. I have it in my hand.

Mr. SMOOT. If that bill became a law, would it cover the situation at the present time to which the Senator has reference?

Mr. LEWIS. That bill was introduced by my colleague?

Mr. SMOOT. It was. It is on the calendar, a bill to provide for the relief of farmers in any State by the making of loans to drainage districts, levee districts, levee and drainage districts, irrigation, and/or similar districts other than Federal reclamation projects, or to counties, boards of supervisors, and/or other political subdivisions and legal entities, and for other purposes.

That was introduced by the Senator's colleague and was referred to the Committee on Irrigation and Reclamation. It was reported with an amendment on February 8, 1932.

Mr. COUZENS. That was a year ago, and the bill has never been permitted to pass this body.

This is not the kind of case to which I had particular reference. But in the cases of these districts referred to in the bill mentioned by the Senator from Utah, where the improvement was presumably for that specific district, they should not be eligible for loans at the Federal reserve banks. In other words they are highly speculative, and hundreds and millions are in default.

Mr. SMOOT. I agree with the Senator thoroughly, and I was wondering whether the Senator thought this bill should pass the Senate. Personally, I am opposed to the bill.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Michigan yield to me?

Mr. COUZENS. I yield.

Mr. ROBINSON of Arkansas. The bill to which the Senator from Utah refers did pass the Senate. I myself called it up and secured its passage during a former session.

Mr. LONG. Mr. President, to what was the Senator from Arkansas referring?

Mr. ROBINSON of Arkansas. It is what is known as the Glenn-Smith bill.

Mr. LONG. Taking up the drainage bonds?

Mr. ROBINSON of Arkansas. Yes.

Mr. LONG. Then that eliminates the danger particularly as to drainage bonds about which the Senator from Michigan talks. I have just succeeded in getting a copy of the proposed amendment in the form in which it was offered. I want to read this, and I hope Senators will listen a little more carefully to the language than we ordinarily listen. It reads in this way:

> Not including, however, the obligations of improvement districts and other districts of like character payable out of taxes imposed upon the property within such districts presumably to be benefited by the work for the prosecution of which such obligations were issued.

That language simply means that any special district created to be improved, whether subway, airport, drainage district, or anything of the kind, can not have its bonds floated through the Federal reserve banks. There are any number of them financed that way to-day. It may be it is through the affiliates, but I know there are any number of them, particularly drainage bonds, to which the Senator from Michigan refers. I do not care what State we may take. Some of us may not call to mind any one of them, but I do not know of any State that is not to-day financing some of these projects through the banks. I am not familiar with the State of New York, but I would have no hesitancy in saying that we could find 100 or more of them to-day that would be excluded under this provision.

If we are going to strike out the affiliates, here is what we will do: We will say to the governmental districts of the States and of the cities that they can not be financed through the banks but they will have to be financed entirely through private investment houses.

Mr. WAGNER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. I yield.

Mr. WAGNER. It would be a matter of great difficulty to anyone called upon to interpret the proposed amendment if we have the words "improvement districts and other districts of like character." Who will determine whether a particular district involved is "of like character"? A subway district would not be a district "of like character" as an improvement. The very indefiniteness of the amendment makes it seriously objectionable.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the senior Senator from New York?

Mr. LONG. I yield.

Mr. COPELAND. I should like to call the attention of the Senator from Michigan to a situation in his own State. As he knows, I happened to be mayor of a little city in that State years ago. The question would arise there now, as it did at that time, regarding a paving district. When we proposed to pave a street there was set up a paving district. Those were not bonds of the city. I do not know how far they might have gone in making collections. They may have covered the whole city itself, but the property within the area of that paving district was holden for those bonds. I am sure the Senator from Michigan would not wish to exclude those bonds from such protection as we are proposing to afford here.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. LONG. I yield.

Mr. COUZENS. Those are the very bonds I do want to exclude, because they are the kind of bonds of which there are millions in default, because, for instance, we have platted subdivisions and put in pavements as to which the rest of the city would not accept the obligation. If the city will not get back of the obligation for paving a street, but requires it to be paved by the abutting property owners, then it is evidence that it is a hazardous undertaking.

Mr. COPELAND. As I understand the Senator, he intends by the amendment to make such securities ineligible.

Mr. LONG. That is what he said and that is what I understand the Senator to mean.

Mr. COUZENS. That is exactly true.

Mr. LONG. I want to emphasize just what the junior Senator from New York [Mr. WAGNER] said. The expression, "the obligations of improvement districts and other districts of like character," is indefinite. What is "of like character"? Is a subway "of like character"? Who will say? Is it to be the comptroller? Does that mean that in his interpretation he can wipe out an immense lot of securities that to-day we are floating through the banks and that we have not any other way to float except through private investment houses?

The language is very indefinite. I do not know what the meaning of it finally may be. I suggest that above all things if we are going to strike out affiliates we ought not to strike out municipal securities. We are going far enough with the bill as it is.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Montana?

Mr. LONG. I yield.

Mr. WALSH of Montana. As the draftsman of the amendment, before I take note of the criticism made by the junior Senator from New York [Mr. WAGNER]—he read only a part of it. That part is, of course, indefinite. Even the term "improvement district" is indefinite. Of course, the term "districts of like character" is indefinite. It is intended to make that language more definite by what follows, namely, "districts in which improvements are made, those improvements to be paid for out of taxes levied upon the property within the district which it is presumed was benefited by the improvement."

Mr. LONG. I think that adds to the confusion, rather than tending to clarify it.

Mr. WALSH of Montana. That may be.

Mr. LONG. Because you have to go there and find out, in addition to what "district of like character" it is, whether it is presumably to be benefited by the work. Apparently, if you can find it is not benefited by the work, the obligation is all right; but if it is benefited by the work, it is not a good bond. I think the Senator can see that. Suppose we say it does not benefit the property, then the obligation is all right.

Mr. WALSH of Montana. I had intended in drafting it to avoid just that thing. The improvement is ordered and the district is created because it is presumed that the property is going to be benefited. It may not be benefited. The Senator from Michigan is just afraid that it will be a case where the property is not benefited, and accordingly the bonds will not be paid; but "presumably to be benefited" relates to the time the district was created. In other words, at the time the district was created it was presumably to be benefited by the work.

Mr. LONG. Mr. President, I would like to suggest that the Senator from Michigan withhold the amendment to-night. Let us not vote on the amendment to-night. I think it is highly objectionable. I do not know that I had anything to do with it, but I indulged myself the privilege of speaking to the Senator from Montana about the original provision before he presented the amendment. I thought I saw that it was shutting out a great quantity of State obligations that were more or less special, such as highway obligations, already mentioned. I think the Senator is proposing to undo a large part of the good that has been done with the amendment when he offers this amendment. Certainly he is so far as it applies to municipalities.

For example, we are building in the city of New Orleans one of the largest airports in the world. Probably it will be one of the finest airports in the world for airplanes that may alight on land or on water. We have created a fund there out of the improvement that has been made and out of taxes that have been levied on that particular property. We are not having any trouble in financing that proposition to-day. It is a sound proposition. One million five hundred thousand dollars of the bonds have been approved tentatively already by the Reconstruction Finance Corporation. They have not yet given us the money, but we expect it any day—at least, we hope we shall get it.

We have several million dollars more of those bonds to float. We will float them without any difficulty whatever through the banks of the city and they will never lose a dollar. If this language is incorporated in the bill, we will not be able to float the bonds of that airport. Where will we get a method of financing them? We shall have to look for some private investment house to take the bonds.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Illinois?

Mr. LONG. I yield.

Mr. LEWIS. May I ask the Senator from Louisiana more particularly to indicate in what way he will lose the benefit? What language in the particular amendment works that particular result?

Mr. LONG. It is an improvement presumably to be benefited by the expenditure of the money for which we are floating the bonds.

Mr. LEWIS. Does the amendment prevent the financing of that which is improved?

Mr. LONG. If we can prove it is not improved, it does not. If it is presumed to be improved, it does.

Mr. LEWIS. May I ask the Senator, knowing him to be an eminent lawyer——

Mr. LONG. No; I am not.

Mr. LEWIS. I insist on that recommendation in order to get a reply from the Senator. What is the particular language that the Senator thinks really bars the floating of the bonds?

Mr. LONG. The Senator from Illinois is eminent enough to translate the language better than I can. I hope the Senator will not require me to exhibit my "hillbilly" understanding of phrases. I made a living as a lawyer, but not as an eminent lawyer. There is a difference between them. I never wrote but one book. [Laughter.]

Here is the language—

not including, however, the obligations of improvement districts and other districts of like character.

I do not know just what that means. I am going to read it again, not that it needs any further reading to percolate the recesses of the mentality of the Senator from Illinois, but my own. I read it again—

not including, however, the obligations of improvement districts and other districts of like character payable out of taxes imposed upon the property within such districts presumably to be benefited by the work for the prosecution of which such obligations were issued.

It takes a pretty good mind to keep up with that language as I go along. Perhaps I had better hand it to the Senator from Illinois. [Laughter.]

Mr. LEWIS. I can only say that I gathered from the reading of it and the manner in which it has been broadened out that the proposition seems as broad as it is "LONG." [Laughter.]

Mr. LONG. But I had nothing to do with it.

Mr. LEWIS. Let me be perfectly frank. I am interested in the phraseology as it would apply to the Sanitary District of Chicago and to the board of education, and other securities in which I have from time to time manifested an interest before this honorable body. I am unable to see where that in which I am interested is at all obstructed and I am

not able to see where the securities are impeded. Therefore, from the point of view that I observe this amendment, I am unable to participate in the fear of danger the eminent Senator from Louisiana seems to apprehend from the amendment.

Mr. LONG. We do not have to apprehend the danger. The Senator from Michigan [Mr. COUZENS] very frankly outlines some of the classes of securities that he is undertaking to eliminate. They are securities that are being handled to-day, and plenty of them, drainage districts and so on. We have an alluvial country in the State of Louisiana. Some of our drainage bonds may be in default, not many, but there may be some. We are constantly improving that country, and we are paying for it out of the taxes being levied upon the improved area. I recall an airline highway; I recall a project for a bridge; and they are paid for out of the revenue derived from the taxes and from other revenues that might be received there. Under the amendment those bonds are to be excluded.

Take a waterworks as an example. Suppose we erect a waterworks and levy in that particular district a tax to pay for the waterworks. That is presumably one of the improvements to the property that must be paid for through taxes that are levied to discharge the bonds which are issued. I think it would include a subway. It is very broad language. I do not see why it would not.

Mr. COUZENS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Michigan?

Mr. LONG. I yield.

Mr. COUZENS. I assume that a waterworks and a subway would have their own revenues and would not be dependent upon taxes for payment of their bonds. I did not intend to include, and I do not think that the language includes, any project that would have its own revenue.

Mr. LONG. If it has revenue, the Senator would be willing to accept it?

Mr. COUZENS. Oh, yes.

Mr. LONG. Then I move, if that is the intent of the Senator from Michigan——

Mr. BARKLEY. Mr. President, before the Senator does that, may I ask him a question?

Mr. LONG. Certainly.

Mr. BARKLEY. I understood the Senator from Louisiana to say that these drainage-district bonds and similar improvement bonds, regardless of their character, are now being rediscounted by the Federal reserve banks as a method of financing the districts. Does the Senator really mean to say that that is being done now?

Mr. LONG. I mean they are taking some self-liquidating bonds.

Mr. BARKLEY. The Senator may be confusing the Federal reserve banks with the Reconstruction Finance Corporation. I do not understand the Federal reserve banks are now rediscounting or that they were ever rediscounting long-term bonds issued by drainage or improvement districts in order to raise money to make the improvements.

Mr. LONG. Oh, we have sold bonds to the Federal reserve banks to make improvements—plenty of them.

Mr. GLASS. O Mr. President——

Mr. LONG. I mean not the banks but the affiliates of the banks. It does not make any difference what they may be called.

Mr. GLASS. The Senator means the member banks, the national banks; he does not mean the Federal reserve banks?

Mr. LONG. I mean, of course, the national banks.

Mr. BARKLEY. I understand that a national bank might, as a matter of investment, buy a drainage-district bond or an improvement bond, just like it goes on the market and buys any other sort of a bond, but that is quite a different transaction from the Federal Reserve Board itself rediscounting bonds of that sort or using them at all as collateral for money borrowed.

Mr. LONG. The Senator's leader disagrees with him.

Mr. GLASS. I do not disagree; I agree thoroughly with the Senator from Kentucky.

Mr. LONG. Then I did not understand what the Senator meant by shaking his head.

Mr. GLASS. Perhaps I was shaking it in the wrong direction.

Mr. BARKLEY. The Senator from Virginia was shaking it at the Senator from Louisiana. I think the Senator misunderstood him.

Mr. LONG. I was not talking, so he did not have to shake it at me.

If the Senator from Michigan is willing that the amendment should not include improvement districts, if they have other revenue, then I move, if he will permit me, at the end of the exception, to insert the following words:

This exception, however, shall not include obligations of improvement districts and other districts of like character where there is other revenue provided for the retirement of the bonds and interest thereon.

Mr. LEWIS. May I be so bold as to suggest the words "other revenue derived."

Mr. LONG. Very well, "other revenue derived."

Mr. COUZENS. I should like to ask the Senator, other than what?

Mr. LONG. Other than taxes.

Mr. COUZENS. There is no reference to taxes there.

Mr. LONG. Yes; there is. The Senator does not know what he has offered, I am afraid.

Mr. GEORGE. Mr. President, if the Senator will yield to me, the language, by way of further definition, is also—

payable out of taxes imposed upon the property within such districts.

May I suggest to the Senator from Louisiana that if he will include the word "exclusively," so as to read "payable exclusively out of taxes," then he will accomplish what he is undertaking to do.

Mr. LONG. I think that would be a great improvement.

Mr. GEORGE. Or the word "solely" might be used, so as to read "solely out of taxes."

Mr. LONG. I move to amend the amendment by inserting after the word "payable" the word "exclusively."

Mr. COUZENS. I am very glad to accept that, because I do not want to exclude any revenue-producing activities.

Mr. LONG. Very well.

The PRESIDING OFFICER. The Chair understands the Senator from Michigan to accept the amendment.

Mr. GLASS. Mr. President, I am in entire sympathy with the purpose of the Senator from Michigan in offering this amendment and I shall not oppose it or the modification just suggested. We thought we had tightened up the situation considerably. Because our exhaustive investigation disclosed the fact that so many national banks had failed because they had filled their portfolios with unwise and practically useless investment securities; for that reason we tightened the matter up, but I do not object to tightening it up a little more.

Mr. TRAMMELL. Mr. President, in my opinion, the amendment proposed by the Senator from Michigan or by the Senator from Montana—I have heard references made to each of them—places a restriction and a limitation upon a class of securities which should not be precluded from rediscount. The bill authorizes the Comptroller of the Currency by regulation to prescribe any class of commercial securities that may be discounted by the banks, but then there is written into the bill a provision that excepts securities of municipalities or of districts, and an attempt is made to put an inhibition against them so that they may not be available for rediscount purposes through the banks.

In my own State all the schoolhouses are built by bonds issued by the school districts, and, of course, those bonds are retired by taxes. I have never known of that character of security being the cause of the wrecking of banks any more than commercial securities. As a matter of fact, I think more frequently commercial securities have caused the undermining of the banks rather than this class of public securities.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Kentucky?

Mr. TRAMMELL. I yield.

Mr. BARKLEY. I was wondering whether the Senator from Florida has not confused the rediscounting paper by the Federal reserve banks and the investment in paper by the member banks?

Mr. TRAMMELL. No; I have not confused that. If there is put in an inhibition against the Federal reserve bank taking a certain class of securities for rediscount, then, of course, the member banks necessarily, while they are not absolutely prohibited from taking that class of securities, will hesitate before they will take them.

Mr. GLASS. It has nothing in the world to do with Federal reserve banks; it relates to member banks altogether.

Mr. TRAMMELL. This provides that certain classes of paper may not be rediscounted——

Mr. BULKLEY. Mr. President——

Mr. TRAMMELL. I will ask the Senator to wait until I finish the sentence. The Comptroller of the Currency is authorized to prescribe the class of securities to be subject to rediscount so far as commercial paper is concerned, but when it comes to paper issued by municipalities, counties or subdivisions, there is an inhibition put upon that class of securities. If we can vest in the Comptroller of the Currency the authority to say what character of commercial paper may be used, why should we write into the proposed legislation an inhibition against a certain character of public securities? That is what this bill does.

Mr. BULKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Ohio?

Mr. TRAMMELL. I yield.

Mr. BULKLEY. I want to suggest to the Senator that this does not relate to rediscounts at all; it relates only to investments.

Mr. LONG. That is what we are talking about.

Mr. BULKLEY. But the Senator from Florida is talking about rediscounts; I think that is a mere slip of the tongue.

Mr. TRAMMELL. If it is a matter of investment——

Mr. BULKLEY. That is what it is; it is a matter of investment.

Mr. TRAMMELL. If it is a matter of investment, why is the Comptroller of the Currency permitted to prescribe with unlimited authority the character of commercial securities the banks may purchase and then there is written into the law an inhibition against the purchase of public securities?

Mr. BULKLEY. I think the Senator misunderstands me if he thinks that I am taking a position opposite to that taken by him in his argument. I was merely correcting the misstatement that it relates to rediscounts, which it does not. It relates to investments.

Mr. TRAMMELL. It impairs the value of all public securities throughout the country. It will weaken and reduce the price at which bonds may be sold in the future by different governmental subdivisions. Why should we discriminate against public securities?

Mr. GLASS. Mr. President, if the Senator will only read the bill he will see that it does just the reverse of what he says it does.

Mr. TRAMMELL. I have read the bill.

Mr. GLASS. It distinctly exempts such securities.

Mr. TRAMMELL. It exempts only a certain class of securities. It contains an inhibition against other securities, for instance those of a district. The Senator says if I had read the bill I would not make the statement. I will ask him—of course, I know he is very familiar with the bill—I will ask him if a school district in the State of Florida desiring to float $100,000 of bonds for the purpose of building a schoolhouse, the district alone being responsible for those bonds, would have the right to sell the bonds unless the bill were amended?

Mr. GLASS. Under the proposed amendment of the Senator from Michigan it might not have, but under the terms of the bill as reported by the committee it would have.

Mr. TRAMMELL. I want to ask the Senator to cite me the paragraph which contains that authorization.

Mr. BARKLEY. Mr. President, the Senator from Michigan has offered an amendment the effect of which is to take this very class of bonds out of the permissive section of the bill as it is written.

Mr. GLASS. Let me read to the Senator from Florida——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Virginia?

Mr. TRAMMELL. I yield.

Mr. GLASS. Let me read the provision to the Senator. It is as follows:

> The limitations herein contained as to investment securities shall not apply to obligations of the United States or general obligations of any State or of any political subdivision thereof.

Mr. TRAMMELL. That refers to general obligations. I should like to ask the Senator to give me a definition of the words "general obligations."

Mr. BULKLEY. The word "general" has just been stricken out of the bill.

The PRESIDING OFFICER. Senators must address the Chair and not interrupt until they obtain recognition. The Senator from Florida has the floor.

Mr. TRAMMELL. Then if the Couzens amendment should be defeated, the bill would be all right with the word "general" stricken out? That was what was confusing to me.

Mr. LONG. Mr. President, the Senator from Florida has brought up a point that I had not thought of. Just as he said, and as the Senator from Virginia admits, school districts can not be financed under this bill; the investments can not be made.

Mr. BULKLEY. The Senator means under the amendment.

Mr. LONG. Under the amendment the Senator from Michigan has offered?

Mr. BULKLEY. They can be, in my opinion, under the terms of the bill.

Mr. LONG. I admit that if we vote down the Couzens amendment it will be all right. So if we are agreed to vote that down, let us vote it down.

Mr. COPELAND. Mr. President, I take the view that we should vote down this amendment unless it can be so worded as to distinguish between those real-estate wildcat speculations outside of Detroit and bona fide municipal improvements, such as a school or the paving of a street or the building of a sewer within a certain district. If this amendment, as written, presented by the Senator from Michigan shall be adopted, all such improvements will be excluded and the bonds for such improvements may not be purchased by the member banks. I certainly agree that we should vote the amendment down unless language can be found to make a distinction between wildcat schemes and legitimate municipal improvements.

SEVERAL SENATORS. Vote!

The PRESIDING OFFICER. The question is on the amendment submitted by the Senator from Michigan, as modified.

The amendment as modified was rejected.

Mr. METCALF. Mr. President, I send an amendment to the desk and ask that it may be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 37, line 17, it is proposed to strike out the word "three" and insert in lieu thereof the word "five"; on page 43, line 18, to strike out the word "three" and insert the word "five"; and on page 8, line 11, to strike out the word "three" and insert in lieu thereof the word "five."

Mr. METCALF. Mr. President, I feel that three years as provided in the bill does not afford time to enable affiliates to wind up their business. Some of them have had such a very large business I think they should be given an adequate opportunity, particularly during hard times, to close up their affairs. So I thought possibly the amendment would provide a way out, and make it easier for them to get out of business.

Mr. GLASS. Mr. President, I will say to the Senator that all members of the subcommittee, as I recall, agreed that the time might be extended from three to five years. The committee thought that three years was ample, but, in order to abate the troublesome hostility of the affiliates, we agreed that we would be willing to extend the period from three to five years.

Mr. SMOOT. Question!

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Rhode Island.

The amendment was agreed to.

Mr. VANDENBERG. Mr. President, may I have the attention of the Senator from Virginia [Mr. GLASS], and ask him to follow me on page 46, line 10, where the phrase "banks of issue" occurs? May I suggest to the Senator that there are no State banks of issue at the present time, and that the use of this particular phrase in the definition is very confusing in those instances where national banks are seeking the same privilege allowed to State banks in the matter of interest rates, and so forth. May I inquire whether he would resist striking out the words "of issue"?

Mr. GLASS. There are no State banks of issue, except they want to endure the 10 per cent tax imposed by the Federal Government on all issues of banks.

Mr. VANDENBERG. The point is made to me that inasmuch as the privilege of a comparative rate of interest, for instance, on industrial loans is permitted to State banks only in respect as it is permitted to State banks of issue, it virtually forecloses freedom to national banks in this competitive field; whereas, if the words "of issue" were stricken out, we would then confront a situation in which the national banks would be permitted the same latitude as a general State bank, but no more.

Mr. GLASS. I think the words should be stricken out.

Mr. VANDENBERG. I move that they be stricken out.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG].

Mr. LONG. Mr. President, reserving the right to object for just a moment, as I understand, this provision would allow national banks to charge a certain rate of interest, and not to exceed it, except that where banks of issue of the State are allowed a greater rate they can avail themselves of the right to charge a greater rate. What are the words "banks of issue" put in here for?

Mr. VANDENBERG. I may say that they seem to be taken out of the old law, when there were State banks of issue. There are no State banks of issue at the present time, in practice.

Mr. LONG. All right.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Michigan [Mr. VANDENBERG].

The amendment was agreed to.

Mr. GEORGE. Mr. President, I propose an amendment. On page 8, at line 8, after the word "stock," insert the following:

> Undertaken and consummated after the date of the enactment of the banking act of 1932.

That is, of this act.

Mr. LONG. What is it proposed to insert?

Mr. GEORGE. To insert, after the word "stock," the words "undertaken and consummated after the date of the enactment of the banking act of 1932."

I think the Senator from Virginia [Mr. GLASS] has given some study to that amendment; and I should like to put in the RECORD just this brief statement, which covers the whole case:

The paragraph beginning on line 5 of page 8 subjects member banks to the same limitations and conditions with respect to the purchasing, selling, underwriting, and holding of investment securities and stock as are applicable in the case of national banks under paragraph seventh of section 5136 of the Revised Statutes, as amended. In dealing with investment securities on page 35, the words "hereafter purchased and held" are used; but investment securities are limited to "marketable obligations evidencing indebtedness * * * in the form of bonds, notes, and/or debentures." Corporate stock is not included. On the contrary, the purchase or holding of any shares of stock of any corporation or trust company is prohibited.

Some member banks and some trust companies have, of course, acquired stock prior to the enactment of this particular banking act, which they would be required to sell on the present market or upon an adverse market, perhaps at a very severe loss.

I think the Senator from Virginia has had occasion to look over this amendment.

Mr. BULKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Ohio?

Mr. GEORGE. I yield to the Senator from Ohio.

Mr. BULKLEY. May I suggest to the Senator from Georgia that this provision on page 8 makes applicable to State member banks what is made applicable to national banks by the matter which appears in section 14 on pages 34 and 35?

Mr. GEORGE. Exactly.

Mr. BULKLEY. I have pending an amendment, which I intend to call up, which amends page 35 at line 7, and again at line 14, so that it shall read, "purchased after this section as amended takes effect," and then omits the words "and held."

Obviously, the limitation ought to be the same on national banks and on State member banks. My inquiry is whether, if this amendment is adopted on page 35, that will not make it unnecessary to adopt the amendment which the Senator has now suggested on page 8.

Mr. GEORGE. Does the Senator propose to amend this language on page 35, "hereafter purchased and held"?

Mr. GLASS. Just mark out "and held."

Mr. GEORGE. The amendment proposes to eliminate "and held"?

Mr. BULKLEY. And the word "hereafter." We propose to substitute "after this section as amended takes effect" for the reason that this is an amendment of the Revised Statutes, and the word "hereafter" might be confusing if it were made an amendment to the Revised Statutes.

Mr. GLASS. Exactly.

Mr. GEORGE. Yes; but let me call the Senator's attention to the further fact that in this bill you have defined "investment securities" as—

> Marketable obligations evidencing indebtedness * * * in the form of bonds, notes, and/or debentures.

Corporate stock is not included, and therefore, in view of the restrictive definition which you have given to "marketable obligations," it seems to me still that this amendment should be accepted if it is sound and consistent with the general purpose of the bill, and I do not see why it is not.

Mr. BULKLEY. My question was whether it would be necessary, if we make these amendments that are discussed on page 35. The Senator does not contend that a more liberal rule ought to be applied to the State member banks than to the national banks.

Mr. GEORGE. Oh, no; not at all.

Mr. BULKLEY. It was only my thought that the language on page 8 makes applicable to State banks whatever is said in section 14. If we amend section 14 applying to national banks, that will by the same token relieve the State banks to the same extent.

Mr. GEORGE. The amendment, which the Senator says he intends to propose, might possibly obviate the necessity of this amendment, but I would not be willing to say that that is true at this time, because I think it would take a very careful study of section 14 to determine that fact.

Mr. GLASS. May I say to the Senator that it was because of the fact that he had proposed this amendment, and that he and I had discussed it, that the Senator from Ohio and I went over the matter very carefully to meet the view of the Senator from Georgia; and I feel certain that the amendment proposed by the Senator from Ohio completely meets the view entertained by the Senator from Georgia.

Mr. BULKLEY. I would suggest that the Senator now withdraw this amendment without prejudice and consider that.

Mr. GEORGE. I am disposed to think that the amendment which the Senator from Ohio proposes to offer will cover what I have in mind; and I trust that the Senator will offer his amendment, whether now or at some later time.

Mr. GLASS. Oh, yes; he will do that.

The VICE PRESIDENT. As the Chair understands, the Senator from Georgia withdraws his amendment.

Mr. GEORGE. I withdraw my amendment in view of the statements of the Senator from Ohio and the Senator from Virginia.

The VICE PRESIDENT. The bill is open to amendment. The Senator from Virginia.

Mr. GLASS. I have no amendment to offer.

The VICE PRESIDENT. The Senator from Ohio.

Mr. BULKLEY. Mr. President, I shall be glad to call up that amendment on page 35 now. It is at the desk.

The VICE PRESIDENT. Let it be stated.

The LEGISLATIVE CLERK. On Page 35, line 14, strike out the word "hereafter," and after the word "purchased" insert "after this section as amended takes effect."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio.

The amendment was agreed to.

The VICE PRESIDENT. The bill is open to amendment.

Mr. BULKLEY. There is another amendment to the same effect in another line on page 35.

The VICE PRESIDENT. Let it be stated. Will the Senator send up the amendment?

Mr. BULKLEY. It is to make, in line 14, the same amendment as in line 7.

The VICE PRESIDENT. Without objection——

Mr. GEORGE. Mr. President, let me ask the Senator from Ohio if he proposes to modify the following language, to be found on page 36:

Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase or holding by the association of any shares of stock of any corporation.

Mr. GLASS. We mean to strike out the words, "or holding."

Mr. GEORGE. That, I think, would meet exactly what we have in mind.

Mr. BULKLEY. Mr. President, I offer an amendment on page 36, line 3 to strike out the words "or holding."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Ohio.

The amendment was agreed to.

The VICE PRESIDENT. Did the Senator from Ohio propose the second amendment, or did he withdraw that amendment?

Mr. BULKLEY. As I understood, the second amendment was adopted by consent, because it was exactly the same amendment as in line 7.

The VICE PRESIDENT. Without objection, that amendment will be agreed to.

The bill is open to amendment.

Mr. LONG. Mr. President, it is now 9.40 or 9.45. I have some amendments that I want to send up. I believe we are to take a recess at 10 o'clock, and I was going to suggest that we recess now instead of going into the other amendments. We have only 15 or 20 minutes left.

Mr. BULKLEY. Mr. President, what is the objection to starting the consideration of the amendments to-night?

Mr. LONG. I can not get through with them. It will require a little time to discuss them. The first one is the amendment relative to the liquidating corporation. I do not see why we should go on with it for 15 minutes.

The VICE PRESIDENT. The Senator from Louisiana has the floor.

Mr. KEAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from New Jersey?

Mr. LONG. I yield to the Senator from New Jersey.

Mr. KEAN. I send to the desk an amendment which I ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 23, the Senator from New Jersey proposes to strike out the words "a majority of the members of its executive committee or."

Mr. KEAN. Mr. President, does the Senator consent to that amendment?

Mr. BULKLEY. May I ask if that amendment has been corrected?

Mr. KEAN. I ask to correct that amendment so that it will strike out "either a majority of the members of its executive committee or."

The VICE PRESIDENT. The clerk will state the amendment as modified.

The LEGISLATIVE CLERK. On page 2, line 23, strike out the words "a majority of the members of its executive committee or."

Mr. BULKLEY. I think the word "either" should also be stricken out, so that the striking out will commence with the word "either."

The VICE PRESIDENT. Let the amendment again be stated, so that there will be no mistake about it.

The LEGISLATIVE CLERK. On page 2, line 23, strike out the words "either a majority of the members of its executive committee or."

Mr. LONG. Mr. President, how does the amendment, as corrected, read? What is the Senator attempting to strike out?

Mr. KEAN. I am proposing to strike out on line 23, after the words "Of which," the words "either a majority of the members of its executive committee or." It leaves in "a majority of its directors, trustees."

Mr. LONG. The Senator means he is striking out of the bill all except a majority of the directors and trustees?

Mr. KEAN. Yes.

Mr. LONG. What is the Senator eliminating from the bill?

Mr. KEAN. I am eliminating the executive committee.

Mr. LONG. The Senator is eliminating the executive committee?

Mr. KEAN. Yes.

Mr. LONG. I had expected that this amendment the Senator from New Jersey had offered would not forbid the directors of a department store, all of whom are members of the board of directors of a bank, to hold their positions as directors of the bank. Does the Senator's amendment cover that?

Mr. KEAN. This makes it so that the members of the executive committee of an industrial concern—a railroad, insurance company, and so on—can be directors of a bank, but a majority of them can not be members of its executive committee. It cuts out the executive committee, so that if the executive committee of an insurance company or any other company are directors of a bank it does not make the insurance company an affiliate of the bank.

Mr. LONG. I am sure I am dense, but I do not understand exactly what the Senator is talking about.

Mr. KEAN. I will repeat it, if the Senator desires.

Mr. LONG. Let us take a department store with five directors, just to give an illustration. Under the Senator's amendment would it be permissible for the five directors to be directors of a bank?

Mr. KEAN. No; but if the department store has an executive committee of three or five directors, and those directors happen to be members of the directory of a national bank or trust company or a member bank, the provision as written would eliminate them. In other words, if a majority of the board of directors or trustees are directors of a bank, that means that the bank absolutely has control of that company. If, on the other hand, members of the executive committee are members of a board of directors of a bank, that does not mean at all that that company is owned by the bank.

Mr. LONG. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. If the amendment of the Senator should prevail, then this language could not be subsequently corrected; it would have to remain as corrected by his amendment, would it not? The point is that I do not want to be prevented from correcting this language further. I thought I was in favor of the amendment as it was read, but I do not want to be precluded. What I have in mind is that the directors of department stores in my home city happen in some instances to be directors in a bank, and, according to this amendment, they would be prohibited from being directors in the bank and being directors in a department store.

Mr. KEAN. If a majority of them are directors of a bank, then that department store is an affiliate of the bank.

Mr. LONG. That is just what I want to prevent, and I hope the Senator will not amend his amendment.

Mr. KEAN. If this amendment carries, I have a second amendment which I think will eliminate that.

Mr. LONG. With that assurance, Mr. President, may I propound a parliamentary inquiry? Would that second amendment be in order? I am just afraid that by correcting this language, it will not be.

The VICE PRESIDENT. The amendment has not yet been sent up, but if it is to the other part of the section it would be in order.

Mr. LONG. Mr. President, I want to ask the Senator not to try to press this amendment to-night. The Senator from Georgia and myself think we can make it a little bit better. I do not want to take any chances of its being corrected and, by reason of the language's having been perfected, have it held as not being subject to further amendment.

I will say this, for the information of the Senate, that if a department store or a drug store or any other business composed of two partners is incorporated, and accidentally two or three members of the board should be directors of a bank, their company would be an affiliate of the bank. As an example, in my home town there is a bank that has about three directors who are directors of one of the largest department stores in the South. Each of those directors, who are engaged in other business, happens to be a director of the bank. The three or four directors are all directors of the bank, and under this amendment that department store would be an affiliate of the bank of which those men are directors, and I am undertaking to keep from having that foreclosed. I will ask the Senator to let the amendment go over until to-morrow morning. It is 10 minutes of 10, within a short time of the hour when we are to adjourn.

The VICE PRESIDENT. The Chair suggests that the Senator from New Jersey offer his second amendment, so that the two amendments may be considered together.

Mr. KEAN. I send the second amendment to the desk.

The VICE PRESIDENT. The amendments will be printed and lie on the table, and be printed in the RECORD for the information of the Senate.

The clerk will state the second amendment.

The LEGISLATIVE CLERK. On page 3, line 2, to strike out the words "of a member bank" and insert in lieu thereof the words "of any one member bank."

Mr. KEAN. Mr. President, if the Senator from Louisiana will look at that amendment, he will see that it so provides that there must be a majority of the board of directors, trustees of one bank. Instead of any member bank it must be one bank.

Mr. LONG. Mr. President, I ask the Senator if it would not be all right to let this amendment go over. I do not think his second amendment covers the matter, and as I realize how complicated it is to amend this provision, I have had the assistance of a very good lawyer in attempting to perfect an amendment which would take care of what I want to cover and at the same time not leave this ambiguity, which the Senator's amendment would apparently leave. I think this language goes entirely too far, and if it is not objectionable to the Senator from Virginia to do so, with the consent of the Senator from New Jersey I would ask that we let this amendment go over until to-morrow morning. It is now about 6 minutes to 10 o'clock.

Mr. GLASS. Mr. President, I may say to the Senator that I have no objection to the amendment going over. It has been discussed with the Senator from New Jersey by members of the subcommittee, and the members of the subcommittee find no objection to the two amendments proposed by the Senate. Both of them relate to the functions of an affiliate and seek to guard against undue control of a bank by the directors of an affiliate. I think it is clear; but if Senators think it is not, and think they can make it clearer, I have no objection to the amendment going over, because we have only five minutes left of the session to-night.

Mr. GEORGE. Mr. President, I inquire of the Senator from Ohio whether he will offer his amendment to the language on page 8, in line 20. The Senator has an amendment pending.

Mr. BULKLEY. Yes; I expect to call that up.

Mr. GEORGE. I am making inquiry because I have an amendment pending, and I desire to offer it to the section after it is perfected.

Mr. BULKLEY. I understand.

Mr. GEORGE. Now, I ask the Senator from Virginia whether he has considered the amendment which I have offered, in line 24, page 38, after the word "directors," to insert the words "and in deciding all questions at meetings of shareholders."

Mr. GLASS. We can act on that right now.

Mr. GEORGE. There is no objection to it?

Mr. GLASS. No.

The VICE PRESIDENT. The amendment will be stated.

The amendment was, on page 38, line 24, after the word "directors," to insert the words "and in deciding all questions at meetings of shareholders," so as to read:

Any such holding company affiliate may make application to the Federal Reserve Board for a voting permit entitling it to cast one vote at all elections of directors and in deciding all questions at meetings of shareholders of such bank on each share of stock controlled by it. The Federal Reserve Board may, in its discretion, grant or withhold such permit as the public interest may require. In acting upon such application, the board shall consider the financial condition of the applicant, the general character of its management, and the probable effect of the granting of such permit upon the affairs of such bank, but no such permit shall be granted except upon the following conditions:

The VICE PRESIDENT. By unanimous consent, the amendment will be considered as having been agreed to, and this action will not interfere with the pending amendment offered by the Senator from New Jersey [Mr. KEAN].

Mr. GLASS. Mr. President, in order that there may be no mistake about matters, and no broken engagements to-morrow night, we propose to pursue consideration of the pending bill, and take it into the night to 10 o'clock unless it shall have been passed before that hour.

Mr. LONG. Does the Senator want the Senate to stay in session to-morrow night until 10 o'clock?

Mr. GLASS. Unless the bill shall have been passed by that hour, yes.

Mr. McNARY. Is the Senator from Virginia willing to suspend at this time?

Mr. GLASS. Yes.

Mr. LONG submitted an amendment intended to be proposed by him to Senate bill 4412, the banking bill, which was ordered to lie on the table and to be printed, as follows:

On page 15, to strike out lines 6 to 13, both inclusive; on page 23, line 12, beginning with the word "and," to strike out through the word "section," in line 13.

ADDITIONAL PETITIONS AND MEMORIALS

Mr. COUZENS presented a memorial, numerously signed of sundry citizens of the State of Michigan, remonstrating against the ratification of the Great Lakes-St. Lawrence deep-waterway treaty, which was referred to the Committee on Foreign Relations.

Mr. COPELAND presented a resolution adopted by the Erie County (N. Y.) Bankers Association, opposing the passage of legislation proposing to revalue the currency, and

also the publication of borrowings of financial institutions from the Reconstruction Finance Corporation, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Jamaica Bay (N. Y.) Republican Club, favoring repeal of the provisions of the economy act, which was referred to the Committee on Appropriations.

He also presented the petition of Marion May and sundry other citizens of New York City, N. Y., praying for the adoption of an amendment to the Constitution guaranteeing equal rights to men and women, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by Gen. Henry W. Lawton Camp, No. 21, United Spanish War Veterans, Department of New York, of Brooklyn, N. Y., soliciting the favorable consideration of the Congress for Spanish War veterans in connection with proposed legislation to curtail pensions, disability allowances, and compensation, which was referred to the Committee on Pensions.

He also presented a resolution adopted by Blazing Star Post, No. 1574, Veterans of Foreign Wars of the United States, Staten Island, N. Y., protesting against the attitude and efforts of the National Economy League in endeavoring to promote curtailment of allowances and benefits to veterans of the Spanish and World Wars, which was referred to the Committee on Finance.

He also presented the petition of Joseph M. Mingen, of Buffalo, N. Y., praying for the passage of legislation to revalue the gold ounce and opposing the passage of the so-called Glass banking bill, which was ordered to lie on the table.

He also presented the petition of Marion May and sundry other citizens of New York City, N. Y., praying for the inclusion of an equality clause or reservation in the World Court protocols establishing the principle of equality for men and women, which was ordered to lie on the table.

He also presented a memorial of sundry citizens (being members of the United States customs guards, and other guards), of the port of New York, N. Y., remonstrating against further furloughs or reduction in their compensation, which was ordered to lie on the table.

He also presented memorials, and papers in the nature of memorials, of sundry citizens and religious and other organizations of the State of New York, remonstrating against the repeal of the eighteenth amendment to the Constitution, or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

REPORT OF COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS

Mr. BINGHAM, from the Committee on Territories and Insular Affairs, to which was referred the bill (H. R. 13959) to authorize the incorporated town of Fairbanks, Alaska, to issue bonds in any sum not exceeding $100,000 for the purpose of constructing and equipping a public-school building in the town of Fairbanks, Alaska, and for other purposes, reported it without amendment and submitted a report (No. 1108) thereon.

ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. REED:

A bill (S. 5504) authorizing the Bushkill Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Delaware River at, or near, Bushkill, Pa.; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 5505) to amend section 71, title 28, Code of Laws of the United States of America; to the Committee on the Judiciary.

ARRANGEMENTS FOR THE INAUGURAL CEREMONIES

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to introduce two joint resolutions on behalf of the Committee on Inaugural Ceremonies, and request that they may be printed and lie on the table. I also ask that certain communications relating to the same matter may be printed in the RECORD.

The VICE PRESIDENT. Without objection, that order will be made.

The joint resolution (S. J. Res. 239) authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes; and

The joint resolution (S. J. Res. 240) to provide for the quartering, in certain public buildings in the District of Columbia, of troops participating in the inaugural ceremonies, were read twice by their titles, and ordered to lie on the table.

The communications above referred to are as follows:

INAUGURAL COMMITTEE,
January 24, 1933.

Hon. JOSEPH T. ROBINSON,
Chairman Inaugural Committee,
Senate, Washington, D. C.

DEAR SENATOR ROBINSON: I herewith inclose two joint resolutions, the longer resolution authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and the shorter resolution providing for quartering in public buildings troops participating in the inaugural ceremonies.

The longer resolution is similar to Senate Joint Resolution 180, No. 77, Seventieth Congress, which was approved January 26, 1929, for the last inaugural. The shorter resolution is identical with House Joint Resolution 418, which passed the Senate February 15, calendar day February 18, 1929, and passed the House of Representatives February 16, 1929.

I also inclose the original communications from the Secretary of War, the Secretary of the Navy, the Commissioners of the District of Columbia, and the Director of Public Buildings and Public Parks of the National Capital, approving the longer resolution, and the approval of the Director of Public Buildings and Public Parks of the National Capital of the other resolution, providing for quartering in public buildings troops participating in the inaugural ceremonies.

The inaugural committee will greatly appreciate your efforts to have these joint resolutions passed as promptly as is practical.

With sentiments of high regard, I am,

Yours very truly,

LESLIE C. GARNETT,
Chairman Legislative Committee, Inaugural Committee.

WAR DEPARTMENT,
Washington, D. C., January 20, 1933.

Mr. LESLIE C. GARNETT,
Chairman Legislative Committee,
Inaugural Committee, Washington, D. C.

DEAR SIR: Careful consideration has been given to the proposed draft of a joint resolution to facilitate the work of your inaugural committee, draft of which was forwarded with your letter of the 16th instant. The draft which you submit appears to be practically identical with legislation heretofore enacted by Congress for similar purposes. It should, therefore, accomplish the purpose you have in mind, and the War Department will be glad to cooperate with your committee in any way desired should the joint resolution be enacted into law.

Sincerely yours,

PATRICK J. HURLEY,
Secretary of War.

THE SECRETARY OF THE NAVY,
Washington, January 21, 1933.

Mr. LESLIE C. GARNETT,
Chairman Legislative Committee,
Inaugural Committee, Munsey Building, Washington.

MY DEAR MR. GARNETT: You are authorized to say to the committee of the Seventy-second Congress, which is considering the joint resolution authorizing various things in connection with the inaugural ceremonies, that the Navy approves section 3 of that resolution, authorizing the loan by the Navy to your committee of certain tents, flags, etc., as stated in that section.

Very truly yours,

C. F. ADAMS.

COMMISSIONERS OF THE DISTRICT OF COLUMBIA,
Washington, January 17, 1933.

Mr. LESLIE C. GARNETT,
Chairman Legislative Committee,
Inaugural Committee, Washington, D. C.

DEAR MR. GARNETT: The commissioners are in receipt of your letter of January 16, submitting a proposed joint resolution authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933. The proposed resolution meets the approval of the commissioners. It is understood that you intend to present the resolution to Senator ARTHUR CAPPER, chairman of the Senate Committee on the District of Columbia, with request for its in-

troduction and enactment. The commissioners authorize you to state to Senator CAPPER that the proposed legislation has their approval, and they recommend its introduction and enactment.

Very truly yours,

L. H. REICHELDERFER,
President Board of Commissioners of the District of Columbia.

PUBLIC BUILDINGS AND PUBLIC PARKS OF THE NATIONAL CAPITAL,
Washington, D. C., January 23, 1933.

Mr. LESLIE C. GARNETT,
Chairman Legislative Committee,
Inaugural Committee, Munsey Building, Washington, D. C.

Subject: Special legislation for inauguration, March 4, 1933.

MY DEAR MR. GARNETT: I am glad to confirm my verbal statement to Mr. Claggett that I have no objection whatever to the two joint resolutions, drafts for which accompanied your note of January 16, 1933.

However, there are a few changes in the wording of the longer one which seems to me desirable for the sake of clarity and correctness, and I, therefore, venture to recommend them to your consideration:

(1) Section 1 refers to "The Director of Public Buildings and Public Parks of the National Capital and such other officers of the District of Columbia and the United States as control any public lands——," therefore "his" should be changed to "their."

(2) Near the end of section 1, "the War Department" occurring in the third line from the bottom evidently does not apply and should be changed to "the United States or the District of Columbia as the case may be," or else simply to "the appropriate agency of the Government."

(3) Section 2, second proviso after "Commissioners of the District of Columbia" add "or such other official as may have jurisdiction on the premises."

(4) Section 4, first line after "the Commissioners of the District of Columbia" add "and the Director of Public Buildings and Public Parks of the National Capital" so that wires can properly be allowed to cross park reservations, too, when necessary.

Very truly yours,

U. S. GRANT, 3d, *Director.*

FORMER PRESIDENT COOLIDGE AS STATESMAN RELAXED AMONG THE ANTIQUARIANS

Mr. BINGHAM. Mr. President, I ask leave to have published in the RECORD an article by Clarence S. Brigham, director of the American Antiquarian Society, appearing in the Boston Sunday Globe of January 8, 1933, entitled "Where He Was Still President Coolidge After He Left the White House—A Picture of the Statesman Relaxed Among the Antiquarians," and so forth.

There being no objection, the article was ordered to be printed in the RECORD, and it is as follows:

[From the Boston Sunday Globe, January 8, 1933]

WHERE HE WAS STILL PRESIDENT COOLIDGE AFTER HE LEFT THE WHITE HOUSE

A PICTURE OF THE STATESMAN RELAXED AMONG THE ANTIQUARIANS—HE TOLD THEM OF READING THE WHOLE OF DANTE IN ORIGINAL ITALIAN—TOLD THEM, TOO, THAT HE DIDN'T THINK MUCH OF HIS SPEECH IN LAST CAMPAIGN

The death of Calvin Coolidge is a great loss to the American Antiquarian Society, for he not only brought prestige to the organization, but showed an active and continued interest in its welfare. Mr. Coolidge was elected president of the society in October, 1929, largely upon the suggestion of Chief Justice Rugg, who was first vice president. Once I asked him the reason why he had taken on this position, when he had declined so many others. He replied that it was partly due to the fact that any request made to him by Chief Justice Rugg was worthy of the most careful consideration, but chiefly because he wanted to continue personal contacts with his fellowmen.

It must have been a great change to Mr. Coolidge, after so many active years in politics, suddenly to be retired to private life and to live in a small New England city, where there were few outside contacts except those of his own choosing. He saw some partial relief from this condition in the knowledge that through the Antiquarian Society he would meet several times each year men from various sections of the country, even though they worked in a field with which he was unfamiliar. I think that this desire for an occasional excursion into public life must also have influenced him in his accepting membership on the board of the New York Life Insurance Co., which took him to New York, where he was brought into contact with men of prominence in the world of business affairs.

He was a man of far greater culture than was generally realized. One night he asked if I did not have some fine early binding, so I showed him an edition of Dante which was translated into English in a volume of over 600 pages. I remarked, "Who could ever wade through this bulky volume?"

And to my surprise he answered, "I once read the whole of Dante in the original Italian."

"What!" I replied. "That would seem to me almost an impossibility. Did you do it in your college days?"

"No," he said, "it was years after I graduated from college, and I did not finish it until after I was married." Then he continued: "I always liked Italian and French and read many books in the original, but German was considerable of a stumblingblock."

He told me about the building up of his library at the White House. When he first went there he said that there was little more than a long set of Blackwood's Magazine, which he relegated to the attic. Then the books began to pile up until when he left Washington for Northampton there were 40 cases of books, with over 4,000 volumes in all. When the farmhouse at Plymouth was remodeled, place was made for this library, and the planning and filling of this room was a source of great pleasure to him. He said that in practically every volume he had placed his bookplate, the work having been done in Washington by some workers who came over from the Library of Congress. I said: "But what did you leave at the White House?" And he replied: "The set of Blackwood's Magazine."

Political speechmaking was a tremendous bore to Mr. Coolidge, and he thought it much overdone. He had made his notable campaign speech in behalf of Hoover only a week or so before he visited me on October 17. I told him that I thought his speech a remarkably fine document and that it sounded very well over the radio. He said: "I didn't think much of it. I expected that I would have 10 days to prepare it, and finally prepared it in 3. Writing it in Plymouth didn't give me much time to verify my facts." I said: "Are you going to make another speech during the campaign?" "No," he replied, "one speech is better than six." During the tercentenary year in Massachusetts he had over 200 requests to make speeches at various towns in the State, and he made but one.

One of the most notable characteristics shown by Mr. Coolidge in conversation, as well as in public utterance, was his fairness and impartiality. He could always look at both sides of an argument and seldom did he make up his mind until he had heard all sides. I referred to high wages as a primary cause of inflation. He said, "Don't forget that many employers are responsible for higher wages, for it gives them the opportunity for increased profits." He could see the side of the workingman just as readily as that of the operator.

At a council dinner a member was discoursing interestingly on the curious collections that people made—paper match covers, golf tees, or cigar bands. "Why, I even knew a man once who collected razors." Mr. Coolidge murmured to me in a low tone: "That must have been a colored man."

His conversation was frequently punctuated with epigrams or observations containing subtle wit. This even came to the surface during his conduct of a meeting when a council member was telling of the great value of the Gutenberg Bible and of the magnificent copy which Congress had recently bought from a European collector for a fabulous sum. "Well," Mr. Coolidge remarked, "I should think that an ordinary copy of the King James version would have been good enough for those Congressmen."

Once when lunching at Northampton he gave me what he called a real Vermont meal, with soup and cheese and apple pie with maple sirup. A short while later when he was in Worcester, I gave him a Rhode Island meal, with steak and johnnycakes, ending up with apple pie for dessert. He almost always referred to this meal when he came again to Worcester, and said that it was several days before he recovered from it, that he would have to be careful how he accepted invitations from me for luncheon which turned out to be dinner. As a matter of fact, he ate rather sparingly, seldom taking fruit for breakfast and having at least one light meal for the remainder of the day.

I think that Mr. Coolidge's most outstanding trait was his kindness and his sympathy. He never forgot a friend and had a surprising habit of remembering trivial happenings if they concerned those whom he liked. He had the faculty of inspiring a really fond affection from those with whom he was closely brought into contact. Perhaps there are some sides of his character which were put on sometimes to save embarrassment and sometimes to save trouble. His character was so strongly made up of honesty, fairness, adherence to ideals, and courage that all other qualities sink into insignificance.

The American Antiquarian Society had numbered eight Presidents of the United States in its membership and had had ex-President Taft upon its council, but no President had ever been one of its chief officers. After retiring from the Presidency, Mr. Coolidge had many positions offered to him, educational as well as commercial, but all of these he had steadfastly refused. Therefore we were rather surprised when he signified his willingness to accept the presidency of the organization, although he was somewhat familiar with its work and, because of near-by residence, knew many of its officers.

The first meeting at which Mr. Coolidge presided was in Boston in April, 1930. There he made a graceful speech of acceptance, in which he referred to the value of the study of history and his belief in the work which the society was doing. With a rather personal touch, he said that he could still be addressed as "Mr. President" and feel that the phrase was not a misnomer. This particular meeting in Boston was rather significant in that the two important subjects discussed were connected with the lives of Presidents Washington and Jefferson, that one of the papers was read by the son of President Tyler, and that the meeting was presided over by Mr. Coolidge himself.

Generally speaking, Mr. Coolidge said very little in conducting the meetings of the society, but attended strictly to the business of the meeting, just as he had done in presiding over political bodies. He rapidly fell into the routine of the society's work, taking over

whatever duties came to him. He wrote and read the report of the council in October, 1930 and 1931. But in October, 1932, he asked to be excused, saying that duties placed upon him in connection with the political campaign then in progress and his connection with the railroad investigation gave him little spare time.

Mr. Coolidge always showed much interest in the society's collection and frequently sent to the library books and documents which he thought would be useful. One late summer day in 1931 I spent most of the afternoon looking over some of the old family books which were in the storeroom back of the old farmhouse at Plymouth. Mr. Coolidge stood by, making remarks about the value of old schoolbooks and about the little opportunity for reading which the early New Englanders enjoyed, and acceding to practically every request on my part for certain books which would be of use in the Antiquarian Society's library.

On January 4, the very night before he died, he mailed to the society an envelope with several early documents, written by members of the Coolidge family, although not those of his own particular line. Only this coming week I had planned to visit him at Northampton to talk over certain matters regarding the increase of the society's library.

Mr. Coolidge did not miss a single meeting of the council during the three years that he was president. There were 4 meetings a year and this meant 12 meetings in all. Generally he visited my house in Worcester, arriving just before luncheon, which left half an hour to talk and smoke before the council meeting. He was an inveterate smoker, preferring mild domestic cigars. At the time of the annual meeting in October—that is, in October, 1930 and 1932—he stayed overnight at my house, which meant a longer period for conversation and reminiscence.

THE BROOKLYN EDISON CO.—ARTICLE BY JEROME COUNT

Mr. DILL. Mr. President, I ask unanimous consent to have printed in the RECORD an article published in the Nation of January 18, 1933, entitled "The Brooklyn Edison Co. Against the Public," by Jerome Count.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BROOKLYN EDISON AGAINST THE PUBLIC

By Jerome Count

Hard times seem to mean little or nothing to the stockholders and managers of the electric-power industry. Although some of the holding companies have collapsed, to the detriment of thousands of stockholders, most of the large operating companies have, despite the depression, continued to pile up huge profits and pay good dividends. Only the consumers and workers have failed to share in this remarkable prosperity. Indeed, these two groups, but particularly the latter, have had to undergo sacrifices in order that the inflated dividend record of some of the utilities might be maintained. This is especially true in the case of the Brooklyn Edison Co., which through good times and bad for 29 years has not once failed to declare its regular annual dividend of 8 per cent. This record remained unbroken in 1932. Thus, by virtue of a state-protected monopoly on Brooklyn's electric business, the original stock of the Brooklyn Edison Co. has now been redeemed two and a half times over.

An 8 per cent dividend might not appear excessive at first glance, but when examined in its relation to other factors its excessive nature stands clearly revealed. For example, the profits available for payment of dividends by Brooklyn Edison have amounted during the depression to approximately 30 per cent of the gross income of the company. In 1931 the sum of $13,400,000 was available for dividends, as compared with gross sales in that year of $48,000,000. In 1930, $13,700,000 was available for this purpose out of $46,000,000 gross income. The dividends actually paid in 1931 amounted to $8,800,000, and $10,000,000 was paid out in 1932.

Brooklyn Edison's continued payment of dividends presents a marked contrast both to its labor policy and to the needs of the community to which it supplies electricity. Its issued capital stock increased from $19,000,000 in 1921 to $125,000,000 ten years later. This means that the 8 per cent dividend rate is now paid on 600 per cent more stock than a decade ago. Electric consumption, however, has increased only 10 to 15 per cent each year. Dividend tribute levied upon the people of Brooklyn has increased five times more rapidly than their demand for electric service. Meanwhile, Brooklyn Edison has not neglected its future. It added $4,200,000 in 1931 to its surplus of $26,500,000. Its reserves were increased to $20,000,000. Its surplus has been increased by 250 per cent in the past five years alone.

With these facts a matter of record, it was astonishing to learn recently that 3,000 more men had been discharged by the company, increasing the lay-off to 5,000 for 1931 and 1932. Determined protests by the Brotherhood of Edison Employees have brought no relief, and it is fitting to inquire into Brooklyn Edison's labor policy as contrasted with its huge accelerated profits. The most recent reports disclose that Brooklyn Edison business for these two years will show a net increase of 38,000,000 kilowatt-hours in electric sales over the year 1930. Dividends for 1932 totaled $10,000,000—$1,200,000 more than was paid in 1931 and $2,800,000 more than in 1928, 1929, or 1930. Since 1921 the annual dividends paid have increased at the rate of 60 per cent. The pay roll, however, has increased only at the rate of 15 per cent each year—an increase in labor force and not in average wage.

It is significant that while the increase in the share of labor coincides with the increased demand for electricity—15 per cent annually—the stockholders' share in the benefits of a decade's expansion in this industry has exceeded both by 400 per cent. The year 1931 intensified this injustice by decreasing the pay roll by $1,126,017, while dividends increased by $1,600,000. The year 1932 crowned all previous Brooklyn Edison achievements with a $4,000,000 decrease in wage payments as compared with 1930, and a $2,800,000 increase in dividends compared with the same year.

The prospects for Edison employees are more dismal for 1933. Construction work will reach the vanishing point and wage cuts are threatened, but dividends will continue their unbroken record of 29 years. There is even danger that Brooklyn Edison will issue $15,000,000 more stock, now held in reserve, and again increase dividends by $1,200,000. The significance of these figures is even more striking when they are reduced to terms of the average worker and the average stockholder. In a typical year, 1926—before the Consolidated Gas Co. assumed control of Brooklyn Edison—8,666 employees, devoting their entire year's labor to the production and distribution of electricity to more than 2,000,000 people, received an average annual wage per man of $1,500. The sum of $500, or one-third of this wage, was paid to 11,343 average stockholders enjoying the privileges of absentee ownership. The dividends distributed were equal to 48 per cent of the total amount paid to wage earners. The elimination of dividends would have raised a miserable wage level—less than $30 a week in the boom year 1926—to $2,000 a year. It is well known that many skilled Edison employees, supporting families, earned little more than $25 weekly in boom times, while union men were paid two and three times as much. Mr. J. C. Parker, president of the Brooklyn Edison, has suggested that the relative permanence of jobs in his company justified the meager wages paid. Fourteen thousand Brooklyn Edison workers believed that thesis at the beginning of 1931. Since then 5,000 of them have become completely disillusioned; 2,000 workers have been out of the company's employ for two years and 3,000 more were dropped in 1932. These 5,000 men could have been retained at a cost of $5,000,000. During the same period Brooklyn Edison had $25,000,000 available for dividends (of which $18,800,000 was actually paid) and reserves of $22,000,000 were accumulated.

The desperate plight of Edison men, as a result of this inequitable labor policy, was brought out at a hearing held by the public committee on power utilities and labor. A young worker 27 years old, with a wife and two children to support, was asked to describe his circumstances since his discharge from the company. He testified: "My present circumstances are that I haven't worked for four months. The only job I received was a couple of days ago and I made $2. The relief committee paid my month's rent for me and supplied me with $2.50 a week to eat on." Mr. Parker, president of the Brooklyn Edison, with singular irony, was chairman of what his former employee calls the "relief committee" in the recent drive for unemployment relief funds. Mr. Parker pleaded with Brooklyn to donate $1,250,000. He apparently sees no moral problem involved in thus committing arson with one hand and playing the hose with the other.

It has been declared by Mr. Parker that construction projects on which these men were employed have been completed and, in his own words, "when a house is built, it can't be built again." Let us examine this claim. In 1928 Brooklyn Edison laid out a 10-year construction program, including replacement of overhead wires and improvement of distribution facilities generally. After the second year of this 10-year program, Brooklyn Edison discharged 40 per cent of its force and left 36,000,000 feet of overhead electric wire still to be placed underground. The State legislature declared this change to be a public necessity 40 years ago, but at the rate at which it has progressed during the past five years, 40 years more will be required for its completion. Yet Mr. Parker insists that Brooklyn Edison has no work for these 5,000 men to do.

Similarly, there are 15,000 customers whose service is to be transferred from direct to alternating current. Mention this to Mr. Parker and he answers, "We are way ahead of schedule." Excessive rates and underpaid and insecure employees are the keystone of Edison prosperity. The public service commission has proved incapable of obtaining reasonable rates, and until recently has avoided all responsibility for labor conditions in public utilities. Although it is believed that the present law grants adequate authority to act, public bodies have sought an express legislative mandate for 15 years to direct the commission to deal with its problem. The constant threat of discharge hangs over the heads of Edison employees affiliating themselves with union activities. The American Federation of Labor has failed to take effective action against an illicit agreement between the electricians' union and the Edison system whereby the union maintains a "hands-off" policy. Labor and the consumers have met defeat at every turn.

When Brooklyn Edison was combined with the Consolidated Gas system, Morris L. Ernst, representing the public committee on power, endeavored to oppose the public service commission's unconditional approval of this deal and was all but ousted from the so-called public hearings. It is not without interest to analyze the results of this consolidation. According to Matthew S. Sloan, then president of the Brooklyn Edison Co., the unification meant an annual saving of $17,700,000 to the companies. Within the space of a few months the Consolidated system raised its dividend rate by $6,000,000 per annum, and in the following year the dividends were again increased, so that the former holders

of Brooklyn Edison and Consolidated stock received $18,000,000 in additional dividends just after the combination took place.

The last official report of the public service commission reflects the stockholders' rewards from this deal. In the year following the combination dividend payments in the gas and electric industry of New York City, dominated primarily by the Consolidated system, amounted to $43,600,000, representing an increase of 33 per cent over the previous year. During the same year, however, employment (as measured by wages in the industry) increased only 3 per cent. Again, in the following year, dividends were increased by an additional 25 per cent—almost $11,000,000. The pay roll increased only 5 per cent. Thus, during the two years immediately following the merger of Brooklyn Edison with Consolidated Gas, labor received the benefits of increased industry to the extent of 8 per cent, while stockholders reaped 58 per cent more dividends. At the same time the demand for power and gas increased only 10 per cent, while the public paid the same excessive rates. The files of the Public Service Commission reek with Edison scandal: $70,000,000 in accumulated "unification savings" was to be passed on to the public in the form of reduced rates, according to a promise made by Mr. Sloan five years ago, but this has not been done; $150,000,000 in fictitious capitalization is still awaiting investigation; a $50,000,000 permanent annual dividend load paid by consumers is still to be justified; other and hardly less important matters need looking into.

Fifteen years of struggle against this situation, during which the public service commission has been besieged with protests, petitions, and complaints, have been virtually barren of results. In fact, the only concrete action taken resulted in a substantial increase in the rates paid by small consumers of electricity. It was announced that the company must have the right to charge a minimum rate as a necessary condition to a well-advertised plan of a "voluntary reduction" of $5,500,000 offered by the Consolidated system in 1930. The reduced rates became effective, however, only when the consumer used more than a specified amount of electricity. Experience has proved that the "reduction" resulted in an increase for 50 per cent of the consumers who were forced to pay the new minimum rate; while the only buyers of electricity who profited by the reduction were the large users, industrial and otherwise.

Lest the consumer despair, it may be said that a recent report had it that the commission is opposed to further increases in rates except under "special conditions." Those who have their ears to the ground, however, are unable to report that rate reductions have even been rumored.

RECESS

Mr. McNARY. I move that the Senate take a recess until 11 o'clock to-morrow.

The motion was agreed to; and the Senate (at 10 o'clock p. m.) took a recess until to-morrow, Wednesday, January 25, 1933, at 11 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate January 24 (legislative day of January 10), 1933

REGISTER OF THE LAND OFFICE

Walter Spencer, of Colorado, to be register of the land office at Denver, Colo. (Reappointment, effective February 23, 1933.)

COAST GUARD

The following-named temporary commissioned officers to be ensigns in the Coast Guard of the United States, to rank as such from date of commission:

Ensign (Temporary) Alvin H. Giffin.
Ensign (Temporary) Joe G. Lawrence.
Ensign (Temporary) James A. Alger, jr.
Ensign (Temporary) Robert S. Lecky.

POSTMASTERS

ALABAMA

James W. Snipes to be postmaster at Florala, Ala., in place of J. W. Snipes. Incumbent's commission expires February 2, 1933.

Madison D. Majors to be postmaster at Georgiana, Ala., in place of M. D. Majors. Incumbent's commission expires February 11, 1933.

John H. Lynn to be postmaster at Summerdale, Ala., in place of J. H. Lynn. Incumbent's commission expires February 14, 1933.

John F. Morton to be postmaster at Tuscaloosa, Ala., in place of J. F. Morton. Incumbent's commission expires February 2, 1933.

Evelyn E. Morgan to be postmaster at Uniontown, Ala., in place of E. E. Morgan. Incumbent's commission expires February 2, 1933.

William H. McCalman to be postmaster at Vinemont, Ala., in place of W. H. McCalman. Incumbent's commission expires February 11, 1933.

Rupert M. Bearden to be postmaster at West Blocton, Ala., in place of R. M. Bearden. Incumbent's commission expires February 9, 1933.

ARKANSAS

Pearl Knod to be postmaster at Gillham, Ark., in place of Pearl Knod. Incumbent's commission expires February 13, 1933.

Estelle Baynham to be postmaster at Success, Ark., in place of Estelle Baynham. Incumbent's commission expires February 13, 1933.

CALIFORNIA

Charles D. Heywood to be postmaster at Berkeley, Calif., in place of C. D. Heywood. Incumbent's commission expires February 5, 1933.

Charles T. Myers to be postmaster at El Monte, Calif., in place of C. T. Myers. Incumbent's commission expires February 5, 1933.

Pearl S. Templeton to be postmaster at Fellows, Calif., in place of P. S. Templeton. Incumbent's commission expires February 5, 1933.

Michael G. Callaghan to be postmaster at Livermore, Calif., in place of M. G. Callaghan. Incumbent's commission expires February 5, 1933.

Clayton C. Troxel to be postmaster at Riverside, Calif., in place of C. C. Troxel. Incumbent's commission expires February 28, 1933.

Leo H. Vishoot to be postmaster at Sunnyvale, Calif., in place of L. H. Vishoot. Incumbent's commission expires February 5, 1933.

Raymond J. Schulze to be postmaster at Veterans' Home, Calif., in place of R. J. Schulze. Incumbent's commission expires February 5, 1933.

COLORADO

Beulah J. Wright to be postmaster at Estes Park, Colo., in place of B. J. Wright. Incumbent's commission expired December 14, 1932.

DELAWARE

Levin R. Hill to be postmaster at Selbyville, Del., in place of L. R. Hill. Incumbent's commission expires February 15, 1933.

IDAHO

Albert O. Edwards to be postmaster at Grangeville, Idaho, in place of A. O. Edwards. Incumbent's commission expires February 9, 1933.

J. Howard Howe to be postmaster at Lewiston, Idaho, in place of J. H. Howe. Incumbent's commission expired January 26, 1933.

ILLINOIS

Eva B. Perryman to be postmaster at Cowden, Ill., in place of E. B. Perryman. Incumbent's commission expires February 8, 1933.

Ralph C. Williams to be postmaster at Edinburg, Ill., in place of R. C. Williams. Incumbent's commission expires February 5, 1933.

Edwin A. Mead to be postmaster at Hebron, Ill., in place of E. A. Mead. Incumbent's commission expires February 12, 1933.

Otto G. Striegel to be postmaster at Litchfield, Ill., in place of O. G. Striegel. Incumbent's commission expires February 14, 1933.

Jesse E. Meharry to be postmaster at Tolono, Ill., in place of J. E. Meharry. Incumbent's commission expires February 5, 1933.

Lucy H. Renich to be postmaster at Woodstock, Ill., in place of L. H. Renich. Incumbent's commission expires February 12, 1933.

INDIANA

Harry D. Bodenhafer to be postmaster at Kendallville, Ind., in place of H. D. Bodenhafer. Incumbent's commission expired January 19, 1933.

Dudley Fielding to be postmaster at Tipton, Ind., in place of C. L. Grishaw, deceased.

IOWA

Ida Kelly to be postmaster at Harpers Ferry, Iowa, in place of Ida Kelly. Incumbent's commission expired January 19, 1933.

Finley E. Dutton to be postmaster at Manchester, Iowa, in place of F. E. Dutton. Incumbent's commission expires February 8, 1933.

KANSAS

Axel F. Holmgren to be postmaster at Lincolnville, Kans., in place of A. F. Holmgren. Incumbent's commission expires February 13, 1933.

LOUISIANA

Jason Taylor to be postmaster at Newellton, La., in place of Jason Taylor. Incumbent's commission expires February 9, 1933.

MARYLAND

Roland M. White to be postmaster at Princess Anne, Md., in place of R. M. White. Incumbent's commission expires February 15, 1933.

Mrs. Luther B. Miller to be postmaster at Williamsport, Md., in place of Mrs. L. B. Miller. Incumbent's commission expired January 19, 1933.

MASSACHUSETTS

Albin K. Parker to be postmaster at Norwood, Mass., in place of A. K. Parker. Incumbent's commission expires February 13, 1933.

MICHIGAN

Edward Keisu to be postmaster at Calumet, Mich., in place of Edward Keisu. Incumbent's commission expires February 13, 1933.

Ronald H. Macdonald to be postmaster at Dollar Bay, Mich., in place of R. H. Macdonald. Incumbent's commission expires February 9, 1933.

Frank Leonard to be postmaster at Hubbell, Mich., in place of Frank Leonard. Incumbent's commission expires February 9, 1933.

Charles J. Larson to be postmaster at Ironwood, Mich., in place of C. J. Larson. Incumbent's commission expires February 13, 1933.

MINNESOTA

Willie W. Bunday to be postmaster at Dennison, Minn., in place of W. W. Bunday. Incumbent's commission expires February 9, 1933.

Oswald H. Jacobson to be postmaster at Rothsay, Minn., in place of O. H. Jacobson. Incumbent's commission expires February 9, 1933.

Frank W. Hanson to be postmaster at Rush City, Minn., in place of F. W. Hanson. Incumbent's commission expires February 9, 1933.

Elizabeth C. Bahr to be postmaster at Waconia, Minn., in place of E. C. Bahr. Incumbent's commission expires February 12, 1933.

Halbert Loken to be postmaster at Wanamingo, Minn., in place of Iver Tiller, deceased.

Arnold C. Klug to be postmaster at Zumbrota, Minn., in place of A. C. Klug. Incumbent's commission expires February 9, 1933.

MISSOURI

Ire E. Knight to be postmaster at Conway, Mo., in place of I. E. Knight. Incumbent's commission expires February 9, 1933.

Anna Tabler to be postmaster at Jasper, Mo., in place of Anna Tabler. Incumbent's commission expires February 1, 1933.

Elizabeth E. Letton to be postmaster at Mindenmines, Mo., in place of E. E. Letton. Incumbent's commission expires February 12, 1933.

Bert G. Bottorff to be postmaster at New London, Mo., in place of B. G. Bottorff. Incumbent's commission expires February 9, 1933.

William H. Reynolds to be postmaster at Smithton, Mo., in place of W. H. Reynolds. Incumbent's commission expires February 1, 1933.

Roy E. Dusenbery to be postmaster at Van Buren, Mo., in place of R. E. Dusenbery. Incumbent's commission expires February 1, 1933.

MONTANA

Myrtle H. Keselring to be postmaster at Sunburst, Mont., in place of M. H. Keselring. Incumbent's commission expires February 9, 1933.

NEBRASKA

Eugene V. Hickok to be postmaster at Atkinson, Nebr., in place of E. V. Hickok. Incumbent's commission expires February 9, 1933.

Henry C. Blome to be postmaster at Dalton, Nebr., in place of H. C. Blome. Incumbent's commission expired January 18, 1933.

NEVADA

Katie O'Connor to be postmaster at Virginia City, Nev., in place of Katie O'Connor. Incumbent's commission expires February 9, 1933.

NEW HAMPSHIRE

Blanche W. Drew to be postmaster at Intervale, N. H., in place of B. W. Drew. Incumbent's commission expires February 11, 1933.

NEW JERSEY

Joseph B. Kronenberg to be postmaster at Bernardsville, N. J., in place of J. B. Kronenberg. Incumbent's commission expires February 12, 1933.

Lester Quigley to be postmaster at Manville, N. J., in place of Lester Quigley. Incumbent's commission expires February 12, 1933.

Charles J. Newman to be postmaster at Newfoundland, N. J., in place of C. J. Newman. Incumbent's commission expires February 12, 1933.

Nicholas A. Chasse to be postmaster at South Orange, N. J., in place of N. A. Chasse. Incumbent's commission expires February 12, 1933.

William B. Lance to be postmaster at Stanhope, N. J., in place of W. B. Lance. Incumbent's commission expired February 2, 1932.

NEW MEXICO

George A. Titsworth to be postmaster at Capitan, N. Mex., in place of G. A. Titsworth. Incumbent's commission expires February 2, 1933.

NEW YORK

William B. Hagan to be postmaster at Bloomingburg, N. Y., in place of W. B. Hagan. Incumbent's commission expires January 30, 1933.

Kenneth C. Steblen to be postmaster at Cape Vincent, N. Y., in place of K. C. Steblen. Incumbent's commission expires February 9, 1933.

John Sparks to be postmaster at Eldred, N. Y., in place of John Sparks. Incumbent's commission expired January 18, 1933.

Grace S. G. Davies to be postmaster at Lake Kushaqua, N. Y., in place of G. S. G. Davies. Incumbent's commission expires January 30, 1933.

Bertha B. Howland to be postmaster at Lisle, N. Y., in place of B. B. Howland. Incumbent's commission expires February 8, 1933.

Alfred E. Butler to be postmaster at Suffern, N. Y., in place of A. E. Butler. Incumbent's commission expired December 12, 1932.

NORTH CAROLINA

Roscoe L. Nicholson to be postmaster at Brevard, N. C., in place of R. L. Nicholson. Incumbent's commission expires February 11, 1933.

Miles S. Elliott to be postmaster at Edenton, N. C., in place of M. S. Elliott. Incumbent's commission expires February 8, 1933.

A. Irvin Jolley to be postmaster at Mooresboro, N. C., in place of A. I. Jolley. Incumbent's commission expires February 8, 1933.

Rudolph E. Walters to be postmaster at North Wilkesboro, N. C., in place of R. E. Walters. Incumbent's commission expires February 11, 1933.

James V. Benfield to be postmaster at Valdese, N. C., in place of J. V. Benfield. Incumbent's commission expires February 1, 1933.

Thomas J. Henderson to be postmaster at Yanceyville, N. C., in place of T. J. Henderson. Incumbent's commission expires January 29, 1933.

OHIO

William E. Pangburn to be postmaster at Felicity, Ohio, in place of W. E. Pangburn. Incumbent's commission expires February 13, 1933.

Harriett E. Craig to be postmaster at Neffs, Ohio, in place of H. E. Craig. Incumbent's commission expires February 11, 1933.

OKLAHOMA

Joseph T. Dillard to be postmaster at Waurika, Okla., in place of J. T. Dillard. Incumbent's commission expires February 8, 1933.

PENNSYLVANIA

Charles O. Smith to be postmaster at Black Lick, Pa., in place of C. O. Smith. Incumbent's commission expires February 8, 1933.

Lillian K. Strong to be postmaster at Columbia Cross Roads, Pa., in place of L. K. Strong. Incumbent's commission expires January 26, 1933.

Jennie S. Curren to be postmaster at Gordon, Pa., in place of J. S. Curren. Incumbent's commission expires February 9, 1933.

Fred L. White to be postmaster at Great Bend, Pa., in place of F. L. White. Incumbent's commission expires January 29, 1933.

Russell J. Horne to be postmaster at Marianna, Pa., in place of R. J. Horne. Incumbent's commission expires February 9, 1933.

Wallis G. Detrick to be postmaster at Milford, Pa., in place of W. G. Detrick. Incumbent's commission expired January 19, 1933.

Lucy A. Truax to be postmaster at Robertsdale, Pa., in place of L. A. Truax. Incumbent's commission expires February 8, 1933.

Anna H. Slattery to be postmaster at St. Clair, Pa., in place of W. W. Thorn. Incumbent's commission expired May 26, 1932.

William E. Bowers to be postmaster at Waynesboro, Pa., in place of W. E. Bowers. Incumbent's commission expired February 2, 1932.

Clarence E. Grim to be postmaster at Windsor, Pa., in place of C. E. Grim. Incumbent's commission expired January 19, 1933.

SOUTH CAROLINA

Charles D. Blaylock to be postmaster at Greenwood, S. C., in place of H. E. Tolbert, removed.

George R. Hudson to be postmaster at Williston, S. C., in place of G. R. Hudson. Incumbent's commission expired January 8, 1933.

SOUTH DAKOTA

Calvin F. Barber to be postmaster at Agar, S. Dak., in place of C. F. Barber. Incumbent's commission expires February 5, 1933.

Julius S. Clevan to be postmaster at Brookings, S. Dak., in place of J. S. Clevan. Incumbent's commission expires February 9, 1933.

Irene H. Olsen to be postmaster at Eureka, S. Dak., in place of I. H. Olsen. Incumbent's commission expires February 9, 1933.

Louis Damberger to be postmaster at Herreid, S. Dak., in place of Louis Damberger. Incumbent's commission expires February 5, 1933.

Thelma L. Campman to be postmaster at Isabel, S. Dak., in place of T. L. Campman. Incumbent's commission expires February 5, 1933.

TENNESSEE

Jesse W. Alexander to be postmaster at Carthage, Tenn., in place of J. W. Alexander. Incumbent's commission expired January 11, 1933.

Ollie F. Minton to be postmaster at Nashville, Tenn., in place of O. F. Minton. Incumbent's commission expired January 11, 1933.

John G. Holmes to be postmaster at Trezevant, Tenn., in place of J. G. Holmes. Incumbent's commission expires February 2, 1933.

TEXAS

Gertrude E. Berger to be postmaster at Boling, Tex., in place of G. E. Berger. Incumbent's commission expired January 16, 1933.

Winnie B. Carroll to be postmaster at Center, Tex., in place of W. B. Carroll. Incumbent's commission expired January 5, 1933.

Robert J. King to be postmaster at Clarksville, Tex., in place of R. J. King. Incumbent's commission expired December 20, 1932.

Brice C. Howard to be postmaster at Damon, Tex., in place of B. C. Howard. Incumbent's commission expired December 20, 1932.

William G. Shelton to be postmaster at East Bernard, Tex., in place of W. G. Shelton. Incumbent's commission expired December 20, 1932.

Tom S. Kent, jr., to be postmaster at Grapeland, Tex., in place of W. T. Pridgen. Incumbent's commission expired March 21, 1932.

Carl E. Range to be postmaster at Irving, Tex. Office became presidential April 1, 1924.

Olive L. Stephens to be postmaster at Olden, Tex., in place of O. L. Stephens. Incumbent's commission expires February 8, 1933.

Charles A. Young to be postmaster at Pecos, Tex., in place of C. A. Young. Incumbent's commission expired January 16, 1933.

Edward H. Reinhard to be postmaster at Poth, Tex., in place of E. H. Reinhard. Incumbent's commission expired January 8, 1933.

Thomas A. Calhoun to be postmaster at Somerville, Tex., in place of R. D. Sterling, removed.

VIRGINIA

Mattie C. Berry to be postmaster at Accomac, Va., in place of M. C. Berry. Incumbent's commission expires January 29, 1933.

Byron Austin to be postmaster at Falls Church, Va., in place of Byron Austin. Incumbent's commission expired December 20, 1932.

William A. Coates to be postmaster at South Washington, Va., in place of W. A. Coates. Incumbent's commission expires February 9, 1933.

WEST VIRGINIA

Jenkin Jones to be postmaster at Follansbee, W. Va., in place of C. B. Dodd, resigned.

Ernest L. Head to be postmaster at Jenkinjones, W. Va., in place of E. L. Head. Incumbent's commission expires February 11, 1933.

Elmer E. Radabaugh to be postmaster at Mason Town, W. Va., in place of E. E. Radabaugh. Incumbent's commission expired January 9, 1932.

Thomas E. Clovis to be postmaster at Pennsboro, W. Va., in place of T. E. Clovis. Incumbent's commission expires February 14, 1933.

WISCONSIN

Lawrence A. Fjelsted to be postmaster at Colfax, Wis., in place of L. A. Fjelsted. Incumbent's commission expires February 8, 1933.

George F. Kimball to be postmaster at Janesville, Wis., in place of G. F. Kimball. Incumbent's commission expires February 8, 1933.

Helen L. Menzner to be postmaster at Marathon, Wis., in place of H. L. Menzner. Incumbent's commission expires February 8, 1933.

WYOMING

Henry H. Loucks to be postmaster at Sheridan, Wyo., in place of H. H. Loucks. Incumbent's commission expires February 1, 1933.



Elsie C. Mann to be postmaster at Yoder, Wyo., in place of E. C. Mann. Incumbent's commission expires February 14, 1933.

WITHDRAWALS

Executive nomination withdrawn from the Senate January 24 (legislative day of January 10), 1933

MARINE CORPS

First Lieut. Adolph Stahlberger (deceased) to be a captain in the Marine Corps from the 25th day of December, 1932.

HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 24, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, the Master of Galilee hath said, "Learn of me." We thank Thee for Him who is the one outstanding Teacher of the art of right living. He passed through such manifold and contrasted circumstances, exercising such wondrous courage and strength, that He compels our most humble and reverent admiration. Yes, Blessed Lord, let us learn of Him in joy and in sorrow, in labor and in leisure, in success and in failure. In all these experiences may He steady our souls and guide us in the way. O may His examples glow in our conduct until they become the very music and poetry of our daily lives. Quicken our consciences toward all things upright and warm our hearts toward all things good. Bless us all with that love that lies beyond earth's fairest things. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the amendments of the House to bills of the Senate of the following titles:

S. 5131. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Cannelton, Ind.; and

S. 5232. An act to extend the time for completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.

CALENDAR WEDNESDAY

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that on to-morrow business in order on Calendar Wednesday may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. LaGUARDIA. Reserving the right to object, and I shall not object, I wonder if the distinguished floor leader can inform us if the Committee on Patents, which committee has the next call on the calendar, will come forward at any time this session with the copyright bill?

Mr. RAINEY. I am sorry I can not answer the gentleman's question.

The SPEAKER. Is there objection?

There was no objection.

INDIANS OF THE FIVE CIVILIZED TRIBES

Mr. HOWARD. Mr. Speaker, I call up the conference report on the bill (H. R. 8750) relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska [Mr. HOWARD]?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8750) relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, and 4; and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert:

"SEC. 2. The Secretary of the Interior be, and he is hereby, authorized to permit, in his discretion and subject to his approval, any Indian of the Five Civilized Tribes over the age of 21 years having restricted funds or other property subject to the supervision of the Secretary of the Interior, to create and establish, out of the restricted funds or other property, trusts for the benefits of such Indian, his heirs, or other beneficiaries designated by him, such trusts to be created by contracts or agreements by and between the Indian and incorporated trust companies or such banks as may be authorized by law to act as fiduciaries or trustees: *Provided*, That no trust company or bank shall be trustee in any trust created under this act which has paid or promised to pay to any person other than an officer or employee on the regular pay roll thereof any charge, fee, commission, or remuneration for any service or influence in securing or attempting to secure for it the trusteeship in any trust: *Provided further*, That all trust agreements or contracts made or entered into prior to the date of approval of this act, and all contracts or agreements made or entered into prior to said date providing for or looking to the creation of such trust or trusts shall be null and void unless such contracts or agreements shall have heretofore been approved by the Secretary of the Interior.

"SEC. 3. The Secretary of the Interior be, and he is hereby, authorized, upon the execution and approval of any trust agreement or contract as herein provided, to transfer, or cause to be transferred, to the trustee, from the individual restricted or trust funds or other restricted property of the respective Indian, the funds or property required by the terms of the approved agreement, and the funds or property so transferred shall in each case be held by the trustee subject to the terms and conditions of the trust agreement or contract creating the trust, separate and apart from all assets, investments, or trust estates in the hands of said trustee.

"SEC. 4. None of the restrictions upon the funds or property transferred under the terms of any such trust agreement or contract shall be in any manner released during the continuance of the restriction period now or hereafter provided by law, except as provided by the terms of such agreement or contract, and neither the corpus of said trust nor the income derived therefrom shall, during the restriction period provided by law, be subject to alienation, or encumbrance, nor to the satisfaction of any debt or other liability of any beneficiary of such trust during the said restriction period. The trustee shall render an annual accounting to the Secretary of the Interior and to the beneficiary or beneficiaries to whom the income for the preceding year, or any part thereof, was due and payable.

"SEC. 5. Trust agreements or contracts executed and approved as herein provided shall be irrevocable except with the consent and approval of the Secretary of the Interior: *Provided*, That if any trust, trust agreement, or contract be annulled, canceled, or set aside by order of any court, or otherwise, the principal or corpus of the trust estate, with all accrued and unpaid interest, shall be returned to the Secretary of the Interior as restricted individual Indian property.

"SEC. 6. If, after the creation and approval of any trust, it is found that said trust was procured in violation of any

of the provisions of this act, or that the trustee designated therein has failed or refused to properly perform the duties imposed thereby, in accordance with the terms, provisions, and requirements of said trust agreement, it shall be the duty of the Attorney General to institute appropriate proceedings in the Federal courts for the cancellation and annulment of said trust by court decree, and upon decree of annulment and cancellation, which shall be at the cost of the trustee, and after accounting, but without the allowance of any fee, charge, or commission for any services rendered by the trustee, all funds held by the trustee shall be paid to the Secretary of the Interior as restricted funds, and the Federal courts are hereby given exclusive jurisdiction of all actions involving an accounting under any trust created under the provisions of this act, and all actions to cancel, annul, or set aside any trust entered into pursuant to this act.

"SEC. 7. The Secretary of the Interior is hereby authorized to prescribe such rules and regulations as he may deem necessary for the proper administration of this act. He shall fix and determine the value of each trust, reviewing such valuation from time to time as he may deem necessary, and, for the faithful performance of each trust agreement or contract, shall require corporate surety company bond equal to the value of the respective trust so fixed and determined, or the deposit of securities of the United States Government equal to such amount: *Provided, however,* That trusts created under the provisions of this act shall not extend beyond a period 21 years after the death of the last survivor of the named beneficiaries in the respective trust agreement."

And on page 2, line 18, of the House bill, strike out "2" and insert "8."

And the Senate agree to the same.

EDGAR HOWARD,
SCOTT LEAVITT,
Managers on the part of the House.
LYNN J. FRAZIER,
THOS. D. SCHALL,
ELMER THOMAS,
Managers on the part of the Senate.

STATEMENT

On amendment No. 1: Strikes out the word "members" in line 5, page 1, and inserts in lieu thereof "and so long as belonging to Indians," so as to make it certain that the supervision of the Secretary of the Interior extends to funds and securities only so long as they belong to Indians of one-half or more of Indian blood.

On amendment No. 2: Strikes out the words "of Indians" and inserts the words "In Oklahoma," so as to confine the terms of the act to the Five Civilized Tribes in Oklahoma.

On amendment No. 4: Inserts, in line 14, page 3, after the word "Oklahoma," in June, 1914," so as to define more definitely the date when the rules of procedure were adopted.

On amendment No. 3: Was added in the Senate and authorized trust agreements to be entered into by restricted Indians, with the approval of the Secretary of the Interior. The House disagreed to the form of this amendment, and the conferees have agreed upon language intended to give the greatest possible protection to the Indians, and authorized Indians desiring to enter into trust agreements to make the same with the approval of the Secretary of the Interior under certain protective limitations and safeguards.

EDGAR HOWARD,
SCOTT LEAVITT,
Managers on the part of the House.

Mr. STAFFORD. Will the gentleman yield?

Mr. HOWARD. I yield.

Mr. STAFFORD. Mr. Speaker, there is included in this very important measure a new feature, Senate amendment No. 3, authorizing the Indians, with the approval of the Secretary of the Interior, to have trust estates created, and have the funds in the possession and under the control of trust companies. It is a departure from the established practice, in having the funds in the Treasury, and I think the gentleman from Nebraska [Mr. HOWARD] should make some passing comment upon that subject, because the House has never acted on that phase of the question.

Mr. HOWARD. The amendment to which the gentleman from Wisconsin [Mr. STAFFORD] refers was engrafted upon the restriction bill in the Senate. For 10 long years, Mr. Speaker, I have fought this trust bill in the House and in the Committee on Indian Affairs, seeking always to so amend it that no Indian's property should be committed to any manner of trust without its being accompanied by a bond to be approved by the Secretary of the Interior. That has now been incorporated in the bill as it appears before the House at this moment. I am very much gratified at the success of my long effort in that direction. I am very much gratified to know that every divergent interest in connection with both pieces of this legislation has been unanimously approved by the contending interests.

Mr. SNELL. Will the gentleman yield for a question?

Mr. HOWARD. I yield.

Mr. SNELL. Last evening when the gentleman first presented this report I requested that it go over until this morning for two reasons. I thought it too late last night, and I wanted to get a little information. The Secretary of the Interior evidently thought I was opposed to the conference report, and in communication with him this morning he says it is entirely in accord with the department and they really feel it is for the best interest of the Indians and the Government also, and there should be no special objection to the report.

The conference report was agreed to.

LOANS TO FARMERS FOR CROP PRODUCTION AND HARVESTING

Mr. JONES. Mr. Speaker, I call up the conference report on the bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, and I ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. JONES]?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agreed to the same with the following amendments: On page 2 of the House engrossed amendment, line 3, strike out "cultivation and harvesting" and insert "and cultivation, and in drought and storm stricken areas not to exceed $1,000,000 for feed for farm livestock"; on page 2, line 5, of said engrossed amendment, strike out "$75,000,000" and insert "$90,000,000"; on page 3, line 2, of said engrossed amendment, strike out the words "and harvesting"; on page 3, line 3, after the word "crops" and the comma, insert "and feed for farm livestock"; and the House agree to the same.

MARVIN JONES,
H. P. FULMER,
W. W. LARSEN,
GILBERT N. HAUGEN,
FRED S. PURNELL,
Managers on the part of the House.
CHAS. L. MCNARY,
LYNN J. FRAZIER,
E. D. SMITH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S.

5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill as agreed to in conference is the same as the House amendment except that—

(1) In the House amendment loans were to be made for crop production, planting, fallowing, cultivation, and harvesting. As agreed to in conference, loans are to be made for crop production, planting, fallowing, and cultivation, and in drought and storm stricken areas not more than $1,000,000 may be loaned for feed for farm livestock.

(2) The House amendment contained a limitation of $75,000,000 on the total sums to be used for the purposes of the act. As agreed to in conference this amount is changed to $90,000,000.

MARVIN JONES,
H. P. FULMER,
W. W. LARSEN,
GILBERT N. HAUGEN,
FRED S. PURNELL,
Managers on the part of the House.

Mr. STAFFORD. Will the gentleman make a brief explanation, because the first amendment was not considered in the House at all, as far as the limitation of amount that might be expended is concerned.

Mr. JONES. The House bill has been agreed upon with the changes noted. The Senate bill being somewhat indefinite in its figures—the estimate being that the original Senate bill would carry about $41,000,000—was stricken out, and the House bill was accepted with two qualifications. One of those qualifications is that the Senate amendment, which permitted the use of a portion of these funds for the purchase of feed for farm work stock in the drought and storm stricken areas, was included, but with a limitation on that inclusion that it should not exceed $1,000,000 for that purpose. The other amendment which was in the House bill, a limitation of $75,000,000 as the total to be used, was increased to $90,000,000. Those are the only two changes in the bill as it passed the House, except the word harvesting was stricken out, since representatives of the department felt that the administration could be handled better without the specific term. The conference report is exactly the terms of the House bill with those two exceptions.

Mr. SNELL. Will the gentleman yield?

Mr. JONES. I yield.

Mr. SNELL. I wish to say that my personal feeling about this report is just the same as when the bill originally passed this House. I am against it in principle, and I think it is entirely wrong; but I appreciate the fact that that is water over the dam, and there is no use opposing it now.

Mr. STAFFORD. Will the gentleman yield?

Mr. JONES. I yield.

Mr. STAFFORD. My attention was called last fall to the conditions in the drought-stricken area of northern Wisconsin, and to the need of providing feed for the livestock. Does the gentleman believe that $1,000,000 is adequate, when we are appropriating $90,000,000 for seed purposes for farmers, many of whom do not need it, and who are in financial position to procure their own seed or secure loans with which to purchase it?

Mr. JONES. Most of the representatives agreed that $500,000 would be sufficient, and that $1,000,000 would cover the necessities without question. It is simply for the drought and storm stricken areas.

The conference report was agreed to.

PERMISSION TO ADDRESS THE HOUSE

Mr. BECK. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BECK. Mr. Speaker, on December 7 I had the great privilege of addressing the House on the question of the power of Congress to supervise and control conventions held in the several States to ratify an amendment to the Constitution. Subsequent to that, my good friend and a very distinguished lawyer, Mr. Mitchell Palmer, filed a supplemental brief in the nature of a reply to the address that I had made. Subsequent to that the New York Times asked me to write for that newspaper a further expression of my views. I did so, and last Sunday the Times contained the article in which, in a far more precise and deliberate manner than was possible in the extemporaneous address which the House heard with so much indulgence, I reaffirmed my view that there was no constitutional power in Congress to supervise and control the electoral machinery of the States in the matter of ratifying conventions.

I may say that in this article in the New York Times I took occasion to say I did not question for a moment the power of Congress to appropriate to the States in reimbursement of their expenses whatever sums might be necessary to hold their ratifying conventions.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks by adding the article by me in the New York Times published last Sunday, January 22.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The matter referred to follows:

DRY REPEAL BY CONVENTIONS—BECK DIFFERS WITH PALMER—HE CRITICIZES THE FORMER ATTORNEY GENERAL'S THEORY AND HOLDS THAT CONGRESS CAN NOT FIX THE PROCEDURE OF THE CONVENTIONS

(Debate in Congress on the form of the repeal amendment has raised the question of how the amendment is to be acted upon by the States, since platforms of both political parties call for consideration by conventions rather than by legislatures. Ratification of amendments by conventions has never been tried, and students of the Constitution have been free to speculate on the procedure. In articles published in the Times, A. Mitchell Palmer and Prof. Howard Lee McBain took the position that the Federal Government would have broad powers over State conventions. In this article a different judgment is given by Representative JAMES M. BECK, former Solicitor General, and a well-known writer on the Constitution.)

By James M. Beck

It is given to few to suggest new ideas in constitutional jurisprudence. The Constitution has now been in operation for 145 years, and during that period each of its provisions has been subjected to meticulous examination by the microscope of the judiciary. To vary the metaphor, it is now necessary, in order to determine what the Constitution is, as now interpreted, to dig down through the successive strata of judicial decisions for more than a century. As a result, when the text of the Constitution is thus excavated in the manner of Pompeii, some of it is found to have been crushed under the lava of judicial construction, which has unceasingly poured from that great volcano, the Supreme Court of the United States.

STATE CONTROL IN CONGRESS

It is therefore interesting to note that A. Mitchell Palmer, former Attorney General of the United States and a lawyer of distinction, has suggested an idea, which, so far as my reading goes, had never previously occurred to anyone, and that is, that Congress has plenary authority to control the States in the matter of constituting and conducting conventions to consider amendments to the Federal Constitution.

With a certitude of judgment, which is to me a matter of envy, Mr. Palmer says:

"It can not be doubted that the Congress has the power, if it desires to exercise it, of providing all the details by which this Federal function of amending the Constitution by conventions in the States shall be exercised."

He amplifies this general contention by claiming that in so doing Congress can arrange voting districts (incidentally, possibly gerrymandering them), prescribe the qualifications of the electors, the form and character of the ballot, the time when the convention shall be held and its rules of procedure—in other words, that the Congress can take from each State its electoral machinery and mold it nearer to the heart's desire of the Congress, and all this in the most vital of all governmental functions, the power to amend the fundamental law.

ADVANTAGES AND DISADVANTAGES

In his recent contribution to the New York Times Mr. Palmer has undoubtedly shown that there would be many practical advantages in thus construing the Constitution, and especially in the matter of the repeal of the eighteenth amendment. As one who favors such repeal I should be glad, if only the eighteenth amendment was concerned, to have his construction followed, for it undoubtedly would be a short cut across the lot; but I dislike

such short cuts when I look into the future, and, in an age of coming change, view the possibilities of such a procedure in the matter of possible amendments which would not have the merit of the repeal of the eighteenth amendment.

In a subsequent communication to the Times by Prof. Howard Lee McBain of Columbia University, Mr. Palmer's constitutional theory is supported by another eminent student of the Constitution, who, however, is not so clear about it as is Mr. Palmer. Professor McBain recognizes that "there is room here for some difference of opinion," but he is "inclined to believe, however, that so far as power is concerned, Congress could enact such a law."

I regret my inability to concur in either opinion. In my judgment, the power of Congress is limited by the text of the instrument to the method of ratification—whether by legislatures or conventions—and the time within which such ratification must be made, and I contend further that there is no textual or even historical justification for the Palmer theory.

THE RIGHTS OF STATES

Its novelty may be measured by the fact that it was a distinct shock to many men when first propounded. I have reason to believe that the Garner resolution to repeal the eighteenth amendment, which failed by only 6 votes to pass the House of Representatives, would have been passed by that body had not at least six Members taken fright at the suggestion that Congress could destroy the last vestige of self-respect of the States by sending Federal officials into the States to conduct elections in behalf of the people of those States.

I entertain no doubt that Congress can appropriate money to the various States to cover the costs of the ratifying conventions. This is not only due to the fact that there is no judicial power to censor appropriations, which rest in the political discretion of Congress, but for the more pertinent reason that the Federal Government has a legitimate interest in the process of amendment, and if Congress cares to relieve the States of the burden of expense which would inevitably be caused by ratifying conventions, such Federal appropriations are within the legislative discretion of Congress.

In considering the broader question whether Congress can relieve the States of the function of calling State conventions and prescribing the manner of selecting delegates thereto, it should be remembered at the outset that if Mr. Palmer's proposal was a distinct shock to many of his party associates in Congress, who incontinently fled from such an extreme assertion of Federal power, it would have been an even greater shock to the members of the Constitutional Convention of 1787. If such a theory of the Constitution had been propounded in that body, it is probable that the convention would have forthwith adjourned sine die. It is morally certain that if a Constitution containing an express assertion of such power had ever been submitted to the thirteen States they would have refused to ratify that Constitution.

CONGRESS AND LEGISLATURE

It may well be that the reason why the convention method has never been resorted to since the Constitution was adopted is due to the fact that successive Congresses which have from time to time submitted amendments to the States were fearful that the Congress might assert some power in respect thereto which, in the nature of things, it could not assert in respect to existing State legislatures.

In this connection it must also be remembered that if a State convention is a Federal agency so as to justify the supervisory power of the Congress, then a State legislature is equally such an agency when it considers the ratification of an amendment, and it must logically follow that if Congress can enter the States and take from them the electoral machinery for electing delegates to such conventions, it could enter the legislatures of the States and supervise the process of ratification, and I imagine that Mr. Palmer would shrink from that contention.

THE ORIGINAL PURPOSE

We do know what the Constitutional Convention of 1787 had in mind when it submitted the Constitution to the States for their adoption. The convention reported back the draft of the Constitution to the then existing Congress of the old Confederation. The Articles of Confederation had provided that there should be no alteration "unless such alteration be agreed to in a Congress of the United States and be afterwards affirmed by the legislatures of every State." It never occurred to that Congress of the old Confederation, when charged with the duty of submitting the new Constitution to the States, that it had any power to go into the States and take charge of the process of ratification. Had it done so, as previously stated, it would have caused such ill feeling that ratification would have been an impossibility.

On the contrary, the Congress submitted the Constitution, to quote its resolution, "to conventions of the delegates chosen in each State by the people thereof, under the recommendation of its legislature," and this was the process followed. It is our only historical precedent in the matter.

However, we have in the Constitution itself certain cognate clauses which indubitably show that when the Constitutional Convention thought it necessary to supervise the functions of the States it particularly prescribed such restricted power. For example, Article I, section 4, in respect to the election of Members to Congress, says:

"The times, places, and manner of holding elections for Senators and Representatives shall be prescribed in each State by the legislature thereof; but the Congress may at any time, by law, make or alter such regulations, except as to the place of choosing Senators."

Thus the Congress reserved the right, in the interest of uniformity, to alter electoral regulations, which were, however, primarily committed to the States.

Another clause of equal importance is Article II, section 1, which provides that each State shall appoint in such manner as the legislature thereof may direct a number of electors, etc.

Thus the Electoral College, so called, was to be selected, and this was left unchanged by the twelfth amendment. An Electoral College is only a State convention called for the specific purpose of voting for a President and a Vice President, and it is significant that the Constitution expressly provides that the method of electing electors shall be "as the legislature may direct."

CONGRESSIONAL POWER LIMITED

If we now turn to Article V of the Constitution, which provides for amendments, it will be noted that while Congress can propose amendments to the Constitution, the only additional power given to Congress by the language of the instrument is to determine whether ratification shall be by State legislatures or by special conventions, "as the one or the other mode of ratification may be proposed by Congress."

If it had been intended that Congress, having selected the mode of ratification, could thereupon supervise the ratification by the States, whether by legislatures or conventions, presumably the Constitution would have said so, but, as previously stated—and the fact can not be too constantly emphasized—any additional power would have been rejected by a convention composed of States, which were not unconscious of their dignity as sovereign States and which were very jealous of their own electoral machinery.

INTERPRETING THE CONSTITUTION

Mr. Palmer seems to argue that the failure of the Constitution to confer such supervisory power is an argument in favor of the power, which seems to be a novel method of construing the Constitution. Even if the failure of the Constitution to grant such power can be regarded as justifying its existence by implication, yet it must be remembered that virtually as a part of the Constitution the States adopted Article X, which expressly provided that all powers "not delegated to the United States * * * are reserved to the States respectively, or to the people." Therefore the theory of a power based upon a casus omissus is answered by the tenth amendment.

Upon what possible ground, then, can this assertion of a power, so subversive of the dignity and power of the States in the vital matter of amendment, be based? Mr. Palmer's argument is pyramided upon one expression of the Supreme Court in the case of Leser *v.* Garnett (258 U. S. 130). In that case Justice Brandeis said:

"But the function of a State legislature in ratifying a proposed amendment to the Federal Constitution, like the function of Congress in proposing the amendment, is a Federal function derived from the Federal Constitution, and it transcends any limitations sought to be imposed by the people of a State."

In respect to the question then before the court, the expression "Federal function" is easily explainable. Of course, any amendment proposed under Article V is a "Federal function" in the sense that it is a power derived from the Constitution. In the absence of Article V, the Constitution could only be amended by the concurrence of all the States.

The purpose of Article V was to provide a more liberal method of amendment by enabling three-fourths of the States to ratify an amendment; and when, therefore, the procedure of Article V is followed, it follows that it is a constitutional function, participated in by the Federal Government, and to that extent a "Federal function." Nevertheless the ratification is by the States. Only on that theory can Nevada, with less than 100,000 people, have the same voice as New York, with 12,000,000.

FEDERAL ASPECT OF LEGISLATURES

As previously stated, if a convention is a Federal agency because it performs in part a "Federal function," then assuredly it is true that the legislature, when similarly engaged, is a Federal agency, and we are then logically confronted by the conclusion that in the most important and vital, and, I venture to say, the most sacred, of all functions of the States, as to whether they will or will not accept a modification of the fundamental compact, their legislatures, representing the will of their people, have become mere agencies of the Federal Government.

If this be so, the action of the State legislatures in proposing an amendment, or even uniting in a call for a national convention, would equally be a Federal agency, and as such within the plenary power of Congress; and this would seem to be a reductio ad absurdum.

The one argument which Mr. Palmer has made which has some force is that if a sufficient number of States should unite in calling for a national convention, the constituting of that convention would require a certain degree of uniformity. Nevertheless, Congress would, in my judgment, have no power to supervise the election of the delegates to the national convention, but the national convention, when called, would transcend the political power of the several States and would require as to its methods of procedure some Federal regulation ex necessitate rei.

In my argument on this question in the House of Representatives, which was purely extemporaneous, I was betrayed into a discussion of an irrelevant, abstract question as to whether, in the very nature of our Government, there was not a power of

amendment, if all the States agreed, independent of Article V. This gave Mr. Palmer an opening in my armor, of which he took effective advantage in a supplemental argument.

MR. PALMER'S ARGUMENT

He has quoted effectively some striking statements of Chief Justice Marshall that our Constitution emanates from the people and not from the States in their sovereign capacity, and he certainly showed that any such conjectural power of the States in their residual capacity to agree unanimously upon an amendment without resorting to Article V is very doubtful.

This matter, however, does not bear upon the subject matter now in hand, and if I refer to it it is only to acknowledge the force of Mr. Palmer's reply in this respect and also to suggest the idea that if Chief Justice Marshall had had the advantage of reading Madison's Debates before he wrote the decision in McCulloch *v.* Maryland, it is doubtful whether his assertion that the Constitution was drafted and ratified by the people and not by the States would have been so strongly stated.

The Debates did not become public property for years after and seem to indicate that the expression in the preamble of the Constitution, "We, the people—" was intended to be qualified by naming the States, and that the States were only omitted because the convention could not tell how many States would ratify. This is, however, only a matter of academic interest.

So far as the subject matter of this controversy is concerned, it is enough to say that neither the text of the Constitution nor its historic background, nor any precedent or act of the United States from the beginning of the Republic, gives any countenance to the theory so ably and forcefully presented by the distinguished ex-Attorney General of the United States.

I have been at some pains to combat Mr. Palmer's theory, which has attracted widespread attention, because, with all respect to him, it seems to me a dangerous constitutional heresy. I am old enough to remember the agitation, when I was a student in college, over the Force bill, under which it was proposed to supervise elections in the States, where Members of Congress or presidential electors were elected, by Federal bayonets. This movement was defeated and has never since been heard of. It might conceivably have led to a renewal of the Civil War.

IMPLICATIONS OF THE THEORY

I appreciate that Mr. Palmer and those who think with him do not contemplate any such assertion of Federal power, but I am concerned with the logical implications of this novel theory. We are probably entering upon a period of great constitutional changes. The changed political philosophy of the American people is rapidly converting this Nation from one that was based upon an individualistic conception of government to a highly collectivistic theory.

It may well be that the time will come when a Congress will propose amendments to the Constitution to vest even greater power in the Federal Government and to promote an even greater centralization of authority in Washington. It might then seem to some Congress of the future that to secure the adoption of such an amendment it would be necessary for all elections to State conventions to be controlled by the Federal Government, and even conceivably by the use of Federal bayonets.

I am too old-fashioned a constitutionalist to contemplate such a possibility with any equanimity. I believe in the "indissoluble Union of indestructible States," and it seems to me that these indestructible States would soon become easily destructible if the Federal Government can take away from the peoples of the States, respectively, their sovereign and residual rights to determine the methods whereby conventions called to ratify a new amendment to the Constitution shall be held.

I emphasize this for, warmly as I favor a speedy and effectual repeal of the eighteenth amendment, I can not lend myself to a theory of the Constitution which might be so destructive of the rights of the States.

RATIFICATION OF TWENTIETH AMENDMENT

Mr. NELSON of Missouri. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. NELSON of Missouri. Mr. Speaker, it is with pride and pleasure I call attention to the face that on yesterday Missouri became the thirty-sixth State to ratify the "lame-duck" amendment to the Constitution. [Applause.]

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 14199) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1934, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14199, with Mr. DRIVER in the chair.

The Clerk read the title of the bill.

Mr. GOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GOSS: On page 58, after line 14, insert "Under the authorization contained in this act no issue of reserve supplies or equipment shall be made where such issues impair the reserves held by the War Department for two field armies, or 1,000,000 men."

Mr. LAGUARDIA. Mr. Chairman, I reserve a point of order.

Mr. BLANTON. I make the point of order.

The CHAIRMAN. The gentleman from Texas will state the point of order.

Mr. BLANTON. Mr. Chairman, I make the point of order that it is legislation unauthorized on an appropriation bill; that it is in conflict with existing law; that it interferes with the discretion of the Secretary of War.

Mr. LAGUARDIA. And it is no limitation on the appropriation but will cause an increase of the appropriation.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I have not the floor. I yield, if I have the floor.

The CHAIRMAN. Does the gentleman desire to be heard further on the point of order?

Mr. BLANTON. I submit the point of order to the Chair for determination.

Mr. GOSS. I concede the gentleman's point of order; but may I just call attention to the fact that similar language has been carried in this appropriation bill for many years?

Mr. BLANTON. The gentleman himself has complained that former Committees on Appropriations have put legislation in bills.

Mr. GOSS. Correct; but may I state to the gentleman that similar language has been in the bill for many, many years without objection?

Mr. BLANTON. It has been sought to put a great deal of legislation on appropriation bills.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield

Mr. LAGUARDIA. It is quite true similar language has been carried in the bill for many, many years; but the gentleman, I am sure, heard his distinguished leader, the gentleman from New York, complain about the enormous cost annually of buying supplies to be kept in this reserve; and I am sure the gentleman wants to follow his leadership.

Mr. GOSS. That is perfectly right; but may I just call the gentleman's attention to the fact that it has been the policy of the War Department to carry their reserves on the basis of two field armies, or 1,000,000 men, and without that direction we may be required to buy more material, I may say to the gentleman, in the near future. I concede the point of order if the gentleman is going to insist on it.

Mr. BLANTON. Mr. Chairman, I insist on the point of order.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk read as follows:

Not to exceed 10 per cent of the total amount that may be expended from appropriations made in this act for and incident to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army shall be expended for the manufacture and/or production of such apparel in Government factories or establishments, except that such limitation may be exceeded to the extent that it may be ascertained, after competitive bidding in accordance with law, that work of such character may be performed at lesser cost in such Government factories or establishments.

Mr. RANSLEY. Mr. Chairman, I make a point of order against the amendment that it is in violation of rule 21, in that it is legislation on an appropriation bill.

I also call attention to section 5 (a) of the national defense act, of which it is a violation.

There can not be any question brought forward that there is a reduction of expenditure. Nowhere within the four

corners of the entire paragraph can anyone find a retrenchment or saving. Ten per cent is mentioned as the amount that will remain in the quartermaster depot, but 90 per cent will be manufactured on the outside. So there will be 100 per cent, anyway, of the clothing made.

The latter part of the clause I have made a point of order against refers to bidding. Surely no one can tell what the result of bids will be until they are received and scheduled.

With the permission of the Chair, I call attention to decisions that propositions to establish affirmative direction for executive officers (4 Hinds, 3854–3859) even in cases where they may have discretion under the law so to do or to take away an authority or discretion conferred by law (4 Hinds, 3862 and 3863) the decisions say are subject to a point of order.

Again, in construing a proposed limitation, if the Chair finds the purpose to be legislative in the intent to restrict executive discretion to a degree that may be fairly termed a change in policy rather than a matter of administration detail, he shall sustain the point of order. This decision was made by Chairman LUCE January 8, 1925.

Again, the term "retrenchment" means the reduction of the amount of money to be taken out of the Federal Treasury by the bill and therefore a reduction of the amount of money to be contributed toward the expense of the District of Columbia was in order, but nowhere in the four corners of the paragraph can be found any reduction of amount either in money or in the quantity of clothing.

Again, the following provision in the Army appropriation bill, namely:

> That hereafter no money appropriated for Army transportation shall be used in payment for transportation of troops and supplies to the Army over certain lines of railroad—

was held subject to a point of order under the rule, on the ground that on its face it did not reduce expenditures in any of the methods enumerated in the first portion of the rule. The Chair will find this in 4 Hinds, 3927.

> To a clause appropriating for transportation of foreign mails an amendment providing that no further contract shall be entered into by the Postmaster General under the act known as the "subsidy act" was held not in order, because not directly retrenching expenditure in the manner prescribed in the rule.

Again, Mr. Chairman, the reduction of expenditure must appear as a necessary result. In order to bring an amendment or provision within the exception to the rule, it is not sufficient that such reduction would probably or would in the opinion of the Chair result. (4 Hinds, 3887.)

Again, an amendment must not only show on its face an attempt to retrench but must also be germane to some provision in the bill, even though offered by direction of the committee having jurisdiction of the subject matter of the amendment.

The committee having jurisdiction in this case is the Committee on Military Affairs, and no change has been made in reference to section 5 (a) of the national defense act.

Mr. COLLINS. Mr. Chairman, the history of this amendment is as follows:

By reference to page 10504 of the RECORD of May 13, 1932, it will be seen that Mr. LAGUARDIA offered an amendment in the terms of the language carried in this bill. His amendment was ruled out of order by the chairman of the committee.

Afterwards, Mr. COCHRAN of Missouri offered an amendment phrased as follows:

> No appropriation contained in this item shall be available for expenditures for or incidental to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army in Government factories or establishments.

This amendment was held in order by the Chair.

I have recited last year's proceedings with respect to this matter for the purpose of enlightening the House upon what actually transpired. There was an article in a Washington newspaper this morning in favor of the elimination of this language, which stated that this provision was inserted in the bill at my instance. Of course, those of us who were on the floor of the House when the matter was considered last year know that the statement contained in this Washington newspaper is untrue. I have recited the history of this matter so that those of us who were not present during the proceedings may know exactly what happened.

The committee carried the amendment this year in the language as written by the gentleman from New York because it was modified to that extent in conference on last year's bill with the conferees of the Senate. I might add that the continuation of the provision carried last year was proposed in the Budget.

While I am on my feet, Mr. Chairman, I should like to refer further to the article I have already mentioned appearing this morning in a local newspaper.

In the headlines of the article, which deals largely with the action of the House yesterday with respect to this bill, among other things, it is stated "Chamber drubs Collins twice." I merely wish to say that the person who wrote those headlines failed to get the purport of what the House did on yesterday.

The House did not drub COLLINS. My position with respect to this bill is that I am the representative of the Committee on Appropriations to present this matter for the consideration of the House.

The Committee on Appropriations is the duly constituted agent of the House for considering budgetary recommendations and for bringing measures into the House for disposition in consequence of such recommendations. The House represents the American people; all of the American people, not any particular group or class of them.

Therefore, when the House drubs COLLINS or the Committee on Appropriations as a matter of truth it drubs your constituents and mine, and yesterday it drubbed 125,000,000 of them to provide for summer vacations for about 40,000 young men. And I will tell you what else it drubbed. It drubbed the declaration in the Democratic platform that the Democratic Party would bring about reductions of 25 per cent in Federal expenditures. Now, that is not any more my concern than yours. If you can get any comfort out of it, all well and good. Our Republican friends had no small part in doing the drubbing. They are probably laughing at us up their sleeves. The responsibility is not theirs.

Mr. LAGUARDIA. Mr. Chairman, even a Member of Congress can learn in the long period of one year. My amendment of last year to which the gentleman from Mississippi refers was clearly out of order. I was wrong then. I am trying to be right now. I was wrong on the facts and wrong on the law. A broader admission is difficult to make. I had been deliberately misinformed at the time.

I desire to call the attention of the Chair to the fact that the ingenuity of the draftsmanship of this amendment can not overcome the mathematics of its provisions. It is clearly out of order. It is not within the Holman rule. It can not be a limitation because it contains affirmative direction.

If the Chair will refer to the last clause which provides that after competitive bidding such character of work may be performed in such government factories or establishments, if at a lesser cost, the Chair will note that this is what seeks to give the amendment the color of a limitation based on retrenchment, but, as a matter of fact, it starts right off to provide that 90 per cent of this work is to be awarded to private contractors.

Not exceeding 10 per cent may be manufactured by the Government factory in accordance with the provisions of the amendment, and the bids for 90 per cent may be advertised and contracts awarded. Where is the retrenchment?

So that clearly there is nothing on the face or in the text of the provision that justifies the Chair in holding that it is a case meeting the requirements of the retrenchment rule. Bids may be awarded to private factories to the extent of 90 per cent if they equal the cost in the Government factory, and the provision seeking to show a saving is simply a sham. The real purpose of the amendment is to prohibit this Government work from being done in an established Government shop. It is clearly contrary to existing law and therefore legislation. It is not a bona fide amendment looking to retrenchment or saving in appropriation.

Mr. COCHRAN of Missouri. Mr. Chairman, I take issue with the statement of the gentleman from New York that this will not produce a saving to the Government. I think the proper procedure for the House is to take the responsibility of accepting the provision or defeating it. I do not think the provision comes within the point of order, nor that it should be defeated in this way.

This amendment provides that not to exceed 10 per cent of the total amount that may be expended from appropriations incident to the manufacture or production of wearing apparel, and so forth, for enlisted men shall be expended in Government factories, except that such limitation may be exceeded to the extent that it may be ascertained after competitive bidding in accordance with the law that work of such character may be performed at a lesser cost in such Government factories or establishments.

If that is not retrenchment, I do not know what retrenchment is. The Government is protected and the rights of private manufacturers are protected, but he must come within the amount for which the Government can perform similar work. I think the provision should be voted upon.

In reference to my amendment last year, which has been cited, the War Department has not been carrying out that provision because the quartermaster has not been working on the 1933 appropriation. He has used money that was appropriated prior to the time my amendment was adopted.

I am perfectly willing if the House, in its wisdom, sees fit not to give private contractors authority to bid on this work to abide by that decision, although not approving such action, but I say the House should be allowed to vote on the question.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. LAGUARDIA. The language is "not exceeding 10 per cent." Suppose the private factory bid is equal to the Government's, can the Government award it to the factory?

Mr. COCHRAN of Missouri. No; it could not. It would not be able to do so unless the Government could manufacture at a lesser cost. That is in the last line of the paragraph.

Mr. Chairman, I insist those who are in favor of continuing the work now going on at Philadelphia are making a mistake by pressing their point of order. They are still going to be faced with the situation, but in more drastic form, if the Chair sustains the point of order, for my colleague from Missouri [Mr. SHANNON] has in his hand the identical amendment that was offered by me and carried in the present law, which is not subject to a point of order.

The talk centers around the clothing factory. Do you know that over 80 different articles can be manufactured at this Government plant and have been manufactured there since the war? The Quartermaster General submitted for the information of the subcommittee a list of the articles and under leave to extend my remarks I include this list in my statement. The list follows:

STATEMENT SHOWING ARTICLES THAT THE PHILADELPHIA DEPOT IS CAPABLE OF MANUFACTURING

Aprons, bakers', butchers', and cooks'.
Brassards, all kinds (not woven).
Breeches, service, cotton.
Breeches, service, woolen.
Caps, bakers', butchers', and cooks'.
Caps, overseas.
Caps, winter.
Coats, service, cotton.
Coats, service, woolen.
Coats, dress.
Coats, mackinaw.
Coats, white duck.
Handkerchiefs.
Insignia, shoulder, sleeve, all kinds.
Insignia, sleeve, chevrons, all kinds.
Jumpers, working, denim.
Leggins, spiral, puttee.
Overcoats.
Shirts, cotton, olive drab.
Shirts, flannel, olive drab.
Stripes, service, all kinds.
Stripes, trousers, all kinds.
Trousers, cotton.
Trousers, woolen.
Trousers, dress.
Trousers, firemen's bunking.
Trousers, white duck.
Trousers, working, denim.
Capes for Army nurses.
Caps for Army nurses.
Overcoats for Army nurses.
Suits, Norfolk, for Army nurses.
Uniforms, white, for Army nurses.
Waists, for Army nurses.
Special-measurement clothing of all kinds for enlisted men.
Uniforms, all kinds, special measurement, custom made for officers and warrant officers.
Uniforms, all kinds, for Army band and flying cadets.
Cloth and findings for unmade coats and trousers for enlisted men.
Bags, barrack.
Bandoleers.
Bars, mosquito and sand fly.
Cases, flag, all kinds.
Cases, pillow.
Colors, silken, embroidered, all kinds.
Colors, national, service and silk.
Covers, cot.
Covers, mattress.
Flags, advertising, large and small.
Flags, ambulance and marker.
Flags, automobile, all kinds.
Flags, boat, all kinds.
Flags, distinguishing, all kinds.
Flags, garrison.
Flags, post.
Flags, storm.
Flags, general hospital.
Flags, field hospital.
Flags, recruiting, large and small.
Flags, miscellaneous.
Flies, tent, all kinds.
Guidons, service, all kinds.
Halyards, flags, all kinds.
Head nets, mosquito.
Paulins, all kinds.
Pennants, all kinds.
Sacks, bed.
Sacks, pillow.
Screens, latrine.
Shades, window.
Sheets, bed.
Standards, national, service and silk.
Standards, silk, embroidered, regimental and battalion.
Streamers, silk, embroidered, all kinds.
Tabards for bugles and trumpets.
Tents, assembly.
Tents, hospital ward.
Tents, storage.
Tents, pyramidal.
Tents, wall, large.
Tents, wall, small.
Tents, shelter, halves.
Tent lines, all kinds.
Awnings, boat covers, bunk bottoms, curtains, etc., for the United States Army transports.
With the exception of the following, all of the above have been manufactured at this depot since the war.
Flies, tent, all kinds.
Screens, latrine.
Tents, ward hospital.
Tents, storage.
Tents, shelter, halves.

Go over that list and you will find that there is not a man in the House who does not have in his district some kind of a manufacturing plant that makes at least one of the articles. If I thought for one instant that factories known as sweatshops would get the contracts, I would vote against the amendment myself. An investigation does not support such a statement and it is denied by the War Department itself. Another Member will call your attention to the department's statement that will settle that argument.

We have appropriated $13,500 for the committee to investigate the Government in business. What for? With a view to taking the Government out of business. Unless you take the Government out of business by placing limitations on the appropriation bills there is not a Member here to-day who will live to see the time when the Government retires from competing with private business. Who makes the War Department possible? Why, the taxpayers; and it is in the interest of some of the taxpayers that I placed this limitation on last year's bill.

There is another principle involved. That is the executive departments carrying out the will and intent of Congress. Congress showed by adopting my amendment that it intended to restrict the use of public money in competition with private business. As I stated before, the Quartermaster

General has not drawn on that appropriation, which is limited. Whether he will be forced to do so during the next fiscal year I do not know, but it will be interesting to see how he gets around that law. So far he has succeeded in evading it. I do not say that he has up to this time used any of the money contrary to the provisions of my amendment, but I will wait with interest future developments.

If we are going to spend money to make investigations which had as their purpose the retirement of the Government in the manufacturing of supplies that can be bought cheaper in the open market, then here is a place to start.

Mr. CHINDBLOM. Mr. Chairman, I will say that my only interest in this matter now is to assist the Chair in arriving at a correct interpretation of the rule applicable to the language involved. I am, of course, not directing my remarks to the merits of the question.

Now, in the first place, does this paragraph come within the Holman rule? Clearly it does not. It does not retrench expenditures in any of the ways specifically provided by that rule, which is section 2 of rule 21, while it plainly changes existing law.

Is the paragraph a limitation? It does not prohibit or limit the expenditure of the funds appropriated in this bill for any particular purpose or in any particular way. It simply provides directly, affirmatively, how a certain appropriation in this bill shall be expended. It provides:

> Not to exceed 10 per cent of the total amount that may be expended from appropriations made in this act * * * shall be expended for the manufacture and/or production of such apparel in Government factories or establishments.

That is a direct instruction to the War Department as to how this money shall be expended.

Then follows the exception, which robs the provision of any value at all, if it did have any value, as a limitation or retrenchment, when it provides:

> except that such limitation may be exceeded to the extent that it may be ascertained, after competitive bidding in accordance with law, that work of such character may be performed at lesser cost in such Government factories or establishments.

I submit in all earnestness that this is not a limitation, it is not a retrenchment, it is clearly a direction to the executive department as to how it shall expend the money appropriated in the bill. It is therefore in violation of the rules of the House, since it changes existing law on an appropriation bill. The existing law may be found in the national defense act, section 5–A.

The CHAIRMAN. The Chair is prepared to rule. During the consideration of the bill making appropriations for the military activities, under consideration in the House on May 14, 1932, the then chairman [Mr. LANHAM] was called upon to rule in a case similar to this. The Chair has examined the language of this paragraph, together with that contained in the amendment offered at that time. The Chair finds that in principle the provisions are similar. It is true some difference has been made in the language in this bill, but that language is not sufficient in any manner to transcend or overcome the very plain principle under the rules pertaining to legislative matters in an appropriation bill. The Chair is inclined to adhere to the ruling made by Chairman LANHAM at that time, and to hold that the language here does contravene the rules of the House. Therefore the point of order is sustained.

Mr. TABER. Mr. Chairman, I have an amendment which I have sent to the Clerk's desk.

Mr. COLLINS. Mr. Chairman, will the gentleman from New York yield to the gentleman from Missouri [Mr. SHANNON], who has an amendment to offer at this point on this same matter? We may as well dispose of this proposal while we are on it.

Mr. TABER. Very well. I yield to the gentleman from Missouri.

Mr. SHANNON. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

> Amendment offered by Mr. SHANNON: Page 58, after line 14, insert a new paragraph, as follows:
>
> "No appropriation contained in this act shall be available for expenditures for or incidental to the manufacture and/or production of wearing apparel for enlisted men of the Regular Army in Government factories or establishments."

Mr. LAGUARDIA. Mr. Chairman, I reserve the point of order.

Mr. SHANNON. Mr. Chairman, my reason for offering this amendment at this time is that I have watched the progress of this bill and I have noticed that there is a determination on the part of the House to keep the Government in business. There is no doubt but that the provision that was put in at the last session contributed toward taking the Government out of business in this particular industry, and giving some of that work to private enterprise. The Chair has ruled that that limitation can not be applied to this bill. Then, if it can not be applied to this bill, let us take the Government out of business absolutely. This amendment will do that. It is entirely germane.

Mr. LAGUARDIA. Mr. Chairman, I withdraw the point of order.

Mr. RANSLEY. Mr. Chairman, I renew the point of order against the amendment, that this is again legislation on an appropriation bill. It violates Rule XXI, and it also violates section 5 (a) of the national defense act. Referring to the Assistant Secretary of War, section 5 (a) of the national defense act provides that the Assistant Secretary of War, who attends to all matters of procurement, shall cause to be manufactured or produced at the Government arsenals or Government-owned factories of the United States all such supplies or articles needed by the War Department as said arsenals or Government-owned factories are capable of manufacturing or producing upon an economical basis.

Mr. SHANNON. I still contend that if bidding is to be resorted to, under no condition can one tell who the lowest bidder will be until the bids are scheduled.

The CHAIRMAN (Mr. DRIVER). The Chair is ready to rule. The Chair has examined the amendment offered by the gentleman from Missouri [Mr. SHANNON] and is clearly of the opinion that it is a limitation rather than legislation. Therefore the point of order is overruled.

Mr. CONNERY. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Missouri [Mr. SHANNON].

Mr. Chairman, like the gentleman from New York [Mr. LAGUARDIA], last year I voted for this limitation to take the Government out of business. In general, I agree with the gentleman from Missouri [Mr. SHANNON] that the Government should not be in business, but I do not believe in taking the Government out of business on a proposition like this Philadelphia depot, when we are going to turn over that business to sweatshop operators, who operate these manufacturing establishments at starvation wages to their employees.

I have here a letter from John Frey, secretary-treasurer of the metal trades department of the American Federation of Labor, and in part he says, referring to striking out this provision:

> Unless this is done, it means that the garment workers at the quartermaster depot, Philadelphia, will be thrown out of employment, and the making of the uniforms turned over to the sweatshop type of garment manufacturer, for there is not a single manufacturer of garments and uniforms operating under fair conditions to their employees who could come anywhere near the figures which are submitted by the three or four notoriously nonunion garment manufacturing companies who are successful in securing the contracts for militia uniforms. * * *
>
> My understanding is some of the Congressmen I have interviewed will take the floor on the bill and indicate that in voting in favor of this particular clause of the Army appropriation bill last year, they did so under misapprehension, for they would have been unwilling to vote for a provision in the bill which would have turned the work over to the poorest-paid garment workers in the country.
>
> I sincerely hope when this section of the bill comes up in the House that you will see your way clear to prevent Army uniforms from being manufactured under sweatshop conditions.

I repeat, while I am in sympathy with the general ideas of the gentleman from Missouri [Mr. SHANNON] in taking the Government out of competition with business in the coun-

try, I do not believe that in this situation we are going to do any good when we turn over the making of Army uniforms to sweatshop manufacturers who pay starvation wages and do not know how to treat their workers.

Mr. DYER. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. DYER. The gentleman is in favor of the broad principle involved in this amendment, is he not?

Mr. CONNERY. Yes. I believe in taking the Government out of business if when we take it out of business we are going to turn the business over to reputable manufacturers and not the kind of manufacturers who exploit labor.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. FITZPATRICK. In this case if we take the Government out of business we will turn it over to nonunion shops that pay small salaries to their employees?

Mr. CONNERY. Yes; and exploit labor to the utmost, because anyone who is conversant with labor conditions in the United States knows there has been more trouble with the sweatshop garment manufacturers than almost any other employers of labor.

Mr. DYER. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, every time the House has had an opportunity to pass upon wholesome legislation of this character we have met opposition, of course, from some Members of the House. They are in favor of this, I am sure, from a general standpoint, but no doubt the interest of concerns in their own districts and the question of whether or not these goods are going to be made by nonunion labor is influencing them in their action.

I am in favor of all goods needed for the Army being manufactured by union labor. I am also in favor of this Government getting out of business.

We have had investigations by this House during this Congress, by some of the ablest and best Members, and they have had before them innumerable witnesses telling of the abuses that have been rampant for many years. Any of you Members who lived near an Army post and who know the situation which confronts the country in the Government destroying competitive business of private individuals ought to be glad of an opportunity to vote for this amendment. I congratulate the Chairman of the Committee of the Whole House because of his able decision upon the point of order. But, Mr. Chairman, wherever there is an Army post, wherever there is an opportunity, there has been the worst kind of competitive business with private industry.

Mr. DE PRIEST. Will the gentleman yield?

Mr. DYER. In just a minute.

The Government establishes laundry and other competitive industries which are in opposition to many workers in private laundries, and so forth. They not only do the laundry work for those situated at the Army post but officers and members of their families, and oftentimes their relatives have their laundry work done at these Army posts free of charge, although many of those officers and their families do not live at the post.

I now yield to the gentleman from Illinois.

Mr. DE PRIEST. Does this Government uniform-manufacturing concern compete with outsiders on anything except Government uniforms?

Mr. DYER. Oh, they compete with them on everything.

Mr. DE PRIEST. I am talking about this specific case.

Mr. DYER. I am talking about the general principle involved. If we adopt this amendment, we will adopt others of a similar nature on other supply bills. It is time to put an end to unjust, inequitable competition of the Government against private business.

Mr. BLANTON. Will the gentleman yield?

Mr. DYER. I yield.

Mr. BLANTON. Is it not a fact that the United States shipping interests right now can not compete with other shipping interests, because we pay two, three, and four times as much, in some cases, for the service that is rendered this Government as is paid for the same service rendered to other governments. Is that not a fact?

Mr. DYER. I do not think it is.

Mr. BLANTON. Have not our shipping interests lost money ever since we have been in the business?

Mr. DYER. I do not want to go outside of what I attempted to speak about, but what the gentleman complains of is due to the fact that the United States Lines pays its employees more, and it operates ships that do not carry liquor.

Mr. BLANTON. Oh, that liquor business. [Laughter and applause.] If the gentleman could just get his mind on something else.

Mr. DYER. Mr. Chairman, I do not yield further.

So, Mr. Chairman, I urge upon the members of the committee to support this legislation. It is the first real opportunity we have had to express ourselves upon the splendid work that has been done by a committee of this House headed by my colleague, the gentleman from Missouri [Mr. SHANNON].

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

Mr. GOSS. Mr. Chairman, reserving the right to object, let me say to the gentleman that, if possible, I wish to give the House the benefit of some information bearing upon the question at issue which I think will aid them in coming to a conclusion on the amendment. I want five minutes, Mr. Chairman.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. SABATH. Mr. Chairman, no one will charge me with being unfriendly to union labor. During the many years I have served in this House I have always tried to the best of my ability to be of service to organized labor and have voted for every proposition that would maintain or promote the cause of labor. Therefore, I greatly regret that to-day a certain labor organization seeks to attack this proposition, which I believe saves the Government large sums of money annually.

The country demands economy. The newspapers and the people of the Nation demand in stentorian tones that we balance the Budget. Day in and day out we hear nothing but this hue and cry, and see nothing but the headlines asserting that we are falling down in our pledges and promises to balance the Budget. Every time the chairman of this committee, the gentleman from Mississippi [Mr. COLLINS], or any other gentleman tries to eliminate unnecessary expenditures, gentlemen on the left, on the Republican side, come forward with amendments seeking to increase the expenditures, not only by small amounts but by thousands and thousands of dollars. Yesterday alone we voted an additional appropriation of more than $1,000,000.

How can you justify the claim that you are endeavoring to better conditions that now exist and that you are honestly trying to balance the Budget when it is not the fact?

It is regretted that the military lobby should be able to sway otherwise well-intentioned organizations and use them for the purpose of defeating, or attempting to do so, every effort to reduce extravagance in the War Department and oppose every effort to reduce the unnecessary and wasteful expenditures.

I feel that this amendment should be adopted. The gentlemen from Missouri [Mr. COCHRAN and Mr. SHANNON] have given this question a great deal of broad and penetrating study. They are of the opinion that it will effect economy, that it will save large sums of money. Furthermore, the evidence disclosed last year on this floor that these private institutions or factories which from time to time have the privilege of bidding on this work and receiving contracts for it are paying fair compensation to their workers; that they are not sweatshops; that the pay is above the average for other labor in the United States. In view of this fact I think it is manifestly unfair on the part of some people to

attack this activity, when the facts do not justify the attack.

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. SABATH. I yield.

Mr. DYER. The gentleman made the charge in his speech that the Republicans were fighting this. The only man so far who has opposed it is one of the gentleman's colleagues on his own side.

Mr. SABATH. May I not remind my friend that the gentleman from Pennsylvania has been trying to eliminate this provision and that he succeeded in knocking out the amendment embodied in this bill as it passed last year.

Mr. COX. Mr. Chairman, will the gentleman yield right at this point?

Mr. SABATH. I gladly yield to my good friend.

Mr. COX. I may remind the gentleman from Illinois that another gentleman from the State of Pennsylvania, a member of the Shannon special committee, has done as much work to take the Government out of business as anybody in Congress. I refer to the gentleman from Pennsylvania, Mr. SWICK. [Applause.]

Mr. SABATH. There are some exceptions. There are some mighty fine and honest gentlemen on the Republican side, I concede that, but not so many as we should have, but what I am endeavoring to do is to get them all to follow the Democratic Party in an honest, conscientious endeavor to bring about economy and balance the Budget.

Although I realize that the hue and cry to balance the Budget comes from persons responsible for existing conditions, which make that balancing practically impossible due to decreased and decreasing revenues, nevertheless we should strive with all our might to reduce the deficit as much as possible.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Chairman, if this amendment becomes law it will destroy the quartermaster depot in Philadelphia, so far as manufacturing uniforms is concerned. Perhaps a short history of this activity of the Government would not be amiss.

The quartermaster depot at Philadelphia was established by act of Congress April 2, 1794, and was one of the main depots of supplies for troops during the wars of 1812, 1846, 1861, 1898, and 1917.

It maintains a designing and inspecting service which must be maintained even if the manufacturing of uniforms at this depot is prohibited.

It has 862 civilian employees, 195 males and 667 females. Most of the men are ex-service men, the balance of the workers are members of a family who had some one in their family in the military service in time of war. All are citizens of the United States and are under civil service, which means that all the female employees are 18 years of age or over and the male employees are 20 years of age or over, when first employed. The work done at this depot is in accordance with the 8-hour day, as provided by an act of Congress which provides for a 5-day week or 40 hours. A civilian contractor works under the State law of the State where his factory is located; in many States the law is 54 hours a week for women, unlimited for men. The national law applies to the quartermaster depot, but is not applicable to the civilian contractor.

The average net wage paid to the operators at the depot is $30.05 per week for male employees and $16.85 per week for female employees. Commercial manufacturers pay below the Government rates.

The depot can not successfully bid against firms who do not maintain a standard wage consistent with decent living conditions. One contractor pays female employees $6 to $9 per week and male employees $12 to $20 per week.

Mr. GOLDER. Mr. Chairman, will the gentleman yield?

Mr. RANSLEY. I yield.

Mr. GOLDER. Under the language of this amendment the Government would not be permitted to manufacture under any conditions. In other words, if this amendment were adopted the Government would not be permitted to manufacture uniforms, even though it could do so at a lesser rate than an outside manufacturer.

Mr. RANSLEY. That is true.

Mr. COX. But does it ever happen?

Mr. RANSLEY. It will.

If you prohibit the manufacturing of clothing at this plant, it will be impossible for the Government to alter the sizes of uniforms in stock which is now frequently done at small cost, which means a great saving; a contract would be required, you will then add advertising cost and the freight from the depot to the contractor's city, as well as the cost of inspection. There is also the question of time to be considered and also the maintenance of inspectors at the contractor's plant.

If you prohibit the manufacturing of uniforms at this depot, you will throw out of employment over 800 civilian employees, and you will destroy the yardstick that the Government has used in time of war to measure the cost of uniforms for our defenders.

On May 26, 1932, bids were sent out to 85 manufacturers; only 6 sent in bids; the bids were for 12,000 uniforms for the National Guard. On November 28, 1932, bids were sent out to 653 manufacturers, and only 14 sent in bids; these bids were for 34,030 uniforms with extra trousers for the Reserve Officers' Training Corps.

I ask you to make mental note of the fact that only uniforms for the Regular Army are made at the depot; the civilian or outside manufacturers make all the uniforms for the Reserve Officers' Training Corps and National Guard. Recently an order was issued preventing officers' uniforms from being made at the quartermaster depot.

Following is a copy of the resolution passed at the national executive committee meeting of the American Legion, held at Indianapolis, Ind., November 14–15, 1932:

Be it resolved by the American Legion, in national executive committee assembled, That we hereby go on record as being opposed to any legislation designed to eliminate the Philadelphia quartermaster depot of the United States Army.

Mr. BOLAND. Mr. Chairman, I more to strike out the last two words.

Mr. Chairman, ladies and gentlemen of the committee, this Government factory in Pennsylvania employs 862 people, 195 of them males. Some 60 of them—ex-service men—are about to lose their jobs if this amendment is adopted and this bill goes through.

There is no question in my mind that this factory which has been in operation for so many years, particularly in times of emergency when the Government needs a factory of this kind, would save the time and trouble of advertising for bids and the terrible delay which will happen with private enterprise undertaking this work. It is quite necessary that our Government have a factory of this kind to be able to produce the clothing, the uniforms, that it does produce in the event that we become involved in war, which will make it imperiative that we be in a position to produce uniforms immediately.

Mr. GARBER. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield.

Mr. GARBER. Does the Government own the factory in Pennsylvania?

Mr. BOLAND. It is a Government-owned factory.

Mr. GARBER. Approximately what is the amount of the Government's investment in this factory?

Mr. BOLAND. I am not familiar with the investment of the Government in this plant.

Mr. RANSLEY. With the gentleman's permission I will answer the question of the gentleman from Oklahoma.

Mr. BOLAND. I yield to my colleague for that purpose.

Mr. RANSLEY. The Government owns the land and the factory. The overhead of the factory is $120,000 a year even if they do not manufacture, and this sum must be added to the cost of the manufactured articles procured from the outside.

Mr. SUTPHIN. Mr. Chairman, will the gentleman yield?

Mr. BOLAND. I yield.

Mr. SUTPHIN. Is it not a fact this factory made only 2 per cent of the uniforms that were made during the war?

Mr. BOLAND. That is true.

Mr. LAGUARDIA. It was physically impossible for them to make any more.

Mr. BOLAND. It was impossible for them to make any more.

Mr. LAGUARDIA. During the last war private manufacturers charged the Government 400 per cent over the cost of production.

Mr. BOLAND. That is very true. I am very glad to have the gentleman from New York make that statement.

Mr. CONNOLLY. I may say to the gentleman that this plant which is owned by the Government cost $400,000.

Mr. BOLAND. Yes; and during this economy hysteria that we are all experiencing just now, we should realize that if this amendment prevails this large investment of the Government in this plant is absolutely useless. It would be wasteful.

Mr. SHANNON. Will the gentleman yield?

Mr. BOLAND. I yield.

Mr. SHANNON. Does the gentleman know that on June 24 last the Quartermaster General, in reply to a question as to whether they made overalls at this plant, said, "Yes," and when asked if there were not a great many factories in the country that made them, replied, "Yes; but we do that so as to keep our factory going all the time."

Mr. BOLAND. I will say to the gentleman that I am not so keenly interested in any statement made by anybody in the Quartermaster Department pertaining to this measure, but I am interested, and vitally interested, in Pennsylvanians, particularly the sixty or more soldier boys who went across and gave the best that was in them, and I do not want to see them thrown out of a job now because of this terrible economy hysteria that is hitting the country, and particularly the Congress. The investment we have here in this plant should be seriously considered.

Mr. BALDRIGE. Will the gentleman yield?

Mr. BOLAND. Yes.

Mr. BALDRIGE. Is not the gentleman in favor of this economy hysteria we are having?

Mr. BOLAND. I am not in favor of this economy hysteria. I voted against all this economy hysteria in the last session and I shall vote against any unfair reduction in salaries of any kind, because I think it is inopportune. This is not the proper time to reduce the American standard of living. [Applause.] However, I am interested and in favor of certain economies, such as abolishing useless bureaus.

But, as I have stated, I am vitally interested in the 60 boys who went across the sea and gave the best that was in them, and because of this great economy hysteria we are having now this bill is going to throw these boys out upon the highways, with no place to work, and for this reason I certainly hope the Congress will not let this amendment prevail. [Applause.]

Mr. COX. Mr. Chairman, those sponsoring the pending amendment disclaim any intention of displacing anybody in any job that they now fill. You will, of course, appreciate the fact that the manufacture of uniforms and other wearing apparel for the soldier is not going to cease as a result of the adoption of this amendment, if it be adopted. If it, however, should turn out that those engaged now in the depot at Philadelphia should lose their places, somebody else will do the work.

I particularly desire to answer the argument of my friend from Massachusetts who opened this discussion against the amendment, in so far as he insisted that the adoption of the amendment would return the business to a class that employs sweatshop labor.

A letter was addressed to the Secretary of War on the 13th of the instant month, in which the Secretary of War was invited to make investigation as to the charges that there is a combination or an understanding between clothing manufacturers to put through an amendment of this kind for the purpose of taking over the business of manufacturing uniforms and the increasing of their own profits by the use of sweatshop labor. In reply to this letter, Mr. Payne, the Assistant Secretary of War, disclaimed any intention on the part of the War Department to charge, or even insinuate, that any such practices would be employed by clothing manufacturers as a result of the depot at Philadelphia being closed. This letter I hold in my hand, and it is a complete answer and an absolute refutation of the argument made by the gentleman from Massachusetts.

Now, will my colleague permit me to make this observation? If there be a desire and a purpose on the part of the Congress to save money to the Government, this affords an opportunity. There is not a single article made in any of the Government factories of this country, and particularly as relates to the Philadelphia plant, without losses, and tremendous losses, being sustained in every operation.

They speak of the necessity of maintaining this plant, first, because it is a unit upon which the Government can build in time of war. They take the position that if you eliminate this activity, in cases of emergency you would be confronted with delay due to the necessity of advertising for bids.

You will recall that after our entrance into the World War, within 12 days from the declaration of war, contracts were let and private manufacturers were at work making immediate deliveries of clothing, and the Government plants at Philadelphia and at other places throughout the country, produced a very small percentage of the needs of the Government. It is then contended that the operation of the Philadelphia plant is necessary as a yardstick, that if it were not for it that commercial firms would combine, enhance prices, and might dominate the field. This condition could not come about under present competitive conditions.

The manufacture of clothing is not an essential war activity, and since heavy losses are being sustained on these operations they ought to cease—certainly in main part. The activity can not be defended or justified upon any basis. The necessity of the country is economy, and this amendment is a move in that direction.

The CHAIRMAN. The question is on the amendment of the gentleman from Missouri.

At the request of Mr. HARLAN, the Clerk again reported the amendment.

The question was taken; and on a division (demanded by Mr. COLLINS) there were 50 ayes and 75 noes.

Mr. SHANNON. Mr. Chairman, I ask for tellers.

Tellers were ordered; and the Chair appointed as tellers Mr. COLLINS and Mr. SHANNON.

The committee again divided; and the tellers reported that there were 76 ayes and 115 noes.

So the amendment was rejected.

Mr. TABER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment by Mr. TABER: Page 58, after line 24, insert a new paragraph, as follows:

"Hereafter no service shall be counted for purposes of pay of commissioned officers of the Army, active or retired, except active commissioned service under a Federal appointment and commissioned service in any of the military or naval forces of the United States, including the National Guard or the Organized Militia, while in the service of the Government of the United States."

Mr. LAGUARDIA. Mr. Chairman, I reserve a point of order on the amendment.

Mr. GOSS. I make the point of order that it is legislation on an appropriation bill unauthorized by law.

Mr. TABER. Mr. Chairman, I concede that it is legislation.

The CHAIRMAN. The Chair sustains the point of order.

Mr. TABER. Now, Mr. Chairman, I offer the following amendment, which is a limitation.

The Clerk read as follows:

Page 58, after line 14, insert: "None of the funds appropriated in this act shall be used for the purpose of paying any commissioned officer, active or retired, for his salary in which any service has been counted other than active commissioned services under bona-fide appointment and commissioned services in any of the military or naval forces of the United States including the National Guard or the Organized Militia while in the service of the Government of the United States."

Mr. LaGUARDIA. To that I reserve a point of order.

Mr. TABER. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

Mr. BANKHEAD. Reserving the right to object, we have lost considerable time in the consideration of this War Department appropriation bill, and if a point of order is made I think it should be decided now.

Mr. BLANTON. Mr. Chairman, I call for the regular order, and that will require a disposition of the point of order.

The CHAIRMAN. Does the gentleman from Texas desire to be heard on the point of order?

Mr. BLANTON. I will withdraw the demand for the regular order.

Mr. TABER. Then, Mr. Chairman I will take five minutes.

The CHAIRMAN. The gentleman from New York is recognized for five minutes.

Mr. TABER. Mr. Chairman, this is an attempt to save some money for the Treasury of the United States. So far in the consideration of this bill we have not saved any money for the Treasury of the United States, but have added on over $3,000,000.

Mr. BLANTON. By Republican votes.

Mr. TABER. Not by my vote.

Mr. BLANTON. No; the gentleman has been most faithful in voting for the best interests of the people. But the two amendments carrying over $3,000,000 additional were put in the bill by the Republican leader and his cohorts.

Mr. STAFFORD. Oh, there is a large section also of them on the Democratic side.

Mr. TABER. This is an attempt to cut down the Army appropriation bill in a way that it ought to have been cut down first, namely, by wiping out of abuses. For 10 years, since the pay bill of 1922, we have been paying men on the basis, not of the service they have rendered but on constructive service, and this is an attempt to do away with that racket.

Mr. LaGUARDIA. Mr. Chairman, will the gentleman explain the constructive service?

Mr. TABER. Yes. Under the provisions of the pay bill, section 4, title 37, of the code, after 1922 those who went into the Army were paid on the basis of active commissioned service under Federal appointment and commissioned service in the National Guard when called out by order of the President. Officers appointed prior to that time are entitled to count service as enlisted men, and a percentage of the service rendered in various civil components. There is a discrimination in the latter group. An enlisted man elevated to the commission grade has his base pay and longevity pay computed upon the basis of his enlisted and commission service, whereas a West Point graduate, commissioned at the same time, has his longevity pay computed from the day that he graduates. The result of it is that oftentimes a lieutenant performing very minor services and taking small responsibility is receiving more pay than a lieutenant colonel. On the fleet in the Pacific a little while ago a junior lieutenant was receiving more pay than his admiral in charge of the fleet.

Mr. LaGUARDIA. Oh, that would not be possible in the Army, would it?

Mr. TABER. It would be possible for a lieutenant in the Army to receive more pay than a lieutenant colonel.

Mr. LaGUARDIA. That is impossible I think. I think the gentleman must be in error. In the Navy his illustration is correct, but not in the Army.

Mr. TABER. They get paid away out of line to what they ought to be paid. I want to stop it. This amendment, if it is adopted, will save $3,500,000 a year in the Army bill, and God knows we need to save $3,500,000 out of this Army bill. There is not any excuse under heaven why this should not be done.

Mr. BLANTON. Can the gentleman get his minority leader from New York [Mr. SNELL] to back him up in this saving proposition? If he can, it is saved already. Because he and his Republican followers put the extra $3,000,000 in this bill by their votes.

Mr. TABER. I hope the gentleman from New York [Mr. SNELL] will support this amendment. I am wondering if the gentleman from Mississippi [Mr. COLLINS] will support this amendment. He is the chairman of the subcommittee.

Mr. COLLINS. I shall support it. I have always been in favor of it.

Mr. TABER. I am glad to hear that. I know that when this matter was before the House, when the Army pay bill was under consideration in 1922, the gentleman from Alabama [Mr. OLIVER], than whom no man in this House has more knowledge of Army pay and Navy pay, presented a minority report which would have done away with some of these abuses.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TABER. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

The CHAIRMAN. Is there objection?

Mr. LaGUARDIA. Mr. Chairman, I reserve the right to object in order to get some understanding here. I have always sought to play the game fairly. A few moments ago time was limited. I understood that I was included among the Members to be allotted time. If you are going to be nice, I can be nice; but if you are going to be nasty, I can be just as mean as anybody else on the floor. Let us be fair about it.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TABER. Mr. Chairman, the Budget estimates on this bill are just about met now, when you consider the reappropriation and the transfer of funds. If we are going to have this bill below the Budget, we have to do something which will save some money, and save it fairly. There is no sense in our going ahead with this artificial pay scale, which has been in effect for 10 years.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. BULWINKLE. The gentleman stated just now, as I understood him, that he knew of the case of a second lieutenant who drew as much pay as a colonel.

Mr. TABER. Oh, no; I did not say that. I said I knew of a case in the Navy where a junior lieutenant drew more pay than an admiral. I did say that I believe a lieutenant would get as much pay as a colonel, or more, under certain circumstances. They now get paid away out of line for what they do.

Mr. LaGUARDIA. Will the gentleman please explain how.

Mr. TABER. Because all these officers are paid according to the length of service, and instead of counting their service from the time they are commissioned, like a West Point graduate is required to count his time, they count their service perhaps as an enlisted man, perhaps as having served in the National Guard as a private, perhaps as having served as a reserve officer, or something of that kind, so that they do not have actual commissioned service to count like the man who comes from West Point. My amendment is to do away with this constructive service and get rid of this abuse and cut out three and a half million dollars a year.

In the report of the joint committee on Army and Navy pay made in January, 1931, the committee said:

> Under the present system it is possible not only for officers within one grade of a single service to be drawing more pay and allowances than their seniors in that grade, but also more than many of their seniors in 1, 2, 3, and even 4 grades above.
>
> No officer should receive more pay than any other senior to him.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. LaGUARDIA. Mr. Chairman, I ask for recognition in opposition to the amendment.

Mr. BANKHEAD. Mr. Chairman, is the point of order in this case going to be pressed?

Mr. LaGUARDIA. I withdraw the point of order. It is a limitation.

Mr. Chairman, I think it is a pretty well-established rule of law that if a witness is inaccurate in any part of his testimony the jury may disregard all of his testimony.

Mr. COLLINS. Will the gentleman yield to me?

Mr. LaGUARDIA. Not just now. It is too bad the gentleman from New York [Mr. TABER] went off half-cocked on this proposition, because there may be some merit in what the gentleman seeks to do; but surely if the gentleman intended to change existing law he should have come before this House better prepared on his facts. There may be need of correction of abuses to which the gentleman from New York alludes, but the way to do that is by proper legislation, with all of the facts before us, and not by an amendment so far-reaching in its effect as this would be.

No one can accuse me of trying to load up this bill, because I never have, but I want to be fair. Certainly we can not wipe out an obligation to which we are honor bound, if you please, in addition to legally bound, namely, the payment based upon service and longevity. I submit that if there are any abuses through defect of the law, the matter should be given consideration by the proper committee. To come here blindly and endeavor to change the policy and law by an amendment, under the guise of a limitation, I submit, is not fair.

The gentleman from New York [Mr. TABER] is clearly in error when he talks about a second lieutenant drawing the same pay as a colonel. I do not care whether he is a second lieutenant or a factory worker in the garment shop in Philadelphia, I believe in a living wage, and a second lieutenant in the Army to-day is not getting a living wage. Now, let us be fair about it. After all, he must live. He has his obligations and many fixed charges he can not avoid. I know something about that. I am willing to go along on this bill and economize, but I am going to do it intelligently, and I am going to do it upon facts about which there can be no dispute. The gentleman from New York [Mr. TABER] will have an opportunity within a very few minutes to economize. Wait until the river and harbor and flood-control boys are mobilized. They are mobilizing now. That is the time for the real economists to marshal their forces to meet this attack.

Mr. TABER. And I will be there. But why does not the gentleman get back of this attempt to really save money?

Mr. LaGUARDIA. I will tell the gentleman. The gentleman has not got his facts correctly. He did not present his case properly. Let us be fair. I admire the gentleman from New York. He is one of the hardest-working men on the committee, but this time the gentleman did not present a case, and it would cause too many injustices in order to correct individual cases. It would affect too many to take snap judgment on an amendment like this, under the circumstances.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. MARTIN of Oregon. Is this not an underhanded attack on the National Guard officers who came into the Army after the World War?

Mr. LaGUARDIA. I may say to the gentleman it comes so suddenly upon us and it is so far-reaching that we can not get all the facts.

Mr. MARTIN of Oregon. It is an attack on the constructive service of the National Guard officers.

Mr. LaGUARDIA. When the gentleman says that a second lieutenant can draw as much pay as a colonel, then I know he has not looked into the matter properly. The gentleman is confusing it with the pay of the Navy.

Mr. COLLINS. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. COLLINS. The report of the committee shows that a second lieutenant can draw as much, under the terms of the pay bill, as a lieutenant colonel.

Mr. LaGUARDIA. Under the terms of what bill?

Mr. COLLINS. The present pay bill.

Mr. LaGUARDIA. Then he must be 60 years old and he must have been a lieutenant for 40 years.

Mr. COLLINS. Well, that statement was made to the committee.

Mr. LaGUARDIA. Then the second lieutenant must be 60 years of age and he must have been a second lieutenant for 40 years, and that is improbable.

The CHAIRMAN. The time of the gentleman from New York [Mr. LaGUARDIA] has expired.

Mr. PARKER of Georgia. Mr. Chairman, I ask unanimous consent that the gentleman from New York be allowed to continue for one additional minute, in order that I may ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PARKER of Georgia. Is it not a fact that the longevity pay of commissioned officers is 5 per cent for each three years of service for a period of 30 years?

Mr. LaGUARDIA. Well, whatever the percentage is.

Mr. PARKER of Georgia. That is what it is. It is 5 per cent for each three years. I wanted to get that into the RECORD. The gentleman's statement is entirely correct. A second lieutenant would have to be 40 or 50 years in the service before he could possibly draw as much money as a colonel, and by that time he would probably be a colonel himself. His base pay on entering the service is $125 per month.

Mr. CHIPERFIELD. Up to 30 years?

Mr. PARKER of Georgia. Up to 30 years the increases in pay are allowed.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in five minutes.

Mr. GOSS. Mr. Chairman, I would like to have five minutes. If not, I object.

Mr. COLLINS. I have made the request, Mr. Chairman.

Mr. GOSS. Mr. Chairman, I object.

Mr. COLLINS. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in five minutes.

The question was taken; and on a division (demanded by Mr. Goss) there were ayes 76 and noes 37.

So the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. Goss) there were—ayes 60, noes 44.

Mr. GOSS. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the amendment was agreed to.

The Clerk read as follows:

For repairs and preservation of monuments, tablets, roads, fences, and so forth, made and constructed by the United States in Cuba and China to mark the places where American soldiers fell, $770.

Mr. BROWNING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROWNING: Page 61, line 16, insert a new paragraph, as follows:

"For removal of the bodies of World War veterans buried in cemeteries in Europe, transporting them to the United States and reinterring them in national cemeteries, $10,000,000."

Mr. COLLINS. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN (Mr. BANKHEAD). The gentleman will state it.

Mr. BROWNING. Mr. Chairman, will the gentleman withhold the point of order.

Mr. COLLINS. I will withhold it to enable the gentleman to make a statement to the House.

Mr. BROWNING. Mr. Chairman, I think the amendment I have offered should receive the serious consideration of this House, whether the subject matter is proper at this place or whether it should be in a separate authorization.

I for one am not willing that we as a Nation should leave there those to whose memory we have the sentimental attachment that we do to our buried soldiers in Europe under present conditions. I do not believe, out of proper deference to their memory, we should let them remain there.

I know most of those men felt doubtless as many of the rest of us did, that should we have fallen in France we would have been willing to remain on the land where we fell, but conditions have changed since that date, and in a surprisingly short length of time from the moment when we had such feeling we find the nation in which most of these men are buried has deliberately and willfully disregarded its written word and its definite pledges to the United States. These matters will require, no doubt, long diplomatic controversy to straighten out. There has been quite a bit of feeling, we might as well admit, engendered in both nations over the matters involved in the controversy. I repeat, I am unwilling to leave our buried dead in that soil under such conditions, and I want this House to consider seriously whether this amendment should not be adopted, and, if the point of order is insisted on, then whether we should not at an early date make provision for bringing these loved ones of ours home and placing them in the soil of their native land where there can no question arise in the nature of an international controversy that might involve our sentimental attachment to them.

I hope the gentleman from Mississippi will not make the point of order and that the House will approve bringing back home our soldier dead. [Applause.]

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I make the point of order that the amendment provides for an appropriation not authorized by law.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk read as follows:

PETERSBURG NATIONAL MILITARY PARK

For continuing the establishment of a national military park at the battlefields of the siege of Petersburg, Va., in accordance with the provisions of the act approved July 3, 1926 (U. S. C., Supp. V, title 16, secs. 423–423i), including surveys, maps, and marking the boundaries of the park; pay and expenses of civilian commissioners, and pay for clerical and other services; supplies, equipment, and materials; maintenance, repair, and operation of one motor-propelled passenger-carrying vehicle, and all other expenses necessary in establishing that park, including not to exceed $187 for or on account of travel, $14,817.

Mr. STAFFORD. Mr. Chairman, I offer an amendment. In line 17, page 64, strike out "$14,817" and insert "$4,817."

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 64, line 17, strike out "$14,817" and insert "$4,817."

Mr. STAFFORD. Mr. Chairman, I think it must be an inadvertence or the fault of the printer when he increased the appropriation in this item $10,000 over the Budget estimate, being the only instance where the subcommittee has increased a Budget estimate for the care and maintenance of these national parks. I shall await a statement from the chairman of the subcommittee as to whether this is an inadvertence due to a typographical error or whether it is the deliberate purpose of the chairman of the subcommittee to increase the amount in this instance above the Budget estimate.

Mr. COLLINS. I will say to the gentleman from Wisconsin that this does not increase the total of the Budget recommendations touching nonmilitary activities. There was $10,000 carried in the estimates for the preservation of some old walls in Puerto Rico, which we omitted and added to the estimate for the park at Petersburg.

Mr. STAFFORD. The gentleman is justifying a transfer of some appropriation down to Petersburg above the Budget estimate——

Mr. COLLINS. I thought the gentleman wanted me to answer his question.

Mr. STAFFORD. I yield for that purpose.

Mr. COLLINS. There was $10,000 provided in the Budget under the nonmilitary section for an activity at Puerto Rico. There has been a large amount of land donated to the Government at Petersburg, much of it has been grubbed and parked, and that work will have gone for naught unless some money is made available for maintenance. In my opinion, this park ranks among the most worthy of all these projects. Practically all of the other parks have charged the Government for the land acquired, while in this instance the land was given to the Government. The subcommittee unanimously decided to transfer the money asked for Puerto Rico to Petersburg. It was a unanimous decision by the committee, I will say to the gentleman.

Mr. STAFFORD. Mr. Chairman, I think it is a far fling from Puerto Rico to Petersburg, Va., to utilize an appropriation that had lapsed, perhaps, for some character of park purpose in Puerto Rico to provide for the purchase of land at Petersburg. I took occasion to look into this subject, because this is the only instance where the Committee on Appropriations has departed from the Budget estimates with respect to these parks.

I read the hearings, and there is not a word in the hearings to justify the appropriation of money on the part of the National Government for the purchase of land. It was intended that the land for this park—and there are six or seven pieces involved—should be donated to the Government. There is no appeal on the part of the local authorities that this enactment should be changed, and yet it is here incorporated. We heard the Members on the other side criticize this side when we attempted to secure an appropriation for a most meritorious proposal at Howard University in going against the Budget.

It has been my unerring rule in this Congress to stand back of the Budget estimates. True, this principle has been wafted to the winds in this session in the consideration of this bill; but I do not think this committee, and certainly the great Committee on Appropriations, should be violating this fundamental principle even to the extent of a measly $10,000, even though it could be found hidden away over in Puerto Rico, and have it transferred to this one item and in this way play favorites.

I am opposed to this policy, and even though the amount is only $10,000, which may be only a few pennies in the eyes of some, I hope the committee will stand back of the policy of the Budget officer in recommending only what is necessary for the upkeep of these national parks.

Mr. DREWRY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think the committee, if it understood this proposal, would not be in favor of the amendment of the gentleman from Wisconsin.

The situation is that this park is located on land that had previously grown up, with underbrush all over the breastworks or fortifications.

The appropriation that was originally made was just sufficient to take care of the clerical work of the office. It is a matter of economy to make the extra appropriation here asked for, because if you do not, you will lose the benefit of all the work that has been done up to this time in clearing off the undergrowth around the breastworks. Therefore, if you do not grant the appropriation asked at this time, it means that in the years to come you will have to add more money to the appropriation in order to again clear up the work which had already been done.

Mr. BYRNS. Mr. Chairman, in view of what was stated by the gentleman from Wisconsin, I feel that in justice to myself I ought to make this statement.

I think Members of this House will give me credit for trying to be consistent with reference to appropriations. I have never considered sections; I have never considered districts or localities when it comes to appropriations in an appropriation bill.

I have a military park in my own district that is unfinished. They need something like $20,000 in order to finish the park. They came to me last fall and asked me to get it. If I had requested the subcommittee to put it in the bill, in view of their action with reference to this matter, I feel they would have done it for me. I did not ask the Director of the Budget, but I told my constituents that we were facing a deficit of millions of dollars, and that we had had deficits since 1931, and I felt when it came to establishing military parks, when there were 11,000,000 men suffering in this country, when we are being called upon to make appropriations to help out those who are suffering and who

need help, we ought not to be appropriating money for military national parks.

Adjoining my own district is another—Stone River—where they passed resolutions requesting an appropriation, and yet neither Judge DAVIS, who represents that district, nor I, viewing the situation that our Government is in—think we ought to ask the Appropriations Committee to violate the rule that where an appropriation is not estimated for, it ought not to be considered.

I opposed the appropriation for a central heating plant at Howard University and for additional men up here on the border, and I based my opposition on the ground that the President of the United States and the Director of the Budget failed to estimate for it.

How can I justify myself if I favor an appropriation not estimated for, even if it only involves the sum of $10,000? If I had been in the committee, I would have opposed this provision. Gentlemen will remember that for one week I was confined to my room on account of illness and was not present when the bill was reported. I knew nothing about it until after it was reported.

I feel, in justice to myself, that I ought to make this statement, and in justice to my own constituents for whom I ask no such favor. Gentlemen, we are facing a serious situation. We have already added to this bill, and we have added to it items more justifiable than this. But in the name of heaven, are you going now, when the President and the Budget Director did not ask for it, even though it may only involve $10,000—are you going to make an appropriation for an addition to military national parks which can wait until times are better?

I am appealing to you in the interest of the taxpayer, and also in justification of my own situation, because above all things I want to be consistent in the position I take on appropriations, regardless of whether it affects one section of the country or another.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I ask that the gentleman may have one minute more in order that I may ask him a question. When Republicans across the aisle have added $3,000,000 to this bill, and the people find out about such increases without knowing who did it, every Member of the House will be held responsible for it. There are only certain Democrats who are responsible for helping Republicans to put these extra millions in the bill. Does not the gentleman believe that in fairness to the country and in fairness to the membership of the House we ought to have a separate yea-and-nay vote in the House on every amendment that has added increased millions to the appropriations in this bill over the Budget estimate, so the country may blame only such Members who voted such increases?

Mr. BYRNS. That may be true, I will say to my good friend, who always stands for economy; I am opposed to these additions to the bill beyond and above the Budget estimate.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph, and all amendments thereto, close in five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BARBOUR. Mr. Chairman, I should like to state that in the case of this appropriation there was no intention on the part of the subcommittee to favor one park over another. The committee has felt for some time that Petersburg National Park is one of the most worthy projects of this kind. It is different from many other national parks, because they are completed projects, and the money appropriated is merely for maintenance and operation. Petersburg National Park is in the course of construction. It has been authorized only within recent years. The land that will comprise the park is being donated by the people who live in and about Petersburg, without cost to the Government. Heretofore, in recent years, the Budget has recommended certain money to improve this land that is being acquired for Petersburg National Park; and if my recollection serves me correctly, in recent years the Budget estimates for this project, if they have not been reduced, have not been increased, with the result that the work of developing the park has practically stopped.

Mr. DREWRY. Mr. Chairman, will the gentleman yield?

Mr. BARBOUR. Yes.

Mr. DREWRY. Last year the War Department recommended $100,000, and the Budget reduced the estimate to $5,000. The same thing happened this year. The estimate given by the War Department was $100,000, and again it was reduced to $5,000, so that virtually all work has been suspended, and the result has been that the underbrush has grown up, and unless this money is used we will have to do the work all over again.

Mr. BARBOUR. The subcommittee felt that this work has been delayed, and that the subcommittee would be justified in recommending this small sum of $10,000 in addition to the Budget estimate of $4,817 in order to speed up a little bit this work in connection with the Petersburg National Park. It was represented to our committee that practically all of the money would be expended in grubbing out this land and giving employment to people in this community. It is a small amount; it is nothing to get excited about; and the committee felt justified in bringing this item before the House and recommending it and letting the House accept or reject its recommendation. I, for one, believe that the appropriation carried in the bill is fully justified.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. DREWRY) there were—ayes 74, noes 31.

So the amendment was agreed to.

The Clerk read as follows:

For the preservation and maintenance of existing river and harbor works, and for the prosecution of such projects heretofore authorized as may be most desirable in the interests of commerce and navigation; for survey of northern and northwestern lakes, and other boundary and connecting waters as heretofore authorized, including the preparation, correction, printing, and issuing of charts and bulletins and the investigation of lake levels; for prevention of obstructive and injurious deposits within the harbor and adjacent waters of New York City; for expenses of the California Débris Commission in carrying on the work authorized by the act approved March 1, 1893 (U. S. C., title 33, sec. 661); for examinations, surveys, and contingencies of rivers and harbors; and for printing, as may be authorized by the Committee on Printing of the House of Representatives, of surveys under House Document No. 308, Sixty-ninth Congress, first session, and section 10 of the flood control act, approved May 15, 1928 (U. S. C., Supp. V, title 22, sec. 702j): *Provided*, That no funds shall be expended for any preliminary examination, survey, project, or estimate not authorized by law, $39,388,129: *Provided further*, That hereafter the provisions of section 5 of the act of July 16, 1914 (U. S. C., title 5, sec. 78), shall be construed as applying to the Corps of Engineers as to motor boats and motor-propelled passenger-carrying vehicles: *Provided further*, That no appropriation under the Corps of Engineers for the fiscal year 1934 shall be available for any expense incident to operating any power-driven boat or vessel on other than Government business.

Mr. COLLINS. Mr. Chairman, I offer the following amendment, which I send to the desk.

Mr. GOSS. Mr. Chairman, I reserve the point of order on the proviso lines 16 to 20 for the purpose of an explanation, because it makes it permanent law with the word "hereafter."

Mr. COLLINS. Mr. Chairman, the purpose of the amendment which is on the Clerk's desk is to enable the Engineer Corps to maintain and operate all their boats and motor vehicles during the fiscal year 1934, which they probably would not be able to do under the language as written in the bill. The purpose, therefore, of the proviso as amended is to cause the Engineer Corps to present estimates to Congress of their motor-boat and passenger-carrying automobile needs so that we may determine whether or not their purchase should be permitted. That course is required of every other department of the Government, and we felt that on account of certain abuses that had come to our attention this language ought to be made applicable to them.

Mr. GOSS. And that is all the proviso does?

Mr. COLLINS. That is all it does.

Mr. GOSS. I withdraw the point of order.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Mississippi.

The Clerk read as follows:

Amendment offered by Mr. COLLINS: Page 63, line 19, before the word "motor," insert the words "the purchase of."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. WILLIAM E. HULL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. WILLIAM E. HULL: Page 68, line 16, after the word "law" strike out "$39,388,129" and insert "$60,000,000."

Mr. WILLIAM E. HULL. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection?

Mr. BARBOUR. I object.

The CHAIRMAN. Objection is heard and the gentleman is recognized for five minutes.

Mr. WILLIAM E. HULL. Mr. Chairman, the reason I asked for the additional time was because I think this is a question that the Members of the House should understand.

I call the attention of Congress to the fact that river and harbor projects have been prosecuted during the last five years with a view to the ultimate completion of a large number of works that are important to the interest of transportation in the different sections of the country. In that period the expenditures on this work have averaged $61,815,000 annually. The large expenditures have been due to the high cost of the work necessary to complete them. The appropriations for the past two years have been $82,500,000 and $90,000,000, respectively. At the present time the estimates are based on costs that prevailed when the reports were submitted in 1930 and prior years. However, under present conditions these costs are reduced about 50 per cent. So it seems it would not be a hardship upon the Treasury of the United States, considering the tremendous good that this work will do. Under an appropriation of $39,388,129, as carried in the bill, only about $12,000,000 would be expended for improvement work as compared with $51,492,483 expended during the fiscal year 1932. In other words, this proposed increase will facilitate the completion of these waterway projects, and will keep men at work who under the smaller appropriation would have to be discharged.

I do not believe this is the proper time to make exorbitant expenditures, but these expenditures are not exorbitant. I call your attention to the fact that the War Department's original estimate was reduced to a figure that they believed would not be out of line with the financial situation, namely, $75,000,000. They have furnished this estimate of $60,000,000, and it seems to me a good compromise. It takes practically $27,632,950 to maintain our present existing river and harbor works, so that if only $39,000,000 is appropriated, only $11,655,179 would be provided for new work, and every Member of this House knows it would not be profitable or businesslike to adopt such a dribbling policy. If that policy were continued, it would take 25 years to complete existing projects, including the upper Mississippi, Missouri, and Tennessee River projects. But by adding the additional $20,000,000, making the total amount $60,000,000, we will then have $32,367,050 for new work, which is not out of line, as the engineers are all prepared to go ahead with these works, and the works heretofore adopted can be completed within a reasonable time.

RELIEF TO UNEMPLOYMENT

It is estimated that the emergency rivers and harbors relief employed during the depression directly and indirectly an average of 100,000 men on a basis of 48 hours per week; but as the rule is now to put them on a basis of 30 hours per week, this would mean 1.6 man per week for each man on the present 48-hour basis. In addition to the direct labor, it increases the labor in the plants that furnish the material used.

I quote from the Military Engineer as follows:

It is believed that on a conservative basis about one man-year of direct employment can be provided for $4,000 of river and harbor expenditure and for $3,500 of flood-control expenditure, assuming the usual cross-section of such work, including lock and dam construction, dredging, jetties and breakwaters, dikes, revetments, and levee construction. It is also conservatively estimated that at least one man is employed indirectly for every man directly employed.

Based on these assumptions, I figure if we are only to have $11,655,179 for new work, more than 75,000 men will be obliged to look for employment in other directions. These men will take some one else's job or be out on a dole. Even so, the Government will have to pay, and I think it is far better to keep the men at work. In addition to that, the cost to-day of rivers and harbors work is about 50 per cent of the original cost, and I call your attention to two of many projects to show you how this runs:

	Estimated cost	Low bid
Dredging Miami River, Fla	$1,058	$517
Dredging Livingstone Channel, Detroit River	6,097	3,426

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. McGUGIN. I ask unanimous consent that his time be extended five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WILLIAM E. HULL. All the projects run along in just about this proportion. These Federal improvements will show even greater dividends than were anticipated when they were originally authorized as economic improvements; and if we should allow the discontinuance of the work now and wait until such time as business is good in the country, the cost will be more than double the amount that it would be at the present time, would not be as effective to take care of labor, and the people would not have the use of the waterways nearly as long as they will have them if the work is now completed.

I want to call your attention to just where this money will be spent:

	Improvement	Maintenance
Atlantic coast	$4,706,050	$7,379,000
Gulf coast	1,386,200	3,090,500
Pacific coast	1,240,000	3,656,200
Intracoastal waterway	6,115,800	1,736,700
Inland waterways	13,832,000	7,624,500
Great Lakes	5,027,000	2,499,421
Examinations, surveys, contingencies, and miscellaneous items		1,646,629
Total	32,367,050	27,632,950
Grand total		60,000,000

With the foregoing explanation that I have given, I can not see how anyone who would use good business judgment would not be willing to vote for this additional appropriation.

Take that out of the $39,000,000 and what do we have left? Eleven million six hundred and fifty-five thousand one hundred and seventy-nine dollars. Take that off the $52,000,000 that we spent this year, when we had 100,000 employees, and what does this do? It is bound to take off three-quarters of the men, or 75,000 men will have to be taken off this work; 25,000 men will work on maintenance, leaving a total loss of work for 50,000 men. In addition to that, I wish to say that you will have to put those men on dole. Is it better to put them on dole or is it better to make this appropriation and let those men work for their living? This is not a river and harbor proposition. It is an economic proposition. I think I am enough of a business man to stand before this House and show you that if you take such a course as the Budget has taken, you are biting off your nose to spite your face. You are only putting the money in one pocket to take it out of the other to pay these men a dole.





It is the most absurd thing I ever heard of. I want you Members not to think I am trying to increase the appropriation. I am trying to save jobs for these men. It is up to you to vote it up or vote it down. I thank you.

Mr. COCHRAN of Missouri. Will the gentleman from Illinois yield?

Mr. WILLIAM E. HULL. I yield.

Mr. COCHRAN of Missouri. The gentleman has the confidence of the President of the United States. Can the gentleman tell us how the President feels about it?

Mr. WILLIAM E. HULL. I did not ask the President about it. I went to the engineers, where it belongs, and got it from them.

Mr. RAGON. Will the gentleman yield?

Mr. WILLIAM E. HULL. I yield.

Mr. RAGON. Were there any hearings before the subcommittee? Did the gentleman present this amendment to the subcommittee?

Mr. WILLIAM E. HULL. I did not present it to the subcommittee. The subcommittee held its hearings. The gentleman from Mississippi [Mr. COLLINS] admitted in his speech that the appropriation was inadequate.

Mr. RAGON. Did any of the gentlemen interested in this matter go before the subcommittee and ask for a hearing and present this matter to them?

Mr. WILLIAM E. HULL. To tell the truth about it, none of us knew anything about it until it was passed.

Mr. RAGON. The gentleman knew it when the Budget came here, did he not?

Mr. WILLIAM E. HULL. I am just telling the gentleman what the engineers told me. They are the best authority I know of.

Mr. RAGON. But when the Budget was brought here the gentleman and his friends who are back of this matter knew there was a reduction of $21,000,000.

Mr. WILLIAM E. HULL. We certainly did.

Mr. RAGON. And the gentleman did not ask for any hearing before the subcommittee?

Mr. WILLIAM E. HULL. No; because we were not informed of the hearings.

Mr. RAGON. And the gentleman now comes on the floor and in five minutes' debate wants us to add $21,000,000 to the bill.

Mr. WILLIAM E. HULL. Oh, no. That is not so at all.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. COLLINS. Will the gentleman yield to me?

Mr. BLANTON. If it is not taken out of my time, yes.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 30 minutes.

Mr. LAGUARDIA. Reserving the right to object, I want five minutes.

Mr. McGUGIN. I want five minutes.

Mr. COLLINS. I will amend my request to make it 35 minutes, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi as modified?

Mr. LAGUARDIA. Reserving the right to object, does the chairman include me in that 35 minutes.

Mr. COLLINS. I will be delighted to go directly to the Chair and ask the Chair to recognize the gentleman from New York.

Mr. LAGUARDIA. I am particularly interested in the Harlem River.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. Mr. Chairman, on the minority side of the Committee on Appropriations there are some of the ablest, strongest Republican Members of this House. The Army appropriation bill, that is now under consideration, came to this House with a unanimous committee report. Not a single member of that committee saw fit to file a minority report against any of its provisions or for any increases. It is the consensus of opinion of 35 men whom this House has put in charge of appropriations, as indicated by such unanimous report, that no additional sums for the Army shall be taken out of the people's Treasury.

What is happening to the bill? Republicans have added millions to it. The other day, when I was eulogizing my good friend from California [Mr. BARBOUR], who had not filed any minority report on this bill, I was taking it for granted that he was going to uphold the bill that was brought by his committee before this House. I did not know that with the help of the minority leader, the distinguished gentleman from New York [Mr. SNELL], who has Plattsburg in his district, was going to put $550,000 more on one item in the bill. I did not know he was going to rise later and put another $2,500,000 in this bill, which he did yesterday.

I am surprised that the gentleman from the State of Illinois [Mr. WILLIAM E. HULL], where the business men right now are making the greatest clamor to Congress for a reduction in governmental expenses, should come here and ask this House to increase the appropriation on this one item $20,611,871. Where is the money coming from? With a Treasury that is depleted now, that has a deficit of a thousand million dollars this year, with a Treasury that had a deficit last year of a thousand million dollars, with a Treasury that the year before had a billion-dollar deficit, where is the money coming from, I ask you in all fairness?

Now there is the same responsibility upon every Member of this House. It is the responsibility to keep the expenses of this Government within the income of the Government. What is the use of men working here and grinding day and night, working Sundays and working holidays, trying to get this Budget balanced, if as soon as they accomplish something in the way of reduction of expenses, Members here and there who have had something taken from their districts rise and ask that it be put back? Why, we can not stop that kind of raid on the Treasury—there are too many men here interested—unless you stand up and are willing to make some sacrifice in your district in the interest of balancing the Budget for your Government of the United States.

The press is holding all of us responsible. They are attacking all of us every day. They are attacking even the ones who are working trying to balance the Budget. We are all getting criticism, and we all deserve it unless we fix the responsibility where it belongs. When this bill gets back in the House I am one of those who are going to vote to force a roll-call yea-and-nay vote on every amendment and thus put every Member of this House on record and let his constituents and the country find out who is responsible for adding all the increases to this bill. It is a responsibility for which all of us ought to be held until we show we are in the clear on it. And to-morrow the RECORD of this day's proceedings will be printed and will contain the individual vote of the Members who cause these millions to be added to this bill, and I want the press and the people not to hold any of the rest of us responsible, but only those who vote for these additional sums.

Mr. BANKHEAD. Mr. Chairman, there have been frequent items in the consideration of this bill that I have felt like saying something upon in order to undertake to maintain a consistent attitude in standing by the Budget and the Committee on Appropriations in an earnest effort to hold our appropriations to the lowest possible point. We have now reached a place where I think it singularly appropriate for me to voice some objection to the amendment that has been offered, because my section of the country is very largely interested in the improvement of our river and harbor system. It may not be generally known that the State I have the honor in part to represent upon this floor has more miles of navigable streams than any other State in the American Union. We have a great inland waterway system in Alabama, and we have a great Gulf port that we are all exceedingly anxious to foster and develop whenever the

opportunity arises to appropriate funds for that purpose consistent with the state of our public Treasury.

Mr. Chairman, what is the actual condition with which the Treasury is confronted to-day? It is familiar to all of us, not only familiar to you gentlemen but it is familiar to every taxpayer and every business organization in the United States of America.

Why is it that in every State of this Union you see daily and weekly the organization of taxpayers' associations to undertake to reduce the almost impossible burden of taxation that is now pressing down upon the energies of all of our people? It is because, Mr. Chairman, they realize that their substance, their savings, their energies under the adverse conditions with which we are now confronted, are being absolutely dissipated and destroyed by the accumulating burdens of Federal, State, county, and municipal taxation. That is the reason why protests are coming to this Congress. We are the keepers of the purse strings of the public Treasury, and we individually have a burden here upon the floor of this House. Individually and collectively we are the only appeal that our people back home have; and they are sending messages to this Congress every day by personal appeal and by public resolution imploring us to be mindful of these great burdens of taxation under which they are struggling; yet now Members come in here as did the gentleman from Illinois, who, with one stroke of his pen, would raise the appropriation on this item on rivers and harbors more than $20,000,000. I have read the hearings with reference to this appropriation. They indicate that the Army engineers will have available to them for expenditure during the next fiscal year the sum of $44,000,000.

The gentleman predicates his appeal to you not upon the legitimacy of this increase as a matter of fiscal policy, as a matter of legitimate increase for rivers and harbors purposes, but upon the principle of unemployment. That is the basis upon which he predicates his appeal. We ought to have appropriate legislation looking to the relief of unemployment in this country, but we should not burden the Treasury by putting it upon the rivers and harbors item in this bill.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield?

Mr. BANKHEAD. I can not yield. I wish every Member had an opportunity to speak on this subject, but, as the gentleman knows, the time has been limited.

I submit to the Members of this House, to all of you, that that is not the real consideration here. The question here is whether the Corps of Engineers actually need, for the purpose before them to-day, this additional sum of $21,000,000.

They say in their testimony before the committee that they can get along with the committee appropriation on all the essential features of the program that has been laid down by the Congress.

Let us accept as our course of procedure not what we would like to have but the least we can get along with to run the public business. [Applause.]

Mr. TABER. Mr. Chairman, I hate to be talking so much on this bill, but as a Republican Member of this House I can not let this opportunity go by to urge my Republican colleagues and my Democratic colleagues to meet the responsibilities with which they are faced here to-day.

Are we going to run wild, are we going to spend our money just for the sake of spending it, thinking we are good fellows? The gentleman from Illinois predicated his appeal, partly, upon the relief of unemployment. Let me say to you, Mr. Chairman, when these questions were involved last spring, I took the matter up with the Board of Army Engineers and I found out that they expected to keep 8,000 men on the average at work, with $37,000,000, or $4,700 to keep one man at work for one year. The rest of it goes for contractors and for material and all that sort of thing.

The gentleman from Illinois told us that $20,000,000 would put 75,000 men to work. How much would that be per man?

Mr. WILLIAM E. HULL. I did not say that.

Mr. TABER. That is what I understood.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. TABER. How much did the gentleman say?

Mr. WILLIAM E. HULL. I said that with $20,000,000 you could keep 50,000 men at work, and I will tell you why.

Mr. TABER. I will show the gentleman why in just a second and then he will understand it.

Mr. WILLIAM E. HULL. No; the gentleman is wrong.

Mr. TABER. If you could put 50,000 men to work with $20,000,000 that would be $400 per man, and does anybody suppose that the men are working for that amount? This is the way the arithmetic of the gentleman's statement works out.

I want to show you what the President of the United States said in his Budget message:

> Because of a reduction in the cost of labor and material for work of this character, the value of the work of river and harbor improvement, which can be accomplished during the fiscal years 1933 and 1934 with the funds available, would represent an increase of 15 to 40 per cent or between $171,862,000 and $209,223,000, at 1929 costs or practically the figure of $85,000,000 a year on the average for these two years.

Now, do you not think the President of the United States has provided money enough for us to spend? Are we ever going to get anywhere if we do not stop spending now?

I appeal to my Republican colleagues to get in line behind the Budget of the President. I appeal to my Democratic colleagues to stop spending money and get in line behind the report of the committee, their committee, and sustain their committee.

Mr. MEAD. Will the gentleman yield?

Mr. TABER. I yield.

Mr. MEAD. I notice a statement in the RECORD here commenting on the subject by the chairman of the committee in his opening address, in which he states that in his judgment the committee did not care to raise these two items, but, as a matter of fact, all of the committee would, no doubt, vote to increase the items if the matter were brought up on the floor of the House. I am not for this amendment, but I am wondering why this statement was made.

Mr. TABER. Of course, I am not on this subcommittee and I can not speak for the members of the subcommittee, but I would say that I would hope that all of the five members of the subcommittee would vote to sustain their own report.

Mr. BLANTON. Will the gentleman yield?

Mr. TABER. Yes.

Mr. BLANTON. The gentleman is a member of the main committee.

Mr. TABER. Yes.

Mr. BLANTON. Did the main committee authorize any such statement as that?

Mr. TABER. It did not, and the committee wants to keep this thing down.

[Here the gavel fell.]

Mr. McDUFFIE. Mr. Chairman, I doubt if there is any man on this floor who has been more enthusiastic in the matter of the development of our rivers and harbors than I have been. In the heyday of our prosperity I was not only willing but worked at all times to hasten the development of this all-important governmental activity; but things are different in America to-day.

I do not need to tell you that this country is in the greatest crisis in all of its history. The overburdened taxpayer far and near is hoping and praying that the day will come when we will realize that one of the ways to get this Nation on an even keel is the old, homespun, wholesome, and sound way of stopping the spending of more than we are making. [Applause.]

I appeal to you gentlemen from every section of the Nation who are interested in this activity in behalf of the overburdened taxpayer. Let us stop spending more out of the Treasury than is coming into the Treasury, and we are doing this now at the rate of five or six thousand dollars a minute. The time has come to call a halt.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. McDUFFIE. In a moment I shall yield to my friend from Illinois.

I recall that during the war work of this type was practically stopped all over the Nation. Public buildings were not constructed. We were in a crisis then, but not as bad a crisis, economically, as we are in now.

I can assure you gentlemen who have river and harbor interests in your districts—and I have a great deal in mine—that if you will call up the Chief of Engineers he will tell you that no essential river and harbor project in this Nation will be neglected under the appropriation carried in this bill.

If that be true—and I believe it is true—are we not going far afield in assuming, as my friend from Illinois does—purely a matter of imagination, with all due respect to him, growing out of his enthusiasm on this particular subject—is it not going far afield to assume that 75,000 or 50,000 additional men will be put to work if we adopt this amendment?

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. McDUFFIE. I yield.

Mr. WILLIAM E. HULL. I did not say that.

Mr. McDUFFIE. Then I beg the gentleman's pardon; I misunderstood him. Will the gentleman tell us how many men he does claim will be put to work?

Mr. WILLIAM E. HULL. I said that you would put that many men now at work out of a job, and you will; and you will have to go to a dole to feed them. I think it is better for the people of the country to keep these men at work than it is to turn them off and then have to feed them. You will turn off at least 50,000 men.

Mr. McDUFFIE. If the gentleman's figures are correct.

Mr. WILLIAM E. HULL. They are correct.

Mr. McDUFFIE. I prefer to take the figures of the Chief Engineer and the judgment of the Chief Engineer rather than that of my friend. The Chief Engineer is at variance with the gentleman from Illinois on the very thing that the gentleman from Illinois bottoms his plea to this House upon to violate, if you please, certainly the spirit which should prevail in the hearts and minds of the membership of this House at a time like this, not to spend money for anything that is not absolutely essential. The Chief of Engineers says that no important and essential project will suffer, even though there may be no new contracts, if we appropriate the amount carried in the bill.

[Here the gavel fell.]

Mr. LaGUARDIA. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, I first came to Congress 16 years ago. I have heard the river and harbor appeal every year since that time. When I first heard the appeal for rivers and harbors it was based on "preparedness." Then, when I came back after the war, the river and harbor appeal came to us as "memorials." I well remember a session of the House in the Sixty-sixth Congress which lasted well into the morning, with many new projects in the bill, and they were based on the fact that they were to be "memorials"—this new "harbor" and that deepening of a river all "war memorials." Later on, when we got into the period of prosperity the appeal was based on commerce and "prosperity," and now the appeal is made on the poor overused "unemployed."

Well, I submit that the gentleman from Illinois [Mr. William E. Hull] knows a great deal more about rivers and harbors than I do, but I submit I know more about the unemployed than he does. [Laughter.] The time will come when you will have an opportunity to vote funds for the unemployed, and not very long from now, either. I would like to hear an argument for this increase of appropriations on the merits of the project. Do not blame it all, please, on the unemployed. At least have that much consideration for him.

Years ago the river and harbor bill provided for the dredging of navigable streams for which there was no merit. Why, river and harbor appropriations were a scandal. The traffic on many of the streams is yearly decreasing, while appropriations for them are increasing. Just look through the list of appropriations for rivers and harbors work.

There is not a man in this Congress who could locate 10 per cent of them without going to an atlas. That is how important these things are—lily-pond streams and mud streams in many instances. Oh, it is a great deal better than it was 15 years ago. The system has been much improved but it is still pork and it is still a logrolling proposition. The House should not add $20,000,000 on this item and several millions of dollars on the next item for flood relief. I appeal to you not only on this paragraph but on the paragraph that follows. I assume the responsibility for saying that unemployed labor does not get a sufficient percentage of amount of this appropriation to warrant this increase. I assume full responsibility for that statement.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield for a question?

Mr. LaGUARDIA. You can not solve the unemployed situation very much by putting a steam shovel to work. You do not solve the situation by giving fat contracts to favored corporations. I yield for a question.

Mr. WILLIAM E. HULL. Every man who works on the water puts another man to work. The gentleman agrees to that, does he not?

Mr. LaGUARDIA. Oh, of course.

Mr. WILLIAM E. HULL. There is an average of $1,500 per man.

Mr. LaGUARDIA. Not at all. Why, the gentleman started off with the proposition that it would employ 75,000 men. That is not correct.

Mr. WILLIAM E. HULL. I said 50,000.

Mr. LaGUARDIA. Well, that would be only an average earning a year of $400 per man, about a dollar a day. It is not worth appropriating millions to keep men to work on such starvation wages.

The CHAIRMAN. The Chair will be pleased to recognize any Member of the House who desires to speak in support of the amendment and asks recognition. If none such desires, the Chair recognizes the gentleman from Arkansas [Mr. Fuller] for five minutes.

Mr. FULLER. Mr. Chairman, as a representative from a State that would receive as much as or more benefit than any other State in the Union from an amendment of this kind, I am opposed to the increase proposed. Arkansas has more navigable miles of river than any other State in the Union.

Several Members. What about Alabama?

Mr. FULLER. I may be wrong, but I am right in substance, and know I am correct by counting the Mississippi River. I have no fear of this amendment's being adopted, but I call attention to the other side of the page, where they will take the same tactics as they have taken on this, unless they are overwhelmingly defeated on this proposition. I refer to the question of flood control. There is only one State in the Nation that will receive more benefit from flood control than the State of Arkansas, and that is the State of Louisiana. But a time comes when we ought to stop. In addition to the $19,000,000 set forth here, which is the exact amount of the Budget, there is going to be an overlapping, and there is going to be $28,000,000 available for flood control next year. We are getting flood-control work done for 46 cents on the dollar based on the estimate of Engineer Jadwin. So we are getting some real benefit this year. We who have been receiving great benefit in the South by reason of flood control ought to be appreciative of what the Congress has done in the matter of reconstruction loans. All over this Nation we have been receiving doles. Last year we set aside $300,000,000 in the way of doles to be loaned to cities and States to take care of the unemployed, and every man in the hearing of my voice knows that every dollar of it is a dole, and there will not be a cent of it paid back, unless it is paid back by the Government taking the money out of the right pocket and putting it back into the left pocket. It behooves all of us to realize that there is going to be a pay day some time, when we will have to settle these accounts.

Mr. WILLIAM E. HULL. Mr. Chairman, will the gentleman yield?

Mr. FULLER. For a question.

Mr. WILLIAM E. HULL. You have a lot of men working on flood control?

Mr. FULLER. Yes.

Mr. WILLIAM E. HULL. If you put those men out of work you must admit that you will have to take care of them.

Mr. FULLER. Yes.

Mr. WILLIAM E. HULL. Is it not better to keep them at work than to put them on a dole?

Mr. FULLER. We will take the money that comes from the Reconstruction Finance Corporation and we can better take care of them. The great portion of this money spent on flood control is for machines and drag lines. Very little of it goes to take care of actual labor. If it does, then it is a waste of money, because they can do it by machinery so much more cheaply, and that is also true of river and harbor work. So, after all, we are living in the land of doles, and we are giving 10 times more than England or any other nation ever thought of in taking care of its poor. Here we are seeking to balance the Budget, so that we might set an example to the people of the country. We have received a mandate to live within our income—to balance the Budget—it is good business policy. Such a cause will set an example for every State and for every city, town, and hamlet in all the States of the Union, all of which are practically bankrupt. If we do not balance our Budget, if we do not stop, what will they think? There must be a dead line somewhere. Economy must be practiced. I have voted and will continue to vote against every increase in these appropriation bills.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. McGUGIN. Mr. Chairman, I am sorry to be obliged to disagree with my friend from Illinois [Mr. WILLIAM E. HULL]. I think his position in this matter is impossible.

I can not subscribe to the proposition that it is right for the Government to come forth and spend money dredging rivers and what not to build up competition for the railroads of this country at a time when the Government is loaning the railroads enough money to pay their interest and their taxes.

Mr. WILLIAM E. HULL. Will the gentleman yield for a question?

Mr. McGUGIN. I yield.

Mr. WILLIAM E. HULL. Does the gentleman know that three-fourths of this money spent in the harbors helps the railroads?

Mr. McGUGIN. I do not know of any harbors up and down the Mississippi River that help the railroads.

Mr. WILLIAM E. HULL. Three-quarters of the money goes to the harbors of this Nation, and if we do not keep them up we can not keep up the railroads.

Mr. LaGUARDIA. How much has been spent on real harbors of the country?

Mr. WILLIAM E. HULL. Two-thirds of it.

Mr. LaGUARDIA. Oh, the gentleman is in error.

Mr. WILLIAM E. HULL. That shows how little the gentleman is acquainted with the facts about the matter.

Mr. McGUGIN. Mr. Chairman, this does not come out of my time, I hope.

Now, we have been carrying on this policy voting money out of a bankrupt Treasury to subsidize air lines, subsidize commercial busses and trucks, by letting them have virtually free the use of the public highways. Railroad transportation is guilty of many sins in keeping their freight rates too high, and so on, but that does not justify the Government following the asinine policy of subsidizing competition and at the same time loaning the railroads money with which to pay taxes and with which to pay interest. [Applause.]

I want to ask my Republican colleagues, how can we look the country in the face after we come here and increase this appropriation $21,000,000 over the estimate of our own Budget Director and over the recommendation of our own President? I want to ask my Democratic friends how they can look the country in the face, the country which just placed them in power, on a platform which pledged a 25 per cent reduction in public expenses, if to-day they add $21,000,000 to this appropriation in excess of their own Appropriations Committee recommendation? This matter is untenable from the standpoint of government, from the standpoint of partisan politics, from the standpoint of sound business in view of the fact that the Government is to-day following the policy of loaning public credit to the railroads of this country to pay taxes and interest. The proposition of increasing the river and harbor appropriation $21,000,000 will not stand up.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. McGUGIN] has expired. All time has expired.

The question is on the amendment offered by the gentleman from Illinois [Mr. WILLIAM E. HULL].

The question was taken; and on a division (demanded by Mr. STAFFORD) there were ayes 16 and noes 104.

So the amendment was rejected.

The Clerk read as follows:

Flood control, Mississippi River and tributaries: For prosecuting work of flood control in accordance with the provisions of the flood control act, approved May 15, 1928 (U. S. C., Supp. V, title 33, sec. 702a), $19,653,424.

Mr. WILSON. Mr. Chairman, I move to strike out the last word. I realize what the situation is in this House to-day, but I ask for this time to make a statement in relation to the flood-control work and the appropriation therefor.

The hearings before the committee after the disastrous flood of 1927 show that this great project was undertaken as an emergency proposition, not in competition with anybody, but for the protection of life and property. It could not be successfully carried on without ample appropriations. That would be more than is recommended in this bill. The chairman of the committee admits that.

In 1928, when there was authorization for $325,000,000 to carry on emergency work for the protection of life and property, it was estimated that would be sufficient to carry out the plans for the completion of the main features of the project. Of course, we can not secure an increase in this appropriation, however meritorious the proposition may be, with this House in the mood it is to-day, regardless of the fact that if the work is not carried on as it should be for the next year a flood may come and there may be losses of hundreds of millions of dollars.

The work is being executed now at 46 per cent of the estimated cost when the act was passed. Two years ago 23½ cents per cubic yard of earth in levee construction was being paid. To-day bids are coming in at 7 cents and 10 cents per cubic yard. The work will be halted in 1934 unless there is an increase in this appropriation. Twelve thousand three hundred people are employed to-day in the construction work for flood control and protection. Less than 7 per cent of the money goes to overhead. All the remainder goes to the purchase of materials and to wages, which gives employment to American citizens. Therefore ample appropriations providing speedy prosecution to completion of this project will be in the interest of economy, maintain employment, and guarantee the protection of life and property.

Reference has been made to the appropriations for flood control for the present fiscal year:

In the War Department appropriation bill	$32,000,000
In the relief bill	15,500,000
Total	47,500,000

At the present time the unallotted balance from that sum is only $5,739,441.78, which, together with the present appropriation, will make available for the next fiscal year $25,392,665.78.

The amount required according to the estimate of the Chief of Engineers, under whose supervision the project is being prosecuted, is $35,000,000.

Of the original authorization, there still remains $160,600,000. Since the work is going forward with unusual

speed and efficiency and with great saving to the Government, it is unbusinesslike to halt progress on such an emergency project by withholding funds provided by law for that purpose. [Applause.]

Mr. MONTET. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. MONTET: On page 69, in line 12, strike out "$19,653,424" and insert in lieu thereof "$25,000,000."

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi [Mr. COLLINS]?

There was no objection.

Mr. MONTET. Mr. Chairman, as disclosed by the hearings on this particular item, the Army engineers recommended an appropriation of $35,000,000. The Secretary of War cut this recommendation to $25,000,000, and the Budget trimmed it down to the figures contained in the bill.

I wish to call the attention of the committee not only to the truth of the statements just made by the gentleman from Louisiana, who preceded me, but also to the testimony of General Pillsbury in connection with this item where he testified that an appropriation of some $19,000,000 would not be sufficient to properly carry on the execution of this work.

The flood control act of 1928 carried an authorization of $325,000,000. Thus far we have appropriated $164,500,000. We are spending at an annual rate of something like $32,500,000.

General Pillsbury testified that if we trimmed this appropriation down to the figures carried in this bill there will be a loss of money, because, quoting his testimony:

At the present time we have very full competition by contractors well equipped with plants. If there is an interruption in the work, a certain number of those contractors will have to go under and we will not have the same competition when we resume the work.

The gentleman from Arkansas [Mr. FULLER] said that there would be available the sum of $28,000,000 for work in 1934. That is conditional, as was testified by General Pillsbury. You will find this testimony on page 96 of Part II of the hearings. General Pillsbury said that would depend upon certain claims now pending in the New Madrid and Bonnet Carre spillways, and having reference to flowage rights in those flood ways. These claims amount to some $5,000,000 in round numbers. If these claims are paid in 1934, there will be but $23,000,000 left for flood control. This would be quite a cut in the appropriation and would materially slow down the execution of the flood-control program.

The increase sought should not appeal to Members simply because it would provide some employment. This is not an improvement. This is a protection of a large area of this country the responsibility for which was assumed by the Nation under the flood control act of 1928.

It would not be economy, Mr. Chairman, to cut this appropriation at this time; it would be parsimony. There would not be enough funds left in this appropriation to take care of an emergency. General Pillsbury so testified. We never know when the spring rises will bring great wreckage not only into Louisiana and Arkansas, but in Mississippi and Missouri as well.

I do not believe that this is such a project that trimming the appropriation some $13,000,000 can be called economy. You are doing it at great risk. You are really doing it in violation of an obligation this country assumed in 1928.

This increase of only $5,500,000 may save this country hundreds and hundreds of millions of dollars in the event we have a flood next spring; and no one knows the number of lives that might be saved.

I do not believe we can afford to take the chances involved in trimming this item any more than we can afford to take a chance on trimming down our national defense. This is as much a matter of national defense as are the Army and the Navy. It protects a great portion of this country, property rights, and lives, and I certainly hope this committee will see fit to restore in this bill the recommendations of the Secretary of War.

Mr. WHITTINGTON. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I believe it will be both economical and wise to adopt the amendment.

What is the situation respecting this amendment? We are not advocating any additional authorization from the Federal Treasury. The flood control act of 1928 provides for the expenditure of $325,000,000 in the improvement of the lower Mississippi River. It was contemplated that there would be expended approximately $32,500,000 annually. The item carried in this bill provides for the expenditure of $19,653,424.

Have you forgotten what transpired six years ago? Have you forgotten that the people of the United States because of the inadequacy of flood-control works along the lower Mississippi River contributed through the American Red Cross $18,000,000 to alleviate human suffering in the great Mississippi flood of 1927?

Do you recall that 245 people lost their lives and that property aggregating $236,334,414.06, according to the report of the Chief of Engineers, was destroyed because of the inadequacy of the measures by Congress to protect the lower Mississippi River?

Now, what is the situation? Congress has provided for the expenditure of about $32,000,000 annually. Shall we now as a matter of false economy reduce this annual authorization from $32,000,000 to $19,653,424?

There is always the possibility of a very much greater damage. The levees along the lower river can never be stronger than their weakest links. The millions of dollars previously appropriated and expended in the construction of levees may be in many places washed away if the project has not been completed at the time of another flood.

I am only asking that when most needed, and for economy, the usual appropriations be made.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield for a brief question; yes.

Mr. TABER. We provided for expenditure during the current year, $47,500,000, which is $15,500,000 more than the regular amount of the authorization.

Mr. WHITTINGTON. I agree that in the aid of unemployment I followed the President of the United States when he asked in the relief act of 1932 that there be allocated an additional $15,500,000 to provide employment; but in giving that employment I did not consider that restrictions were placed upon the annual appropriation of $32,000,000. As I have stated, it was an emergency program, and an expenditure of $15,500,000 for the relief of unemployment.

Mr. TABER. The President did not recommend that. The committee made that appropriation.

Mr. WHITTINGTON. No; the matter was not handled by the War Department Committee handling the pending bill. It was part of his recommendation, as well as the action of Congress for the relief of unemployment during the past session; and that is not all. For the fiscal year 1933 there was appropriated $32,000,000; and we made an emergency appropriation of about $3,000,000 for flood control, in December, 1929, upon the recommendation of President Hoover.

Now, what will be the result? Will Congress assume responsibility for damages in the event of another flood?

The Government undertook to solve the problem of flood control along the Mississippi River as a national responsibility. After having expended $164,500,000, when the Government engineers say that with the usual appropriations contemplated by law this project may be completed in the fiscal year 1934 or 1935, will we now endanger the $164,500,000 that we have already expended and cause probably the loss of additional lives by our failure to comply with a statute which we have already enacted?

My colleagues will recall that the authorization in the act of 1928 was made, not as a result of the previous wisdom of Congress but as a result of the great flood of 1927.

I recall that Benjamin Franklin, in his autobiography, made a statement that has ever been true. He said: "The best public measures are seldom adopted from previous wisdom, but are forced by the occasion."

De Soto discovered and crossed the Mississippi River in 1543, and after traveling through what is now Arkansas, Oklahoma, and Louisiana, he returned to the Father of Waters to find it in a great flood. Ever since Mississippi overflows have come with tragic regularity. As in the days of Noah, the flood came in De Soto's time, as the floods come now, after rains for 40 days.

In 1928 Congress recognized that flood control of the Mississippi River was a national question and the Government assumed responsibility. The flood control act of May 15, 1928, authorized the appropriation of $325,000,000. To date $164,500,000 have been actually appropriated. The project was to be completed in 10 years. Annual appropriations of $32,000,000 were provided. The Chief of Engineers estimates that if the previous appropriations are continued, the levees along the main river will be completed by the close of the fiscal year 1935.

The Chief of Engineers recommended an appropriation of $35,000,000 for 1934, which was reduced by the War Department to $25,000,000. The Budget recommended $19,653,424, which amount is carried in the bill, as the committee has followed the Budget. I favor the amendment to increase the amount to $25,000,000. I believe that in the circumstances, in an effort to promote real economy, the appropriation should be increased to at least $25,000,000.

The Assistant Chief of Engineers, as shown by page 98 of Part II of the hearings, testified that unless the appropriation was increased, there would be a loss of money. He stated that at present there were contractors with ample equipment. A reduced appropriation would mean interruption in the work. The contractors would likely go out of business and when normal conditions are resumed, competition would not be as keen.

I favor economy. I insist that all appropriations should be reduced to the very lowest point compatible with efficiency. Flood control provides for navigation, commerce, and protects life and property. The works are chiefly enlarged and strengthened levees along the lower Mississippi River. Until completed, there is the ever-present danger of a greater destruction. In the event of a flood, the loss will be largely in excess of the appropriation. There will be damages to the incomplete work.

Both labor and material are much cheaper now than in 1928. The public interest will be promoted by continuing the normal appropriation.

I am aware that the emergency and relief act of 1932, as I have stated, carried $15,500,000 for flood control. The Budget and the committee took this into consideration and the amount carried in the bill is the annual appropriation of approximately $35,000,000 less the said sum of $15,500,000.

The President recommended an emergency appropriation for flood control in December, 1929, in aid of unemployment. The President and the Congress approved an emergency appropriation of $15,500,000 primarily in aid of unemployment in 1932. Unemployment is more general in 1933.

I favor the amendment. Economy will be practiced, unemployment will be aided, and protection to the people and property of the lower Mississippi Valley will result.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana [Mr. MONTET].

The question was taken; and on a division (demanded by Mr. MONTET) there were—ayes 18, noes 87.

So the amendment was rejected.

The Clerk read as follows:

For maintenance and operation of the Panama Canal: Salary of the governor, $10,000; purchase, inspection, delivery, handling, and storing of materials, supplies, and equipment for issue to all departments of the Panama Canal, the Panama Railroad, other branches of the United States Government, and for authorized sales; payment in lump sums of not exceeding the amounts authorized by the injury compensation act, approved September 7, 1916 (U. S. C., title 5, sec. 793), to alien cripples who are now a charge upon the Panama Canal by reason of injuries sustained while employed in the construction of the Panama Canal; for continuing the construction of the Madden Dam across the Chagres River at Alhajuela for the storage of water for use in the maintenance and operation of the Panama Canal, together with a hydroelectric plant, roadways, and such other work as in the judgment of the Governor of the Panama Canal may be necessary, to cost in the aggregate not to exceed $15,500,000; in all, $9,172,700, together with all moneys arising from the conduct of business operations authorized by the Panama Canal act, and such sums, aggregating not to exceed $2,000,000, as may be deposited in the Treasury of the United States as dividends by the Panama Railroad Co. in excess of 10 per cent of the capital stock of such company: *Provided*, That the board of directors of the Panama Railroad Co. shall not permit the investment of any of the receipts of such company in any manner, and after June 30, 1933, shall require the deposit of all receipts in the Treasury of the United States in a special deposit account subject to the order of the proper officers of the corporation.

Mr. KNUTSON. Mr. Chairman, I make a point of order against the last proviso as being legislation on an appropriation bill and contrary to the Holman rule.

Mr. COLLINS. I should like for the gentleman to reserve his point of order.

Mr. KNUTSON. I will reserve the point of order for a moment.

Mr. COLLINS. The gentleman is making his point of order to the last proviso, reading:

Provided, That the board of directors of the Panama Railroad Co. shall not permit the investment of any of the receipts of such company in any manner, and after June 30, 1933, shall require the deposit of all receipts in the Treasury of the United States in a special deposit account subject to the order of the proper officers of the corporation.

Is that the language to which the point of order is directed?

Mr. KNUTSON. Yes.

Mr. COLLINS. The purpose of this language, I may say to the gentleman, is this: The committee found that since the 1933 bill was reported to the House the Panama Railroad Co. has invested considerable sums of money in stocks and bonds. A list of these bonds appears on pages 118 and 119 of part 2 of the hearings. Most of these bonds are the bonds of utility companies.

In going over the bonds held by this railroad company, which aggregate many millions of dollars, the committee has found that many of them have depreciated to such an extent that they are worth only about 70 cents on the dollar, with the result that the committee felt that in the future the Panama Railroad should be precluded from making purchases of this nature and that the funds of the railroad should be deposited in the Treasury of the United States in a special fund. Certainly, if this be done we will not lose anything, as has been our experience in the past. I therefore sincerely hope the gentleman will not make his point of order.

Mr. KNUTSON. Mr. Chairman, the Panama Steamship Line operates between New York and Colon. It is absolutely essential to the successful operation of the line that it have easy access to its deposits. The provision written in this bill by the committee would compel the company to deposit all its receipts in the Treasury of the United States.

Mr. COLLINS. The object of the proviso——

Mr. KNUTSON. I am in thorough sympathy with the object the gentleman has stated.

Mr. COLLINS. The funds are just as much available to the steamship company and the railroad company, under the terms of the bill, as they are at the present time. They are now deposited in New York and in Panama in special deposit accounts. This proviso does not preclude them from spending any of it. It merely makes the Government the custodian of the cash resources of the company.

Mr. KNUTSON. I am in thorough sympathy with the object the gentleman seeks to achieve, but the gentleman is going at it in the wrong way. I am sorry, but I shall have to insist on the point of order and I trust that the Senate or the conferees will amend the bill so as to prohibit the company in the future——

Mr. COLLINS. If the gentleman will permit one further statement, I do not believe this amendment would cause the

money to be removed from the banks in which it is now deposited.

Mr. KNUTSON. I would like to ask the gentleman from Mississippi what this language means: "Shall require the deposit of all receipts in the Treasury of the United States." If that means anything but the Treasury of the United States, I will withdraw my point of order.

Mr. BLANTON. That makes it safe.

Mr. COLLINS. The Treasury of the United States maintains any number of United States depositories all over the country, including Panama, I am told. Under the language of this proviso the money would be deposited in a United States depository in both New York and Panama, and would be subject to the call of the Panama Railroad Co. to the same extent that it is now.

Mr. KNUTSON. But it will not be so available. I shall have to insist on the point of order.

The CHAIRMAN. The point of order is sustained.

Mr. SHANNON. Mr. Chairman, I move to strike out the last word. I do this for the purpose of asking the chairman of the committee, the gentleman from Mississippi, if in fixing the compensation of the Governor of the Canal Zone, the committee took into consideration that he had free living quarters?

Mr. COLLINS. No; and I might say to the gentleman that the committee had nothing to do with fixing the governor's compensation.

Mr. SHANNON. Did the committee take into consideration the perquisites that he receives?

Mr. COLLINS. There are none.

Mr. SHANNON. Oh, yes; there are. They pay no taxes on their cigarettes, for one thing.

Mr. COLLINS. The only perquisite I know anything about is a personal allowance paid to him out of the revenues of the Panama Railroad Co.

Mr. SHANNON. The Governor of the Canal Zone, before our committee, in answer to an inquiry, admitted that there were violations of the tariff laws in that section. For one thing, he said that no one pays taxes on cigarettes.

In answer to a further inquiry as to tariff law violations, he said that he had purchased a golf bag for himself and another for a friend in England because he could get them cheaper than he could from an American manufacturer. I asked him how much of his salary England paid, and he said none. Then I said, "You at least ought to have patriotism enough to buy American goods." Hence, I rose to ask the gentleman if the committee gave any thought to these extra things that the governor gets.

Mr. COLLINS. I will say that I am afraid that the committee can not reach the subject matter about which the gentleman complains. I realize that there are many things in Panama that can be purchased cheaper than in the United States. It has been suggested that a certain English make of golf balls can be purchased for 55 cents that cost in the United States a dollar. I am afraid, however, that the committee is without jurisdiction in the matter.

Mr. SHANNON. But it seems that the committee might consider these things in fixing the salary of the governor.

Mr. COLLINS. This committee does not fix his salary.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. SHANNON. Yes.

Mr. CHINDBLOM. Unfortunately there are plenty of people in the United States who right now are buying foreign-made goods in preference to American goods because they get them cheaper.

Mr. SHANNON. Are they public officials?

Mr. CHINDBLOM. They are both private individuals and public officials.

Mr. SHANNON. I am after the Army, where honor is supposed to be supreme.

Mr. HORR. Do I understand that the gentleman is making a tariff speech and that there should be a tariff placed on these items?

Mr. SHANNON. I do not want American public officials taking advantage of our high tariff and buying goods with American money in that manner.

Mr. HORR. The gentleman does recognize that with the tariff off it does produce a little distress.

Mr. SHANNON. Oh, it does.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. COLLINS. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. COLLINS. I ask unanimous consent that all debate upon this paragraph and all amendments thereto close in five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SCHAFER. Mr. Chairman, I merely rise to express my appreciation that another Democratic leader has risen in his place on the floor of the House and advocated the Republican doctrine of "Buy American First," which is in fact a Republican tariff principle.

We know that in the last campaign the Democratic demagogues gathered hundreds of thousands of votes by denouncing the Smoot-Hawley tariff act and the Republican Party which sponsored it for causing many of the ills of America and many of the ills of the world. What do we find to-day? We find that by reason of depreciated currency in foreign countries, the products of foreign industry and labor and farms are flooding the American markets. The tariff walls of the Hawley-Smoot Act are being leveled this very moment like the walls of Jericho; and in the name of the American people, in the name of the millions of unemployed, in the name of the farmers who have surplus products on hand, I ask you Democrats to follow some of the statements that you have been making here in the press and movietones to buy American first, and bring to the floor of the House legislation to raise the rates of the Hawley-Smoot Act and protect American industry, American farmers, and American workers from unfair competition of cheaply produced foreign importations.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. CHINDBLOM. As a matter of fact, a committee of the Ways and Means Committee, appointed by the present control of the House in the Ways and Means Committee, will begin hearings on Thursday at 10 o'clock on that very subject.

Mr. SCHAFER. That is so. However, let us look at the record. The Democrats have had control of the House for two years and have had control of the Committee on Ways and Means. They held hearings on the identical legislation last May and agreed to keep it in committee. A few days after a number of Republicans requested that action be taken and the Republican conferences called, hearings were again scheduled. We can not depend on the Democratic leaders who control the House. We do not know whether they are going to be here to-day or there to-morrow. They adopt a policy as they did upon the billion-dollar sales-tax allotment bill to save the Nation, and then they heard the clarion call from their leader, the President elect, and they ran to cover in disorderly retreat. An editorial in certain of the Hearst papers indicated that this lame-duck Congress should follow the Democratic Speaker of the House and balance the Budget, and indicated that he had since the session commenced advocated the necessity for balancing the Budget. I yield now to find out from the Democratic leaders when the Speaker of the House is going to follow that principle of balancing the Budget so that we can follow him.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. McCORMACK. Does the gentleman know that at the last session when the Committee on Ways and Means gave a hearing on the depreciated currency bill the present administration opposed it through Mr. Mills and Mr. O'Brien, the chairman of the Tariff Commission, appearing

before that committee and protesting against the passage of the bill?

Mr. SCHAFER. The hearings do not indicate that Mr. Mills opposed it. The chairman of the Tariff Commission did. Under the Constitution, the jurisdiction with reference to tariff legislation is vested in the House of Representatives, and in the House of Representatives alone; and we should exercise our judgment. One bureaucrat's opposition should not swerve us. We should do our duty and stop taking care of these foreign countries and the nationals of foreign countries first. Of course, you Democrats denounced the Hawley-Smoot Tariff Act in the last campaign and you advocated a revision of the tariff rates downward. I now yield for any Democratic member of the Committee on Ways and Means or any Democratic Member of the House to rise and answer as to one specific rate that you would revise downward. I hear no one willing to testify.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

The Clerk read as follows:

SEC. 2. No part of any money appropriated by this act shall be used for maintaining, driving, or operating any Government-owned motor-propelled passenger-carrying vehicle assigned for the exclusive use of persons other than the Secretary of War and medical officers on out-patient medical service.

Mr. BLANTON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 75, line 1, after the word "persons," strike out the balance of the paragraph.

Mr. BLANTON. Mr. Chairman, if the language of this bill is left as it is written, without adopting my amendment, then we will be allowing a limousine to the Secretary of War, and also one to each of the medical officers when on out-patient duty. If we are going to allow a limousine to the Secretary of War, who gets $15,000 a year, why do we not allow it to all other high officials who do the business down there? If you are going to allow a limousine to medical officers, why do you not allow it to the balance of them?

There is not a Member of Congress on this floor who would dare get up here and vote for a measure that would give us a limousine, and yet we have more running around to do than the Secretary of War. We have much more business to attend to scattered all over this city than any of the medical officers down there have, who treat their patients at a certain office in the War Department. I am forced to keep a large car here in Washington for the use and benefit of my constituents, which I bought myself and which I maintain myself at my own expense. I have to keep here another Ford car for a work car, which I bought myself and which I maintain at my own expense. In addition to that, there is hardly a day but what I use a taxicab several times during the day, in going to the different departments. It is easier than to jump in my own car, while most of us use our own cars on business every day, none of us would vote for a car for our own use. Why? Because we know the people would not stand for it. If the people will not stand for our voting ourselves a car, why will they stand for our voting a limousine to a $15,000 a year Cabinet officer? That is unanswerable.

Mr. BLACK. He wears a high hat.

Mr. BLANTON. Oh, my friend the gentleman from New York [Mr. BLACK], who, like myself and some others, did not have any better sense than to vote against tabling the McFadden resolution, and for which vote the New York papers say he is irresponsible, is now in charge of the so-called District of Columbia beer bill, upon which he is now holding hearings, and these same papers are daily applauding him for his efforts to report and pass that bill. He is a splendid chairman for that kind of a bill, but the undependable newspapers think he is a numbskull when he votes on an impeachment resolution. The gentleman from New York mentions the high-hat limousine, specially built to hold the society silk hat of Republican Postmaster General Brown. Is there a man in this Congress who has not heard from his constituents on that? They write to me and say, "Is it true that you as a Member of Congress have been permitting the Postmaster General, who gets $15,000 a year, to have a Government limousine? Have you been voting for that?" I have been compelled to tell them that I could not help it. [Laughter.] I had to tell them that this body is composed of 435 Members. There must be a majority of them vote to stop these matters.

Why should you vote for this limousine for the Secretary of War, who receives a salary of $15,000 per year? Why should you vote for Government limousines for the medical officers who treat all of their patients at one office? The patients come to their offices. What do they need a Government limousine for? When you give them a Government limousine you have to give them a chauffeur, and gas, oil, and annual upkeep at Government expense.

You who are in favor of balancing the Budget are going to be called upon directly, as soon as we get into the House after we read the next paragraph, to register by yea and nay vote whether you stand for voting for all this money to provide these polo horses for Army officers, $87,000 additional to the amount carried in the bill, for which you will have to go on record in this time of depression. You will have to vote whether or not you will expend that additional $550,000 that the gentleman from California [Mr. BARBOUR], with votes of Republican leaders, placed in this bill. You will have to vote on the proposition whether or not you will expend that extra $2,500,000 that the gentleman, with votes of Republican leaders, added to this bill. How are you going to vote on these amendments? Your constituents will find out whether or not they can depend on you to save their money. This amendment to give the Secretary of War a limousine is indefensible, when he gets a salary of $15,000 per year and millions of people are starving to death.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 51, noes 27.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 3. No part of any apropriation made by this act shall be used in any way to pay any expense in connection with the conduct, operation, or management of any post exchange, branch exchange, or subexchange within any State, Territory, or the District of Columbia, save and except for real assistance and convenience to military personnel and civilians employed or serving at military posts in supplying them with articles of ordinary use, wear, and consumption not furnished by the Government.

Mr. RICH and Mr. TABER rose.

The CHAIRMAN. For what purpose does the gentleman from New York rise?

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 75, after line 12, insert a new section, as follows:

"SEC. 4. Any sum appropriated by this act or on account of the Military Establishment or any portion of such sum that may not be needed for the purposes for which appropriated as the result of an economic survey ordered by the President shall be impounded and returned to the Treasury."

Mr. STAFFORD. Mr. Chairman, a point of order. I believe the gentleman from Pennsylvania wishes to offer an amendment to section 3. If he does, will the gentleman from New York kindly withhold his amendment?

Mr. GOSS. Mr. Chairman, I reserve a point of order.

Mr. STAFFORD. I am merely calling attention to the fact that the gentleman from Pennsylvania wishes to offer a perfecting amendment.

The CHAIRMAN. The Chair has examined the amendment offered by the gentleman from New York [Mr. TABER] and the amendment offered by the gentleman from Pennsyl-

vania [Mr. RICH]. The Chair is of the opinion that the amendment offered by the gentleman from Pennsylvania is in the nature of a perfecting amendment and is entitled to precedence over the amendment offered by the gentleman from New York. Therefore, the Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. RICH: Page 75, line 9, strike out the words "military personnel," and in line 10 of the same page strike out the words "and civilians employed or serving at military posts" and insert in lieu thereof "enlisted men and their families and troops."

Mr. RICH. The wording of this amendment is the same as the wording carried in the Army appropriation bill passed by the last session of Congress.

With the thought expressed as it is in the amendment it is to the effect that we want the enlisted men, their families, and troops serving at Army posts to receive the benefits of the post-exchange stores.

We are opposed to the wording expressed in this bill because of the fact that it takes in civilian employees. We all remember the abuses that have taken place in the past year or two at these post-exchange stores wherein various Government officials extended the privilege of these institutions to those who are not entitled to them. Now you are trying to open up the door again and give the civilian employees and their friends an opportunity to come and accept the privileges of these post-exchange stores to the detriment of the people in business in this country. I think it is high time that the Army in submitting bills of this kind did not try to open up the doors. We have closed them to a certain extent by an order from the Secretary of War, yet you here as Congressmen recommend that they go into general merchandising again. We are not against the Army in its offering merchandising facilities to officers and enlisted men of the Army, but you are trying to give everybody an opportunity to buy at post exchanges, which is contrary to good business.

Mr. BARBOUR. Mr. Chairman, will the gentleman yield?

Mr. RICH. I yield.

Mr. BARBOUR. This would preclude an officer, as well as a civilian employee, from having the right to patronize a post exchange. Is not this true?

Mr. RICH. Then let me substitute the words "officers, their families, and troops."

Mr. SHANNON. It is the law just as it is now. That is what he is asking for; that is what they are operating under now. The Army never surrenders. It always gets back what is taken away from it. That is the law at this moment.

Mr. RICH. Mr. Chairman, I ask unanimous consent to modify my amendment by inserting the word "officers" previous to the word "enlisted."

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The CHAIRMAN. The Clerk will report the amendment, as amended, at the suggestion of the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. RICH, as modified: Page 75, line 9, strike out the words "military personnel," and in line 10 of the same page, strike out the words "and civilians employed or serving at military posts," and insert in lieu thereof "officers, enlisted men and their families, and troops."

Mr. BARBOUR. What possible objection could there be to allowing a civilian employee at some Army post miles from a town or city to purchase the necessaries of life, as a matter of convenience, from the Army post exchange? What could be the objection to that?

Mr. RICH. I think it is an opening of the door; we are opening the door to the Government engaging in business, and I think it is the wrong thing to do.

Mr. BARBOUR. Then, as I said to the gentleman the other day, if the Shannon committee will bring in its report, so that we will know what we are doing, we can legislate intelligently on this matter. There is no reason on earth why that committee should not make its report. It was appointed during the last session of the Congress.

Mr. RICH. Every time we come in here and make a suggestion there is always objection to it.

Mr. BARBOUR. Why does not your committee make its report?

Mr. RICH. This is something that can be handled right now, and I think it is time we take it up, and I shall ask for a vote on it.

Mr. BARBOUR. I am opposed to doing this on an appropriation bill. It is not the proper way to legislate in regard to a matter of this kind.

[Here the gavel fell.]

Mr. COLLINS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. McGUGIN. Mr. Chairman, I offer a substitute amendment to the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Substitute amendment offered by Mr. McGUGIN to the amendment offered by Mr. RICH: Page 75, line 10, strike out the words "and civilians employed or."

Mr. McGUGIN. Mr. Chairman, I am trying to reach the same object that the gentleman from Pennsylvania has in mind, and without materially changing the phraseology of the bill all we need to do is to strike out these four words "and civilians employed or." This leaves it so that all military personnel can purchase at these post exchanges, but the civilians can not. Let us see what is fair and right about this thing. Civilian employees working at an Army post, in many instances drawing the regular scale or the regular standard of pay in carpenter work or what not—what right have they to expect to buy things from the Government, in some instances tax free, and cheaper than their fellow workmen can buy them on the outside? The next thing to be considered is that it is not right for the Government to set up an institution to sell to people who are civilian employees and at the same time tax private business of this country to help maintain the Army and the Government institutions.

Mr. PATTERSON. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. PATTERSON. Does the gentleman realize that some of these civilians are working at Army posts where it may be 10 miles to a place where they can buy anything?

Mr. McGUGIN. I apprehend there are farmers in communities in the gentleman's district that are 10 miles away from a trading place.

Mr. HOUSTON of Hawaii. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. HOUSTON of Hawaii. Are not some of these civilian employees actually living at these Army posts?

Mr. McGUGIN. Even so, it is not right that the taxpayers of this country should help maintain an institution to sell them merchandise, tax free and without profit, at the very time we are taxing merchants and all other private business in this country to help maintain the Government.

So far as I am personally concerned, I have no interest in this matter in so far as my district is concerned. There is no Army post in my district, there is no constituent of mine who is going to be able to buy anything any cheaper at one of these Army posts, and there is no merchant in my district who is going to suffer by this unfair competition. It is just a question of what is fair and right. There are some Army posts in the State from which I come, and a part of this practice ends up in nothing less than bootlegging of the merchandise of these stores out among the civilian population, which is unfair competition with legitimate busness.

With this amendment we have gone farther than we have heretofore gone. Heretofore we have not extended these privileges to the officer personnel of the Army, but only to the enlisted personnel. My amendment leaves it applicable to officers and enlisted personnel but not to civilian em-

ployees whose salary is not the salary of an ordinary enlisted man in the Army, but is at the usual and regular wage standard. This proposal is not right as between the men working there as civilians and other civilian labor throughout the country. It is not right from the standpoint of fair competition with honest, legitimate, independent retail business of this country, and I appeal to the House to strike out the words "and civilians employed or," and this will leave the matter so that it only applies to the military personnel, officers and enlisted men alike.

[Here the gavel fell.]

Mr. SHANNON. Mr. Chairman, I move to strike out the last word.

The purpose of either amendment would be to leave the law just as it is.

It is very hard for a citizen back home who is struggling to make a living to be heard by this body. In the short hearings before the committees and the five minutes given here it is difficult to present his case. A fighting man from Lawton, Okla., came here and tried to get a hearing in this House and did not get it; but he went over to the other body, and Senator THOMAS wrote into existing law the words that have brought about this discussion.

I wish you could read the testimony given at our hearings and see the number of merchants that were driven out of business because they could not compete with the post exchanges. If you pass this act as it comes from the committee, you will reinstate the abuse that was eradicated last year.

Mr. LANKFORD of Virginia. Will the gentleman yield?

Mr. SHANNON. I will.

Mr. LANKFORD of Virginia. This act provides that no appropriation shall be used to pay any expense in connection with the conduct of any post exchange or branch exchange——

Mr. SHANNON. Let me say that at Fort Leavenworth there were 43 clerks employed at the post exchange, and 440 civilians residing in the city of Leavenworth were permitted to trade at the post exchange. Practically the same conditions existed also at Fort Riley and at Fort Sill. What the private merchants want is that these civilian employees of the Government shall be made to buy their goods in trade as do other citizens.

Mr. LANKFORD of Virginia. I am in sympathy with the gentleman's position. I would like to ask the gentleman what becomes of the money?

Mr. SHANNON. Nobody knows what becomes of the money. Money is elusive. At Fort Sill the post exchange was said to do nearly a million-dollar business annually, at Fort Riley a similar amount, and at Fort Leavenworth approximately $800,000.

You are asked to do something that is unfair and unjust to the citizens scattered around over the United States. There are in the neighborhood of 191 post exchanges, including branch and subexchanges, operating on Army reservations in the United States.

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Kansas as a substitute for the amendment of the gentleman from Pennsylvania.

The question was taken, and the substitute was rejected.

The CHAIRMAN. The question now is on the amendment of the gentleman from Pennsylvania [Mr. RICH].

The question was taken; and on a division (demanded by Mr. SHANNON) there were 48 ayes and 89 noes.

So the amendment was rejected.

Mr. TABER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 75, after line 12, insert a new section, as follows:

"SEC. 4. Any sums appropriated in this act for or on account of the Military Establishment or any portion of such sum that may not be needed for the purpose for which appropriated as a result of an economic survey ordered by the President shall be impounded and returned to the Treasury."

Mr. McCORMACK. Mr. Chairman, I reserve a point of order to that amendment.

Mr. BLANTON. Mr. Chairman, I demand the regular order.

Mr. McCORMACK. Mr. Chairman, the point of order is to the language which refers to an economic survey. It is legislation on an appropriation bill.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. DRIVER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 14199, the War Department appropriation bill, fiscal year 1934, and had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

WAR DEPARTMENT APPROPRIATION BILL

Mr. COLLINS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14199, the War Department appropriation bill, fiscal year 1934.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14199, with Mr. DRIVER in the chair.

Mr. COLLINS. Mr. Chairman, will the gentleman from Massachusetts withhold his point of order for a moment?

Mr. McCORMACK. Mr. Chairman, I reserve the point of order.

Mr. COLLINS. Mr. Chairman, I have looked over this amendment of the gentleman from New York [Mr. TABER]. It is the same amendment that has been carried for years in the bill, and, as I understand, it merely gives to the incoming President the same powers to effectuate economies that have been granted to the present President.

Mr. TABER. That is the situation exactly.

Mr. COLLINS. Personally, I think the President ought to be permitted to effectuate economies if they can be effectuated.

Mr. TABER. Mr. Chairman, it seems to me that the Democratic President coming in on the 4th of March ought to have an opportunity to show whether he can make some economies and save some money.

Mr. GOSS. There would be no objection to that, but you impound the money into the Treasury so that the War Department can not transfer it from one item to another if they find one short. That is the basis upon which I shall make the point of order if the gentleman from Massachusetts does not insist upon the point of order.

Mr. McCORMACK. Mr. Chairman, I have had an opportunity to examine the amendment. My point of order was based upon the Clerk's reading, and on the theory that this related to a past economic survey. In view of my examination of the proposed amendment I withdraw the point of order.

Mr. GOSS. Mr. Chairman, I make the point of order that it is not germane to the bill and is also legislation on an appropriation bill. I will say to the Chair that on page 7 the House adopted a proviso that no appropriation contained in this act shall be increased by transfer from another appropriation in consequence of section 317 of Part II of the legislative appropriation act, fiscal year, 1933, and so forth, for the purpose of making a larger amount available for or on account of personal services or for increasing the limitation on any appropriation. The House has already passed on that. I do not think the amendment is germane to the bill. Next, I think it is legislation on an appropriation bill unauthorized by law.

Mr. TABER. Mr. Chairman, this is a provision which upon its face permits a saving of money, and is in order under the Holman rule. It provides that any sums appro-

priated can be saved provided the President shall order a survey and find that the moneys are not needed. It is clearly in order under the Holman rule, which permits a saving of money where it can be saved.

Mr. GOSS. Mr. Chairman, on the matter of the Holman rule I quote Cannon, on page 44:

In construing the Holman rule, the Chair may not speculate or surmise as to whether a particular provision might or might not operate to retrench expenditures.

That is in volume 7, section 8606. There are many other citations, such as volume 7, section 8591. This does not retrench because it does not show specifically any definite amount that may be saved.

Mr. LA GUARDIA. Surely a provision providing for the impounding of money which otherwise might be expended is a saving.

Mr. GOSS. I cite other authorities, volume 4, section 3885, and section 3888, where it is held that it must affirmatively appear upon the face of the bill that the proposition if enacted will retrench expenditures.

The CHAIRMAN. This amendment in no way pertains to the Holman rule. It is only the question of the return of an unexpended balance to the Treasury. As such, the Chair thinks it is clearly within the rules, and overrules the point of order.

The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. COLLINS. Mr. Chairman, I move that the committee do now rise and report the bill to the House with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. DRIVER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 14199, the War Department appropriation bill, fiscal year 1934, and had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. COLLINS. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. COLLINS. Mr. Speaker, I demand a separate vote on the amendment offered by the gentleman from Kentucky [Mr. CHAPMAN], on page 23, lines 19 to 24, both inclusive, relative to horses, draft and pack animals, adding $82,500 to the bill.

Also a separate vote on the amendment offered by the gentleman from California [Mr. BARBOUR], on page 50, line 19, increasing the appropriation for the Organized Reserves by $532,189, from $5,822,159.

Also a separate vote on the amendment offered by the gentleman from California [Mr. BARBOUR], on page 56, after line 13, inserting an appropriation of $2,500,000 for the citizens' military training camps.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. BARBOUR. Mr. Speaker, I ask for a separate vote on the amendment offered by the gentleman from New York [Mr. TABER], which provided for the elimination of constructive service in figuring officers' pay.

The SPEAKER. Is a separate vote demanded on any other amendment?

Mr. SCHAFER. Mr. Speaker, I demand a separate vote on the Blanton limousine amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The other amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. CHAPMAN: Page 23, line 20, after the word "animals," in line 19, strike out lines 20 to 24, inclusive, and insert in lieu thereof the following: "For the purchase of draft and pack animals and horses within limits as to age, sex, and size to be prescribed by the Secretary of War, for remounts, for officers entitled to public mounts, for the United States Military Academy, and for such other organizations and parts of the military service as may be required to be mounted, and for all expenses incident to such purchases, including $118,827 for encouragement of the breeding of riding horses suitable for the Army, in cooperation with the Bureau of Animal Industry, Department of Agriculture, including the purchase of animals for breeding purposes, and their maintenance, $201,327."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was rejected.

The SPEAKER. The Clerk will report the next amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. BARBOUR: On page 50, line 19, strike out $5,822,159" and insert in lieu thereof "$6,354,348."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. BARBOUR) there were ayes 127 and noes 134.

Mr. BARBOUR. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 207, nays 156, not voting 63, as follows:

[Roll No. 149]

YEAS—207

Adkins	De Priest	Kelly, Ill.	Pratt, Ruth
Aldrich	DeRouen	Kelly, Pa.	Purnell
Allen	Dickstein	Kemp	Ramspeck
Andresen	Douglass, Mass.	Ketcham	Ransley
Andrew, Mass.	Dowell	Kinzer	Reed, N. Y.
Andrews, N. Y.	Doxey	Kleberg	Reilly
Arentz	Drewry	Kniffin	Rich
Bacharach	Dyer	Kopp	Robinson
Bachmann	Eaton, Colo.	Kurtz	Rogers, Mass.
Bacon	Eaton, N. J.	Kvale	Rogers, N. H.
Baldrige	Ellzey	Lamneck	Sanders, N. Y.
Barbour	Englebright	Lankford, Va.	Schafer
Beedy	Erk	Larrabee	Schuetz
Biddle	Estep	Lea	Seger
Black	Evans, Calif.	Leavitt	Seiberling
Bloom	Fiesinger	Lehlbach	Shott
Boehne	Finley	Lichtenwalner	Shreve
Bohn	Fish	Lindsay	Smith, Idaho
Boileau	Fitzpatrick	Lonergan	Snell
Boland	Foss	Luce	Snow
Bolton	Free	Ludlow	Somers, N. Y.
Briggs	Garber	McClintock, Ohio	Spence
Britten	Gasque	McCormack	Stalker
Brumm	Gavagan	McFadden	Stokes
Brunner	Gifford	McLeod	Strong, Pa.
Cable	Goss	McMillan	Stull
Campbell, Iowa	Granfield	McSwain	Sutphin
Campbell, Pa.	Greenwood	Maas	Swanson
Carley	Griswold	Magrady	Swick
Celler	Hadley	Maloney	Swing
Chapman	Haines	Martin, Mass.	Temple
Chase	Hall, Ill.	Martin, Oreg.	Tierney
Chavez	Hall, N. Dak.	May	Timberlake
Chindblom	Hancock, N. Y.	Michener	Tinkham
Chiperfield	Hardy	Millard	Treadway
Christopherson	Harlan	Mobley	Turpin
Clancy	Hartley	Montet	Wason
Cochran, Pa.	Haugen	Murphy	Weeks
Cole, Md.	Hawley	Nelson, Me.	Welch
Collier	Hess	Niedringhaus	White
Colton	Hogg, Ind.	Norton, N. J.	Whitley
Connery	Hogg, W. Va.	Oliver, N. Y.	Wigglesworth
Connolly	Hollister	Overton	Wilson
Cooper, Ohio	Hooper	Parker, N. Y.	Wingo
Crail	Horr	Parsons	Withrow
Crowther	Houston, Del.	Partridge	Wolcott
Cullen	Hull, William E.	Peavey	Wolfenden
Curry	Jeffers	Person	Wolverton
Darrow	Jenkins	Pettengill	Woodruff
Davenport	Johnson, S. Dak.	Pittenger	Wyant
Davis, Pa.	Kahn	Prall	Yates
Delaney	Keller	Pratt, Harcourt J.	

NAYS—156

Amlie	Browning	Cannon	Collins
Arnold	Buchanan	Carden	Condon
Ayres	Bulwinkle	Cartwright	Cooper, Tenn.
Bankhead	Burch	Castellow	Cox
Barton	Burtness	Christgau	Cross
Blanton	Busby	Clague	Crosser
Bowman	Byrns	Cochran, Mo.	Crowe
Brand, Ohio	Canfield	Cole, Iowa	Davis, Tenn.

Dickinson	Hoch	Mapes	Shannon
Dies	Holaday	Mead	Sinclair
Disney	Hope	Miller	Smith, Va.
Dominick	Howard	Milligan	Smith, W. Va.
Doughton	Huddleston	Mitchell	Sparks
Drane	Hull, Morton D.	Montague	Stafford
Driver	Jacobsen	Moore, Ky.	Steagall
Ealick	Johnson, Mo.	Moore, Ohio	Stevenson
Evans, Mont.	Johnson, Okla.	Morehead	Strong, Kans.
Fernandez	Johnson, Tex.	Nelson, Mo.	Summers, Wash.
Fishburne	Jones	Nelson, Wis.	Sumners, Tex.
Flannagan	Kading	Nolan	Swank
Flood	Kennedy, Md.	Norton, Nebr.	Taber
Frear	Kennedy, N. Y.	O'Connor	Tarver
French	Kerr	Oliver, Ala.	Taylor, Colo.
Fuller	Knutson	Palmisano	Taylor, Tenn.
Fulmer	Kunz	Parker, Ga.	Thatcher
Gambrill	LaGuardia	Parks	Thomason
Gibson	Lambertson	Patman	Thurston
Gilbert	Lambeth	Patterson	Underhill
Gilchrist	Lanham	Polk	Vinson, Ga.
Gillen	Lewis	Ragon	Warren
Glover	Lovette	Rainey	Watson
Goldsborough	Lozier	Ramseyer	West
Gregory	McClintic, Okla.	Rankin	Whittington
Griffin	McDuffie	Rayburn	Williams, Mo.
Guyer	McGugin	Sabath	Williamson
Hare	McKeown	Sanders, Tex.	Wood, Ga.
Hart	McReynolds	Sandlin	Woodrum
Hastings	Major	Schneider	Wright
Hill, Wash.	Mansfield	Shallenberger	Yon

NOT VOTING—63

Abernethy	Clarke, N. Y.	Hill, Ala.	Reid, Ill.
Allgood	Cooke	Holmes	Romjue
Almon	Corning	Hopkins	Rudd
Auf der Heide	Coyle	Hornor	Selvig
Beam	Crump	Igoe	Simmons
Beck	Culkin	James	Sirovich
Bland	Dieterich	Johnson, Ill.	Stewart
Boylan	Douglas, Ariz.	Johnson, Wash.	Sullivan, N. Y.
Brand, Ga.	Doutrich	Lankford, Ga.	Sullivan, Pa.
Buckbee	Freeman	Larsen	Sweeney
Burdick	Fulbright	Loofbourow	Underwood
Carter, Calif.	Golder	Manlove	Vinson, Ky.
Carter, Wyo.	Goodwin	Mouser	Weaver
Cary	Green	Owen	Williams, Tex.
Cavicchia	Hall, Miss.	Perkins	Wood, Ind.
Clark, N. C.	Hancock, N. C.	Pou	

So the amendment was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Coyle (for) with Mr. Douglas of Arizona (against).
Mr. Buckbee (for) with Mr. Johnson of Illinois (against).

Until further notice:

Mr. Allgood with Mr. Perkins.
Mr. Cary with Mr. Reid of Illinois.
Mr. Pou with Mr. Doutrich.
Mr. Almon with Mr. Goodwin.
Mr. Green with Mr. Burdick.
Mr. Underwood with Mr. Johnson of Washington.
Mr. Bland with Mr. Manlove.
Mr. Vinson of Kentucky with Mr. Carter of California.
Mr. Weaver with Mr. Selvig.
Mr. Brand of Georgia with Mr. Hopkins.
Mr. Abernethy with Mr. James.
Mr. Romjue with Mr. Wood of Indiana.
Mr. Hancock of North Carolina with Mr. Sullivan of Pennsylvania.
Mr. Clark of North Carolina with Mr. Loofbourow.
Mr. Sweeney with Mr. Cavicchia.
Mr. Crump with Mr. Clarke of New York.
Mr. Hill of Alabama with Mr. Dieterich.

Mr. DARROW. Mr. Speaker, my colleague, Mr. BECK, is unavoidably absent. If present, he would vote "aye."

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleague, Mr. HOLMES, is unavoidably absent. If present, he would vote "aye."

Mr. McDUFFIE. Mr. Speaker, I send to the desk a list of Members on both sides who have announced that if present they would vote "aye."

The Clerk read as follows:

The following Members, if present, would vote "aye": Mr. CORNING, Mr. RUDD, Mr. SULLIVAN of New York, Mr. CARTER of Wyoming, Mr. MOUSER, Mr. BECK, Mr. CULKIN, Mr. BOYLAN, Mr. STEWART, Mr. COOKE, Mr. HOLMES, Mr. SIROVICH, Mr. BEAM, Mr. IGOE, Mr. AUF DER HEIDE, Mr. CARTER of California, Mr. GOLDER, and Mr. FREEMAN.

The result of the vote was announced as above recorded.

The Clerk read as follows:

Page 56, after line 13, insert a new paragraph, as follows:

"CITIZENS' MILITARY TRAINING CAMPS

"For furnishing, at the expense of the United States, to warrant officers, enlisted men, and civilians attending training camps maintained under the provisions of section 47d of the national defense act of June 3, 1916, as amended (U. S. C., title 10, sec. 442), uniforms, including altering, fitting, washing, and cleaning when necessary, subsistence, or subsistence allowances, and transportation, or transportation allowances, as prescribed in said section 47d, as amended; for such expenditures as are authorized by said section 47d as may be necessary for the establishment and maintenance of said camps, including recruiting and advertising therefor, and the cost of maintenance, repair, and operation of passenger-carrying vehicles; for expenses incident to the use, including upkeep and depreciation costs, of supplies, equipment, and matériel furnished in accordance with law from stocks under the control of the War Department; for gymnasium and athletic supplies (not exceeding $20,000); for mileage, reimbursement of traveling expenses, or allowance in lieu thereof as authorized by law, for officers of the Regular Army and Organized Reserves traveling on duty in connection with citizens' military training camps; for purchase of training manuals, including Government publications and blank forms; for medical and hospital treatment, subsistence, and transportation, in case of injury in line of duty, of members of the citizens' military training camps and for transportation and burial of remains of any such members who die while undergoing training or hospital treatment, as provided in the act of April 26, 1928 (U. S. C., Supp. V, title 10, secs. 454, 455); in all, $2,500,000: *Provided*, That the funds herein appropriated shall not be used for the training of any person in the first year or lowest course who shall have reached his twenty-fourth birthday before the date of enrollment: *Provided further*, That none of the funds appropriated elsewhere in this act except for printing and binding and for pay and allowances of officers and enlisted men of the Regular Army shall be used for expenses in connection with citizens' military training camps: *Provided further*, That uniforms and other equipment or matériel furnished in accordance with law for use at citizens' military training camps shall be furnished from surplus or reserve stocks of the War Department without payment from this appropriation, except for actual expense incurred in the manufacture or issue: *Provided further*, That in no case shall the amount paid from this appropriation for uniforms, equipment, or matériel furnished in accordance with law for use at citizens' military training camps from stocks under control of the War Department be in excess of the price current at the time the issue is made."

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. BARBOUR) there were—ayes 189, noes 149.

Mr. COLLINS. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 202, nays 158, not voting 66, as follows:

[Roll No. 150]

YEAS—202

Adkins	Douglass, Mass.	Kinzer	Rogers, Mass.
Allen	Dowell	Kleberg	Rogers, N. H.
Andresen	Dyer	Kopp	Sanders, N. Y.
Andrews, N. Y.	Eaton, Colo.	Kurtz	Sanders, Tex.
Arentz	Eaton, N. J.	Lamneck	Schafer
Bacharach	Englebright	Lankford, Va.	Schuetz
Bachmann	Erk	Larrabee	Seger
Bacon	Estep	Leavitt	Seiberling
Barbour	Evans, Calif.	Lehlbach	Shott
Beedy	Fiesinger	Lindsay	Shreve
Biddle	Finley	Lonergan	Smith, Idaho
Black	Fish	Lovette	Smith, Va.
Bloom	Fitzpatrick	Luce	Smith, W. Va.
Boehne	Flood	Ludlow	Snell
Bohn	Foss	McClintock, Ohio	Snow
Bolleau	Free	McCormack	Somers, N. Y.
Boland	Garber	McFadden	Spence
Bolton	Gasque	McLeod	Stalker
Britten	Gibson	Maas	Stokes
Brumm	Gifford	Magrady	Strong, Pa.
Brunner	Goss	Maloney	Stull
Cable	Granfield	Martin, Mass.	Sutphin
Campbell, Iowa	Greenwood	Martin, Oreg.	Swanson
Campbell, Pa.	Griffin	May	Swick
Canfield	Griswold	Mead	Swing
Carley	Guyer	Michener	Taylor, Tenn.
Carter, Calif.	Hadley	Millard	Temple
Cary	Hall, Ill.	Murphy	Thatcher
Celler	Hall, N. Dak.	Nelson, Me.	Tierney
Chapman	Hancock, N. Y.	Niedringhaus	Timberlake
Chavez	Hardy	Norton, N. J.	Tinkham.
Chindblom	Harlan	Oliver, N. Y.	Treadway
Chiperfield	Hartley	Overton	Turpin
Christopherson	Haugen	Parker, N. Y.	Underhill
Clancy	Hawley	Parsons	Wason
Cochran, Pa.	Hess	Partridge	Watson
Cole, Md.	Hogg, Ind.	Patterson	Weeks
Colton	Hogg, W. Va.	Peavey	Welch
Condon	Hollister	Person	Whitley
Connery	Hooper	Pettengill	Wigglesworth
Connolly	Horr	Pittenger	Williamson
Crail	Hull, William E.	Prall	Wilson
Crowther	Jeffers	Pratt, Mrs.	Wingo
Cullen	Jenkins	Purnell	Withrow
Curry	Johnson, S. Dak.	Ramseyer	Wolcott
Darrow	Kahn	Ramspeck	Wolfenden
Davenport	Keller	Ransley	Wolverton
Davis, Pa.	Kelly, Ill.	Reed, N. Y.	Wyant
Delaney	Kelly, Pa.	Reilly	Yates
De Priest	Kemp	Rich	
Dickstein	Ketcham	Robinson	

NAYS—158

Aldrich	Drane	Kerr	Parks
Amlie	Drewry	Kniffin	Patman
Andrew, Mass.	Driver	Knutson	Polk
Arnold	Elizey	Kunz	Pratt
Ayres	Eslick	Kvale	Ragon
Bankhead	Evans, Mont.	LaGuardia	Rainey
Barton	Fernandez	Lambertson	Rankin
Blanton	Fishburne	Lambeth	Rayburn
Bowman	Flannagan	Lanham	Sabath
Brand, Ohio	Frear	Lankford, Ga.	Sandlin
Briggs	French	Lea	Schneider
Browning	Fuller	Lewis	Shallenberger
Buchanan	Fulmer	Lichtenwalner	Shannon
Bulwinkle	Gambrill	Lozier	Sinclair
Burch	Gavagan	McClintic, Okla.	Sparks
Burtness	Gilbert	McDuffie	Stafford
Busby	Gilchrist	McGugin	Steagall
Byrns	Gillen	McKeown	Stevenson
Cannon	Glover	McReynolds	Strong, Kans.
Carden	Goldsborough	McSwain	Summers, Wash.
Cartwright	Gregory	Major	Sumners, Tex.
Castellow	Haines	Mansfield	Swank
Christgau	Hare	Mapes	Taber
Clague	Hart	Miller	Tarver
Cochran, Mo.	Hastings	Milligan	Taylor, Colo.
Cole, Iowa	Hill, Wash.	Mitchell	Thomason
Collins	Hoch	Mobley	Thurston
Cooper, Ohio	Holaday	Montague	Vinson, Ga.
Cooper, Tenn.	Hope	Montet	Warren
Cox	Howard	Moore, Ky.	West
Cross	Huddleston	Moore, Ohio	White
Crosser	Hull, Morton D.	Morehead	Whittington
Crowe	Jacobsen	Nelson, Mo.	Williams, Mo.
Davis, Tenn.	Johnson, Mo.	Nelson, Wis.	Wood, Ga.
DeRouen	Johnson, Okla.	Nolan	Woodruff
Dickinson	Johnson, Tex.	Norton, Nebr.	Woodrum
Dies	Jones	O'Connor	Wright
Dominick	Kading	Oliver, Ala.	Yon
Doughton	Kennedy, Md.	Palmisano	
Doxey	Kennedy, N. Y.	Parker, Ga.	

NOT VOTING—66

Abernethy	Collier	Hill, Ala.	Reid, Ill.
Allgood	Cooke	Holmes	Romjue
Almon	Corning	Hopkins	Rudd
Auf der Heide	Coyle	Hornor	Selvig
Baldrige	Crump	Houston, Del.	Simmons
Beam	Culkin	Igoe	Sirovich
Beck	Dieterich	James	Stewart
Bland	Disney	Johnson, Ill.	Sullivan, N. Y.
Boylan	Douglas, Ariz.	Johnson, Wash.	Sullivan, Pa.
Brand, Ga.	Doutrich	Larsen	Sweeney
Buckbee	Freeman	Loofbourow	Underwood
Burdick	Fulbright	McMillan	Vinson, Ky.
Carter, Wyo.	Golder	Manlove	Weaver
Cavicchia	Goodwin	Mouser	Williams, Tex.
Chase	Green	Owen	Wood, Ind.
Clark, N. C.	Hall, Miss.	Perkins	
Clarke, N. Y.	Hancock, N. C.	Pou	

So the amendment was agreed to.

The Clerk announced the following additional pairs:

On this vote:

Mr. Coyle (for) with Mr. Douglas of Arizona (against).
Mr. Buckbee (for) with Mr. Johnson of Illinois (against).

Until further notice:

Mr. Vinson of Kentucky with Mr. Baldrige.
Mr. Collier with Mr. Chase.
Mr. Hancock of North Carolina with Mr. Houston of Delaware.
Mr. Hill of Alabama with Mr. Strong of Pennsylvania.
Mr. Disney with Mr. Reid of Illinois.

Mr. McDUFFIE. Mr. Speaker, the following gentlemen, if present, would vote "yea": Messrs. CORNING, RUDD, SULLIVAN of New York, MCMILLAN, BEAM, SIROVICH, BOYLAN, AUF DER HEIDE, IGOE, and STEWART.

Mr. BACHMANN. Mr. Speaker, the following Members, if present, would have voted "yea": Messrs. CARTER of Wyoming, MOUSER, CULKIN, COOKE, FREEMAN, GOLDER, BECK, and HOLMES.

The result of the vote was announced as above recorded.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

On page 58, after line 14, insert "None of the funds appropriated in this act shall be used for the purpose of paying any commissioned officer, active or retired, for his salary in computing which any service has been counted other than active commissioned service under a Federal appointment and commissioned service in any of the military or naval forces of the United States, including the National Guard or the organized militia, while in the service of the Government of the United States."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 161, noes 81.

So the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

On page 75, line 1, after the word "persons," strike out the balance of the paragraph.

The SPEAKER. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 10, noes 109.

Mr. BLANTON. Mr. Speaker, I ask for the yeas and nays to determine whether a limousine shall be furnished to the Secretary of War or not.

The yeas and nays were refused.

So the amendment was rejected.

The bill was ordered to be engrossed, read a third time, and was read the third time.

Mr. McCLINTIC of Oklahoma. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. McCLINTIC of Oklahoma. I am.

The SPEAKER. Is any member of the committee opposed to the bill? If not, the gentleman from Oklahoma is recognized. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. McCLINTIC of Oklahoma moves to recommit the bill to the Appropriations Committee with instructions to report back forthwith with the following amendment:

On page 11, at the end of line 11: "*Provided further*, That after June 30, 1933, the pay of officers and warrant officers in the Regular Army on the active list shall be at such rates as are now or hereafter may be authorized by law less such an amount as will equal the percentage rate withheld or deducted from the pay of civil employees of the Government in consequence of the provisions of the civil service retirement act approved July 3, 1926, as amended."

The SPEAKER. The question is on the motion to recommit the bill.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken, and the bill was passed.

On motion of Mr. COLLINS, a motion to reconsider the vote by which the bill was passed was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill S. 5160, entitled "An act to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes."

VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—THE FIRST DEFICIENCY BILL (H. DOC. NO. 529)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith without signature H. R. 13975, an act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

I disapprove of the bill with great regret, as the appropriations provided for relief and other purposes are urgently needed, and with the hope that the Congress may early amend the act.

Attached hereto is the opinion of the Attorney General, who has most carefully reviewed the subject.

The difficulty lies not alone in the unconstitutionality of the provisions for legislative determination of individual tax refunds, but the further fact that in the opinion of the Attorney General those provisions invalidate these appropriations themselves.

I recognize that refunds of taxes overpaid present a subject of constant discussion and that there is a natural desire

for assurance that such refunds are correctly made. Such an assurance would, I am sure, be a relief to administrative officers having to deal with this difficult subject. I would suggest, however, that if the Congress deems the system provided by existing laws should be reinforced, it should be accomplished through the creation of additional auditing machinery, and not by Congress undertaking executive and administrative functions.

HERBERT HOOVER.

THE WHITE HOUSE, *January 24, 1933.*

DEPARTMENT OF JUSTICE,
Washington, D. C., January 24, 1933.

SIR: I have your letter of January 23, relating to the urgent deficiency bill, H. R. 13975, recently passed by both Houses of Congress and submitted for your approval.

You call particular attention to the paragraph appropriating a lump sum for refunding taxes illegally or erroneously collected, and ask for my comment upon it. It is as follows:

"BUREAU OF INTERNAL REVENUE

"Refunding taxes illegally or erroneously collected: For refunding taxes illegally or erroneously collected, as provided by law, including the payment of claims for the fiscal year 1933 and prior years, $28,000,000: *Provided*, That a report shall be made to Congress by internal-revenue districts and alphabetically arranged of all disbursements hereunder in excess of $500 as required by section 3 of the act of May 29, 1928 (U. S. C., Supp. V, title 26, sec. 149), including the names of all persons and corporations to whom such payments are made, together with the amount paid to each: *Provided*, That no refund or credit of any income or profits, estate, or gift tax in excess of $20,000 shall be made after the enactment of this act until a report thereof giving the name of the individual, trust, estate, partnership, company, or corporation to whom the refund or credit is to be made, the amount of such refund or credit, and the facts in connection therewith are submitted by the Commissioner of Internal Revenue to the Joint Committee on Internal Revenue Taxation and action thereon taken by said committee. The said committee or its duly authorized staff shall have full access to all the papers and shall examine into and pass upon the case, and no refund or credit in excess of $20,000 shall be made until the Joint Committee on Internal Revenue Taxation shall have so passed on such refund or credit, fixed the amount thereof, and made its report to the Commissioner of Internal Revenue; and no refund or credit in excess of $20,000 shall be made without the approval of said committee. This proviso shall not apply to refunds or credits made pursuant to a judgment of a court having jurisdiction over the subject matter, or a decision of the United States Board of Tax Appeals, which has become final."

Question arises at once whether the proviso authorizing the joint committee of Congress to make the final decision as to whether refunds over $20,000 shall be made, and to fix the amount thereof, presents constitutional objections.

By other existing legislation the Congress has set up in the Treasury Department an administrative system of examining into claims for refund of taxes alleged to have been erroneously or illegally collected, and authorizing the administrative allowance of such claims; and the system in force involves the appropriation from time to time of lump sums, not for any particular claim, but available generally for administrative repayment of taxes determined in the Treasury to have been illegally or erroneously collected. This legislation establishes administrative or executive functions, and the process of applying and executing the law involves administrative and executive action.

Under the proviso in the urgent deficiency bill the action of the executive officers in the Treasury Department charged with the duty of executing the law respecting refunds would be subject to review by a joint committee of the Congress, and the members of that committee would exercise final authority and make the decisions as to whether refund should be made and in what amounts. The Constitution of the United States divides the functions of the Government into three great departments—the legislative, the executive, and the judicial—and establishes the principle that they shall be kept separate, and that neither the legislative, executive, nor judicial branch may exercise functions belonging to the others. The proviso in the urgent deficiency bill violates this constitutional principle. It attempts to entrust to members of the legislative branch, acting ex officio, executive functions in the execution of the law, and it attempts to give to a committee of the legislative branch power to approve or disapprove executive acts. If the functions to be performed by the joint committee are administrative or executive in character, the bill is subject to the further objection that the selection of the personnel by the Congress is an infringement of the constitutional function of the Executive to make appointments and is an attempt by the legislative branch to make appointments of officials performing administrative or executive functions.

If the process of examination and allowance of a claim for refund of taxes may be viewed as a legislative function, the proviso in this bill is equally obnoxious to the Constitution because a joint committee has not power to legislate, and legislative power can not be delegated to it. These principles are settled by many decisions of the Supreme Court of the United States, to only a few of which need reference be made. In United States *v.* Ferreira (13 Howard, 39, 46–51) the court considered a statute purporting to authorize a district judge to pass upon claims arising under the Spanish treaty, but which provided that the claims should only be paid by the Secretary of the Treasury, if deemed by him to be just and equitable. The court held that the functions of the judge under this statute were not judicial and could not be conferred upon him as a judge, but that he might be considered as acting as a commissioner, and said:

"The duties to be performed are entirely alien to the legitimate functions of a judge or court of justice, and have no analogy to the general or special powers ordinarily and legally conferred on judges or courts to secure the due administration of the laws. And, if they are to be regarded as officers, holding offices under the Government, the power of appointment is in the President, by and with the advice and consent of the Senate; and Congress could not by law, designate the persons to fill these offices. And if this be the construction of the Constitution, then as the judge designated could not act in a judicial character as a court, nor as a commissioner, because he was not appointed by the President, everything that has been done under the acts of 1823, and 1834, and 1849, would be void * * *."

In Kilbourn *v.* Thompson (103 U. S. 168) the court held that duties which the House of Representatives attempted to confer upon a committee were judicial in character and not susceptible of exercise by the legislative department. (See also Grenshaw *v.* United States, 134 U. S. 99; Myers *v.* United States, 272 U. S. 52. A very recent case is that of Springer *v.* Philippine Islands, 277 U. S. 189.) The organic act, under which the Philippine government operates, provides for separation of legislative, executive, and judicial functions, as does the Constitution of the United States, and vests in the executive the power of appointment of executive officers. The Philippine Legislature passed an act attempting to create a board of control, consisting of the Governor General, the president of the senate, and the speaker of the house of representatives, to vote the stock in and have a voice in the management of the Philippine National Bank and other governmental corporations. The court said:

"Legislative power, as distinguished from executive power, is the authority to make laws, but not to enforce them or appoint the agents charged with the duty of such enforcement. The latter are executive functions. * * *

"Not having the power of appointment unless expressly granted or incidental to its powers, the legislature can not engraft executive duties upon a legislative office, since that would be to usurp the power of appointment by indirection; though the case might be different if the additional duties were devolved upon an appointee of the executive."

It held the act of the legislature violative of the organic act.

There are various ways in which refunds of illegally collected taxes may be provided for. Congress, if it chooses, acting under the power to make appropriations from the Public Treasury, and the power to maintain the immunity of the Federal Government from suit in the courts, may withhold the power to make refunds from the executive branch and from the courts, and itself deal with the subject by the method of making specific appropriations from time to time to pay specific claims which it deems just. Dealt with in that manner, the authorization of the refund constitutes a legislative act. If Congress confers jurisdiction on the courts to examine such claims and award judgment against the Government, the function of allowance becomes a judicial act, although there still remains the necessity for legislative action in the form of appropriations to pay the judgments. Where, as under existing law, machinery has been set up in the Treasury Department for administrative examination and allowance of these claims by executive officers, the function of executing this law becomes an executive one and must be left with executive officers appointed, not by the legislative branch, but by the executive.

It will be seen, therefore, that the matter of making refunds may involve either legislative, executive, or judicial functions, depending on the system adopted, but in the present case it is unnecessary to make any close analysis of the nature of the function of refunding illegally collected taxes. If it be an executive or judicial function, clearly a joint committee of the Congress may not execute it, and if it is a legislative function it is equally clear that a joint committee may not perform it. Action by a committee is not legislation and a committee of the Congress can not legislate.

If the process attempted by this bill were reversed and a joint committee were required merely to examine these claims and make recommendations to the Congress as to their allowance, to be followed by appropriate legislative action in the form of a statute for their payment, passed in the usual way and approved by the President or passed over his veto, a different situation would exist.

This proviso can not be sustained on the theory that it is a proper condition attached to an appropriation. Congress holds the purse strings and it may grant or withhold appropriations as it chooses, and when making an appropriation may direct the purposes to which the appropriation shall be devoted and impose conditions in respect to its use, provided always that the conditions do not require operation of the Government in a way forbidden by the Constitution. Congress may not, by conditions attached to appropriations, provide for a discharge of the functions of Government in a manner not authorized by the Constitution. If such a practice were permissible, Congress could subvert the Constitution. It might make appropriations on condition that the executive department abrogate its functions. It might, for example, appropriate money for the War Department on condition that the direction of military operations should be conducted by

some person designated by the Congress, thus requiring the President to abdicate his functions as Commander in Chief. During the administration of President Buchanan, a bill provided for an appropriation for the completion of the Washington Aqueduct and prescribed that its expenditure should be under the superintendence of Captain Meigs. In a special message to the House (June 25, 1860) the President said:

"I deemed it impossible that Congress could have intended to interfere with the clear right of the President to command the Army and to order its officers to any duty he might deem most expedient for the public interest. If they could withdraw an officer from the command of the President and select him for the performance of an executive duty, they might upon the same principle annex to an appropriation to carry on a war a condition requiring it not to be used for the defense of the country unless a particular person of its own selection should command the Army."

Attempting to have committees of Congress approve executive acts, or execute administrative functions, or participate in the execution of laws is not a new idea. Carried to its logical conclusion it would enable Congress, through committees or persons selected by it, gradually to take over all executive functions or at least exercise a veto power upon executive action, not by legislation withdrawing authority, but by the action of committees, or of either House acting separately from the other. On May 13, 1920, President Wilson vetoed an appropriation act on the ground that it contained a proviso that certain documents should not be printed by any executive branch or officer except with the approval of the Joint Committee on Printing. Among other things, he said:

"The Congress and the Executive should function within their respective spheres. Otherwise efficient and responsible management will be impossible and progress impeded by wasteful forces of disorganization and obstruction. The Congress has the power and the right to grant or deny an appropriation or to enact or refuse to enact a law; but once an appropriation is made or a law is passed, the appropriation should be administered or the law executed by the executive branch of the Government. In no other way can the Government be efficiently managed and responsibility definitely fixed. The Congress has the right to confer upon its committees full authority for purposes of investigation and the accumulation of information for its guidance, but I do not concede the right, and certainly not the wisdom, of the Congress endowing a committee of either House or a joint committee of both Houses with power to prescribe 'regulations' under which executive departments may operate. * * *

"I regard the provision in question as an invasion of the province of the Executive and calculated to result in unwarranted interferences in the processes of good government, producing confusion, irritation, and distrust. The proposal assumes significance as an outstanding illustration of a growing tendency which I am sure is not fully realized by the Congress itself and certainly not by the people of the country."

President Wilson then went on to call attention to other violations of the same principle and referred to the law creating the Public Buildings Commission, the membership of which included two Senators and two Representatives, acting ex officio—the Senators appointed by the President of the Senate and the Representatives appointed by the Speaker of the House—and to the fact that, so constituted, the commission was exercising administrative functions and that its members were performing executive acts; that Members of Congress, as such, were engaged in executive functions as members of the commission, and that the Congress under this statute was making appointments to executive offices.

In the act of June 30, 1932, making an appropriation for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, and with a view to economy in the operation of the Government, the Congress gave authority to the President, by Executive order, to consolidate, redistribute, and transfer various Government agencies and functions; and established a general formula for his guidance. By section 407 it was provided that the Executive order should be transmitted to the Congress in session and should not become effective until after the expiration of 60 days from such transmission and that "if either branch of Congress within such 60 calendar days shall pass a resolution disapproving of such Executive order or any part thereof, such Executive order shall become null and void to the extent of such disapproval." It must be assumed that the functions of the President under this act were executive in their nature or they could not have been constitutionally conferred upon him, and so there was set up a method by which one House of Congress might disapprove Executive action. No one would question the power of Congress to provide for delay in the execution of such an administrative order, or its power to withdraw the authority to make the order, provided the withdrawal takes the form of legislation. The attempt to give to either House of Congress, by action which is not legislation, power to disapprove administrative acts, raises a grave question as to the validity of the entire provision in the act of June 30, 1932, for Executive reorganization of governmental functions.

Since the organization of the Government, Presidents have felt bound to insist upon the maintenance of the Executive functions unimpaired by legislative encroachment, just as the legislative branch has felt bound to resist interferences with its power by the Executive. To acquiesce in legislation having a tendency to encroach upon the Executive authority results in establishing dangerous precedents.

The first presidential defense of the integrity of the powers of the Executive under the Constitution was made by Washington himself when the House of Representatives insisted on being recognized as part of the treaty-making power, and in his message then to Congress he said:

"It is essential to the due administration of the Government that the boundaries fixed by the Constitution between the different departments should be preserved."

From that day to this the Presidents, with very few exceptions, have felt the necessity of refusing to overlook encroachments upon the executive power. John Adams, Jefferson, Madison, John Quincy Adams, in succession, had occasion to resist interference with the executive power. On at least six occasions President Jackson found it necessary to resist encroachment. On one occasion he said:

"I deem it an imperative duty to maintain the supremacy of that sacred instrument (the Constitution) and the immunities of the department intrusted to my care."

In 1877 President Grant vetoed an act of Congress which attempted to make the Clerk of the House of Representative an officer to perform executive duties on the ground that it was an encroachment upon the constitutional right of the executive branch to appoint officers of the United States. President Hayes vetoed appropriation bills containing riders attempting to interfere with the President's power as Commander in Chief of the Army. On June 4, 1920, President Wilson vetoed the Budget bill which created the office of Comptroller General because it provided that the incumbent could only be removed by a joint resolution of Congress. In his message he said:

"I am convinced that the Congress is without constitutional power to limit the appointing power and its incident, the power of removal derived from the Constitution. * * * I can find in the Constitution no warrant for the exercise of this power by the Congress. * * * Regarding as I do the power of removal from office as an essential incident to the appointing power, I can not escape the conclusion that the vesting of this power of removal in the Congress is unconstitutional * * *."

A similar bill was enacted and approved in the next administration, but the soundness of President Wilson's views on the constitutional question was subsequently established by the decision of the Supreme Court of the United States in Myers *v.* United States (272 U. S. 52).

Many other instances might be referred to. An excellent historical account of these will be found in an address delivered by the Hon. Charles Warren on Presidential Declarations of Independence. (Boston University Law Review, Vol. X, January, 1930, No. 1.) Each President has felt it his duty to pass the executive authority on to his successor unimpaired by the adoption of dangerous precedents. You have not hesitated to act when occasion has arisen. (United States *v.* George Otis Smith, 286 U. S. 6, 28 note 3.) The proviso in this deficiency bill may not be important in itself, but the principle at stake is vital. Encroachments on the Executive authority are not likely to be deliberate, but that very fact makes them all the more insidious. In the present instance there is no basis for suggesting that the Congress intentionally transgressed constitutional limitations. One House did not consider the point and in the other it is not clear that any definite conclusion was reached respecting it.

During the Senate's consideration of this urgent deficiency bill the constitutional objections to the proviso relating to tax refunds do not seem to have been mentioned. When the proviso was considered in the House, constitutional objections to it were presented in an able address by Congressman Wood, whose views were supported by other Members of the House learned in constitutional law, and no serious attempt in debate appears to have been made to controvert the arguments thus advanced.

There is one other factor in the case bearing on the disposition you may make of this measure. If this bill is spread upon the statute books, through receiving your approval or being passed over a veto, not only would the proviso respecting the power of the joint committee to authorize refunds be void, but the deficiency appropriation for payment of refunds would fall with it. Whenever a provision in a statute is found invalid, question arises as to whether the whole act falls or only the objectionable section. This depends on whether the unconstitutional provision is separable from the rest of the act and in deciding that question the courts endeavor to ascertain from the terms of the act and its subject matter whether Congress would have intended the balance of the act to stand without the obnoxious provision. (Dorchy *v.* Kansas, 265 U. S. 286, 289.) Under these principles the provision in this bill appropriating money for refund of taxes, together with the proviso respecting powers of the joint committee, are clearly separable from the rest of the act but not from each other. In my opinion, the appropriation for tax refunds and the proviso attached to it must stand or fall together. Who can say that Congress would have made this appropriation without the proviso? I have no basis for such an assumption. If the Congress makes an appropriation attaching to it an invalid condition, we would hardly be justified in rejecting the condition as void and treating the appropriation as available. The safe course is to treat the two as inseparable.

The result is that if this bill should take the form of a statute the Secretary of the Treasury would be confronted with the fact that the appropriation for tax refunds, as well as the proviso attached to it, is void, and would not be available for payment of refunds, with the result that if no prior appropriations are available, payment of all refunds of any amount, would stop until further appropriations for that purpose were made by the Congress. This would be unfortunate, in that it would result in delay, and

injustice to taxpayers, and the accumulation of interest charges against the Government.

It affords an additional reason why this measure may well be returned to the Congress without your approval to give that body the opportunity to eliminate the proviso, or if it be dissatisfied with the existing machinery it has established by law for the making of tax refunds, to substitute some other method not open to constitutional objections.

Respectfully,

WILLIAM D. MITCHELL,
Attorney General.

THE PRESIDENT,
The White House.

The SPEAKER. The objections of the President will be entered at large on the Journal, and the message and the accompanying papers, together with the bill, will be printed as a House document.

The question is, Will the House, on reconsideration, agree to pass the bill, the objections of the President to the contrary notwithstanding?

Mr. BYRNS. Mr. Speaker, I am going to take only a moment of your time. I am quite sure every Member of the House knows the grounds upon which the President has seen fit to veto this deficiency bill.

We were told several weeks ago it was exceedingly important that this bill should become law in the interest of the unemployed and the suffering here in the District of Columbia, since it carries an appropriation of $625,000 for that purpose. The Committee on Appropriations, acting first through its subcommittee, hurried the hearings upon the deficiency bill as much as possible, presented the bill here in the House, and it was passed and sent to the Senate. Promptly upon its passage by the Senate the two Houses went into conference upon the few amendments which had been made by the Senate, came to an agreement, the bill was passed and sent to the President. Of course, any delay that may happen with reference to supplying those who are said to be badly in need of funds will not rest at the door of Congress, and certainly not at the door of the House.

I have not had opportunity to read the opinion of the Attorney General, which is quite lengthy. It covers quite a number of pages—some 12 or 14—and the very fact that it does cover so many pages leads me to believe, possibly, the Attorney General found some difficulty in arguing himself into the idea that this bill is unconstitutional.

The message of the President is short and to the point. The money represented by these proposed tax refunds has been paid into the Treasury under tax bills passed by Congress and collected through the machinery set up by Congress for that purpose. After the money has been paid into the Treasury of the United States, there is no way, so far as I know, whereby it can be gotten out except through an affirmative act of Congress making an appropriation, and it would seem to me, without having opportunity to fully examine into the subject, that in providing for this money to be paid out to individuals, Congress should have, and does have, the right to prescribe the methods that shall be followed and the circumstances under which the refund may be made. Because if it is not refunded in accordance with the judgment of Congress, and in accordance with its requirements, then, undoubtedly, there is no way, so far as I know, whereby Congress can be forced to appropriate the money.

So in voting to override this veto I shall do so with the best conscience for the reasons I have stated. As Members of Congress called upon to vote money out of the Treasury to reimburse some one asking for a refund, we have the right by our vote to say how that money shall be paid out and what procedure shall be followed before it is paid.

I can not understand, therefore, how it can be said that when Congress undertakes to prescribe such a method it can be said to be unconstitutional.

Mr. CHINDBLOM. Will the gentleman yield? Would not the gentleman be willing to have the message printed in the RECORD so that we can read it to-morrow and let the vote go over until we have read the message and the opinion of the Attorney General? The question of constitutionality is one for legal construction, and we have not heard the opinion of the Attorney General. It is late, and let the vote go over until to-morrow.

Mr. BYRNS. That is for the House to decide. The President has urged immediate action, and I see no reason why we should not vote and dispose of it now.

Let me say this, and then I will close. What is this proposition? All this amendment, which was adopted in the Senate and finally agreed to by the House and Senate conferees and confirmed by the House, does is to say that when the Internal Revenue Commissioner, not a court but an executive officer of the Government, has determined that a refund should be made, if it amounts to more than $20,000, he shall send the case up here to a joint committee composed of Senators and Representatives from the Committee on Finance in the Senate and Ways and Means in the House, and that that committee shall consider the facts sent to it by the Internal Revenue Commissioner, make such investigation as the committee chooses, and if it approves of the action of the Internal Revenue Commissioner it shall fix the amount of the refund that shall be made. Why should anyone object to that?

Mr. RAGON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. RAGON. I understand the President objects to the provision that gives Congress the right to investigate and refund amounts that are above $20,000. We have the right, or have been assuming the right, to examine all amounts above $75,000. Has anyone ever objected to the constitutionality of the act that gave us that authority?

Mr. BYRNS. None that I am aware of. I thank the gentleman for his suggestion.

Mr. RAGON. Can the gentleman conjure up in his mind any reason, if we have the right to review refunds above $75,000, why we should not have the right to investigate refunds above $20,000?

Mr. BYRNS. Absolutely not. This seems to be an afterthought to protect those big refunds concerning which there has been so much suspicion in the past decade. No one should object to publicity. Mr. Speaker, I move the previous question.

The question was taken.

Mr. MAPES. Mr. Speaker, I ask for a division on ordering the previous question.

The House divided; and there were—ayes 191, noes 169.

Mr. MAPES. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER. As many as favor ordering taking the vote by the yeas and nays will rise and stand until counted. [After counting.] Forty-two Members have risen, not a sufficient number.

So the previous question was ordered.

Mr. MAPES. Mr. Speaker, I do not see how the House can act intelligently——

Mr. BANKHEAD. Mr. Speaker, I demand the regular order.

Mr. MAPES. Mr. Speaker, I desire to submit a unanimous-consent request.

The SPEAKER. The gentleman will state it.

Mr. MAPES. I ask unanimous consent that the opinion of the Attorney General upon which the veto message of the President is based may be read for the information of the House.

Mr. BANKHEAD. Mr. Speaker, I object.

The SPEAKER. The question is, Will the House, on reconsideration, agree to pass the bill, the objections of the President to the contrary notwithstanding?

Mr. MAPES. Mr. Speaker, I desire to submit another unanimous-consent request, and that is that the vote on the veto message may be postponed until to-morrow morning.

Mr. KENNEDY. Mr. Speaker, I object.

The SPEAKER. The Constitution requires that the roll be called on this vote. The Clerk will call the roll.

The question was taken; and there were—yeas 193, nays 158, not voting 75, as follows:



[Roll No. 151]

YEAS—193

Amlie	Dominick	Kemp	Palmisano
Arnold	Doughton	Kennedy, Md.	Parker, Ga.
Ayres	Douglass, Mass.	Kennedy, N. Y.	Parks
Bankhead	Dowell	Kerr	Parsons
Barton	Doxey	Kleberg	Patman
Black	Drane	Knutson	Patterson
Blanton	Drewry	Kunz	Peavey
Bloom	Driver	Kvale	Polk
Boehne	Ellzey	LaGuardia	Prall
Boileau	Ellick	Lambertson	Ragon
Boland	Fernandes	Lambeth	Rainey
Brand, Ohio	Fiesinger	Lamneck	Ramspeck
Briggs	Fishburne	Lanham	Rankin
Browning	Fitzpatrick	Lankford, Ga.	Rayburn
Brunner	Flannagan	Larrabee	Rogers, N. H.
Buchanan	Flood	Lea	Sabath
Bulwinkle	Fuller	Lewis	Sanders, Tex.
Burch	Fulmer	Lichtenwalner	Sandlin
Busby	Gambrill	Lindsay	Schneider
Byrns	Gasque	Lonergan	Schuetz
Campbell, Iowa	Gavagan	Lozier	Shallenberger
Canfield	Gilbert	Ludlow	Shannon
Cannon	Gilchrist	McClintic, Okla.	Smith, Va.
Carden	Gillen	McCormack	Smith, W. Va.
Carley	Glover	McDuffie	Somers, N. Y.
Cartwright	Goldsborough	McKeown	Sparks
Cary	Granfield	McReynolds	Spence
Castellow	Greenwood	McSwain	Steagall
Celler	Gregory	Major	Stevenson
Chapman	Griffin	Maloney	Sumners, Tex.
Chavez	Griswold	Mansfield	Sutphin
Christgau	Haines	May	Swank
Cochran, Mo.	Hancock, N. C.	Mead	Tarver
Cole, Md.	Hare	Miller	Thomason
Collins	Harlan	Milligan	Tierney
Condon	Hart	Mitchell	Vinson, Ga.
Connery	Hastings	Mobley	Warren
Cooper, Tenn.	Hill, Wash.	Montague	West
Cox	Howard	Montet	Whittington
Cross	Huddleston	Moore, Ky.	Williams, M
Crosser	Jacobsen	Morehead	Wilson
Crowe	Jeffers	Nelson, Mo.	Wingo
Cullen	Johnson, Mo.	Norton, Nebr.	Withrow
Davis, Tenn.	Johnson, Okla.	Norton, N. J.	Wood, Ga.
Delaney	Johnson, Tex.	O'Connor	Woodrum
DeRouen	Jones	Oliver, Ala.	Yon
Dickinson	Kading	Oliver, N. Y.	
Dickstein	Keller	Overton	
Dies	Kelly, Ill.	Owen	

NAYS—158

Adkins	Eaton, Colo.	Kinzer	Seger
Aldrich	Eaton, N. J.	Knutson	Selberling
Allen	Englebright	Kopp	Shott
Andresen	Erk	Kurtz	Shreve
Andrew, Mass.	Estep	Lankford, Va.	Sinclair
Andrews, N. Y.	Evans, Calif.	Leavitt	Smith, Idaho
Arentz	Finley	Lehlbach	Snell
Bacharach	Fish	Luce	Snow
Bachmann	Ford	McClintock, Ohio	Stafford
Bacon	Frear	McFadden	Stalker
Barbour	Free	McGugin	Stokes
Beedy	French	McLeod	Strong, Kans.
Biddle	Gibson	Mass	Strong, Pa.
Bohn	Gifford	Magrady	Stull
Bolton	Goss	Mapes	Summers, Wash.
Bowman	Guyer	Martin, Mass.	Swanson
Britten	Hadley	Michener	Swick
Brumm	Hall, Ill.	Millard	Taber
Burtness	Hall, N. Dak.	Moore, Ohio	Temple
Cable	Hancock, N. Y.	Murphy	Thatcher
Campbell, Pa.	Hardy	Nelson, Me.	Thurston
Carter, Calif.	Hartley	Nelson, Wis.	Timberlake
Chindblom	Haugen	Niedringhaus	Tinkham
Chiperfield	Hawley	Nolan	Treadway
Christopherson	Hess	Parker, N. Y.	Turpin
Clague	Hoch	Partridge	Wason
Clancy	Hogg, Ind.	Person	Watson
Cochran, Pa.	Hogg, W. Va.	Pettengill	Weeks
Cole, Iowa	Holaday	Pittenger	Welch
Colton	Hollister	Pratt, Harcourt J.	White
Connolly	Hooper	Pratt, Ruth	Whitley
Cooper, Ohio	Hope	Purnell	Wigglesworth
Crail	Horr	Ramseyer	Williamson
Crowther	Houston, Del.	Ransley	Wolcott
Curry	Hull, William E.	Reed, N. Y.	Wolfenden
Darrow	Jenkins	Reilly	Wolverton
Davenport	Johnson, S. Dak.	Rich	Woodruff
Davis, Pa.	Kahn	Robinson	Wyant
De Priest	Kelly, Pa.	Rogers, Mass.	
Dyer	Ketcham	Schafer	

NOT VOTING—75

Abernethy	Buckbee	Coyle	Garber
Allgood	Burdick	Crump	Golder
Almon	Carter, Wyo.	Culkin	Goodwin
Auf der Heide	Cavicchia	Dieterich	Green
Baldrige	Chase	Disney	Hall, Miss.
Beam	Clark, N. C.	Douglas, Ariz.	Hill, Ala.
Beck	Clarke, N. Y.	Doutrich	Holmes
Bland	Collier	Evans, Mont.	Hopkins
Boylan	Cooke	Freeman	Hornor
Brand, Ga.	Corning	Fulbright	Hull, Morton D.
Igoe	Martin, Oreg.	Simmons	Underhill
James	Mouser	Sirovich	Underwood
Johnson, Ill.	Perkins	Stewart	Vinson, Ky.
Johnson, Wash.	Pou	Sullivan, N. Y.	Weaver
Larsen	Reid, Ill.	Sullivan, Pa.	Williams, Tex.
Loofbourow	Romjue	Sweeney	Wood, Ind.
Lovette	Rudd	Swing	Wright
McMillan	Sanders, N. Y.	Taylor, Colo.	Yates
Manlove	Selvig	Taylor, Tenn.	

So (two-thirds not having voted in favor thereof) the veto of the President was sustained, and the bill was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Abernethy and Mr. Crump (for) with Mr. Cavicchia (against).
Mr. Evans of Montana and Mr. Hill of Alabama (for) with Mr. Golder (against).
Mr. Sweeney and Mr. Weaver (for) with Mr. Clarke of New York (against).
Mr. Wright and Mr. Igoe (for) with Mr. Hopkins (against).
Mr. Williams of Texas and Mr. Larsen (for) with Mr. Coyle (against).
Mr. Bland and Mr. Fulbright (for) with Mr. Perkins (against).
Mr. Taylor of Colorado and Mr. Auf der Heide (for) with Mr. Johnson of Washington (against).
Mr. Stewart and Mr. Hall of Mississippi (for) with Mr. Wood of Indiana (against).
Mr. Rudd and Mr. Disney (for) with Mr. Beck (against).
Mr. Sullivan of New York and Mr. Pou (for) with Mr. Carter of Wyoming (against).
Mr. Clark of North Carolina and Mr. Green (for) with Mr. Manlove (against).
Mr. Sirovich and Mr. McMillan (for) with Mr. Doutrich (against).
Mr. Boylan and Mr. Almon (for) with Mr. Culkin (against).
Mr. Brand of Georgia and Mr. Allgood (for) with Mr. Buckbee (against).
Mr. Romjue and Mr. Vinson of Kentucky (for) with Mr. Cooke (against).
Mr. Underwood and Mr. Hornor (for) with Mr. Baldrige (against).
Mr. Beam and Mr. Dieterich (for) with Mr. Mouser (against).

Additional general pairs:

Mr. Martin of Oregon with Mr. Reid of Illinois.
Mr. Corning with Mr. James.

Mr. MARTIN of Massachusetts. Mr. Speaker, I desire to announce that my colleagues, Messrs. HOLMES and UNDERHILL, are absent, and if they were here they would vote "no."

The result of the vote was announced as above recorded.

The SPEAKER. The message of the President and the bill, together with the accompanying papers, are referred to the Committee on Appropriations and ordered printed, and the Clerk will notify the Senate of the action of the House.

FIXING THE COMMENCEMENT OF THE TERMS OF PRESIDENT, VICE PRESIDENT, ETC.

The SPEAKER laid before the House a communication from Benjamin M. Moeur, Governor of the State of Arizona, announcing that the eleventh legislature of that State had ratified the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. JENKINS, for five days, on account of death in family.

To Mr. STEWART, on account of sickness.

To Mr. ROMJUE, for one day, on account of illness.

To Mr. BLAND, indefinitely, on account of illness.

WAR DEPARTMENT APPROPRIATION BILL

Mr. THATCHER. Mr. Speaker, I ask unanimous consent to extend my remarks on the Army appropriation bill passed to-day and to include therein certain extracts from the report, the bill, and the hearings.

The SPEAKER. Is there objection?

There was no objection.

Mr. THATCHER. Mr. Speaker, I always feel a deep interest in the War Department appropriation bills. This arises not only because of the great importance of national defense, for which appropriations are carried in these measures, but also because of the many nonmilitary items, such as river and harbor improvement, flood control, the maintenance and operation of the Panama Canal, the national military parks and cemeteries, and the like.

It is not possible for me to discuss all of the features of the bill under consideration—that making appropriations for the War Department for 1934; that is to say, for the fiscal year beginning July 1, 1933. However, I do wish to comment upon certain items and features.

THE PANAMA CANAL

It was my pleasure to visit once again, in December-January last, the Isthmus of Panama and to see there the progress in the construction of the Madden Dam. I visited the site of the project in August, 1929, before the actual construction had started. The work, in the hands of private contractors, and under the general supervision of the Panama Canal authorities, is advancing at a very satisfactory rate. Seeing the activities thus involved brought vividly to mind the work on the canal enterprise at the peak of the construction period, 1910 to 1913, inclusive, when it was my privilege to serve as a member of the Isthmian Canal Commission and head of the Department of Civil Administration of the Canal Zone.

MADDEN LAKE

The new lake, up the Chagres River, which will thus be formed will serve the double purpose of creating a substantial water supply reserve for lockage purposes and an active supply for hydroelectric needs. The major hydroelectric plant is being built at the new dam, and the water used here to develop electrical energy for the canal operations will not be wasted into the sea, as is the case at Gatun at present; but will pass into Gatun Lake, there to become available for lockage purposes.

The creation of the new lake will not only save all question of an adequate water supply to operate the canal to capacity with the present lock system but will also provide, as is fully believed, an adequate water supply for the operation of the canal when, as is contemplated, another series of locks paralleling those now constructed may be built. It may be 50 years before there is any actual need for further canal facilities, and with another series of locks provided, the canal, it is thought, will take care of all Isthmian traffic for more than 100 years to come. Hence, the construction of another interoceanic canal across the Isthmus, or elsewhere, would seem to be a problem for the indefinite future. The general economic stress has affected the canal as shipping has substantially fallen off in recent years.

CONSTRUCTION APPROPRIATIONS

I regret the fact that the appropriations for work on the Madden Dam for 1934 again will come out of funds of the Panama Railroad Co. My judgment has been that the general funds of this old and highly important organization should be preserved for its own needs; with the exception, perhaps, of an occasional payment of a dividend character, reasonable in amount, into the United States Treasury. It seems to me that we are cutting too deep into the reserves of the company in the making of annual appropriations for this construction work of the canal.

ISTHMIAN CANAL COMMISSION

Of the six members of the Isthmian Canal Commission with whom I had the honor to serve—the commission having been composed of seven members—all have passed away except Gen. William L. Sibert. His great work in the construction of the locks, dam, and related works at Gatun constitutes a splendid memorial to his Isthmian labors; but since the completion of the canal he has continued to "carry on," and in the construction of the new docks at Mobile and in his service in connection with studies and recommendations in regard to the great Boulder Dam project, he has given ample proof that his unsurpassed engineering talents yet endure.

GORGAS MEMORIAL LABORATORY

During my recent visit it was my pleasure to note the splendid work of the Gorgas Memorial Laboratory, located in the city of Panama. This institution, devoted to research touching the causes and prevention of tropical diseases, is fully justifying the enactment by Congress of the measure it was my privilege to introduce and sponsor. Under the act the United States Government is contributing $50,000 a year for the work of the institution; and all the Latin American countries, under the terms of the act, are invited and permitted to contribute also. The Republic of Panama, as was also contemplated and permitted, has donated the splendid structure and the grounds for the laboratory. The institution, as provided by the act, is named in honor of the great modern sanitarian and humanitarian, Gen. William C. Gorgas, who long served as a member of the Isthmian Canal Commission, and whose redemptive sanitary, and health work on the Isthmus made possible the construction of the Panama Canal, the greatest industrial enterprise of all times.

Dr. Herbert C. Clark, for years occupying an important position in the health and sanitary work on the Isthmus under General Gorgas, has been the director of the laboratory since its creation several years ago. He is performing a service of the highest character, and the institution is fast becoming one of the most important of its kind anywhere to be found. Its work will not only benefit the world at large, but it will benefit, in a special degree, our own country. Because of our multiplied contacts with tropical lands, by air and by sea, and, as ultimately will be the case, by roadway, we must protect ourselves and our flocks and herds from invasion by the many dangerous diseases of these countries, or else suffer the inevitable penalties involved. The Gorgas Memorial Laboratory is meeting, in most splendid fashion, this situation.

SLIDES

The slides, in varying degree, are continuing in the Gaillard (formerly Culebra) Cut. The much talked of "angle of repose" has not yet been attained, and may not be for many years; but the efficient canal organization now under Governor Schley, and recently under Governor Burgess, has kept the channels clear for traffic. It is not believed the slides may ever again constitute a major problem. These modern disturbances, though most troublesome and annoying, because of the necessity of keeping the canal open for shipping, seem small when compared with the great slides of construction days when Col. David du Bose Gaillard, the highly capable and tireless engineer officer and member of the commission, was in charge of the work of the old central division. The exactions of his important tasks cost him his life. He died shortly before the canal was completed.

FERRY AND HIGHWAY

The new permanent ferry across the canal at its Pacific entrance has been in operation since last September; and since then also the new road from the western terminus of the ferry across Canal Zone territory to Arraijan has been open to traffic. Two adequate Diesel-engine ferryboats have been constructed and put into this service. One of these bears the name *President Amador*, in honor of the first President of the Republic of Panama; and the other the name *President Roosevelt*, for Theodore Roosevelt, during whose Presidency of our own country and under whose vigorous leadership the Panama Canal enterprise was undertaken.

At Arraijan, in the western portion of the Republic, this new road makes connection with several hundred miles of hard-surfaced roadway extending northwestwardly toward the Costa Rican boundary. This ferry and connecting zone road form a necessary and most vital link of the inter-American highway, leading from the United States through Mexico and Central America to Panama City. This great thoroughfare is in large measure constructed, and much of the remainder is under construction; and the plan of its sponsors is to extend it ultimately from Panama City down the west coast of South America to Chile. If and when this is done, it will be the longest, and, as I believe, the most interesting highway in the world. The hard-surfaced road system in the western portion of the Republic of Panama, already mentioned, also constitutes an indispensable link in the inter-American highway.

The cost of the new ferry and Canal Zone road project, including the ferry approaches and vessels, was $1,000,000, which sum was authorized by the measure, of which I was

very happy to have been the author, enacted by the Congress in 1930. The ferry and new highway, if with propriety I may mention the fact, under official designation, bear my name. To Panaman citizens and officials for suggesting this wholly unexpected honor, and to the American officials for accepting and adopting the suggestion, I am profoundly grateful.

The ferry and road serve to reunite the two portions of the Republic of Panama cut in two by the Canal Zone and the canal. Hence the ferry-road project is absolutely vital to the well-being of the Republic, especially so as practically all of the cultivated regions of Panama and the country's cattle-raising areas are in its western portion, whereas the capital of the country itself as well as the towns of the Canal Zone are on the eastern side of the canal. The construction, maintenance, and operation of this ferry-road project simply carry into effect the very strong obligation which became that of our own country to the Panaman Republic when it acquired the zone strip and constructed the canal. Not only this, but the ferry-road project, as was pointed out by Governor Burgess at the hearings on the measure in question, will prove of great military and other value to the United States.

HAVE SOUGHT TO SERVE

Mr. Speaker, since I have been a Member of Congress I have sought to be ever mindful of the best interests of the Canal Zone, the Panama Canal, and the Republic of Panama; and to the utmost of my ability and opportunity I have sought to serve those interests. I believe that my connection with the great Isthmian project during the course of its construction has enabled me fairly well to understand, as a Member of this great legislative body, the continuing problems of the canal, and our relationships with the Panaman and other Latin American countries, our sisters to the southward; and one of the greatest causes of satisfaction now mine, upon retiring from Congress, has been the fact that in a small, but wholly devoted way, I have been able to be of service in these connections.

OPINION OF THE ATTORNEY GENERAL

Mr. SNELL. Mr. Speaker, I ask unanimous consent that the opinion of the Attorney General may be printed in the RECORD, immediately following the veto message, on account of its importance.

The SPEAKER. Is there objection?

There was no objection.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 5131. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Cannelton, Ind.; and

S. 5232. An act to extend the time for completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.

ADJOURNMENT

Mr. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 24 minutes p. m.) the House adjourned until to-morrow, Wednesday, January 25, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, January 25, 1933, as reported to the floor leader:

IMMIGRATION AND NATURALIZATION

(10.30 a. m.)

Hearings on H. J. Res. 549, Philippine immigration matters.

PUBLIC BUILDINGS AND GROUNDS

(10 a. m.)

Continue hearings on District of Columbia airport bill.

LABOR

(10 a. m.)

Continue hearings on 5-day week and 6-hour day proposals.

BANKING AND CURRENCY

(10.30 a. m.)

Hearings on farm mortgage bill and silver bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

879. A letter from the Secretary of War, transmitting a draft of proposed legislation to credit to officers of the Army certain services as cadets in the United States Military Academy; to the Committee on Military Affairs.

880. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to place the Washington, D. C., post office under the custody and control of the Secretary of the Treasury to the same extent as courthouses, customhouses, post offices, appraisers' stores, and other public buildings outside the District of Columbia; to the Committee on Public Buildings and Grounds.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GLOVER: Committee on Agriculture. Senate Joint Resolution 108. A joint resolution to authorize and direct the Secretary of Agriculture to investigate the cost of maintaining the present system of future trading in agricultural products and to ascertain what classes of citizens bear such cost; with amendment (Rept. No. 1899). Referred to the Committee on the Whole House on the state of the Union.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 7432. A bill to authorize the Interstate Commerce Commission to delegate certain of its powers; with amendment (Rept. No. 1900). Referred to the House Calendar.

Mr. CARTWRIGHT: Committee on Indian Affairs. S. 4339. An act repealing certain provisions of the act of June 21, 1906, as amended, relating to the sale and encumbrance of lands of Kickapoo and affiliated Indians of Oklahoma; with amendment (Rept. No. 1901). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 13974. A bill granting the consent of Congress to Bonner County, State of Idaho, to construct, maintain, and operate a free highway bridge across Pend Oreille Lake at the city of Sandpoint, in the State of Idaho; without amendment (Rept. No. 1903). Referred to the House Calendar.

Mr. BECK: Committee on Interstate and Foreign Commerce. H. R. 14030. A bill authorizing the Bushkill Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Delaware River at or near Bushkill, Pa.; without amendment (Rept. No. 1904). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 14060. A bill to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg.; with amendment (Rept. No. 1905). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. H. R. 14109. A bill authorizing The Dalles Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Columbia River at a point approximately 5 miles upstream from the city of The Dalles, in the State of Oregon, to a point on the opposite shore in the State of Washington; with amendment (Rept. No. 1906). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 14134. A bill to extend the times for commencing and completing the construction of a bridge

across the Ohio River at or near Shawneetown, Gallatin County, Ill., and a point opposite thereto in Union County, Ky.; without amendment (Rept. No. 1907). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. ARENTZ: Committee on the Public Lands. H. R. 13950. A bill for the relief of Robert Rayl; without amendment (Rept. No. 1902). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McFADDEN: A bill (H. R. 14386) to provide for the coinage of a ½-cent piece, a 1¼-cent piece, a 1½-cent piece, a 2-cent piece, and a 3-cent piece; to the Committee on Coinage, Weights, and Measures.

By Mr. TABER: A bill (H. R. 14387) to provide for the apportionment of World War veterans' disability allowances in certain cases; to the Committee on World War Veterans' Legislation.

By Mr. LEHLBACH: A bill (H. R. 14388) providing for the sale of port of Newark Army base to the city of Newark; to the Committee on Military Affairs.

By Mr. MEAD: A bill (H. R. 14389) to amend section 4 of the United States grain standards act of 1916 as relating to the use of the official grain standards of the United States on grain moved in interstate commerce from shipping points to destination points without official grade determination; to the Committee on Agriculture.

By Mr. ANDREWS of New York: A bill (H. R. 14390) to amend section 4 of the United States grain standards act of 1916 as relating to the use of the official grain standards of the United States on grain moved in interstate commerce from shipping points to destination points without official grade determination; to the Committee on Agriculture.

By Mr. DRANE: A bill (H. R. 14391) authorizing a preliminary examination and survey of St. Petersburg Harbor, Fla.; to the Committee on Rivers and Harbors.

By Mrs. NORTON: A bill (H. R. 14392) to authorize the payment of taxes and assessments on family dwelling houses in the District of Columbia in quarterly installments, and for other purposes; to the Committee on the District of Columbia.

By Mr. CULKIN: A bill (H. R. 14393) to provide for the commemoration of the Battle of Sacketts Harbor, in the State of New York; to the Committee on Military Affairs.

By Mr. LOZIER: A bill (H. R. 14394) to provide for the sale of revenue stamps by the postmaster in each county seat in the United States; to the Committee on Ways and Means.

By Mr. CELLER: A bill (H. R. 14395) relating to the prescribing of medicinal liquor; to the Committee on the Judiciary.

By Mr. MEAD: A bill (H. R. 14396) to provide for expansion of Government-owned motor-vehicle service in the Postal Service; to the Committee on the Post Office and Post Roads.

By Mr. McFADDEN: Joint Resolution (H. J. Res. 569) to repeal the Federal reserve act, and for other purposes; to the Committee on Banking and Currency.

By Mr. POU: Joint Resolution (H. J. Res. 570) to provide for the quartering in certain public buildings in the District of Columbia of troops participating in the inaugural ceremonies; to the Committee on Public Buildings and Grounds.

Also, joint resolution (H. J. Res. 571) authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. RAYBURN: Joint Resolution (H. J. Res. 572) to provide for further investigation of certain public-utility corporations engaged in interstate commerce; to the Committee on Rules.

By Mr. DOXEY: Joint resolution (H. J. Res. 573) to extend the time during which the emergency appropriation for Federal-aid highways shall be available for expenditure; to the Committee on Roads.

By Mr. FITZPATRICK: Joint resolution (H. J. Res. 574) relating to leave with pay for employees of the Government Printing Office; to the Committee on Appropriations.

By Mr. BUCHANAN: Joint resolution (H. J. Res. 575) authorizing the fixing of grazing fees on lands within national forests; to the Committee on Agriculture.

MEMORIAL

Under clause 3 of Rule XXII, a memorial was presented and referred as follows:

Memorial of the Legislature of the State of Idaho, memorializing Congress not to pass H. R. 13558, and that no other similar legislation be enacted during this period of economic depression; to the Committee on the Public Lands.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H. R. 14397) granting a pension to Wilmena Shonert; to the Committee on Invalid Pensions.

By Mr. AYRES: A bill (H. R. 14398) granting a pension to Rachel L. Lewis; to the Committee on Invalid Pensions.

By Mr. BACON: A bill (H. R. 14399) granting a pension to Frank Kroegel, alias Francis Kroegel; to the Committee on Pensions.

By Mr. CULKIN: A bill (H. R. 14400) granting an increase of pension to Estella Sheley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14401) granting an increase of pension to Sarah Jane Dempster; to the Committee on Invalid Pensions.

By Mr. ENGLEBRIGHT: A bill (H. R. 14402) for the relief of R. S. Brown; to the Committee on Claims.

By Mr. HART: A bill (H. R. 14403) granting an increase of pension to Rosa McGowan; to the Committee on Invalid Pensions.

By Mr. KLEBERG: A bill (H. R. 14404) granting a pension to Margaret Phillips; to the Committee on Invalid Pensions.

By Mr. LUDLOW: A bill (H. R. 14405) granting an increase of pension to Laura A. Stahlnacker; to the Committee on Invalid Pensions.

By Mr. MAPES: A bill (H. R. 14406) granting a pension to Joseph Furmankiewicz; to the Committee on Pensions.

By Mr. MURPHY: A bill (H. R. 14407) for the relief of Charles C. Floyd; to the Committee on Military Affairs.

By Mr. PARSONS: A bill (H. R. 14408) granting a pension to Ernest Henry Benz; to the Committee on Pensions.

By Mr. PATTERSON: A bill (H. R. 14409) for the relief of Mike L. Linch; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9826. By Mr. BOEHNE: Petition of the Georgetown Christion Church of Georgetown, Ind., praying for the retention of the eighteenth amendment; to the Committee on the Judiciary.

9827. By Mr. CLARKE of New York: Petition of Mrs. M. H. Smith and eight other residents of Walton, N. Y., opposing any legislative act that would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on the Judiciary.

9828. Also, petition of Earl W. Culver and 37 citizens of Binghamton, protesting against passage of House bill 13742, or any other measure that would override the eighteenth amendment; to the Committee on the Judiciary.

9829. By Mr. COCHRAN of Pennsylvania: Petition of Ada Missionary Society, of Jamestown, Pa., signed by Mrs. J. W. Clark, president, and Mrs. C. E. Thompson, secretary, urging the establishment of a Federal motion-picture commission, with a view to supervising and regulating the motion-picture industry, and urging the passage of Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

9830. By Mr. CRAIL: Petition of the council of the city of Monterey, Calif., urging favorable action on House bill 13999, entitled "A bill to prevent loss of revenue, to provide employment for American labor, and to maintain the industries and agriculture of the United States against the effects of depression in foreign currencies"; to the Committee on Ways and Means.

9831. Also, petition of Barrett Camp, No. 29, United Spanish War Veterans, Department of California, opposing any changes relative to Navy pay; to the Committee on Appropriations.

9832. By Mr. GARBER: Petition of D. E. Allen, of Wakita, Okla., urging support of House bill 13790, an act to help American labor; to the Committee on Ways and Means.

9833. By Mr. CRAIL: Petition of city council of Lynwood, Los Angeles County, Calif., opposing the proposed Federal tax of 3 per cent on all State agencies and/or publicly owned utilities; to the Committee on Ways and Means.

9834. Also, petition of National Federation of Post Office Clerks, Local No. 64, Los Angeles, Calif., opposing the activities of the National Economy League; to the Committee on Ways and Means.

9835. Also, petition of many citizens of Monrovia, Calif., favoring the stop-alien-representation amendment to the Constitution, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9836. By Mr. CULKIN: Petition of Earl Ames and sundry other citizens of Richland, Oswego County, N. Y., urging the adoption of the stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9837. Also, petition of sundry citizens of Madison County, N. Y., urging the adoption of the so-called stop-alien-representation amendment; to the Committee on the Judiciary.

9838. By Mr. DAVENPORT (by request): Petition of Nellie K. Johnson and others, of West Winfield and West Oneonta, N. Y., opposing every act that would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on the Judiciary.

9839. Also (by request), petition of Emma A. Hitchings and others, of West Winfield and Winfield, N. Y., favoring the so-called stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9840. Also, petition of the Woman's Christian Temperance Union of Remsen, N. Y., favoring the so-called stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9841. Also (by request), petition of E. R. Flanders and 43 other citizens of Dolgeville, N. Y., favoring the passage of the stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9842. Also, petition of Woman's Christian Temperance Union of Oriskany Falls, N. Y., opposing all legislation intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act; to the Committee on the Judiciary.

9843. Also, petition of the Somerset Woman's Christian Temperance Union, opposing all legislation intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act; to the Committee on the Judiciary.

9844. By Mr. DELANEY: Petition of the Associated Board of Trade of New York, urging the reduction of first-class postage to 2 cents; to the Committee on Ways and Means.

9845. Also, petition of the superintendent of banks of the State of New York, protesting against the publication of the names of those borrowing from the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

9846. By Mr. DRANE: Petition of citizens of Zephyrhills, Fla., protesting against the repeal of the eighteenth amendment; to the Committee on the Judiciary.

9847. Also, petition of citizens of Tampa, St. Petersburg, and Bradenton, Fla., protesting against legislation for the repeal of the eighteenth amendment; to the Committee on the Judiciary.

9848. By Mr. EVANS of California: Petition of Lulu F. Kent and 12 others, urging the passage of the stop-alien-representation amendment; to the Committee on Labor.

9849. Also, petition signed by G. W. Lawrence and approximately 60 others, favoring the 30-hour working week; to the Committee on Labor.

9850. By Mr. GARBER: Petition of John Flanegan, secretary-treasurer Motor Supply Co., Enid; the State Taxpayers' League of Oklahoma; and Frank D. Northup, editor of the Enid Events, Enid, Okla., urging restoration of the 2-cent postage rate on first-class mail matter; to the Committee on Ways and Means.

9851. Also, petition of James C. White, local manager of Long-Bell Lumber Sales Corporation, Renfrow, Okla., urging support of House bill 13790; to the Committee on Ways and Means.

9852. Also, letter and a petition from Gertrude Carpenter, president Woman's Christian Temperance Union of Cherokee, Alfalfa County, Okla., urging opposition to all efforts at modification or repeal, and requesting support of adequate appropriations for law enforcement and a campaign of education in law observance; to the Committee on the Judiciary.

9853. Also, petition of the board of directors of the Clearwater-Hynes Chamber of Commerce, Hynes, Calif., urging enactment of House bill 11642; to the Committee on Interstate and Foreign Commerce.

9854. Also, petition of the Aline (Okla.) Methodist Episcopal Sunday School, urging opposition to all efforts to modify or repeal the prohibition laws, and requesting support of adequate appropriations for law enforcement and a campaign of education in law observance; to the Committee on the Judiciary.

9855. Also, petition urging support of the railway pension bills, S. 4646 and H. R. 9891; to the Committee on Interstate and Foreign Commerce.

9856. By Mr. HART: Petition of residents of Henderson, Shiawassee County, Mich., on the alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9857. By Mr. HOOPER: Petition of residents of Battle Creek, Mich., opposing House bill 13742, or any other measure in opposition to the eighteenth amendment; to the Committee on the Judiciary.

9858. By Mr. KNIFFIN: Petition of Cue A. Abts and others, of Wauseon, Ohio, opposing legislation intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act; to the Committee on the Judiciary.

9859. By Mr. KVALE: Petition of the Woman's Christian Temperance Union of Lynd, Minn., protesting against any change in the eighteenth amendment; to the Committee on the Judiciary.

9860. Also, petition of the Woman's Christian Temperance Union of Alexandria, Minn., urging enforcement of the eighteenth amendment; to the Committee on the Judiciary.

9861. Also, petition of 83 residents of the State of Minnesota, urging enactment of the Frazier bill; to the Committee on Banking and Currency.

9862. Also, petition of the Woman's Christian Temperance Union of Ada, Minn., protesting against any change in the eighteenth amendment; to the Committee on the Judiciary.

9863. By Mr. LEAVITT: Petition of the City Council of Great Falls, Mont., protesting against Federal taxation which places a burden on the States; to the Committee on Ways and Means.

9864. Also, petition of various citizens of Hogeland, Mont., favoring a more lenient settlement of the 1932 Federal seed loans; to the Committee on Agriculture.

9865. By Mr. LINDSAY: Petition of the Associated Board of Trade, New York City, favoring reduction of first-class postage from 3 cents to 2 cents; to the Committee on Ways and Means.

9866. Also, petition of J. A. Broderick, superintendent of banks, New York State, opposing publicity of loans by Reconstruction Finance Corporation; to the Committee on Banking and Currency.

9867. By Mr. LUDLOW: Petition of citizens of Indianapolis, Ind., protesting against the legalization of beer and the repeal of the eighteenth amendment; to the Committee on the Judiciary.

9868. By Mr. MOORE of Kentucky: Petition of citizens of Austin, Barren County, Ky., protesting against repeal, modification, or nullification of the eighteenth amendment; to the Committee on the Judiciary.

9869. By Mr. RAINEY: Petition of Gerald Davis, of Brasher Falls, N. Y., and 49 other residents of the State of New York; to the Committee on the Judiciary.

9870. By Mr. REID of Illinois: Resolutions adopted by the Council of Women's Work of the Brethren Church of Elgin, Ill., urging that a law be adopted regulating the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

9871. By Mr. ROBINSON: Statement of the Earl Ferris Nursery Co., of Hampton, Iowa, favoring the reduction of first-class postage to 2 cents and showing how the present higher rate not only lessens its business but also decreases the revenue received by the Post Office Department; to the Committee on Ways and Means.

9872. Also, House Concurrent Resolution No. 4, as adopted by the Forty-fifth General Assembly of the State of Iowa, asking a moratorium on farm mortgages for at least one year, and that Congress do all in its power to furnish financial relief to farmers who have other than Federal loans coming due this year; to the Committee on Banking and Currency.

9873. By Mr. SHALLENBERGER: Petition of farmers and others of Superior, Nebr., interested in the welfare of agriculture, urging the passage of the Frazier bill or a similar bill which will allow the farmer to borrow money at a more favorable rate of interest; to the Committee on Banking and Currency.

9874. By Mr. STULL: Petition of Moxham Women's Christian Temperance Union, Johnstown, Pa., opposing legislation seeking to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act, and urging adequate appropriations for law enforcement; to the Committee on the Judiciary.

9875. By Mr. SWICK: Petition of Mrs. J. E. Stoops, president, Mrs. R. P. Adams, secretary, Mrs. J. F. Allison, legislative chairman, and members of the Woman's Christian Temperance Union of Slippery Rock, Butler County, Pa., urging Member of Congress to oppose repeal, nullification, or modification of the eighteenth amendment to the Constitution; to the Committee on the Judiciary.

9876. Also, petition of J. Linwood Eisenberg, chairman, and A. T. Clutton, secretary, of the official board, and members of the Methodist Episcopal Church, Slippery Rock, Butler County, Pa., urging the retention of the eighteenth amendment and observance of the Sabbath; to the Committee on the Judiciary.

9877. By Mr. THOMASON: Petition of property owners of Edwards County, Tex., recommending enactment of legislation providing for refinancing of first-mortgage amortization loans; to the Committee on Banking and Currency.

9878. By Mr. RUDD: Petition of Hon. J. A. Broderick, superintendent of banks, State of New York, opposing the Howard resolution, publishing the list of banks who took loans or arranged for them through the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

9879. By Mr. WATSON: Petition with 77 signatures from members of the Woman's Christian Temperance Union of Yardley, Pa., favoring the stop-alien amendment to the Constitution; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JANUARY 25, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	King	Sheppard
Austin	Dickinson	La Follette	Shipstead
Bailey	Dill	Lewis	Shortridge
Bankhead	Fess	Logan	Smith
Barbour	Fletcher	Long	Smoot
Barkley	Frazier	McGill	Steiwer
Bingham	George	McKellar	Stephens
Black	Glass	McNary	Swanson
Blaine	Glenn	Metcalf	Thomas, Idaho
Borah	Goldsborough	Moses	Thomas, Okla.
Bratton	Gore	Neely	Townsend
Brookhart	Grammer	Norbeck	Trammell
Bulkley	Hale	Norris	Tydings
Bulow	Harrison	Nye	Vandenberg
Byrnes	Hastings	Oddie	Wagner
Capper	Hatfield	Patterson	Walcott
Caraway	Hayden	Pittman	Walsh, Mass.
Carey	Hebert	Reed	Walsh, Mont.
Connally	Howell	Reynolds	Watson
Coolidge	Hull	Robinson, Ark.	Wheeler
Copeland	Johnson	Robinson, Ind.	White
Costigan	Kean	Russell	
Couzens	Kendrick	Schall	
Cutting	Keyes	Schuyler	

The VICE PRESIDENT. Ninety-three Senators have answered to their names. A quorum is present.

BIRTHDAY OF THE VICE PRESIDENT, CHARLES CURTIS

Mr. WATSON. Mr. President, the Vice President of the United States has arrived at the age of 73. He may not want to have it told, but the hands can not be turned back on the dial of time and the truth must be known. For 40 years—for he was elected to the House in 1892—he has served the people of the country faithfully and well, with great fidelity, with unflagging zeal in the interest of the people as he understood and saw that interest.

I feel quite sure that we do not want this event to pass without expressing to him, as we well may, the feeling of the country universally toward him as an individual and as an official, and that we will all join in wishing for him health, happiness, and prosperity whatever he may do and wherever he may go.

Mr. SHEPPARD. Mr. President, I am sure every Member on this side of the Chamber joins most heartily in the tribute paid to the Vice President by the eloquent Senator from Indiana [Mr. WATSON]. I am entirely justified in saying that no man ever came to the Congress of the United States who has made a finer impression on the Congress and the country than our present Vice President.

Mr. WALSH of Massachusetts. Mr. President, the deserved tribute paid by the Senator from Indiana [Mr. WATSON] to the Vice President reminds me of an historical event which it seems to me is apropos.

During the time of the French Revolution the mob crowded into the galleries of the Chamber of Deputies and refused to permit the deputies to proceed with the orderly transaction of the public business. The presiding officer again and again sought to restore order and quiet in the chamber. Finally, having exhausted all possible efforts, he noticed seated among the deputies an old gray-haired French hero, a man who had served France as a soldier and a statesman for 50 years. Reaching out his arms the presiding officer said to the wild and excited gallery mob, "Stop! Listen! Fifty years of an honorable and patriotic life speak to you!" The mob was hushed and silenced. I think, in view of the unrest in the world to-day, this illustration is timely. To-day, on the birthday of our honored Vice President, we can salute him and cry out, "Forty years of an honorable, useful, and patriotic life speak to us." Let it inspire and hearten us to follow his devotion to the public service.

The VICE PRESIDENT. The Chair greatly appreciates the kind expressions of Senators.

THE JOURNAL

Mr. FESS. I ask unanimous consent that the Journal for the calendar days of Monday, January 23, and Tuesday, January 24, 1933, may be approved.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Journal for the days mentioned is approved.

BOARD OF VISITORS TO NAVAL ACADEMY

Mr. SCHUYLER. Mr. President, I ask leave to present a routine matter concerning the business of the Senate. I was honored by appointment as a member of the Board of Visitors to the United States Naval Academy. I have received a communication from the Secretary of the Navy advising me that that visit is to be made on April 24 and that the Senators making it will receive not exceeding $5 a day for their services. I should like very much indeed to serve as a member of the board; I should like very much to endeavor to earn the maximum of remuneration which is thus offered; but I must call attention to the fact that my service will terminate at noon on March 4, and, in view of that situation, I suggest my withdrawal and the naming of some Senator who will then be a Member of the Senate.

The VICE PRESIDENT. Without objection, the Senator from Colorado will be relieved from further service on the board, and the Chair appoints the Senator from New Hampshire [Mr. KEYES] to fill the vacancy.

PETITIONS AND MEMORIALS

Mr. HALE presented memorials, numerously signed, of sundry citizens of the State of Maine, remonstrating against the passage of the bill (H. R. 13742) to provide revenue by the taxation of certain nonintoxicating liquors, and for other purposes, or any other measure "that would override the eighteenth amendment of the Federal Constitution," which were ordered to lie on the table.

Mr. REED presented a memorial of sundry citizens of Philadelphia and vicinity, in the State of Pennsylvania, remonstrating against the passage of the bill (H. R. 13742) to provide revenue by the taxation of certain nonintoxicating liquors, and for other purposes, or any other measure "that would override the eighteenth amendment of the Federal Constitution," which was ordered to lie on the table.

Mr. TYDINGS presented a resolution adopted by the Frederick County (Md.) Medical Society, opposing the giving of medical and surgical treatment by the Government to veterans, or their dependents, for disabilities not directly due to military service, which was referred to the Committee on Finance.

Mr. WALSH of Massachusetts presented petitions of several citizens of Springfield and West Springfield, Mass., praying for the passage of the so-called Hatfield-Keller bill, providing for retirement pensions to railway employees, which were referred to the Committee on Interstate Commerce.

He also presented memorials and papers in the nature of memorials of the Scandinavian Woman's Christian Temperance Union, of Worcester; the Massachusetts Congregational Conference and Missionary Society, of Boston, and sundry citizens, all in the State of Massachusetts, remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law, which were ordered to lie on the table.

He also presented the petition of the Men's Association of the Central Methodist Episcopal Church, of Brockton, Mass., praying for the passage of legislation to regulate and supervise the motion-picture industry, which was ordered to lie on the table.

Mr. CAPPER presented a memorial of sundry citizens of Wellington, Kans., remonstrating against the passage of the bill (H. R. 13742) to provide revenue by the taxation of certain nonintoxicating liquors, and for other purposes, or any other measure "that would override the eighteenth amendment of the Federal Constitution," which was ordered to lie on the table.

He also presented resolutions adopted by the Woman's Christian Temperance Union of Kansas City; the pastor and members of the Methodist Church Sunday School of Arnold; a mass meeting of the Woman's Christian Temperance Union, held in the Christian church of Erie; and a joint meeting of the Christian, Methodist Episcopal, and Lutheran churches of Ogallah, all in the State of Kansas, protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

He also presented resolutions adopted by local chapters of the Woman's Christian Temperance Union of Ashland, Atchison, Erie, Larned, Liberal, Wamego, and Winfield, and the Methodist Missionary Society of Liberal, all in the State of Kansas, favoring the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

RELIEF OF AGRICULTURE

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD the resolutions adopted recently by the Kansas State board of agriculture at its annual meeting in Topeka, Kans. These resolutions express the combined public opinion of Kansas farmers. Every section of the State, almost every agricultural county in the State, every agricultural interest and industry in the State of Kansas is represented on the State board. Its annual meeting practically is a convention of delegates from the 160,000 Kansas farms.

I earnestly urge Senators to study the nine points suggested in the resolutions—retention of the agricultural marketing act; Federal financing of farm mortgages at lower interest rates and for longer terms of payment; restoration of the pre-war purchasing power of agriculture; revision of the monetary system so that the farmer can be assured of an honest dollar; consolidation of governmental rural credit functions; protest against undue economies at the expense of agriculture; regulation of market agencies and processors; utilization along sound lines of agricultural resources, and protest against opening up new lands under present conditions; economy in government.

The program outlined is most comprehensive. I am aware we can not do all these things in this session of Congress. But I do say we should study this kind of a program as a guide in working out plans for assisting agriculture in the public interest.

Mr. President, before sending these resolutions to the desk, I want to say one thing more. The time for the Senate to consider these things is now. There are some 11,000,000 unemployed in this country. The purchasing power of farm products, according to the agricultural index figures from the Department of Agriculture, is 49 per cent of what it was in the pre-war years when agriculture and industry were on a fairly equitable basis of exchange.

Farm-mortgage foreclosures are increasing at an alarming rate. I have reached the point where I am convinced it is the duty of Congress to take action to increase farm prices, to relieve debtors, and do it not altogether for agriculture or for debtors but in the public interest.

This morning I received a telegram from M. J. Healy, general manager for John Deere at Kansas City. It hits the nail on the head. Mr. Healy says:

> Wish you would make it clear to some of those Members who are opposing legislation that is intended to give immediate relief to farmers that there is only one power in the United States that can make prosperity turn the corner, namely, the purchasing power of the American farmers, and that there will be no general improvement in business until this power is restored.

May I again express the hope, Mr. President, that we will get early action on the domestic allotment bill, and also on legislation to relieve the farm-mortgage situation, preparatory to general legislation later. I send the resolutions to the desk and ask that they be appropriately referred.

There being no objection, the resolutions were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

RESOLUTIONS RELATING TO NATIONAL LEGISLATION AND FEDERAL GOVERNMENT AFFAIRS, AS ADOPTED AT THE SIXTY-SECOND ANNUAL MEETING OF THE KANSAS STATE BOARD OF AGRICULTURE, AT TOPEKA, JANUARY 11–13, 1933

Resolution No. 1: We favor retention of the agricultural marketing act.

Resolution No. 2: We favor the Federal financing of farm mortgages at lower interest rates and for longer terms.

Resolution No. 3: We favor legislation that will make effective the pre-war purchasing power of agricultural commodities.

Resolution No. 4: We favor revision of the monetary system and the banking industry so as to adequately meet national and industrial requirements under the changed economic and financial conditions.

Resolution No. 5: We favor consolidation of Government rural credit functions and activities.

Resolution No. 6: We deplore the apparent tendency on the part of some Members of Congress to lay an undue share of the burden of economy, which all realize is necessary, upon agriculture. The movement now on foot to destroy the good work that has been done and is being done by the experiment stations under the Morrill Act, the vocational schools under the Smith-Hughes Act, and the extension departments under the Smith-Lever Act by eliminating the permanent Federal appropriations is to be deplored. We urge our congressional delegation to strenuously oppose such a movement.

Resolution No. 7: We demand prompt enforcement of the findings, recommendations, and rates, when such are established, by governmental agencies in respect to practices and charges made by processors and market-service agencies.

Resolution No. 8: We earnestly recommend that no new lands be opened up for agricultural purposes, either by taking water off or putting it on or in any other way.

Resolution No. 9: We demand the utmost economy in National, State, and local governments and insist that constructive legislation be enacted to accomplish that end.

REMONETIZATION OF SILVER

Mr. WHEELER presented a telegram addressed to him, which was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

MUNCIE, IND., *January 24, 1933.*

Senator WHEELER: We are heartily in favor of the remonetization of silver, believing it to be one of the wedges necessary for splitting this depression wide open.

A. B. BOLENDER.
G. W. BUNNER.
V. HAIGH.
W. M. BLOUNT.
R. M. ALLISON.
F. O. MOORE.
ED HUMBERT.
L. A. BLACK.
STEWART F. CLARK.
J. S. LOGAN.
ABBOTT JOHNSON.
C. E. WEISSE.
W. M. CLARK.
W. L. MCALLISTER.
H. BANNEY.
H. E. KIRKPATRICK.
J. M. WILSON.

ACCEPTANCE SPEECH OF FORMER VICE PRESIDENT HOBART

Mr. BARBOUR. Mr. President, I hold in my hand the acceptance speech of the former Vice President of the United States, the late Mr. Garret A. Hobart, of Paterson, New Jersey, and request unanimous consent that this very excellent address be spread in full in the RECORD and appropriately referred.

I am anxious to bring it to the attention of all the Members of Congress and also make it available as a public document, for this address is as apropos to-day as it was when it was delivered in July, 1896. Its philosophy is as sound now as then and quite as timely.

There being no objection, the address was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

MR. HOBART'S SPEECH ACCEPTING THE NOMINATION FOR THE VICE PRESIDENCY, DELIVERED AT PATERSON, JULY 7, 1896

At the conclusion of the remarks of Mr. Fairbanks, chairman of the committee appointed by the St. Louis National Republican Convention to officially notify Mr. Hobart of his selection as the candidate for Vice President on the Republican ticket, Mr. Hobart said:

"Mr. Chairman and gentlemen of the committee, I beg to extend to you my grateful acknowledgments for the kind and flattering terms in which you convey the formal announcement of my nomination for Vice President of the United States by the Republican National Convention at St. Louis. I am profoundly sensible of the honor which has been done me, and through me to the State in which all my life has been spent, in my selection as a candidate for this high office.

"I appreciate it the more because it associates me in a contest which involves the very gravest issues with one who represents in his private character and public career the highest intelligence and best spirit of the party, and with whom my personal relations are such as to afford a guarantee of perfect accord in the work of this campign which lies before me.

"Concurring without reserve in all the declarations of principle and policy embodied in the St. Louis platform, I accept the nomination tendered me with full appreciation of its responsibilities, and with an honest purpose, in the the event that the people shall ratify the choice made by the national convention, to discharge any duties which may devolve upon me with sole reference to the public good.

"Let me add that it will be my earnest effort in the coming campaign to contribute in every way possible to the success of the party which we represent, and which as to the important issues of the time stands for the best interests of the people."

THE MONEY QUESTION

"Uncertainty or instability as to the money question involves most serious consequences to every interest and to every citizen of the country; the gravity of this question can not be overestimated. There can be no financial security, no business stability, no real prosperity, where the policy of the Government as to that question is at all a matter of doubt.

"Gold is the one standard of value among all enlightened commercial nations. All financial transactions of whatever character, all business enterprises, all individual or corporate investments are adjusted to it.

"An honest dollar, worth 100 cents everywhere, can not be counted out of 53 cents worth of silver plus a legislative fiat.

EFFECT OF DEBASEMENT

"Such a debasement of our currency would inevitably produce incalculable loss, appalling disaster, and national dishonor. It is a fundamental principle in coinage, recognized and followed by all the statesmen of America in the past, and never yet safely departed from, that there can be only one basis upon which gold and silver may be concurrently coined as money and that basis is equality, not in weight but in the commercial value contained in the respective coins.

"This commercial value is fixed by the markets of the world, with which the greatest interests of our country are necessarily connected by innumerable business ties which can not be severed or ignored.

"Great and self-reliant as our country is, it is great not alone within its border and upon its own resources but because it also reaches out to the ends of the earth in all manifold departments of business exchange and commerce, and must maintain with honor its standing and credit among the nations of the earth.

NO COMPROMISE

"The question admits of no compromise. It is a vital principle at stake, but it is in no sense partisan or sectional. It concerns all the people.

"Ours, as one of the foremost nations, must have a monetary standard equal to the best. It is of vital consequence that this question should be settled now in such a way as to restore public confidence here and everywhere in the integrity of our purpose. A doubt of that integrity among other great commercial countries of the world will not only cost us millions of money but that which, as patriots, we should treasure still more highly—our industrial and commercial supremacy.

"My estimate of the value of a protective policy has been formed by the study of the object lessons of great industrial states extending over a period of 30 years. It is that protection not only builds up important industries from small beginnings but that those and all other industries flourish or languish in proportion as protection is maintained or withdrawn. I have seen it indisputably proved that the prosperity of the farmer, merchant, and all other classes of citizens goes hand in hand with that of the manufacturer and mechanic. I am firmly persuaded that what we need most of all to remove the business paralysis that afflicts this country is the restoration of a policy which, while affording ample revenue to meet the expenses of the Government, will reopen American workshops on full time and full handed, with their operatives paid good wages in honest dollars; and this can only come under a tariff which will hold the interest of our people paramount to our political and commercial systems.

"The opposite policy, which discourages American enterprises, reduces American labor to idleness, diminishes the earning of American workingmen, opens our market to commodities from abroad which we should produce at home, while closing foreign markets against our products, and which at the same time steadily augments the public debt, increasing the public burdens, while diminishing the ability of the people to meet them, is a policy which must find its chief popularity elsewhere than among American citizens.

"I shall take an early opportunity, gentlemen of the committee, through you to communicate to my fellow citizens with somewhat more of detail my views concerning the dominant questions of the hour and the crisis which confronts us as a nation.

"With this brief expression of my appreciation of the distinguished honor that has been bestowed upon me, and this significance of my acceptance of the trust to which I have been summoned, I place myself at the services of the Republican Party and of the country."

CLAIMS FOR REFUNDS OF TAXES—TESTIMONY OF HENRY HERRICK BOND

Mr. SMOOT. Mr. President, I have received a letter from Hon. Henry Herrick Bond, dated January 17, 1933, referring to the remarks of the senior Senator from Ten-

nessee [Mr. McKELLAR] about the tax refund to the steel company. I ask unanimous consent that the letter may be printed in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The letter is as follows:

WASHINGTON, D. C., *January 17, 1933.*

Hon. REED SMOOT,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR SMOOT: In the debate on the first deficiency bill Senator McKELLAR, on January 10 and 11, made certain statements which purported to be quotations from a hearing in the course of which he examined me in 1929.

Inasmuch as these reported quotations constitute such a serious reflection upon me and upon my performance of my duties as then Assistant Secretary of the Treasury, I feel that the record ought not to stand without contradiction since the statements are entirely unjustified and the purported quotations have no justification when compared with the record of the hearing.

The only occasion when I was questioned by Senator McKELLAR was on January 9, 1929, in a hearing conducted by the subcommittee of the Committee on Appropriations of the Senate on the first deficiency appropriation bill for 1929. My testimony appears on pages 3, 4, 5, 7, 8–13, and 18–36. Anyone reading the printed record of this hearing will at once see that I made none of the replies or statements which Senator McKELLAR claimed that I made, or any statements remotely approximating what he claims.

I can only assume that the Senator's recollection is at fault, and that before making his speech on January 10 and 11, last, he did not take pains to read over the printed record.

Very truly yours,

HENRY HERRICK BOND.

Mr. McKELLAR subsequently said: Mr. President, I ask unanimous consent to have printed in the RECORD immediately after the insertion of the letter from Hon. Henry Herrick Bond, put in the RECORD a while ago by the senior Senator from Utah [Mr. SMOOT], a report submitted by the Senator from Wisconsin [Mr. BLAINE] from the Committee on the Judiciary January 14, 1929, on claims for refunds of taxes. The Senator from Utah knows that I make the request.

The PRESIDING OFFICER (Mr. HATFIELD in the chair). Is there objection? The Chair hears none, and it is so ordered.

The report is as follows:

[Senate Report No. 1432, Seventieth Congress, second session]

CLAIMS FOR REFUNDS OF TAXES

Mr. BLAINE, from the Committee on the Judiciary, submitted the following report (to accompany S. 5319):

The Committee on the Judiciary, to which was referred the bill S. 5319, after consideration reports the same favorably to the Senate and recommends that the bill do pass with the following amendments:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That section 3220 of the Revised Statutes (title 26, sec. 149, p. 737, U. S. C.), as amended by act of Congress on May 29, 1928, be, and the same is hereby, amended to read as follows:

"'SEC. 3220. In case of any claim filed with the Commissioner of Internal Revenue before the approval of this amendatory act for refund, credit, or abatement of income, war-profits, excess-profits, estate, or gift taxes, or other internal-revenue taxes (whether such claim arises from illegality of assessment, of collection of penalties, or of unjust or excessive taxation), the commissioner, under rules prescribed by the United States Board of Tax Appeals, shall, upon final action by him upon the claim, certify the claim to the board where the commissioner recommends a refund, credit, or abatement, and where the amount claimed or recommended for allowance is more than $10,000. The commissioner, under rules prescribed by the board, shall also certify with such claim all papers and proof in reference to such claim, with his recommendation and reasons therefor, in such form and manner as the board may by rule require. Where the amount claimed is more than $10,000 should the commissioner not recommend the refund, credit, or abatement in the amount claimed, the taxpayer shall have the right to institute by petition to the board, within such time as the board shall by rule prescribe, a proceeding for the determination of the claim; and in such cases the commissioner shall, upon order of the board, certify to the board the papers, proof, and recommendation and reasons therefor as above specified. The board shall have jurisdiction to hear and determine on the merits any claim certified to the board by the commissioner or instituted before the board by the taxpayer under this paragraph, in the same manner as is provided for in cases of deficiencies, with the right of either the commissioner or the taxpayer to submit additional proof.

"'Any such claim made after the approval of this amendatory act shall, where the amount claimed is more than $10,000, be instituted, within the period of limitation provided by law, only by petition for refund and/or credit filed by the taxpayer with the board. The board shall have jurisdiction to hear and determine the claim on the merits in the same manner as is provided for in cases of deficiencies; and in such cases the commissioner shall, upon order of the board, certify to the board all papers and proof in reference to the claim in such form and manner as the board may by rule require.

"'The jurisdiction of the board under this section shall be concurrent with the Federal courts, and any judgment of the board determining any claim under this section shall be final unless within six months the taxpayer or the commissioner has filed a petition for a review of such judgment of the board in such manner as is provided for in cases of deficiencies.

"'All judgments or decrees of a court or of the board for the refund of internal-revenue taxes, and all judgments of any court against any collector or deputy collector for any internal-revenue tax collected by him and the costs and expense of the suit, and all judgments for damages and costs recovered against any assessor, assistant assessor, collector, deputy collector, agent, or inspector in any suit against him by reason of anything done in the due performance of his official duty, shall be certified to the Congress for payment.

"'All claims, whether filed before or after the approval of this amendatory act, for credit and/or refund, of income, war-profits, excess-profits, estate, or gift taxes, or other internal-revenue taxes, or penalties in connection therewith, illegally assessed or collected, or for refund of such taxes unjustly assessed, or excessive, or wrongfully collected, shall, where the amount claimed is not more than $10,000, be determined by the commissioner, and any refund, credit, or abatement therein shall be made by him, under regulations prescribed by the board.

"'At the beginning of each regular session of Congress the commissioner shall make a report to the Congress, by internal-revenue districts and alphabetically arranged, of all refunds and credits authorized by him in excess of $500, and the board shall make a like report, with its findings and orders, of all refunds and credits authorized by it.'"

The reasons actuating your committee in reporting this bill favorably are as follows:

From the hearings on the first deficiency bill in the House and the Senate it appears, first, that the Secretary of the Treasury has submitted a request approved by the Director of the Budget and the President for $75,000,000 to be appropriated as a deficiency to pay tax refunds that will probably be made before June 30. It will be remembered that the Congress has already appropriated $130,000,000 for this year.

The Assistant Secretary, Mr. Bond, states as follows:

"Mr. BOND. $130,000,000 has been appropriated and we are asking for $75,000,000 more" (p. 10).

And, again, Mr. Bond testified:

"Senator McKELLAR. How much have you left?

"Mr. BOND. My recollection is that before the steel payment we had about $52,000,000; $26,000,000 was paid to the steel company, and there is still something like $21,000,000 or $22,000,000 available now. Of course, there are payments being made every day in the week" (p. 11).

And again:

"Senator McKELLAR. In other words, you get the money appropriated by Congress before you pass on the cases?

"Mr. BOND. We have to make our estimates based on what has happened in the last year or the last six months, and then we ask for an appropriation; otherwise you would allow a refund and then the Government would have to pay interest at 6 per cent on many millions of dollars until the appropriation could be made, which would be a very considerable item" (p. 3).

Let us examine these two contentions. In the first place, the claim that the money should be appropriated in advance in order to save interest is not material, because the bureau is now allowing interest from the date of payment and the question of interest would amount to an exceedingly small sum. Again, the allowance of interest is only provided for in the revenue act of 1928 and it is exceedingly doubtful as a legal proposition whether the allowance of refunds on these old claims is permissible under that law. Manifestly, as it seems to us, the allowance of interest provided for in the act of 1928 should not be retroactive.

That so large an amount is not necessary is apparent from the following:

"Senator McKELLAR. How many claims have you passed on during the last eight years?

"Mr. BOND. There were 168,501 refunds allowed in 1928, the fiscal year of 1928.

"Senator McKELLAR. If you allowed 168,000 claims in 1928 and have only 12,740 now, if $130,000,000 is already appropriated for next year, and you have $18,000,000 now on hand, how can you conclude that your refunds are going to be so large in another year, with 168,000 allowed this year, and when you only have 12,740 cases on hand?

"Mr. BOND. Senator, during the quarter ending in September we adjusted 11,705 claims, and during the previous quarter we adjusted 11,818 claims, and during the September quarter we received 11,690 claims. You see, claims are coming in at the same time that we are disposing of claims.

"Senator McKELLAR. I understand; but in order to get the facts correct, I notice that on page 97 you say the number of claims now pending on account of earlier years is 12,740. How many claims of earlier years have you already settled?

"Mr. BOND. Previous to that date?

"Senator McKELLAR. Well, you here make a distinction of 12,740 in earlier years. I do not know exactly what you mean by that.

I do not know where your division is, unless they were war claims or growing out of the war.

"Mr. BOND. The question that was asked me which led to that answer was: 'Would you say that the greater portion of it is for claims for 1923 and back of that time?'

"I answered that I did not know but would put in the best statement I could, and then this statement was inserted in the record. I presume it applies to 1923 and prior" (p. 20).

So that it seems that the number of claims is less and there ought not to be as much money paid out in the future as there has been in the past, and the $130,000,000 already appropriated should be sufficient for all claims yet to be made this year. But, in any event, there will be $130,000,000 available July 1, and they now have at least $22,000,000.

SECOND

A second reason for the passage of this bill, in the opinion of your committee, is based on the facts concerning the United States Steel Corporation case recently decided by the bureau, in which a $26,000,000 refund to the United States Steel Corporation was made for the year 1917. Apparently the facts in that case were that in 1919, 1920, 1921 four reassessments of the United States Steel Corporation were made aggregating about $17,000,000. The first of these was made on December 29, 1919, for $7,190,165.71; the second on December 8, 1920, for $6,369,497.75; the third on February 14, 1921, for $167,073.30; and the fourth on August 29, 1921, for $4,000,000. These aggregate something over $17,000,000. (Testimony of Mr. Bond, p. 26.)

It further appears that cases like the Steel Corporation case are passed on by a committee in the office of the Solicitor of the Treasury, now called the general counsel's office. (Testimony of Commissioner Blair, p. 2.)

This particular case was tried by three men of the general counsel's office or the solicitor's office—Mr. Service, Mr. Cardwell, and Mr. King.

"Mr. BOND. Mr. Service has been in the bureau since November 6, 1919; Mr. Cardwell since June 8, 1920; and Mr. King since October 11, 1920" (p. 29).

It will thus be seen that Mr. Service was in the solicitor's office when all the reassessments for 1917, amounting to $17,000,000, were made; that Mr. King and Mr. Cardwell were in the office when all these reassessments were made except the first one (p. 29).

Thus it is seen that while it does not actually appear that these three gentlemen took part in assessing the United States Steel Corporation in 1917, they were present in the office, and, no doubt, were familiar with it, or should have been familiar with it, if they did not actually take part in it.

There were also in the department at that time Mr. Wayne Johnson and a Mr. Alverson (p. 26).

On March 1, 1920, before three of these assessments were imposed, Wayne Johnson became the solicitor of the department, and he served as such solicitor until September 15, 1920 (p. 26).

He was admitted to practice in the Treasury Department on February 25, 1921.

I quote from the testimony of Mr. Bond:

"Mr. BOND. Mr. Wayne Johnson was employed as a special attorney in the office of the Solicitor for the Bureau of Internal Revenue (now general counsel's office) from April 10, 1919, to March 1, 1920. On this latter date he became solicitor for the bureau and served as such until September 15, 1920. He was admitted to practice before the Treasury Department on February 25, 1921. As far as can be ascertained from the bureau's records, Mr. Johnson had no contact with the tax case of the United States Steel Corporation during the entire period of his employment with the bureau.

"Senator PHIPPS. May I interpose a question, Mr. Secretary?

"Mr. BOND. Surely.

"Senator PHIPPS. At the time of the additional assessment of $17,000,000, was that payment made under protest?

"Mr. BOND. Of course, it is immaterial under the law now.

"Senator PHIPPS. That is true.

"Senator MCKELLAR. But it was material then.

"Mr. BOND. I have no personal knowledge as to that (p. 26).

"Mr. Alverson resigned September 30, 1920. He was an attorney in the general counsel's office" (p. 28).

So that year we have this United States Steel Corporation case settled in the solicitor's office. We find that after the reassessments, or some of them, had been made, then the solicitor and one of his assistants resigned and were admitted to the practice of law before the bureau; and that soon after they filed a proceeding before the bureau to obtain a refund of taxes, which had been assessed in part while they were connected with the bureau. We find that they tried the case before three employees of the bureau, who were employees of the bureau when these three assessments were made, one of them when all of the assessments were made and the other two when all of them but one were made. We find that this case was tried in secret, passed upon in secret, and virtually paid in secret. We find that while the solicitor's office reassessed the Steel Corporation in 1917 in the sum of $17,000,000, yet some 10 years afterwards a committee from the same office where it was assessed and who were members of the office while it was assessed were paying back $15,000,000 of the sum then assessed against the steel company. In addition to that, there were $11,000,000.

CREDITS OF $31,000,000

But even that is not all. They allowed a much bigger judgment than the $17,000,000. Mr. Bond was good enough to give the entire picture.

"Senator MCKELLAR. I do want it; but what I want to know first is this: Is not the net result of the litigation that the Government made a reassessment or reassessments against this company in 1917 and collected $17,000,000, and since that time they paid back the principal sum of $15,000,000, together with $11,000,000 interest? Is that right?

"Mr. BOND. That is right as far as you have gone.

"Senator MCKELLAR. All right. Now, go ahead and give me the information you spoke of.

"Mr. BOND. Here is the information that I think you want——

"Senator MCKELLAR. I shall be delighted to have it.

"Mr. BOND. In addition, there was a credit of about $28,000,000, with interest, making about $31,000,000 all together, which, having been certified as overpaid on the 1917 tax, was credited against some pending deficiencies for later years.

"I was afraid you did not know that, and I wanted to be frank and give you the full picture.

"Senator MCKELLAR. That is fine. I am much obliged (p. 27)."

So, that instead of only the trifling sum of $26,000,000 repaid to the United States Steel Corporation, there was this sum with the additional sum of $31,000,000, making a total of $57,000,000 that was paid back to the Steel Corporation for this one year 1917, 10 years after the assessments were made. In other words, they not only got back substantially all of the special assessments, but they got back refunds on the original assessments necessarily.

Your committee is of the opinion that this indicates such a loose method of procedure, not to speak of it more harshly, that their method of refunding taxes erroneously or improperly made should be changed to a system less objectionable.

THIRD

In other words, the Steel Corporation for 1917 made its own returns and then was later on assessed with $17,000,000 additional. It then afterwards in the manner heretofore pointed out secured not only a repayment of $17,000,000 but some $40,000,000, counting the interest back from its original report of taxes which it had voluntarily made. But that is not all. This appears to be the only case that the Joint Committee on Internal Revenue Taxation has taken up. There was a hearing before that committee on the matter of this refund on December 17 last.

Mr. Parker, the administrative agent of the committee, testified as follows:

"Senator MCKELLAR. Mr. Parker, from your examination of it, what was this dilemma about the computation that you spoke of, and how much money did it involve?

"Mr. PARKER. The amount of money in taxes is a little hard to say. The computation that was required was for invested capital. The invested capital is an amount that is very large. In the Steel case it ran up, in the year 1917, to over $1,000,000,000.

"Now, then, the amount that was in dispute was between a determination on the regulations of the bureau and a determination made on the Court of Claims decision, and the difference between those figures was about $69,000,000.

"Senator MCKELLAR. $69,000,000 difference?

"Mr. PARKER. But that does not mean that much in taxes. That probably means about one-tenth of that, you see, in taxes.

"Senator MCKELLAR. In other words, it would be about $6,900,000?

"Mr. PARKER. About 11 per cent; it would be a little bit more than that.

"Senator MCKELLAR. About $7,000,000?

"Mr. PARKER. Yes.

"Senator MCKELLAR. What conclusion did they reach, according to their own regulations, about this $7,000,000——

"Mr. PARKER. No; they made an adjustment in this amount.

"Senator MCKELLAR. And that was in violation——

"The CHAIRMAN. Give the witness a chance to answer.

"Senator MCKELLAR. Yes; I will. Was that in violation of their regulations?

"Mr. PARKER. Well, it was against their regulations.

"Senator MCKELLAR. Against their regulations" (p. 39)?

So that we find the remarkable situation that in determining what amount should be refunded, this bureau, as constituted as above set out, returned $7,000,000, and, of course, this carried interest, which amounted to some $5,000,000 more—in all, perhaps $12,000,000—in direct violation of the regulations by which this refund was supposed to have been made.

Again it was said:

"Senator MCKELLAR. We are not passing on that question now. But I simply want to ask you to state certain facts, whether in this decision in this case the bureau disregarded its own regulations to the extent that you mentioned on this $69,000,000 difference; is that correct?

"Mr. PARKER. They disregarded their regulations on certain points, because the Court of Claims had already decided on that particular point that they were wrong" (p. 40).

FOURTH—THE X TOBACCO CASE

The facts in the X Tobacco case were somewhat different. The X Tobacco case was thus stated by Mr. Parker as follows:

"Senator MCKELLAR. Suppose that they had followed your suggestions made there, would it have made any difference in the amount paid to the tobacco company?

"Mr. PARKER. Well, this case is one where the refund was almost entirely due to the allowance of what is known as special assessment. That is the relief provision under the revenue act.

"Senator MCKELLAR. Yes.

"Mr. PARKER. The courts have since held that is a discretionary provision within the power of the commissioner, and the commissioner evidently in this case thought that this was a right determination.

"Senator MCKELLAR. In other words, the Tobacco case was settled primarily upon a matter of discretion?

"Mr. PARKER. I do not think the taxpayer would have had any rights in this case in courts.

"Senator MCKELLAR. Would not?

"Mr. PARKER. He would not have now; at that time this other decision had not been rendered. He probably could have not enforced the collection in the courts.

"Senator MCKELLAR. And, about $6,000,000 was paid out by the Secretary of the Treasury, or by the Internal Revenue Bureau to the American Tobacco Co.—or was it the American Tobacco Co.?

"Mr. PARKER. Let us call it the X Tobacco Co.

"Senator MCKELLAR. To the tobacco company, in order to conform with your idea of secrecy, about $6,000,000 was paid out for which that company had no legal right to recover, according to your judgment?

"Mr. PARKER. They had a legal right. The commissioner had legal authority.

"Senator MCKELLAR. I am talking about this: They could not have recovered under order of the courts, if the commissioner had asked them to go into the courts, they could not have recovered?

"Mr. PARKER. That is my opinion now" (p. 49).

Your committee feels that this method of repaying funds is such a slipshod method that it ought to be corrected, and cases of this importance should be settled in the open by an impartial tribunal.

FIFTH

Your committee feels that the secrecy surrounding these refunds of taxes should be removed. This question of secrecy must not be confused with publicity of tax refunds generally. The secrecy here referred to is that secrecy which surrounds the hearing and granting of refunds in the Revenue Department. All these gentlemen were questioned about this.

"Senator MCKELLAR. You, yourself, do not actually review these cases?

"Commissioner BLAIR. No; I can not possibly do it" (p. 2).

Again:

"Senator MCKELLAR. At any rate, Mr. Commissioner, these cases are tried in an absolutely secret way in so far as the outside public is concerned?

"Commissioner BLAIR. We are required to do that by law" (p. 5).

Again:

"Senator MCKELLAR. Will you state, Mr. Commissioner, a single case that any part of this $75,000,000 is urgently necessary to settle?

"Commissioner BLAIR. Well, I do not know. This $75,000,000, as I understand it, is appropriated to take care of such refunds as will be made during the remainder of this fiscal year (p. 8).

"Mr. BOND. I can not give you the names, Senator.

"Senator MCKELLAR. Why?

"Mr. BOND. For the same reason that I have explained before.

"Senator MCKELLAR. In other words, the law governing the Bureau of Internal Revenue provides for absolutely hermetically sealed information, does it, and you are not permitted to go beyond that?

"Mr. BOND. The statute, Senator, that you enacted——

"Senator MCKELLAR. Do not say 'I,' because I voted against it. You might say the statute that my associates enacted.

"The CHAIRMAN. But you are responsible for it.

"Senator MCKELLAR. I want to get rid of it if I can.

"Senator PHIPPS. Senator, let me ask you a question: Would you not resent any man at this table going to the department and demanding to see your personal income-tax return?

"Senator MCKELLAR. Not at all. I should be perfectly delighted to have anybody see it (p. 33). As a matter of fact, you can not disclose the names because of the law that provides for throwing secrecy about tax returns. Is not that so?

"Mr. BOND. That is correct, Senator.

"Senator MCKELLAR. You are not doing it because of any desire on your part not to be open and frank about it?

"Mr. BOND. Not a bit.

"Senator MCKELLAR. But simply because of your construction of the law which provides for secrecy in all these matters. Is not that right?

"Mr. BOND. That is correct" (p. 34).

Again:

"Senator MCKELLAR. What cases are there now amounting to over $75,000—refunds of over $75,000—that are before the committee or that have been transmitted to your committee by the bureau?

"Mr. PARKER. I am under the same limitations about naming those cases.

"Senator MCKELLAR. Well, can you give me how many there are? Can you give me the number of them? If the name is so sacred, let us have the number.

"Mr. PARKER. After all, they are coming up while I am sitting here. I can give you the number as of a certain date, or how many we have received up to a certain date (pp. 50 and 51).

"Senator MCKELLAR. Now, how in the name of heaven has the United States Steel Corporation's name been given—how did it leak out; how did the people get hold of its name with regard to this matter, when the other names are so carefully preserved, except as to the tobacco company? How in the world did you gentlemen ever let those two names of those two concerns get out?

"Mr. BOND. Because Mr. GARNER got up on the floor and described the whole case. I do not say that in criticism, but because you ask the question.

"Senator MCKELLAR. Well, that is awful on Mr. GARNER's part, I should imagine. I think that he ought to be dealt with. I am speaking ironically, of course. I want the record to show that. So it was due to Mr. GARNER that those two names got out. It was over your protest, I suppose?

"Mr. PARKER. No, sir; but Mr. GARNER is a member of this committee. Mr. GARNER has a right to see our records. He has a different standing from all others, except members of your committee, so far as our records are concerned.

"Senator MCKELLAR. He had a right to see any of these records?

"Mr. PARKER. Yes.

"Senator MCKELLAR. Then it was not such a heinous offense to Mr. GARNER to disclose the names of these two concerns? (pp. 42 and 43).

Are hearings on these tremendous sums held and are they open to the public?

"Commissioner BLAIR. No, sir; they are not open to the public.

"Senator MCKELLAR. Are they open to anyone except those who are interested?

"Commissioner BLAIR. They are open to all the members of the bureau, all the people in the bureau, and the taxpayer.

"Senator MCKELLAR. As a matter of fact, no one else in the bureau would be interested in them except the officers handling a particular case and the taxpayers and their representatives; is not that true?

"Commissioner BLAIR. Yes; that is true (p. 4).

"Senator MCKELLAR. I would like to know whether these gentlemen are going to refuse to disclose this information?

"Commissioner BLAIR. If I find I am prevented by law, I am going to refuse; but if I find I am not, I will cheerfully give it to you.

"Senator MCKELLAR. I think we are entitled to it before this committee when a request is made here for this enormous sum of money. Now, there is no immediate necessity for this appropriation, is there? There is no urgent claim that is now about to be settled?

"Commissioner BLAIR. There are claims and overassessments being allowed every day.

"Senator MCKELLAR. Will you be good enough to have filed the claims which you are going to pay out of this $75,000,000?

"Commissioner BLAIR. It is to be applied to the payment of claims as they are determined.

"Senator MCKELLAR. I understand that, but I would like to know something about the cases and something about the claims which you are going to pay out of this $75,000,000.

"Commissioner BLAIR. There is no way by which I can tell until a case is passed upon finally" (pp. 9 and 10).

Thus we see that in so far as the allowance of these claims is concerned, if in the one of the United States Steel Co., where $57,000,000 was refunded, no information is given out by the bureau, it is already hermetically sealed. Your committee is of opinion that this is not to the best interest of the Government; it is not to the best interest of the honest administration of the bureau; that under such a system the grossest kind of injustice might happen, and the committee thinks it ought to be done away with.

Your committee further reports that there is no question of publicity of tax returns. This bill does not provide for publicity of tax returns in any way, but, it does provide that where a taxpayer disputes the validity of his own voluntary tax returns or disputes the validity of any reassessments that have been made upon him, then the case shall be tried openly before the Bureau of Tax Appeals, which has been created for that purpose.

METHODS—EXCUSES

We desire to call particular attention to the evidence of Assistant Secretary Bond in reference to the method used. In speaking of the payment of the taxes by the steel company for 1917 and the additional assessments made against that company for that year and in 1919, 1920, and 1921, Mr. Bond said that it was understood that the payments of these taxes were only provisional.

In this connection is to be found the evidence:

"Senator MCKELLAR. Well, now, you say that both sides understood that that was not to be a final determination. Were you a member of the department at that time and was there any agreement to that effect?

"Mr. BOND. I happened to be in the department, Senator, for the first six months of 1918, but I do not recall that I had anything to do with the Steel Co. case.

"Senator MCKELLAR. Then how do you make the statement now, 10 years afterwards, that there was an agreement on the part of the Government and the steel company that this was to be a provisional assessment and an additional collection? Who made the agreement for the Government that this taxation of the steel corporation in 1917 was to be merely provisional?

"Mr. BOND. It was not any agreement, Senator, but it was always customary—and I am reasonably certain you will find that the letters so indicate it in this case—that that was merely an office examination of the returns, and that that was to be followed later by an audit in the field, and the final determination reached at a later date.

"Senator McKELLAR. Did you treat all other taxpayers that way?

"Mr. BOND. Yes.

"Senator McKELLAR. Did everybody understand that their assessments and collections during the war were merely provisional and that after the war was over they could come back and adjust their cases and either receive refunds or pay the Government more money?

"Mr. BOND. *Every large corporation knew that before its tax matters were finally closed its books would be audited with the greatest care and the work reviewed and their tax finally determined on the basis of those facts*" (pp. 23 and 24). (The italics are ours.)

Your committee, while having the highest respect for Mr. Bond, is of the opinion that, making these assessments during the war was provisional, he is wholly mistaken. They are of the opinion that any official who made an agreement that a tax paid voluntarily by a taxpayer and that an assessment paid by a taxpayer afterwards with the understanding that the Government should later make an audit and refund was without authority and void, if any such agreement was made.

Your committee further believes that if such was the practice of the department, it was a wrong practice; if such was the method of the department, it was a wrong method; and, that if only the large corporations took advantage of it, that it was a discrimination in favor of the large corporations that should not have been made.

Again:

"Senator McKELLAR. And upon that audit you felt that this company had not paid enough money and required it to pay $17,000,000 additional?

"Mr. BOND. That was knowing there would be a readjustment later on.

"Senator McKELLAR. Was the 1918 case included in this refund?

"Mr. BOND. No.

"Senator McKELLAR. Is that still pending?

"Mr. BOND. That is being studied in the bureau.

"Senator McKELLAR. I would like to know, in that connection, what is the amount of the claim of the Steel Co. in that case.

"Mr. BOND. It is for $50,000,000 and interest.

"Senator McKELLAR. They have that claim now, and that involves the year 1918.

"Mr. BOND. Yes, sir" (pp. 24 and 25).

Now, your committee is of the opinion that these methods of settling were wholly unfair and unjust not only to the Government but to the smaller taxpayers who were not put on the same basis.

THE JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

It has been suggested that instead of conferring jurisdiction upon the Board of Tax Appeals to review these cases it would be better to confer that jurisdiction on the Joint Committee on Internal Revenue Taxation.

In the opinion of your committee there are several reasons why this is not advisable:

First. Because under the practice of that committee its proceedings are all in secret, and this your committee believes is incorrect.

Second. The joint committee has never functioned on but one tax case, and that was the Steel Co. case on December 17, 1928. (Record, p. 44.)

"Senator McKELLAR. On internal-revenue taxation, whatever was done in so far as tax refunds were concerned, was this sole and only meeting you held on December 17, 1928, when the only result of that meeting was the letter that was written by Mr. HAWLEY to the department?

"Mr. PARKER. That is the only formal meeting we have had on an individual case. As I say, I have reported to members of the committee, and they have advised as to what should be done in those cases" (p. 44).

Third. The joint committee is composed of very busy Congressmen and Senators, and necessarily this matter must be left to their administrative agent, Mr. Parker. He does not have the machinery for examining these cases. If this machinery were turned over to him, he could no doubt do it, but we would have the anomalous situation of some tax cases being passed on by the Board of Tax Appeals and others by this joint committee, which, in the opinion of your committee, would not be advisable.

PURPOSE

The purpose of this bill is to confer concurrent jurisdiction upon the Board of Tax Appeals to reexamine the papers and the files of the Internal Revenue Commissioner in all cases where the claim involves more than $10,000. The taxpayer is not deprived of any right to go into court in reference to a claim for taxes, but if he elects to take it up before the Board of Tax Appeals he may do so. These cases are publicly heard and its reasons are public documents. It only has jurisdiction over claims appealed by taxpayers and it should be given this additional jurisdiction over all claims involving more than $10,000.

REPORTS OF COMMITTEES

Mr. SMOOT, from the Committee on Appropriations, to which was referred the bill (H. R. 13710) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1934, and for other purposes, reported it with amendments and submitted a report (No. 1109) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 5445) to extend the time for the construction of a bridge across the Rio Grande at or near Riogrande, Tex., reported it with amendments and submitted a report (No. 1110) thereon.

ENROLLED BILLS PRESENTED

Mr. VANDENBERG, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

On January 24, 1933:

S. 3675. An act relating to the deferment and adjustment of construction charges for the years 1931 and 1932 on Indian irrigation projects.

On January 25, 1933:

S. 5131. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Cannelton, Ind.; and

S. 5232. An act to extend the time for completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred, as follows:

By Mr. BANKHEAD:

A bill (S. 5506) to provide for readjustment of the bonded indebtedness of Federal land banks and joint-stock land banks and for reducing and readjusting farm-mortgage indebtedness to said banks, and for other purposes; to the Committee on Banking and Currency.

By Mr. THOMAS of Oklahoma:

A bill (S. 5507) providing for per capita payments to the Seminole Indians in Oklahoma from funds standing to their credit in the Treasury; to the Committee on Indian Affairs.

By Mr. COPELAND:

A bill (S. 5508) to establish a national military park to commemorate the campaign and battles of Saratoga in the State of New York; to the Committee on Military Affairs.

By Mr. REED:

A bill (S. 5509) to amend the act of May 22, 1928, entitled "An act to authorize the collection, in monthly installments, of indebtedness due the United States from enlisted men, and for other purposes"; to the Committee on Military Affairs.

By Mr. BARBOUR:

A bill (S. 5510) granting a pension to Albert Anderson; to the Committee on Pensions.

By Mr. JOHNSON:

A bill (S. 5511) granting a pension to Lottie A. Torrance (with accompanying papers); to the Committee on Pensions.

By Mr. ROBINSON of Indiana:

A bill (S. 5512) granting an increase of pension to Rosa G. Presnell (with accompanying papers); to the Committee on Pensions.

A bill (S. 5513) to correct the naval record of Robert Trook; to the Committee on Naval Affairs.

A bill (S. 5514) relating to payments of premium on contracts of United States Government insurance; to the Committee on Finance.

By Mr. ROBINSON of Arkansas:

A bill (S. 5515) to provide emergency relief with respect to agricultural indebtedness, and for other purposes; to the Committee on Banking and Currency.

By Mr. HARRISON:

A bill (S. 5516) granting a pension to Harvey E. Barron; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 5517) for the relief of William H. Heideman; to the Committee on Military Affairs.

By Mr. NORBECK:

A bill (S. 5518) providing for payment of $10 to each enrolled Cheyenne River Sioux Indian of South Dakota from any funds standing to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

By Mr. ROBINSON of Arkansas:

A joint resolution (S. J. Res. 241) to enable the United States Roanoke Colony Commission to carry out and give effect to certain plans for the comprehensive observance of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America; to the Committee on the Library.

AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. ODDIE submitted an amendment intended to be proposed by him to House bill 13710, the Interior Department appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page —, line —, to insert the following:

"That all materials and supplies purchased by any department of the Federal Government, and all materials and supplies furnished by contractors doing work for the Federal Government, shall be produced within the limits of the United States, except (1) materials or supplies which can not be purchased in the United States; (2) articles produced or supplies purchased for experimental purposes; and (3) materials or supplies of foreign production authorized expressly by law.

"That notwithstanding any provision of law to the contrary, the heads of the several executive departments and independent establishments of the Government shall, within the limits of the United States, purchase or contract for only articles of the growth, production, or manufacture of the United States, unless the interests of the Government will not permit, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable: *Provided, however,* That there shall be excepted from the provisions of this act articles or supplies grown, produced, or manufactured outside of the United States if there be no articles or supplies of that kind or of a suitable quality grown, produced, or manufactured in the United States in commercial quantities: *Provided further,* That the findings of the contracting officer under such regulations as the head of the department or independent establishment concerned may prescribe shall be conclusive."

OUR FEDERAL SYSTEM—ARTICLE BY WILLIAM F. MONTAVON

Mr. WALSH of Massachusetts. Mr. President, I ask unanimous consent to have printed in the RECORD a brief but able article by Mr. William F. Montavon, entitled "Our Federal System," which points out the evils and dangers of centralization.

There being no objection, the article was ordered printed in the RECORD, as follows:

[From Catholic Action, January, 1933]

OUR FEDERAL SYSTEM

By William F. Montavon, K. S. G.

Fundamental in our constitutional system—what distinguishes ours from every other constitutional system—is the principle of federalism and the delicate balancing of the functions and powers of sovereignty between two distinct sovereign agencies, the States and the Union, together with the deposit of ultimate sovereign authority with neither of these agencies, nor with all the people, but with the States collectively acting under the Constitution by three-fourths of their number through the process of amendment. Peculiar to our constitutional system is the historic fact that other modern Federal systems have been adopted as a remedy for the evils of centralization; ours had its origin in the demand for the preservation of the identity of individual States faced with the necessity for united action and centralization in matters of common interests which transcend the boundaries of State jurisdiction.

The success of our Federal system, and especially its ability to function smoothly over a people possessing vast and highly diversified resources and an expanding territory, has impressed statesmen in other countries and especially in the Latin American republics. With the exception of the ambitious scheme of Simon Bolivar to unite the so-called Bolivarian republics in the federation of Gran Colombia, which was ephemeral and only partially successful, federation in these systems has been applied as a principle of decentralization in the application of which the federal state is the depository of sovereignty and the individual states retain their status of police provinces with varying degrees of autonomy in matters of local concern.

In our Union, States, which as colonies had enjoyed individual status and had entered a confederation for the pursuit of the war for independence under which their sovereign status was respected, entered into a voluntary compact, adopting a constitution establishing a Federal Government, to which they delegated specified powers over matters of common interest, together with the power to preserve the Union and the republican form of government in the several States. Under the tenth amendment it is provided that powers not delegated to the Union, nor prohibited by it to the States, are reserved to the States respectively or to the people.

This amendment leads to the result that a power such as the power to enact an ex post facto law which is prohibited to both the States and the Union can be exercised only by the States acting collectively through the amending process.

The States are sometimes spoken of as "sovereign States." In a strict sense they are not sovereign. The thought that ours is a confederation of sovereign States perished in the war between the States. Every State, as well as the Union, is subject to the final legal authority of the States of the Union acting collectively under the Constitution by three-fourths of their number.

Our territory has expanded until it embraces half a continent; our population has multiplied; resources have been discovered and developed; with a single exception the Union has preserved peace within its borders for a century and a half. To-day our constitutional system, still enjoying the vigor of youth, is among the most ancient constitutional systems in existence.

Social and economic conditions have changed greatly since the enactment of the Federal Constitution. The States have found it expedient to revise, amend, and even renew their constitutions, readjusting their fundamental law to new and changing conditions. Our Federal Government can no longer be restricted to the function of serving as ultimate arbiter between agrarian communities such as most of the States were at the conclusion of the war for independence. Population has increased and filled the wildernesses. States which never were sovereign have been admitted to the Union and now outnumber the original 13. Great systems of transportation and communication, railways, telegraph, telephones, radio, aeronavigation, arterial highways, have woven a web which has all but obliterated State boundaries.

Industrial, financial, and commercial enterprises transcending State jurisdictions have sprung up. The Federal reserve system, the land-bank system, the home-loan bank system, are semi-public institutions depending on the Union in which State jurisdictions are sacrificed to a new principle of regional jurisdiction. The Interstate Commerce Commission, the Federal Trade Commission, the Federal Commission for the Promotion of Vocational Education, and others are institutions through which the authority of the Union is exercised over matters which not long ago seemed to belong exclusively within the jurisdiction of the several States. The expression "these United States," so eloquent in the Declaration of Independence, has lost much of its significance.

Every extension of the authority of the Union has been defended by its advocates as necessary and in the interest of good government. The invocation of Federal power as a remedy for the alleged and sometimes apparent inefficiency of State governments found a champion in President Theodore Roosevelt. With him the word "national" superseded the word "Federal." "The national power," he declared, "should cover every national need." To him the Federal Constitution was "the greatest document ever devised by the wit of man to aid a people in exercising every power necessary for its own betterment, and not a strait-jacket cunningly fashioned to strangle growth."

History leaves no doubt as to what will probably be the ultimate fate of a highly centralized, bureaucratic Government exercised over a territory as vast as that of the United States. Under such a centralized system it becomes impossible for constituents to exercise effectively their constitutional prerogatives. A governing class develops; government loses its representative character and tends to become absolute; constituents lose confidence and become dissatisfied; disintegration is all but inevitable.

The struggle for the defense and preservation of States' rights has never been entirely absent from the history of the United States. The problem of States' rights is the natural corollary of the principle of federalism and is fundamental in our life as a Federal republic. Democracy grows and becomes strong through functioning. That individual States find it expedient from time to time to readjust their constitutional systems to the changing conditions of social and economic conditions affecting the welfare of their citizens is to be expected. That even the Federal system may require readjustment is equally to be expected. In the process of amending the Constitution provision is made for such readjustment. The danger exists that the States be tempted to abandon the control of the amending process which they have under the Constitution.

Two theories of interpretation have developed, both of which endanger the rights of the several States. One group, with much apparent reason, argues that in delegating powers to the Federal Government the States actually granted by implication every power required in the free and efficient exercise of the delegated powers. This doctrine of implied powers underlies much of the expansion of Federal jurisdiction in our generation. Perhaps the most severe strain to which the doctrine of implied powers has been subjected was the assumption by the Federal Government of jurisdiction over migratory birds as implied in its authority over interstate commerce.

Others argue with less reason that the term "promote the general welfare" in the preamble of the Federal Constitution, coupled with the term "general welfare" as it is used in section 8 of Article I of the Constitution constitutes a general grant of power to Congress to adopt whatever legislation it believes to be conducive to the general welfare of the people of the States. That the preamble itself confers no authority on the Federal Government and that the term "general welfare" used in section 8 is a limitation of the power to tax and not a grant of power is the opinion generally held by authorities on the Constitution.

The powers of the Federal Government can be legally increased only by the amending process, and yet there is little doubt but that powers now exercised by certain Federal bureaus have never been delegated to the Federal Government.

During the Seventy-first Congress Representative BECK, former Solicitor General of the United States and a recognized authority

on the Constitution, in the Committee on Ways and Means, of which he was a member, opposed an appropriation for the so-called "care of mothers and infants" by the Children's Bureau of the United States Department of Labor. Later, on the floor of the House of Representatives, he opposed the bill as it was reported by the committee, but admitted that his opposition would have to be reduced to an argument against the expediency of the legislation because he knew of no recourse whereby the constitutionality of the legislation could be brought to a test in the courts.

On May 8, 1914, the defenders of States' rights suffered a defeat from which they have not recovered. On that day the Smith-Lever Act became Federal law. By this act Congress made an appropriation of Federal funds to be used by the United States Department of Agriculture to aid the States in promoting extension work in agriculture and home economics. Federal funds and Federal lands had in the past been appropriated by Congress for the promotion of education and industry. The act of 1914, however, embodied a principle which had not been embodied in any former appropriation act. All the earlier acts, the per centum grants, the deposit fund of 1833, Federal forest reserve county funds of 1908, all had been grants. The funds appropriated under the Smith-Lever Act were not to be grants to the States but subventions.

In Financial Statistics of the States for 1917, the United States Bureau of the Census makes the following distinction between grants and subventions. It designates as "subventions" those contributions for specified purposes made by the Federal Government to the States, which are granted subject to the formal compliance by the recipient with certain prescribed conditions, whereas "grants" is applied to contributions made without the prior establishment of conditions.

Since 1914 grants are no longer the practice of the Federal Government. Instead of grants which respected the authority of the States and preserved their administrative integrity, there has grown up a vast system of subventions under which recipient States forego their authority, and that of their subordinate political agencies to conduct and manage activities of purely local concern, transferring that authority to some Federal bureau or commission in exchange for a gift of money to supplement their own appropriations. Through the use of Federal subventions for the promotion of education, road building, and agriculture, which with much reason have been referred to as bribes, the rights of the States have been undermined until to-day there is grave danger that the autonomy of the States will completely disappear and that thus the Federal principle upon which our Union stands will be but a historic memory.

Recent Congresses, including the present, have had before them legislation providing for a Federal department of education with a secretary at its head, who would be a member of the President's Cabinet. The doctrine of implied powers has been stretched to cover the establishment of Departments of Agriculture, Commerce, and Labor with their multitude of activities and bureaus. Why, argue the advocates of a Federal department of education, should the schools be without a voice in the councils of the Nation? That this demand for a new Cabinet member was little more than a cloak to shield the demand for increased Federal subventions was apparent in earlier bills. Generous appropriations of Federal funds as subventions to the States under the administration of a Federal Commission for Vocational Education greatly encouraged the advocates of a Federal subvention for the promotion of eduction in general to be administered by a new Federal commission or department.

There has been great opposition to the transfer of control over education from the States to a Federal bureau. The subvention has been omitted from bills recently introduced. There is no doubt but that in a desire for subventions the earlier bills had their origin, nor is there any doubt but that the enactment of a bill from which the subvention has been omitted would result in a transfer of educational activities and authority now exercised by other bureaus, with their accompanying subventions, to the new department, or that these would at once become the nucleus around which a vast system of Federal subventions and bureaucracy would rapidly develop.

In the quaint but expressive language used by former Senator James Reed in opposing the first Federal appropriation for the promotion of vocational education, "the camel's nose is now under the tent." The problem which now confronts those who still believe that local self-government and responsibility are a training camp under the Federal Constitution necessary for the preservation and successful operation of our institutions is how to prevent the camel from driving his master completely out of his tent.

It can not be denied that the advocates of Federal subvention have with reason based their claims on the apparent inability or unwillingness of some States to provide for certain elementary needs which must be provided for if the progress and welfare of the Federal Union is to be preserved. There is only one way in which that argument can be refuted. When the champions of states rights, without for a minute or in the least degree abandoning their defense of the principle of federalism, with equal zeal and perseverance devote themselves to the promotion of efficiency in State and local governing bodies, then we may expect to see the trend to the suppression of State autonomy through Federal subventions brought to an end, and even reversed. So long as State and local governments are willing to surrender their jurisdiction as the price to be paid for Federal subventions the trend toward Federal control and bureaucracy will gain strength and momentum and, unless checked in time, will sweep our whole Federal system into the scrapheap of historic memories.

"ROMAN FINANCIAL HISTORY CITED IN 'CASE' FOR SILVER"

Mr. WHEELER. Mr. President, I ask leave to have published in the RECORD an article appearing in the Washington (D. C.) Sunday Herald of the 22d instant entitled "Roman Financial History Cited in 'Case' for Silver."

There being no objection, the article was ordered to be printed in the RECORD, and it is as follows:

ROMAN FINANCIAL HISTORY CITED IN "CASE" FOR SILVER—PANIC IN THE YEAR CHRIST DIED IS RECALLED; BROKER SAYS VALUES DECLINED AS TO-DAY; ADVOCATES TWO METALS AS REMEDY

(There is an almost universal demand for an increase in commodity prices. Their low level is seen by many people as the cause of the severity and prolongation of the economic crisis into the fourth year of which the country is now entering.

Among several methods proposed to restore prices is the "remonetization" of silver, proposed in a bill pending in the United States Senate, sponsored by Senator BURTON K. WHEELER, Montana.

The following article, prepared by G. Bowie Chipman, Washington resident partner of the New York Stock Exchange firm of Harriman & Co., discusses the proposal in the light of ancient and modern history.)

By G. Bowie Chipman

In the year 33 A. D. two events shook the ancient world. One was the crucifixion of Christ. The other was the great Roman panic. A description of the panic reads like one of our times:

"The important firm of Seuthes & Son, of Alexandria, was facing difficulties because of the loss of three richly laden spice ships in a Red Sea storm followed by a fall in the value of ostrich feathers and ivory. About the same time the great house of Malchus & Co., of Tyre, with branches in Antioch and Ephesus, suddenly became bankrupt as a result of a strike among Phœnician workmen and the embezzlements of a freedman manager."

These failures affected the Roman banking house Quintus Maximus and Lucius Vibo. A run commenced on their bank and spread to other banking houses that were said to be involved, particularly the Brothers Pittius.

These two firms looked to other bankers for aid, as is done in modern days, but an outbreak had occurred among the semi-civilized people of north Gaul, where a great deal of Roman capital had been invested, and a moratorium had been declared by the Government on account of the disturbed conditions.

Other bankers, fearing the suspended conditions, refused to aid the first two houses, and this augmented the crisis. The Via Sacra, the Wall Street of Rome, teemed with excited merchants.

AGRICULTURAL DECLINE

Money was tight for another reason: Agriculture had been on a decline for some years and Tiberius had proclaimed that one-third of every senator's fortune must be invested in lands within the Province of Italy in order to recoup their agricultural production.

Publius Spinther, a wealthy nobleman, was at that time obliged to raise money to comply with the order, and had called on his banker, Balbus Olilus, for 30,000,000 sesterces, which he had deposited with them. This bank immediately closed its doors and entered bankruptcy before the prætor.

The panic was fast spreading throughout all the Province of Rome and the civilized world. News came of the failure of the great Corinthian bank, Leucippus' Sons, followed within a few days by a strong banking house in Carthage. By this time all the surviving banks on the Via Sacra had suspended payment to depositors.

Two banks in Lyons next were obliged to suspend; likewise another in Byzantium. From all provincial towns creditors ran to bankers and debtors with cries of keen distress, only to be met with an answer of failure and bankruptcy.

An appeal was made to Tiberius, who temporarily suspended the processes of debt and distributed 100,000,000 sesterces from the imperial treasury to the solvent bankers to be loaned to needy debtors without interest for three years. Following this action the panic quieted.

The foregoing reads like the history of our present depression. The city of Rome and its environs at that time was estimated to have a population of 8,000,000 people, and the wealth of Rome was in excess of $1,600,000,000.

DID NOT STOP DECLINE

As stated above, following the action of Tiberius, the panic subsided, but it did not stop the decline which took place in the greatness of the Roman Empire. Rome shrank gradually to 40,000 people, and the wealth of the empire declined to the equivalent of $200,000,000. Of course, this took a number of years, but the investments made in North Gaul and the projects which the bankers had entered into were not of a nature which should have caused this decline.

The shrinkage in credit or wealth was the cause, and the conditions to-day in the United States, because of the continued decline in commodity prices, and the great shrinkage in the wealth of the country, are not dissimilar.

The question naturally asked is: How can we arrest this decline and bring back normal conditions, not only in this country but throughout the world, the wealth of which has also decreased in an even greater proportion than has the wealth of the United States?

There are many theories of inflation. The issuing of paper money in the United States will not do it, because the effect will only be within this country and of short duration. Assuming the figures to be correct, that the world's debts are $750,000,000,000 and the debts of this country, of every kind, are $200,000,000,000, and the farm mortgages alone in this country are $9,500,000,000, with an interest charge of $600,000,000 per annum, it takes no mental activity to realize that neither the gold in this country nor the gold in the world is sufficient to support this basis of debt.

SECOND METAL NEEDED

It therefore seems to me that we must add to gold another metal of value, in which half of the world trades and uses as a medium of exchange aside from gold, and that metal is silver.

To add silver to our basic money, which would cause the other nations of the world also to add it to their basic money, is not inflation but a stabilization or adjustment of the metal basis for credit, and is as modern as the Federal reserve act was when it was passed. It would seem that the following figures are pertinent to the issue in question:

For 438 years the production of silver to gold has been 14.15, and the production of silver to gold in the period from 1800 to 1850, both inclusive, was at the ratio of 28 ounces of pure silver to 1 ounce of pure gold. Yet during that period the interchangeability between the two metals was on the basis of 15.7 to 1. In other words, 15.7 ounces of fine silver were interchangeable on an average the world over for 1 ounce of fine gold.

From 1850 to 1875, although there were 6.7 as many ounces of fine silver as there were fine ounces of gold produced in the whole world, the interchangeable ratio during that period for these two metals was 15.5 to 1. In other words, 15.5 ounces of silver were interchangeable on an average the world over for 1 ounce of fine gold.

Just before we changed to a gold basis, in 1873, the production ratio for the world was 8.7 silver to 1 of gold, and still we hear many people say the United States went on a gold basis because of the flood of silver.

BILL BY WHEELER

On January 5 of last year, Senator WHEELER, of Montana, introduced a bill in the Senate known as the Wheeler bill, S. 2487, the enactment of which would reestablish the honest or stable dollar of our forefathers as initiated by them in 1792 and enjoyed by the people of this country to 1873. In my opinion, this is the most important piece of legislation that has been suggested either in the United States or any other country in the whole world since 1873, when silver was demonetized by the United States.

Its enactment would be highly beneficial to all classes of our society and all the rest of the world. It would quintuple the purchasing power of the larger percentage of the world's population, as it would contemporaneously bring the price of silver bullion, as measured in gold, from 25⅝ cents per ounce to a minimum of $1.29 29/100 the world over.

Under the Wheeler bill it is not proposed to purchase silver, but to place the stamp of the United States mint on silver bullion on a ratio of 16 to 1.

To-day the silver-using nations can settle their debts with one-fifth the amount of their commodities that the people of the United States need to settle their debts in their domestic business. A continuation of this condition must inevitably lead to a steady reduction of the high standard of living and wage scale of the United States down to that of China, India, and other silver-using nations. Whereas the enactment of the Wheeler bill, S. 2487, would tend to bring their wage scale and standard of living up to ours in the United States, with the inevitable result that the commodity price level would steadily advance instead of declining as at present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House having proceeded, in pursuance of the Constitution, to reconsider the bill (H. R. 13975) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes, returned by the President of the United States, with his objections, to the House of Representatives, in which it originated, it was

Resolved, That the said bill do not pass, two-thirds of the House of Representatives not voting in favor thereof.

The message also announced that the House had passed a bill (H. R. 14199) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1934, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 5131. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Cannelton, Ind.;

S. 5232. An act to extend the time for completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.; and

H. R. 8750. An act relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma.

HOUSE BILL REFERRED

The bill (H. R. 14199) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1934, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

THE BANKING ACT

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. KEAN. I have offered two amendments, but as the Senator from Virginia has consented to them, I do not know that it is necessary to discuss them.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Louisiana?

Mr. KEAN. I yield.

Mr. LONG. Mr. President, I have examined the Senator's amendment, and it looks as if the Senator has drawn a couple of amendments that will take care of some case of which he knows. In other words, he has drawn an amendment that allows the members of the executive committee of an affiliate not to be included as members of the board of directors of a bank. Under the bill there must not be a majority of the board of directors of an affiliate serving as members of the board of any one bank. There must be some particular local case the Senator from New Jersey has fished out for which he desires a remedy. Probably some bank of which he has knowledge has an affiliate which would be affected. My objection to this amendment, I will say to the Senator from New Jersey and the Senator from Virginia, is this: The case is a little bit broader than this, and as I read this language—if I am not taking too much time of the Senator from New Jersey; if so, I will wait until he concludes——

Mr. KEAN. I do not want to lose the floor, Mr. President.

The VICE PRESIDENT. The Senator can only yield for a question without unanimous consent.

Mr. LONG. I only intend to propound a question, Mr. President.

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from Louisiana?

Mr. KEAN. I yield.

Mr. LONG. The clause sought to be amended reads:

(3) Of which either a majority of the members of its executive committee or a majority of its directors, trustees, or other persons exercising similar functions are directors of a member bank.

I am not sure but that would include a man operating a shine stand; that he could not be a member of the board if his shine stand was a subsidiary.

Mr. KEAN. Mr. President, I do not care to argue the question, but I have here a letter from Thomas B. Paton, general counsel of the American Bankers' Association, who quotes a letter from the Kalamazoo Clearing House as follows:

In reply to your letter of December 29 regarding companies whose executive committee is composed of three persons, two of which are directors on the board of a member bank, we find in Kalamazoo that there are 15 such examples.

In actual circumstances as outlined in your letter, two of these are possibilities which may be continued after various companies hold their annual meetings the early part of this year.

The companies involved represent such companies as an industrial bank, a finance company, a chemical company, three or four paper-manufacturing companies, and other lines.

I have here a letter from the Worcester Bank & Trust Co. of Worcester, Mass., in which the writer says that one of the cases which would be affected is that of the State Mutual Life Assurance Co., "a majority of the executive committee of which is made up of our directors."

I have another letter here from the Provident Trust Co. of Philadelphia in which the writer says that the Provident Title Co. and the Provident Mutual Life Insurance Co. both would come under this rule.

I have also a letter from the First National Bank & Trust Co. of Elmira, N. Y., from which I read, as follows:

I know of one lumber company which does business with several banks in this country and abroad which does have a majority of the members of its executive committee who are also directors of the First National Bank & Trust Co. of Elmira. In view of its wide ramifications and its connections it doesn't seem reasonable for that company to be considered an affiliate of the First National Bank & Trust Co. of Elmira. The company to which I refer is the Insular Lumber Co., which has offices in Philadelphia and in Manila, P. I. This company, however, has five on its executive committee, three of them being directors of the First National Bank.

I have here a letter from the First National Bank of St. Paul in which it is said there are several companies there in the same position.

I have also a letter from the Philadelphia National Bank which says the Provident Mutual Life Insurance Co. of Philadelphia is in the same position.

I ask unanimous consent that the letters to which I have referred may be printed in full in the RECORD at this point.

The VICE PRESIDENT. Without objection——

Mr. BULKLEY. Mr. President, what is the request?

The VICE PRESIDENT. The request is that the letters the Senator from New Jersey has been quoting may be published in the RECORD as a part of his remarks. Without objection, that order will be made.

The letters referred to are as follows:

NEW YORK, *January 5, 1933.*

Hon. HAMILTON F. KEAN,
United States Senate, Washington, D. C.

DEAR SENATOR KEAN: Referring to yours of December 16 and my response of December 23, I issued a circular to all the clearing houses in the country in cities of a population of 25,000 or over (about 240), asking for the desired information.

Responses have been daily coming in, and all thus far received (with a single exception) find no situation where a corporation has an executive committee of three, two of whom are directors of a bank. The exception is contained in a letter from the secretary of the Kalamazoo Clearing House Association, from which I quote:

"In reply to your letter of December 29 regarding companies whose executive committee is composed of three persons, two of which are directors on the board of a member bank, we find in Kalamazoo that there are 15 such examples.

"In actual circumstances as outlined in your letter, two of these are possibilities which may be continued after various companies hold their annual meetings the early part of this year.

"The companies involved represent such companies as an industrial bank, a finance company, a chemical company, three or four paper-manufacturing companies, and other lines."

I will be glad to advise you of later information when received.

Sincerely yours,

THOMAS B. PATON.

WORCESTER BANK & TRUST CO.,
Worcester, Mass., January 11, 1933.

Mr. THOMAS B. PATON,
General Counsel American Bankers Association, New York, N. Y.

DEAR SIR: In reply to your letter to Mr. R. Washburn, secretary of the Worcester Clearing House Association, relative to the possibility of interlocking directors' making companies affiliates of banks, we have canvassed the situation and find that there are two possibilities here of such a ruling's being ridiculous. One is in the case of the State Mutual Life Assurance Co., a majority of the executive committee of which is made up of our directors. The other is a large manufacturing company in which the unofficial executive committee is made up entirely of our directors.

We, therefore, enter our protest against any legislation which would be broad enough to include as affiliates companies which have no relation to banking.

Very truly yours,

C. LANE GOSS, *Assistant Treasurer.*

FIRST NATIONAL BANK & TRUST CO. OF ELMIRA,
Elmira, N. Y., January 11, 1933.

Mr. THOMAS B. PATON,
American Bankers Association, New York, N. Y.

DEAR JUDGE PATON: Mr. Delo turned over to me your circular letter of December 29, 1932. There are a number of local corporations here which would almost but not quite come within the definition of "affiliates" to which you refer. Undoubtedly there are many which do come in that division of which I am not aware.

I know of one lumber company which does business with several banks in this country and abroad which does have a majority of the members of its executive committee who are also directors of the First National Bank & Trust Co. of Elmira. In view of its wide ramifications and its connections it doesn't seem reasonable for that company to be considered an affiliate of the First National Bank & Trust Co. of Elmira. The company to which I refer is the Insular Lumber Co., which has offices in Philadelphia and in Manila, P. I. This company, however, has five on its executive committee, three of them being directors of the First National Bank. I am not sure this is exactly what Senator KEAN wants.

Yours very truly,

S. G. H. TURNER, *Chairman.*

PROVIDENT TRUST CO.,
Philadelphia, January 5, 1933.

PHILADELPHIA CLEARING HOUSE ASSOCIATION,
(Attention Mr. C. H. Batten, manager, 313 Chestnut Street, Philadelphia, Pa.)

GENTLEMEN: Your letter of December 30 is received, inclosing copy of letter from Thomas B. Paton, Esq., general counsel of the American Bankers Association.

Our information is that members of our board of directors are also members of executive committees of other corporations, as queried after in Mr. Paton's letter, as follows:

Provident Title Co.: All of the capital stock owned by Provident Trust Co. Two of the three members, other than officers, of the executive committee are members of our board of directors.

Provident Mutual Life Insurance Co.: All three of the members of the executive committee, other than officers, of this company are members of our board of directors.

Very truly yours,

A. G. SCATTERGOOD, *Vice President.*

THE FIRST NATIONAL BANK OF ST. PAUL,
St. Paul, January 12, 1933.

THOMAS B. PATON,
General Counsel American Bankers' Association, New York, N. Y.

DEAR MR. PATON: In response to your letter of December 29, making inquiry which has to do with subdivision (3) of section 2 (b) of the Glass bill (S. 4412)—

We find upon careful investigation that we have nine corporations of which the majority of their board of directors are directors of this bank, which is, we believe, the information you wished to have.

Very truly yours,

O. M. NELSON, *Vice President.*

THE PHILADELPHIA NATIONAL BANK,
Philadelphia, January 6, 1933.

Senator HAMILTON F. KEAN,
United States Senate Office Building, Washington, D. C.

DEAR SENATOR KEAN: In reply to a recent inquiry made of this bank for information as to insurance companies, railroad companies, etc., whose executive committee is composed of only three people, two of which constituting a majority, are directors of the board of this bank, your inquiry being made in connection with Glass bill S. 4412, on the subject of "affiliates," I have the honor to advise you that the executive committee of the Provident Mutual Life Insurance Co. of Philadelphia is composed of Messrs. Morris R. Bockius and myself, both of whom are directors of the Philadelphia National Bank, and Mr. Parker S. Williams, who is president of the Provident Trust Co.

Under the provisions of the Glass bill the Provident Mutual Life Insurance Co. would be construed as being an affiliate of the Philadelphia National Bank, which is a perfectly preposterous proposition. The Provident Mutual Life Insurance Co. would also be defined as an affiliate of the Provident Trust Co. The three members of the executive committee of the Provident Mutual Life Insurance Co. above referred to are all members of the board of directors of the Provident Trust Co., and the Provident Trust Co. most certainly can not be accused of having as an affiliate the Provident Mutual Life Insurance Co.

This is the only situation I know of that would come under the affiliate designation of the Glass bill and it shows the absurdity of this section of the bill.

Respectfully submitted.

JOSEPH WAYNE, Jr., *President.*

Mr. KEAN. In addition to that I will state that the Delaware, Lackawanna & Western Railroad has an executive committee of five, three of whom are directors of a national bank. I will say further that I believe the same condition holds true of the Consolidated Gas Co. of New York, and I am sure that any Senator who will inquire into the condi-



tions in his State will find in the different cities and towns of his State hundreds and hundreds of such cases. I think that applies to every municipality in every State in the Union. That is the reason, Mr. President, I have offered my amendment.

The VICE PRESIDENT. Let the amendment be stated.

The LEGISLATIVE CLERK. On page 2, line 23, it is proposed to strike out the words "either a majority of the members of its executive committee or."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New Jersey.

Mr. WHEELER. Mr. President, yesterday morning at the opening of the session the Senator from Virginia [Mr. GLASS] said something to the effect that after my amendment relating to bimetallism had been voted upon he would thereafter move to lay all other amendments upon the table. During the debate on that question yesterday I spoke for only 30 minutes; I was only permitted to speak on the amendment under the unanimous-consent agreement; and then when a number of Senators who were in favor of the amendment had left the Chamber temporarily by reason of illness or otherwise a motion was made to lay my amendment on the table, and consequently all debate was stopped. Because of that situation, Mr. President, I propose this morning to discuss that amendment and to answer some of the statements which were made on the floor of the Senate yesterday with reference to bimetallism, and with reference to my amendment, and to discuss it at some length to-day whenever amendments are offered.

I listened with some interest yesterday, Mr. President, to a statement which was made by the distinguished Senator from the State of Pennsylvania [Mr. REED]. He said:

> First, as to the pending amendment for the remonetization of silver at the ratio, as I recall, of 16 to 1. As I regard it, that is nothing more nor less than an attempt by the United States Government to peg the price of silver as against the entire world.

Then he said:

> I am told, Mr. President, that there are about 250,000,000 ounces of surplus silver in the world to-day.

Think of a man standing on the floor of the Senate and saying that there are 250,000,000 ounces of surplus silver in the world, and then objecting, Mr. President, to the passage of a measure because of the fact, as he says, that we would be flooded with silver. I wish there were only 250,000,000 ounces of surplus silver, but the truth about it is, of course, that nobody knows exactly what the surplus of silver in the world is to-day.

I have contended at all times that it made no difference how much surplus of silver there was in the world to-day any more than how much of a gold surplus there was in the world, if we did not absolutely fix and stabilize the price of gold by having an unlimited demand for it; and all I have asked for is that we do exactly the same thing with silver that we did with gold, namely, to fix and make an unlimited demand for silver at a ratio of 16 fine ounces of silver for 1 of gold. So, Mr. President, because of the ignorance of this body upon this subject, I propose to talk at some length to-day.

Mr. President, the further statement was made by the Senator from Pennsylvania:

> To try to peg the price of silver at $1.25, which is what this amendment would do—

Which, of course, is not what it would do and what it was not intended to do—

> would be just as ineffective in helping any other industry than that of silver mining as was the attempt to peg the price of wheat, which failed so miserably, or to peg the price of cotton, which failed so miserably.

Think of a man standing upon the floor of the Senate and saying that the creation of an unlimited demand for silver by remonetizing silver would simply be attempting to peg the price of it as was done with wheat and coffee in the world market. Is it any wonder, with men understanding so little about these financial problems, that some people in the past few years should have been saying that because a man got rich selling whisky he was the greatest financial genius in the world, and that he was "the greatest Secretary of the Treasury since Alexander Hamilton"?

He says:

> To try to peg the price of silver at $1.25, which is what this amendment would do, would be just as ineffective in helping any other industry than that of silver mining as was the attempt to peg the price of wheat—

And so forth.

Why, Mr. President, if the Senator who spoke only knew the facts he would know that the great mining companies of this country are to-day openly opposed to the remonetization of silver because of the fact that most of them are controlled by the big banking interests in the city of New York; and the Guggenheims, particularly, are opposed to this bill. What they are advocating and what they want is not to have silver remonetized so that it would be a benefit to the farmers and the manufacturers and the working people of the world. What they are seeking to do by legislation which is pending in Congress at the present time is to do just exactly what the Senator from Pennsylvania says. They are trying to peg the price of silver so that they can reap some benefit from it.

For instance, take the Pittman Act, which was passed a few years ago, which specifically provided for the purchase of silver produced by American producers at $1 an ounce. That, of course, did no good in the world market. That had absolutely no effect upon world commodity prices. That, of course, did not help the farmers of this country. It did not help any considerable number of the workers of this country. It did not have anything to do with increasing to any degree at all the primary money of the world. It was nothing more nor less than a subsidy to a few mining companies in the United States. As far as I am concerned, let me say that if the Guggenheim interests would take their heavy hand off the bill I have introduced in the Senate, if they would take their heavy hand off this legislation, if they would cease their partnership with the international bankers who are opposed to it, this legislation might have some chance to be passed in this session or the next session of the Congress of the United States.

I want to say that I know whereof I speak. There is other legislation pending before this body for the purpose of buying American-produced silver which would not in the slightest degree raise world commodity prices. It would not in the slightest degree add to the primary money of the world. It would not in the slightest degree raise commodity prices, for which we are all speaking here. But because the advocates of that legislation know that the great mass of the people of this country want more primary money, they think that under that guise some legislation which would be of benefit to the mining interests of this country might be passed, and thereby stop any legislation which would be for the real benefit of the people of this Nation and of the world at large.

The tactics of those who have been opposed to the remonetization of silver have always been similar to what they are to-day. They have always been saying, "Put it off; put it off until such time as we can call a world conference," knowing very well that the great international bankers of the country will not permit any substantial increase in the world's primary money if they are able to prevent the conference from so doing.

The Senator from Pennsylvania goes on to say:

> We would give a great bonus to the miners of silver, and naturally their industry would prosper out of all proportion to the rest of American business; we would be giving a great cash bonus to India and perhaps to China.

Why does not the Senator say that when we monetize gold we are giving a great bonus to South Africa, because they are the largest producers of gold in the whole world? Why does he not say that when we fix the price and peg the price of gold we are giving a great bonus to Great Britain, because they are the producers of gold? The fact of the matter is that no child who has ever studied the economics

of primary money would for one minute have the temerity to stand upon this floor and say that by reason of the fact that we remonetize silver we would be giving any bonus whatsoever to China or to India. Instead of that we would be doing something for the manufacturing classes of this country who are now suffering by reason of the fact that Japanese-manufactured goods and Chinese-manufactured goods and Indian-manufactured goods are coming into this country and flooding the markets. We would do it by reason of the fact that we would quintuple the value of their money, and when we quintupled the value of their money we would thereby quintuple their cost of production; and when we quintupled their cost of production we would make it impossible for the manufacturers in Shanghai, China, for the manufacturers in Bombay, India, for the manufacturers in Hong Kong, for the manufacturers in Tientsin, for the manufacturers in all of the Chinese industrial centers to dump their products here in competition with American-manufactured articles.

I am sure that if the distinguished Senator from Pennsylvania would go back and consult some of the manufacturers of his State, who are now suffering by reason of importations of Chinese and Japanese and Indian and other manufactured goods, who are having to close down their factories and throw millions of people out of work in Pennsylvania and other places; if, instead of following Mr. Mills, instead of following some of these men who claim to know all about money, he would take the time off and consult with some of his manufacturers, he would find out that the remonetization of silver would not help just a few mining people in this country, because silver is only a by-product. It is only a by-product of lead and other metals, and the help that its remonetization would be to the great mining industry of this country is only infinitesimal compared with the tremendous help that it would be to the cotton manufacturers of this country, to the tremendous help that it would be to the manufacturers of automobiles in this country, to the tremendous help that it would be to the manufacturers of clothing in this country, to the tremendous help that it would be to the farmers who produce cotton and who produce wheat in this country.

Is it any wonder that the great American people are suffering as they are to-day, when we find such an appalling lack of information and lack of knowledge as we find on the part of Members of the United States Senate who have the temerity to stand up here and inferentially charge that those who are voting for bimetallism are doing so in the interest of just a few mining companies, when I say to you that every great mining company that I know of in the United States is opposed to this bill because of the fact that they are so tied up with the international bankers that they do not dare, even if they wanted to do it, to come out in favor of the bill which would incidentally help them, but which would tremendously help the farmers, the workers, and the manufacturing classes of this Nation?

Mr. LONG. Mr. President, will the Senator yield to me for a question?

Mr. WHEELER. I yield.

Mr. LONG. A great deal was said here yesterday about the sacredness of contracts. I wish to ask the Senator if he remembers, when the gold dollar became depreciated along about 1919, and silver went up, whether these very same constitutional authorities did not contend then that contracts made by governmental agencies could not stand in the way of the power of the Government to regulate to meet the change of conditions?

Mr. WHEELER. The change was made in 1873, when we demonetized silver. You may search in vain, if you will, through the speeches that were made upon the floor of the Senate by those who were in favor of monometallism; or, in other words, in favor of a single, gold standard; I challenge anybody here to find anyone who stood here then and said that by demonetizing silver we were interfering with the sacred right of contract.

Then I want to call your attention to the statement of another distinguished gentleman on the floor of the Senate, and I am sorry he is not here, because I can not find in the RECORD this morning the statement which is credited to him in the morning newspapers. It says:

GLASS bitterly denounced—

I am quoting from the Washington Herald of Wednesday, January 25, and I was not in the Chamber to hear these remarks—

GLASS bitterly denounced the silver proposals, declaring they would depreciate American currency and make it as "worthless as wall paper."

"Make it as worthless as wall paper"!

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield for a quorum call? I think the leaders of the Senate and the proponents of this bill should be given a chance to be on the floor.

Mr. WHEELER. Oh, Mr. President, they do not care to be on the floor.

Mr. LONG. Mr. President, I have understood—I have only secondhand information on the subject—that the Senator from Indiana [Mr. ROBINSON] intends to bring into the discussion on the floor of the Senate this morning something about the war-debt status of the President elect. If that is true, I think we should have a quorum called to get our Democratic leaders here.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. The Senator from Montana has the floor.

Mr. WHEELER. I should prefer not to yield at this time.

The VICE PRESIDENT. The Senator declines to yield.

Mr. ROBINSON of Indiana. Mr. President, may I say to the Senator that I had no intention of trying to interrupt him to say what I have in mind to say. I intended waiting until he had concluded his remarks.

Mr. WHEELER. Now, Mr. President, I want to call attention to this statement appearing in the Washington Herald, where it says:

GLASS bitterly denounced the silver proposals, declaring they would depreciate American currency and make it as "worthless as wall paper." He said the silver question had no place in his bill, designed to make sweeping banking reforms.

"Make it as worthless as wall paper"! Is it possible? I can not conceive and I can not believe that the distinguished Senator from Virginia [Mr. GLASS], with all his vast experience and training, would have ever uttered the statement that was credited to him by the Washington Herald, for the reason that for something like 80 years we had in this country bimetallism. It is not anything new, and our money did not become "as worthless as wall paper." But let me say to the Senators on the other side of this Chamber, let me say to those who are opposed to this conservative method of inflation or deflation, whichever you may call it, that they will come either to bimetallism or to paper in the coming sessions of Congress.

As far as I am concerned, I do not want to see this country accept fiat money. I do not want to see us have to go through the experiences that Germany went through. I do not want to see the creditor class of this Nation wiped out as they were wiped out in Austria and in Russia. I am pleading not to exploit the creditor class, but I am pleading to stop the exploitation of the debtor class by the creditor class at this very moment.

I am pleading for the adoption of some safe, sane, conservative method of bringing up commodity prices, so that the farmer can pay back what he borrowed with money of value equal to that of money at the time he borrowed, in 1926 and 1924. I am pleading to give purchasing power to the untold millions of people in China, in India, and in various other parts of the world, so that our great manufacturing plants may be opened up, so that the mill workers in Lowell and Haverill in my own home State of Massachusetts may have employment, so that the mill workers down in North Carolina, the home of the distinguished junior Senator from North Carolina [Mr. REYNOLDS], who does me the honor to listen to what I am saying, will be able to compete in the world market with the cotton manufacturers of Shanghai. I am pleading so that the cotton

workers in the State of Georgia and the cotton workers throughout the South may not be thrown out of work, so that their living standards may not be driven down, so that children will not have to be worked long hours in order to compete with the coolie labor and the depreciated currency in Tokio and in Shanghai.

Mr. President, I am also pleading for the lumber manufacturers of the Northwest, so that their products will not have to be dumped upon the world market in competition with the lumber coming from silver-using countries.

Mr. President, the struggle now going on in the United States is not only one between debtor and creditor; it is one between the workers and the farmers and the manufacturers on the one side, and on the other, a little handful of selfish banking interests of this country who have in their vaults the money of the whole United States, and who intend to hold it there, and let the whole economic structure fall. Then, with their money, they will be able to go in and buy up and control the business of the country, and the farming industry of the country, and they will be able to more completely get a hold upon the people of the United States than they ever have had in the past.

The debtor wants inflation so that the burden of his debt may be made lighter, while, on the other hand, the creditor class, represented by the banks and mortgage companies, are opposed to inflation and are insisting on their pound of flesh, regardless of the fact that it will force the debtors to pay two and three times the commodity value of that which they borrowed.

Let me say right now, so that my position will not be misunderstood, that I am fully aware that in normal times inflation hurts the creditor class and deflation hurts the debtor class.

In Germany money inflation in 1923 was so great that a letter mailed from Berlin to London bore postage costing 80,000,000,000 marks, which at par would equal $19,000,000,000. I do not want to see anything of that kind take place in this country; but I assert that if this condition continues in the United States among the farming classes that is what we will see.

This depreciation of the German mark had the effect of practically wiping out all debts in Germany, for the reason that as the mark depreciated in value it would still pay mark for mark on debts. Retired college professors were forced to go to the poorhouses, because their retirement allowances, being fixed at a given number of marks, would no longer support them. The same was true of the retired creditor class generally.

The depreciation of the mark led to untold suffering and abject poverty on the part of the retired creditor class of Germany. On the other hand, it removed the burden of debt, without rhyme or reason, from the backs of the debtor class. It completely altered the relationship of debtor and creditor, taking from the debtor obligations which were just and fair and depriving the creditor class of their property and savings.

The German inflation of 1923 and 1924 gave to the debtor class that to which they had no moral right and it took from others their savings, to which they had every right. But the German inflation did not destroy the wealth of the German nation. They as a nation still had their farms, their mines, and their factories. The farmers still raised cattle and grain, and they exchanged these for shoes and clothing. The inflation was simply a shifting of obligations and debt and credit.

In the United States to-day we have a reverse of what happened in Germany following the war. Instead of an inflation like that Germany had, we have a very pronounced deflation. Instead of the debt burden falling from the debtor, as was the case in Germany, we have the debt enlarged and falling on the debtor. Instead of paying off our debts with inflated money, as Germany did, we are called upon to pay our debts with dollars of far greater value than those we borrowed. In Germany the burden was shifted from the debtor class to the creditor class, while in the United States the shift has been from the creditor class to the debtor class. But the end reached, if this policy is followed to its logical conclusion, will be almost identically the same. At times inflation helps the active business man and the manufacturer, if it is not carried too far. Deflation always helps the creditor class, unless it is carried too far. We are at the place to-day in this country where deflation threatens to ruin not only the debtor class but likewise threatens to ruin the creditor class, because if deflation goes much farther securities will be worth nothing, and the result will be that the creditor class will suffer equally with the debtor class.

In Germany the inflation greatly increased property values, as measured by marks, but in reality did not increase values at all; in the United States our deflation has decreased all property in terms of dollars, but in reality there has been no direct decrease in actual value of tangible property. Its depreciation is in relation to appreciated dollars.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. ROBINSON of Indiana obtained the floor.

Mr. LONG. Mr. President, knowing that it has been pretty well understood that the Senator would speak on the war debts, I think our party leader ought to be here, and I ask the Senator from Indiana to permit me to suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Indiana yield for that purpose?

Mr. ROBINSON of Indiana. I yield.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	King	Sheppard
Austin	Dickinson	La Follette	Shipstead
Bailey	Dill	Lewis	Shortridge
Bankhead	Fess	Logan	Smith
Barbour	Fletcher	Long	Smoot
Barkley	Frazier	McGill	Steiwer
Bingham	George	McKellar	Stephens
Black	Glass	McNary	Swanson
Blaine	Glenn	Metcalf	Thomas, Idaho
Borah	Goldsborough	Moses	Thomas, Okla.
Bratton	Gore	Neely	Townsend
Brookhart	Grammer	Norbeck	Trammell
Bulkley	Hale	Norris	Tydings
Bulow	Harrison	Nye	Vandenberg
Byrnes	Hastings	Oddie	Wagner
Capper	Hatfield	Patterson	Walcott
Caraway	Hayden	Pittman	Walsh, Mass.
Carey	Hebert	Reed	Walsh, Mont.
Connally	Howell	Reynolds	Watson
Coolidge	Hull	Robinson, Ark.	Wheeler
Copeland	Johnson	Robinson, Ind.	White
Costigan	Kean	Russell	
Couzens	Kendrick	Schall	
Cutting	Keyes	Schuyler	

The VICE PRESIDENT. Ninety-three Senators having answered to their names, a quorum is present.

FOREIGN DEBTS

Mr. ROBINSON of Indiana. Mr. President, I do not desire to detain the Senate for any considerable length of time on the subject which I propose to discuss and which is brought forcibly to my attention this morning by the headlines of a story in the Washington Herald. I think it should be brought to the attention of the Senate and the House of Representatives and the country. I think it is a matter of the gravest importance.

I read the headlines first:

Roosevelt opens war debt hearings to all countries that paid on December 15.

Then I read this much of the story:

The State Department announced yesterday on behalf of President-elect Roosevelt that debt negotiations will be held after March 4 with six countries that paid their December installments to the United States.

Secretary of State Stimson, who has already invited Great Britain and Italy to send delegations to Washington, was instructed to extend similar invitations to Czechoslovakia, Lithuania, Latvia, and Finland.

FRANCE LEFT OUT

The defaulters, headed by France, thus were placed in a separate and unenviable category. No provision was made to reconsider their obligations. Officials explained the door would be closed to

them until they pay or make arrangements to square accounts. They must take the initiative.

This procedure was accepted as a direct bid to France and the four other defaulters—Belgium, Poland, Hungary, and Estonia—to step to the cashier's window if they are to expect any favors from the Roosevelt administration.

Debt negotiations will be conducted separately with each country. The British case will be considered first. Others will follow, but the order has not been definitely determined.

So, Mr. President, it is authoritatively stated that we are on the direct road either to cancellation of the foreign debt or at least to reduction. That is amazing, in view of the fact that the entire country, I dare say, 98 per cent of the people of the country, are opposed to any such procedure. I doubt if there is a single Member of this body on either side of the aisle who has not during the past year assured and reassured his constituents time and again that there would be no change in the debt policy, that America would insist on payment of the debts, never any cancellation or even reduction, and that even though these nations defaulted in their payments the American policy would remain the same.

But that is not all, Mr. President. Here is a statement that is positively startling, at any rate to some of us. I think it must have startled everybody in the Senate who thus far has read it, and certainly those on the other side of the aisle and at the other end of the Capitol in the other body of the Congress. I read:

Bullitt, called F. D. aide, sees 80 per cent cut, England reports.

This is a Universal Service news item with a London date line.

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Indiana yield to the Senator from Montana?

Mr. ROBINSON of Indiana. I will yield just as soon as I have completed reading this item:

William C. Bullitt, Woodrow Wilson's representative on the special mission to Russia in 1919, has been in London several days on a secret mission in which he is declared to be acting as the "emissary" of President-elect Roosevelt.

Bullitt, it was learned to-day, visited Chequers, Prime Minister MacDonald's official country residence, Saturday, and No. 10 Downing Street, MacDonald's town residence, to-day.

In the same authoritative quarter, which declared Bullitt is the emissary of Roosevelt, it was declared the American told a prominent British statesman that Roosevelt favors a reduction of the British war debt by 80 per cent.

Mr. WHEELER and Mr. SHIPSTEAD addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Indiana yield; and if so, to whom?

Mr. ROBINSON of Indiana. I will yield just as soon as I conclude the reading of this article:

British officials are declared to have been advised from an important quarter that Bullitt's mission must not be made known to the Washington State Department. For this reason they are said to be puzzled as to his exact status.

Located in his London hotel to-night, Bullitt refused to be seen or to comment on these reports.

Then follows additional comment evidently originating here:

Confidential missions are not new to William C. Bullitt.

He performed several secret rôles for President Wilson during and after the World War.

He was a member of the American Peace Commission and later went on a special mission to Russia. He is a writer on international subjects and a stanch advocate of American entry into the League of Nations and other world alliances.

Bullitt is a native of Philadelphia. He favored American recognition of Russia, a policy which caused him to break with the Wilson administration.

The State Department professed to have no knowledge of Bullitt's present secret rôle in London.

I yield now to the Senator from Montana for a question only. I have only 30 minutes and hope the Senator will confine himself to a question only.

Mr. WHEELER. I hope the Senator will not take that statement too seriously, because I can not conceive, having every confidence in President-elect Roosevelt, that he would advocate an 80 per cent reduction or anything of the kind.

Mr. ROBINSON of Indiana. Neither can I, Mr. President, and that is why it was so startling; that is why I wonder that such a statement as that should appear in the press.

Mr. WHEELER. The Senator must not believe everything he sees in the newspapers.

Mr. ROBINSON of Indiana. I yield now to the Senator from Minnesota.

Mr. SHIPSTEAD. A great deal was said during the debate on yesterday about the sanctity of contracts and the right of the Congress to violate the principle of the sanctity of contracts with the debtors. Does the Senator believe that that would apply also to a violation of contracts with the American taxpayers on the question of foreign debts?

Mr. ROBINSON of Indiana. Of course I do. The Senator is quite right. If it will apply in one place, the same rule ought to apply in another place. We must keep faith with the American people.

Mr. President, I do not know whether the President elect has an emissary in London now going back and forth from one European capital to another, undertaking to make agreements with them outside the pale of general knowledge, with reference to transferring this load of indebtedness to the backs of the American people. I hope there is no such emissary doing any such thing.

I wish the President elect would have emissaries going to Chicago, New York, San Francisco, St. Louis, and elsewhere in the United States, using all their talents and all their efforts to bring relief to the American people and to the overburdened taxpayers here. That is the important thing right now. That is where Mr. Roosevelt's agents and representatives can assist most, not only the administration but certainly the American people.

But, Mr. President, there is no doubt in the world that these invitations to the debtor nations to come into conference with American representatives again have only one thing in the world in view, and that is to reduce the debts.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. In just a moment. Congress has definitely declared there shall be no reduction. If that is true, I ask what shadow of right has the President elect to set aside a resolution of the Congress of the United States, aye, even before he has been inaugurated into that high office, to set at naught and undertake to undo all that Congress has said shall not be undone. I want to read that resolution and then I shall very gladly yield to the Senator from Louisiana. This was a resolution adopted by both Houses of Congress only last year, and I think unanimously adopted, on this very question.

Paragraph 5 of House Joint Resolution 147 reads as follows:

It is hereby expressly declared to be against the policy of Congress—

To be against the policy of Congress—

that any of the indebtedness of foreign countries to the United States should be in any manner canceled or reduced.

Canceled or reduced—

Nothing in this joint resolution shall be construed as indicating a contrary policy or as implying that favorable consideration will be given at any time to a change in the policy hereby declared.

Mr. President, no language could be plainer than that. Congress has spoken. Congress had the right to speak. There is the resolution the Congress has adopted.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. In just a minute. That resolution was adopted, and I say, Mr. President, that being the truth, assuming these debtor nations have taken the initiative in bringing this matter to the attention of the President elect, it was his plain duty to say to these representatives: "Congress has the right to declare the policy of the Nation on this question. Congress has spoken; there is the resolution; my hands are tied until the Congress declares itself otherwise." Congress had in mind at that time the

fact that the American people themselves were bearing burdens the like of which the world has never known; burdens greater than those that Great Britain was bearing or France or any of the other debtor countries. Therefore, the Congress was opposed to transferring this enormous burden from these nations of Europe back on to the shoulders of the American people, forcing thereby the American people to pay the same debt twice, with the enormous interest charges besides.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. I yield.

Mr. ROBINSON of Arkansas. Mr. President, I came in after the Senator from Indiana began his remarks.

Mr. ROBINSON of Indiana. I should like to suggest to the Senator that a quorum call was brought about purposely to enable the Senator to know that I was about to speak on this subject.

Mr. ROBINSON of Arkansas. Well, I was not actually apprised of the fact and have not heard the greater portion of the Senator's remarks. I have been informed, however, that he has——

Mr. LEWIS. May I remind the Senator from Arkansas that there was a meeting of the Committee on Foreign Relations?

Mr. ROBINSON of Arkansas. Yes; the Foreign Relations Committee was in session, and I was attending its meeting at the time the Senator from Indiana took the floor. However, that is, of course, not of the very greatest importance. I have been informed since coming into the Chamber that the Senator has taken some newspaper report as the basis of his very violent declaration.

Mr. ROBINSON of Indiana. Not "violent," Mr. President; I resent that. The other day the Senator suggested something about "cheap politics." Every time anybody says a word in the interest of the American people it is "cheap politics," but if one speaks for Europe or the rest of the world he is "broad-minded." It seems one must go to a naval conference to become "broad-minded"; otherwise he is apt to be narrow-minded. If one speaks for the people of this country or if he defends them or takes their part or seeks to represent them according to his conscience, he seems to be narrow-minded.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. ROBINSON of Indiana. Under these circumstances, I am forced to speak out on this question, and I refuse to listen to any suggestion that my remarks with reference to this subject have been "violent" in any way.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. ROBINSON of Indiana. I yield again for a question.

Mr. ROBINSON of Arkansas. I merely wish to say that I shall take the floor in my own right, and fully appreciating the spirit that the Senator from Indiana has manifested, I shall not interrupt him again.

Mr. ROBINSON of Indiana. Yes. Mr. President, if the Senator will look at the CONGRESSIONAL RECORD of the day when both he and I participated in the discussion of this same subject, he will find my language was much more temperate than his, and I think it will be just as temperate to-day as that of my esteemed friend from Arkansas.

Mr. LONG. Mr. President, the Senator promised to yield to me several moments ago.

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. Very well; I yield.

Mr. LONG. I should like to know whether the Senator has taken the time to find out whether Mr. Bullitt's representations had any authority from the President elect or not.

Mr. ROBINSON of Indiana. I was just coming to that. I think Mr. Roosevelt now should take the American people into his confidence on this question. I think Mr. Roosevelt now should tell the American people whether this story is true or false. I do not think he should leave it to the Senator from Arkansas, Mr. President, to make any statement on that question. I think an authoritative statement from the President elect himself, from his own lips, is now due the American people. Is Mr. Bullitt his representative, or does Mr. Bullitt correctly represent him when he tells the London officials and the officials of other capitals of Europe and the rest of the world that he thinks Mr. Roosevelt favors an 80 per cent reduction of the British debt? I should like for Mr. Roosevelt to answer that, and I think now the time has come. In any event, Mr. President, we have declared our policy.

I inquire how much time have I remaining?

The PRESIDING OFFICER. The Senator has 12 minutes.

Mr. LONG. A point of order, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. The Senator has another hour on the bill if he wants to talk an hour longer, has he not?

Mr. ROBINSON of Indiana. I think I have used some of my time on the bill on other occasions.

Mr. President, the Baltimore Sun, I think, is a Democratic authority; I do not think anyone questions its Democracy. That newspaper, I think, is frankly for cancellation; certainly for revision and reduction. But that newspaper insists on being forthright, out in the open; for what it stands, it stands plainly and frankly, and it decries all effort to beg the question or deceive the people on the part of anybody else. Yesterday there appeared an editorial in that paper from which I quote the following:

> The effort, which has been assigned to those close to Mr. Roosevelt, to establish a connection between war-debt reduction and some British action toward stabilization of sterling is thoroughly deceptive and should not encourage hope in anybody.

"Should not encourage hope in anybody"!

Mr. President, what kind of a quid pro quo can America get from Great Britain excepting that sort of a suggestion which comes according to the Baltimore Sun from those close to Mr. Roosevelt? Outside of that what else could America hope to get? There is nothing else at all, and the Baltimore Sun very frankly says this is not feasible. It says there is not a chance in the world of trading with Great Britain and inducing her to go back on the gold standard just to have her debts canceled; and if there is no opportunity for that, there is nothing in the way of a quid pro quo for the American people in return for reducing or cancelling the debt. I read again the words of the Sun.

> The effort, which has been assigned to those close to Mr. Roosevelt, to establish a connection between war-debt reduction and some British action toward stabilization of sterling is thoroughly deceptive and should not encourage hope in anybody.

They use the word "deceptive"—just throwing up a smokescreen. "Deceit"—that is the word used by the Baltimore Sun. I quote further from the same editorial:

> Britain went off the gold standard because the balance of payments against her was too heavy. She can resume the gold standard when trade conditions are reestablished in a manner to make possible an equitable balance. She can not, in negotiations on war-debt revision, give a rigid promise to stabilize the pound or go back to the gold standard, for the simple reason that the pound must "find its level" before such action can be taken. If the action were taken before this level is established in actual trading experience, Britain would run a strong risk of being back where she was in the summer of 1931, when she had to borrow from France and America in order to meet her obligations in gold.

So, Mr. President, that explodes all that, and it is exploded by a Democratic newspaper and one that is thoroughly orthodox—the Baltimore Sun—and it is done editorially; it is their editorial opinion. I quote further from the same source:

> Our statesmen, of the outgoing and incoming administrations, have brought themselves to recognize that revision, if not outright cancellation, of the war debts is in our own interest.

We all know what they are standing for.

Mr. President, there is no politics in what I am saying. There was not any politics in my remarks the other day. Congress has spoken on this question. I am trying to defend the Congress of the United States and see that its rights

are not usurped. That is the whole question; but I recognize, Mr. President, that whenever one undertakes a task of this kind in these latter days of internationalists, who are springing up on all sides, the moment one stands up for the American people and their interests he is instantly dubbed a demagogue; but if he stands up for Europe, he is "broad-minded." Sometimes some of our representatives go to Europe on missions; they go over there and see the situation; and after they have been there a while, they seem to come back "broad-minded"; but when they are "broad-minded," that means "European minded" in this instance, international minded, not American minded. I prefer to continue to be of American mind. You may label that, Mr. President, what you choose. In any event, there is no politics in what I have said. I am trying to say a word for the Congress and for the people of the United States of America who have borne and who are still bearing these enormous burdens and many others besides.

Mr. WAGNER. Mr. President, will the Senator yield to me for a question?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from New York?

Mr. ROBINSON of Indiana. I yield.

Mr. WAGNER. I have been trying to ascertain just what the attitude of the Senator is in regard to this matter. Does the Senator take the position that the President or President elect should not even entertain proposals or conduct negotiations by which foreign governments may be able to present their case to the representatives of the United States? What I have in mind is this: I agree with the Senator as to the legality of these debts; and, if economic conditions permitted, I say they ought to be paid; I do not concur in the sentimental side of this question at all; I think the debts were properly incurred and ought to be paid; but there is, as the Senator appreciates, an economic situation involving the question of international trade and the question of transfer of either gold or goods.

If there are obstacles or difficulties in relation to that, is it not fair that the other governments should be permitted to present their case to us and then, after their evidence is presented, we ought to weigh it as to whether they are justified or not and whether our attitude ought to remain as it is or ought to be changed after an ascertainment of the facts?

Mr. ROBINSON of Indiana. I can answer the Senator, I think. When they in negotiations present their side for the reduction of the debts—and that, or a revision of the debts, is what it amounts to; they look to revision or reduction or cancellation and nothing else, and all of us understand that, any schoolboy can understand that that is what they are looking to—upon that question I suggest to the Senator from New York that the Congress of the United States has spoken definitely and positively and declared its policy and has said that nothing of that kind may be accomplished. It seems to me that the President of the United States who actually is vested with authority, to say nothing of a future President of the United States who thus far has not been invested with authority, should say to the debtor nations, "Until the Congress changes its policy on this question there can be no discussion of revision or of cancellation." And that could all be handled, may I say to the Senator, through the regular channels, the embassies and the legations, without all of the furor about it or without any suggestion being made that the debts will be canceled.

Mr. WAGNER. Mr. President, will the Senator yield further? Then I take it that the Senator merely objects to the form the negotiations are to take?

Mr. ROBINSON of Indiana. No; I made that plain the other day. It is not a question of the form. Otherwise, why should Congress declare a policy? If it is only a scrap of paper, and means nothing, why declare it?

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. ROBINSON of Indiana. Yes; I yield.

Mr. BARKLEY. Of course, it does not commit Congress to anything simply to sit down and talk about a debt. Congress declared its policy by adopting the debt settlements which were adopted some years ago as the result of negotiations carried on between a commission created by Congress and the debtor nations. Those debts were brought back with certain reductions and readjustments, and Congress adopted the plan which, of course, is the last declaration of Congress on the subject, except that when the 1-year moratorium was proposed and adopted in 1931, I think a part of the joint resolution carried with it the suggestion, at least, that no further moratoriums should be granted except by permission of Congress.

Mr. ROBINSON of Indiana. No; not a moratorium. Shall I read the joint resolution to the Senate? Not a moratorium:

> It is hereby expressly declared to be against the policy of Congress that any of the indebtedness of foreign countries to the United States should be in any manner canceled or reduced; and nothing in this joint resolution shall be construed as indicating a contrary policy or as implying that favorable consideration will be given at any time to a change in the policy hereby declared.

Congress declared that policy. Only Congress can change it.

The PRESIDING OFFICER (Mr. FESS in the chair). The time of the Senator from Indiana has expired.

Mr. BARKLEY. I agree with the Senator that only Congress can change it; but how is Congress to obtain any information?

Mr. ROBINSON of Indiana. My time has expired. Is the Senator proceeding in his own time?

Mr. BARKLEY. No; I am asking the Senator to yield.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. BARKLEY. May I be recognized?

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. LEWIS. Mr. President, I take the liberty to suggest to the Senator from Kentucky that he give a moment to the Senator from Indiana to reply to what the Senator from Kentucky asked.

Mr. BARKLEY. I do not want to ask any extension of time. If the Senator wants to speak in his own right, I will not insist on recognition.

Mr. LEWIS. Mr. President, I would not have the Senator from Kentucky disturbed or taken from the floor. I rose to occupy the floor in my own time, but the Senator from Kentucky was ahead of me.

Mr. BARKLEY. No; I was not asking for recognition before the Senator from Illinois. I did not know the Senator was up. I will defer to the Senator from Illinois and will ask recognition later.

Mr. LEWIS obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. LEWIS. Mr. President, I recognize that the Senator from Arkansas [Mr. ROBINSON], the leader on this side, had risen to occupy the floor and had a right to assume that he would be recognized at once. I therefore yield to him, and after he has occupied the floor will dare to ask for recognition again.

Mr. ROBINSON of Arkansas. Mr. President, it is not my intention to consume very much time in the discussion of the subject brought forward by the Senator from Indiana [Mr. ROBINSON].

I was somewhat surprised to find the frame of mind that the Senator from Indiana displays. He is complaining about the furore, as he expresses it, over this subject of international debts.

If I were disposed to retaliate for the language that he used concerning myself, I could point out that there has not been a more absurd display of what some might term intellectual fury than that exhibited by the Senator from Indiana this morning. He has read into the RECORD a press report which assumes to state that a gentleman by the name of Bullitt, who during the World War period was reputed to have acted in a confidential capacity for the then President

of the United States, Woodrow Wilson, has presented himself to the Prime Minister of Great Britain and is serving as a confidential agent for President-elect Roosevelt, and that Mr. Bullitt is reputed to have said that President-elect Roosevelt is committed to an 80 per cent reduction of the British debt.

To any other mind than that of the distinguished Senator from Indiana the absurdity of his position would be apparent. He grows excited and denunciatory, he denounces the President elect, upon a mere newspaper rumor, for what he alleges is in the nature of a conspiracy to override the will of the Congress.

Among the incorrect and wholly inaccurate statements made by the Senator from Indiana is the declaration that Congress having declared a policy respecting international debts, it is "almost criminal" for the President or for the President elect to carry on negotiations concerning that subject.

Everyone but the Senator from Indiana knows that one Congress does not and can not bind a future Congress to the extent of preventing the repeal of legislation or the modification of policies declared in resolutions. That is so axiomatic that it ought not to be necessary to state it in this presence.

The Senator from Indiana is entirely wrong when he assumes that it is "almost criminal" to carry on negotiations concerning war debts. It was pointed out the other day, in the record that he himself made, that the British Government had requested an opportunity to discuss this subject; that it was pressing for consideration of the subject because of the short time that would elapse between the 4th of March and the next maturity on its contract.

Mr. President, the Senator from Indiana may rave all he pleases. He may declare that Senators who attend, as the representatives of their Government, international conferences, and who attempt to discharge their duties with all the intelligence and integrity that they possess, are, by reason of their action, placing themselves in opposition to the people of the United States whom they primarily represent; but I do not believe any intelligent person not a Member of the Senate of the United States would take such a position.

Mr. President, it is not argument that the Senator from Indiana makes. It is inflammatory, declamatory, denunciation. His statements are unjustified, and, in my judgment, are not calculated to inspire confidence in the Senate of the United States in so far as he assumes to reflect the views of the Senate.

President-elect Roosevelt is coming into responsibility as Chief Executive of the Nation under very great difficulties. We all realize that his predecessor is retiring under very great difficulties. We realize that in order to restore confidence in the minds of our own people, and strengthen our own economic, industrial, and financial institutions it is necessary for those in authority to speak truthfully and to speak with information; and when a Member of the Senate of the United States undertakes to inflame the passions and prejudices of the people of the country by giving credence to reports that have not been authenticated, by resorting to declarations that are not just, he is not performing a patriotic service; and, so far as I am concerned, he does not represent the true spirit of the American people.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I decline to yield to the Senator from Indiana. The Senator from Indiana declined to yield to me. I should be disposed to extend him every possible courtesy; but in view of his personal references to me during the course of his remarks, and his refusal to yield to me, I think it is a pretty clear indication of the temperament, the disposition, and the character of the Senator from Indiana when he presumes to ask me to yield to him after being deliberately discourteous to me.

Mr. President, I do not wish to be discourteous to any Member of this body. I said the other day that the Senator was playing cheap politics. That language might be construed to be discourteous; but I make the statement now, upon the basis of the action and declarations of the Senator from Indiana this morning, that he is playing the cheapest politics I have ever known to be played in the Senate of the United States. He is seeking to impair the usefulness, to weaken the arm of the next Chief Executive of this Nation by undermining the confidence of the public in the integrity of his purpose.

The Senator disclaims a purpose to play politics. Then what is his purpose? There is no question before the Congress involving the issue of international debts. Neither the present Executive nor the future Executive has taken any action which injects that issue here. It is the Senator from Indiana, the self-constituted representative of all the American people, the sole spokesman for the righteous and the just, who presumes to tell the Senate of the United States and the people of the country that President-elect Roosevelt is betraying their cause and acting wrongfully.

Mr. President, this issue is one of importance. It involves a question of international relations. It may come to the Congress of the United States. If it does come, the Congress will then have the option of reaffirming its former resolution or of modifying its declaration of policy to meet the requirements of what may appear to be justice and necessity.

I would not have anyone assume from what I have said that I have any bitterness of feeling because of the strange and unaccountable conduct of the Senator from Indiana. I extend courtesy to every Member here who is willing to accord me the same privilege and right that I extend to him.

The President of the United States, Mr. Hoover, in his message to the Congress, transmitting certain questions which have arisen during the past few days in connection with the war debts, in his message of December 19, 1932, concluded the message with this declaration:

> The situation is one of such urgency that we require national solidarity and national cooperation if we are to serve the welfare of the American people and, indeed, if we are to conquer the forces which to-day threaten the very foundations of civilization.

Mr. President, that is not the declaration of President-elect Roosevelt; it is the declaration of the President of the United States, Mr. Hoover, and that declaration means that there exists a condition, a state of affairs, which calls for cooperation on the part of those who are sincerely interested in the welfare of the United States.

Throughout the last two years we on this side of the Chamber have given that cooperation. We have gone to the extent of supporting measures presented by the administration which, in our judgment, were sometimes of questionable value and importance. But there is a fundamental principle of right and justice underlying the statement I have quoted, and that is that in times of great national emergency, when international questions of far-reaching significance are involved, patriotic citizens and patriotic public officers let their partisanship cease at the water's edge, and present a solid and a united front in an effort to work out the problems of the Nation; and it is poor politics to undertake to instill into a situation such as that which we all know exists pertaining to the subject of international debts, prejudice based on unauthenticated newspaper reports.

Mr. LEWIS obtained the floor.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Indiana?

Mr. ROBINSON of Indiana. If the Senator will do me the courtesy to yield to me for about two minutes, I will appreciate it.

Mr. LEWIS. I yield to the Senator from Indiana on his request.

Mr. ROBINSON of Indiana. Mr. President, I want to say only a word, in justice to myself, after this tirade from the Democratic leader on the other side. I have always treated him with the greatest courtesy, but I did not care to have him abuse me in my own time, so when he started to make statements about my "violence" here to-day, after I had courteously yielded to him, I resented it, and in my own time made it known that I resented it.

I decline to be muzzled as a United States Senator. I represent a constituency here, a great State of the Union, and I decline to be muzzled. As long as I am here, I shall speak for the people I represent, whether the Senator from Arkansas speaks for his or not.

Furthermore, Mr. President, I decline to admit the right of the Senator from Arkansas to lecture me as to my duties here as a United States Senator. Nor do I accept at 100 per cent of true worth his statement that those on the other side of this Chamber have so thoroughly and patriotically supported the Republican administration which has been in power during the past four years.

I do not always agree with the President of the United States. I have not hesitated to disagree if I thought a certain policy was not in the best interests of all the people. But in justice to Herbert Hoover let me state a thing that already is known to all, that scarcely was he inaugurated when a press bureau was established in this city by the Democratic National Committee almost across from the White House, a poison bureau, which poisoned the minds of the American people against Herbert Hoover and everything he undertook to do. That is a matter of common knowledge; everybody knows it.

Statements of Senators on the other side of the Chamber were published day after day and day after day, and Senators over there know that they never wrote those statements; that they were written by the press representatives down in this poison bureau.

Does the Senator from Arkansas think, now that there has been a change of administration, and a representative of his party goes into the White House, that Republican Senators shall be muzzled, that we shall say nothing in criticism of Mr. Roosevelt, even though he flaunts the policy adopted by the Congress of the United States, even though he can not wait until he gets into office before he undertakes to arrange for a revision of the war debts? Does the Senator now mean to say that everybody who disagrees with him and his President elect is perforce a traitor to his country? Can not a man be a patriot and still disagree with Mr. Roosevelt, or with the minority leader on the other side?

Things have come to a pretty pass, Mr. President, when, instead of arguing a question, the Democratic leader gets on his feet and abuses another Senator of the opposition. There was no argument—and I challenge reference to the RECORD—in anything the Senator said against my contentions, not a word of argument, just abuse, that is all; and abuse never won victories. It came near winning one in the last election, but that is the nearest I ever knew of abuse even coming near winning.

I am very grateful to the Senator from Illinois for his courtesy in yielding.

Mr. LEWIS. Mr. President, I pause to look about and see what has become of the Senator from Indiana. Since I might be inclined to make some reference to observations he has indulged, I would prefer that his presence be at the Senate. If a page shall inform him in the cloakroom, I would be content to wait a second until he returns to the floor.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. LEWIS. Mr. President, I am very much moved to note that the charges made by the Senator from Indiana [Mr. ROBINSON] might be taken by those in authority in other nations as representing either the Senate or the voice of the American people. I fear we do not note what the Senator from Indiana seemingly has ignored—that the newspaper articles to which he has alluded are the mere expressions of those gentlemen who must write as quickly as they can, wherever they obtain information which they feel is reliable enough to report to their papers, and that they can be the objects of imposition, as often they have been, and equally misled, by some people who, in a bloated exaggeration of their own importance, fill the reporter with a statement that would apparently magnify their greatness, or give an indication of responsibility they assume which in no wise is justified. But the writer upon the paper has not time to investigate in each instance; he is compelled to report with such rapidity as the conditions will justify, and when the article appears in print it is intended only as a statement of information gleaned by the reporter and presented only for what it is worth.

It will be a very sad day for this body, which is supposed to be a deliberate body, of calm thoughtfulness, some conceded capacity, joining a suspicion of statesmanship, that every time an article should appear in the newspaper it has to be at once taken by a Senator as a statement of a fact, and, as such, to be the object of either complete condemnation of an individual in official authority or the derision of a political party.

Mr. President, too often have we given attention and contributed weight to mere rumor, and before we knew it, in the incautiousness of our conduct, brought in array one element against another upon a basis of complete falsity, doing to this body injustice as a Senate, and to individuals at a distance, who have no power to enter here to reply, a distinct slander.

I regret that the effort of the Senator from Indiana has so weakened his body that he is compelled to restore it from the restaurant at such a length of time at this moment, and that for reasons satisfactory to himself I have not the pleasure to have his presence.

I only want to call to him in particular and to the Senate that does me the honor to hear this observation, that there is a chapter in Dickens where Mrs. Sniffens comes in and says, "I have the most important information. It comes directly from the king." "What is it, Mrs. Sniffens?" "A friend of mine says she is a cousin to a soldier who married the daughter of the general who says he has understood and personally knows the lady who is to be the mistress of the king, and from her he has the information that the king, whenever he shall be such, as he is not yet inaugurated, is going to say—that is, he understands he might say—that is, I am telling you in strict confidence he could say"——

"Well, Mrs. Sniffens, you have said enough. We quite understand." [Laughter.]

Mr. President, it so ill becomes a great body of this kind that its time should be consumed, its serious thought engaged by the bringing forth of declarations in such manner as the eminent Senator from Indiana has found agreeable to indulge. Let us for a moment take a serious conception of what, if this is to continue, it will really mean.

I do not have to inform this body or the kindly spirited gentlemen of the press who report our proceedings that time and time again I have occupied this floor pointing out that there was a secret movement looking to the degradation of our position by covertly imposing upon our confidence, in some form of gathering designated in one instance as an international conference and at another time as an economic meeting, but that its real purpose was to initiate some movement looking either to the reduction, the cancellation, or the confusing of the debts due the United States by a set-off.

But, Mr. President, a spirit of justice must pervade this body as it does the hearts of the American people, and it is to this point I wish to address the attention of the Senator from Indiana or those inclined to similar thought as he has indulged. The present President of the United States has informed the Senate that in the discharge of his high duty he found it agreeable to issue an invitation and have such forwarded to those who are our debtors, or those who are spoken of as the foreign nations, and requested that they meet in a conference, and that that conference should be here in the United States of America.

If there had been a statement anywhere that this conference is for the purpose of reducing debts due us, we would have a specific expression on that point. We have been informed that this conference is for the purpose of readjusting, if such can be, the economic situation of the United States respecting the trade of the world and particularly what we speak of as the tariff. It must be assumed that in extending this invitation, however much many of us may differ from the distinguished President of the United States, his motive was a sincere one. Having had

conferences with the President elect, it being now understood that the invitation has gone forth and that it has been accepted and that perchance delegates are already selected who shall attend or are on their way to meet here in our city, the great Capital of the United States of America. How manifestly of bad manners it would be, if there be no other characterization, that as we invite them to come and expound whatever proposition they may have, in the meantime we anticipate what we say they expect to do and, upon the assumption of the inspiration with which some Member feels he has been visited, proceed to condemn the nations which have been invited and characterize the delegates who shall represent them as violating both the spirit of what will be honorable on the one hand or a just compliance with the invitation on the other.

I take the liberty to say that it is the duty of this body, where there be no evidence as to what shall transpire or what is said to have been offered by this conference, that we wait its appearance or wait expression on the part of those who speak for it to see what proposition they have, and when that proposition has been presented then it will be our opportunity, perchance our duty, to deal with it in this body or through the delegates who of ourselves may represent America.

What I wish at once to raise voice against is the beginning on the part of any Senator or any other person in public life to characterize and condemn the President elect of the United States before he has been initiated in office, and before any expression has come from him, and leave the American public under the impression that that honorable Senator has information which justifies his characterization of the President elect and which on its face appears so impossible, yet remains as a distinct slander upon the official upon the one hand and dishonor to this body on the other.

Mr. LONG. Mr. President——

Mr. LEWIS. For the moment I yield to the Senator from Louisiana.

Mr. LONG. I understand the Senator comes from Chicago, the home of the Chicago Tribune. Inasmuch as the Senator from Indiana appears to have been infuriated by reason of newspaper reports, does not the Senator think he would be the proper person in this body to offer a resolution condemning any Senator who pays any attention to anything he saw in a newspaper?

Mr. LEWIS. I do not know whether the Senator from Louisiana asks if I should be such or does he intimate the Senator from Indiana should be the one?

Mr. LONG. I would like to restate the question. Perhaps the Senator from Illinois did not grasp it. Inasmuch as the Senator from Illinois comes from the home of the Chicago Tribune and inasmuch as the Senator from Indiana has appeared to be infuriated by reason of what he read in a newspaper report, does not the Senator from Illinois think he is the proper person to offer a resolution to condemn any Senator who pays any attention to anything he sees in a newspaper? [Laughter.]

Mr. LEWIS. If the Senator from Louisiana means by the word "he" myself, my answer is that I have not seen where the Chicago Tribune has been brought into this discussion anywhere. It is true I live in Chicago. I have the honor to represent it. I delight to feel its superiority in all directions where anyone pays tribute to it, and that its splendid newspapers, by whatever name, invite the praise of all those who do justice to superiority. Yet I must say that as I am unable to ascertain wherein any one of the Chicago newspapers has been involved; but, hearing the Senator from Indiana read from a paper of Washington City, I rather feel in the language of the law, which the Senator from Louisiana so aptly represents as disclosed in his many constitutional arguments, that the question is what is called "beside the issue." [Laughter.]

Nevertheless I return to say to the Senator from Louisiana that there are times in which every Senator can afford to be admonished not to be too hasty in assuming that what he reads is really a recital of a fact, but to recall that the newspaper writer must act with diligence and report as quickly as he can whatever he obtains lest in delay he might lose his paper the advantage of what is called, in the language of the newspaper world, "a scoop" of the news.

But what I wish particularly to invite to the attention of the Senate is this: If before the President elect is seated, if before he is inaugurated, if before he is authorized to give an official expression, if in face of what he has said to the present President of the United States upon two different occasions, that not having authority or intending to enter with him in the collaboration of some matter suggested of an international character—if in view of the fact the statement has been made by the President elect so clearly everywhere that, until he is inaugurated in office and having authority, he does not assume to speak upon these questions as President, it hardly becomes any Senator to presume at once to characterize some conduct which he may read from a newspaper as intimated or threatened as the action of the President elect, and then call on the President elect, if he should have read the newspaper, to immediately denounce the writer and announce the statement as false, and that it is in the pursuit of his official duty to inform the Senate and America that all matter that will be in any of the newspapers that looks as though it was intimation of conduct on the part of the President elect is in itself a falsehood.

I can not see how the President elect should be called upon that everywhere, where anything appears of any person acting as reported the gentleman Mr. Bullitt appears to be, if the report is correct, that the President elect before he becomes an official shall take upon himself the responsibility of disputing the accuracy of these views and making an issue before the country as to the matter which he can have neither the knowledge whether it is correct, whether the individual has ever uttered the things reported, or whether the reporter has been imposed on by an exaggerated ego which so often possesses gentlemen who have often gone abroad. Some such persons have been authorized by the President and afterwards grow to such fullness that they swell to such glory that they have themselves regarded as the author of all ideas which the President of the United States has ever expressed in conduct.

We have seen some exhibitions of that only lately. There are books extant lately printed and circulated that carry with them the quotation from some of these honored gentlemen who have assumed to represent the President of the United States and America, announcing that but for them there would have been no wisdom on the part of the President, that they were the creators themselves of all ideas and ideals, and that as they began wisdom, then, in the language of Job, "With him wisdom will die."

Mr. President, the thing I press at this moment upon this honorable body is the danger that if we shall continue not merely assuming a rumor wherever we shall see it reported, and charging its responsibility to the President elect where he has no opportunity in the world to present before the country his attitude on the question, as yet, we will educate the public to a prejudice against the President to a point of view that prevents them doing justice. We will teach them how to take every rumor and every report as the specific statement of a proven fact. We will deny to him that confidence that should be both exerted and enjoyed by the American people. We will take from the American people that proper respect and regard that they should have for the office of President.

Such a condition, sir, should very early be prevented by the admonition going to those, whether they be Senators or less than such, that they owe common respect to the office and they owe some duty to the public. At this particular time when the conditions of our country are rather delicate, when as between ourselves and foreign lands there seem to be severely strained relations, when we should do all we can to gather friendships again and revive confidences upon an honorable basis, doing justice to ourselves, but no injustice to others, there should not come from this place, in this very high elevated Chamber of deliberation, in declarations and fevered exclamations which, going out to the foreign countries, will accuse them of conduct unbecoming to hon-

orable nations and unjust to the United States, when those who make the charge have neither proof of it, on the one hand, or evidence anywhere to justify the intimation. By such a course we remove the possibility of those early harmonies so necessary to bring ourselves into accord with the nations of the world upon a basis of justice, to revive our trade, to restore our friendships, and reestablish our Nation in the splendid precedence she has enjoyed in the past and which she has a right to hope shall be her inheritance for the future.

The Senator from Indiana fails to recognize the effect of a declaration that charges the President elect with responsibility of what may appear in the newspapers as being the statement of some person whose identity is not made clear. I do not know who the gentleman, Mr. Bullitt, is. I know the name Bullitt of Philadelphia, a very eminent gentleman at the bar, a high-class lawyer. He is known to me, but I am not so sure who the gentleman named in the press dispatch is. However, this much must be understood now: When it shall become appropriate for the President elect to designate some person as the voice of America, it will not be done by a sly, covert, secret method by naming or designating some individual unknown to the legislative body, the Congress of the United States. It will not be some person who has been named by the President without any knowledge on the part of the officials of the Government. It will be some one designated openly, outwardly, with the approval of the Senate and sent with such commission of authority as this honorable body would approve.

Then, and not until then, will we assume that any person who it is said is the spokesman for the President elect has any authority to act and that any expressions that come from him, if there be any coming such as we speak of in the Latin term as ex cathedra, are unofficial and in his own behalf or official. Until there be some evidence somewhere that the President elect has authorized or ratified such it is unbecoming of us that there should be, upon an imaginary condition, a characterization of the President elect by way of condemnation such as the honorable Senator from Indiana seems to engage in. I trust we will have no repetition of such conduct again, visiting, as it does, consequences upon foreign nations and creating a hostility in their hearts against us, while robbing us of the justice due us.

Let me, in conclusion, say to the Senator it is well that he consider the moral set forth by a great philosopher and writer, that "in haste of expression or conduct we may tickle the ears of groundlings, we make the judicious grieve."

Mr. JOHNSON obtained the floor.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BARKLEY. Is it possible to call for the regular order at this time?

The VICE PRESIDENT. The regular order is now before the Senate. It is the amendment of the Senator from New Jersey [Mr. KEAN], and, under the rules of the Senate a Senator may talk on any subject he desires.

Mr. JOHNSON. And, of course, in accordance with the immemorial custom of the Senate, I shall speak to that amendment.

Mr. BARKLEY. Of course, I would not by any stretch of the imagination want to take the Senator from California from the floor.

Mr. JOHNSON. I am not going to detain the Senate long, however. I give my promise as to that; but there are one or two things that I wish to mention in connection with the discussion that has proceeded so far this morning.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Virginia?

Mr. JOHNSON. I yield.

Mr. GLASS. I have no desire in the world to preclude, even if I could, the Senator from California discussing anything that he might please to discuss. I have no doubt that what he has in mind to say will be interesting to the Senate and to the country; but I merely wish to give notice that, if we are to engage in discussions all this day, as we did nearly all yesterday, of problems that have no relation whatever to the pending banking bill, the unanimous-consent agreement under which we are now proceeding is, as I have already indicated, utterly worthless, and I shall again ask the Senate to apply cloture in order that we may reach a determination of this measure.

Mr. LONG. Mr. President——

The VICE PRESIDENT. The Senator from California has the floor.

Mr. JOHNSON. Mr. President, if there could be an inappropriate time that such a suggestion should have been made, it is at this time. This bill has been pending before the Senate for many weeks. I have not occupied a single minute during that time, except yesterday, when I paid a 5-minute tribute to the senior Senator from Nebraska [Mr. NORRIS].

Mr. GLASS. The Senator, of course, understood that I was perfectly sincere in saying that I had no disposition in the world to interfere with anything that he might have to say.

Mr. JOHNSON. I welcome that remark of the Senator, but I think that it might have come with much more appropriateness when the discussion began to-day than now when it concludes.

Mr. GLASS. I agree to the Senator's statement.

Mr. JOHNSON. Mr. President, on the 4th day of January last I expressed myself concerning the meetings which might be held and the conferences which might occur upon the debt question. I stated then, and I now repeat, I do not think it is in consonance with the dignity of my Nation that, like a drunken fishwife or a whispering pawnbroker, we should meet with any people to determine whether we take 5 per cent or 6 per cent or 7 per cent or 8 per cent or 12 per cent of an obligation that is justly due to us. That we should, of course, as a Nation that believes in amity and in friendship, that believes in dealing with all other nations in perfect accord, so far as it is possible to do, listen to any representations that might be made upon any subject, goes without saying, and in that regard I have no objection whatever to any debt negotiation which may be held; but I resent what I hear daily outside of this Chamber and what I read constantly, that one country is going to offer 10 per cent to the United States Government, that some other country is going to offer so much more. Of course, it is done without authority, but nevertheless I can not help feeling a resentment that a suggestion of that character should be made to this Nation and that we should be bargaining and huckstering in that sort of fashion on an obligation that is justly due us.

There is not any doubt, sir, about what Great Britain intends to do. Yesterday, officially, a speech was made by the British Chancellor of the Exchequer. He told, and he told without the slightest equivocation, just exactly what Great Britain intends to do and just what Great Britain will do in the matter of any conference upon debts. I will read a part of the statement made by Mr. Neville Chamberlain yesterday so that we may understand the British position, and, understanding that, we may, if we see fit, discuss that position either upon this floor or otherwise. There is no more appropriate place in the world for a discussion of a subject of this sort than the United States Senate, and there is no individual who has a right to say either to one man or another upon the floor of the United States Senate that he should not discuss a subject that is of paramount importance to the people of the United States and of paramount importance to the Senate and the other House of Congress. Mr. Chamberlain said yesterday:

We believe—

Mind you, this speech was made after consultation with all of his colleagues; made as an authoritative, as a definitive, as an accurate characterization and recital of the position Great Britain occupies upon the debt question.

We believe—

Said Mr. Chamberlain—

the total cancellation of the war debts and reparations would be the best thing that could happen to the world as a whole; but, if

that is going further than American opinion is yet prepared to accept, we shall gladly discuss with our American friends, whenever they are ready to receive our representatives, the lines on which an agreement can be reached, bearing in mind two things which seem to us essential—

It is interesting to me, this marvelous trait of the English nation. I think the English are a wonderful people; I believe there is no man who is more delightful than the cultured Englishman; I admire immensely the Englishman's love of his empire and of his country; but it is a remarkable thing that when he deals with other nations he deals always—no matter whether he be suitor or debtor—in terms of superiority and with a superiority complex. Just follow Mr. Chamberlain's language: We believe thus, he says—and, if our American friends are not prepared to discuss it—

Whenever they are ready to receive our representatives we will discuss the lines on which an agreement can be reached, bearing in mind two things which seem to us essential.

Here are the two conditions annexed to anything that the British Government may agree to with the American Government respecting debts.

First, that the settlement to be reached must be a final settlement.

Well, commenting upon that, I might say that is the exact language used not only by British statesmen but by our own. When we made the debt settlements with Great Britain in this country we used just exactly those words—"it must be a final settlement." The Senator from Utah [Mr. SMOOT], who sits here and who was one of the debt commissioners, nods acquiescence in what I say in that regard. So, first, we are to have another final settlement.

Second, that it must be one which will not involve a resumption of the claim on Germany for reparations, which it was the object of the Lausanne settlement last year to end.

Every declaration that has been made from the United States since 1920 that reparations were a European problem and that debts were an American problem seems to have been lost entirely, and the iteration and the reiteration of our statesmen, the iteration and reiteration of our debt representatives, has had absolutely no effect upon our British brethren concerning the separation of the two problems.

Mr. Chamberlain proceeds:

The Lausanne settlement is the one substantial advance during the last few years in the troubled history of Europe. Not only did it put an end to the uncertainty and anxiety which attended all previous efforts to adjust an impossible situation, but it opened up new possibilities of friendlier feeling between European nations on which might be based more fruitful cooperation in other spheres.

Follow:

It opened up new possibilities of friendlier feeling between European nations.

True. Concede its virtues if you will. What was the Lausanne settlement? What was it that the statesmen of the United States preened themselves upon, walked about on their toes, with their heads in the air, saying: "What a marvelous thing is Lausanne! Lausanne is the greatest advance that has ever been made by the world since 1914!" And then came disillusionment in a few days, when we ascertained exactly what the Lausanne settlement was, because the Lausanne settlement was predicated wholly upon the action of the United States of America concerning the debts that were due to the United States from foreign nations.

They took an obligation which was uncollectible from Germany, with which we had not anything to do; they took that obligation due from Germany to them, and they said, with an appearance of altruism and generosity that deceived all the world for a brief period, that they were going to forgive Germany and only collect a very, very small fraction of the amount due from Germany to the Allies. And then suddenly the lid blew off, and we learned of the "gentlemen's agreement" that the forgiving of Germany was dependent upon the United States of America forgiving their debts! That is Lausanne and the Lausanne agreement that was praised in such unmeasured terms by men in this Chamber and by those who constituted, they said, the statesmanship of the United States.

That must be preserved, says Mr. Chamberlain. That can not be interfered with; and that is cancellation by the United States of the debts due from Europe to the extent that they cancel their reparations due from Germany, so that if they receive, as they say, 1 per cent or 10 per cent of the amount that is due from Germany to them, we are to receive 1 per cent or 10 per cent, as the case may be, of the amount due to us.

There is the English position, and it is stated without the slightest equivocation or evasion.

Mr. DILL. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. DILL. In the light of the reference that Mr. Chamberlain made to a "final settlement," and his linking that with the Lausanne settlement, does not the Senator think that no settlement will be final in the estimation of English statesmen that does not provide for the cancellation which he has just mentioned?

Mr. JOHNSON. Why, of course I think so. There is not any more doubt about it—and I thank the Senator from Washington—than there is that we are here; and it is exactly that that these people in this land, these newspapers that form the American foreign legion, are endeavoring to bludgeon us into during this period of discussion in the United States.

There is not any question on earth that when a man stands here or elsewhere and says, "I believe in cancellation if so-and-so and so-and-so might be done," he is fighting the fight for cancellation; that is all; and when Mr. Chamberlain says, "You can have your settlement of debt solely upon the theory that the Lausanne agreement may be continued," Mr. Chamberlain makes perfectly plain that practically the whole of the debts that are due to us we must cancel in order that there shall be any agreement or any settlement at all.

All right. Britain has a right to take her stand. I admire her for it. But why, why should not America take her stand as well? I prejudge none and I criticize none at this period for negotiations or anything that may occur; but why should we not be able to discuss the proposition that the British Chancellor of the Exchequer discusses, after conference with every man in the British ministry, as the dispatches tell us to-day?

So much for that. Lausanne! They speak of the reparations that they will "lose." Do you know how much they have collected in reparations? Do you realize how much France has collected in reparations, and then kept it all save a very small moiety, perhaps, that she has paid to the United States of America—less than she realized from the sale of material that was sold by us to her? And then for any man in this country to justify France as a defaulting nation seems a travesty upon Americanism and a travesty upon American statesmanship.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Massachusetts?

Mr. JOHNSON. I yield.

Mr. WALSH of Massachusetts. From time to time American statesmen and others and the American press have indicated an attitude of agreement or approval of cancellation or reduction of these debts if arrangements could be made with foreign countries looking toward disarmament, or if plans could be entered into tending to increase our business dealings with these several countries. I inquire from the Senator if any foreign country that is our debtor has at any time initiated or made any proposal looking toward making such arrangements as are proposed by American statesmen?

Mr. JOHNSON. Absolutely none—absolutely none; and how they laugh at us! They have a right to laugh at us when we stand up, you know, and, blithering as we do, beat our breasts and say, "Oh, for disarmament! We will buy disarmament from you by giving the debts that you owe us, or we will buy something else from you." Some people put

it—those who have no sense of national feeling or national dignity—some people put it, "We will buy friendship by forgiving the debts," as if any man on earth ever was able to buy friendship by forgiving a debt! And how they must laugh at our peculiar attitude, and the attitude of some of our distinguished statesmen who talk of buying this or buying that, or buying disarmament, or buying peace, or buying friendship, by forgiving the debts!

What nonsense it is. If anybody can not pay me, aye, let me forgive the debt; but if he can pay and he will not pay, what is the use of talking with him about "we will buy your friendship by letting you have the amount you owe us; we will buy disarmament by you by letting you have the amount you owe us, so that you will have more money afterward to do as you see fit with, and we will put the burden upon our own people"?

But there is one other thing that I want to impress upon you this morning before I close, and that is this:

These foreign legion American newspapers never print the truth of what this thing means. "Cancellation" is a misnomer. There is no such thing. The only question is, Who pays the debt? Keep it in mind—keep it in mind, for these foreign legion American papers absolutely delete it every time it is repeated in the United States.

Who pays? No such thing is there as cancellation. No such thing is there as revision so far as our people are concerned. Who pays? The American taxpayer pays; and he pays every single penny of it, every dollar of it. When you remit a dollar of debt America pays. When you cancel obligations America pays the debt; and as you pay it in increased taxation keep that in mind, for this foreign-legion American press of ours will not publish it; or, if they do, they go into a perfect hysteria of anger in denunciation of the suggestion and divert attention to this abuse from the fact.

Yesterday I put in the RECORD a speech that I want to commend to this body. I do hope that there will be Members of this body who will read it. It was a speech of Dr. Jacob H. Hollander, delivered January 19, 1933, in the city of Washington. It happens that Doctor Hollander is a professor of political economy in Johns Hopkins University, and he may therefore have some weight with these "experts" and "economists" and others who have been crying and weeping and wailing and gnashing their teeth in the endeavor to get us to cancel the obligations that are due us.

I read you just two paragraphs of Doctor Hollander's address; and keep these things in mind, please:

> I believe such advocacy—

That is, advocacy of cancellation—

> involves the gravest consequences—economic, social, and international—to the United States and to the whole civilized world. Economic, because whatever measure of accord society in five centuries of slow progress has reached, is in largest degree assignable to the growth of financial faith between nation and nation.

We stand up, you know, with all of our smug hypocrisy, and say, "We will not recognize Russia because Russia does not keep international faith"; and then we smile sweetly out of the other side of our mouths to those countries that do not recognize international faith when they break solemn treaties, treaties to repay that which saved their national existence, and which was given to them in their hour of need.

We are a peculiar people. Catchwords take us, and we indulge in phrases; but the most astounding situation that presents itself to-day is that in mock indignation we belabor one country for not keeping international agreements and obligations and justify another that is guilty of even worse duplicity. But keep in mind, too, that there is an economic side to this.

Doctor Hollander says:

> It is in this manner that commerce has grown, that undeveloped countries have expanded, that backward States have been stabilized, that international division of labor has spread, that the surplus income of older societies has found productive use in the needs of newer areas. The one factor which has made all of this possible has been the inviolability of economic contract. It has been incorporated in law; it has been accepted in mores. It is the one secure enduring link in economic association. Abandon it, corrupt it, even challenge it, and the economic world falls apart in dissociated nationalism—reluctant and distrustful.
>
> The social menace of cancellationist advocacy is developing with disturbing swiftness before our eyes. The unmistakable appearance, indeed the creeping spread of repudiation sentiment in the United States and in South and Central America—by inflation, by postponement, by cancellation—as to public indebtedness, corporate obligations, mortgage liens, business liabilities—is a direct repercussion of the countenance given to war debt cancellation. If we are able to lighten the burdens of foreigners who are able to pay, why should we not preferentially lighten the burdens of our own citizens who are not able to pay—runs the challenge. If not charity, certainly grace begins at home. It is an amazing thing to me that those in high financial place, with the fullest knowledge of what economic contract means in the well-being of a people—will encourage the project of cancellation abroad, and cry unto heaven at any whisper of repudiation at home.

That, to me, is one of the menaces of this present situation.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. LEWIS. May I ask the able Senator from California if he does not concur with me that there is at present no evidence anywhere to be recognized in this body that the President elect has any intention either of canceling or reducing or in anywise compromising the rights of America in these debts?

Mr. JOHNSON. I know nothing to that effect at all, of course; and I am perfectly frank in saying to the Senator, although I yield to no man on the other side of the Chamber in my desire to see the President elect successful in his career and in his administration, that, were his views such as the Senator has referred to, I would take the opposite position as strongly as I could and present it on this floor with such force and such virility as I possess.

Mr. DILL. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. DILL. I just want to read two lines from the Democratic platform in response to the suggestion that Mr. Chamberlain makes, that "when our American friends want to discuss it, we are willing to discuss the subject." I think we ought to reply that we are willing to discuss it also, but with the understanding that all discussion is based upon the assumption that there is to be no cancellation, for the reason that our platform says, "We oppose the cancellation of the debts owing the United States by foreign nations."

I, for one, refuse to believe that the officials of this Government, when the new administration comes into power, will enter into negotiations with any foreign country on any other basis than that there is to be no cancellation.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. ROBINSON of Indiana. I desire to make just this observation: I think it is perfectly proper that the President elect should make his position plain on that question, and especially with reference to the newspaper report that Mr. Bullitt is representing him now in England with a statement that an 80 per cent reduction is in the mind of the President elect.

Mr. DILL. Mr. President, I should just like to remark that I think the President elect would do well not to undertake to state his position on any of these subjects until he has been inaugurated and can speak with the authority which will then be vested in him.

Mr. JOHNSON. Mr. President, I did not rise to discuss what either President would do or has done or can do; that was not my idea at all. Nor did I rise to speak in the slightest criticism of any action which might have been taken or which may be taken in the future, so far as that is concerned. I rose because before me was the speech of the British Chancellor of the Exchequer, and it made perfectly certain what the British position is in the matter of any conference in relation to the debts, and that position ought to be made very plain to our brethren during any discussion they have.

I read the excerpt from Professor Hollander's remarks because there is a political economist, not a mere demagogue—this is the common epithet now applied by American for-

eign legion—who sees the danger and the menace just exactly as I endeavored to portray it on the 4th day of January last.

We can not expect a suffering and a hungry people in the United States to view without alarm at least any arrangements by which the debts of Europe should be forgiven, and when a hungry populace in the United States sees this Nation forgiving these debts to the amount of $10,000,000,000 and more, debts owed to the United States by Europe, that hungry populace will answer just as they are answering to-day in the Middle West, where every process of law is beaten down by those who are destitute, in order to preserve that which men have had in the past, and upon which to-day, because of their financial troubles, they are unable to preserve.

When we deal with this subject we deal not only with an economic subject, we deal with a social subject as well, and a social subject which has within it a menace and a danger we would do well to heed.

Mr. ROBINSON of Indiana. Mr. President, does not the Senator think it well to repeat again and again that the debts have been canceled completely, and all that we are asking European nations to pay is a very small rate of interest?

Mr. JOHNSON. Quite so.

Mr. HOWELL. Mr. President, the situation confronting the American people in connection with the war debts due them from the European nations, indeed, calls for a note of alarm at this time. On the other side of the Atlantic our debtors are quite united in their attitude for avoidance of further payments on account of their debts. As one scans the publicity emanating from these European debtors, there is little dissent in the views expressed. Complete cancellation is what is wanted. As a matter of fact, our debtors have been scheming for complete cancellation from a time that dates back to the armistice.

What is the situation in this country? If each will stop and think, the attitude taken—and often in high places—is such as to give encouragement to our debtors that we might ultimately consider forgiving their debts. As a consequence our debtors are persistently maneuvering to accomplish such a result, so, to a degree, in this country we are divided on this question, but Europe presents a solid front with one object in view—an escape from paying what is owing the United States; that is, complete cancellation, the American people to pay these debts, as some one must pay them; if not Europe, then our people. They must be paid by one or the other.

As a logical result of the encouragement which our debtors have received in this country, we find that two days ago Italy requested that the Government of the United States grant a conference respecting what remains of Italy's war indebtedness. If there is one nation which should not make such a request, certainly that nation is Italy. At the date of settlement Italy owed our Government $2,150,000,000. The settlement was upon this basis: The debt of $2,150,000,000 was to be canceled. It was agreed that the American people should assume and pay this $2,150,000,000, and all Italy agreed to do was to help us pay interest on an equal amount of our Government bonds outstanding which properly represent this $2,150,000,000.

What interest have we been paying on this $2,150,000,000? We have been paying approximately 4⅛ per cent. To what extent did Italy agree to help us pay this interest? Italy agreed that she would pay 1.13 per cent—yes; only 1.13 per cent on this $2,150,000,000 for 62 years—then she is to be through. The American people are not only to pay this $2,150,000,000 themselves, but also the difference between this 1.13 per cent, which Italy is to pay and the 4⅛ per cent, at least that is what we have been paying on United States bonds outstanding properly representing this Italian debt.

Mr. President, how much has Italy paid the United States Government since the date of the settlement of Italy's debt, June 15, 1925, down to January 1 of this year? All Italy has paid us, taken together, in the nearly seven and one-half years that have elapsed, amounts to but $41,066,000. Yes; in the seven and one-half years, all Italy has paid on her debt of $2,150,000,000 is but $41,066,000. How much interest have we paid or must we pay on Governmental securities outstanding and properly representing this debt from the 1st day of last July down to the 1st day of January of this year? That interest amounts to about $43,000,000. Yes; during the last six months we have paid $43,000,000 in interest on Italy's debt, and yet all Italy has paid us in nearly seven and one-half years on account of that debt is but $41,066,000.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. HATFIELD in the chair). Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. HOWELL. I yield.

Mr. LONG. I do not wish to be understood as taking any side in the debt argument at all, but the debts of all the foreign countries amount to about how many billions?

Mr. HOWELL. At the date of settlement the debts amounted to $12,091,000,000 in round numbers.

Mr. LONG. That is a billion dollars more than all the gold supply in the world?

Mr. HOWELL. I presume that is true.

Mr. LONG. Unless we accept some goods from these countries, does the Senator think it possible we may ever be able to collect from them? With the United States holding from two-fifths to one-half of the gold in this country, leaving only about six billion of gold outside of the American borders, how can these countries pay unless we take some of their goods?

Mr. HOWELL. Mr. President, trade is not merely direct, it is triangular also, and because of triangular trade it is not impossible that these debts may be paid. When I say it is triangular, I mean that we might pay gold for coffee in Brazil and Brazil might pay gold for goods purchased in Britain, and that same gold might be used to pay a debt installment to the United States. So is trade triangular throughout the world.

Mr. President, the question asked was that if these debts amount to $12,091,000,000, how can we expect to be paid in gold when that sum is a billion dollars more than all the gold in the world.

Mr. President, Europe is not to pay that $12,091,000,000 representing the principal sums due from our debtors. All that has been canceled. Such were the debt settlements we made with our European debtors. All they are to do for us is to help us pay interest on that $12,091,000,000, and taking our debtors together, all they have promised to help us pay on account of the interest we are paying on that $12,091,000,000 is 2.62 per cent annually for 62 years, and then all those debtors are through. The American people pay the debt of $12,091,000,000, and in addition they pay interest on that debt to the extent of the difference between the interest which our securities bear and will bear and 2.62 per cent.

As to what this all means, consider this fact: Adding together all the interest that has been paid by our Government since the dates of settlement on account of these debts up to July 1, 1932, and subtract from that sum the total of all and every payment made by our debtors since the dates of settlement, and there is a deficit which we have had to bear of $2,365,000,000.

In short, we have had to pay in interest $2,365,000,000 more than all the payments we have received.

To return to Italy's debt—whereas during the last six months we have paid or are obliged to pay in interest, on governmental obligations properly representing this debt, $43,000,000, yet all that Italy has paid the United States during the last six months is $1,245,000.

Mr. President, as I have heretofore stated, all Italy has paid us in nearly seven and one-half years totals $41,066,000, but during that same period we have paid in interest on our governmental bonds outstanding properly representing the Italian debt a total of $667,435,000. As a consequence, after subtracting all Italy has paid us during the last nearly seven

and one-half years, $41,066,000, from the interest we have had to pay on account of her debt, there remains a deficit that has been shouldered by our taxpayers of more than $626,000,000 on account of this debt alone. In short, the Italian debt is growing, so far as the American people are concerned. It is not static. We have already added that deficit of $626,000,000 to the debt of $2,150,000,000 which we must pay, making the total of our loss on account of the loans we made to Italy nearly $2,800,000,000. Notwithstanding this fact, Italy is now asking for a reconsideration of her debt settlement, not, of course, to increase what she must pay but to reduce the relatively little she agreed to pay in 1925.

Mr. President, what we need in this country is solidarity upon this debt question. We should all stand shoulder to shoulder. We should say to our debtors in no unmistakable terms: "You must pay. You need not expect any final action to-morrow or some other time, as suggested by Mr. Chamberlain, of the British Government. Our action was final at the respective dates of settlement. We do not propose to make any further reductions in these debts. If you can not pay, we will treat you as we treat debtors here at home. We will ask you to pay what you can. You can pay something, and you can make provision for taking care of the arrears. If you do not do that, there is but one alternative. We will not forgive these debts. The only alternative is repudiation."

Mr. President, I repeat what I have before stated on the floor of the Senate: That if our Government is not to be paid by our debtors and our people must pay, then and in such case our people should indeed have at least the benefit of the lesson which repudiation by Europe will impress.

THE BANKING ACT

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. FRAZIER. Mr. President, the war-debt adjustment is a very interesting topic. A great deal of interest is being taken in it by the Members of Congress and by newspapers and others throughout the Nation. If we could get the Members of Congress as much interested in our own indebtedness, as much interested in our own affairs, as they are in making adjustments with foreign countries and of their debts, we could accomplish something in the Congress for our people here at home who need to have some assistance, something for the millions who are going broke and losing their property, farmers, business men, and others, something for the millions who are out of employment and who need work. We could get something done for them if we could arouse the sentiment in the interests of our own people that has been aroused for the war-debts settlements. If any adjustment is to be made of these war debts, it should be made by all means on the basis of disarmament, and there does not seem to be much chance of that.

Mr. President, a little pamphlet came to my office this morning. I think perhaps others received the same pamphlet. I do not know much about the origin of the pamphlet or the authors of it. It says it is a pamphlet issued by the "Modern '76ers." I have read in the newspapers something about the "Modern '76ers." I think they have had something to do with blocking mortgage sales in some of the agricultural States and with the blocking of foreclosures in general on farm property. The heading of the pamphlet is "The War of Mad Men." I want to read just a few short paragraphs from the pamphlet. It strikes me as mighty good regardless of where it comes from, who wrote it, or who is behind it. I read:

> Seventy-two cents of every tax dollar received by the Federal Government of the United States is used to pay the bills of the military budget. The remaining 28 cents of the tax dollar goes but a short way in paying for the cost of running the Government.

In this present fiscal year 72 cents out of each dollar is not the correct proportion. It is practically 80 cents out of every dollar, but on the basis of 72 cents out of each dollar it leaves 28 cents to run the Government and 72 cents for war purposes, past, present, and future. Under present conditions we have a mighty interesting problem involved. We have an Economy Committee, and they are doing their very best to reduce governmental expenses. The various other committees of Congress are trying to reduce governmental expenses. They are trying to reduce the expenses within the 20 or 28 per cent which it takes actually to run the various functions of the Government, saying nothing about the other 72 or 80 per cent that it takes for war purposes. They are not interested so much in reducing that expense.

I want to say for the information of some of the so-called economists that, according to the best information I can get, if we should wipe out the 28 per cent entirely that it takes to operate the functions of Government, our present revenue would not be enough to pay the balance of 72 per cent that it takes for war purposes and the deficit of to-day, and yet we are talking about economy and saying that we are trying to balance the Budget.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Maryland?

Mr. FRAZIER. I yield.

Mr. TYDINGS. The Senator is mindful of the fact that about $1,000,000,000 is paid every year for pensions and allowances to ex-service men, so that a large percentage of the 72 cents of expenditure for the Government goes not to armament but rather to allowances for those who have served in past wars.

But the Senator likewise knows that although one of the best ways we can get relief for the people of the country would be to reduce the Federal tax bill, yet we can not make even a dent in it notwithstanding that in some cases a peculiar situation exists. I have mentioned the case before of one officer on three pay rolls, twice on the Federal Government pay roll and once on a State pay roll, and engaged in private practice as well. I say, with 12,000,000 people unemployed, our refusal to walk up and approach this problem and cut down the people's tax bill and spread whatever we can save over the general population is little short of outrageous.

Mr. FRAZIER. I agree with the Senator. I made the statement that the 72 per cent is for war purposes, past, present, and future. That, of course, takes in the sinking fund and the interest on the national debt. It also includes veterans' administration and appropriations for the Army and Navy. But it is altogether too high in comparison with the amount that it costs to run the Government and as compared with our revenues.

Last year the Saturday Evening Post carried a statement to the effect that $5,000,000,000 is tied up in what they called frozen assets in world armament. It was said that 80 per cent of the taxes of the world go for war purposes. The comment was made that the United States pays one-sixth of that total amount of $5,000,000,000. It is an amazing situation, and yet we are talking about cancelling or adjusting war debts. It has been said here to-day that the war debts have been practically cancelled under the former adjustment and that all the debtors are doing now is to pay a small rate of interest for a period of 62 years and then the principal is wiped out and the slate wiped clean.

I want to read a little further from this pamphlet:

> The Government is borrowing billions every year through the issuing of tax-exempt bonds—a perpetual burden for us living citizens and posterity.
>
> Maniacs in control of the world's governments are now preparing for the most atrocious and fiendish of all wars. Every taxpayer may now be paying for his and his children's mass murder. The United States of America must take the lead for complete universal disarmament and for the establishment of international economic embargo for the guaranteeing of the world's peace.

Mr. TYDINGS. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Maryland?

Mr. FRAZIER. I am glad to yield.

Mr. TYDINGS. Referring again to the subject of taxation, let me point out to the Senator that $400,000,000, or about 12½ per cent of all the money the Government raises in taxes, is levied upon one agricultural commodity, tobacco. Here is the Congress trying to help the farmer and yet imposing one-eighth of all Government taxation on one single agricultural product which happens to be produced in Maryland and which, of course, is produced in other States as well.

Suppose that was a tax on wheat, what would the wheat Senators say? Yet here we sit refusing to reduce taxes and levying one-eighth of all governmental revenues on the one agricultural product. Why pick out tobacco and levy it all on tobacco? Why not spread it over wheat and corn and everything else? What justification can there be for this large tax on the one agricultural product?

Mr. FRAZIER. I think the Senator is a little bit unfair. He means taxes on the products of tobacco and not upon tobacco itself.

Mr. TYDINGS. No; I mean to say that tobacco in one form or another of manufacture, but always tobacco, must bear the burden of one-eighth of all the tax revenues which the Government receives.

Mr. FRAZIER. I think that is one case where the tax is passed on to the consumer.

Mr. TYDINGS. It may be passed on to the consumer, but is the Senator willing to have wheat products taxed in a similar manner? Is he willing to have bread taxed? Is he willing to have Wheatena and other products of wheat taxed? Of course, he is not. Here we are, representing the agricultural States in part, sitting idly by and consenting to have the whole of the Government revenues derived from agriculture placed upon the one product that our own States produce.

Mr. FRAZIER. Of course, that is where they are trying to get it. A comparison of tobacco with bread is hardly fair, because we could get along without tobacco, at least a lot of us do, but we can not get along without bread.

Mr. GLASS. Mr. President, does not the Senator know there are millions of people who can not get any bread because they can not get anything for their tobacco?

Mr. TYDINGS. Mr. President, I should like to have just a minute longer to point out——

The PRESIDING OFFICER. Does the Senator from North Dakota further yield to the Senator from Maryland?

Mr. FRAZIER. I yield.

Mr. TYDINGS. To point out that if we could cut down the Government's expenses, we should then be in a position to lessen this tax on this agricultural product and help the hundreds of thousands of farmers who are dependent upon it for a livelihood; but I say it is absolutely asinine to talk about agricultural relief and then levy such a tremendous burden of taxation upon one agricultural commodity, and let all the rest escape.

Mr. FRAZIER. I agree there is a great deal to what the Senator has said, but I wanted to point out the need of reducing the 72 per cent that was being spent for war purposes instead of trying to cut down the meager wages that many of our Government employees receive at the present time. That brings about some saving, of course; but the great saving must be, if we are going to make a saving and balance the Budget, by cutting down the 72 per cent that goes for war purposes.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Ohio?

Mr. FRAZIER. I yield.

Mr. FESS. A large proportion of the expenditures for past wars is represented by the interest on the public debt. That I do not believe we can cut, unless that debt can be refunded at a lower rate of interest. That, I think, would be the only possible way to cut that item.

Mr. FRAZIER. Or repudiate it.

Mr. FESS. The Senator would not want to do that.

Mr. FRAZIER. No; I would not.

Mr. FESS. We might eliminate the item of the sinking fund, but it seems to me that would not be a very safe way to proceed. Then there is the enormous amount, as the Senator knows, expended for veterans' relief, amounting to something like a billion dollars. We can not very well cut that down. I am wholly in sympathy with what the Senator is saying, that we ought to cut the 72 per cent; but I do not see where it can be done unless in the appropriations for the Army and Navy; and, in view of the condition of the world to-day, I wonder whether we dare do that or not. As I said, my sympathies are running along with the Senator, but my judgment is halting.

Mr. FRAZIER. Mr. President, I wish to give some further information contained in this little pamphlet which I think will give a little different idea perhaps of the necessity of a great Army and Navy.

On the second page of this pamphlet is a foreword, which reads:

> The material in this pamphlet was prepared by one of America's well-to-do and patriotic citizens. It was presented to the "Modern '76ers" for approval before being published. The organization of the "'76ers" is more than willing that the information contained in this pamphlet be widely broadcast.
>
> The cost of publishing and mailing this pamphlet has been met by funds furnished by the author of the article herein contained with the understanding that the citizen's name who prepared same shall remain anonymous.

I do not know anything about who prepared this document.

"Modern '76ers"—

> Not a political party but a political revolution in military formation using brains and ballots instead of guns and bullets in wiping out undesirable professional politicians and financial racketeers.

I will say for them that they have set forth a very good policy at least. This is the part that struck me as most significant, and I want the Senator from Ohio to hear it:

> Synthetic plague-disease-germ ammunition is, it is said, now being secretly manufactured in hitherto free America, and is of greater virulence than the natural oriental plague germ. Lester P. Barlow, scientific engineer, is the revealer of these shocking facts. The latest warfare gases rapidly end life; the synthetic plague germs, in comparison with other disease germs, do the same. Plague is contagious through the medium of the air.

I want to say that I know Lester P. Barlow very well. He was the engineer who during the war time perfected and patented the bombs that were used by the United States Government during the World War. He is a noted scientific engineer.

> Mr. Barlow states that the War College, Washington, is—as it well may be—exceedingly anxious over its inability of how to conceive of a counterattack. Even similar disease germs now being manufactured there, when released to the wind, would be equally dangerous to life.
>
> The attack of the enemy will be broadcast over our entire country instead of being aimed at one locality at a time. The situation is so ominous that the war makers fear to take the public into their confidence.
>
> When the disease germs in question are released to the wind in this new method of attack "they will advance like a mighty fire. Half a dozen tubes the size of a finger may contain enough germ culture to destroy the whole population of the United States within a few weeks."
>
> Disease-germ ammunition has now been especially invented for long-distance aircraft transportation, overseas and overland.

I have read some articles in magazines and newspapers during recent months along the same line, to the effect that disease germs are now being propagated in various countries in the event of another war, and, with regard to them, some of the newspaper and magazine articles I have read make practically the same statement that is made in this pamphlet.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Ohio?

Mr. FRAZIER. I yield.

Mr. FESS. Does the Senator doubt that unless we can find some way to avoid war it will not be very long, in view of the methods employed to destroy people, until civilization itself shall be absolutely destroyed?

Mr. FRAZIER. I think that is absolutely a correct statement.

Mr. FESS. I think that is within the limit of what may be accomplished.

Mr. FRAZIER. I want to say right here that in my opinion the building up of a great Army and Navy is no way of doing away with war.

Mr. FESS. The Senator will agree that we can not very well avoid that until we can get the countries of the world to agree to disarmament.

Mr. FRAZIER. I do not agree to that at all.

Mr. FESS. That is where the Senator and I differ.

Mr. FRAZIER. The Senator from Ohio will recall probably that I have introduced a joint resolution proposing to amend the Constitution of the United States which will outlaw war. I believe that is the thing which should be done.

I wish to quote a little further from this pamphlet:

BOMBING AIRCRAFT

New York Times, 1932:

"They will be so numerous that the only defense is in offense. You have got to kill women and children more quickly than the enemy if you want to save yourselves."

There is a story going the rounds that only a few weeks ago our Government officials had a secret demonstration of a new air bombing plane. I never heard much about the particulars of it, but it is about twice as fast as any bombing plane we have ever had and goes about twice as high as other bombing planes, practically out of range of gunfire. I am told that it really revolutionizes bombing.

Here is a quotation from H. G. Wells, of London:

Humanity is now faced with the choice of world peace or annihilation.

I think that is general sentiment of the people throughout the country. Continuing the quotation:

Before long men will pack parcels of explosives or poison gas, or incendiary matter, and send them up in the air to wherever they like to drop the load. Military people will stick to guns, which only carry 20 miles, and to airplanes, which must fight their way through hostile planes and gunfire. When the time arrives, we must then exist with the voice of a stranger in our ears, with the eyes of a stranger in our homes, and with the knife of a stranger at our throat.

Here is a quotation from David Lloyd George:

If they can't stop war, the churches may as well close their doors.

Here is a quotation from Earl Haig, the British commander in chief during the World War:

It is the business of the churches to end war.

I agree that the churches are doing a great deal to create public sentiment for total disarmament and for world peace; they are doing an excellent work, but perhaps they could do more. I am sure, however, they are doing a great work and will continue their efforts along that line. They should have some help by legislation of the Congress of the United States. We openly boast that we favor world peace and disarmament and yet build the greatest Navy we have ever had in peace times and the greatest Army we have ever had in peace times, and we appropriated during the last few years the largest amount of money that any nation has ever appropriated in peace times for army and navy purposes.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Utah?

Mr. FRAZIER. I yield.

Mr. KING. Is it not worthy of note that, notwithstanding the sins of commission and omission that may be charged against the Soviet Government, at two conferences in which Russia participated during the past few years there was submitted by her representative, Mr. Litvinov, propositions for world disarmament? One of the representatives mentioned states that if Russia's plan were accepted it would demobilize its army and dispose of its limited naval establishment. Unfortunately the propositions were treated with little consideration by the representatives of the participating nations, including the United States. Subsequently, when a similar proposition was submitted, the same treatment was accorded it.

I think that our own Government failed to take advantage of the opportunity to secure an agreement to reduce the armaments of the world. I also believe that our Government was derelict when a proposition was made by France and Italy, and which was accepted by Great Britain, that airplanes and submarines should be abolished, in not promptly accepting the same. It also declined to accede to the suggestion that capital ships should be reduced from 35,000 tons to 25,000 tons, and that their lives should be prolonged to 25 or 30 years, thus materially reducing naval expenses. In my opinion, many nations have failed to appreciate their duty to civilization and their responsibility to humanity in dealing with this vital question of world disarmament.

Mr. FRAZIER. I am very glad to hear the Senator from Utah say that, because I remember on a former occasion he criticized the Soviet Government rather harshly, I thought, and I am glad to see that he concedes that that Government has some good points, at least.

Mr. KING. Mr. President, will the Senator pardon a further interruption?

The PRESIDING OFFICER. Does the Senator from North Dakota yield further to the Senator from Utah?

Mr. FRAZIER. I yield.

Mr. KING. I do criticize the Soviet Government, and object to recognizing it largely for the reason that it is determined, and so declares, to destroy all governments of the so-called capitalistic nations and establish the Bolshevik form of government. I submitted to a number of leaders of the Soviet Government when I was in Russia the proposition that if they would dissociate themselves from the Third International and would agree to observe their conventions as honorable nations do, I would not oppose recognition being accorded to it. I also indicated that I would go farther and forgive payment of the obligations due the United States from Russia.

Mr. FRAZIER. I do not want to get into an argument about the recognition of Russia at this time; but, personally, I am willing to vote for the recognition of the Russian Government at any time.

I want to make one more quotation from this little pamphlet.

Who are they, here as well as in Europe, who are planning the wholesale murder of civilian populations by hitherto undreamed-of horrors unquestioned by law, while an individual murderer is incarcerated in prison for years or electrocuted? (A law for outlawing war has been for two years waiting to be signed by the President.)

That statement, I take it, refers to the resolution I have had here in the last two or three sessions of Congress. Of course, it has never gone to the President; it has never been acted upon by the Congress, but I take it that is what they refer to.

Who are they who are now manufacturing in hitherto free America, among other disease-germs ammunition, synthetic plague-germ ammunition?

Of course, if any of this synthetic plague-germ ammunition is being manufactured, it is being manufactured by representatives of our Government.

Now I want to make a brief statement on the pending bill. I have sat here for days and listened to the arguments without saying anything upon it.

Some one made the statement yesterday—I have not looked it up—that yesterday was the twentieth day of the consideration of the bill. Then this must be the twenty-first day that this bill has been discussed. A great deal has been said about a "filibuster holding up important legislation," and all that kind of thing. Of course I do not agree with much of the propaganda that has been spread about this so-called filibuster; and I do think that the Members of the Senate who have taken part in the so-called filibuster, in showing up this big bankers' bill, have done a real service for the people of the United States, because they have shown up in its true light what this bill means. I think the title of the bill, instead of being "the 1933 banking bill," should be amended to read "the 1933 big bankers' bill," for that is



what it is. It is a bill for the big bankers, to strengthen the power and the control of the Federal Reserve Board and the Federal reserve banking system. That is what it is for.

I remember very well, back in 1927—I was a member of the Banking and Currency Committee at that time—when the McFadden banking bill was introduced and discussed before that committee. I never found out how I happened to be appointed a member of the Banking and Currency Committee of the Senate when I first came here, but I was. Perhaps it was because I had been a director of a little local bank in my home community years ago, when I was on the farm; and it was one of the first banks to be crowded out of business when the hard times struck us a number of years ago. I think perhaps somebody had heard of it, and they appointed me on the Banking and Currency Committee. I did not stay on it very long, however, because it was too hard-boiled a committee for me.

Why, when I was a member of that committee they used to get together, before they came to the committee room at all, and have their bill all decided on, and that was all there was to it. You might as well talk to the wind as to try to get that committee at that time to consider any kind of liberal banking legislation. I think it is a little more liberal at the present time; but, judging from some of the bills they report out, there is some doubt yet.

The McFadden banking bill of 1927 was to strengthen the banking system, too. I remember very well that the Senator from Virginia, who is the author of this bill, opposed the McFadden bill in a way when it first came up, and put up quite a little fight against it, and finally said that he would support the McFadden bill if they would put on an amendment that he wanted. They put on the amendment, and that was automatically to extend the life of the Federal reserve system. When that was done the Senator from Virginia approved the bill and supported it, and it passed the Senate.

I spoke against that bill and fought against it at the time, and said it was a step toward general branch banking. It was; and they are trying in this bill to carry out that old McFadden bill of 1927, so as to give us more branch banks, to provide for general branch banking. That part of it is fairly well taken care of at the present time, but should be stricken out. This bill gives the big bankers more power and gives the Federal reserve banking system more power.

The VICE PRESIDENT. The time of the Senator has expired. He has one hour on the bill.

Mr. FRAZIER. I will talk on the bill.

There have been all kinds of reports, and I think many of them authentic, that in various instances independent banks that have not been willing to go along and follow the dictation of the Federal Reserve Board and their system have had their credit closed down. They have been forced out of business. They have been forced to close their doors. That is not only in one case but in many cases.

This bill would give the Federal reserve system more power to break any bank that they wanted to break by cutting off their credit. It goes farther, and sets up a new machine for the Federal reserve system, a liquidating corporation of which the Federal Reserve Board would have control. This would make their work complete, especially if they can get this branch-banking proposition. Then they could crowd out the little independent banks and then liquidate them. Yes; that would help some—I mean, it would help the big bankers some.

The little, independent bankers are absolutely opposed to this bill. They are fighting for their very existence, with their backs against the wall, at the present time. There has been much change of sentiment. In normal days, when some of the farmers were making a little money and the banking business was pretty good, many bankers would not admit that the farmers had any trouble to complain of; but now, in the agricultural States at least, our bankers will admit that there is a real farm problem, and that something must be done to save our American farmers, because when the farmers go broke the bankers are going broke along with them in those agricultural States, and business men are going broke with them, and that is why they are a little more liberal now than they have been in the past.

There has been a flood of propaganda telegrams sent in here to Members of Congress in favor of this bill and protesting against the so-called filibuster. Why, from North Dakota there came approximately 200 telegrams from bankers and business men; and, as my colleague [Mr. NYE] indicated the other day, we were informed that those telegrams were sent out at the instigation of the group bankers of our State, with headquarters at Fargo.

I received 20 telegrams from various parts of the State, worded exactly alike, from business men and from bankers—20 telegrams that were worded exactly alike—coming from various parts of the State. Of course, it is self-evident that they did not have just exactly the same thought, because they were long telegrams. If those telegrams were paid for at the usual rates it would cost over $150 to have sent the telegrams that I received from the State of North Dakota.

In the last day or two a few telegrams have been coming in from some of the independent bankers who are waking up to the fact that they perhaps should not have sent the telegrams that they did send, and they are seeking to let us know that they are not as strong for this banking bill as we might think from the telegrams we have received in the past. I will read just one as a sample. It comes from an independent State bank up there:

> We believe our State is best served by independent banks. We urge you to use every effort toward the defeat of the Glass banking bill.

And I have had letters and telegrams from some of the business men along the same line.

But it is said that we are holding up "important legislation" by this filibuster. I want to ask what the important legislation is that is being held up by this so-called filibuster at the present time. One thing is sure: We are not holding up any important farm legislation, because there is no important farm bill on our calendar to-day. We are not holding up any important legislation for the unemployed, because there is no important bill on our calendar for the unemployed to-day. We are not holding up any important bill for the general welfare of the people of the United States, because there is not anything of that kind on the calendar to-day. There are a few such bills in the various committees, but they have not yet been reported out and are not on the calendar; so we are not holding up that kind of important legislation.

What are we holding up, then? We are holding up the passage of the banking bill, that is all, the big bankers' bill. I want to repeat that, in my opinion, the bank bill that is under consideration at the present time is not for the interest of the people, but for the interest of the big bankers.

I had a letter the other day from a farmer out in Iowa in which he said "Congress is fiddling while corn burns"; and he went on to tell about the farmers of Iowa burning corn, because he said the corn was cheaper than coal; and so they were burning corn to keep down expenses.

Yes; we are fiddling while corn burns. We are fiddling here in Congress while thousands of farmers are being foreclosed upon and put out of business. We are fiddling here while there are some twelve to fourteen millions of unemployed going hungry and unable to get jobs. Congress is fiddling and doing nothing for their benefit.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Louisiana?

Mr. FRAZIER. I yield to the Senator.

Mr. LONG. I desire to ask the Senator, in connection with what he has just said, whether any Senator in this body has suggested any bill whatever that he proposes to bring up now or to-morrow for the relief of the people of the United States if this bill is sidetracked? If so, would

the Senator object to sidetracking this bill and considering it?

Mr. FRAZIER. Mr. President, I do not know of anything of that kind on the calendar. The Senator from Wisconsin [Mr. LA FOLLETTE] and the Senator from Colorado [Mr. COSTIGAN] have an unemployment bill that I believe would be of great help. It is pending and will be reported out, I understand, in the near future. There is a farm allotment bill before the Agricultural Committee that we hope to get reported out, or at least I hope will be reported out, in the near future; and there is a bill that I introduced, providing for the refinancing of the American farmers' mortgage indebtedness, that was considered by the Agricultural Committee at the last session. We had some discussion of it on the floor of the Senate and, as Senators may remember, it was referred to the Banking and Currency Committee, and is now pending before that committee. We have had some hearings on it. I hope we can get some action on that bill; but the bills to which I have referred are not on the calendar at the present time and, of course, this so-called filibuster can not be blamed for holding up those bills. However, we are being criticized by the newspapers, and these propaganda telegrams have come in criticizing us for holding up "important legislation that should be enacted."

I agree that we are not doing anything to pass important legislation for the benefit of the people who need benefit. It is not the big bankers who need benefit. They have had too much of benefit. They have had too much of special privilege. That is why we are in the condition that we are in to-day. Oh, yes; that is why our farmers are going broke. That is why our business men are going broke—because of the special privilege, special interest laws that have been passed by the United States Congress. Those special privilege, special interest bills should be wiped off the slate, or else our farmers should be given some special-privilege legislation too. Millions of farmers are losing their property, millions of home owners in the cities are losing their property, millions of business men are losing their property. Why, the great municipalities of this country can not pay their running expenses because they can not collect their taxes.

A friend of mine had sent to me from Chicago a copy of the Evening Post of that city of June 30. It has 330 pages, as I remember, and 312 pages of that paper were solid advertisements of 1930 tax sales. I think it was the largest 3 cents' worth of paper ever sold in the history of the United States. It was sold for 3 cents a copy. One of the State officials said, according to a copy of a radio address I have from the Association of Real Estate Taxpayers of Illinois, that approximately 40 per cent or $4,000,000,000 of property in Cook County was being turned over to the State for nonpayment of taxes.

Mr. LEWIS. Mr. President, since the Senator refers to what he speaks of as a privilege, has the Senator's mind been drawn to the fact that the word "privilege" is made up of the two Latin words "privi" and "leges," which really mean "private laws," and that it grew out of the very thing to which the Senator alludes? Privileges were simply private laws which were given for those of favored class against the large mass.

Mr. FRAZIER. The Senator, of course, is correct. In this copy of the Evening Post to which I referred it is stated that there was advertised at tax sales in Chicago 500,000 parcels of land, and, according to this radio address made by John M. Pratt, director of the Association of Real Estate Taxpayers of Illinois, the value was estimated at over $5,000,000,000. It is an amazing situation to think of a great city like Chicago with $5,000,000,000 worth of property advertised at tax sales.

The same condition prevails throughout the Nation. Our States and our cities can not pay their running expenses, because they can not collect their taxes. Yet Congress fiddles. I think that is a good term; Congress fiddles over a bank bill for the big bankers and not for the individual bankers, or the common people, for 21 days. It is called a filibuster, and gentlemen may call it what they like, but I want to say again that I am very proud of a few Democratic Senators who have carried on the so-called filibuster. I wish we had more of their type. I have nothing against the Democrats, but I think a lot of them should be more democratic.

Mr. President, if the pending banking bill passes and becomes the law, it will be a law in the interest of the great bankers and designed to make the Federal reserve system stronger than it is and more powerful. I think it was a mistake when the Federal reserve law was ever enacted. It practically turned the credit of the United States over to a group of bankers. It was said they would avoid all panics, inflations, deflations, and all that kind of thing, but they have not prevented those things. We have had under the Federal Reserve Board the worst panics and the worst inflations and the worst deflations ever known in the history of the country. Anyone will have to do a lot of arguing to make me think that the Federal Reserve Board and their system have not operated for the big banks, the banks having headquarters in the city of New York, rather than in the interest of bankers generally throughout the country.

I am glad the branch banking feature has been cut out of the bill practically, but, in my opinion, the whole bill should fail.

Yesterday we had an interesting spectacle in the Senate. The junior Senator from Montana [Mr. WHEELER] offered as an amendment his free silver bill, so called, and his amendment was debated here for eight hours. If that amendment would do anything, it would help at least to balance our now unbalanced dollar. It would help at least. Our dollar is out of balance. It is too high in comparison with commodity prices and with farm prices, absolutely too high. The 16 to 1 remonetization of silver would help balance the dollar and put more money into circulation, a thing which we need. But after that amendment was discussed and debated here for eight hours, the Senator from Virginia, who has the pending bill in charge, rose and made a motion to table the amendment, and that motion was carried.

We hear much talk about a filibuster. Well, the idea of a filibuster does not scare me at all or worry me a bit, because, as I said before, there is nothing of importance on our calendar to-day to be considered. So that it is hardly fair to call what took place a filibuster, at least to charge anybody with holding up any important legislation. I hope the committees of the Senate will get busy and report some important legislation, some worth-while legislation, legislation which would be for the benefit of our people, the unemployed, the farmers of this Nation, who are going broke or who have already gone broke. Then we can perhaps get down to business and do something to relieve the present deplorable situation which confronts our people.

The VICE PRESIDENT. The question is on agreeing to the first amendment offered by the Senator from New Jersey [Mr. KEAN].

Mr. LONG. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	Keyes	Schall
Austin	Dickinson	King	Schuyler
Bailey	Dill	La Follette	Sheppard
Bankhead	Fess	Lewis	Shipstead
Barbour	Fletcher	Logan	Shortridge
Barkley	Frazier	Long	Smith
Bingham	George	McGill	Smoot
Black	Glass	McKellar	Steiwer
Blaine	Glenn	McNary	Stephens
Borah	Goldsborough	Metcalf	Swanson
Bratton	Gore	Moses	Thomas, Idaho
Brookhart	Grammer	Neely	Thomas, Okla.
Bulkley	Hale	Norbeck	Townsend
Bulow	Harrison	Norris	Trammell
Capper	Hastings	Nye	Tydings
Caraway	Hatfield	Oddie	Vandenberg
Carey	Hayden	Patterson	Wagner
Connally	Hebert	Pittman	Walcott
Coolidge	Howell	Reed	Walsh, Mass.
Copeland	Hull	Reynolds	Walsh, Mont.
Costigan	Johnson	Robinson, Ark.	Watson
Couzens	Kean	Robinson, Ind.	Wheeler
Cutting	Kendrick	Russell	White

The VICE PRESIDENT. Ninety-two Senators have answered to their names. A quorum is present.

Mr. BINGHAM. Mr. President, I have not taken up much time in debate since the pending bill has been before the Senate. I have been hoping that we might get the bill out of the way as quickly as possible. But during the past two or three days there has been so much talk in regard to inflation and the old question of the coinage of silver at the ratio of 16 to 1 and placing silver on its old basis that a good many people have become somewhat alarmed regarding what might happen with respect to the inflation of our currency.

It seems to me that the one thing we need to get us out of the depression is a return of confidence in the Government of the United States and in its laws. That may be a very old-fashioned thing to say. I realize that it is not anything in the nature of a new doctrine. I realize that this remedy will not act quickly. But I believe that our present civilization is built up on the development of the credit system. It is not so many years or generations ago that credit was hardly known. Those persons in a community who loaned money were considered as usurers and almost as public enemies. Everything was done by barter and by the exchange of actually desired precious metals, such as silver and gold.

But our present economic system is based largely on confidence in the value of certain paper, of certain obligations signed either by persons or by representatives of government. It is serious when one loses confidence in a government and in its obligations, as so many people have lost in the obligations of so many foreign governments at the present time—the bonds of foreign governments have sunk to an unprecedented level. The present depression is due, it seems to me, largely, if not almost entirely, to loss of confidence. If we could do something to restore confidence, then we would restore to health that very sick individual known by the name of "credit." But as long as we trifle with the sacred obligations connected with the world of finance known as "credit," just so long will confidence fail to return and people will be unwilling to trust their money in new enterprises. It is known at the present time that an unprecedented amount of currency has been withdrawn from circulation and is stored in bank vaults and other places. The facts set forth by the Treasury Department, in that the revenue from almost all sources expected out of the last tax bill has been disappointing except for revenue derived from safety vaults and boxes in safety deposit companies, tell a very striking story of the loss of confidence.

Mr. President, there are thousands if not millions of people in America to-day who believe with the Senator from Idaho [Mr. BORAH] and others that what we need is cheap money and inflation. I have before me a few notes on this subject. I shall not detain the Senate long. I hope not even to use more than half the time allotted to me to speak on the amendment. But for my own sake I wish to place in the RECORD a few thoughts in regard to inflation which are so old-fashioned that I had never expected to deliver them, but due to the reputation and the influence of a number of very distinguished Members of the United States Congress and others in America to-day who are preaching the doctrine of inflation, it seems to me perhaps justifiable to take a few minutes to state what I believe would be the result.

Incidentally there is a very distinguished firm of certified public accountants by the name of Ernst & Ernst, who have branches in all the leading cities in the country, who are not interested in the slightest degree in speculation or in the selling of stocks and bonds or in the selling of any evidences of indebtedness. They are not interested in mortgages, insurance companies, railroads, or anything else. They are merely accountants and auditors of the very highest standing and of the very highest reputation. In a bulletin which they have recently issued for their clients they have thought it worth while to carry out a very simple discussion on inflation, calling attention to the remarks which have been made in regard to it and defining it. If anyone is particularly interested in the subject on the point of view of the certified public accountants, I should recommend that he endeavor to secure a copy of this bulletin.

Now, Mr. President, as at present advocated there seem to be two principal purposes of currency inflation, viz:

First. To raise commodity and security prices.

Second. To assist some special groups, as the farmers or the veterans.

Currency inflation, regardless of the means employed or whether "controlled" or "uncontrolled," can mean only just one thing, namely, the devaluation of the dollar in terms of things which can be purchased with it, such as copper, silver, wheat, gold, equities in industrial properties—common stocks—and so forth. This can be accomplished by:

First. Issuing more paper dollars per dollar of gold on deposit in the United States Treasury. At present gold certificates are secured dollar for dollar by gold held in the Treasury. Federal reserve notes are redeemable in gold, although partly secured by commercial paper, and so forth. Greenbacks are partly secured by gold and their amount is fixed by statute.

Second. Reducing the gold content of the dollar. This plan would alter the ratio referred to above and accomplish the same end.

Third. Adding more silver to the gold on deposit and making it the basis of issue for more paper dollars. The present silver certificates are issued against silver dollars on deposit in the Treasury. Their amount is fixed by law. This type of inflation was debated at great length on yesterday, and is included in the proposal of the distinguished Senator from Montana [Mr. WHEELER], who debated it on yesterday and this morning.

Fourth. Various subterfuges permitting the issue of more paper money against securities of various sorts. The amount of bonds carrying the circulation privilege for national-bank notes has already been increased. The Patman bonus bill proposed the issuance of Government bonds to be held by Federal reserve banks against the issuance of Federal reserve notes backed 60 per cent by the bonds and 40 per cent in gold.

However disguised, the purpose of the inflation of currency or the devaluation of the present gold dollar is to debase the present value of our currency in relation to the price of things which the dollar will buy. This was made sufficiently clear by the proposal on January 15 to form a Senate committee "to consider the present value of the dollar with relation to taxes, interest, and debts, and to make recommendations and report a plan or plans for reducing the value of such dollar."

"Going off the gold standard" amounts a good deal to the same thing since it is in effect a refusal to make good the value of a country's paper currency in gold, whereupon the value of the paper dollar falls in terms of gold and of the currencies of other countries. When Great Britain went off the gold standard her pound sterling fell from approximately $4.86 to below $3.20, with the result that what amounted to an equivalent sales tax was placed on all imports (including two-thirds of the foodstuffs consumed). This in effect cut laborers' wages, which previously had not declined with the cost of living to pre-war standards, reduced the cost of manufactured goods, since labor was paid in debased currency, and so placed manufacturers in a better position to compete with foreign-made goods. It also, in effect, lowered the tariff walls of countries still on the gold standard, raised Britain's tariff walls and disorganized foreign trade generally. Incidentally, it forced the French Government to come to the aid of the Bank of France which had previously come to Britain's assistance with a large loan and which lost about $100,000,000 when Britain went off the gold standard. British purchasers of American stocks prior to the change are now in a position to increase their profits materially by selling them on the New York Stock Exchange. Any threat on our part to go off the gold standard would undoubtedly result in wholesale dumping on this market with resultant price depression. Furthermore, the change brought a great deal of gold out of hiding in the form of old jewelry, Indian treasure hoards, and so forth, all of

which commanded a premium in the form of paper currency. Shortly before England went off the gold standard the MacMillan report declared against devaluation in no uncertain terms so that the country's departure from the gold standard must be regarded as unwilling and forced, not as a measure adopted for the country's advantage. While the situation has so far been controlled with great skill, there is no reason to expect that a labor group 80 per cent unionized will not eventually demand higher wages and so offset the principal temporary advantage gained by the country.

The results of inflation in Germany, where an unlimited amount of paper money was issued, were briefly as follows:

First. Commodity prices soared. That is what is promised in this country, and there is no question but what it will happen.

Second. Common-stock prices soared, and that too will happen.

Third. Mortgages and bonded indebtedness, including Government bonds, became worthless.

Fourth. Insurance policies were paid in valueless currency. The classical example is the man who bought a pound of butter with the annuity which was to enable him to live like a prince for the balance of his life.

I call particular attention to the fact that any inflation of our currency will mean that those who have any of it at all or are dependent on insurance policies, whether they be life or fire insurance or annuities, will in the case of inflation get just that much less for their money.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Iowa?

Mr. BINGHAM. Not at present.

Fifth. Prices and the cost of living rose so much faster than salaries and wages that factories were forced to pay off twice a day. Eventually there were labor riots and widespread disturbances.

Sixth. The rentier class was ruined and the savings of the poor were lost. Foolish spending took the place of thrift.

Seventh. Thievery and violence increased.

Eighth. Foreign goods were practically excluded and exports were stimulated.

Ninth. After some years of chaos and disturbance the gold standard was reestablished on a basis of the gold rentenmark.

The United States has tried currency inflation from time to time. After the Civil War the country was flooded with greenbacks. The result was summarized by an old merchant of that day who said, "We used to take our money to the grocery in our vest pocket and bring the groceries back in a wheelbarrow. Now we take our greenbacks in a wheelbarrow and bring our groceries back in our vest pocket."

If the United States could go off the gold standard overnight or establish inflation instantly, she might temporarily secure some of the advantages secured by Great Britain. Unfortunately our Government is so organized that considerable discussion will be necessary before a law can be enacted.

Since the object of inflation is to raise prices and relieve debtors, reasonable assurance that inflation is assured should logically result, theoretically, at least, as follows:

First. The more astute members of the community would withdraw their balances from their commercial banks, convert them into gold and place the gold in safe-deposit boxes with a view to later exchanging it for paper money at a premium or making purchases on an undevalued basis. This would result in widespread bank runs and failures and the ruin of individuals and industries who had loans on call which were demanded by the banks in self-protection. Whenever currency inflation has been seriously discussed, as in the case of the Goldberg bill, gold hoarding has increased. Gold withdrawals and conversion could, of course, be controlled by statute if the legislative steps could be taken quickly enough, though there would be considerable difficulty in passing such legislation in advance of devaluation legislation under our present legislative system. Furthermore, it would be difficult to cover the gold already in safe-deposit boxes.

A flight of gold from the country would also be likely to accompany inflation. Most of the countries off the gold standard have had to enact severe laws to prevent the export of gold. Anyone who has traveled in Europe recently will appreciate the fact that at the frontiers one is stopped and asked whether he is taking any gold out of the country, only a very limited amount, in some cases none at all, being permitted to be taken into the neighboring country. This has recently been evaded to some extent in Germany by the purchase of diamonds, which have been exported and later converted into gold, there being no law against the export of diamonds.

Undoubtedly individuals would withdraw their balances from the savings banks, causing failure of many such banks.

Many individuals would cash their life-insurance policies, which would cause the failure of many insurance companies.

They would sell their bonds, thereby causing a panic in the bond market, further weakening the banks and insurance companies, and postponing indefinitely financing by means of bond issues.

Many persons, realizing what would happen, would foreclose all demand mortgages not containing the gold clause.

They would buy common stocks representing equities in property, thereby causing a repetition of the unhealthy inflation of 1929. Already some of the skillful financial writers of Wall Street are advising their clients to buy common stocks at the present low level, in the expectation that there will be passed some inflation legislation which will greatly increase the value of those common stocks and enable the purchasers thereof to make large amounts of money.

Astute individuals would buy commodities and real estate, thereby driving up the prices of both.

The prices of commodities and the cost of living would rise faster than wages and salaries would be raised, resulting in widespread suffering and disorder. That is not a foolish prophesy, Mr. President; that is what has happened in other countries that have adopted the policy of inflating the currency.

The marginal income of the masses necessary to the purchase of semiluxuries would entirely disappear with the great increase in the cost of essential commodities needed for their living, and, as a result, some of our greatest industries would fail.

Those without employment, those without money, would be in no better position to purchase goods than they are at present, so that the necessity for public relief would be increased rather than diminished, and more public relief would have to be provided as the price of essential commodities went up.

The rush to sell Government bonds would destroy the credit of the Government and the possibility of raising relief funds by means of bond issues.

Anyone owing money on mortgages, or notes, or for rent, groceries, or commodities would be able to pay off their obligations in devalued dollars; provided they could secure any such dollars in the financial chaos which would result from uncontrolled inflation. Those producing commodities, the price of which had been artificially raised by inflation, would be in the best position. There can be no doubt about that, Mr. President. This is an appeal to the farmer raising commodities on the ground that his prices would be better. The preferred class under any such scheme would be the farmers; also the owners of mines and the owners of oil wells and the like who have a definite product to sell for which they could receive higher prices.

Furthermore, the owners of sound common stocks of companies dealing in necessities, especially those having large inventories, would be in a position to benefit greatly. Hence the approval of the inflation scheme by certain individuals in New York who might otherwise be expected to oppose it, and hence the letters sent out by some brokerage houses taking advantage of the belief in the probability of inflation and urging the purchase of sound common stock.

Advocates of currency inflation who are at all familiar with the past history of such movements hope to be able to avoid its disastrous results by some method of "control,"

"management," or legislation. No such method has ever proved successful in the past, and there is no good reason to suppose that our present experts will prove any more successful in harnessing the whirlwind, once it is roused, than their predecessors. Moreover, no two experts agree as to the proper means of control. Let it be remembered, Mr. President, that currency inflation does not increase the wealth of our country or of any other country; it simply transfers existing wealth from the creditor class to the debtor class.

Once this transfer is set in motion, it is difficult to insure that the classes it is desirable to protect, such as insurance companies and savings banks holding mortgages, will survive while private mortgage holders are ruined for the benefit of the suffering farmer. Nature has decreed that the rain shall fall equally upon the just and upon the unjust.

Furthermore, the results of currency inflation are violently destructive to social progress. We are already suffering from the destruction of capital, character, and confidence which resulted from the World War. Capital can be restored only by reestablishing a favorable balance of income over expenditures. This applies to individuals, municipalities, States, and countries. Character can be restored only by the practice of economy, efficiency, and common honesty. Once these are established, confidence will gradually return, and the anomaly of a country possessing most of the world's supply of wheat and gold while millions walk the streets without food or money, will be gradually dissipated.

Any course which leads to the repudiation of just obligations, to an orgy of spending, and to wild speculation, which favors the foolish at the expense of the wise, and which promotes the rise of another class of war profiteers can not possibly restore confidence or add to the social progress of the country.

Believing, as I do, that the main thing is to restore confidence, I hope most sincerely that the proposals for inflation of the currency will be defeated, as was the proposal yesterday for returning to the old silver basis, which was so fully discussed in this country in 1896 and adopted at that time by the Democratic Party, but repudiated by a tremendous vote at the polls that year.

Of course, further steps may have to be taken to protect weak spots, moratoriums may be in order, relief steps are inevitable, but these should be planned in accordance with social progress. Budgets should be balanced. Thrift and economy should be encouraged. Efficient personal, corporate, financial, and governmental management should be enforced. Honesty and integrity should be restored. Confidence will then gradually return. Any such currency-inflation scheme as has been proposed can only result in a further destruction of confidence, deter social progress, and drive us deeper into the mire.

Mr. President, I regret to note that several British statesmen during the past few years have been preaching a doctrine absolutely contrary to that which, followed for generations, made Great Britain one of the greatest financial strongholds in the world, a doctrine which they themselves in years gone by would have been the first to repudiate and reprove in any one of the debtor countries that owed them at that time large amounts of money.

The war has destroyed much that we can see and much that we can not see, and it also appears, Mr. President, as though the war has succeeded in destroying in many of the leading minds in Europe all idea that written obligations must be met if we are to continue to see our civilization advance. Our civilization, I believe, has been built up on credit and confidence, confidence in the ability and willingness and determination of the individual to meet his obligations when and as he is able to do so without demanding that his obligations be wiped off the books because he is in trouble and unable to meet them. The attitude taken by some of the European statesmen in regard to their debts to the United States is utterly amazing. As one reads the statements of some of the leading statesmen in Europe regarding the necessity of so doing, and trying to justify it, one can not find fault with anyone in this country who seeks in any measure to repudiate obligations voluntarily entered into and payable in gold coin.

Mr. President, I hope the time will never come when this country will repudiate any of its obligations, and I trust that we may continue to show the world, whatever the cost may be to ourselves, our willingness to stand by our governmental obligations at their face value as and when issued.

Mr. BORAH obtained the floor.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Idaho yield?

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Oklahoma?

Mr. BORAH. I was going to say, if we are ready to take a vote, I shall not take the time of the Senate.

Mr. THOMAS of Oklahoma. I think we are not ready for a vote. I suggest the absence of a quorum.

The VICE PRESIDENT. Does the Senator from Idaho yield for that purpose?

Mr. GLASS. Mr. President, has there been any business transacted since the last call?

The VICE PRESIDENT. The Chair is advised that no business has been transacted since the last call.

Mr. GLASS. Then I make the point of order that the roll can not be called.

The VICE PRESIDENT. The point of order is sustained.

Mr. BORAH. Mr. President, as I was saying, I do not want to delay a vote if we can have a vote.

Mr. GLASS. Mr. President, I may say to the Senator that a vote seems hopeless, although we are operating under a unanimous-consent agreement which the Senate thought would dispose of the banking bill at some time.

Mr. BARKLEY. Mr. President, we can not even get a vote on amendments that have been agreed on.

Mr. BORAH. Mr. President, I will take only a few moments.

The Senator from Connecticut made reference to me to the effect that I was an advocate of a cheap dollar. If it will suit his taste just as well, I would prefer to say that I am the advocate of an honest dollar.

The insurance companies of Connecticut and other companies loaned the farmers of the United States a vast amount of money which in 1929 amounted to some $10,000,000,000. Since that time they have made practically no loans to the farmers of the United States, and yet, measured by the wealth of the country, the farmers are now indebted to the insurance companies of Connecticut and other companies in the sum of about $30,000,000,000. How did they get this vast unearned increment? By the appreciation of the dollar. Little wonder that the Senator's constituents are complacent and contented. I do not hesitate to say on the floor of the Senate that a dollar which it takes three times as much wheat to buy, three or four times as much cotton to buy, two or three times as many hogs to buy in 1933 as it did in 1929 is not an honest dollar; it is a dishonest dollar.

I am not seeking by any feeble effort of my own to cheapen the American dollar; I am not seeking that kind of inflation which is uncontrolled, such as the Senator referred to; but I do believe, Mr. President, that it is within the power of the great minds of this country to devise a monetary system which will deal equitably and fairly between the creditor and the debtor, between those who must pay and those who are anxious to collect, and I maintain that under the present system and under present conditions that is not the situation which now confronts us.

Mr. President, we are to-day maintaining in this country what is known as the gold standard. I have no desire to go off the gold standard; I have no desire to destroy the gold standard; I think it is an essential factor in our economic and financial world, and I have no desire to destroy it; but I call the attention of the able Senator from Connecticut and others to the fact that while we are on the gold standard, all the other nations of the world, except France, are on a managed-currency basis. Our dollar is appreciating in value day by day. The money of other countries harmonizes with the price of commodities.

And what is the result? The result is that they are not only taking our foreign markets but, over a high tariff wall, they are taking our domestic market. It is alarming to note the extent to which they are underselling our people here at home, and thus adding to the millions already unemployed.

It may be that inflation, or reflation, or change of the currency situation, is not the remedy; but I ask those who criticize the proposal to state to us how they are going to maintain the gold standard under those conditions. We are losing our markets day by day, both foreign and domestic, and never more aggravatingly than at this very hour. How long can that continue without some remedy? And what is your remedy? How long dare we to continue this drifting toward the brink?

Mr. President, money is not wealth. It is simply a measure of wealth, a medium of exchange; and when the situation has changed so that the lender of money can go out into the country and gather up three times the amount of wealth that he could gather with the same number of dollars three years ago, I say the situation calls for the serious consideration of the people who are in power in the United States.

I repeat that what I am hoping for is not a cheap dollar or a dishonest dollar, but a dollar which does equity between the debtor and the creditor.

I am frank to say that I think our remedy lies first in international action. This is true both as to gold and silver. There the safe and sound and efficient remedy is to be found; that remedy should have been sought three years ago. If we can not secure relief there, then we must seek a remedy here at home—more difficult but not impossible. But the situation is imminent, and speedy action is imperative.

Mr. CONNALLY. Mr. President, I listened with some interest to the Senator from Connecticut [Mr. BINGHAM], and with a great deal more interest to the Senator from Idaho [Mr. BORAH]. I want to say just a few words. It will take me only a moment.

The Congress of the United States is being called upon every day to give relief to every branch of industry in the United States. The insurance companies, many of which probably reside in Connecticut, were anxious last year to have the Government come to their relief by loaning them money. They could not realize on their mortgages on farm property. The farmers were not paying their interest. In other words, they wanted relief so that the insurance companies would be lifted up and put on a parity with the gold dollar.

Now the farmers, the agriculturists, are appealing to us, and we tell them that we are going to restore agriculture. How? By pulling agriculture back up on a level with the gold dollar.

Then, the railroads say they are bankrupt, and they are appealing to the Congress to pull the railroads back up and put them on a level with the gold dollar.

So it is with every industry in the United States. They are demanding that Congress relieve them by pulling them up and keeping them on the same level with the gold dollar.

My proposal is, instead of pulling everything else up on a level with the appreciated gold dollar, requiring perhaps a hundred bills and a hundred operations, by one operation to go up and get the gold dollar and pull it down on a level with other commodities and with other values.

Like the Senator from Idaho [Mr. BORAH], I do not want necessarily a cheap dollar or a fraudulent dollar; but I believe that the only way out of these difficulties is to restore gold to its real value, measured by other wealth in the United States.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I do.

Mr. BARKLEY. I do not claim to know much about gold or silver or any other form of money; but suppose we should bring the gold dollar down to such a level that it would be on a parity with all the commodities for which it is now exchanged, and then later these commodities should start back up the hill; what is going to happen to the gold dollar?

Mr. CONNALLY. I will say frankly to the Senator that I discussed that phase of the matter yesterday.

Mr. BARKLEY. I was in committee and did not hear the Senator's speech. That is not a facetious question.

Mr. CONNALLY. I understand that the Senator is not facetious.

I outlined yesterday that there are two phases to the proposition so far as my own views are concerned. One is to pull the dollar down now and revalue it somewhere in the neighborhood of where it ought to be, not with reference to one commodity but with reference to the average of all commodities and all other property. The second is, after we shall have done that—and I have not matured this—then to provide that as to the future, gold bullion shall be stored in the Treasury and not coined, and from time to time the redemption value of a gold dollar shall be changed as the prices of commodities and other values fluctuate.

That answers the Senator.

Mr. BARKLEY. I do not know whether it does or not.

Mr. CONNALLY. It answers the Senator. It may not satisfy him.

Mr. BARKLEY. It replies to me. It may not answer me.

Mr. CONNALLY. It is hard to answer the Senator in that sense.

Mr. BARKLEY. I thank the Senator for his compliment, but really I am serious about this.

We hear a lot of talk about "stabilizing the dollar." I do not know just what that means. If we are to stabilize the dollar so that the dollar is always, every day in the year and every year, to be worth the same, how can we do that without at the same time stabilizing everything else? How can we stabilize the dollar, for instance, in its relationship to the price of corn or wheat or cotton or tobacco, without at the same time stabilizing the price of those products so that they correspond to the stabilized dollar?

Mr. CONNALLY. Does the Senator think the present system stabilizes it?

Mr. BARKLEY. No; I do not. I, of course, am as much dissatisfied with the present system as the Senator from Texas or anybody else can possibly be, and yet I am not sure that any of us have the remedy. I do not know whether all of us together can work it out; but it is not harmful to make these excursions into the forest of knowledge, in the hope that we may cut down a sapling every now and then and run off with it.

I am tremendously concerned about this economic situation. If there is any way to stabilize the dollar so that it would at the same time be dependable and reliable, so as not to stabilize at too low a price, the thing for which the dollar is exchanged, it may be worth consideration; but at present I am frankly unable to see how we are going to stabilize money of any kind unless at the same time we stabilize the things we need and want which we use that money to purchase.

Mr. CONNALLY. I shall reply to the Senator briefly.

Mr. President, let me say to the Senator from Kentucky that under the present system we undertake to measure every commodity on earth by gold. If gold itself were only a commodity, and were not used as money, it would take care of itself, and would go up and down with other commodities, because, being a commodity, it would respond to the economic laws of supply and demand and would vary according to demand for it as a commodity.

I was trying to answer the Senator. Of course I can not answer a Senator who does not want to be answered.

Mr. BARKLEY. If the Senator will pardon me, I was very much interested, and his answer put it into my mind to turn for the moment and ask the Senator from Virginia [Mr. GLASS] a question entirely pertinent to what the Senator has said. Between the two able and distinguished Senators I hope to receive satisfaction.

Mr. CONNALLY. That is all right so far as the Senator from Kentucky is concerned; but I would not be occupying any of this time now except for the interruption and suggestion of the Senator from Kentucky, and it is very difficult

to answer him if in doing so I have to go through the medium of the Senator from Virginia.

Mr. President, let me say to the Senator from Kentucky that if gold were simply a commodity, without monetary use, it would find its proper level among all other commodities. It is impossible, of course, to take up any individual commodity, unless you do it as you do with gold, and stabilize that particular commodity. My tentative suggestion is not to take one commodity but to take a large number of commodities, and, as the average wholesale price varies over periods of months or weeks, to have a gold dollar that will be redeemable in the Treasury at so many grains of gold, measured by that fluctuation of commodities.

The Senator speaks about stabilizing the dollar and stabilizing everything else. Of course, we are not going to be able to peg the price of every commodity in any one fixed place so that cotton shall sell for 20 cents a pound and tobacco for 2 bits a pound—of course not. All we have done now is to measure every other commodity on earth with gold. The result is that we make gold the master of all commodities; and the more governments go on the gold standard, the dearer gold becomes. The greater the scramble for gold, the higher it goes; and the Senator from Kentucky will concede, I believe, that tobacco from his own State maintains to-day no fair relationship with gold according to the standard that it occupied some years ago.

My suggestion is to undertake to counteract some of the artificial value which gold now has by reason of its monetary use, which increases the demand for it by bringing it down more in accord with the world level of the prices of other commodities.

Mr. BARKLEY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I yield.

Mr. BARKLEY. Of course, I am in sympathy with the object sought to be attained by all of our friends here who are economists.

Mr. CONNALLY. I trust the Senator will not be facetious. He said he was not going to be facetious. The Senator from Texas does not claim to be an economist.

Mr. BARKLEY. I was not charging the Senator with being one, but I am suspicious of the word "stabilize."

Three years ago we were told by the present administration—and I do not want to harp now on the dead—that they were going to "stabilize" the farmer, and they have. They have stabilized him to the extent that if he can stay in the stable now he is lucky. I do not want the same sort of stabilizing process to happen to the dollar or to go any farther in stabilizing the American farmer or any other class of the American people. For that reason I am chronically a little suspicious and fearful of the word "stabilize" as it pertains to any legislative effort to fix prices.

Mr. CONNALLY. I did not introduce the word "stabilize." The Senator from Kentucky introduced the word "stabilize" into the discussion. I was not talking about that.

Now I want to ask the Senator from Kentucky a question or two.

Does the Senator from Kentucky agree that the gold dollar to-day is unduly high and dear and that it ought to be reduced?

Mr. BARKLEY. I agree that all dollars, whether they are gold, silver, or paper, are unduly high as compared with the price of commodities.

Mr. CONNALLY. Well, that is the only kind we have. Then he thinks it ought to be reduced, does he not?

Mr. BARKLEY. I think there ought to be a more equitable relation between the dollar and what it buys. All of us can agree about that.

Mr. CONNALLY. Yes.

Mr. BARKLEY. We may not be sure-footed as to what is going to bring that about, or whether any legislation can do it. If I can be shown that any legislation would do that, I would certainly be sympathetic with it; or if any legislation that has been enacted heretofore has contributed to bring about present conditions, which I think has been done, I will say that I would be in favor of instantly repealing that legislation, especially in so far as it affects our trade relations with other nations, and the disadvantage under which large sections of our people operate under these laws that have produced an artificial condition which has at least made its contribution to this unfortunate situation. We are bound to agree, however, that in so far as the dollar—whatever sort of a dollar it may be—fails to purchase what it ought to purchase in the normal condition of business in this country, it is, of course, an artificial and unwholesome condition which ought to be remedied if it is possible to remedy it.

Mr. CONNALLY. The Senator admits that is the condition now.

Mr. BARKLEY. I do; yes, indeed.

Mr. COUZENS. Mr. President, will the Senator yield to me?

Mr. CONNALLY. In just a moment I shall yield. The Senator from Kentucky agrees that all kinds of dollars are too dear now, and that they ought to be reduced. He seems to make some point about gold dollars and other dollars. The reason why I refer to the gold dollar is that all our money now is either gold or is redeemable in gold. It is measured by gold. The difference between the Senator from Kentucky and myself is that I realize that every dollar is too high, gold dollars as well as silver dollars and paper dollars, because they are all redeemable in gold, and I am trying to reduce them, I am trying to bring them down. The Senator from Kentucky realizes that that is true; he wants to bring them down, and yet he is suspicious of everybody who undertakes to bring them down.

Mr. BARKLEY. No; if the Senator will yield there, I am not suspicious of anybody.

Mr. CONNALLY. The Senator said he was suspicious of any plan.

Mr. BARKLEY. I said I was suspicious of the word "stabilize."

Mr. CONNALLY. The Senator from Kentucky used that word.

Mr. BARKLEY. I did.

Mr. CONNALLY. The Senator used it. I am not trying to stabilize them; I am trying to bring them down.

Mr. BARKLEY. Whether we use the word "stabilize" or not, that is the May-pole around which all our intellectual processes march in order to undertake to bring about some degree of parity between commodities and money. Stabilization, of course, does not mean that every day in the year and every year in the century any given product would be sold at the same price.

Mr. CONNALLY. Certainly not.

Mr. BARKLEY. If the law of supply and demand plays any part at all, there is bound to be an area of fluctuation in prices from day to day and from month to month and from year to year. I was not fortunate enough to hear the Senator's speech yesterday, because I was engaged elsewhere, and I do not know what his remedy is for cheapening the dollar.

Mr. CONNALLY. Reducing the amount of gold in the dollar.

Mr. BARKLEY. What effect would that have on the gold dollars that are now in circulation?

Mr. CONNALLY. If a man had one in his pocket, and you could not get it away from him, he could bring that dollar up to the mint and get about $1.50 for it.

Mr. BARKLEY. Then hereafter, of course, the result of that would be the melting of all the dollars that are now in existence, and their recoining into new dollars with about three-fourths the amount of gold in them that is in the gold dollar now.

Mr. CONNALLY. Whatever amount you determine, two-thirds, or 50 per cent, or 75 per cent.

Mr. BARKLEY. What would happen to the other 25 per cent of gold that is left out of the dollar?

Mr. CONNALLY. It would belong to the man who had it, of course.

Mr. BARKLEY. Of course, and he would take it to the mint and have it coined.

Mr. CONNALLY. Certainly.

Mr. BARKLEY. After it is coined at the mint and made into more dollars, the man still has them; they are still his?

Mr. CONNALLY. Certainly.

Mr. BARKLEY. How am I going to get hold of any of them?

Mr. CONNALLY. I need not tell the Senator how the Senator is going to get hold of them. The Senator knows how he gets hold of the dollars he gets now. The Senator would get hold of that many more dollars.

Mr. BARKLEY. Unfortunately, I do not have any bullion and I do not have any gold dollars to be coined.

Mr. CONNALLY. The Senator said he did not have any what?

Mr. BARKLEY. Bullion.

Mr. CONNALLY. Very well. [Laughter.]

Mr. BARKLEY. I was still talking about gold. There are comparatively few people in this country who have any bullion.

Mr. SMITH. Any what?

Mr. BARKLEY. Any bullion. [Laughter.]

The VICE PRESIDENT. There must be no demonstrations in the galleries. If there is a repetition, the Chair will order the galleries cleared. Senators will address the Chair before they interrupt the Senator having the floor.

Mr. BARKLEY. If the Senator——

The VICE PRESIDENT. The Senator from Kentucky has not been recognized.

Mr. BARKLEY. Mr. President, I have been yielded to by the Senator from Texas.

The VICE PRESIDENT. The conversation has been going on longer than it had a right to continue under the rules. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. CONNALLY. I yield to the Senator.

Mr. BARKLEY. I thank the Chair. Unfortunately, most of us do not have any gold, and however small we make the gold dollar we still will not have any. Only those who have gold can take gold to the mint and have it coined into money, and after it is coined into money the original owner of the gold gets the money back.

Mr. CONNALLY. That is right.

Mr. BARKLEY. What I am interested in is to know, seriously, the process by which Dick, Tom, and Harry all over this country who have no gold, and never had any, and never will have any unless they get it in return for something they have that is not gold, are going to get the benefit of this cheaper gold dollar, which will then represent about 75 per cent of the gold that is now in the gold dollar.

Mr. CONNALLY. Mr. President, I can not reply to the Senator fully, because I made a speech here yesterday in which I tried to point all that out, and I can not go all over it again.

Mr. BARKLEY. Mr. President, if the Senator will yield there, if he explained yesterday how a man who has no gold, and no money, can get some of this new gold that is going to be turned out of the mint, I will relieve him of the obligation of explaining it to me now, and will read his speech; but I did not understand that the Senator went into details explaining the minutiæ as to how this money is to be sifted out amongst the rest of us who have not any gold to be coined into money.

Mr. CONNALLY. Let me say to the Senator, if he is serious about his question, that of course a man who has not any gold, as the Senator says, and never did have any gold, and never is going to get any gold, will not get any under this plan or under any other plan. He must have a commodity or services or something to sell or exchange for money in order to get it. The point the Senator from Texas makes is that when you lower the gold content of the dollar you lower the value——

The VICE PRESIDENT. The Senate will please be in order.

Mr. CONNALLY. If the Senator does not want an answer, I can not take all day to answer him.

Mr. BARKLEY. I am trying to listen to the Senator.

The VICE PRESIDENT. The Senate will be in order, and the Chair will call the names of Senators if they do not come to order.

Mr. CONNALLY. I thank the Chair. If the Senator from Kentucky will read my remarks of yesterday, he will see that it is not so much the gold dollar about which we are concerned, but that is the only kind of standard we have. They are all dollars. If we reduced the value of every dollar in existence by one-third, the man out in Kentucky who never saw a gold dollar, if he got hold of a greenback, or a silver dollar, or a thin dime, would get more money than he does now. He would get more by a third. That is the short cut of it. Of course, the man who has actual gold in his pocket——

Mr. LOGAN. Mr. President——

Mr. CONNALLY. Just a moment. I want to finish this statement. The man who to-day has gold bullion can go to the mint and have it coined into dollars. Under the proposed plan, of course, if a man has gold bullion he will do the same thing. Instead of getting $2, he will get $3; but he will still have the same amount of actual gold. The dollar will be worth less money measured by other commodities.

Somebody may say, "That is altogether a bugaboo. You are going to give the men who actually have gold more value than they have." No; that is not a fact. Suppose one has a farm out in Kentucky and there is a mortgage on it. The farm is worth $15 an acre, we will say, under the present standard of a gold dollar. If gold dollars are reduced by one-third, the value of the farm will go up one-third. You are not giving anything to the man who happens to have gold, because by the same token you are giving every other man who has any kind of property which is measured in gold values the same increase in his property that you give the man with the gold dollar who has it recoined.

Now, I yield to the Senator from Michigan.

Mr. COUZENS. Mr. President, I would like to ask the Senator from Texas if there is any different number of grains of gold in the dollar now from what was in it in 1929.

Mr. CONNALLY. Not a grain.

Mr. COUZENS. Then, when the country is complaining about the high cost of living, I assume, under the Senator's theory, he would add more gold to the dollar?

Mr. CONNALLY. How is that?

Mr. COUZENS. I assume, inasmuch as the Senator now wants to reduce the number of grains in a dollar because commodity prices are low, that when the cost of living rises, and people complain about the high cost of living, then he would add more gold to the dollar?

Mr. CONNALLY. If commodity prices went skyrocketing, measured in gold, it would be fair to let gold go up with other commodities, would it not?

Mr. COUZENS. So, as a matter of fact, we do not standardize gold.

Mr. CONNALLY. No.

Mr. COUZENS. But the Senator spoke a while ago of the fact that the trouble was that Congress had standardized the value of gold.

Mr. CONNALLY. We do.

Mr. COUZENS. That is not a fact.

Mr. CONNALLY. I beg the Senator's pardon.

Mr. COUZENS. Because the number of grains of gold in the dollar remains the same whether prices are high or low.

Mr. CONNALLY. Very well. But let me ask the Senator what makes gold worth what it is worth?

Mr. COUZENS. The value of gold has not changed, because there are the same number of grains in a dollar that there always were.

Mr. CONNALLY. But what makes gold any better than a piece of silver?

Mr. COUZENS. What makes it worth any less when prices are high?

Mr. CONNALLY. I am trying to direct the Senator's attention to the fact that the Government, when it decrees that gold, and gold alone, shall be the only money, arbitrarily adds to the demand for gold and gives it a money value which it does not possess as a commodity. A similar thing happened as to silver. When silver was a standard people wanted it as money, and there was a demand for it, and it maintained a higher value that it has to-day. Governments went off the silver standard, people did not need silver for money, and silver went down and down and down, because when it was demonetized it ceased to be money and became a commodity like so much oats or so much wheat. There is less demand for silver. People do not want silver in the same volume, and silver goes down. When India went off the silver standard and went on the gold standard that added arbitrarily to the value of every gold dollar in existence.

Mr. COUZENS. Mr. President, will the Senator yield further?

Mr. CONNALLY. I yield.

Mr. COUZENS. I will ask the Senator this question. In what respect, then, does the Government control the value of gold, when wheat is $2, and a gold dollar buys only half as much wheat as it does now?

Mr. CONNALLY. I am not going to measure the gold dollar by one commodity. We would have to take the average commodity price.

Mr. COUZENS. Let us take the general commodity price, then, and use that as a basis, instead of one commodity. I submit that the Senator is talking in error, because the number of grains in a dollar——

Mr. CONNALLY. Do not change.

Mr. COUZENS. Do not change.

Mr. CONNALLY. Neither does the Senator from Michigan.

Mr. COUZENS. The Senator from Michigan tries not to get off a sound principle, to the effect that the same number of grains of gold remain in a dollar whether that dollar buys 3 bushels of wheat or buys 1 bushel of wheat.

Mr. CONNALLY. The Senator is absolutely mathematically correct.

Mr. COUZENS. If the Senator now wants to cut the gold content of the dollar in half, he would have to multiply it by three or four in times when commodity prices rose to that extent.

Mr. CONNALLY. Not necessarily.

Mr. COUZENS. The Senator can not have it all one way.

Mr. CONNALLY. I told the Senator a while ago that, of course, it would go up if other commodities went up. But I am not tied to that theory. I am concerned right now with revaluing the dollar now so that the people of the United States can pay their debts. Does the Senator from Michigan contend that the gold dollar now has a fair relationship with other commodities?

Mr. COUZENS. No; the Senator does not contend that; but the Senator contends that when wheat or other commodities are raised 300 per cent, there is the same justification for adding more gold to the dollar that there is for taking it out.

Mr. CONNALLY. I said that. I agreed with the Senator.

Mr. COUZENS. Then, I ask the Senator, how often and in what range we must vary the gold content of the dollar?

Mr. CONNALLY. I say to the Senator, as I have said all along, I have not matured the details of the plan; but there are a number of plans, as the Senator knows. The Goldsborough bill, which passed the House of Representatives, contained a plan for varying the value of the dollar from time to time according to commodity prices. I am not prepared to-day to tell the Senator in detail whether I would change it every week or month or year or six months, or what. I have not matured the matter to that extent, but certainly the principle is the same.

Mr. COUZENS. Will the Senator yield further?

Mr. CONNALLY. Yes; I yield.

Mr. COUZENS. The Goldsborough bill did not propose to change the gold content of a dollar. The Senator referred to the Goldsborough bill. The Goldsborough bill did not propose that at all.

Mr. CONNALLY. It did propose this: It proposed to regulate the value of currency and money in volume by the index of commodity prices, did it not?

Mr. COUZENS. No; the Senator is in error, I think.

Mr. CONNALLY. Will the Senator enlighten me?

Mr. COUZENS. Yes; I will try.

Mr. CONNALLY. I thank the Senator. He probably has a better knowledge of that bill.

Mr. COUZENS. No; I think not. The Senator knows the high regard I have for him. What it did was to stabilize the prices of commodities, not by the variation of the gold content of the dollar. What was proposed was that when the commodity prices went below an average over a period of years, then money would be inflated.

Mr. CONNALLY. For what reason?

Mr. COUZENS. For the purpose of keeping the commodities at a stable price level, not the money.

Mr. CONNALLY. But the Senator knows that the money——

Mr. COUZENS. Wait a minute! I know the Senator's exuberance and his anxiety to debate the question. There was no consideration given in the Goldsborough bill to changing the gold content of the dollar. What was proposed was that when the commodity prices got below a certain average the money would be inflated in an effort to maintain the commodity prices at that particular level. There was no discussion of changing the content of the dollar. Then, when prices got too high above the general average, the deflation was to discontinue and to be absorbed so as to maintain the level of commodity prices, always based, however, on the content of the gold dollar being somewhere about 23 grains.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). The time of the Senator from Texas has expired.

Mr. CONNALLY. I very much regret that I have not sufficient time to answer the Senator from Michigan.

Mr. LOGAN. Mr. President, I have no desire to delay a vote and I shall occupy only a few moments of the time of the Senate.

As I understand the plan of the Senator from Texas [Mr. CONNALLY], he proposes to reduce the value of the gold dollar by one-third. If we have $5,000,000,000 in gold then that would increase our gold dollars to about $6,800,000,000 or $7,000,000,000, or something like that, roughly speaking. Then, with the present coverage of gold of 40 per cent behind the gold currency, we would have $12,500,000,000 of currency, but if we increased the value of the number of gold dollars to $7,500,000,000 and we would still have a coverage of 40 per cent, then we would increase the currency that might be issued, based upon our gold dollar, to about $17,500,000,000 of money.

If that be true it seems to me the Senator from Texas could achieve his end by amending the law and reducing the coverage in gold as the basis for the issuance of currency. If he could reduce that and say the proportion should be 30 per cent gold and 70 per cent something else, we would get more currency without reducing the value of the gold dollar and without reducing the number of grains in the gold dollar. That is all.

Mr. LONG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Louisiana?

Mr. LOGAN. I yield.

Mr. LONG. I do not want to take credit for the idea, and I am merely trying to propound the question second-hand, because it was suggested to me by another Member of the Senate.

How are we ever going to get out from under this very crude structure where our commodities are only worth one-fourth or one-fifth of what they were and our indebtedness is based upon commodities yielding an amount five times what they now yield, unless we bring up the commodities or

level down the currency structure, one or the other? Does the Senator see how we can ever get out otherwise?

Mr. LOGAN. No; I do not. If we increase the quantity of currency or if we artificially reduce the value of the dollar, that is a pro rata repudiation of outstanding debts and obligations. If we would talk about it in that light, I think we and the country would understand it better. If a man can pay his debts now with dollars worth only two-thirds of what they were worth when he created the indebtedness, of course there has been repudiated for him one-third of his indebtedness. We could reach the same end by reducing the interest rate on long-time bonds or reducing the amount that has to be paid to retire the obligations of farmers. If the farmer is paying 6½ per cent and if that could be reduced until he could pay the same debt in a period of 30 years at 3½ per cent, that would be a repudiation of nearly one-half of his indebtedness.

Mr. LONG. The Senator uses the word "repudiation."

Mr. LOGAN. I mean a lawful repudiation as against a bankruptcy repudiation.

Mr. LONG. After the war, along about 1920 or 1921 or 1922, there were a number of contracts outstanding between street railroads and electric-light companies under which certain services were agreed to be given to cities and towns. For instance, street-railway fares were, most of them, fixed at 5 cents per passenger and railroad fares were fixed in most contracts at 3 cents per mile. Our court made a repudiation of its own of that contract simply by saying the dollar had become so cheap that it would not longer buy the services or the commodities, and the court set aside those contracts.

Mr. LOGAN. Because they were confiscatory.

Mr. LONG. It was held at that time to be a regulation; that the changed condition required that the contracts should be changed. While not confiscatory at the time they were made, nevertheless it was held they had become confiscatory. Is there any difference in the condition we have to-day? Have not the same contracts become confiscatory when a man borrowed enough that 4 bales of cotton would pay his debt and now 16 bales would not pay the same debt? Does not the Senator think the same rule applies?

Mr. LOGAN. I would not attempt to discuss the matter from a legal standpoint. We are confronted with a condition rather than a theory. It is impossible, absolutely impossible in my judgment, for the American people to pay their private debts or their public debts. The sole question is whether there shall be some relief through law or whether the matter shall be liquidated through bankruptcy and foreclosure procedure.

It has been said by the distinguished Senator from Virginia [Mr. GLASS], and approved I believe by my colleague from Kentucky [Mr. BARKLEY], that the banks have plenty of currency. Probably that is true of the larger banks. I do not know. But if we meet 100 men on the streets of this or any other city in the United States, if any Senator will go into the farming communities or the manufacturing communities or the mining communities and ask 100 men that he may meet what they need most, every one of them will say money and that they can not get it.

If we have plenty of currency—and I do not dispute it because I do not know much about these matters—we ought to be able to do something to start it moving. The velocity of circulation is just as important as the quantity of money. If we have the money, as suggested by the very able Senator from Viriginia—and there is not a man in the United States I hold in higher regard than I hold him—then I ask him and the other Senators and the Members of the Congress as a whole, what can we do as the representatives of the people to make the money available to those who are losing their property daily, who can not buy the necessaries of life and who can not pay their interest, the value of whose property has absolutely been destroyed until they have nothing to offer the banks or anyone else to enable them to procure the money.

I am not so much concerned about what kind of currency we are going to have or what kind of currency we do have so long as it is good and sound. But I want some one to tell me how we can devise a plan that will enable the suffering, starving, failing men of America to obtain the money that they need to restore their purchasing power and to carry on their business.

Mr. GLASS. Mr. President, at some suitable time I would be perfectly willing to give my friend from Kentucky, whom I highly respect, an answer to his question, but an answer at this time would serve no purpose whatsoever.

Mr. President, we consumed eight hours of the time of the Senate yesterday in discussing problems that have no more relation to the pending bank bill than the Boxer revolution in China 25 or 30 years ago. Now we have spent 5 hours and 10 minutes to-day doing exactly the same thing. I should like to know when we are going to vote on the amendments to the bill. The pending amendment to the bill, as the managers of the bill have tried to indicate, is not objectionable, and we are perfectly willing to accept it. We think the Senate ought to vote on it.

If there is to be interminable discussion of matters that have no relevancy at all to the provisions of the bill we not only will not get through with this bill, but we will not get through with any remedial or helpful legislation such as the people have been calling for at this session of Congress.

I appeal to Senators to let us vote on the minor and unobjectionable amendments to the bill. Then if there should be any controversial provisions remaining—and I think there is but one and that might be quickly disposed of—Senators may talk upon those controversial provisions of the bill. But why should we lose the time of the Senate in this way? Twenty days have gone by on this bill alone and nothing done, at very great expense of the taxpayers of the country. We are discussing something that is not here for decision, something that some of us regard as impossible of solution, and something that is not proposed now to be decided in any way. Therefore I hope we may have a vote on the pending amendment.

Mr. THOMAS of Oklahoma. Mr. President, the rules of the Senate require that a Senator addressing the Senate shall face the Chair and address the Chair. I ask unanimous consent and permission of the Chair that I may temporarily address the Senate, which will necessitate having my back to the Chair a portion of the time.

The PRESIDING OFFICER. The Senator from Oklahoma will proceed.

Mr. THOMAS of Oklahoma. If I may have the attention of Senators for a few moments, I would like to give to them some facts for their consideration. Let me say as a preface that in my judgment the speech just made by the distinguished senior Senator from Idaho [Mr. BORAH] is worth more to the people than this entire session of Congress will cost the people of the United States.

Mr. President, I have waited for 10 years to have an opportunity of witnessing the Senate seriously considering the money question and by the money question I mean the management of money, and the amount of money and credit, upon the business of the country.

The first thing I call to the attention of Senators is the United States Department of Labor commodity index. This is presumed to be the most stable thing that the genius of mind has developed. Even gold is valued by this index. It is made up of the average of all wholesale and commodity prices. Let me call attention to the following facts:

As measured by this index of values the cheapest dollar we have had in recent years was in May, 1920. In May, 1920, the dollar was worth $0.598, or, in other words, five hundred and ninety-eight one-thousandths of a dollar. For the purpose of the argument, I am going to suggest that a dollar at its lowest period was 60 cents in May, 1920. The highest priced dollar that we have had in recent years—I just said that the cheapest dollar was in May, 1920. That was at a time when we had the largest amount of money in circulation—and by "money" I mean gold, silver, and paper currency that one can spend with a stranger.

In December of last year, 1932, we had the highest dollar that this index has recorded in recent years. At that time the dollar was worth 159⁷/₁₀ cents; in other words, to make

the figures even, the dollar in December last was worth 160 cents. I hope the Senate will get these figures. In May, 1920, when we had plenty of money, the dollar was cheap and only bought 60 cents in value for a hundred cents, so to speak, while in December last month, when we had no credit, and what we had was frozen, and when only a little money was in circulation, most of it being hoarded, we had the highest priced dollar in recent history—a dollar worth 160 cents.

Let me apply, if I may, these figures to present conditions. In May, 1920, I said the purchasing power of the dollar was 60 cents. That was when the bulk of these debts was contracted; that is when we had $26,000,000,000 of Government bonds outstanding. In May, 1920, those bonds in buying power were worth but 60 cents on the dollar. What are those bonds worth to-day? Of the original $26,000,000,000 issue some $20,000,000,000 remain outstanding. In 1920, $20,000,000,000 of these bonds were worth, in buying power, only some $12,000,000,000, but to-day those bonds are worth not 60 cents, but 160 cents on the dollar. Hence the bonds we have outstanding—some $20,000,000,000—to-day have buying power in the sum of $32,000,000,000.

Let me call attention to a second proposition. Interest on these bonds has likewise increased in value. Not only have the bonds gone up in buying power but the interest, which the people likewise must pay, has gone up. The interest on the bonds is about 3½ per cent; the bonds have gone up from 60 to 160 per cent. So the interest to-day in value is not 3½ per cent on $20,000,000,000, but has increased correspondingly in buying power.

Let me call the attention of the Senate to a third proposition. Last winter two eminent economists, Doctor Warren and Doctor Pierson, before the Banking and Currency Committee, in the consideration of the Goldsborough bill, testified that in 1929 the people altogether owed some $200,000,000,000 in debts. Is that the value of those debts now? Much of this indebtedness was incurred prior to and immediately after 1920. When most of these debts were created the dollar was worth only some 60 cents. To-day, to get rid of this indebtedness, we must pay with 160-cent dollars.

Mr. LONG. What I have apparently been unable to get anybody in the Senate to observe is this: In 1920, when the dollar was worth only 60 cents, the Supreme Court of the United States annulled thousands of contracts, private and public, saying that the regulation of the Government was such that it was necessary to revalue the services to be performed on the basis of the value of commodities as of that time. They took a 5-cent railroad fare and made it 8 cents; they took a 2-cent railroad fare and made it 3.6 cents; they cancelled electric contracts and raised them because the dollar had fallen from a dollar to 60 cents. Yet we are breaking the camel's back trying to go against a rule that nobody on earth can dispute.

Mr. THOMAS of Oklahoma. While the massed debts of all the people are estimated to total some $200,000,000,000, yet to liquidate such indebtedness it will take some $320,000,000,000 of value as measured by the present hight-priced dollar.

To-day the people must not only pay high-priced dollars to liquidate their loans but, in addition, they must get high-priced dollars with which to pay the interest.

Let me call the attention of the Senate to another proposition—the tax burden of the Nation. It costs the people of the United States $5,000,000,000 to run the National Government. It costs the people of the States, the cities, the counties, and the districts $7,000,000,000 more to pay their local expenses. Seven and five make $12,000,000,000 of taxes the people must pay each year to meet their tax obligations. But can they pay with $12,000,000,000 of value? Most certainly they can not. Instead of being able to pay with $12,000,000,000 of value, they must pay in these high-priced dollars. Make the computation from the best standard we have and the people, in order to pay their taxes, must part with wealth in the total sum of $19,200,000,000. No wonder the people can not pay their taxes!

The distinguished leaders of this body on both sides and the sponsors of this bill are gone. They will not listen. Mr. President, let me say here that this discussion is joining, in my judgment, the most important issue that this Nation has ever faced. Already upon this bill cloture has been sought to be invoked; then yesterday, before the discussion on an important amendment was concluded, a motion was made to table; and to-day the author of this bill made the threat that cloture was coming again. Well, Mr. President, we must first get rid of the unanimous-consent agreement before cloture can be in order, and if the unanimous-consent agreement is voided and cloture is ordered, such action will further accentuate this issue.

Mr. President, I have some rights on this floor. I have a commission from one of the great sovereign States of this Republic. That commission is about to expire. And when it does, I have a new commission to stand here, if I live, for six years more. During the six years I have been here I have seen many Senators come and go; and during the next six years, if I live, Mr. President, I shall see other Senators go. But again to the discussion.

I was talking about the tax burden, Mr. President. Let me briefly recapitulate. The American people to-day owe value covered by bonds, notes, installments, and mortgages in a total sum of over $320,000,000,000. The people owe interest on this gigantic debt, and such interest must be paid with these high-priced dollars. In order for the people to pay their interest and their taxes, they must part with more value—caused by the excess buying power of the dollar—than the total value of the national income at this time. Yet, we wonder why taxes can not be paid, why interest can not be paid, and why millions of our people are walking the streets looking for shelter and begging for food.

Yet, Mr. President, distinguished Senators allege that if we cheapen the dollar one iota, we thereby are debasing the dollars of the people of the Nation.

Mr. President, interest and taxes alone based upon this high-powered dollar are more than the annual income of the people of the country.

Mr. President, let me next call the attention of the Senate to the excesses—the values the people have to pay more than they should have to pay. What is the excess on the massed debts of the people?

The people owe two hundred billions. In value they are worth three hundred and twenty billion. There is one hundred and twenty billions of wealth, of value, in the hands of those who hold fixed investments that they did not earn and that they have no right to; yet the distinguished Senator from Connecticut [Mr. BINGHAM] this afternoon stated that if anything was done to cheapen the dollar, the creditor class would be injured and ruined. Well, Mr. President, we could take $120,000,000,000 of wealth from the holders of fixed investments and they would suffer no injury. When we take it from the creditor class that did not earn it, hence does not deserve it, and put it back in farm values, in city real-estate values, and in commodity values, no harm has been done such creditor class—only simple justice to the people of the Nation.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. THOMAS of Oklahoma. For a question only.

Mr. TYDINGS. I should like to ask the Senator if he recalls that in 1920, when prices went higher than the value of the dollar by parity, and an effort was made by the Federal Reserve Board to bring down the prices, the agricultural population of the country, among others, rose up in righteous wrath? Also, while I am no great admirer of Mr. Mellon's talents, may I ask the Senator if he does not remember that prior to the debacle of 1929, when Mr. Mellon warned the country that this very thing would happen, he was denounced in every stock-broker's office, in every farming community, in every business house, as a man who wanted to wreck the prosperity of the Nation?

Mr. THOMAS of Oklahoma. Mr. President, I have tried to say on numerous occasions here that I think the dollar

was too cheap in 1920. It was worth only 60 cents. I stand for a 100-cent dollar based upon the commodity index of 1926. That was the time when wheat was bringing some $1.50 a bushel, when corn was bringing around $1 a bushel, when oats was bringing around 60 cents a bushel, when cotton was bringing around 20 cents a pound.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. THOMAS of Oklahoma. I yield for a question.

Mr. TYDINGS. If the Senator's plan is adopted, when the price of agricultural products goes above the normal price of the dollar, will the Senator favor legislation which will bring down the price of agricultural products?

Mr. THOMAS of Oklahoma. Absolutely; and I have spoken to that effect many times here.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. I do not mean to question that the Senator would keep his word; but may I say that when he attempts to bring down the prices of agricultural products, he will find about 2,000,000 of the angriest farmers he ever saw right outside the doors here who will want to know why their prosperity is being taken away from them.

Mr. THOMAS of Oklahoma. I am not trying to "bring down" agricultural prices; instead I am trying to raise such prices. I am trying to place some value back in farm lands. I am trying to put some value back in wheat. I am trying to put some value back in cotton, and in corn, and in hogs, and in horses, and in cattle, and in all the things the people produce with which to get money to pay their interest and to pay their taxes; and yet Senators here insist that those who have this wealth that they did not earn, and that they do not deserve, should be permitted to keep it!

Mr. WHEELER and Mr. TYDINGS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield; and if so, to whom?

Mr. THOMAS of Oklahoma. I yield first to the Senator from Montana.

Mr. WHEELER. Mr. President, I should likewise like to call the attention of the Senator from Maryland to the fact that Mr. Mellon and Mr. Hoover, instead of trying to bring prices down to meet the dollar, continually said, "Do not sell the country short!" They were constantly bulling the market every time it started to waver in the slightest degree; and if anybody is responsible for the inflation of 1929, it was the Coolidge-Hoover régime.

Mr. TYDINGS. Mr. President, will the Senator from Oklahoma yield for a question?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield further?

Mr. THOMAS of Oklahoma. If the Senator will permit me, I want to finish this line of statistics, and I can do it in a few moments. Then I will yield to the Senator from Maryland because he is interested in this particular question.

Mr. TYDINGS. Then may I ask a question which has some pertinency to that very thing?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. I do not mean to say that what the Senator says is not logical about keeping some relationship between money and commodities; but what I should like to ask the Senator is, after we have listened to this debate on the floor this afternoon, whether it would not be well to have a stabilization of facts; namely, the appointment of an outstanding group of monetary experts who could go into this matter and present to the Senate a plan which would be sound, based upon experience and training, rather than to take panaceas which are offered here in the turmoil of a legislative session which is only 80 days long to begin with?

Mr. THOMAS of Oklahoma. I am delighted to have this concession on the part of the distinguished senior Senator from Maryland. I agree that that would be a fine thing. In support of that concession, let me call attention to these facts——

Mr. TYDINGS. Mr. President, will the Senator permit one more question, and then I promise not to interrupt him again?

Mr. THOMAS of Oklahoma. Briefly.

Mr. TYDINGS. I am considering, may I say to the Senator, proposing an amendment to the proposition of the Senator from Mississippi [Mr. HARRISON], now pending, to appoint a commission to see what, if anything, can be soundly done to bring in a remedy that will at least have the best thought that this Nation can produce to equalize this condition, first of inflation and then of deflation, which causes sadness and sorrow and suffering from time to time.

Mr. THOMAS of Oklahoma. That is a most constructive suggestion.

Now, may I say for the special benefit of the distinguished Senator from Maryland that I have prepared the following figures. I knew he was going to ask that question; and if he will give me his attention, I think he and I can come to an agreement.

I have proceeded, in the balance of my figures, on the assumption that the dollar, in buying power, should be 100 cents, not a 60-cent dollar or a 90-cent dollar, but a 100-cent dollar, and not a $1.25 dollar or a $1.60 dollar, as it is to-day.

If my figures are correct, and we do have two hundred billions of debts outstanding, most of those debts are interest-bearing. The average rate of interest on those debts is 5 per cent. So the people must raise, on the basis of a 100-cent dollar, ten billions of such dollars with which to pay their interest. They can not pay it with $10,000,000,000 in value, however. They must pay it with a 160-cent dollar, which makes it necessary to raise sixteen billions of wealth to pay the interest. There is an excess demand on account of interest in the sum of $6,000,000,000.

Mr. TYDINGS. There is no question about that. That is what we are all here to deal with, but may I submit to the Senator that it is perfectly apparent that the remedies which are being offered do not inspire the Senate with confidence.

Mr. THOMAS of Oklahoma. Mr. President, if we can inspire the Senate with a determination to do something, we shall have accomplished our purpose.

Now the second proposition—taxes.

If my figures are correct, that it takes $5,000,000,000 to run the Nation and $7,000,000,000 to run the States and local governments, then our total tax bill is some $12,000,000,000; so with 100-cent dollars it would take $12,000,000,000 to pay our taxes, the overhead expenses of government. But we can not pay with $12,000,000,000 of value. We must pay with 160-cent dollars; so to pay the twelve billions we must raise $19,200,000,000 in wealth to pay our taxes. There is an excess of some $7,200,000,000 in value or wealth the people must raise to liquidate their taxes for local, city, State, and Federal governmental purposes.

Mr. TYDINGS. Mr. President, not only is the Senator right, not only must they raise that much, but may I observe that 12,000,000 of these people are out of employment. There are a million farms sold under mortgage foreclosure. Five thousand banks have failed. I am not standing up here arguing that we are in a period of prosperity, but it is perfectly apparent that we are not going to get any adequate remedy by the character of debate that is going on here. It is simply wasting time without accomplishing anything.

Mr. THOMAS of Oklahoma. Let me summarize again. The people, in order to secure these high-priced dollars with which to pay their obligations, must part with $6,000,000,000 more in value to pay the interest on their debts. They must pay $7,200,000,000 more in excesses on their taxes. These two items alone total $13,200,000,000 that the people must pay that they should not pay, and all because of the present high-buying power of the dollar. It is a dishonest act to force the people to pay this increased value to satisfy the creditors and the tax gatherer. The States are powerless to act. The cities and the counties, likewise, are overpowered with this high-priced dollar. Who can help? Who can give

relief? Only the Congress of the United States; and we are sitting here idle, impotent, and dumb.

Mr. GLASS. Not dumb.

Mr. TYDINGS. Mr. President, will the Senator yield? I do not mean to say that Congress can not do some things. I think we can agree on a lot of things; but one thing we can not agree on is the method of changing the value of the American dollar without the very best testimony from the very best experts within the limits of this Nation. If we do not have that, no man is enough of an expert upon monetary matters, except perhaps, in a few cases, to vote for a remedy that is proposed here just because the conditions exist.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. WHEELER presented telegrams and a letter in relation to Senate bill 4412, the pending banking bill, which were ordered to lie on the table and to be printed in the RECORD, as follows:

MISSOULA, MONT., *January 23, 1933.*

B. K. WHEELER,
United States Senate:

Understand that you and other Senators are being bombarded with telegrams urging support of the branch banking features of the Glass bill. I want to assure you that if such telegrams are being received in considerable numbers, they do not reflect the opinion or the desires of the great mass of the people of this State and do not reflect the views of 1 per cent of our business and professional men. The best banks in this State at this time from point of view of soundness and service to the State are the independent banks. In the opinion of unbiased observers Montana's experience with chain banks had been an unhappy and an unfortunate one. It is these same chain banks who are attempting to extend their power in a wrong direction through the Glass bill, and it is they who have inspired the propaganda now reaching you. As usual the people of Montana appreciate and are grateful for the position which you are taking upon this bill.

WALTER L. POPE.

COFFEE CREEK, MONT., *January 24, 1933.*

Hon. B. K. WHEELER,
Care Senate Office Building, Washington, D. C.:

Please kill branch banking bill. Most damaging institution in Northwest. Does not respond to needs of our people. We strenuously object to Mr. Glass in Roosevelt cabinet.

COFFEE CREEK FARMERS UNION (INC.),
T. S. PLATTS,
Manager Coffee Creek Taxpayers Association.
W. F. CRISWELL,
Secretary Coffee Creek Community Club.
F. A. CHAMBERLAIN, *President.*

THE FIRST NATIONAL BANK,
Wibaux, Mont., January 21, 1933.

Senator B. K. WHEELER,
United States Senate, Washington, D. C.

DEAR SENATOR WHEELER: I have your letter of January 18 referring to a telegram supposedly to have been sent by me for you to support the Glass bill. I do not understand this because I never sent any such telegram. I wired you immediately:

"There must be somebody sending phoney telegrams to support Glass bill. I am opposed to Glass bill, and every other independent banker here is. Some big banks must be putting over a fast one again."

Now, the matter of fact is that the two big chain banks of Minneapolis wired us independent bankers to meet them at Glendive, none of us knowing what they wanted, in fact, they wired us to meet a particular officer on an important business matter. When all the independent bankers got there, they found that these Twin City bankers or chain banks wanted the independent bankers to indorse the Glass bill. The discussion at the meeting was that very few independent bankers knew anything very much about the Glass bill, but one thing was—and they were almost unanimous in this opinion—that section 19 of the Glass bill, allowing branch banking, was a death knell to the independent banks and with branch banking throughout the United States, it would only be a short time when Wall Street would own all the finances of this great country.

Therefore a great number of us independent bankers sent you telegrams stating for you to oppose this bill and especially section 19.

This telegram, of course, was sent by one of the officers of the chain banks, and he must have made a mistake or something because his telegram did not convey to you our wishes.

You will find, Senator, that every independent banker in this Northwest is with you and Senator LONG and Senator THOMAS in opposing the Glass bill; and we hope that you will be successful, for you Senators are the only Senators there that are really representing your people at home, and the wishes of your people at home, and we trust that you will defeat it if possible.

We didn't believe that anybody could make a mistake as these boys in the Twin Cities have, and it looks to me like a child could see what the Glass bill would do to us if passed in its present form.

Yours for success, I am, yours very truly,
P. A. FISCHER, *President.*

Mr. REED. Mr. President, on December 14 the Senate ordered to be printed as a Senate document one of the annual studies made by the War Department of battlefields within the United States for commemorative purposes. In printing that document, a mistake was made in garbling a table which was contained in a report, and a mistake was made by myself in not offering with the report two maps that accompanied it. They can be printed with the facilities of the Government Printing Office without difficulty.

I now ask that the report, as it should have been printed, be printed again as a Senate document, with the inclusion of the two maps that accompany it.

The PRESIDING OFFICER. Is there objection?

Mr. GLASS. Mr. President, I have no objection to that if it may be done without being regarded as the transaction of business.

The PRESIDING OFFICER. The Chair knows of no way in which that can be done.

Mr. GLASS. Then I shall be compelled to object to it just now.

The PRESIDING OFFICER. The Senator from Virginia objects. The question is on the amendment submitted by the Senator from New Jersey [Mr. KEAN].

Mr. LONG. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. If the Senator from New Jersey [Mr. KEAN] wishes the floor, I will yield to him.

Mr. KEAN. No; I do not wish the floor. I want a vote.

THE ABYSS YAWNS FOR ALL

Mr. LONG. Mr. President, I have not consumed a single minute. We have been in session here nearly six hours to-day. I felt constrained to say nothing at all, and I have not said a word about this amendment.

I do not want to divert the Senate from its discussion of the money question, because I must frankly say that I think a great deal of good has been done by the discussion here to-day. I think it should be said to the credit of the Senator from Virginia that his bill, whether or not it is desired by us all, has served as the means of education and discussion of value in the Senate on the money question.

The Senator from Maryland [Mr. TYDINGS] has said to the Senator from Oklahoma [Mr. THOMAS] in effect, that he ought to be willing to increase the gold content of the dollar or the purchasing power of the dollar when it is abnormally low.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Maryland?

Mr. LONG. I yield to the Senator from Maryland.

Mr. TYDINGS. I shall have to take issue with that. I do not want to be put down as adopting any one of these panaceas that have been offered. I do embrace the general idea that if we can soundly lessen the evils of too wide a fluctuation in commodity prices, it should be done.

My own humble opinion is to the effect that a restoration of world trade, many measures that could be projected to stabilize the currencies of silver countries, a fair consideration of war debts, and an adequate amount of disarmament to a peace-time basis will in themselves accomplish what the Senator from Oklahoma seeks to accomplish by his inflation measure.

I for one think that the "four horsemen" of this depression are riding outside the Congressional corral. They are in the field; they are in international pastures, and they can not be roped by us entirely here. We can help, but they will have to be settled in large measure through international diplomacy and conference and accord; and one reason why I do not want to vote for any of these intermediate measures is because I fear they will delay the ulti-

mate and sound solution which must come in the way I have just mentioned.

For that reason I would not object to a study of this question, but I would not want to do something which would only hamstring the efforts of those in places of high authority which, I believe, will be made after the 4th of next March.

Mr. LONG. Mr. President, the Senator from Maryland calls to my mind a little expression of a certain gentleman back a number of hundred years ago, who went to a Great Teacher and told Him his ideas of what might be eternal life. When he had stated to the Great Teacher, or the Savior, what he thought should be the fundamental ideas of eternal life, the Savior turned to him and said, "Thou art not far from the kingdom."

Had my brilliant friend from Maryland included in the list of wrongs which he gave the further statement that we could not concentrate the wealth of the land in a few hands, he would have himself prescribed a panacea for this trouble in which we now find ourselves. He is near the kingdom, and I want to compliment my friend.

Mr. President, there is a great deal of satisfaction on this further score. It appears that this idea of the law is being cleared up in our minds. The Senator from Oklahoma and the Senator from Maryland have done a great deal here in a few minutes along that line.

When, in 1920, the dollar was worth 60 cents, there were contracts between the Government and the railroads, there were contracts between the States and the railroads, there were contracts between the cities and the street railways and the cities and the electric-light companies, providing for certain charges for service, viz, 5 cents a ride on the street railways, 2 cents a mile in some instances on the steam railroads, as much as 1 cent a kilowatt-hour for electricity, as low as 5 cents a thousand cubic feet for gas; and distinguished lawyers, such as the gentleman who now leaves the Chamber [Senator REED, of Pennsylvania, left the Chamber], went before the Supreme Court of the United States and said, "These contracts do not mean anything. The amount fixed in them is not worth the paper it is written on. In the general interest of society, the dollar must be considered as worth what it will buy, and the power of the Government to regulate overrides the sanctity of contracts."

The Supreme Court of the United States said to the gentlemen at that time representing these interests which wanted to revalue the dollar, that the contracts made by the Government with the railroads were of no value, that they had to be under the regulating power of the Government, which had to be reasonable, and that while that regulated fare might have been reasonable 10 years before, it had become confiscatory for that year, because the dollar had fallen to 60 cents. The same thing applied to the street-railway fares. While the 5-cent fare was legal, having been made when the dollar was worth a dollar, in 1920, when the dollar was worth only 60 cents, the franchises stipulating the fares were no longer valid contracts, but had to be gaged and revalued on the basis of what the dollar would buy in service and products at that time.

All contracts were wiped out that the people had because the value of the dollar had fallen. It would no longer buy what it once bought, and the sanctity of contract, about which they now talk, went as the night, went as the mist before the sun. They were canceled by the thousands because, said the Supreme Court of the United States, the dollar would no longer buy what it once would buy, and the 5-cent fare must be 8 cents, the 2-cent railroad fare must be 3.6 cents, electric-light contracts for a cent a kilowatt were canceled and the rate was made 3 cents, the 5-cent charge for a thousand cubic feet of gas was made 14 cents; and all over the length and breadth of this country the very banking interests which owned the railroads and corporations then, which owned the banks then, and which own them both now, succeeded in having canceled contracts which had been made all over this country in order to protect the vested right of property.

Now the shoe is on the other foot. The dollar is no longer worth 60 cents, as it was in 1920; it is no longer worth a dollar, as it was in 1926; it is now worth $1.60, and now we come and say, "You have had to wipe out contracts, you have had to use the power of regulation of the United States and of the States and of the municipalities in order that human life and property might be regulated, in order that this society might continue, and now, when we come back and say that we can not get now $1.60 dollars to pay the debts we made when the dollar was worth 60 cents, you hold up your arms and holler 'the sanctity of contracts,' when you have canceled millions of dollars of contracts made when the dollar fell to 60 cents."

Society is not only at the water's edge, as the distinguished Senator from Arkansas said this morning; society is in the middle. The water is flowing over the head of struggling humanity to-day because, at the value of commodity prices, interest on the public debt and the taxes to be paid in the United States alone, based upon the standard value of commodities, amount to $45,000,000,000 per year, and there is not $45,000,000,000 of income in the United States to-day. It can not be paid. It is known it can not be paid. The only thing that can be done is to put the human race through the wringer until what property and life remain are more concentrated in the narrow funnel than they are to-day.

There is nothing whatever to the contrary legal proposition, no sound basis for it. What are we going to do? We sat here yesterday and voted down the amendment offered by the Senator from Montana and the amendment which I offered. I do not care whether the Senate takes the amendment the Senator from Montana offered or the amendment I offered, or the amendment which the Senator from Oklahoma suggests, or the one the Senator from Texas suggests, or an amendment anybody else suggests. The fact is that the people of the United States can not pay the taxes and interest of this country on the income based upon the commodity values of to-day.

Then, getting back to the private situation, the private debts, as the Senator from Oklahoma amply shows, amount to $200,000,000,000, gaged upon the 60-cent dollar; $200,000,000,000 of debts were made in this country based upon the 60-cent dollar. To-day those debts amount to $550,000,000,000, based upon the same 60-cent dollar, because it is now a $1.60 dollar. And how can we stop and argue for an unreasonable proposition, that a 12-inch wedge has to go through a 2-inch hole, when there is no way to do it under the living sun, in these depressed circumstances? With all the values of our country estimated not to exceed somewhere around $300,000,000,000 in normal times, and $530,000,000,000 worth of debts based upon standard commodity values, that have to be paid in the United States to-day, how can we go further? It is so unreasonable, so impossible, Mr. President, that it does not require further argument.

The Senator from Maryland says it would be a terrible thing if we undertook to regulate the dollar to the point where it might ever bring down the value of farm crops and surpluses, and so forth. That is not correct at all. I understand that my distinguished friend the Senator from Maryland lives in the country. He may, but he does not understand the country as I do. I want to say, Mr. President, that if the farmer of the South to-day could be guaranteed that he would get 20-cent cotton or 15-cent cotton we would never hear a chirp out of one of them. Immediately following the war we did set the prices of some of the agricultural products in this country, and they had started to set a price on cotton, which it was generally understood would be 15 cents a pound, if the market had not broken and it had not gone below that price, and there was no great calamity at that time. No one need worry about any riot coming from the agricultural and laboring element of this country as long as they are fed. They have shown that we need not worry about any kind of an uprising in seminormal times. They have stood starvation and distress and homelessness and every kind of a calamity known.

Just one more word. I am sorry the Senator from Maryland has departed. I want him to hear these last few words I have to say. I am going to ask one of the pages to ask the Senator from Maryland [Mr. TYDINGS] to come back into the Chamber and hear me for the next three or four minutes. He will do me a great courtesy if he will hear me for just about three or four minutes.

Mr. TYDINGS entered the Chamber.

Mr. LONG. I want to thank the Senator from Maryland for returning to the Chamber and giving me the opportunity of compelling him to listen for the next three or four minutes to what I have to say.

The Senator from Maryland, as I said in the beginning, almost reached the kingdom. Here is the weak part in our armor, because I agree with almost all the Senator from Maryland has said. Whatever I should apply as a weakness of the argument of the Senator from Maryland must also be applied as the weakness in my own discussion.

The Senator from Maryland says that four-fifths of the trouble must be settled internationally. Do we need to settle the trouble of starvation internationally? We have here more stuff to eat right in the United States to-day than the whole human family could eat up in 30 months. It is not in England; the food crop is not over in England. The wheat is not in England. The corn is not in China. The meat is not in Australia. It is right here.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Maryland?

Mr. LONG. I gladly yield.

Mr. TYDINGS. Of course, in the meantime, we must not permit starvation, and I for one will not hestitate to vote for legislation designed to prevent starvation. But when the meat that we have gets over into Australia, and all the cotton gets over into England, the problem of starvation will largely take care of itself.

Mr. LONG. That is correct. I thank the Senator for his observation. But let me proceed again. The foodstuff with which to feed 120,000,000 people exists in abundance and superabundance within the confines of the American borders. We need not go anywhere to hunt for it; it is right here. We need not go to the Government of Siam to get an international agreement to get meat, corn, wheat, or anything to eat. It is right in the United States. We need not do anything but control the internal affairs in order to have consumed what is in the United States. That is number 1.

We do not need to go anywhere outside of the United States to find enough material to clothe the human family, because we have more cotton and wool in the United States to-day than we could wear out in the next two years if we did not shear another sheep or raise another boll of cotton. So it is not necessary to go anywhere to find the food. It is right in this country to-day, and all we need to do is to look around.

We do not need a spyglass to look around and see what they are doing in the Fiji Islands. All we need to do is to find out how to use what we have here.

Then there is the third problem. We do not need to go anywhere to find homes in which to put the people. We have so many houses in the United States to-day that are empty, that, instead of passing legislation to provide for people to occupy those houses, we enacted a building and loan law so that the building and loan companies could keep them. In other words, we provided for a form of superficial financial integrity by which empty homes could continue to be owned so that the people could walk the streets in the meantime.

We do not need go look underneath the shelters of the Eskimos for the homeless to find a place to hide some one or to warm him. We have houses right here in the United States, more houses than 120,000,000 American people can live in to save their lives.

We do not have to have any treaty with the provisional government we are fixing to set up in the Philippine Islands in order that we can avail ourselves of those houses.

We have fallen down in our domestic policy.

Now I come to the sorrowful feature which I hope may percolate. Senators, you have allowed the property of America to be concentrated in the hands of a few, and you have brought disaster to America. You did that in the face of the warning of every teacher of religion and every teacher of government since time started. When the waves of civilization were beating against the shores of Egypt years before civilization was generally understood to have begun, the only conception they had of law was that in a land of plenty you would have starvation if you had concentration of wealth in the hands of a few. In the face of such a law we have sat here and ignored that policy. It has been pronounced an act of radicalism if one undertook to provide that the fruits and profits of the land should be shared by 120,000,000 instead of being concentrated in the hands of the few.

Mr. President, how much more time have I?

The PRESIDENT pro tempore. The Senator has 10 minutes left.

Mr. LONG. That is more than I shall consume. It will take me but three minutes more to conclude. I am sure the Senate will be relieved to know that.

How surely have we been working along that course! Mr. President, in 1916 President Woodrow Wilson, through a commission of his own, said that a calamity was headed for America because 60 per cent of the people owned only 5 per cent of the wealth and that 2 per cent of the people owned 60 per cent of the wealth. The commission said we were headed toward calamity unless we broke up that inordinate distribution of wealth which prevailed in 1916. And yet in 1932, 16 years having passed, do the 2 per cent still own 60 per cent of the wealth? No! One per cent owns 60 per cent of the wealth. Do 60 per cent of the people still own 5 per cent of the wealth? No! Two-thirds of the American people, 67 per cent of the people, to-day could not pay their debts and have a copper cent left. It is generally estimated that 5 or 6 per cent of the people own more than 85 per cent of the wealth and possibly have a control of a great deal of the remaining 15 per cent.

We have reached the point of stagnation. We have reached the middle of the stream. The abyss yawns. It has yawned for the poor man and he has fallen the victim of it. The abyss has yawned for the middle man and he has fallen the victim of it. Now the abyss yawns for every body in America unless this condition is corrected. "The abyss yawns for all."

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New Jersey [Mr. KEAN], which will be stated.

The LEGISLATIVE CLERK. On page 2, line 23, strike out the words "a majority of the members of its executive committee or."

The amendment was agreed to.

Mr. REED. Mr. President, I renew the request for unanimous consent which I made a short time ago with regard to the printing of Senate Document No. 151 with accompanying maps.

The PRESIDENT pro tempore. Is there objection?

Mr. LONG. I object. I shall not object a few minutes later or an hour or so later, but I object at this particular time. If the Senator will offer his request a little later, I shall not object.

Mr. REED. As I understand, the Senator from Louisiana wants to use my request as the transaction of business so as to give him an excuse for making another quorum call.

Mr. LONG. The Senator does me wrong in reaching any such conclusion as that. I am following the course of the Senator from Virginia [Mr. GLASS]. I want to please him.

The PRESIDENT pro tempore. The Senator from New Jersey [Mr. KEAN] offers another amendment, which will be stated.

The LEGISLATIVE CLERK. On page 3, line 2, strike out "of a member bank" and insert in lieu thereof "of any one member bank."

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from New Jersey.

Mr. WHEELER. Mr. President, I discussed the question of my bill for half an hour this morning, and I propose to continue a discussion of it now for a short time longer.

This afternoon the Senator from Connecticut [Mr. BINGHAM] said that in the event we had confidence in our Government prosperity would return. It is rather difficult for people to have confidence in their government, for a farmer who produces a bushel of corn and has to sell that corn for the equal of two postage stamps to have confidence in his government. What I am trying to do and what some of us are trying to do is to restore confidence in our Government by bringing up the prices of commodities and by so doing enabling the farmers to pay off their debts.

Likewise the Senator from Connecticut talked with reference to inflating to the extent that Germany did. I have repeatedly said on the floor of the Senate that I am opposed to that sort of inflation.

In Germany the inflation raised the paper value of property and commodities to such an extent that debts, being fixed in terms of marks, soon lost all their former ratio of value. In the United States the deflation has depressed the dollar value of property and commodities. This, in turn, has had the effect of doubling our debts in terms of commodity dollars. In the case of the farmers' mortgages, it has raised their debts fourfold.

What I am trying to say is that money inflation or money deflation does not greatly change the real value of property, but it does shift the burden from one class to the other. That is why the big bankers and financiers in this country, whose banks are filled with money, are opposed to any form of inflation. They want to collect in full, dollar for dollar, with money that will purchase twice as much as the money they loaned.

On the other hand, the debtor wants, and is entitled to, a reasonable inflation, so that he can pay off his debts with dollars of about the same purchasing value as those that he borrowed.

In my judgment, the remonetization of silver as provided in my bill would be the safest way of reflating our currency and restoring the 1926 price level.

There is always danger in a paper inflation. It may go too far. It may lead to what Mr. Charles E. Mitchell, of the National City Bank, calls "a competition in currency depreciation, of which the end is zero for all." The danger lies in the fact that when the people learn how easy and painless it is to pay debts through inflation of the currency, they may demand still greater inflation, and through organized effort control Congress and demand still more inflation. Such action on the part of the people would be just as reasonable and right and just as the attitude now taken by many financial leaders who oppose every move on the part of Congress to restore the 1926 commodity price level by means of reflation. If our financial leaders were wiser than they now appear to be, they would welcome such a movement to restore the 1926 price level. If they succeed now in blocking all measures to reflate, the danger will be that when the dam finally breaks it will be impossible to control the situation. A reasonable inflation now, that would be fair and equitable to all, would avert the danger which now threatens our whole economic system.

Let me invite attention to an article which appears in the Washington Evening Star of this afternoon and which reads in part as follows:

HOOVER SPEEDS PARLEY ON ECONOMIC PROBLEMS—FEARS NEED OF INCREASED UNITED STATES TARIFF AS INFLUX OF GOODS FROM EUROPE SHOWS BIG RISE LAST FOUR MONTHS

President Hoover feels the United States is faced with the necessity either of increasing its tariff walls or action to gain stability in foreign currencies, and to-day he was considering possible moves for speeding up the approach of the world economic conference.

To those who stood here on the floor of the Senate on the other side of the Chamber and said we do not need to do anything except to go home and say that we have confidence in the Government and then prices will come up, I desire to invite special attention to what Mr. Hoover has said. The trouble is that Mr. Hoover was saying for four years just exactly what the Senator from Connecticut and others are saying at the present time. He has at last apparently come to the conclusion that something more must be done, excepting to attempt to extend credit to the people of the country when commodity prices are falling.

Nature has provided the means for such a reasonable and safe reflation.

It would almost seem that a wise Providence had made this provision for man's monetary needs in the manner in which He has placed both silver and gold in the earth. They are distributed throughout the world, they are hidden away beneath the rivers, or they are found in small quantities in conjunction with other metals which men need. They do not rust or corrode and in every respect are ideal for coining purposes. For thousands of years they have both served the monetary needs of mankind. Then a new-fangled idea entered into the minds of some British international bankers, and for their own selfish purposes, so that they might more easily control the money and credit of the world, they persuaded or bribed the leading commercial nations of the world to base their monetary systems on gold alone. This all happened less than 100 years ago, but during this short intervening period of time it has enabled a few small groups of financiers to gain possession and control of the wealth of those nations that adopted the gold standard. Silver, after thousands of years of honorable service as money, has been demonetized, debased, stripped of all its past monetary glory, and like Ishmael of old, turned out to wander through the earth as an outcast.

In the meantime the gold produced in the world has not been sufficient to form a stable base upon which to build the monetary systems of the world.

Gold production has not kept pace with commercial expansion and increase of population. With only eleven billions of monetary gold in the world, it is utter folly to imagine that all the monetary systems of the world could possibly stand upon such a small base. As a matter of historic fact, they can not. Since the World War more than 20 nations have been forced off the gold standard, while many others have debased their currency while still trying to remain on gold. The result has been world-wide confusion. This confusion will continue until a base is found that is large enough for all the leading nations to build their currencies upon. I predict that that base will not be gold, nor will it be silver, but it will be gold and silver at a fixed, definite ratio of value.

The Chicago Tribune quotes Mr. Charles E. Mitchell as saying that it is unthinkable that the United States should depreciate her currency, and that the only way out is for the United States to cooperate with foreign nations "in the efforts to remove such obstacles as may still bar the way of their return to a gold basis."

I do not know to what Mr. Mitchell refers when he speaks of "obstacles" that bar the way to the return of other nations to the gold standard, unless he would have us cancel the war debts or grant them a moratorium or exchange our gold for their commodities and merchandise. It would be interesting to know just how he thinks the United States could put the rest of the world or the leading commercial nations of the world back on the gold standard, and how it would be possible for them to remain on the gold standard once they were back upon it. The very moment any nation hampers in any way the free movement of gold, either into or out of its borders, that very day that nation is off the gold standard. When for any reason there is a run on the gold of any gold-standard nation, if that nation has not sufficient gold to meet the demands made upon it, then it will be forced off the gold standard, either by paying out its gold to meet its obligations or, like England, be forced to restrict the export of her gold in order to save her diminishing gold reserves.

If the money lords of the United States were successful in getting the nations of the world to adopt the gold standard, the demand for gold would be far greater than it is to-day, with the result that its value and purchasing power would increase, and thus lower commodity prices and increase the debt burdens of our people.



The farmers of the country understand how the appreciation in purchasing power of the dollar is driving down the price of farm commodities and how it is also increasing the burden of their debts, and they are demanding that we shall pass some legislation which will restore normal prices by reducing the purchasing power of the dollar.

It is my judgment that Congress must pass some measure to reflate our currency in order to save the country from chaos, and it is also my judgment that the remonetization of silver, as provided in my bill, is the safest and most conservative form of reflation that can possibly save the situation.

The fall in the price of silver bullion throughout the world automatically depreciated the purchasing power of silver currency when that silver currency in any manner came in contact with the currency of gold-standard countries. There is no escape from this fact, for the reason that the silver depreciation is a depreciation from the value of gold. If the silver had not fallen to its present low level, you would not now be hearing this cry about depreciated currencies in silver-using countries and how they are reducing the production costs to such a low level that American farms and factories can not possibly produce in competition as cheaply as they can in these countries with depreciated currencies.

A leading editorial from the Portland Sun, dated April 25, 1896, entitled "Effect of the Two Standards" states—I am not going to take the time to read the editorial, Mr. President, but I ask that it may be inserted in the RECORD as a part of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The editorial referred to is as follows:

It is a fact, not a theory, supported not only by the best-known authorities but by the common sense of every individual who carefully investigates the question, that the bullion value of silver directly influences and governs the price of wheat, cotton, and all other products raised in nations on a silver monetary basis. Anyone of ordinary intelligence or rightfully outside the wards of idiocy or the insane asylum appreciates the fact that the products of all nations on a gold monetary basis which are sold in competition with similar products raised by nations on a silver monetary basis are also directly affected by the bullion value of silver. The prices of such products rise as the bullion value of silver rises and fall as the bullion value of silver falls. In evidence of the correctness of these statements, the Sun quotes from the report of the British Royal Commission on gold and silver, held in 1887. Before this commission Mr. J. Shield Nicholson, professor of political economy at the University of Edinburgh and one of the most distinguished economists of Great Britain, gave his evidence in reference to the effect of the competition of India on the price of American and English wheat. The following question, which is precisely to the point, was put to Mr. Nicholson by a member of the commission:

"Indian wheat is the very wheat that is complained of by Secretary Manning, Secretary of the United States Treasury, as having lowered the price of European and American wheat, and he attributes it all to the divergence of gold from silver. You do not think tying gold and silver again would raise the price of English and American wheat by 25 per cent?"

In his reply Professor Nicholson discusses the factors entering into the determination of prices under given conditions, and on the point immediately germane to the point under discussion says:

"Now, it seems to me probable if the price of silver rose to its old level, wheat could not be profitably exported from India until prices rose in a corresponding degree. For India, being a silver country, the price of wheat there is independent of the relative value of gold and silver. An exporter to England at present will give the Indian price in silver, and he can buy his silver for less gold, and thus competition will lower the price. If the price of silver rose, the exporter from India must get more gold. Thus a rise of silver would, on this view, raise the price of wheat to a corresponding degree."

What is true of India is true of Russia, the Argentine, Egypt, and every other competitor of the United States that is on a silver monetary basis. What is true of wheat is also true of every other product raised by nations on a silver standard and sold in competition with products of a similar kind raised in the United States or in other gold-standard nations.

Should any of our readers desire further evidence on this point we would call their attention to Mr. Daniel's work on the Industrial Competition of Asia; also Mr. Bagehot's work on the Depreciation of Silver. Mr. Bagehot was for many years the editor of the London Economist and is to-day one of the most pronounced gold monometallists of Europe, advocating the tenability of his position for the reason that the lower the bullion price of silver the cheaper can Great Britain get her wheat, cotton, and raw materials, for a supply of which she has to depend upon other nations. Mr. Bagehot, in his work just referred to, on page 54, very tersely expresses this fact, as follows:

"The necessary effect of a depreciation of silver as against gold is to give a bounty on exports from India and the other silver-using countries to England. An English merchant can now buy many more rupees than he formerly could with the same number of sovereigns, and therefore he can import from India, though prices at Calcutta are not at a level at which it would have paid him to operate if he had not had the novel facility in getting rupees."

At a meeting of the British and colonial chambers of commerce held in London, 1886, Sir Robert Fowler, a member of Parliament, a banker, and ex-mayor of London, made the following statement:

"The effect of the depreciation of silver must finally be the ruin of the wheat and cotton industries of America and be the development of India as the chief wheat and cotton exporter of the world."

The gentleman's sagacity and farsightedness is clearly demonstrated by present existing conditions. In 1886, the time of the gentleman's prediction, wheat was 87 cents per bushel in Chicago, cotton 10 cents per pound in New York, and silver 99 cents an ounce. Since then wheat has touched 50 cents per bushel in Chicago, cotton 5¼ cents per pound in New York, and silver 56 cents per ounce. To-day there is a speculative rise in silver, due to the probable call by Germany of an international conference, and a consequential rise in cotton, wheat, and all other products of silver-standard nations. A rise approximating 20 per cent is shown by to-day's prices in silver, cotton, and wheat above the lowest figures touched by those commodities.

No better arguments in favor of the free and unlimited coinage of silver can be advanced in the United States than the arguments of the gold monometallists advanced in Europe. The conditions are exactly reversed on the two continents. The United States are producers of breadstuffs and raw materials, exporters, and debtors; Europe, or particularly Great Britain, are consumers of breadstuffs and raw materials, and importers and creditors. Thus it is seen that if the world's price of silver be nearly doubled by the remonetization of that metal by the United States, the present price of cotton, wheat, and our other cereals will rise in price on account of the direct effect and influence that the bullion value of silver has upon the price of those commodities. Under the remonetization of silver, the producers of Oregon would receive, on a conservative estimate, $25,000,000 more for their products annually than they receive on the single gold standard. Every community or State dependent for the greater portion of its wealth upon its agricultural resources has been as directly affected by the demonetization of silver as has the State of Nevada or any other State noted for its silver mines.

Mr. WHEELER. Mr. President, the terrible irony of the situation is in the fact that as gold appreciates in value due to our large stocks of monetary gold, and to the so-called stability of our monetary system, and our great commercial and industrial strength, the prices of commodities fall, while nations not able to maintain the gold standard and whose currencies depreciate accordingly enjoy commercial advantages due to their depreciated currency over those countries which are strong enough to remain on the gold standard. That is why, Mr. President, in England and in other countries that have depreciated their currencies conditions have been improving and unemployment has decreased. What at first thought appears to be a blessing becomes the curse of Midas. What shall it profit a country if it gain all the gold of the world and lose its commerce?

Many remedies have been tried during the past few years to restore prosperity, but they have failed because they did not go to the roots of our economic ills. They aimed to relieve the situation but not to cure it, in the hope that in some mysterious manner, such as that suggested by the Senator from Connecticut, prosperity would suddenly appear around that famous corner. Changes were made in our banking laws liberalizing them in the interests of the bankers; tariff measures were passed with the assurance that prosperity would return within 60 days after the passage of the bill; millions of peoples' money were given to the railroads, the big banks and insurance companies, but still the depression continued; and as the days lengthened into months and the months lengthened into years, our economic conditions have gradually become worse; more farmers are losing their farms through foreclosure or bankruptcy; more home owners are losing their homes through tax sales; more railroads are going into the hands of receivers; more banks are failing, bringing ruin to their depositors; and more people are joining the ranks of the

unemployed tramping the streets searching for food and clothing.

These measures have been weighed in the balance and found wanting because they were, at best, only palliatives.

What I propose to do is something which is far more fundamental and which, in my honest judgment, will not only help break this depression but also, for years to come, prevent a recurrence of times like these.

I am a firm believer in the quantitative theory of money and its relation to commodity prices, providing that due consideration is given to the matter of the velocity of circulation as well as to the amount of money in circulation. Money locked up in deposit vaults in the banks or in the Treasury of the United States can have very little, if any, effect upon commodity prices. We may expand our currency within reasonable limits without affecting prices unless some provision is made to put this money into circulation.

It is low wages, unemployment, and low commodity prices that retard and slow up the velocity of circulation. Every move in this direction reduces circulation and adds further to the depression. Every year the farmers of the United States produce about 800,000,000 bushels of wheat. If they receive only 25 cents a bushel, then their wheat crop will put into circulation only $200,000,000, while if, instead of 25 cents a bushel, they could receive $1 a bushel, they would then put into circulation $800,000,000, all of which would go to pay the merchant, the banker, the farm laborer, and thus it would go back into circulation. The same thing happens when wages are increased or unemployed men are put to work. The increased wages go swiftly into the channels of trade and thus speed up the sluggish circulation of money which in turn will cause commodity prices to rise and thereby break the depression.

I make these observations concerning the quantitative theory of money because I fear some people place too much importance upon the mere increase in the volume of money in bank vaults and fail to appreciate the necessity of placing money in actual circulation; by that I mean in the hands of people who pass it from one to another in return for commodities.

I am in hearty accord with the statement of President Hoover in his message to Congress of December 19, 1932, in which he says:

> It is certain that the most urgent economic effort still before the world is the restoration of price levels. * * * That price levels have been seriously affected by abandonment of the gold standard by many countries and the consequent instability and depreciation of foreign currencies * * *. The depreciation of foreign currencies lowers the cost of production abroad compared to our costs of production * * *. I concur in the conclusions of many thoughtful persons that one of the first and most fundamental points of attack is to reestablish stability of currencies and foreign exchange and thereby release an infinite number of barriers against the movement of commodities, the general effect of which would be to raise the price of commodities throughout the world.

And yet, Mr. President, in the face of the statement made by the President of the United States, we find such Republican leaders as the Senator from Connecticut [Mr. BINGHAM] and the Senator from Pennsylvania [Mr. REED] saying that the remonetization of silver would have no effect except to help a few mining interests in the West, and that it would not affect the rest of the people of the country in the slightest degree.

President Hoover further stated:

> * * * It is a certainty that trade and prices must be disorganized until some method of monetary and exchange stability is attained.

How are we going to attain it? There is only one way we can attain it to any extent by acting independently, and that is by the remonetization of silver, because when we do that we immediately raise the purchasing power of over half the peoples of the world.

Mr. President, I am in perfect agreement with these statements of President Hoover, and had he uttered these truths two years earlier and then thrown all the power of his administration back of a movement to correct this world monetary situation instead of spending many millions of the people's money in economically unsound experiments, there is no question but what the American people would have saved him from such a decisive defeat.

The president of the Chamber of Commerce of the United States, Mr. H. I. Harriman, in a letter of December 16, 1932, points out the baneful effects upon our commerce of the depreciated currency of other nations.

For a year and three months—

He writes—

> depreciated foreign currencies have been exerting an undermining influence upon our economic situation. First, by negativing our tariffs so that in our home markets American goods have been displaced, factory output cut down, and unemployment increased; second, by depressing price levels and preventing any upward price movement to a basis of fair return for American labor and capital * * *. Over half of the products coming into the United States are benefiting from the advantage of depreciated currencies. Over 20 foreign countries have that advantage in undercutting the prices of American products.

Yet, Mr. President, in the face of the statement of the president of the chamber of commerce, Senators will stand upon the floor of the Senate and say that we can continue to be prosperous and remain upon the gold standard, when 40 nations, including practically every industrial nation in the world, except France and the United States, are off the gold standard.

I notice also in the Chicago Tribune of January 11 that Mr. Charles E. Mitchell, of the National City Bank of New York, is quoted as saying:

> Of vital importance to the progress of recovery in this country is the reestablishment of a stable relationship between the dollar and foreign currencies, thus relieving our price structure from the most destructive of all kinds of competition, namely, that of depreciating currencies of competing nations.

Here we have clear-cut concise statements from the President of the United States, and from the president of the Chamber of Commerce of the United States, and from Charles E. Mitchell, of the National City Bank, and each of them states that the depreciated currencies of other countries, which are off the gold standard, enjoy a distinct advantage over the United States for the reason that their depreciated currencies give them a lower production cost for commodities and manufactured goods than the costs of production in the United States.

Again I say the distinguished Senator from Pennsylvania stood upon the floor of the Senate and stated that if we should raise the price of silver it would not affect commodity prices in the slightest degree, and that the only beneficiaries would be a few silver-mining companies.

Let me also quote from an article in the Saturday Evening Post of December 3 last, by Mr. Samuel Blythe. In this article the author enumerates dozens of articles imported from countries that are off the gold standard which are laid down in the United States at a price far below our manufacturing cost in this country. Let me quote briefly:

> There are rubber boots made in Japan that cost, in American money, to land in this country, all charges paid, just under 34 cents a pair, and that can not be made in this country for less than 95 cents a pair. There are rubber boots from Czechoslovakia that cost the Czechs $1.16 to lay down in this country that can not be made here at less than $1.48 a pair. Rubber dolls that Japan sends here for $4.26 a gross and cost Americans to make $7.84 a gross. Japan lands here cotton hit-and-miss rugs at 6 cents each, and we can not make one of these rugs, with our wages, at a less cost than 29 cents. Japan sends grass rugs, 9 by 12 in size, landed here all charges paid for 92 cents each, and they cost our manufacturers $8.88 each to make. They are stuffing the market with electric-light bulbs and flash lights of various sorts. Japan sold in this country in 1932, at a price with which no American manufacturer could compete, 54,500,000 electric-light lamps and bulbs of various sorts. The Foreign Exchange and Trade Institute is authority for the statement that the principal miniature electric light manufacturing company in this country, employing nearly 2,000 people, has recently closed because of this ruinous competition, due to the disparity in exchange and the low wages and prices of materials possible in Japan, with the Japanese yen worth half of the 50 cents it was worth before Japan debased her currency.

Mr. President, I have discussed this problem of depreciated currency with many men, and I have been amazed to find

many intelligent men who can not see how the depreciation of a nation's currency actually gives that nation a distinct advantage, due to the fact that it lowers its cost of production as compared to nations on the gold standard, or nations whose currency has not depreciated.

I think it is of the greatest importance that we first come to understand this aspect of the problem before we attempt to discuss ways and means to solve it. A doctor must first diagnose a case before prescribing a remedy.

When England went off the gold standard, and her currency depreciated 30 per cent, did that give England any advantage in the world markets or is it offset in some manner so that she enjoys no advantage? Mr. Hoover says:

> The depreciation of foreign currencies lowers the costs of production abroad compared to our costs of production.

Is that true of England whose currency is depreciated 30 per cent? Does it lower her costs of production? And what about Japan whose currency is depreciated over 50 per cent, and Argentina with a depreciation of 40 per cent? Does this depreciation in their currencies give them a lower production cost, and thereby enable them to undersell us in the markets of the world? This question can be answered in one word, "yes" or "no." Which is it?

The president of the Chamber of Commerce of the United States says:

> Over half the products coming into the United States are benefiting from the advantage of depreciated currencies. Over 20 foreign countries have that advantage in undercutting the prices of American products.

Let me say to my good Republican friend across the aisle that the remonetization of silver would do more to make tariffs effective in the world market than any other single piece of legislation that could be possibly passed.

What shall we say to that statement of the president of the Chamber of Commerce of the United States? If it is true that the depreciated currencies of 20 nations give them an advantage in undercutting the price of American products, then surely that is something worthy of our serious consideration. If the American manufacturer is thus handicapped, and the foreign manufacturer enjoys an advantage due to his depreciated currency, then would it not be a benefit to the American manufacturer if we depreciated our currency to a level with our competitors? Or would it be better to crucify our manufacturers and farmers on a cross of gold? Must our appreciated, dishonest dollar be left on its high pedestal even though, by leaving it there, an advantage is given to our foreign competitors, and as a result millions of our men must go without work? What is our money system for, anyway? Was it made for man, or was man made for the gold standard? The big bankers put the appreciated gold dollar above the welfare of the people. Mr. Mitchell says that a money inflation is "unthinkable."

In the face of such a situation, it seems to me that Congress could well afford to give all of its attention to so fundamental and basic a problem as this, which directly affects all classes of our people, whether on the farms or in the cities, and for a little while forget beer, booze, branch banks, bonus, and balancing the Budget.

As a matter of fact, the enactment of my bill would bring more revenue into the United States Treasury than would come through the passage of the beer bill; it would help the banks far more than any branch banking law; it would benefit the veterans financially more than the bonus; it would balance the Budget without the aid of nuisance taxes; and it would put more men to work in factories, mines, and on the farms than any other measure that has been proposed in this Congress, because it would put purchasing power in the hands of untold millions of the people of the various countries of the world.

More than a year has passed since I introduced my bill in the Senate, the purpose of which was to remove the trade barriers which President Hoover brought to the attention of Congress in his message of December 19 and to stabilize monetary exchange rates between gold-standard and silver-using nations.

On January 25, 1932, at the close of my speech in this Chamber in behalf of my bill, I said:

> I assert—and challenge intelligent criticism, not mere denial—of the following statements: First, the enactment of my bill into law would immediately thereafter nearly double the volume of the world's primary money, with the resultant increased conservative credit basis of twenty times the amount of primary money thus added to the world's stock.
>
> Second. Within one year after the enactment of this bill the world's price of wheat, cotton, and all agricultural products would be more than trebled.
>
> Third. The purchasing power of over 50 per cent of the entire world's population now using silver as their sole yardstick of exchange and business transaction would contemporaneously be quadrupled; that is, the value of the silver stock would increase from 30 cents to $1.30, resulting in the creation of a market which would more than absorb all the surplus of our raw materials and manufactured products.
>
> Within two years all our present agricultural land values throughout the United States would be more than quadrupled, thereby transforming the present frozen assets of the country banks in agricultural communities into liquid assets.
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> The unemployed-labor problem would be rapidly solved.
>
> Both labor and capital would be benefited.
>
> Contentment, happiness, and lucrative occupation would be substituted for discontentment and despair, with their inevitable resultant tragedies to follow.
>
> It would relieve starvation in the midst of plenty.
>
> This legislation would do more than all suggestions heretofore combined toward reviving, encouraging, vitalizing, and resuscitating business in this country and throughout the world.
>
> The market prices of securities, especially the common stocks of all corporations enjoying honest, efficient managements and being properly financed, where listed on some of the great stock exchanges of this country, would almost contemporaneously show increased activity and market value.

Since I made this declaration on the floor of the Senate no man has accepted the challenge and brought forth any valid reason or argument to show why the passage of my bill would not accomplish these things.

Questions have been raised, and some have expressed fears, but no argument has been brought forth that would tend to prove the unsoundness of my bill.

To those who object to my bill because they assert that the United States can not maintain this fixed ratio of value between silver and gold, because the production of these metals varies from time to time, let me say that the United States was on the bimetallic basis from 1792 down to 1873. The ratio established in 1792 was 15 to 1. This ratio was made 16 to 1 by the act of 1834, and in 1837 was changed to 15.988 to 1. Great Britain went from bimetallism to the gold standard in 1816, Germany in 1871, and France in the early seventies.

These countries going off bimetallism and adopting the single gold standard did not flood the United States with silver, although we continued on the silver-gold monetary basis at 15.988 to 1, until through trickery and deception the United States Congress demonetized silver in 1873.

Sixty years ago the United States was a debtor Nation, and did not occupy the outstanding, strong financial and commercial position among the nations of the world which she enjoys to-day; yet we were able to tell the whole world that we would exchange 1 ounce of gold for 16 ounces of silver and we were not flooded with silver, and there was no occasion or demand or reason why we should have changed our monetary system from bimetallism to the gold standard. The people of the Nation were not only satisfied with bimetallism but anxious to retain it. No political leader dared openly advocate its repeal. I doubt if it ever could have been repealed had the question been fought out in the open. But it was not fought in the open, because such a course could not have been successful. No one knew this better than the selfish British international bankers, who were determined to force the United States to use the single gold standard in order that they might more easily control the money and credit of the world for their own selfish purposes. Had it been possible for these British bankers to have forced us off bimetallism by flooding the United States with silver, there is every reason why they would have done so. But there has never been, and there is not now in the world a flood of silver available for such a purpose.

Before paying my respects to those who were responsible for the crime of 1873, let me give you some further historical

facts relative to the production of silver and gold which convince me that the United States can maintain the price ratio of 16 to 1, as provided for in my bill, regardless of the amount of silver production we may reasonably expect, as well as the variations in the ration of production between silver and gold.

From 1801 to 1850 the average gold-silver production ratio for the entire world was twenty-eight times as many ounces of fine silver as ounces of fine gold. Yet the average price ratio during that whole period was 15.7 to 1; or, in other words, during this period when the production ratio between silver and gold was 28 to 1, 15.7 ounces of silver were interchangeable with 1 ounce of gold. Official records also show that during the period from 1851 to 1873 there was an average of only six and seven-tenths times as many ounces of fine silver as of fine gold produced in the whole world. Yet, during the same period the relative interchangeability between these two metals throughout the world averaged 15.5 ounces of silver to 1 ounce of gold.

These figures prove conclusively that the monetary use of both silver and gold at a fixed valuation—namely, $20.67 per ounce for fine gold, and $1.29^{29}/_{100}$ per ounce of fine silver—created an unlimited demand during that period as compared with the supply throughout the world, thus establishing a fixed financial yardstick which it was not necessary to alter every time the production ratio between gold and silver changed.

To those who fear that this country would be flooded with silver if my bill were enacted into law let me say, Where would this flood of silver come from?

In the 1930 annual report of the director of the mint, I find that the total amount of silver produced from the discovery of America down to and including 1930 is only 14,976,992,838 fine ounces, and its value, figured at its coining value of $1.29^{29}/_{100}$, is $19,364,192,748. In other words, the total world production of silver during the past 437 years, figured at $1.29^{29}/_{100}$ per ounce, and not at its present bullion value of about 25 cents per ounce, is a little less than $15,000,000,000.

According to these same official figures, the largest annual world production of silver was in 1929, when it reached 260,970,029 fine ounces. These figures, of course, do not include silver that was thrown upon the market through the debasement of British, Belgian, and French coinage and the sale of silver by the Indian Government; but 260,970,029 fine ounces produced in 1929 represent the largest amount of silver produced in one year during the past four centuries.

This bogey cry of floods of silver that promise to sink the United States should we adopt bimetallism is not justified by the official figures relative to the production of silver throughout the world during the past 400 years; and I am inclined to think that this propaganda is put out by our shortsighted international bankers in order to defeat all attempts to remonetize silver.

It has been suggested to me that if this bill passed we might get large withdrawals of gold, and gold would go into hiding. In the first place, let me say that my understanding is that practically all of the gold that was earmarked in this country left the United States about a year ago or more. There are some commercial balances in this country. They might possibly be withdrawn; likewise, there might be some withdrawal of gold upon the part of our own people; but I am informed by what I consider to be one of the highest authorities in this country that in any sort of an inflation, whether it be by managed currency, fiat money, passing the bonus, or the expansion of currency through Government expenditures of large sums of money in payment of projects which it might start, there would be immediately some gold withdrawn, not because it was a silver inflation, but because of the fact that any sort of a money inflation will cause gold to be hoarded for a short time; but I repeat, because of our strategic position, our trade balance, our economic situation, and financial position in the world, gold would continue to come into this country, and what little gold was taken out would soon come back again.

We need not fear a flood of silver, because silver is usually a by-product of copper, lead, or zinc, and its production is governed by the production of these other metals. Hence, the production of the white metal does not respond readily to changes in the price of silver but is influenced by the demand and production of these other metals. In the United States by-product silver is estimated at about 80 per cent of our total production.

Again, much of the hoarded silver of India and China is in the form of ornaments, which are prized highly because of family or religious associations, and would not be used in any commercial way unless all other sources of revenue had been exhausted.

Fear that silver would be offered to the Government for coinage in large quantities following the enactment of my bill is predicated upon the assumption that silver would not be worth the price ratio fixed in my bill. I have talked with one of the leading economists associated with large banking interests, and it is his judgment that as soon as my bill became a law the price ratio between silver and gold would immediately become effective throughout the world due to our commercial and economic standing in the world, and because the other nations would know that we could maintain this ratio no one would be willing to accept less than $1.29^{29}/_{100}$ an ounce for their silver.

Why should any intelligent person imagine that the silver-using nations, representing more than half the population of the world, would voluntarily divest themselves of their only financial yardstick, which is silver, with which they conduct their domestic and foreign commerce, thereby hampering and retarding all business transactions at home and abroad? It is too absurd for serious consideration. The facts of history which I have cited, the limited amount of silver in the world, the financial loss of exchanging it for gold, and the further fact that the oriental nations prefer silver money to gold money all indicate that there is absolutely no danger that we would be flooded with silver as a result of the passage of my bill.

The passage of my bill would stabilize money exchange rates and thereby facilitate international trade. It would do this for the simple reason that it would establish the ratio value of silver and gold, which in turn is the basis of money and currency in all parts of the world. No other measure now before Congress would do this. I need not dwell upon the great importance of this aspect of my bill, for its benefits are obvious. Think of the commercial difficulties involved in the transaction of any business with other countries, where neither buyer nor seller can tell in advance what his money will be worth in terms of the other's money. My bill would eliminate that uncertainty by fixing the ratio value between gold and silver upon which the currency of countries using silver money and those using gold is based.

Not only would it tend to stabilize the exchange between silver and gold standard countries but it would do something which is of far greater importance to the American people: It would establish the exchange on a basis which would enable silver-using countries to purchase our farm products and manufactured goods. It would increase the value and purchasing power of their money in the American market. It would flood the United States, not with silver but with orders for American-manufactured goods and the products from American farms.

Let us just suppose that in defiance of the international bankers, who have wrecked this country in their shortsighted greed for personal gain, the United States Congress in their wisdom should remonetize silver at a ratio of 16 to 1, as provided in my bill. What would be the result?

In the first place, and for psychological reasons, some gold would go into hiding and some would be hoarded, but this would be temporary. Being gold minded, thanks to our international bankers' propaganda, some people who have little knowledge of money, or what constitutes money, or of the ability of the United States to carry out her agreements, would place a higher value on gold than on an amount of silver of equal value. The same thing would happen in silver countries, like Mexico, and for a short time some silver

would be exchanged for gold. This also would be only temporary, for the simple reason that silver would be worth more in a silver-using country, and purchase more goods there, than the gold they could receive in exchange for their silver. Let us suppose an actual case.

We will suppose a merchant in Mexico City ships $10,000 worth of silver to the United States mint at Denver, Colo., and has it coined into American silver dollars. He must now exchange these for gold in whatever way he can. The Government of the United States does not agree to make this exchange for him under the terms of my bill.

After exchanging his silver dollars for gold coin, he must now ship the gold back to Mexico City. This transaction would cost the Mexican merchant handling and transportation charges, plus insurance on his shipment of silver to the United States Mint, refining charges at the mint, and shipping and insurance rates on his gold from the mint back to Mexico City. These charges would be the measure of his loss, due to his desire to convert his silver into American gold. In the case of shipments from China or India, the cost would be much greater.

I will admit that for purely psychological reasons some silver would be shipped into the United States; but it would be only temporary, because it would be financially unprofitable.

I repeat, however, this country would be flooded with orders for American goods for the simple reason that their silver would purchase five times as much American goods as it does at the present time, keeping always in mind the fact that when the currency of a nation depreciates in value it may have no immediate effect upon wages and the cost of living within that country as measured in the currency of that country; yet the full degree of depreciation—whether 10 per cent as in Canada, or 30 per cent in Great Britain, or 40 per cent in Argentina, or 50 per cent in Japan, or whatever the percentage of depreciation may be—is immediately and always effective when money is exchanged from the currency of these countries into the currency of the United States. England illustrates that truth; for, while her currency depreciated 30 per cent, wages, rents, and living costs have not increased accordingly.

This gives England an advantage of 30 per cent on the item of labor in her cost of production. To that extent the American manufacturer is handicapped. In any exchange of goods between England and the United States, England still has an advantage of 30 per cent lower labor cost, due to her depreciated currency alone. Also, in the markets of the world she enjoys the same advantage as a result of her depreciated currency; and she accomplished this without cutting wages or lowering rents or disturbing her domestic affairs in so far as they concern her standard of living. As a matter of fact, in England they do not think of their currency as being depreciated at all. They say it is the gold dollar that has appreciated. They point to the fact that theirs is an appreciated currency in its exchange relation to the currency of Japan and other countries.

England, therefore, has an advantage in the world markets of a 30 per cent lower labor cost, all of which is due entirely to her depreciated currency. Japan has a 50 per cent advantage, due to her depreciated currency, not taking into consideration her lower wage scale. The United States has always been able to successfully compete with such labor when their currencies were at par. American factory workers earn higher wages than the workers in other countries; but they have always been able to produce at a lower labor cost per hundred or per yard than any other country. But a depreciated currency gives our competitors a short yardstick. It gives Japan an 18-inch yardstick and a 1,000-pound ton.

My bill would correct this inequality, because it would fix the ratio of value between gold and silver, the basic money metals of all nations, and it would create an unlimited demand for silver and gold throughout the world as a medium of exchange for commodities, wages, manufactured products, and property of all kinds in all parts of the world.

The passage of my bill would raise the cost of production in the silver-using countries. This would not necessarily disturb their domestic affairs as far as rents, wages, and living conditions are concerned, any more than the 30 per cent depreciation in the pound affected domestic conditions in England. But the increase in the price of silver and fixing its ratio value to that of gold would restore the value of silver as measured in our gold and would establish a uniform yardstick of value throughout the world, no matter whether a nation was on the silver standard or the gold standard or the silver-gold standard.

Let me repeat: The passage of my bill would flood the United States with orders for American-made goods and products from American farms, but it would not flood this country with silver, for the simple reason that trade is not carried on with money but with credit; yet this credit is figured on the basis of the money exchange rate of the different countries.

These orders from silver-using countries for American goods would not be accompanied with silver bullion nor with silver coins. These orders for goods would be paid for by bank drafts or international money orders. We would recognize a given quantity of silver or a given quantity of gold as a legal dollar, but neither metal would enter into trade transactions any more than gold now enters into our domestic transactions.

Of course, if the balance of trade was in our favor, and nations purchased more goods from us than we bought from them, then the balance due us could be paid in either silver or gold. But, first of all, we would have sold them American goods, made in American factories. In such a case we would gladly accept all the silver they could send us.

But the enactment of my bill would do something else for this country which would benefit us just as much as this flood of orders for American goods. It would increase the cost of production in silver-using countries fivefold in terms of American dollars, and this would make it less profitable for our merchants to buy their goods from silver-using countries than at the present time. In other words, it would increase production costs in other countries, as measured in our gold, to such an extent that it would be profitable for Americans to buy steel products and other goods in the United States instead of importing them from foreign countries. It would also enable American manufacturers to operate their plants in the United States instead of moving them to foreign countries.

Just as depreciated currency does not immediately disturb domestic prices, wages, and living conditions in a country, yet it becomes a determining factor and greatly affects prices and business when brought into contact with gold-standard countries, so likewise the increasing of the purchasing power of silver would not immediately disturb the domestic affairs of silver-using nations nor greatly change their wages, rents, and living conditions, yet it would place them in a position where it would be easier for them to buy goods from the United States, due to the increase in purchasing power of their silver.

It would also make it more difficult for our merchants to import their foreign-made goods into the United States, due to the fact that their costs of production would be increased, as measured in United States money, due to the increase in value of their silver.

This would work no injustice upon silver-using nations, as it would still give them a monetary cost-production basis on a par with that in the United States, due to the fact that their silver would be on a par with our dollar. It would, however, take from them the advantage they now have over us as a result of their low production costs, due to their depreciated currencies.

I do not see why anyone should object to giving the American farmer and American laborer an equal chance to compete with the rest of the world by equalizing the money element in the cost of production by fixing the ratio of value between silver and gold throughout the world, as provided for in my bill.

Only shortsighted and traitorous international bankers want an unstable exchange because they think it is to their financial advantage to lend cheap money and require repayment in dollars of enhanced value. If they were wiser, they would know that the equalizing and stabilizing of money values throughout the world would so stimulate and increase commerce and trade that their financial returns would be far greater than they are at the present time, and this could all be accomplished without endangering the very structure of the Government itself.

There are those who think that the international debt question is the most important question before the people of this country. There are those who think that taxation is the most important question. There are those who believe that unemployment is still more important, but what I am going to discuss with you this evening is something far more fundamental. International debts, depreciated currencies, the price of wheat and cotton, unemployment, taxation, balancing the Budget are only special phases of the larger question of money and credits as they affect your living condition and mine.

These other questions, such as taxation, international debts, bulk larger because they are effects and not causes. It is always easier to see effects than causes. I propose to show you to-night how this underlying cause may be removed.

The thing that is fundamentally wrong with this country to-night is the relation of our medium of exchange, or gold, to world commodities. We are all saying to-night that the price of wheat, cotton, copper, silver, and the price of all other commodities are extremely low, but did you ever stop to think that the world price of the basic commodities is relatively about the same as it was in 1926 and 1927? In other words, while wheat, cotton, lumber, and other commodities have fallen, if you restored barter and trade, you could get about as much wheat for cotton, as much copper for this or that as you did in 1926. What has happened is that our medium of exchange, the thing we call money, dollars, gold, has appreciated in value instead of commodity values having fallen.

You would not hear anything about high taxes if lands and property were bringing in the same revenue that they were in 1926. I doubt that you would hear the foreign nations repudiating their indebtedness if the world commodities were bringing the same price that they were when they made their agreements.

Nor would you see the general liquidation going on with its repudiation of indebtedness if commodities had not fallen to their present low level. Nor would it be necessary to cut wages or put millions of people out of work if purchasing power of the people of this country had not been destroyed through the appreciation of our gold dollar, or, stated in another way, the lowering of commodity prices.

You often hear it said, What we want is sound money, money worth 100 cents on the dollar. How can there be any other kind of dollar as long as by law 100 cents constitute a dollar in the same way 2 pints constitute a quart? What do people mean by sound money or the honest dollar? There is no such thing as sound money or an honest dollar. What we want is stable money, money that has the same purchasing power in 1926 as it has in 1932. The thing we are suffering from to-night is the appreciation in the value of our gold dollar. Its purchasing power has increased enormously. It takes three or four times as many commodities to buy an ounce of gold as it did in 1926. When one commodity by reason of overproduction becomes cheaper, then you have a right to say that that particular article has fluctuated in value; but when all commodities in practical unison go down together in their gold value, then you must admit that it is the gold that has appreciated rather than the commodities having depreciated.

The United States to-day is facing the most serious crisis since the Civil War. I think it is a more serious situation than that which confronted Lincoln. It is a much more serious reflection upon the intelligence of those who guide our economic destinies than was the Civil War. Our national income has decreased from eighty-five billions in 1929 to fifty-four billions in 1931.

Twenty billions of this thirty-one billions of decrease in national income was due to lower prices. In the case of agriculture, the gross income of the farms dropped from nearly $12,000,000,000 in 1929 to five billion in 1932, a decrease of over 50 per cent, and all of this was due to falling prices for the farmer's commodities. As a result of falling prices, merchants, manufacturers, railroads, and business and professional men, as well as the farmers of this country, are facing bankruptcy and ruin.

Wage workers' income during the same period has fallen from $53,000,000,000 in 1929 to an estimated income for 1932 of only $28,000,000,000. The farmer's loss of income was due to falling prices, while the wage worker's loss was due to the cutting of wages and unemployment, which in turn was caused by the loss of purchasing power due to falling prices. Unless Congress takes some very prompt and very drastic action to care for our unemployed millions, and to restore commodity prices, we will have a complete collapse of our financial set-up followed, perhaps, with a more severe shake-up of our political institutions than we have ever had or dared think about. I make that statement seriously, after having traveled during the past few months from the Atlantic to the Pacific, and discussing the situation with leaders of industry and finance, as well as with farm and labor leaders.

Make no mistake about that. People are not going to starve in the midst of plenty. The few hundred of hunger marchers who came to Washington to lay their grievances before Congress will be but the advance guard of many thousands who will come unless speedy relief is found for the 11,000,000 of unemployed in this country, and some provision made to save the farmers from the land banks and mortgage companies who are now foreclosing on their farms and taking possession of them at bargain prices.

Just a few days ago bankrupt farmers marched on Washington and, with determination in their voices and fire in their eyes, declared that the banks might get title to their farms but they would never get possession of them.

We must not forget that the bankrupt farmers and the millions of unemployed men who are tramping our streets looking in vain for work, as well as many business and professional men, have lost faith in our financial and political leaders. Not only that, but they are growing impatient and bitter. The well-directed propaganda against Congress has been very effective, but the hatred which it has aroused has not been confined to Congress as was intended but that hatred extends also to the financial and industrial leaders. The people realize that to a large extent financial leaders have been and are the guiding geniuses of both old political parties and have dictated what legislation should or should not be written upon our statute books.

America has reached the crossroads. We are confronted with the choice of either solving our financial and economical problems in the near future, in this or the next session of Congress, or facing chaos. There is no other alternative. Let us not deceive ourselves on this point.

In the face of this national crisis what are our political and financial leaders offering as a solution for this problem? Can anyone name a solitary proposal that has been advanced that deals with the basic and fundamental causes of this depression? I have studied the various remedies that are being offered by the Republican and Democratic leaders, but I fail to find in them any grounds for even a hope that they will save the country at this time or prevent a recurrence of such a disaster in the future. The people of the country to-day are far more advanced in their thinking than are our political leaders.

I need not narrate how millions of people pinned their hopes to the moratorium as they are now pinning their faith with equal foolishness to cancellation of European war debts to liberate them from the clutches of the depression, nor does it seem to me that it is necessary to remind you of the faith that some poor souls have had in the Reconstruction Finance Corporation, the Glass-Steagall bill, the sales tax, and in the so-called home-loan banks, and other bills which

were proposed during the last session of Congress, voted for blindly by the most of those on each side of the Chamber.

When those bills were pending I asked the question as to what there was in each and every one of them that came before Congress that would raise the commodity price level of the thing the producer had to sell upon the world market, or in other words, restore the relation between the dollar and the commodity price level where it was in 1926 and 1927, so that the man who borrowed money at that time could pay it back with money of the same value. Each time I received the same reply. Unless you pour Government money into these banks, insurance companies, railroads, your farmers are going to suffer; but if you pass this legislation, then, they said, smoke will be coming out of the chimneys, railroads will be prosperous, and your farmers will find a ready and rising market for their products. Each and every one of their predictions was wrong, as anyone who made a casual survey of the economic conditions that confronted this country should have known.

But I do not want to look backward. I want to look into the future. Let us go forward from this point on and have the courage to pass the necessary legislation now to bring prosperity back once more to the homes and firesides not only of the farmers and workers but also business and professional men who are likewise suffering.

I think there are several ways in which we can bring this country out of this depression in a very short time. We can do as England and some of the other countries have done, go off the gold standard and resort to a managed currency. We can revaluate the gold dollar, or we can go back and reestablish the money of our forefathers. That is, we can provide that silver shall be used as primary money in this country along with gold, the same as it was used by our ancestors up until 1873, and I am whole-heartedly in favor of the latter as being the most conservative and, at the same time, most effective method.

If some one told you we could quadruple the purchasing power of untold millions of people who are using silver as their only monetary yardstick or are using it as a partial yardstick, you would immediately say to me that that would be a good thing. It would help put millions of our idle men and women to work. It would put the people of the Orient, Russia, and South America in a position to buy the things they want from us, automobiles, radios, boots and shoes, and so forth. Then if some one told you that he could at the same time raise the cost of production to our competitors in foreign countries—of wheat, cotton, and manufactured articles—who are now depressing our prices both in the world market as well as at home, you would feel that that would be an excellent thing to do, would you not? You would not scoff at the idea because, perchance, some one had previously advocated it and it had been defeated in a political campaign.

I introduced into the United States Senate my bill entitled "S. 2487," providing for the remonetization of silver at the ratio of 16 to 1, that is, providing that 16 ounces of silver shall have the same value as one ounce of gold. My bill proposes to do with silver exactly what we have done with gold—nothing more and nothing less. If we should pass my bill, 16 ounces of silver would immediately become the same value of 1 ounce of gold not only in the United States but throughout the world. That statement may be challenged by the uninformed but not by those who have given serious thought to the subject. It would do so because of the fact that the countries of the world know that we would have the power and resources to maintain that price of silver. It would do so because Great Britain, France, and Germany would have to follow or lose their trade with silver-using countries and Russia. The passage of the so-called Wheeler bill would do more than quadruple the purchasing power of untold millions of people throughout the world and at the same time quadruple the value of their money. Quadrupling the value of their money would quadruple their cost of production of wheat, cotton, and manufactured articles, thereby preventing them from selling or dumping their wheat and cotton or manufactured articles upon the world market or in the United States at very low prices, as they are now doing by reason of their depreciated currency about which you have heard so much recently.

After the demonetization of silver in the United States in 1873 and after we in common with most of the countries in Europe went on the gold standard, there was a fall in prices for 20 years after 1873. Business and political leaders said, as they are saying to-day, that overproduction and invention of new labor-saving devices were the causes of the world depression. The depression of 1893 was world-wide, the same as it is at the present time. The London Economist called attention to it and the French and other continental papers of that time admitted it. Shortly thereafter the great discovery of gold in South Africa and in Alaska was made, and conditions throughout the world began to improve.

When the World War broke out practically every nation went off the gold standard and there was the greatest expansion of credit that the world had ever seen. Simultaneously with the expansion of credit throughout the world by both belligerent and neutral nations, prices of commodities rose accordingly and continued throughout the war up to 1920.

In the year 1920, there was held at Brussels a conference of international bankers, the avowed purpose of which was to get the countries of Europe to adopt the gold standard, which meant at that time, curtailment of credits and deflation.

In 1922 another financial conference was held in Genoa, which was attended by the leading international bankers of Europe and America. At this conference, as at the previous conference in Brussels, the object sought by the bankers was deflation and consequently lowering the price level of commodities.

It should have been readily seen that with the increase of population throughout the world, and with a tremendous increase in commerce and debts, the gold of the world would be insufficient to meet the demands of international trade to say nothing of the needs of the various countries for internal purposes. The gold stocks of the world are authoritatively stated to be $11,000,000,000, and the world trade is stated at $400,000,000,000. Assuming this to be a reasonable basis to use for calculation, the gold stocks are 2¾ per cent. A country on the gold standard is supposed to have a minimum of 29 to 34 per cent of gold back of its currency. We have that, but what have we back of our billions of bank credits that is liquid in times of emergency?

By reason of this expansion of commerce and increase in population throughout the world, there was a scramble for gold by the nations of the world.

The gold dollar—the so-called honest dollar of monometallists of years gone by—is to-day worth $1.50 to $2, and the debtor is called upon to pay the creditor an unearned increment of 50 to 100 cents upon every dollar he owes.

The enactment of the Federal reserve act, with its flexible provisions, was supposed to prevent just such a situation as confronts us to-day. I have no doubt it was prompted by the highest motives, but I am convinced it has not worked out as its authors thought and intended it should.

Many bills have been introduced in Congress for inflating our currency, but I want to call your attention to the fact that prices in general may advance as a result of increasing the volume of money in this country without materially affecting wheat, cotton, and other products that come in direct competition with the products of India, Argentina, Australia, Russia, and other wheat or cotton producing countries and some 40 other countries that are off the gold standard for the reason that as the price of silver as a commodity is lowered it takes less gold to purchase currencies of these countries to pay for wheat and cotton. In other words, assuming for the sake of argument that the world price of wheat was 50 cents gold, the American farmer would receive 50 cents in his money, less transportation and handling charges, but his competitor in Argentina would receive 70 cents in his money less transportation charges; and his cost of production is 40 per cent less than the American farmer

because Argentina's money is depreciated, in terms of dollars or gold, 40 per cent. The American farmer is, therefore, unable to compete in the world market, and I seriously doubt that any legislation can be passed to protect him as long as we continue our present financial policy.

I have told you of the effect of the depreciated currencies of other countries upon the farmer; now let me explain the effect upon the manufacturers of the country.

A depreciated currency may have practically no effect upon the cost of production within that country's own borders so long as the country has no dealings with other nations, but confines its business activities within its own borders, but as soon as its manufactured goods are exported to another country, the exchange rate between these countries, due to their appreciated or depreciated currencies, becomes an important matter. It then becomes apparent that the country with a depreciated currency has a distinct advantage in the fact that its cost of production is as much lower than another nation's as the percentage of depreciation of its currency.

I can not overemphasize the importance of this fact. Of all the great commercial nations of the world the United States alone has not depreciated her currency since the World War. I think a better statement of the same fact would be to say that we have doubled the commodity value of our dollar since the war and that we have thus erected a monetary tariff wall against the exporting of our own goods, and at the same time have made it very easy for other nations to flood this country with their products. It might be well for us to think in terms of our appreciated dollar rather than the depreciation of the currencies of other countries.

Let me give a simple illustration of how this principle is working to our disadvantage to-day. Let us suppose that Canadian currency depreciated 50 per cent like that of Japan, and that a shoe manufacturer in Boston and one in Toronto were each paying their labor $6 a day, and that the average cost of making a pair of shoes was in each factory $2 a pair. The Canadian dollar, although depreciated 50 per cent—as measured by our gold dollar—would still buy as much labor or pay as much rent or debt in Canada as the United States dollar would purchase or pay in the United States. To all outward appearances the standards of living and the value of each dollar were identical as long as it operated within its own country. It was only when the dollar crossed from one country to the other that the difference became apparent. The factory cost of production in the Toronto factory and in the Boston factory was $2 per pair of shoes measured in the dollars, respectively, of each country. But see what happens when trade crosses from one of these countries to the other. An American merchant goes to the Canadian factory and finds that one American dollar will purchase one pair of $2 Canadian shoes. This seems like a good bargain to the American, so he imports his shoes from Canada. But let us suppose that a Canadian merchant comes to the Boston shoe factory to purchase American-made shoes valued at $2 a pair in United States money. He finds that it will cost him $4 of his Canadian money to buy one pair of $2 American shoes, and the chances are he will not purchase them.

Now, if you will multiply that simple illustration by many thousands you will understand the great commercial advantage enjoyed by countries with a depreciated currency and why Japan is able to flood this country with her products at a cost delivered here in the United States of less than one-half our cost of producing them.

As gold increases in its exchangeable value for all other commodities, cost of production must increase in the gold-standard countries, and as the bullion price of silver decreases in its exchangeability for all other commodities, the cost of production must resultantly decrease in the silver-standard countries. In the United States, supposedly on the gold standard, as gold increases in its exchangeable value for all other commodities, cost of production must increase in our country, as a corresponding increased volume of products for the liquidation of our debts is required and the bulk of our business is conducted on credit. Whereas in the silver-standard countries, as the bullion price of silver decreases as measured in gold, the cost of production correspondingly decreases as the volume of products for the liquidation of all debts correspondingly decreases. Hence, in the United States, the producer of all raw material, as well as manufactured products, where a surplus exists, is doubly handicapped, first, by the increasing cost of production as gold increases in its exchangeable value for other commodities in our country, and, second and of even greater importance, the decreased cost of production in the silver-standard countries, for competing products in the world's market as the bullion price of silver decreases in the silver-standard countries.

You may double or treble the paper money of our own country, but by so doing you are simply increasing the cost of production in the United States but in no manner increasing the cost of production in the silver-standard nations, whereas the enactment of the Wheeler bill would quintuple the cost of production in the silver-standard nations, but contemporaneously and compensatorily quintuple their purchasing power; and the same financial yardstick would apply the world over in domestic as well as international commerce and establish the world's minimum price of $20.67 per ounce for fine gold and the minimum price of 1.29^{29}/_{100}$ per ounce for fine silver, with the result that the tendency would be to bring the silver-standard nations up to our high standard of living in the United States and our high labor wages, instead of bringing ours down to their much lower standards.

Accredited records show that since the discovery of America in 1492, down to and including the year 1929, covering a period of over 436 years, there were produced a total for the whole world of 1,041,232,774 fine ounces of gold and 14,729,598,697 fine ounces of silver. In other words, there was a little over 13 times as many fine ounces of silver produced as there were fine ounces of gold.

Applying our present coinage value (continued under the proposed Wheeler bill) of $20.67 per ounce for fine gold, the total world's production of gold for this over-436-year period has a monetary value of $21,525,005,673 and the total world's production of silver during this period of over 436 years has, under the coining value of our present standard silver dollars of 1.29^{29}/_{100}$ per ounce for fine silver—unchanged under the enactment of the Wheeler bill—a value of $19,044,329,616.

In the United States the free coinage of both silver and gold as provided for by the act of 1792 was continued unaltered until 1873, although the ratio between gold and silver coins was changed from 15 to 1 as fixed by the act of 1792, to 16 to 1 by the act of 1834, and 15,988 to 1 as fixed by the act of 1837.

Further note that from and including the years 1801 to 1850, the average gold-silver price ratio was 15.7 while the average silver-gold production ratio for the entire world was 28.0. In other words, although the world's production showed that 28 times as many fine ounces of silver as of fine ounces of gold were produced during that period from 1801 to 1850, yet the relative interchangeability the world over of these two metals was 15.7 ounces of fine silver to 1 ounce of fine gold.

Also note that from the period of 1851 to 1875, both inclusive, the average gold-silver price ratio was 15.5 while the silver-gold production ratio was 6.7. That is to say, during this period, although there was only 6.7 times as many ounces of silver produced as there were fine ounces of gold, yet the relative interchangeability between these two metals throughout the world averaged 15.5 ounces of silver to 1 ounce of gold.

The fact that Great Britain adopted gold monometallism in 1816, France several decades later, Germany in 1871, in conjunction with the above-stated average in gold and silver price ratio, together with the world's gold-silver production ratios from 1801 to 1876, prove conclusively the ability of the United States by independent action under the enactment of the Wheeler bill (S. 2487) to maintain a parity of 16 to 1, as provided for in said bill.

These above facts also absolutely disprove any claim that the United States under the enactment of the Wheeler bill would become the dumping ground for the world's silver or that silver, the cheaper metal, would drive out gold, the dearer metal (in the frequently attempted misapplication of the Gresham law), for the reason that neither metal would be cheaper or dearer because of the unlimited demand (compared with nature's limited supply) created for both metals resultant from the free and unlimited coinage of the same by the United States Mint at the fixed values for each metal as provided for under the Wheeler bill.

The claim of some of the gold monometallists that China, India, and other nations that for many centuries have only known silver as their financial yardstick would dump their silver on the market of the United States under the enactment of the Wheeler bill is too absurd and asinine to justify even consideration. Imagine these nations, representing far more than half the population of the civilized world, voluntarily divesting themselves of their only known financial yardstick in their domestic or foreign commerce, thereby necessitating cessation of all domestic business among themselves or foreign business with other nations of the world.

Let me call your attention also to the fact that if we independently and alone should remonetize silver, we would immediately take away from Great Britain, France, and Germany the trade they now enjoy in the Orient, in Mexico, and South America. England is off the gold standard, and is profiting in her foreign trade by reason of it. Is there anyone so naïve as to believe that England would not be forced to adopt bimetallism when she saw her trade in these countries coming to America? Why must we wait on England; why not take the lead?

Under what is known as the remonetization of silver on the basis of 16 to 1, the Government does not purchase the silver or the gold. It simply receives the bullion at the mint. After that it is brought to the proper standard of fineness for coins; and if the bullion requires to be refined, the Government makes a charge equal to the cost of bringing the metal to standard fineness; that is, nine-tenths fine. Then the Government puts its stamp on each piece and turns the coins over to the depositor, and that is all there is to it.

Or the Government may, if it has the coin on hand, at once deliver the coin to the depositor for the bullion; but the Government in no proper sense buys the bullion nor does it become the owner of it. The bullion and the coin made from the bullion belong to the depositor.

Separate provision, however, has been made on account of the greater convenience of a paper circulation, for the issue of notes, dollar for dollar, for the coin or bullion which in that case the Government holds in trust for whoever holds the notes or certificates.

In our United States coinage 23.22 grains of fine gold constitute a dollar, namely, $20.67 per fine ounce for gold, and 371.25 grains of fine silver constitute a dollar, or $1.29 per ounce for fine silver.

The Wheeler bill adopts the same coinage value by providing under section 3, "the dollar consisting of 25.8 grains of gold nine-tenths fine, or of 412.5 grains of silver nine-tenths fine, shall be the standard unit of value," and so forth.

For many, many centuries silver and gold have been the only primary money metals of the entire civilized world.

There is no known compilation giving the amount of gold and silver in the world at the present time. On January 1, 1930, the total monetary stock of the principal countries of the world on the basis of $20.67 per ounce of fine gold was $11,027,370,000, and the total silver stock in banks and treasuries at the same time on the basis of $1.29^{29}/$_{100}$ per ounce for silver was $4,099,914,000.

The present bullion value of silver in the United States is approximately 25 cents per ounce. Under the enactment of the Wheeler bill contemporaneously throughout the civilized world, silver would have a minimum value of $1.29^{29}/$_{100}$ per ounce and interchangeable with gold throughout the civilized world on the basis of a minimum value of $20.67 per ounce. This would contemporaneously quadruple the purchasing power of all the silver-standard nations—well over 60 per cent of the civilized world—establish a rigid financial yardstick for international exchange and provide, in my opinion, an unlimited market at a fixed minimum price for all our surplus of raw material and manufactured products of all kinds which would absorb the products of the automobile, electrical and all other factories for a period of 20 years if run at full capacity; but far greater and more desirable than this, it would insure a profitable price to the agriculturists, representing practically 30 per cent of our population, for their products within two years and quadruple the present land values making same desirable collateral instead of undesirable as same have been the past decade or more.

All must concede that our new wealth is produced entirely from the ground and the waters; and unless cost of production and a fair profit are assured, we shall have no new wealth and ultimately be deprived of the food and sustenance necessary for life itself.

For over 50 years now we have been thrilled or shocked, dependent upon the individual's viewpoint, with rumors of international conferences or international agreements for the remonetization of silver.

Undoubtedly, there are many honest advocates of international bimetallism believing that the United States by independent action can not effect a rigid ratio of interchangeability between the two metals.

Historical facts justify the assertion that there are many gold monometallists bitterly opposed to bimetallism—not only whether established by international agreement or independent action on the part of the United States—who hypocritically pose as international bimetallists, thereby creating a barrage to prevent possible action by the United States alone.

I can understand why China might not want the United States to remonetize silver at a ratio of 16 to 1, as this would increase the cost of production and might injure her notwithstanding the fact that she would be in a measure compensated by the increase in the purchasing power of her silver currency.

I can understand why England might not want to see silver remonetized by the United States, because it is to England's advantage that production costs here should remain at the present high level, as this gives her very great commercial advantage as an exporter of manufactured goods. For the same reason I can understand why Japan and Germany might like to have us remain on our high pedestal of gold so that they can undersell us in the markets of the world.

But as an American citizen and interested first of all in the prosperity and happiness of the American people, I can not understand why anyone who wants prosperity to return to the United States should object to the remonetization of silver by the United States without waiting for the consent of other nations who benefit commercially by the United States remaining upon the gold standard.

I think it was Will Rogers who once said that "The United States has never lost a war and never won a conference." We are not a country of diplomats; and when we have gotten into the intrigues of European diplomacy, our statesmen in the past have been entirely outclassed.

Why should England agree to join with the United States for the purpose of remonetizing silver, when depressing the price of silver enables her to buy cheap wheat and cotton from India?

In addition to the benefits England gets by reason of cheap cotton and cheap wheat from the Orient, her manufacturing interests are able to undersell us in the world markets, due to a depreciation of 30 per cent in her currency since going off the gold standard. In other words, when a manufacturer of shoes in England competes in the world market with the manufacturer of shoes in the United States, he enjoys an advantage of 30 per cent in labor costs alone, because of the fact that wages and living costs in England did not increase when her currency depreciated. This advantage of 30 per cent which England has over the United

States applies to all her industries, whether shoes, textiles, or steel. Quoting again from the article in the Saturday Evening Post by Samuel Blythe:

> Over a period covering 1931 and the first six months of 1932, there were imported into the Pacific coast territory 183,228 net tons of finished steel made by cheap foreign labor and sent here under cheap freight rates in foreign ships.

It is the United States that is suffering from the depreciated currencies of other nations who are our competitors. Why should we expect them to join us in an international conference for the remonetization of silver which would take from them the commercial advantage which they now enjoy? Mr. Mitchell, of the National City Bank, is quoted in the Chicago Tribune as saying:

> Since it is neither practicable nor indeed thinkable for the United States to adopt either the course of attempting to withdraw behind impenetrable tariff walls or that of entering upon a competition in currency depreciation of which the end is zero for all, there remains only the alternative of cooperation with foreign nations in the efforts to remove such obstacles as may still bar the way of their return to a gold basis.

I wonder why Mr. Mitchell assumes that these countries want to return to the gold standard; for there is every indication that England will not do so for many years to come; and if she does, it is very certain it will be with a greatly reduced amount of gold in her monetary unit, the pound.

But why should we wait for England or any other nation to join with us when we know that it is greatly to their advantage to leave us upon our pedestal of gold? And what assurance have we, if we had an international agreement, the countries would keep their word and would not break faith? Practically every nation in the world has broken its treaties and its word when it found it to its economic interest to do so. We have the best example of France, one of the most civilized nations of the world, recently breaking her word and solemn agreement by refusing to pay the installment she owed the United States, not on the ground that she was unable to pay it, but on the ground, notwithstanding she was able to pay it, that she felt it was not to her economic interest to do so.

Why should we seek an international agreement? Did Germany, when she inflated her currency in 1923, have an international agreement with reference to it? Did Austria, when she inflated in 1924, seek the advice, judgment, or consent of the other nations of the world? Did France consult England or any other European country or America when she devaluated her franc from 20 cents to 4 cents? Did England, Sweden, Norway, or any of the 40 nations now off the gold standard, consult with the United States when they took the course they did? And yet men stand here on the floor of the Senate urging, if you please, before we take any steps to regulate our currency as the Constitution of the United States provides that we should do, that we go over to an international conference and ask England, France, Germany, Czechoslovakia, Japan, China, Bulgaria, and Turkey as to what we should do with our money.

I assert that we are to-day the strongest and most powerful Nation in all the world, not because we are on the gold standard but in spite of it; not because of the fact that anything was done by our bankers but in spite of them; not because of the fact that any of our so-called financial and industrial leaders had done anything but in spite of them; but because of the intelligence, integrity, and virility of the American people which were built up under a free Government in a new country possessed of the greatest natural resources, of climatic conditions which go to make strong characters, and because of the fact that our forefathers wrote into the Constitution not only the right of Congress to make but its duty to regulate the currency and fix the value thereof.

But men will stand here on the floor of the Senate and talk of the wisdom of our forefathers; they will sing the praises of Washington on his birthday; they will put a halo around Thomas Jefferson; they will sing the praises of Madison and Hamilton, who you Republicans assert was the greatest Secretary of the Treasury, at least up until the time of Andrew Mellon, but they are afraid to adopt the money which was established by the forefathers of this country.

Why have we weakened? We have weakened because of the fact that the international bankers of this country to-day, the financial and industrial leaders, have dominated every piece of legislation in recent times. They control to-day the railroads and industries; they have muzzled the press and avenues of information and have educated the people of this country to the idea that we could only be prosperous if we let them manage our currency, our industrial life, and our political life.

In the Senate of the United States, January 4, 1932, Mr. WHEELER introduced the following bill, which was read twice and referred to the Committee on Finance:

S. 2487

A bill to establish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, to provide for the free coinage of silver as well as gold, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proportional value of silver to gold in all coins which are by law current as money within the United States shall be as 16 to 1, according to quantity in weight, of pure silver or pure gold; that is to say, every 16 pounds weight of pure silver shall be of equal value in all payments with 1 pound weight of pure gold, and so in proportion as to any greater or less quantities of the respective metals.

SEC. 2. There shall be free coinage of both gold and silver, at the ratio fixed in this act, subject to the conditions and limitations now provided by law with respect to the coinage of gold; and all the laws of the United States relating to such coinage or to recoinage, exchange, or conversion of coin, bars, or bullion of gold, shall apply equally, so far as practicable, to silver.

SEC. 3. The dollar consisting of $25^{8}/_{10}$ grains of gold nine-tenths fine, or of 412½ grains of silver nine-tenths fine, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.

The PRESIDENT pro tempore. The time of the Senator from Montana has expired.

Mr. THOMAS of Oklahoma. Mr. President, I suggest the absence of a quorum.

Mr. BULKLEY. Mr. President, has any business intervened?

The PRESIDENT pro tempore. No business has intervened.

Mr. BULKLEY. I make that point.

Mr. LONG. Mr. President, a point of order: Some business has intervened. We have passed on the last amendment. The last business was the vote on the first amendment of the Senator from New Jersey [Mr. KEAN]; so that business has been transacted.

Mr. THOMAS of Oklahoma. A second point of order, Mr. President——

The PRESIDENT pro tempore. The Chair sustains the statement made by the Senator from Louisiana. Therefore, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Keyes	Schuyler
Austin	Davis	King	Sheppard
Bailey	Dickinson	La Follette	Shipstead
Bankhead	Dill	Lewis	Shortridge
Barbour	Fess	Logan	Smith
Barkley	Fletcher	Long	Smoot
Bingham	Frazier	McGill	Steiwer
Black	George	McKellar	Stephens
Blaine	Glass	McNary	Swanson
Borah	Glenn	Metcalf	Thomas, Idaho
Bratton	Goldsborough	Moses	Thomas, Okla.
Brookhart	Gore	Neely	Townsend
Bulkley	Grammer	Norbeck	Trammell
Bulow	Hale	Norris	Tydings
Byrnes	Harrison	Nye	Vandenberg
Capper	Hastings	Oddie	Wagner
Caraway	Hatfield	Patterson	Walcott
Carey	Hayden	Pittman	Walsh, Mass.
Connally	Hebert	Reed	Walsh, Mont.
Coolidge	Howell	Reynolds	Watson
Copeland	Hull	Robinson, Ark.	Wheeler
Costigan	Johnson	Robinson, Ind.	White
Couzens	Kean	Russell	
Cutting	Kendrick	Schall	

The PRESIDENT pro tempore. Ninety-four Senators having answered to their names, a quorum is present.

ARRANGEMENTS FOR THE INAUGURAL CEREMONIES

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent for the present consideration of the joint resolution which I send to the clerk's desk.

Yesterday, on behalf of the inaugural committee, two joint resolutions were introduced, Senate Joint Resolution 239, authorizing the granting of certain permits in the District of Columbia, and Senate Joint Resolution 240, to provide for the quartering in certain public buildings in the District of troops participating in the inaugural ceremonies. I am advised that it is necessary to pass these joint resolutions now in order that the preparations may go forward promptly.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Arkansas for the consideration of Senate Joint Resolution 239?

There being no objection, the Senate proceeded to consider the joint resolution (S. J. Res. 239), authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes.

Mr. ROBINSON of Arkansas. Mr. President, I move the following amendment to the joint resolution: In section 4, on page 5, line 21, after the word "permit," to strike out the words "the Western Union Telegraph Co., the Chesapeake & Potomac Telephone Co." and insert the words "telegraph, telephone."

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Director of Public Buildings and Public Parks of the National Capital, and such other officers of the District of Columbia and the United States as control any public lands in the District of Columbia, are hereby authorized to grant permits, under such restrictions as they may deem necessary, to the Committee on Inaugural Ceremonies for the use of any reservations or other public spaces in the city of Washington under their control on the occasion of the inauguration of the President elect in March, 1933: *Provided*, That in their opinion no serious or permanent injuries will be thereby inflicted upon such reservations or public spaces or statuary thereon; and the Commissioners of the District of Columbia may designate for such and other purposes on the occasion aforesaid such streets, avenues, and sidewalks in said city of Washington under their control as they may deem proper and necessary: *Provided, however*, That all stands or platforms that may be erected on the public space, as aforesaid, including such as may be erected in connection with the display of fireworks, shall be under the said supervision of the said inaugural committee, and no stand shall be built on the sidewalk, streets, parks, and public grounds of the District of Columbia, not including the area on the south side of Pennsylvania Avenue directly in front of the White House, except such as are approved by the inaugural committee and the building inspector of the District of Columbia, and no stands shall be built on the sidewalks or streets on the south side of Pennsylvania Avenue directly in front of the White House, except such as are approved by the inaugural committee, the building inspector of the District of Columbia, and the Director of Public Buildings and Parks: *And provided further*, That the reservations or public spaces occupied by the stands or other structures shall after the inauguration be promptly restored to their condition before such occupation, and that the inaugural committee shall indemnify the appropriate agency of the Government for any damages of any kind whatsoever upon such reservations or spaces by reason of such use.

SEC. 2. The Commissioners of the District of Columbia are hereby authorized to permit the committee on illumination, of the inaugural committee for said inaugural ceremonies, to stretch suitable overhead conductors, with sufficient supports wherever necessary, for the purpose of connecting with the present supply of light for the purpose of effecting the said illumination: *Provided*, That if it shall be necessary to erect wires for illuminating or other purposes over any park or reservation in the District of Columbia the work of erection and removal of said wires shall be under the supervision of the official in charge of said park or reservation: *Provided further*, That the said conductors shall not be used for conveying electrical currents after March 8, 1933, and shall, with their supports, be fully and entirely removed from the streets and avenues of the said city of Washington on or before March 15, 1933: *And provided further*, That the stretching and removing of the said wires shall be under the supervision of the Commissioners of the District of Columbia, or such other officials as may have jurisdiction in the premises, who shall see that the provisions of this resolution are enforced, that all needful precautions are taken for the protection of the public, and that the pavement of any street, avenue, or alley disturbed is replaced in as good condition as before entering upon the work herein authorized: *And provided further*, That no expense or damage on account of or due to the stretching, operation, or removal of the said temporary overhead conductors shall be incurred by the United States or the District of Columbia.

SEC. 3. The Secretary of War and the Secretary of the Navy be, and they are hereby, authorized to loan to the Committee on Inaugural Ceremonies such hospital tents, smaller tents, camp appliances, ensigns, flags, and signal numbers, and so forth, belonging to the Government of the United States (except battle flags) that are not now in use and may be suitable and proper for decoration, and which may, in their judgment, be spared without detriment to the public service, such flags to be used in connection with said ceremonies by said committee under such regulations and restrictions as may be prescribed by the said Secretaries, or either of them, in decorating the fronts of public buildings and other places on the line of march, between the Capitol and the Executive Mansion and the interior of the reception hall: *Provided*, That the loan of the said hospital tents, smaller tents, camp appliances, ensigns, flags, and signal numbers, and so forth, to said committee shall not take place prior to the 23d of February, and they shall be returned by the 9th day of March, 1933: *Provided further*, That the said committee shall indemnify the said departments, or either of them, for any loss or damage to such flags not necessarily incident to such use. That the Secretary of War is hereby authorized to loan to the inaugural committee for the purpose of caring for the sick, injured, and infirm on the occasion of said inauguration, such hospital tents and camp appliances, and other necessaries, hospital furniture and utensils of all descriptions, ambulances, horses, drivers, stretchers, and Red Cross flags and poles belonging to the Government of the United States as in his judgment may be spared and are not in use by the Government at the time of the inauguration: *And provided further*, That the inaugural committee shall indemnify the War Department for any loss or damage to such hospital tents and appliances, as aforesaid, not necessarily incident to such use.

SEC. 4. The Commissioners of the District of Columbia and the Director of Public Buildings and Public Parks be, and they are hereby, authorized to permit telegraph, telephone, and radiobroadcasting companies, to extend overhead wires to such points along the line of parade as shall be deemed by the chief marshal convenient for use in connection with the parade and other inaugural purposes, the said wires to be taken down within 10 days after the conclusion of the ceremonies.

Mr. ROBINSON of Arkansas. Mr. President, I ask for the consideration of Senate Joint Resolution 240, to provide for the quartering, in certain public buildings in the District of Columbia, of troops participating in the inaugural ceremonies.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the Director of Public Buildings and Public Parks of the National Capital is authorized to allocate such space in any public building under his care and supervision as he deems necessary for the purposes of quartering troops participating in the inaugural ceremonies to be held on March 4, 1933, but such use shall not continue after March 6, 1933. Authority granted by this resolution may be exercised notwithstanding the provisions of the legislative, executive, and judicial appropriation act for the fiscal year ending June 30, 1903, approved April 28, 1902, prohibiting the use of public buildings in connection with inaugural ceremonies.

CROP PRODUCTION AND HARVESTING LOANS

Mr. SMITH. Mr. President, there were inadvertently left out of the crop production loan measure certain words which should have been incorporated, and a concurrent resolution is necessary to insert the words. As time is very essential in this matter, I ask unanimous consent for the present consideration of the concurrent resolution which I send to the desk.

Mr. McNARY. Let it be reported.

The PRESIDENT pro tempore. The concurrent resolution will be read for the information of the Senate.

The concurrent resolution (S. Con. Res. 41) was read, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby, authorized and directed, in the enrollment of the bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, to insert on page 2, line 9, of the engrossed House amendment, after the figures "1933," the following: "or on livestock."

The PRESIDENT pro tempore. The Senator from South Carolina asks unanimous consent for the present consideration of the concurrent resolution. Is there objection?

Mr. McNARY. Mr. President, let me ask the Senator what would be the effect of the concurrent resolution? Would it modify the conference report passed on yesterday?

Mr. SMITH. Inadvertently certain words were left out, that is all.

Mr. McNARY. Has the Senator conferred with the House conferees?

Mr. SMITH. The House conferees are very anxious to have this action taken and stated that if the Senate would pass the concurrent resolution and send it to the House, they would have it taken care of over there. It is to correct an error in the wording.

The PRESIDENT pro tempore. Is there objection to the present consideration of the concurrent resolution?

There being no objection, the concurrent resolution was considered and agreed to.

BANKING ACT

The Senate resumed the consideration of the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

Mr. LONG. Mr. President, we still have under consideration the second amendment offered by the Senator from New Jersey [Mr. KEAN].

The PRESIDENT pro tempore. That is correct.

Mr. LONG. Mr. President, we have been discussing the pending bill under a unanimous-consent agreement. We entered into a unanimous-consent agreement under which each Senator was to have 30 minutes on any amendment and an hour on the bill. I understand that some of those who have unanimously so agreed now wish to break the unanimous-consent agreement by whatever rule of cloture may be necessary.

I am glad to say that we have painted this bill as it should have been painted. I am glad to say that it has no more chance of becoming a law than I have of becoming Pope of Rome, and I am a Baptist. I wish to say that it does not make any difference now what happens here, we have dressed it up and crippled it up in this iniquitous branch-banking feature as well as we could do it in this body, and I do not think it can hobble through another proceeding of any kind or character.

We have been able to point out to the people of the United States that the Senate has consumed 21 days' time on this bill. Twenty-one days' time of the Senate of the United States have been consumed on this bill, the initial purpose of which was to consolidate in the hands of the bankers of this country all the power of the banking resources of the United States. We feel that we have dressed the bill down and taken out as many of the iniquities as we could possibly expect to take out were we to delay it to any time in the future. We will reserve our right, when the time comes again, to do anything to deal a further deathblow to this iniquitous character of legislation, and do the best we can. I do not think we need have any worry. I do not think the measure is ever going to come back to these portals at all. However, I wish it understood that when it goes to the other end of the Capitol it will go having had as much aid and defense by parliamentary process as could be assembled in its defense and to speed it on.

We have let the hungry cry, but we have not had to have a night session for the hungry yet. We have let the naked wail, but we have never had to arrest a single Senator and bring him back into the United States Senate in order to get the Senate to give consideration to the naked. We have let the homeless wander through the highways and the byways. They are crying, they are begging, they are pleading, they are beseeching, but there has never been any suggestion of anything being done in their behalf.

No Senator need fear any kind of cloture. No one here need fear any such thing as an arrest, so long as there is no proposal of legislation except something to help the gigantic banking control of this country. No man need fear anything like any unusual process to carry it through. But 21 days' time of the Senate have been consumed trying to jam the iniquities of this bill down the throats of the starving and the suffering and the struggling American people.

Twenty-one days, Mr. President, have been sufficient so that the men and the women back at the forks of the creek learned enough about this bill, of its iniquities, its unpopularity, its various and sundry forms of perversion of American principles and ideals, and it is now well enough known that we need have no further worry or concern as to what is going to happen to it at this session of Congress. It is not only as dead as a hammer; it never even had the life a hammer ever had, leaving the Senate as it is now leaving it.

Mr. President, I wish to propound this inquiry: What is the next order we have to take up when we leave this bill? May I ask some of the leaders what is next on the program?

Mr. McNARY. Mr. President, a motion could be made to proceed to the consideration of the Treasury and Post Office bill, containing the features of the economy bill.

Mr. BLAINE. Mr. President, I will say to the Senator, and for the information of the Senate, that I shall move to take up for consideration the joint resolution providing for the repeal of the eighteenth amendment, in order that this Congress may have an opportunity to carry out the party platforms of the year 1932.

Mr. WAGNER. Mr. President, did I understand the Senator to say that the joint resolution which has been reported by the Committee on the Judiciary carries out the platform pledges of the parties with reference to the repeal of the eighteenth amendment?

Mr. BLAINE. If the Senator had listened to what I said he would have observed that I said to give the Congress an opportunity to carry out the platform pledges of the parties in the year 1932.

Mr. WAGNER. Very well.

Mr. BLAINE. I assume that that opportunity will not be afforded unless the joint resolution is taken up for consideration.

Mr. WAGNER. I misunderstood the Senator. I apologize.

Mr. CAPPER. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. CAPPER. I want to say right here that I am still waiting for an opportunity to renew the motion I made on December 21 to take up Senate bill 97, known as the fair trade bill. I have tried for two months to get that bill before the Senate and I shall try again.

Mr. LONG. Mr. President, I have been very glad to listen to what is expected to be brought up, but I am very sorry that there is no one suggesting anything to give relief to the human race. I was hoping that I might encounter a statement from some Senator that if the pending bill were out of the way he would move to take up something for the relief of humanity. I am very sorry that we have not heard that among the various and sundry suggestions.

Just one more word and I shall be through. I wish to say to the Senate that the discussion which we have had has brought out the fact that the trouble with this country is that the wealth is concentrated in the hands of the few; that the trouble is that with too much to eat you have let the people starve; that you have let them go naked with too much to wear, and homeless with too many houses. Now that you take this carcass out of the Senate—because it is a carcass—I hope that we shall not have to follow the carcass over to the other end of the Capitol. It has received its blow where it should have received it. You have held it over 21 days. You can not blow life into it after it gets out of here.

We have taken off the right leg of the corpse and its right arm and chiseled into its lungs, and now I hope that as you take it out of here, deformed, dehorned, and otherwise as it is, you will make good some of this claptrap and clamor that you have given to the American people, that if you could get this iniquitous bankers' proposal out of here you would pass some legislation for the relief of human suffering. Let us see it when you get it out of here. We are ready for it to go. We do not care now, so far as it becoming law is concerned. That has passed into the far beyond, that bourn from whence no traveler returns.

Now that you can get this iniquitous measure out of here, I hope that distinguished Senators with good motives, good hearts, and pure principles will now have nothing further in their way but will come forward with legislation that will feed the starving in a land of too much to eat and clothe the naked in a land of too much to wear.

Mr. THOMAS of Oklahoma. Mr. President, I desire to make a brief statement probably occupying a moment and then propose a unanimous-consent request. If anyone wants to call a quorum before I proceed I will withhold my request for that purpose.

Mr. President, in some sections it is claimed that those who oppose the passage of the Glass branch banking bill are engaged in a filibuster. If their opposition to the Glass branch banking bill is correctly called a filibuster, then it is a filibuster against a scarcity of money, a filibuster against the absence of credit, a filibuster against hunger, cold, and want, a filibuster against the failure of the Senate leadership in even trying to ascertain the causes of the depression. Hence those who are filibustering against the Glass branch banking bill in the true sense are filibustering against the laggardness of Senate leaders in not even trying to check the ravages of the now almost 4-year-old depression.

Mr. President, I propose the following unanimous-consent agreement, that beginning at 7 o'clock p. m. this day debate be limited to one speech of not to exceed 10 minutes on each amendment, and that the Senate remain in continuous session until a final vote is had upon the pending bill.

Mr. TYDINGS. Mr. President, in perfect good faith, I ask the Senator from Oklahoma if I should offer the amendment of which I spoke earlier in the afternoon, namely, an amendment to provide a commission to inquire what might be done to bring commodity prices and money prices into parity, whether he would not be satisfied then to let that general subject matter go until the time when that proposition could be considered.

Mr. THOMAS of Oklahoma. Mr. President, personally I do not care to modify the unanimous-consent proposal.

Mr. COUZENS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Michigan?

Mr. THOMAS of Oklahoma. Certainly.

Mr. COUZENS. Does the Senator from Oklahoma propose by his unanimous-consent agreement to preclude the offering of any further amendments?

Mr. THOMAS of Oklahoma. No.

Mr. COUZENS. If it does not preclude the offering of any further amendments, then we can keep on offering amendments and consume time interminably.

Mr. LONG. So far, I think, as we are concerned, if the proponents of the bill wish to offer amendments we will have no objection, but we do not care to offer any.

Mr. GLASS. The proponents of the bill do not care to offer any amendments, and I could wish that the Senator would confine his unanimous-consent request to the amendments which have been sent up and printed and not permit any further amendments.

Mr. LONG. We will agree to that if the Senator from Oklahoma is willing.

Mr. THOMAS of Oklahoma. I wish to say to the Senate that I have one amendment which I want to propose, but I will make no speech and be content with a vote, and that is to strike out section 19.

The PRESIDENT pro tempore. The question is on entering into the unanimous-consent agreement. Is there objection?

Mr. TYDINGS. Mr. President, reserving the right to object, may I ask how many amendments are pending?

The PRESIDENT pro tempore. There is only one pending. There are several amendments that are lying on the table.

Mr. GLASS. There are some 8 or 10 amendments, I may state to the Senator from Maryland, lying on the table. Many of them are of a minor nature and unobjectionable. There are no controversial amendments pending.

Mr. TYDINGS. It seems to me if there are 30 or 40 amedments pending, at 10 minutes per Member, that would be 300 minutes per Member, or 5 hours per Member. If 10 Members intend to use 5 hours apiece on all these amendments, that means 50 hours, and at least 3 or 4 legislative days.

Mr. LONG. I think I can assure the Senator we will have the carcass out of here in an hour if he will consent.

Mr. TYDINGS. I did not understand the Senator.

Mr. LONG. I will repeat it. I think I can assure the Senator we will have the bill, to use a more polite term, out of here in an hour if he will consent.

Mr. TYDINGS. I shall not object.

Mr. McKELLAR. Mr. President, may the proposed agreement be read?

The PRESIDENT pro tempore. It will have to be stated before it is entered into. The Senator from Oklahoma proposes the following unanimous-consent agreement, which will be read for the information of the Senate.

The Chief Clerk read as follows:

It is agreed, by unanimous consent, that beginning at 7 o'clock p. m. to-day all debate be limited to one speech not to exceed 10 minutes each on any amendment and that the Senate remain in continuous session until the final vote is had on the pending bill.

Mr. CONNALLY. Mr. President, I have sent an amendment to the desk, and if we can have a vote on it I shall have no objection. I do not want to make a speech.

The PRESIDENT pro tempore. This does not preclude the Senator from Texas.

Mr. GLASS. As I understand from the Senator from Oklahoma, there shall be no further amendments proposed aside from those that have already been proposed and his proposal to strike out section 19.

The PRESIDENT pro tempore. The Chair does not understand that all that can be put in the unanimous-consent agreement. There are printed and lying on the table and eligible to be offered a considerable number of amendments. There is a time limit of 60 minutes of general debate available under the proposed unanimous-consent agreement, but that limitation would be removed if the other unanimous-consent agreement is entered into.

Mr. McNARY. Mr. President, if the proposal of the Senator from Oklahoma is adopted, would that limit debate of all kinds to 10 minutes on each amendment?

The PRESIDENT pro tempore. The Chair would so interpret the new unanimous-consent agreement.

Mr. LONG. May we have the proposed agreement amended so as to exclude the hour of general debate on the bill?

Mr. McNARY. If the conclusion of the Chair is correct and it does not prevent any speech of one hour on the bill, it might keep us here until an unreasonable hour in the morning.

The PRESIDENT pro tempore. No; the Senator from Oregon misunderstood the Chair. The Chair holds that the new unanimous-consent agreement would wipe out the one hour of time on the bill, and that 10 minutes for one speech on each amendment would be all any Senator could use. That is the interpretation of the Chair as the unanimous-consent agreement is proposed. The Chair would so hold. The author of the unanimous-consent agreement can probably state better what he had in his mind.

Mr. THOMAS of Oklahoma. I thought perhaps there might be some objection and there might be a quorum called. I wanted to give ample time to consider the 10-minute proposal. I have no objection to making it begin at 6.15, but I think the whole purpose will be subserved by making it 7 o'clock because we will commence now under the 10-minute limitation.

Mr. McNARY. Is it the opinion of the Senator from Oklahoma that under the proposed unanimous-consent agreement we would not be held here until the early hours of the morning?

Mr. THOMAS of Oklahoma. If what some call a filibuster should break out some place else, I do not know what might happen.

Mr. McNARY. If we are to remain in continuous session without a limitation of some kind, we might be held here until early morning.

Mr. LONG. I will guarantee we will not be here as late as 7.30. If we are, we will make it up in some other way.

Mr. COUZENS. Mr. President, unless it is understood that all amendments are to be filed before 7 o'clock I would not agree. If the amendments are filed before 7 o'clock then the proposed unanimous-consent agreement should be made to read "10 minutes each on any amendment then filed."

Mr. THOMAS of Oklahoma. That is perfectly agreeable to the proposer of the unanimous-consent agreement.

The PRESIDENT pro tempore. The Chair understands the unanimous-consent agreement to be in this form: It is agreed by unanimous consent that all amendments to the pending bill which are to be acted upon must be filed by 7 o'clock and that beginning at 7 o'clock no Senator may thereafter speak more than once or longer than 10 minutes upon any amendment then pending, and that the Senate shall remain in continuous session until the bill is finally disposed of. Is there objection? The Chair hears none, and the unanimous-consent agreement is entered into. The question is on agreeing to the second amendment proposed by the Senator from New Jersey. [Putting the question.] The amendment is agreed to.

Mr. KEAN. Mr. President, I send to the desk the following amendment.

The PRESIDENT pro tempore. Let the amendment be reported.

The CHIEF CLERK. On page 3, line 9, strike out the word "such," and substitute therefor the word "anyone."

Mr. GLASS. There is no objection to the amendment.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, the amendment is agreed to.

Mr. KEAN. I send to the desk another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 3, line 11, strike out the word "such" and insert the word "anyone."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. KEAN. Mr. President, I offer the following amendment, which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 8, line 10, after the word "amended," insert the following:

Provided, That nothing in this paragraph shall be construed to require any bank or trust company to dispose of any investment securities or stocks lawfully held by it on the date of the enactment of the banking act of 1932.

Mr. GLASS. Mr. President, there are already amendments covering that matter, and it will be unnecessary to have this amendment.

Mr. KEAN. Very well; I withdraw the amendment.

Mr. WHEELER. Mr. President, when I concluded my remarks a few moments ago I was in the midst of a speech with reference to my bill. I am wondering if there would be any objection if I extended my remarks so that the speech would be complete. I submit the request.

The PRESIDING OFFICER. Without objection, the request is granted.

Mr. KEAN. Mr. President, I send to the desk the following amendment in behalf of the Senator from Connecticut [Mr. WALCOTT].

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 44, section 19, strike out the period after the words "imposed by the laws of the State on State banks" and insert in lieu thereof a colon and the following:

Provided, however, That any such association which is situated in a city having a population in excess of 100,000 may, with the approval of the Comptroller of the Currency, establish and operate such new branches within the limit of such city.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New Jersey.

Mr. WALSH of Montana. Mr. President, may we have some explanation of the amendment? It seems to be a matter of some importance.

Mr. KEAN. Mr. President, I have not had time to read the amendment; it was handed to me but a moment ago. The Senator from Connecticut [Mr. WALCOTT], who is a member of the Banking and Currency Committee, is very familiar with this bill. The first I heard of the amendment was when it was handed to me but a moment ago, and I offered it at once. So I am not capable of speaking to it; but the able Senator from Virginia probably knows about it.

Mr. GLASS. Mr. President, of course, I shall raise no objection to the amendment, but I think it fair to state to the Senate that it largely reopens the question of branch banking, and I thought we ought not to do that.

Mr. SHIPSTEAD. Mr. President, this amendment would permit national banks to have branches within metropolitan areas of over 100,000 population in spite of the fact that the State laws do not authorize State banks to have branches in the State. The amendment ought to be defeated.

Mr. NORBECK. Mr. President, we agreed to limited debate to a few minutes, and then amendments are offered that can not even be explained in the time allowed. I consider such tactics utterly unfair. When we agreed to limit the debate, it was understood that the remaining amendments were ones with which we were somewhat familiar.

Mr. MOSES. Mr. President, under the unanimous-consent agreement there can be general debate for the next three-quarters of an hour.

Mr. NORBECK. Yes; for three-quarters of an hour, and now it is proposed to reopen the branch-banking question.

Mr. LONG. Mr. President, I rise to a point of order. May language already adopted be amended? Has not the language to which the amendment is offered been perfected? I make the point of order that it is not subject to further amendment. We have already amended it to provide under what conditions there may be branch banking, and now the Senator proposes to reform the language as to which we have already made a reformation?

The PRESIDING OFFICER. If this amendment is offered as an amendment to what has already been acted upon it is not in order.

Mr. LONG. That is the point of order I make.

Mr. BLAINE. Mr. President, the amendment on branch banking was submitted by the Senator from New Mexico [Mr. BRATTON] as a substitute for the provision in the bill. This amendment would have been in order to that proposed substitute.

The PRESIDING OFFICER. That is correct. The Senate having acted upon it, the only way the amendment would now be in order would be to reconsider the vote by which the so-called Bratton amendment was agreed to. The Chair sustains the point of order.

Mr. KEAN. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment offered by the Senator from New Jersey will be stated.

The LEGISLATIVE CLERK. On page 35, line 11, it is proposed to strike out "$100,000" and insert in lieu thereof "$1,000,000."

Mr. WHEELER. Mr. President, will the Senator from New Jersey explain that amendment, if he can?

Mr. KEAN. Mr. President, I offer this amendment for the reason that in the case of great banks in such cities as New York, Chicago, St. Louis, and San Francisco the provision that this limitation shall not apply to any such issue the total amount of which does not exceed $100,000 is too restrictive. They may loan $2,000,000 to a corporation, and subsequently the corporation may say, "We can pay off three-quarters of that loan by an issuance of bonds

if you will take $500,000 of them or $750,000 of them," thereby relieving the bank to the extent of a million and a half dollars or so. That is the common practice. The exception in case the issuance of securities does not exceed $100,000, which has been put into the bill, is entirely inadequate to take care of transactions of that kind. That is the reason for raising the amount from $100,000 to a million dollars.

It is only the big manufacturers that come in and borrow $2,000,000 or $3,000,000 and then issue bonds and ask the banks to take a proportion of the issue, so as to help them float the bonds. The bank can invest in such securities more than 10 per cent of its capital and surplus in any event, but if they have enough to loan $5,000,000 or $10,000,000, as some of them have, to an industrial corporation and the industrial corporation says, "We will issue bonds; we can float $1,500,000 worth of bonds if you will take $500,000 worth," it is good business to be able to do that.

Mr. GLASS. Mr. President, I do not regard the amendment as any fundamental departure from the purposes of the bill except that there is no reason why the 10 per cent limitation should be applied to individuals and to small banks any more than to the larger banks. I think it is an undesirable amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey.

The amendment was rejected.

Mr. THOMAS of Idaho. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment submitted by the Senator from Idaho will be stated.

Mr. LONG. Mr. President, I have an amendment which I have tried to get up.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Idaho.

The LEGISLATIVE CLERK. On page 40, line 3, after the word "after," it is proposed to strike out the words "January 1, 1935," and insert in lieu thereof the words "five years after the enactment of the banking act of 1933."

Mr. THOMAS of Idaho. Mr. President, the effect of this amendment is simply to give the holding company affiliate five years within which to build up a reserve instead of until the year 1935.

Mr. GLASS. Mr. President, the Senator brought that amendment to my attention, and, so far as I am concerned, I agree to it. I see no objection to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. THOMAS of Idaho. I offer another amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 40, line 19, after the word "after," it is proposed to strike out the words "January 1, 1935" and in lieu thereof to insert the words "five years after the enactment of the banking act of 1933."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will now state the amendment offered by the Senator from Louisiana.

Mr. LONG. I ask that the amendment which I sent to the desk last evening may be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 15 it is proposed to strike out lines 6 to 13, both inclusive, and on page 23, line 12, beginning with the word "and," to strike out through the word "section," in line 13.

Mr. LONG. Mr. President, the amendment merely provides that the United States Government shall retain the $125,000,000 it now has in the Treasury, and that the banks shall construct their own liquidating corporation, and not have the Government contribute $125,000,000 of Government money to it. That is all the amendment means.

Mr. GLASS. Mr. President, I do not care to review the discussion on that point. I have discussed it fully before the Senate, and I hope very much that the amendment will not prevail.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was rejected.

Mr. GEORGE. Mr. President, I send an amendment to the desk and ask that it may be stated.

The VICE PRESIDENT. The amendment submitted by the Senator from Georgia will be stated.

The LEGISLATIVE CLERK. On page 38, line 25, after the word "it" and before the period, it is proposed to insert "or authorizing the trustee or trustees holding the stock for its benefit or for the benefit of its shareholders so to vote the same."

Mr. GEORGE. Mr. President, I have submitted the amendment to the author of the bill and those most actively engaged in promoting its passage in the Senate, and I think there is no objection to it. It simply enables the trustees who may happen to hold the stock of a holding company to vote it as well as the holding company itself.

Mr. BULKLEY. Mr. President, there is not only no objection to this amendment on the part of the committee but, on the other hand, we think that it cures a slight defect in the drafting of the bill, and I hope the amendment will prevail.

While I am on my feet I wish to call attention to a statement which I inadvertently made last night in the course of the debate which proved to be incorrect. The amendment which I sent to the desk to come in on page 35, line 7, and again in line 14, made a slight alteration in those lines; but I said that it struck out the words "and held." Neither of the amendments struck out those words, and they should not be stricken out. The purpose was to protect banks with respect to securities already held in their portfolios, but the language which was in the amendment adopted by the Senate, which was to strike out the word "hereafter," and after the word "purchased" to insert "after this section as amended takes effect" accomplishes that purpose, and the words "and held," in both cases, should remain as written in the bill.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Georgia is agreed to.

Mr. BLACK. Mr. President, I have an amendment which I desire to offer, and which I gave notice last week I should offer, an amendment to strike section 19 from the bill. I do not desire to discuss it. I do think, however, that there should be a record vote in the Senate, in order that we may know just what the vote is on branch banking of any kind. I am, therefore, sending the amendment to the desk with the hope that I may be given a record vote on striking section 19 from the bill.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 44, beginning in line 18, it is proposed to strike out section 19.

Mr. GLASS. Mr. President, I do not care to resume discussion on that question. Section 19 as we now have it provides an exceedingly limited degree of branch banking in only those States the laws of which permit branch banking, and only to the extent that the State laws permit branch banking, and I think it would be most unfortunate to strike that section out.

Mr. COPELAND. Mr. President, I think I understood the Senator, and that is my own thought about it, that as we have amended the bill it permits branch banking only in those States where the State laws permit branch banking by State banks.

Mr. GLASS. Only in those States and to the extent that the State laws permit branch banking.

Mr. COPELAND. I so understood.

Mr. BLACK. I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Alabama to strike out section 19, on which the yeas and nays are demanded.

The yeas and nays were ordered.

Mr. BLAINE. Mr. President, if there is going to be a yea-and-nay vote, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. LONG. Mr. President, a parliamentary inquiry. Is this a quorum call or a vote?

The PRESIDING OFFICER. The roll is about to be called for the purpose of ascertaining the presence of a quorum.

The legislative clerk called the roll, and the following Senators answered to their names:

Austin	Dickinson	King	Schuyler
Bailey	Fess	Long	Sheppard
Barkley	Frazier	McGill	Shipstead
Black	George	McKellar	Smith
Blaine	Glass	McNary	Steiwer
Bratton	Glenn	Moses	Thomas, Idaho
Bulkley	Goldsborough	Neely	Thomas, Okla.
Bulow	Gore	Norbeck	Townsend
Byrnes	Grammer	Nye	Trammell
Capper	Hale	Oddie	Tydings
Carey	Harrison	Patterson	Vandenberg
Connally	Hastings	Pittman	Wagner
Copeland	Hayden	Reynolds	Walcott
Costigan	Howell	Robinson, Ark.	Walsh, Mont.
Couzens	Hull	Robinson, Ind.	Watson
Dale	Kean	Russell	Wheeler
Davis	Keyes	Schall	

The PRESIDING OFFICER. Sixty-seven Senators having answered to their names, a quorum is present.

The question is on the amendment of the Senator from Alabama [Mr. BLACK] to strike out section 19, the branch-banking section, upon which the yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BULOW (when his name was called). On this question I have a pair with the senior Senator from Connecticut [Mr. BINGHAM], and therefore withhold my vote.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN], and withhold my vote.

Mr. LONG (when his name was called). On this question I have a pair with the senior Senator from Pennsylvania [Mr. REED], and withhold my vote. If at liberty to vote, I should vote "yea," and if the senior Senator from Pennsylvania were present he would vote "nay."

Mr. NEELY (when his name was called). On this question I am paired with the junior Senator from Rhode Island [Mr. HEBERT], and therefore withhold my vote. If I were at liberty to vote, I should vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. I transfer that pair to the senior Senator from Wisconsin [Mr. LA FOLLETTE] and will vote. I vote "yea."

Mr. SHIPSTEAD (when his name was called). On this question I am paired with the senior Senator from Florida [Mr. FLETCHER], and withhold my vote. I understand that if he were present he would vote "nay." If I were at liberty to vote, I should vote "yea."

Mr. GLASS (when Mr. SWANSON's name was called). If my colleague [Mr. SWANSON] were present, he would vote "nay." He is unavoidably absent.

Mr. TYDINGS (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand that if he were present he would vote in the same way that I shall vote. I therefore feel at liberty to vote, and vote "nay."

The roll call was concluded.

Mr. GLENN. I have a general pair with the senior Senator from Virginia [Mr. SWANSON], who is absent. The colleague of that Senator has stated that if present he would vote as I shall vote. Being therefore at liberty to vote, I vote "nay."

Mr. BYRNES. I have a pair with the Senator from Nebraska [Mr. NORRIS], who if present, I understand, would vote "yea." I transfer that pair to the Senator from Virginia [Mr. SWANSON] and will vote. I vote "yea."

Mr. FESS. I desire to make the following announcements:

The Senator from West Virginia [Mr. HATFIELD] is paired with the Senator from Illinois [Mr. LEWIS]. If present, the Senator from West Virginia would vote "yea," and the Senator from Illinois would vote "nay."

The Senator from New Jersey [Mr. BARBOUR] is paired with the Senator from Arkansas [Mrs. CARAWAY]. If present, the Senator from New Jersey would vote "nay." I am not advised how the Senator from Arkansas would vote.

The Senator from Maine [Mr. WHITE] has a general pair with the Senator from Washington [Mr. DILL].

The Senator from Iowa [Mr. BROOKHART] is paired with the Senator from Missouri [Mr. HAWES]. If present, the Senator from Iowa would vote "yea," and the Senator from Missouri would vote "nay."

The Senator from New Mexico [Mr. CUTTING] has a general pair with the Senator from Massachusetts [Mr. WALSH].

The Senator from Arizona [Mr. ASHURST] has a general pair with the Senator from California [Mr. SHORTRIDGE].

The result was announced—yeas 17, nays 45, as follows:

YEAS—17

Black	Frazier	Reynolds	Trammell
Blaine	McGill	Robinson, Ind.	Wheeler
Capper	Norbeck	Schall	
Carey	Nye	Sheppard	
Connally	Patterson	Thomas, Okla.	

NAYS—45

Austin	George	Kean	Steiwer
Bailey	Glass	Keyes	Thomas, Idaho
Barkley	Glenn	King	Townsend
Bratton	Goldsborough	McKellar	Tydings
Bulkley	Gore	McNary	Vandenberg
Byrnes	Grammer	Moses	Wagner
Copeland	Hale	Oddie	Walcott
Costigan	Harrison	Pittman	Walsh, Mont.
Couzens	Hastings	Robinson, Ark.	Watson
Dale	Hayden	Russell	
Dickinson	Howell	Schuyler	
Fess	Hull	Smith	

NOT VOTING—34

Ashurst	Coolidge	Kendrick	Shipstead
Bankhead	Cutting	La Follette	Shortridge
Barbour	Davis	Lewis	Smoot
Bingham	Dill	Logan	Stephens
Borah	Fletcher	Long	Swanson
Brookhart	Hatfield	Metcalf	Walsh, Mass.
Broussard	Hawes	Neely	White
Bulow	Hebert	Norris	
Caraway	Johnson	Reed	

So Mr. BLACK's amendment was rejected.

Mr. KEAN. Mr. President, I send an amendment to the desk which I desire to offer.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 49, line 5, after the word "currency," to insert the words "shall bring to the attention of the Federal reserve bank and with their approval."

Mr. GLASS. Mr. President, in my view that would limit the power of the Comptroller of the Currency in a way in which it ought not to be limited, and I hope the amendment will not prevail.

Mr. KEAN. Mr. President, under the pending bill, as it is at the present time, the Comptroller of the Currency would have such absolute powers that he could destroy any bank. If this bill shall be enacted, he can destroy any bank in the United States. Having had some experience with a Comptroller of the Currency under Mr. Wilson's administration, I feel very strongly that the powers of the comptroller to destroy a bank should be limited. This amendment would merely refer the matter to the Federal Reserve Board, who are the heads of the banking system of the United States. I hope that Senators will vote for the amendment.

Mr. GLASS. Mr. President, the power contained in this section has been vested in the Comptrollers of the Currency for a long period of time, and I am not aware that they have abused the power in any respect. I think we should not now undertake to limit the authority of the Comptroller of the Currency in this manner.

Mr. KEAN. In reply to the Senator from Virginia, I will say that unfortunately he has never managed a bank. If he had managed a bank when Mr. Williams was Comptroller of



the Currency, he would be as enthusiastic for some amendment of this kind as I am.

Mr. GLASS. I do not think so.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was rejected.

Mr. KEAN. Mr. President, I send to the desk an amendment at the request of the Senator from Rhode Island [Mr. METCALF].

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 46, to strike out all of section 22.

Mr. LONG. Mr. President, I would like to make an announcement. I have a general pair on this bill with the senior Senator from Pennsylvania [Mr. REED], and I will have to refrain from voting on any of these amendments, as well as on the bill. On the final vote on the bill, if I were permitted to vote, I would vote against the passage of the bill, and the Senator from Pennsylvania would vote in favor of it.

Mr. BULKLEY. Mr. President, the section which the amendment just offered by the Senator from New Jersey seeks to strike out would limit loans to affiliates. It was carefully considered by the committee, and the committee believes the limitation is in the interest of good banking and hopes that the amendment will be voted down.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from New Jersey.

The amendment was rejected.

Mr. KEAN subsequently said: Mr. President, in offering the amendment for the Senator from Rhode Island, I should have presented the explanation of the amendment which he left with me, but, thinking the amendment was going to be agreed to, I failed to do so. I should like to have the explanation printed in the RECORD, and I ask unanimous consent that that may be done.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

EXPLANATION OF THE AMENDMENT TO STRIKE OUT SECTION 22

This amendment would strike out section 22, which provides that section 5200 of the Revised Statutes be amended so that limitations placed upon the loans of a national bank to any one obligor shall be considered to include the obligations of all subsidiaries of any borrower. The present law provides that no national bank shall lend to any borrower in excess of 10 per cent of the amount of its capital stock and 10 per cent of its unimpaired surplus. It would seem to me that this limitation is rigid enough in itself, and that by considering all subsidiaries of any corporation as one borrower, we are proposing a dangerous innovation.

This amendment is exceedingly unjust because it is an outright discrimination against the national banks. Its application has no reference whatever to State banks. This is the only place in the whole bill where State member banks and national banks are not treated with equality. To enable State member banks to conduct their loans to corporations under the present law while adding a severe restriction to the conduct of the business of our national banks is contrary to the spirit of fair play which the authors of this bill have exhibited in other sections.

This amendment would make impossible the renewal of loans where the obligations of any one or any group of subsidiaries of a corporation equal the 10 per cent limitation now in existing law. For example, the Atlas Portland Cement Co. is a subsidiary of the United States Steel Corporation. In case the Atlas Portland Cement Co. has borrowed 10 per cent of the capital and 10 per cent of the unimpaired surplus of any bank, that bank would be prohibited by law from lending the United States Steel Corporation or any subsidiary of the United States Steel Corporation any sum of money. It is quite obvious that the conduct of business, the general assets and liabilities, the seasonal credit needs, of a cement company must differ in many aspects from the business of manufacture or distribution of steel products. The management of a subsidiary such as I have just mentioned is an integral unit in itself, and the impairment of the credit of an organization simply because it is a subsidiary would appear to me to be a discrimination of the worst kind.

This amendment would make the lending of funds to subsidiaries on their own credit exceedingly difficult. I believe none of us can realize the exact situation which might be created by the adoption of this amendment. Many subsidiaries of large corporations negotiate loans without the knowledge of, or consultation with, their parent corporation. These are loans which are often vital to the efficient conduct of business. I think we are striking in the dark when we attempt to adopt a section of a bill which might do serious damage to the credit of sound corporations operating numerous businesses as distinct and separate units.

The adoption of this section would force these subsidiaries to attempt the establishment of new lines of credit. Banks which have long been familiar with the business conditions of subsidiaries and which are familiar with the assets of these subsidiaries, would be forced to turn good business from their doors simply because we refuse to recognize a subsidiary as a going business in itself.

This section strikes at the credit facilities of our corporations. In these distressing times we should do everything we can to encourage sound corporate loans, and not attempt to discourage them. To hamper the credit of industry and commerce is most certainly no way to encourage or assist industrial recovery.

In addition to these objections to section 22, it is vague in phraseology. Who is there in this Senate, or in the courts of the United States, who can define what is meant by "controlling a majority interest"? This section states that the limitation on loans shall include the subsidiaries in which a corporation "controls a majority interest." I maintain this language is vague, and conducive to much dangerous misinterpretation. I have attempted, on this floor, to emphasize the point that it is impossible to legislate good credit sense among bankers. For us to say that only so much money may be loaned to one organization or to one group is putting us in the position of determining the ability of those organizations to pay their obligations. It is thoroughly possible for a bank to make excellent and safe loans up to much more than 10 per cent of its capital and 10 per cent of its surplus to one organization, while to other obligors a loan of one-half of 1 per cent would be dangerous. For us to attempt to legislate credit sense into the management of our banks is, to my mind, the worst kind of folly we could commit. Consequently, I believe that this section should be stricken from the bill.

Mr. BULKLEY. Mr. President, I offer an amendment, which I send to the desk, to come on page 8, line 20.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 8, beginning with line 20, the Senator from Ohio moves to strike out all through the period in line 23, and to insert in lieu thereof the following:

Each State member bank affiliated with a holding-company affiliate shall obtain from such holding-company affiliate, within such time as the Federal Reserve Board shall prescribe, an agreement that such holding-company affiliate shall be subject to the same conditions and limitations as are applicable under section 5144 of the Revised Statutes, as amended, in the case of holding-company affiliates of national banks. A copy of each such agreement shall be filed with the Federal Reserve Board. Upon the failure of a State member bank affiliated with a holding-company affiliate to obtain such an agreement within the time so prescribed, the Federal Reserve Board shall require such bank to surrender its stock in the Federal reserve bank and to forefeit all rights and privileges of membership in the Federal reserve system as provided in this section.

Mr. BULKLEY. Mr. President, this amendment would not change the intent of the bill as originally drafted. The difficulty we saw was that we had presumed to legislate with respect to corporations incorporated under State law, and there was a question about our jurisdiction to do so. The amendment is offered so as to apply against a member bank and require the member bank, as a condition of continuing membership, to secure the consent of its holding-company affiliate.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BULKLEY. Mr. President, I offer an amendment, which is already at the desk, on page 23, line 11, to strike out the word "sum" and to insert in lieu thereof the word "amount," so as to read:

(m) The corporation is authorized and empowered to issue and to have outstanding at any one time in an amount aggregating not more than twice the amount of its capital and the amount authorized to be appropriated pursuant to paragraph (c) of this section, its notes, debentures, bonds, or other such obligations, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest, and to mature at such time or times as may be determined by the corporation.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BULKLEY. Mr. President, I move to amend on page 23, lines 12 and 13, by striking out the words "and the amount authorized to be appropriated pursuant to paragraph (c) of this section," so as to read:

(m) The corporation is authorized and empowered to issue and to have outstanding at any one time in an amount aggregating not more than twice the amount of its capital, its notes, debentures, bonds, or other such obligations, to be redeemable at the option of the corporation before maturity in such manner as may be stipulated in such obligations, and to bear such rate or rates of interest, and to mature at such time or times as may be determined by the corporation.

This is merely a formal amendment, to make the bill conform with other amendments.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BULKLEY. Mr. President, I have another formal amendment, on page 40, line 5, to strike out the word "the" and to insert the word "any," so as to read:

(b) After January 1, 1935, every such holding-company affiliate (1) shall possess, and shall continue to possess during the life of such permit, free and clear of any lien, pledge, or hypothecation of any nature, readily marketable assets other than bank stock in an amount not less than 12 per cent of the aggregate par value of all bank stocks controlled by such holding-company affiliate, which amount shall be increased by not less than 2 per cent per annum of such aggregate par value until such assets shall amount to 25 per cent of the aggregate par value of such bank stocks.

The amendment was agreed to.

Mr. BULKLEY. On page 40, line 16, before the figure "25," I move to insert the word "such," so as to read:

And (2) shall reinvest in readily marketable assets other than bank stock all net earnings over and above 6 per cent per annum on the book value of its own shares outstanding until such assets shall amount to such 25 per cent of the aggregate par value of all bank stocks controlled by it.

The amendment was agreed to.

Mr. BULKLEY. Mr. President, I ask for the correction of the title of the act on page 1, line 3. The first section reads:

That the short title of this act shall be the "banking act of 1932."

I move to amend so as to read:

That the short title of this act shall be the "banking act of 1933."

And wherever in the bill the words "banking act of 1932" occur, I move to amend so as to read "banking act of 1933."

The amendment was agreed to.

Mr. STEIWER. Mr. President, I offer the amendment, which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 50, after line 18, the Senator from Oregon proposes to insert the following new section:

SEC. —. In any case in which, in the opinion of the Comptroller of the Currency, it would be to the advantage of the depositors and unsecured creditors of any national banking association whose business has been closed for such association to resume business upon the retention by the association, for a reasonable period to be prescribed by the comptroller, of all or any part of its deposits, the comptroller is authorized, in his discretion, to permit the association to resume business if depositors and unsecured creditors of the association representing at least 85 per cent of its total deposit and unsecured credit liabilities consent in writing to such retention of deposits. Nothing in this section shall be construed to affect in any manner any powers of the comptroller under the provisions of law in force on the date of enactment of this act with respect to the reorganization of national banking associations.

Mr. STEIWER. Mr. President, the purpose of this amendment is self-evident. It is to be noted, however, that the power with which the Comptroller of the Currency is clothed by the amendment is only permissive. There is nothing mandatory in the amendment, and the whole purpose is to give the comptroller an additional facility with respect to the opening of closed banks.

I might say to the Senate that the amendment is patterned to some extent after the law of the State of Florida, although I think that the amendment proposed is an improvement upon the Florida statute. The amendment was drawn in our drafting room; it confers upon the Comptroller of the Currency a power which will be most helpful if exercised in those areas in which so many banks are closed, and where there is oftentimes long delay in securing the waiver of 100 per cent of the depositors to any retention arrangement between the bank and its depositors.

Mr. GLASS. Mr. President, when this proposed amendment was presented to me, I entertained what I always have and hope I always shall entertain, a very earnest desire to accommodate the Senator from Oregon. I told him that I saw no particular objection to the amendment as he proposed it.

I communicated with the office of the Comptroller of the Currency, however, and the Acting Comptroller of the Currency stated that he could not sanction the amendment because he believed it to be unconstitutional; that a Federal court in Nebraska had declared a similar provision to be unconstitutional, as resulting in the taking of property without due process of law. He also told me, however, that a State court in Florida had pronounced a similar State statute valid; and there we are.

The Senate may determine, as well as I, whether it shall embody in the bill a provision which has already been decided by a Federal court to be unconstitutional, and which would seem, to an ordinary layman, to be in some sense confiscatory. The Senate may decide the question. I am not disposed to make any vigorous objection to it.

Mr. STEIWER. Mr. President, I had hoped I might be relieved of the necessity of the discussion of any constitutional aspect of this proposal. Inasmuch as the unanimous-consent agreement providing 10-minute limitation on debate will shortly be applicable. I would not have time in any case to develop it fully.

The Florida law, which goes a little further in conferring power upon the banking department than does this proposal, was sustained by the supreme court of that State, as has been stated by the Senator from Virginia. The Nebraska law also goes further than does this proposal; that law was held invalid by a Federal Court upon the ground that it impaired the obligation of the contract between the depositor and the bank.

I assume that there will be no contention here that the Congress of the United States is affected in its powers by the provision of the Constitution against the impairment of the obligations of contracts. We are, however, affected by the due-process-of-law provision and in submitting this matter to the legislative counsel of the Senate I called their attention specifically to the possibility that this constitutional question might be raised. The proposed amendment, which varies in its language from both the Florida law and the Nebraska law and incidentally from the Michigan law, which has never yet been tested, is prepared in such a way as to avoid, we believe, the objection that it will be a taking of property without due process of law. The limitation here upon the authority of the comptroller that he shall exercise this power only to the advantage of the depositors and unsecured creditors, and only for a reasonable period of time, makes this power relate to the remedy only; it does not take away any substantive right of the depositor. Therefore there is no tenable objection that the exercise of the power will violate the constitutional guarantee against the taking of property without due process.

I hope the Senator will permit this amendment to go into the bill. There will be ample time before the measure is enacted into law for the comptroller to give further consideration to the matter. I discussed this matter with the comptroller also, and I was impressed with the fact that he knew less about the subject—and I say that with all respect to him—than the attorneys of our own legislative counsel. I will say with all due respect, also, that I believe I have given the matter more study than has the banking department up to this time. Moreover, and I add this in fairness to the comptroller, the amendment offered has been modified since it was presented to the comptroller. It is my own humble opinion that that amendment is not

unconstitutional on its face. It is possible, I think, that the Comptroller might attempt to exercise unwarranted power but we should assume that he would not do so and that the law, being constitutional upon its face, would be sustained by the court.

Mr. GLASS. Mr. President, the Senator will understand I am not opposing the amendment, but I thought it fair to the Senate to state the facts that I have stated.

Mr. STEIWER. The Senator is quite right.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Oregon.

The amendment was agreed to.

Mr. GORE. Mr. President, I desire to call up an amendment which I submitted and had printed a few days since. I will ask that the first section only be read.

The PRESIDENT pro tempore. The clerk will read as requested.

The LEGISLATIVE CLERK. On page 30, after line 13, insert a new section, as follows:

SEC. 10a. Section 22 of the Federal reserve act, as amended, is further amended by adding at the end thereof two new subsections (g) and (h) reading as follows:

"(g) No officer of any member bank shall borrow from or otherwise become indebted to any member bank of which he is an officer, and no member bank shall make any loan or extend credit in any other manner to any of its own officers. If any officer of any member bank borrow from or if he be or become indebted to any bank other than a member bank of which he is an officer, he shall make a written report to the chairman of the board of directors of the member bank of which he is an officer, stating the date and amount of such loan or indebtedness, the security therefor, and the purpose for which the proceeds have been or are to be used. Any officer of any member bank violating the provisions of this subsection shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and any member bank violating the provisions of this subsection shall be fined not more than $10,000 and may be fined a further sum equal to the amount so loaned or credit so extended."

Mr. GORE. Mr. President, I shall detain the Senate only a moment. I may say the amendment was drafted in the comptroller's office, therefore the draftmanship is not subject to question, as I take it.

There is but one point involved in the amendment and that is to prohibit the officers of a member bank from borrowing from their own bank. There is a limitation now upon such borrowing. This undertakes to lay a prohibition upon such borrowing. My view is that when a group of men organize a bank, invest their capital in its stock, have themselves elected officers of the institution, prevail upon the public and upon their friends to deposit their money for safe-keeping in this institution, these officers ought not to borrow the money of their depositors. They ought in the first instance to keep their own money in their own possession and venture it into such enterprises as they see fit rather than induce the public to intrust money to their safe-keeping and then borrow money from their own banks and venture it into enterprises, sometimes safe, of course, sometimes speculative and dangerous.

I was impelled to offer the amendment out of this consideration. During the summer last past I interviewed a good many bankers, officers of Federal reserve banks, including the receiver of a very large failed bank, to ascertain what causes contribute most to the failure of banks and to account for the epidemic of bank failures which has swept over the country. It was the consensus of opinion among these men that perhaps more than one-third of the failures were due to the borrowing by officers from their own banks, improvident borrowing, reckless and unsecured borrowing, borrowing for speculative and other unwarranted purposes.

I can see no harm that could possibly come from the amendment. I can see great advantages which might follow its adoption. If these authorities be correct that such borrowing accounts for a large percentage of failures, it would put an end at least to that cause of such failures and such calamities.

Mr. GLASS. Mr. President, may I inquire of the Senator from Oklahoma, for whose judgment I have the utmost respect, if the prohibition would apply to the directors of a bank or to the executive officers of the bank?

Mr. GORE. It was not my intention, when I conferred with the comptroller, that it should apply to directors. I do not think that it does. I think it would apply to officers only.

Mr. GLASS. I think the Senator will concede that if it would apply to the directors of a bank it would be very difficult to get any directors.

Mr. GORE. I think that is true, and yet I think we ought to amend the existing law. There is a limitation, of course, upon the power of directors to borrow from their own banks, or the banks of which they are directors. It ought to be further limited so they could not borrow in excess of the amount of stock which they own. It also should be amended so that all the directors combined could not borrow in excess of a certain percentage of the capital stock of the bank, because those directors sit around the same board, directors of the same bank, perhaps all of them borrowing from the same bank, and they oblige each other. There ought to be a limit to the total borrowings which could be made by the directors of a bank. But that is not involved in this amendment, I would say.

Mr. GLASS. Usually the directors of a bank are among its largest depositors. If they were prohibited from patronizing the bank of which they were directors it would be and extremely difficult thing to get any directors for the bank. I did not listen intensely to the reading of the amendment. My attention was diverted. I would suggest that the Senator, if the language does not already imply what I mean, ought to use the term "executive" officers of the bank so that it may be understood that it does not apply to directors, because if it should there would be no directors.

Mr. GORE. I accept that suggestion of the Senator from Virginia.

The PRESIDENT pro tempore. The Senator from Oklahoma modifies his amendment as suggested by the Senator from Virginia.

Mr. COUZENS. Mr. President, I would like to have the amendment read as modified, because I am very much in sympathy with the efforts of the Senator from Oklahoma.

The PRESIDENT pro tempore. The clerk will read the amendment as modified.

The legislative clerk read as follows:

On page 30, after line 13, insert a new section reading as follows:

SEC. 10a. Section 22 of the Federal reserve act, as amended, is further amended by adding at the end thereof two new subsections (g) and (h) reading as follows:

"(g) No executive officer of any member bank shall borrow from or otherwise become indebted to any member bank of which he is an executive officer, and no member bank shall make any loan or extend credit in any other manner to any of its own executive officers. If any executive officer of any member bank borrow from or if he be or become indebted to any bank other than a member bank of which he is an executive officer, he shall make a written report to the chairman of the board of directors of the member bank of which he is an executive officer, stating the date and amount of such loan or indebtedness, the security therefor, and the purpose for which the proceeds have been or are to be used. Any executive officer of any member bank violating the provisions of this subsection shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and any member bank violating the provisions of this subsection shall be fined not more than $10,000 and may be fined a further sum equal to the amount so loaned or credit so extended."

Mr. COUZENS. Mr. President, I would like to ask the Senator from Oklahoma to give his interpretation of an "executive officer." I ask that particularly because it is not an unknown practice to have a man of alleged high standing in the community take the presidency or chairmanship of the board of a bank and receive no salary, and yet use the bank for borrowing purposes. I wondered if his language would include a nonpaid president as an executive officer.

Mr. GORE. Mr. President, I would request the Senator from Virginia to answer the Senator from Michigan and interpret the significance of the word "executive" as now included in the amendment.

Mr. GLASS. Mr. President, I would unhesitatingly say that the president of a bank, whether a salaried officer or not, would come within the definition of an "executive offi-

cer." The chairman of the board would be an executive officer and the cashier would be an executive officer. I do not think that a director is an executive officer, and I am perfectly certain that if it is intended to comprehend directors we will not have any directors.

Mr. COUZENS. May I ask the Senator whether or not he would construe as executive officers the members of the executive committee who are only directors and yet pass upon loans?

Mr. GLASS. No; it is their business to pass upon loans and not to borrow. I would not regard them as executive officers. They simply pass upon loans. I think the executive officers of a bank are the salaried or nonsalaried officers such as the president, cashier, and chairman of the board, who is usually a higher-priced executive than the president himself.

But what I desire to do is to exclude the directors of banks from this requirement, because, as the Senator knows—he is a business man and knows better than I—usually the directors of a bank are among its largest depositors.

Mr. COUZENS. And it is equally true that they are oftentimes among its largest borrowers.

Mr. GLASS. Well, that is true, though there is a limitation in the existing act about what a director may borrow.

Mr. COUZENS. As long as we have a record of what is meant by "executive officers" I shall not object.

SEVERAL SENATORS. Question!

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Oklahoma [Mr. GORE].

The amendment was agreed to.

Mr. GORE. Mr. President, now I call up the next amendment, which merely completes the one already agreed to and applies to the spouse, brother, sister, and so forth, of an officer of a member bank who may borrow money from such bank.

I ask that the same correction be made in this amendment and that the word "executive" be inserted before the word "officer."

The PRESIDENT pro tempore. Without objection, the amendment as so modified will be stated.

The LEGISLATIVE CLERK. After the amendment just agreed to it is proposed to insert:

(h) If a spouse, a brother, or a sister, a lineal ancestor, or a direct descendant of an executive officer of any member bank borrow from or if he or she be or become indebted to such member bank, such executive officer shall make a written report to the chairman of the board of directors of the member bank of which he is an executive officer, stating the date and amount of such loan or indebtedness, the security therefor, and the purpose for which the proceeds have been or are to be used. Any executive officer of any member bank violating the provisions of this subsection shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both.

Mr. GORE. I merely wish to add one sentence. I conferred with the receiver of a very large bank which failed last fall. The limit placed by existing law upon the amount which the president of that bank could borrow is $65,000. He had borrowed $300,000 through stool pigeons and accommodating friends of one sort and another. The bank failed, and its president is now in the penitentiary.

The amendment merely requires a report when the spouse, father, mother, son, and so on, of an executive officer, shall borrow from the bank. The amendment places no limitation upon their borrowing, but requires that a record shall be made of it, so that the examiner may observe it and report to the comptroller.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Oklahoma, as modified.

The amendment was agreed to.

Mr. WALCOTT. Mr. President, on page 42, I think, there is an error. An amendment was adopted changing the limitation as to affiliates from three to five years. The correction has been made, I understand, in the first instance on page 40, but on page 42 the same sentence again occurs, reading, "Within three years after the filing of such application." It is purely a clerical error, and I move that the word "three," on page 42, line 11, be stricken out and that the word "five" be substituted, so as to make it consistent with the amendment already adopted.

Mr. BULKLEY. Mr. President, I do not understand where the amendment comes in.

Mr. WALCOTT. On page 42, line 11, the last word in that line should be "five," instead of "three."

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, the amendment is agreed to.

Mr. REED. Mr. President, I should like to ask the Senator from Virginia a question with regard to section 14. I have examined the amendments which have been made to that section, but it occurs to me that the bill as it stands is still completely unfair to those State banks which have not resorted to the device of security affiliates. As I understand, under the bill in its present form the day after the bill shall be signed by the President any such bank would have to quit absolutely the business of buying and selling investment bonds for its customers, whereas if it had resorted to the device of organizing an affiliate it would have five years within which to get rid of that affiliate. In other words, the State bank or trust company which has been doing business in a way that is not objectionable would be penalized more severely than the one that has resorted to the device of an affiliated company. I am sure the Senator from Virginia does not intend any such result as that; and I am wondering whether he would not consent to an amendment that would make section 14 take effect at the same time the other section takes effect, which requires the sale of affiliated companies.

Mr. GLASS. Five years?

Mr. REED. Yes, sir.

Mr. GLASS. I have no objection to that.

Mr. REED. I thank the Senator. Then, at the end of section 14, I move to insert the words "This section shall take effect five years after the date of the approval of this act."

Mr. GLASS. I have no objection to that.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The bill is before the Senate and open to amendment. If there be no further amendments, the question is, Shall the bill be engrossed for a third reading and read the third time?

The bill was ordered to be engrossed for a third reading and read the third time.

The PRESIDING OFFICER. The question is, Shall the bill pass?

Mr. ROBINSON of Arkansas. I ask for the yeas and nays.

Mr. THOMAS of Oklahoma. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. DAVIS (when his name was called). I have a general pair with the Senator from Kentucky [Mr. LOGAN]. I am informed that, if present, he would vote as I intend to vote. Therefore I feel at liberty to vote and vote "yea."

Mr. GLENN (when his name was called). I have a pair with the senior Senator from Virginia [Mr. SWANSON], who is absent. I understand he would vote as I intend to vote. Therefore I am permitted to vote and vote "yea."

Mr. NEELY (when his name was called). On this vote I am paired with the junior Senator from Rhode Island [Mr. HEBERT]. I do not know how he would vote, and therefore withhold my vote.

Mr. REED (when his name was called). I have a pair on this question with the Senator from Louisiana [Mr. LONG]. I transfer that pair to the Senator from Rhode Island [Mr. METCALF] and will vote. I vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is unavoidably detained from the Senate. I understand that if he were present he would vote "yea," and if permitted to vote I should vote "nay." I withhold my vote.

Mr. GLASS (when Mr. SWANSON's name was called). My colleague [Mr. SWANSON] is unavoidably absent. If present and permitted to vote, he would vote "yea."

Mr. TYDINGS (when his name was called). I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. That pair having been transferred to the junior Senator from Louisiana [Mr. LONG], I am at liberty to vote, and vote "yea."

Mr. WALCOTT (when has name was called). I have a pair with the junior Senator from North Carolina [Mr. REYNOLDS]. If he were present, he would vote "nay." I find that I can transfer that pair to the Senator from California [Mr. SHORTRIDGE]. I make that transfer and will vote. I vote "yea."

The roll call was concluded.

Mr. THOMAS of Idaho (after having voted in the affirmative). On this question I have a pair with the junior Senator from Montana [Mr. WHEELER]. I transfer that pair to the Senator from Virginia [Mr. SWANSON] and let my vote stand.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Wisconsin [Mr. BLAINE] with the Senator from Florida [Mr. FLETCHER];

The Senator from Nebraska [Mr. NORRIS] with the Senator from South Carolina [Mr. BYRNES];

The Senator from New Mexico [Mr. CUTTING] with the Senator from Massachusetts [Mr. WALSH];

The Senator from New Hampshire [Mr. KEYES] with the Senator from Alabama [Mr. BANKHEAD];

The Senator from West Virginia [Mr. HATFIELD] with the Senator from Illinois [Mr. LEWIS];

The Senator from New Jersey [Mr. BARBOUR] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Maine [Mr. WHITE] with the Senator from Washington [Mr. DILL]; and

The Senator from Iowa [Mr. BROOKHART] with the Senator from Missouri [Mr. HAWES].

I wish also to announce that the Senator from Rhode Island [Mr. HEBERT], the Senator from Maine [Mr. WHITE], and the Senator from New Jersey [Mr. BARBOUR], if present, would vote "yea," and that the Senator from Iowa [Mr. BROOKHART] and the Senator from West Virginia [Mr. HATFIELD], if present, would vote "nay."

The result was announced—yeas 54, nays 9, as follows:

YEAS—54

Ashurst	Davis	Johnson	Schuyler
Austin	Dickinson	Kean	Smith
Bailey	Fess	Kendrick	Steiwer
Barkley	George	King	Thomas, Idaho
Bingham	Glass	McGill	Townsend
Black	Glenn	McKellar	Trammell
Bratton	Goldsborough	McNary	Tydings
Bulkley	Gore	Moses	Vandenberg
Capper	Grammer	Oddie	Wagner
Carey	Hale	Patterson	Walcott
Copeland	Harrison	Pittman	Walsh, Mont.
Costigan	Hastings	Reed	Watson
Couzens	Hayden	Robinson, Ark.	
Dale	Hull	Russell	

NAYS—9

Bulow	Howell	Schall	Shipstead
Connally	Nye	Sheppard	Thomas, Okla.
Frazier			

NOT VOTING—33

Bankhead	Cutting	Logan	Smoot
Barbour	Dill	Long	Stephens
Blaine	Fletcher	Metcalf	Swanson
Borah	Hatfield	Neely	Walsh, Mass.
Brookhart	Hawes	Norbeck	Wheeler
Broussard	Hebert	Norris	White
Byrnes	Keyes	Reynolds	
Caraway	La Follette	Robinson, Ind.	
Coolidge	Lewis	Shortridge	

So the bill was passed.

TREASURY AND POST OFFICE APPROPRIATIONS

Mr. HALE. Mr. President, I move that the Senate proceed to the consideration of H. R. 13520, the Treasury and Post Office Departments appropriation bill.

Mr. McKELLAR. Mr. President, as I understand, it is not the intention of the Senator to go on with the bill to-night, but merely to make it the unfinished business?

Mr. HALE. It is not my intention to go on with the bill to-night.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Maine.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

STUDY OF BATTLEFIELDS FOR COMMEMORATIVE PURPOSES

Mr. REED. Mr. President, earlier in the day I made a request for unanimous consent for the reprinting of a report on a study of battlefields for the purposes of commemoration, a matter which is annually reported to us by the Secretary of War. The request was objected to by the Senator from Louisiana [Mr. LONG]. I am advised that he has now withdrawn his objection. Therefore, I renew the request that Senate Document No. 151, Seventy-second Congress, may be reprinted with corrections, together with the accompanying maps or charts which were sent to us by the department.

The PRESIDENT pro tempore. Is there objection?

Mr. McNARY. Mr. President, let me add to the RECORD that earlier objection was made by the Senator from Louisiana [Mr. LONG], and I spoke to him, and he has withdrawn his objection.

Mr. REED. I thank the Senator.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

DISTRIBUTION OF GOVERNMENT-OWNED COTTON—CONFERENCE REPORT

Mr. BINGHAM. Mr. President, last Saturday I made a request of the Senator from Utah [Mr. KING] that we might get up the conference report on the bill granting cotton to the American Red Cross. At that time he objected because the Senator from Tennessee [Mr. McKELLAR] was out of town, and said that it might come up on Tuesday.

As we were fully occupied with this bill yesterday and to-day, and I did not like to interfere with its passage, I made no effort to call up the conference report; but I now express the hope that to-morrow, at the earliest possible moment—for there is real need for haste in the adoption of this conference report—we may succeed in getting a unanimous-consent agreement to take it up and dispose of it briefly without interfering with the appropriation bill.

STATEMENT BY HON. WILLIAM LEMKE ON THE FRAZIER REFINANCING BILL

Mr. FRAZIER. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by Hon. William Lemke, Representative elect from North Dakota, on the refinancing bill, S. 1197.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The Frazier bill is again up for consideration before the Committee on Banking and Currency of the United States Senate. It is universally recognized that if this bill is passed, it will bring immediate relief to thousands of farmers who are about to lose their homes and to the starving millions of this Nation.

The following State legislatures have passed resolutions asking Congress to pass this bill without delay: Montana, North Dakota, South Dakota, Minnesota, Wisconsin, Illinois, and Nevada. Resolutions are pending in other States to the same effect.

Besides these resolutions from State legislatures, there are thousands of resolutions and requests from farm organizations, labor organizations, business and professional men and women, asking Congress to pass this bill without further delay. Therefore, it is important that we know just what this bill provides.

It will take about two and one-half to three billion dollars of Federal reserve notes as a revolving fund with which to refinance the nine and one-half billion dollars of farm indebtedness. If this bill becomes a law and the Government refinances all of the existing farm indebtedness at 1½ per cent interest and 1½ per cent principal on the amortization plan, then it will make a gross profit in 47 years of approximately $6,345,000,000.

This bill asks for nothing new. During the war the Government virtually doubled the money in actual circulation by issuing Federal reserve notes, secured by commercial and agricultural paper—promissory notes—indorsed by the local banks. This was done so that the Government—the people of the United States—could assume the indebtedness that foreign nations owed to the

international bankers, who had bet on the wrong horse over in Europe to the extent of billions of dollars. If our Government could do this to save the international bankers, why not do the same thing now to save the farmers and the starving millions?

If the farmers' relief bill becomes a law, then there will be issued and put into circulation among the people several billion dollars of new money, Federal reserve notes, the natural consequence being that it will raise farm-commodity prices. It will again give purchasing power to the people—the farmer will pay his banker, his merchant, his lawyer, and his doctor, and they in turn will pay their bills—and all will start in again repairing and improving their homes; unemployment and starvation will cease; the enforced idleness of 14,000,000 men and women will disappear, and we will hear no more of overproduction; consumption will again be normal; real prosperity, the kind we had in 1919, will return.

We have not enough money to do the money business. Money is a yardstick with which we measure the energy of our people; we have not enough yardsticks to measure that energy; that is why there are 14,000,000 people out of employment and why at least 30,000,000 go to bed undernourished and hungry every night, while many more million need new clothes and other necessities.

We are being reduced to a nation of Indians, to a nation of trade and barter. Farmers are trading oats for gasoline, wheat for newspaper subscriptions, cabbages and eggs for wearing apparel; ranchers are exchanging horses for vegetables, cows and hogs for groceries; and colleges are even exchanging education for wheat; and all because there is not money enough to do the money business, not sufficient yardsticks to measure our energy. In Kansas recently a young man paid his wedding fees with a few sacks of wheat, and in West Virginia a young couple traded a basket of grapes to the county clerk for a marriage license; not even enough money to do the marriage business.

Hundreds and thousands of cities and towns are now using or contemplate using scrip as a substitute for money, because there is not enough money in circulation to do the money business and our National Government seems to lack the wisdom and courage to save this situation by promptly enacting S. 1197—the Frazier bill.

Nearly all of the money—the yardsticks with which we measure our energy—is in the hands of a few international bankers who are too ignorant to know how to use it and whose greed, if not checked, will bring ruin, desolation, and destruction to this Nation.

Within the last two years the Federal reserve bank increased the Federal reserve note circulation over a billion and a quarter dollars in the large cities, so as to save the larger banks—the cat's-paws of the international bankers—from closing their doors, and so that they could gamble and buy more foreign bonds and stocks and make loans to foreign nations at the expense of the American people. None of this money reached the farmers, the smaller banks or business men, or the starving millions. We repeat there is not enough money to do the money business, and that the farmers' farm relief bill, known as the Frazier bill, if enacted into law, is the remedy.

The benefits of this bill not only extend to the farmers who are still hanging on, but also extend to anyone who has lost his farm by mortgage foreclosure or indebtedness since 1920, and to the tenant who has actually resided on and operated a farm for at least three years prior to the passage of the bill.

RECESS

Mr. HALE. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and (at 7 o'clock and 40 minutes p. m.) the Senate took a recess until to-morrow, Thursday, January 26, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 25, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who has not forgotten to be merciful and gracious unto us, we call upon Thee to replace our weakness with strength. Let performance to duty be our delight and service for our country our vocation. With minds calm and earnest may we patiently and seriously work to encourage and bless our fellow men. For them we would reveal strong action, appealing emotion, and be masters of situations. In whatever station, remind us of Thy pure teaching, searching appeals, and solemn warnings. O may they be laid on all our hearts and be pondered in our inner thoughts. Hear us, Father, in solitude, meditation, and in prayer may we deepen and quicken our spiritual natures; thus may our characters break into new life and beauty. Amen.

The Journal of the proceedings of yesterday was read and approved.

REPUBLICAN CAUCUS

Mr. SNELL. Mr. Speaker, may I make an announcement? There will be a Republican conference in this Chamber this afternoon at 4 o'clock.

DEPARTMENTS OF STATE, JUSTICE, COMMERCE, AND LABOR APPROPRIATION BILL

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 14363) making appropriations for the Departments of State and Justice, and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1934, and for other purposes. Pending that I would like to have an understanding with the gentleman from Pennsylvania [Mr. SHREVE]. There are numerous requests on this side of the aisle, and my thought is that since evidently there are but few controversial matters in the bill, the one, perhaps, that there will be more speeches made upon than any other being that relating to the item for the enforcement of the prohibition law, and since it appears we will be able to reach a definite agreement on that, limiting the time by consent, which we will ask the House to approve; and if so, after careful consideration I feel we can finish this bill Friday afternoon. My thought is if we devote to-day to general debate, reserving to the gentleman from Pennsylvania [Mr. SHREVE] and to myself the right, in the morning, to make statements confined to the bill itself before taking it up, we should finish it by Friday afternoon. So if agreeable to the gentleman from Pennsylvania, I ask unanimous consent, Mr. Speaker, that general debate to-day be equally divided between and controlled by the gentleman from Pennsylvania [Mr. SHREVE] and myself.

Mr. SHREVE. The arrangement is perfectly satisfactory to me, Mr. Speaker. I see no reason why we can not finish the bill by Friday night if we follow the program outlined by the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. I have reason to believe that Members of the House will gladly cooperate to the end that such program may be carried out. I have been endeavoring to learn what items of the bill Members are interested in discussing, and it will not be my purpose to try to prevent fair discussion of such items. There are only a few, so far as I can learn, and we will try to give fair opportunity for an intelligent discussion of those items.

Mr. SHREVE. This side of the House will be perfectly satisfied with that arrangement.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. LAGUARDIA. I am looking up some law this afternoon, and I do not believe I will be ready by to-day. In the event I would like to make reply to the opinion by the Attorney General on to-morrow, does the gentleman think I would be able to have 10 minutes?

Mr. OLIVER of Alabama. If for any good reason any Member feels during the consideration of the bill he should be heard by the House on any important matter they are interested in, I will submit a unanimous-consent request, if the time request is reasonable, that such Member be allowed to speak out of order, and leave to the House whether such request should be granted.

Mr. LAGUARDIA. That is perfectly satisfactory.

Mr. BLANTON. With the understanding that the action of the 4 o'clock Republican caucus this afternoon does not prevent the gentleman.

Mr. LAGUARDIA. The gentleman knows better than that. We never bind our Members.

Mr. OLIVER of Alabama. Mr. Speaker, I was not aware there was to be a caucus this afternoon at 4 o'clock. I wonder if the House would be willing to hold a night session, purely for the purpose of general debate, if the time which the gentleman from Pennsylvania [Mr. SHREVE] and I have tentatively promised does not permit finishing such general debate?

Mr. SNELL. We have arranged for an evening session on Friday.

Mr. OLIVER of Alabama. But Members are not required to attend to-night unless they wish to. Nothing will be taken up except general debate. It is only for the purpose of enabling gentlemen who might otherwise be denied the right to make speeches on some subject in which they are interested. We could meet at 7 o'clock and adjourn at 9.30 or meet at 7.30 and adjourn at 9.30.

Mr. BLANTON. Mr. Speaker, may I ask the gentleman from Alabama why he does not suggest to the gentleman from New York [Mr. SNELL] that they have the Republican caucus to-night, and then that would relieve most of the Members from attending the night session?

Mr. SNELL. I really do not quite understand what the gentleman is driving at.

Mr. OLIVER of Alabama. The idea being that the time which we have tentatively promised will not permit Members to whom such time has been promised to speak before 4 o'clock. Unless we hold a night session we can not carry out tentative promises made to many Members of the House.

Mr. SNELL. I shall not object to having general debate this evening from 7.30 to 9.30.

Mr. OLIVER of Alabama. Mr. Speaker, I ask unanimous consent that it shall be in order to-day to move that the House take a recess until 7.30 o'clock to-night, and that there be general debate on the pending bill from 7.30 until 8.30.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. SNELL. With the understanding that it is simply for general debate?

Mr. STAFFORD. No other business is to be transacted?

Mr. OLIVER of Alabama. That is correct. The evening session will be confined merely to general debate.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. OLIVER of Alabama. Mr. Speaker, I ask unanimous consent that the time for general debate be equally divided and controlled by the gentleman from Pennsylvania [Mr. SHREVE] and myself, and that the time be limited to the close of the session to-night, with the further understanding that the gentleman from Pennsylvania [Mr. SHREVE] and I may have the right to make a statement to the House on the bill to-morrow morning just before it is taken up for consideration. We will not be long.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Alabama [Mr. OLIVER].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill, H. R. 14363, the Departments of State, Justice, Commerce, and Labor appropriation bill, with Mr. OLIVER of New York in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. OLIVER of Alabama. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. BLANTON], a member of the subcommittee handling this appropriation bill.

Mr. BLANTON. Mr. Chairman, I ask permission to revise and extend my remarks and to incorporate certain excerpts to which I shall refer.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Chairman, with reference to the suggestion from the White House, not made until recently, however, that there should be certain bureaus abolished and certain consolidations made, I want to make a few comments.

Were I to suggest the abolishment of some bureau, the workings of which the people I represent were not directly interested in, I might be considered as doing so because of partisanship. All of my constituents are interested in agriculture. Therefore, when I mention agricultural bureaus no one will accuse me of wanting to abolish something just simply because my constituents are not interested in the project.

I honestly believe that it would be to the best interests of the farmers of the United States if you would abolish three-fourths of the bureaus of the Department of Agriculture. [Applause.] I honestly believe that if the President of the United States would take some of these so-called long-haired scientists who draw high salaries from the Government from these various bureaus in the Agricultural Department off of the pay roll and send them back home it would be to the benefit of every farmer in the United States. [Applause.]

I wish the Committee on Printing would take proper action now that would not permit another agricultural yearbook to be printed in 10 years. It is a duplication of statistics each year and is a waste. I do not believe there are 20 farmers in any district in the United States who have ever read 25 pages in that big book that is published and republished every year. The basement of the House Office Building is stacked to the ceiling with them.

I took occasion the other day to write to one of these scientists in the Department of Agriculture and ask him a few questions. I wanted to get specific answers. He could have answered my questions in one page. He did not attempt to answer them himself, but he turned them over to the head of the department to answer. Why could he not answer when he was in charge of a division? Why did he have to turn it over to the head of his bureau? And it took 15 typewritten pages for that bureau head to answer my few questions. About 14 of those pages are excuses, trying to explain away condemning facts. They are admitting the facts but trying to get around them with excuses and extended explanations.

Now, I want to read some of the questions I propounded, and I want you to note the bureau's answers to them. I want to show you just what exists in one bureau as to one agricultural commodity, the Katahdin potato—just one particular item, and show what it has cost the United States. My letter was addressed to Dr. E. C. Auchter, who is in charge of the division of horticultural crops and diseases.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. JONES. I agree with the gentleman that some bureaus should be abolished and others curtailed, but why limit it to the Department of Agriculture? Why does not the same need apply with reference to the Department of Commerce and other departments of the Government? Why not go right down through all of them instead of singling out the Department of Agriculture?

Mr. BLANTON. I am glad to hear the gentleman say that. I am not confining my attention to it. I am after them all. We will carefully weigh all of them. I do not think the gentleman heard the premise of my statement. He and I represent districts that are interested in agriculture. The gentleman from Texas [Mr. JONES] is chairman of the legislative Committee on Agriculture; his committee has charge of all legislation that affects the Agricultural Department. I want to go along with him to knock the unimportant bureaus and unnecessary bureaus out of all 10 departments, but because he and I represent agricultural districts and because our constituents are interested in agriculture no one could accuse us of wanting to get rid of something simply because our people were not interested. Therefore I took up for discussion this morning one commodity in one division of one bureau in the Department of Agriculture.

Mr. JONES. That seems to be the idea of everyone here; whenever they criticize governmental activities they always take the Department of Agriculture as their illustration. I think as the gentleman does. I am glad he made that statement.

Mr. BLANTON. I am going to submit to the incoming President a bunch of bureaus, taken from every single department of this Government, that ought to be wiped out and abolished.

Mr. JONES. Now, I think that is the correct position to take.

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I am always glad to yield to the gentleman from New York.

Mr. CLARKE of New York. Did not the gentleman have a chance to go along with such a program this week?

Mr. BLANTON. That was not a program that would save any money. It did not propose any real consolidation or abolishment. I want to see a program of real abolishment.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. In just a minute.

I directed my letter of inquiry to Dr. E. C. Auchter, in charge of the division of horticultural crops, in the Bureau of Plant Industry, in the Department of Agriculture. My first question to him was:

How long have you been with the department?

The head of the bureau, Dr. William A. Taylor, had to answer for him. He said:

Doctor Auchter was appointed November 16, 1928.

My next question was:

What is your present salary?

The answer was:

Doctor Auchter's present salary is carried on our rolls at the rate of $6,400 a year, with the 8⅓ per cent legislative furlough.

Then I asked:

What salary did you draw and what position did you hold when first entering the Government service?

Answer. Doctor Auchter was appointed November 16, 1928, as principal horticulturist at a salary of $5,600 per annum.

Then I asked:

Please give all the changes made in your salary since you first entered the Government service up to the present time?

Answer. July 1, 1929, Doctor Auchter was promoted to a salary of $6,000, an increase of $400. January 16, 1930, he was further promoted to a salary of $6,400, an increase of $400.

Mr. LaGUARDIA. What was the subsequent record the gentleman asked for?

Mr. BLANTON. I am getting to that. He did not tell what position he was holding with the Maryland University or what salary it paid him when the Government first employed him at $5,600 per annum.

Then I asked:

Please state whether or not you are professor of horticulture in the Maryland State University, what salary is now paid you by said university, and for how many years have you been connected with such university?

He says:

That university does employ Doctor Auchter as a lecturer on certain horticultural problems at a stipend of $750 per annum.

A stipend. Do you know what Webster's Dictionary says about "stipend"? It says it is "a small gift made in small coins." Doctor Taylor sees fit to call this annual $750 a mere "stipend." Doctor Auchter at this time is a $6,400 scientist for our Government, and at the same time a drawer of a $750 stipend from the Maryland University for lectures delivered to the university, while he is at the head of the potato department of the Government drawing another $6,400 stipend from the American people.

Now, listen to this explanation of why the Department of Agriculture permitted Doctor Auchter to remain as professor of horticulture at the Maryland University for a long time after he had been employed by the United States:

At the urgent insistence of university officials the Secretary of Agriculture approved an authorization for Doctor Auchter to continue to direct certain courses at the University of Maryland, the time for performing this service being partly outside of official hours. With the establishment of Doctor Auchter's successor as professor of horticulture at the University of Maryland, Doctor Auchter has been changed to the status of lecturer, as indicated above.

That shows you that they are partly within the hours of Government official duties when he delivers these lectures, and he admits that for a long time Doctor Auchter was permitted to be full professor of the University of Maryland, with time partly taken out of Government hours.

Then I asked him:

Please state whether or not you have caused to be rented from the Maryland University about 7 acres of land at approximately $1,000 per year for a term of years?

And Doctor Taylor, replying, admits that they rented 9 acres at $100 per acre, which would be $900 annual rental, or approximately $1,000 a year paid for the rent of 9 acres. But he used about three pages trying to explain and excuse such action. I quote from his answer the following:

This division of the bureau recommended that a cooperative agreement be entered into with officials of the University of Maryland covering experimental activities with sweetpotatoes and certain other truck crops—

And so forth.

Such an agreement was entered into between the director of the Maryland experimental station and the chief of this bureau, dated April 1, 1929, at the rate of $100 an acre for 9 acres.

In other words, as soon as Doctor Auchter got employed by the Government at $6,400 a year, although still holding his position with the Maryland University, his Government bureau leased 9 acres of land from the Maryland University and pays the university $900 a year rental for the 9 acres; and that is done notwithstanding that we have got the Arlington experimental farm of 350 acres owned by the United States over here that ought to be adequate for the Agricultural Department experimental work. And the Government has other experimental farms. And I maintain that it was ridiculous for the Agricultural Department to pay a rental of $100 per acre per annum for this land when it was at the same time also paying a rental of $10.21 per acre per annum for 325 acres of land also over in Maryland for alleged experimental purposes.

Mr. COLE of Iowa. What is the land worth?

Mr. BLANTON. I do not know, I will state to my friend from Iowa, but I know that some good farm land down in Texas, in the black land belt, which at one time could have been sold for $250 an acre, could not be sold to-day for $40 an acre. I know that just now you can not find a market for land anywhere, and the idea of the Government paying $100 an acre rental on land to the Maryland University for Doctor Auchter, lecturer for the Maryland University, to use for experimental purposes, is most ridiculous when we have this big experimental farm at Arlington of 350 acres owned by the Government. Is not it ridiculous?

But, wait; I want you to know what Doctor Auchter has been doing with all of this land, and what benefits for the people he has been getting with all this money. I asked him this question:

Please state whether or not last year you caused to be rented a farm in Maryland comprising about 415 acres, situated about 13 miles from the Capitol. And if so, please state: (a) The date you rented same; (b) the number of acres in such farm; (c) what is paid for it annually; (d) for how many years is it rented; (e) for what purpose is it rented; (f) what has been accomplished with it.

Are not these pertinent questions? From Doctor Taylor's reply I quote:

In the appropriation act for the fiscal year 1931, an increase was provided in this item particularly for leasing land. * * * Careful survey of land in the vicinity of the District of Columbia was made and finally an area was determined upon near Beltsville, Md. * * *. Two adjoining tracts were leased January 9, 1932, and February 1, 1932. The acreage in these two tracts totals 425 acres.

Now, what does he pay for the lease of it—this 425 acres?

The Government pays $4,340 a year for this land, or $10.21 an acre.

This is 425 acres at $10.21 an acre, or an annual rental for same of $4,340 paid by the Government, and there is also

the 9 acres for which an annual rental of $100 an acre is paid, with all of this 350-acre experiment farm at Arlington already owned by the Government. He says:

These leases are annual, but subject to renewal at the option of the department until December 31, 1936.

Illustrative of some of the accomplishments Doctor Taylor and his bureau claim they have produced for the farmers, I quote the following:

Ten acres of Jerusalem artichokes have been grown in cooperation with the Bureau of Standards. A very keen nation-wide interest is being manifested in this crop not only as a vegetable but because of its importance for producing a special sugar (levulose). It appears that this sugar can be utilized by persons suffering from diabetes with less danger than other forms of sugar. Levulose is about 75 per cent sweeter than cane sugar. Chemists of the sugar section of the Bureau of Standards have developed new and improved methods for recovery of levulose from the Jerusalem artichoke, and accordingly we have cooperated in the production of tubers for this study. Breeding and selection work and variety tests in an effort to develop larger, smoother, and higher yielding strains have been conducted on this farm during the past summer. Some strains have as high as 17 per cent levulose and the indications are that by analysis and yield of tubers a production of 2 tons of sugar per acre might be obtained.

For Doctor Taylor to demonstrate to us successfully that he has benefited the American people by paying $100 per acre annual rental on the acreage paid the University of Maryland and by paying $10.21 per acre annual rental for the 325 acres near Beltsville, Md., he should have named some farmers at least whom he had started into the business of growing Jerusalem artichokes, and just how much levulose they had produced from their Jerusalem artichokes, and how many hundreds of thousands of dollars they had received for their levulose made from Jerusalem artichokes. These long-haired scientists dream and theorize and spend money in the name of agriculture and the American farmer, and in his name have wasted manifold millions, and yet have accomplished very little of value for the farmer, who is now worse off than ever before in the history of the Nation.

Then I asked the head of this bureau the following question:

You have probably seen the statement of Prof. L. C. Fitch, of Iowa, in Market Growers Journal of November 15, 1932, that the United States Department of Agriculture spent $250,000 in developing the new Katahdin potato. Please advise me whether this is true, and in such connection advise me the amount of money the Department of Agriculture has spent in developing the Katahdin potato.

From Doctor Taylor's answer I quote the following:

We have seen the statement of Prof. L. C. Fitch, of Iowa, in the Market Growers Journal of November 15, to which you refer—

And so forth.

And Mr. Fitch stated:

Uncle Sam spent about $250,000 in developing the Katahdin potato—

And so forth.

Now, notice that he admits spending over $250,000, for from his reply I quote:

A little more than $250,000 has been expended since 1910 in potato breeding and selection work.

He admits it. He admits what your distinguished official in Iowa had accused his department of doing, of spending $250,000 to develop one kind of potato, the Katahdin potato, for that is the only kind it so far has developed.

Now, I want to show you something else.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. SUMMERS of Washington. I know nothing of the controversy, but they did not make the statement implied by the gentleman there, surely, that they had spent all of this time since 1910 and this amount of money in developing one variety of potato.

Mr. BLANTON. Oh, they say they had experimented with various varieties, but thus far had developed only one but expected soon to develop another.

Mr. SUMMERS of Washington. And they have had many problems under consideration.

Mr. BLANTON. Doctor Taylor stated definitely that of the various varieties they have experimented with, up to this time only one variety had been named and commercially distributed, and that is the Katahdin potato. He said they expect to put out another variety at an early date, but this is the only one they have put out thus far.

After I had made him admit that "a little more than $250,000 has been expended since 1910 in potato breeding," I then asked questions that made him admit that he had so far developed and named but one potato, the Katahdin.

[Here the gavel fell.]

Mr. OLIVER of Alabama. Mr. Chairman, I yield the gentleman five minutes.

Mr. SHREVE. Mr. Chairman, I yield the gentleman five minutes.

Mr. BLANTON. I thank both my friends, and I want to say in behalf of my friend from Pennsylvania [Mr. SHREVE], who on this bill has backed 100 per cent the chairman [Mr. OLIVER], that it is a public calamity for him to be taken out of public service here in this House on March 4. [Applause.] The gentleman from Pensylvania knows all about the various bureaus of at least four departments of this Government. He knows as much about them as the heads of the bureaus themselves. He is a man who has fought here earnestly and faithfully and loyally to decrease the expenses of this Government. He is one man who can be depended on in every vote he casts, aside from partisan matters where you Republicans caucus him and force him to vote with you Republicans on sustaining the President's vetoes, and so forth, but outside of being shackled by Republican caucuses, he votes for the people every time he says "yea" or "nay" in this House, and I am one who is sorry he is going out. It is a great loss to the Nation. [Applause.]

Then I asked this bureau this question:

You are probably aware of the statement that the department has been breeding potatoes since 1910 and has put out only one variety to this date. Please advise if this is true.

Now listen to this answer. He says:

It is true that at the present time only one of a considerable number of promising potato seedlings has been named and commercially distributed.

And that is the Katahdin. He says:

Another variety will be named shortly and given an extensive field test in 1933.

Now, let us see what this famous $250,000 Katahdin potato has accomplished for the farmers of the United States.

Then I asked this bureau this question:

You have probably seen the statement made by Prof. A. G. Tolaas, in the American Potato Journal of October, 1932, that the average yield of your new Katahdin potato on eight farms in Minnesota was 240 bushels per acre, while the old well-known variety of Irish Cobbler potato yielded 269 bushels per acre on the same farms. Please advise me your reaction on this statement.

From Doctor Taylor's reply, I quote:

We have seen the statement of Prof. A. G. Tolaas in the American Potato Journal of October, 1932, stating that the average yield of the Katahdin potato on eight farms in Minnesota was less than the yield of the Irish Cobbler variety.

Then he tries to explain, from which I quote:

In Mr. Tolaas's report to this department, giving the results of this season's study, he states:

"There has been a great deal of interest in this variety, and I believe that it does have a commercial possibility in this region."

Regarding one of our other seedlings, he states:

"From what I have seen of this seedling it probably would be even more suitable to our conditions than is the Katahdin."

Then I asked this bureau the following question:

You have probably seen the statement of Dr. John Bushnell in the proceedings of the seventeenth annual meeting of the Ohio Vegetable Growers' Association, 1932, that in three trials in Ohio the new Katahdin potato yielded 232 bushels per acre, while the old well-known russet rural variety yielded 286 bushels per acre. Please give me your reaction on this statement.

From Doctor Taylor's reply, I quote:

We have seen the statement of Dr. John Bushnell given in the proceedings of the seventeenth annual meeting of the Ohio Vege-

table Growers' Association, and we have personal reports from Doctor Bushnell. His report on the Katahdin this year, as well as last year, indicates that it is not especially suitable under his conditions.

Thus, you see Doctor Taylor did not deny the criticism made by Dr. John Bushnell, of Ohio, that after the Agricultural Department had spent $250,000 since 1910 developing the Katahdin potato, the old well-known russet rural variety in Ohio had produced 54 bushels of potatoes more per acre than the $250,000 Katahdin.

Mr. COLE of Iowa. The gentleman will agree that that is reducing the surplus.

Mr. BLANTON. I would rather have our potato farmers get all that is coming to them.

Mr. KNUTSON. This russet variety is an Irish potato.

Mr. BLANTON. Dr. John Bushnell refers to it as the "old well-known russet rural variety." It cost the farmers nothing, yet it is far more valuable than the $250,000 Katahdin.

Mr. COLE of Iowa. No; this russet variety is a white potato.

Mr. BLANTON. I think Prof. L. C. Fitch, of Iowa, Prof. A. G. Tolaas, of Minnesota, and Dr. John Bushnell, of Ohio, know more about potatoes than the gentleman from Minnesota [Mr. KNUTSON].

Then I asked this bureau this question:

Please advise me whether or not the Katahdin potato is a late potato and not good in sections where early varieties are used, and also whether or not it has a bitter taste when cooked.

From Doctor Taylor's reply, I quote:

Katahdin is a late variety and will not compete with Irish Cobbler, if they are dug when the Cobbler is mature and the Katahdin is still immature. A few Katahdins were reported strong by one or two of the judges.

Then I asked this bureau for the following information:

Please advise me the date when F. J. Stevenson, of Minnesota, was employed by your department to assist in breeding potatoes. (a) What is his salary at the present time? (b) Is it not a fact that he has been paid by the Agricultural Department $1,000 more than he received at the time he was employed? (c) Also please advise me whether or not it is a fact that said F. J. Stevenson never did any potato work until he was appointed to breed potatoes for the United States?

From Doctor Taylor's reply, I quote:

Dr. F. J. Stevenson, of the University of Minnesota, was selected from the civil-service list and employed by this bureau to assist in breeding potatoes on July 15, 1930. Doctor Stevenson's present salary is normally $4,200 per annum, with the legislative furlough. He had been receiving a salary of $3,300.

You will note that he was receiving only $3,300 at the time he was employed by the Agricultural Department at $4,200. Doctor Taylor then admits:

Doctor Stevenson had not specialized on potato breeding prior to his work in this bureau.

If he were not a potato expert, why did the Department of Agriculture pay him $4,200 per year to assist $6,400-per-year Doctor Auchter to spend $250,000 raising and developing the Katahdin potato which is not as good as old varieties?

Then I asked this bureau:

Please advise me how many acres of land are in the Arlington experimental farm conducted by the Department of Agriculture.

Doctor Taylor replied:

Three hundred and fifty acres, exclusive of railroad and highway crossing the farm.

Is not that 350-acre Arlington farm owned by the Government enough for them to experiment with, without paying $100 an acre annual rental to the University of Maryland for one tract of nine acres—$900 at one whack; and without paying $10.21 an acre for 425 acres, or $4,340, annual rental to Maryland? If we do not wake up and stop spending these millions that are being wasted by these long-haired scientists in the Department of Agriculture in the name of the farmers, from which the farmers do not get a dollar's benefit, we are going to merit the disrespect and contempt of every farmer in the United States. Do you not think it is time for us to do something about stopping it?

Mr. COLE of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. COLE of Iowa. May it not be true that the same farmers are getting tired of Congress' spending millions of dollars making laws for their relief that do not relieve?

Mr. BLANTON. Certainly, they are tired of it. And we must stop it. I wonder if my friend from Iowa followed his leader yesterday and the rest of the Republican bellwethers who voted to put that extra $550,000 in the Army appropriation bill, and yesterday evening also voted to put $2,500,000 additional into that bill? I do not believe my friend voted with his leaders, did he?

Mr. COLE of Iowa. Let me say——

Mr. BLANTON. It is a matter of record.

Mr. COLE of Iowa. I voted against every increase.

Mr. BLANTON. Good. I am glad to hear it.

Mr. COLE of Iowa. And I am going to continue to do so.

Mr. BLANTON. Good. And so am I.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. BLANTON. Mr. Chairman, will the gentleman let me have just two minutes more?

Mr. OLIVER of Alabama. I yield the gentleman two minutes.

Mr. SHREVE. Mr. Chairman, I yield the gentleman three minutes.

Mr. BLANTON. I thank both my friends.

Mr. FINLEY. Is the gentleman going to add to what he said a few minutes ago about the gentleman from Pennsylvania [Mr. SHREVE]?

Mr. BLANTON. Oh, I could speak an hour properly praising him.

Mr. COLE of Iowa. The gentleman is making a good speech, and he is entitled to additional time.

Mr. BLANTON. I want to say to my Republican brethren over here across the aisle that just because you are going out of power, does it not behoove you, just as much as it does every other Member of the House, to cut down expenses? Does it not behoove you, as much as anyone else, to reduce the cost of government so as to balance the Budget? I want you to look over that roll call yesterday on the $550,000 amendment that was added to the bill, and you will see that your leader, the gentleman from Pottsdam, and your other big Republican leaders here, all voted for it, with the exception of my friend from Iowa [Mr. COLE], and you likewise voted for the additional $2,500,000 amendment and passed both of them.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Oh, I know how the general stands. He was one of the Democrats who jumped over the traces and voted with the Republicans.

Mr. MARTIN of Oregon. Do not forget us Democrats who voted that way yesterday.

Mr. BLANTON. Oh, some of these days I am going to name all who voted that extra $3,000,000 into the Army bill and who gave the limousines to the Secretary of War and medical officers.

Mr. MARTIN of Oregon. Do not put all the blame on the Republicans.

Mr. BLANTON. Oh, just a handful of Democrats jumped the traces and voted with the Republicans for these big increases.

Mr. MARTIN of Oregon. There was enough to put it over all right.

Mr. BLANTON. They were practically all Republicans, plus a few Democratic major generals over here, like my friend from Oregon.

Mr. MARTIN of Oregon. We put it over all right.

Mr. BLANTON. Yes; you and the Republicans did; $550,000 you put in at one whack and $2,500,000 at another whack, right against the recommendation of the Budget, against the recommendation of the President, and against the recommendation of your Democratic Committee on Appropriations. How are you going to square that when

you go home? I am glad that we are going to have a recess between March 4 and April 20, so that when the general gets home, as soon as he gets up there, somebody is going to say, "General, did you vote to increase expenses?"

Mr. MARTIN of Oregon. Will the gentleman yield? I have been home and got a very flattering support. Just look at my majority and compare it with your own.

Mr. BLANTON. I can not yield further. I had no opposition in the November election. I got enough votes in the primary to be back with the general in this Congress next year, and I am going to help hold him down on expenditures. I am going to help hold these spending major generals down. They are for spending every dollar that they can get out of the Treasury of the United States; I do not give a continental what it is for. They learn it at West Point, they learn it at the War Department and at the various corps areas of the United States. What do they care about the Public Treasury here? They want to spend continually, and I am going to help hold him down. You watch him in this coming Congress.

Mr. MARTIN of Oregon. That is the way we get votes.

Mr. BLANTON. That is not the way I get votes. He is going to quit that some time and he and I are going to get along together. He is going to wake up some time and see that the interests of the people demand that he stop this Army spending and this Navy spending, and he is going to cut loose from this Army and Navy Club some day and will stand here and help us vote for the people. You watch him. We are going to convert him, in spite of your big spending bunch of bellwethers on the Republican side of the House.

I want to say this to you in conclusion. I put some evidence in here the other day about Major Hoffman, and if the War Department does not investigate that, we ought to know why. Some of the newspapers in the country said, "Oh, BLANTON is always making charges." When I first brought to the attention of the officials here and of this House the facts about Colonel Forbes, the newspapers said that I ought to be thrown out of Congress and that my charges ought to be put in the wastebasket, that caused a complete investigation to be made, and when the officials got through with him he went to the penitentiary, did he not?

When I first made public my investigation of the facts to the officials of Washington and to the Members of this House respecting Albert B. Fall, the newspapers said my charges ought to go into the wastebasket and that I ought to be thrown out of Congress. But when the Department of Justice got through with him he finally went to the penitentiary, did he not? And when I first filed charges against former Insurance Commissioner Miller I was violently criticized by the press, but after my evidence against him was carefully investigated Miller was removed from office. When I got after Colonel Rudolph, with the help of Judge GIBSON, he finally resigned. When I got after Colonel Sherrill, he quit and resigned. When I got after Captain McMorris, superintendent of park police, newspapers said it was all false, but he was removed from the office. When I got after Col. Frederic A. Fenning, he resigned, and when I produced the facts on Maj. Wolff Smith he resigned. I have gotten after many of them. The newspapers at first said concerning all of these cases that the charges ought to be thrown into the wastebasket and that I ought to be put out of Congress, but when investigations were concluded they changed their minds, and I am still in Congress.

We must stop these abuses and this waste of public money.

[Here the gavel fell.]

Mr. SHREVE. Mr. Chairman, I yield 10 minutes to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Chairman, a most extraordinary performance was witnessed in the House of Representatives last evening. A veto message came from the President, accompanied by an official communication from the Attorney General, to which the President referred, stating that the opinion of the Attorney General set forth some of the reasons for the President's objections to the first deficiency appropriation bill, 1933, which he returned without his signature. The Attorney General's opinion was not read in connection with the message, but on the contrary unanimous consent for its reading was refused by the objection of a member of the majority party, which controls procedure here now.

I think there has been considerable misapprehension as to the duty of Congress upon the receipt of a veto message. I fear there are many who believe that when the Constitution provides for a reconsideration that requirement means only that there shall be a new vote and that the Congress shall pay no attention to the views of the President. I will read the provision of the Constitution:

> Every bill, which shall have passed the House of Representatives and the Senate, shall, before it become a law, be presented to the President of the United States; if he approve, he shall sign it, but if not he shall return it, with his objections to that House in which it shall have originated, who shall enter the objections at large on their Journal, and proceed to reconsider it. If after such reconsideration two-thirds of that House shall agree to pass the bill, it shall be sent, together with the objections, to the other House, by which it shall likewise be reconsidered, and if approved by two-thirds of that House, it shall become a law.

What reconsideration did the House give last evening to the President's veto? The only one who spoke upon it, with some interruptions, was the distinguished Chairman of the Committee on Appropriations [Mr. BYRNS]. I submit in all candor and without any purpose whatever to criticize, that neither the remarks of the distinguished gentleman from Tennessee nor the interruptions which may be illuminating in connection with his remarks, gave the House any information upon which it might well proceed to a reconsideration, and to a new vote upon the bill in question.

The argument of the gentleman from Tennessee [Mr. BYRNS] was based entirely upon the theory that the language, to which the President's veto related, provided only for consideration by the joint congressional committee of refunds or credits of taxes, in order to give the House information upon which it might act in the passing of appropriations. That was perhaps the purpose of the original provision on this subject in the revenue act of 1928, although the avowed purpose of that amendment to the revenue act of 1928, at the time of its passage, was to provide publicity for these refunds. I call upon the Members of the House who may not be familiar with those provisions, to turn to the revenue act of 1928, to see what it actually does provide. It reads as follows:

> No refund or credit of any income, war-profits, excess-profits, estate, or gift tax, in excess of $75,000, shall be made after the enactment of this act, until after the expiration of 30 days from the date upon which a report giving the name of the person to whom the refund or credit is to be made, the amount of such refund or credit, and a summary of the facts and the decision of the Commissioner of Internal Revenue is submitted to the Joint Committee on Internal Revenue Taxation. A report to Congress shall be made annually by such committee of such refunds and credits, including the names of all persons and corporations to whom amounts are credited or payments are made, together with the amounts credited or paid to each.

That provides for information to the Congress. It provides for publicity as to these refunds and credits, but the argument last evening, as indeed upon the passage of this provision in the House as a part of the first deficiency act, was based very largely upon the theory that this was merely a reduction of the amount of refunds and credits to be investigated from the minimum of $75,000 to that of $20,000. In that connection I will read a portion of the debate—in fact, the whole colloquy between the gentleman from Arkansas [Mr. RAGON] and the gentleman from Tennessee [Mr. BYRNS]—and I submit whether it is not placing the provision which was vetoed entirely upon a reduction of the amount of refunds and credits which are to be subject to examination. I read from page 2448 of the CONGRESSIONAL RECORD for yesterday:

> Mr. RAGON. Will the gentleman yield?
> Mr. BYRNS. I yield.
> Mr. RAGON. I understand the President objects to the provision that gives Congress the right to investigate and refund amounts

that are above $20,000. We have the right, or have been assuming the right, to examine all amounts above $75,000. Has anyone ever objected to the constitutionality of the act that gave us that authority?

Mr. BYRNS. None that I am aware of. I thank the gentleman for his suggestion.

Mr. RAGON. Can the gentleman conjure up in his mind any reason, if we have the right to review refunds above $75,000, why we should not have the right to investigate refunds above $20,000?

Mr. BYRNS. Absolutely not. This seems to be an afterthought to protect those big refunds concerning which there has been so much suspicion in the past decade. No one should object to publicity. Mr. Speaker, I move the previous question.

That ended the brief argument of the gentleman from Tennessee [Mr. BYRNS], and no one else had an opportunity to speak on the veto message. There is nothing anywhere in the remarks of the gentleman from Tennessee to indicate that there was any substantial change in the provision of the first deficiency act, which was vetoed, from the provision of the revenue act of 1928, while the truth is that while the provision in the revenue act of 1928 provided for nothing but publicity and information to the Congress, the deficiency act, in its provision, provided that the joint congressional committee should have absolute and final power to determine whether a refund or credit should be paid. That feature was the main argument against the vetoed proposal. That is the argument upon which the Attorney General bases his opinion, but nothing was said last evening in the debate before this House on that phase of the question. It was only assumed that there was opposition on the part of the President to the matter of giving publicity or to the matter of the Congress getting information in regard to these refunds and credits.

Compare the language of section 710 of the revenue act of 1928, which I have quoted, with the language of the provision vetoed by the President, and the basic difference becomes apparent at once. The latter reads as follows:

Provided, That no refund or credit of any income or profits, estate, or gift tax in excess of $20,000 shall be made after the enactment of this act until a report thereof giving the name of the individual, trust, estate, partnership, company, or corporation to whom the refund or credit is to be made, the amount of such refund or credit, and the facts in connection therewith are submitted by the Commissioner of Internal Revenue to the Joint Committee on Internal Revenue Taxation and action thereon taken by said committee. The said committee or its duly authorized staff shall have full access to all the papers and shall examine into and pass upon the case, and no refund or credit in excess of $20,000 shall be made until the Joint Committee on Internal Revenue Taxation shall have so passed on such refund or credit, fixed the amount thereof, and made its report to the Commissioner of Internal Revenue; and no refund or credit in excess of $20,000 shall be made without the approval of said committee. This proviso shall not apply to refunds or credits made pursuant to a judgment of a court having jurisdiction over the subject matter, or a decision of the United States Board of Tax Appeals, which has become final.

The nature of the consideration given the veto message before the vote last evening is further shown by the following excerpt from the only speech made in regard to it:

I have not had opportunity to read the opinion of the Attorney General, which is quite lengthy. It covers quite a number of pages—some 12 or 14—and the very fact that it does cover so many pages leads me to believe, possibly, the Attorney General found some difficulty in arguing himself into the idea that this bill is unconstitutional.

In fact, no one had an opportunity to read the opinion of the Attorney General. As I have said, objection was made even to allowing it to be read to the House, and that objection came from one of the real leaders on the Democratic side.

The President of the United States, who sent the veto to the Congress yesterday, is going out of office on the 4th of March. This legislation, which he vetoed yesterday, will have very little effect during his administration. It will not be his duty to operate under it, but the incoming administration, the administration of the gentlemen who refused to uphold the President's veto, the administration of the gentlemen who preferred to retain the provision which was enacted here, that administration will be operating under this act; and it starts out with a vote of nonconfidence on the part of the Congress of the United States in this session, that it, forsooth, will not be able or may not be trusted to give a fair enforcement of the provisions of the revenue act of 1928, but drastic action must be taken now to prevent refunds and credits from being allowed and paid by the executive department of the incoming administration; and the next Congress, the Seventy-third Congress, must, through its own agency, examine and determine upon these questions.

[Here the gavel fell.]

Mr. CHINDBLOM. Will the gentleman yield me five additional minutes?

Mr. SHREVE. Mr. Chairman, I yield the gentleman from Illinois five additional minutes.

Mr. CHINDBLOM. The Republican leader, the gentleman from New York [Mr. SNELL], was compelled to ask unanimous consent that by the kind indulgence and sufferance of every Member of the House the opinion of the Attorney General might be printed in the CONGRESSIONAL RECORD, and so we have been privileged to read it this morning.

Are we thus to dispose of serious matters brought to us by the President of the United States?

Oh, the gentleman from Tennessee said that if there is any delay in this matter the cause of that delay and the blame for it does not rest upon him or upon the Congress but upon the President. That is the plain inference. Should the President of the United States refrain from the performance of his plain duty because there happened to be in an appropriation bill some items which are urgently needed? We all regret, for instance, that the appropriation for relief in the District of Columbia may have been delayed by this procedure, but most certainly it is the duty of the President of the United States to call the attention of Congress to the fact, which he believes to be a fact, that Congress is encroaching upon the prerogatives of the Executive authority. Not upon him, not upon President Hoover, was this Congress attempting to encroach, because he will shortly be going out of office, but upon his successor in office, upon the presidential authority, upon the Executive authority, no matter who the President may be, was the Congress attempting to impose an encroachment by assuming for itself an executive function.

Now, I am not taking the position that Congress does not have full right to pass all appropriations to pay refunds and credits. I think if Congress were disposed to do so it might pass a law that money once paid into the Treasury of the United States shall remain there forever and never be returned. That would not be a wise or just policy, but Congress would have the power to enact it into law.

I am not taking the position that Congress may not seek all the information it desires, that Congress may not require that there shall be a separate appropriation, for every single refund and every single credit, and that information shall be given Congress upon which an appropriation may be based for each individual refund and each individual credit. If Congress wishes to do that, well and good, but of course it would be in continuous session from the 1st day of January to the 31st day of December of every year. But I do say there can not be delegated to a joint congressional committee, as was so well stated in the opinion of the Attorney General, either the executive authority of the President, the judicial authority of the courts, or the legislative authority of the Congress of the United States.

The provisions to which the President objects did not even provide that Congress itself should have the final action in this matter, but that a joint committee, sitting when Congress is in session and when Congress is not in session, should have the authority to determine who is to receive refund or credit, not only by affirmative action, but by failure to act, by nonaction, or inaction, because if that joint congressional committee sees fit to ignore a refund or a credit which has been reported to it and takes no action whatever, no payment can be made.

O Mr. Chairman, I think upon reflection the House will not be proud of its action and conduct last evening. If the membership will read, and stop and consider the opinion of the Attorney General, they will reach a different

conclusion than was reached here yesterday upon the pretended reconsideration of this bill.

Mr. BACON. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. I yield.

Mr. BACON. I may suggest to the gentleman that President Wilson took exactly the same stand in defending the position of the Executive.

Mr. CHINDBLOM. That is absolutely true. One of the first actions of the late President Wilson that came to my attention after my membership in this House, which began in 1919, was the message from President Wilson in which he vetoed the law for the establishment of the office of the Comptroller General on the ground that Congress was encroaching upon the rights of the Executive. Who is to protect the rights of the Executive authority unless the President himself does it?

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. I yield.

Mr. HASTINGS. Even the gentleman admits that Congress can pass or not pass an appropriation. Now, does the gentleman contend that Congress can not put any limitation it wants to upon the appropriation that it itself may make as to how it shall be disbursed and upon what condition it shall be disbursed? How can Congress refuse to make an appropriation except with a condition attached to it?

Mr. CHINDBLOM. It can not.

Mr. HASTINGS. There is no doubt about that.

Mr. CHINDBLOM. We can appropriate $10,000 for the salary of the Chief of Staff of the Army of the United States, but we can not compel the money to be expended for salary to John Jones, to be appointed by the President. Of course Congress would have the physical power to insert such a provision in an appropriation item, but the net result would be no appropriation at all, for we could not make the limitation effective. You can not compel the President to appoint John Jones as Chief of Staff in order that the appropriation shall become available.

Mr. HASTINGS. But this is not compelling the President to appoint this committee. It is done by the legislation itself.

Mr. CHINDBLOM. The effect of this legislation is that no refund shall be paid or provided unless it is approved by a committee of Congress. Such a committee is not Congress itself; it is not even a legislative authority of the United States and certainly is not the Executive authority of the United States.

Mr. HASTINGS. Does the gentleman contend that we could not take it away from the Internal Revenue Bureau altogether and give it to a committee to pass upon it finally once and for all? Does the gentleman contend that we could not do that?

Mr. CHINDBLOM. I am not contending that you can not control the matter of appropriation, but you can not delegate the authority of Congress to a joint congressional committee; nor can Congress usurp an Executive function. [Applause.]

Mr. Chairman, under the leave granted to extend my remarks, I wish to make brief answer to the observations made by the gentleman from South Carolina [Mr. STEVENSON] in response to the foregoing. The gentleman is entirely correct in saying that I voted to override the veto of President Wilson in the legislation for the establishment of the office of the Comptroller General. Since that time, the United States Supreme Court, in the Myers case, confirmed the sole power of the President to remove officers appointed by him, even by and with the advice and consent of the Senate. It was believed that the Comptroller General would be held to be an officer representing the legislative branch of the Government for the control and audit of the expenditure of appropriations. Still, President Wilson and his advisers believed the provision for the removal of the Comptroller General, by Congress alone, infringed upon the powers of the Executive. That question has not been tested and will not arise unless a President should seek to exercise the power of removal in the case of the Comptroller General. My point was and is, that even in that case, which involved an attempt by Congress to establish a service to aid the legislative branch in the enforcement of laws as against all other executive officers, President Wilson, fully within his rights, sought to practice the Executive authority.

The gentleman from South Carolina, in dissenting from my view of the constitutionality of the provision involved in this discussion, refers to the decisions of the courts as to the power and jurisdiction of the Interstate Commerce Commission. That reference is quite unfortunate. The courts have distinctly held, as to the powers given the Interstate Commerce Commission, that the delegation of legislative power to that commission is not unlimited or arbitrary or even discretionary, but merely empowers the commission to carry out the policies and discretion of the Congress within well-defined limits and according to established standards. As was said recently—January 5, 1931—by Mr. Justice Sutherland, of the United States Supreme Court, in United States of America and Interstate Commerce Commission *v.* Chicago, Milwaukee, St. Paul & Pacific Railroad Co. (282 U. S. 311):

> Congress can not delegate any part of its legislative power except under the limitation of a prescribed standard.

Citing Union Bridge Co. *v.* United States (204 U. S. 364, 384, 385). In addition Congress, in establishing the Interstate Commerce Commission, must act strictly within the constitutional grant of authority to regulate interstate and foreign commerce. Upon the same line of reasoning, and holding that the authority granted was to be exercised in the manner and within the rules and standards fixed by Congress itself, the United States Supreme Court sustained the power granted the Tariff Commission in the flexible provisions of the tariff laws. Even if the Joint Congressional Committee on Internal Revenue Taxation were properly constituted for the consideration of tax refunds and credits for and on behalf of the Congress, what limitations upon their authority, what rules and standards for their action, what curtailment upon their exercise of arbitrary discretionary power is there in the provision vetoed by the President in the deficiency appropriation act? None whatever. The power given the committee is complete, full, and final, not only by affirmative action, but even by failure or refusal to act. How can such delegation of its authority by Congress pass the test of constitutional validity? Fortunately, the House vindicated itself, through the minority of its membership, by sustaining the President's timely veto.

Mr. SHREVE. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. DYER].

Mr. DYER. Mr. Chairman and members of the committee, in a short time the Secretary of State will issue a proclamation announcing an additional amendment to the Constitution of the United States. This will change the beginning of the service of the Members of Congress and of the President. It will do away with what has been known generally as the "lame-duck Congress."

It has been claimed by a good many Democratic leaders and newspapers that the necessity for an extra session of the next Congress is caused by there intervening between the election and the inauguration of a new President a session of a Congress containing many Members oftentimes, as this one does now especially, who are not reelected.

I voted for the resolution submitting it to the legislatures, but I have never been thoroughly convinced that it would change the situation at all legislatively on the part of the Congress. I have too much regard during my service here for the Members with whom I have served to believe that a defeat at the polls would change their judgment or their votes upon matters pertaining to the welfare of our common country. But the Democratic Party has hit upon this as an excuse for their failure to enact legislation that they pledged themselves to enact when they held their convention in Chicago, which resulted in their election in November.

Mr. Chairman, I am unable to see in what way the minority in this House or the Members who were not reelected to the next Congress have interfered with any program that the Democratic Party has presented. In fact, I do not know of any program that the leaders in this House

have presented for consideration at this session, unless it was that provision in their platform and in their pledges that declared for the repeal of the eighteenth amendment and the enactment of legislation changing the prohibition enforcement act so as to permit the manufacture and sale of beer.

Now, Mr. Chairman, we all remember the resolution submitted by the leader of the Democratic majority, at the request and demand of the Speaker, on the 5th day of December. That was a resolution to submit to State conventions the repeal of the eighteenth amendment. That was in the Democratic platform at the very top of it.

In my State it was the chief issue upon which the people were called upon to vote and upon which they did vote. Yet, Mr. Chairman, when this resolution was voted upon in the House December 5 last, a pledge of the Democratic Party presented by the Democratic leader recognized by the Speaker of this House under suspension of the rules, the resolution failed to pass by 6 votes.

Yet we find in the CONGRESSIONAL RECORD of that date where 44 Democratic Representatives in Congress voted against it. Thirty-three of them were elected to the next Congress and 11 were not. The names of these Members are as follows:

Ayres, of Kansas; Blanton, of Texas; Browning, of Tennessee; Busby, of Mississippi; Cartwright, of Oklahoma; Collins, of Mississippi; Cooper, of Tennessee; Dominick, of South Carolina; Doxey, of Mississippi; Driver, of Arkansas; Ellzey, of Mississippi; Eslick, of Tennessee; Fuller, of Arkansas; Glover, of Arkansas; Goldsborough, of Maryland; Greenwood, of Indiana; Hall, of Mississippi; Hare, of South Carolina; Huddleston, of Alabama; Johnson, of Oklahoma; Lankford, of Georgia; Larsen, of Georgia; Ludlow, of Indiana; McClintic, of Oklahoma; McKeown, of Oklahoma; Miller, of Arkansas; Mobley, of Georgia; Morehead, of Nebraska; Norton, of Nebraska; Parker, of Georgia; Parks, of Arkansas; Patman, of Texas; Patterson, of Alabama; Polk, of Ohio; Ragon, of Arkansas; Rankin, of Mississippi; Sandlin, of Louisiana; Shallenberger, of Nebraska; Swank, of Oklahoma; Tarver, of Georgia; Taylor, of Colorado; Wilson, of Louisiana, Wingo, of Arkansas; and Wright, of Georgia.

Of the 44 Democrats who voted against repeal, 33 were reelected, whereas but 6 additional votes were needed to pass the resolution. These Democrats were committed to outright repeal by their national platform. Reelected Republicans were not bound by their national platform to outright repeal, while those Republicans who were not reelected naturally go back to the national platform of 1928 for their mandate on the proposition. The full blame, therefore, for the failure of submission at this session of Congress lies squarely upon Democratic leadership and upon the Democatic Party, and not upon the lame ducks, either Republicans or Democrats.

Is this to be charged to the Republicans or to those who were not reelected, or is it to be charged to the responsibility of the party in power that promised repeal of the eighteenth amendment?

Mr. Chairman, I said in the Congress at the last session that the promise of the Democratic Party in its platform at Chicago, pledging itself to repeal of the eighteenth amendment by conventions, was nothing more than molasses to catch flies. I repeat it now. A resolution submitted to the people of this country to repeal the eighteenth amendment by conventions will never pass.

We know that a majority of the Southern States, and almost solidly Democratic, would never indorse an amendment to repeal the eighteenth amendment by conventions. If the Democratic Party were sincere in its desire to repeal the eighteenth amendment, the resolution would have provided for its submission to State legislatures as the lame-duck amendment was submitted and as every amendment to the Constitution has been submitted heretofore. It is nothing but molasses to catch flies. There is no intention on the part of the Democratic Party, if they insist upon such a resolution going to conventions, to repeal the eighteenth amendment.

Mr. Chairman, do you know what it would cost the people of this country for conventions to be called to vote upon repeal of the eighteenth amendment? It would cost not less than $10,000,000, for the setting up of the machinery, and so forth, either by the Government or by the States, to hold such conventions. In these times of financial distress, is it sensible or thinkable that any party charged with responsibility will submit this resolution to conventions?

The members of most of the legislatures were elected at the same election on November 8 that Mr. Roosevelt and Mr. Garner were elected, and the Democrats in the Senate and in the House were elected. Why, then, is there any excuse for submitting this matter to conventions instead of to legislatures when it would not cost the people anything at all to submit it to the legislatures? I can not fathom any other excuse for it except that the Democratic Party is not sincere and does not intend really to get rid of the eighteenth amendment.

Another evidence that this Democratic Congress does not expect to put an end to prohibition is that this bill appropriates $9,120,000 for enforcing prohibition from July 1, 1933, to June 30, 1934.

It is likewise with their other promises and pledges with respect to changing the enforcement act.

[Here the gavel fell.]

Mr. SHREVE. Mr. Chairman, I yield the gentleman five minutes.

Mr. DYER. The same thing is true, Mr. Chairman, as to that matter. The Democratic Party said they were for beer. In my city this was the only issue they held out—vote the Democratic ticket and you will have beer at once. I am told, in fact, there were some people down at an old ramshackle brewery that used to be in operation, on the morning after the election with their buckets, going to get this Democratic beer. Yet, Mr. Chairman, when this matter was voted upon in the House on December 21 last, and when the question came up of whether or not we should have this beer that the Democratic Party had promised us, we found 64 Democrats of this House voting against it. They are as follows:

Allgood, of Alabama; Almon, of Alabama; Ayres, of Kansas; Bankhead, of Alabama; Barton, of Missouri; Bland, of Virginia; Blanton, of Texas; Briggs, of Texas; Browning, of Tennessee; Burch, of Virginia; Busby, of Mississippi; Castellow, of Georgia; Clark, of North Carolina; Collins, of Mississippi; Cooper, of Tennessee; Cox, of Georgia; DeRouen, of Louisiana; Disney, of Oklahoma; Dominick, of South Carolina; Doxey, of Mississippi; Driver, of Arkansas; Ellzey, of Mississippi; Eslick, of Tennessee; Fishburne, of Virginia; Flannagan, of Virginia; Glover, of Arkansas; Goldsborough, of Maryland; Green, of Florida; Greenwood, of Indiana; Gregory, of Kentucky; Hare, of South Carolina; Hastings, of Oklahoma; Huddleston, of Alabama; Johnson, of Oklahoma; Jones, of Texas; Lambeth, of North Carolina; Lanham, of Texas; Lankford, of Georgia; Ludlow, of Indiana; McClintic, of Oklahoma; Miller, of Arkansas; Moore, of Kentucky; Morehead, of Nebraska; Nelson, of Missouri; Norton, of Nebraska; Oliver, of Alabama; Parks, of Arkansas; Patman, of Texas; Patterson, of Alabama; Ramspeck, of Georgia; Rankin, of Mississippi; Rayburn, of Texas; Sanders, of Texas; Sandlin, of Louisiana; Shallenberger, of Nebraska; Stevenson, of South Carolina; Sumners, of Texas; Swank, of Oklahoma; Tarver, of Georgia; Weaver, of North Carolina; Whittington, of Mississippi; Wilson, of Louisiana; Wood, of Georgia; Wright, of Georgia.

The people, as the great Lincoln once said, like to be fooled and you can fool them three times. They have been fooled on prohibition by the Democrats several times. In my State they were fooled the third time upon the question of prohibition. Once it was in the election of James A. Reed to the Senate; then again in the election to the same office of HARRY B. HAWES; then the third time in the last election.

I am surprised, Mr. Chairman, that the Democratic Party would come in here, or in the campaign speeches they are now making, and say that the Democratic Party's policies and platform pledges with respect to putting into effect their program, have been defeated by the Republicans. The truth is that the Democrats used prohibition to get into office, and a lot of Republicans were fooled into believing them. The Democratic Party has one thing in mind always and that is to get into office. They will promise anything and do anything to accomplish that. O my Republican friends, what fools you are to trust the Democratic Party ever.

I yield to my distinguished friend from Texas, for whom I have a great regard, for I know he is sincere in his advocacy

of the dry cause—I yield to him to tell wherein the Republicans or anybody on our side has prevented the Democratic Party from putting into law any of their policies or program.

Mr. BLANTON. Let me ask the gentleman from Missouri, did he not vote for the resolution of December 5 to submit the matter to conventions?

Mr. DYER. I did, because it was brought up under suspension of the rules, and there was no other way.

Mr. BLANTON. Then the gentleman voted for something that he says would cost the country $10,000,000.

Mr. DYER. It would; but I want to say that I tried to get the Judiciary Committee to report out a resolution providing that it be submitted to the legislatures, but I was not sustained. There were Democrats on the committee and Republicans who would not vote it out. But the Democrats were in control of the committee. They could have voted it out. They are in control of the House, and they can not go to the people upon the question of prohibition and say that they have kept their word. They have not, and I think it will be a long time before they do.

In my State, what was the issue? We had a state-wide campaign by Representatives in Congress who had to be nominated and elected at large, because we did not have a redistricting of the State. The 13 Democratic candidates for Congress, some of whom had been here for years, and never in their life voted for any wet legislation, pledged themselves in writing that they would support the repeal of the amendment and beer.

Mr. Chairman, how men can change so quickly, I do not know. I do not question the sincerity of my colleagues.

In view of the fact that 44 voted against the repeal amendment and 64 voted against beer, I ask you to tell the people whether you have assisted your party to carry out its policies and program promised in your platform.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I yield 12 minutes to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Chairman, I want to discuss briefly a bill which I have introduced, H. R. 14135, to create Federal rural mortgage land banks, through which loans may be made direct to farmers throughout the country on first mortgages.

The necessity for such legislation is recognized by all. The bill creates 12 Federal rural mortgage land banks under the supervision of the Federal Farm Loan Board and authorizes loans to be made direct to farmers on first mortgages.

Federal rural mortgage land banks are to be created under the terms of the bill, one in each of the Federal farm land bank districts, with a minimum capital stock of $25,000,000 each, which may be increased to $40,000,000 each, all of which is to be subscribed by the Secretary of the Treasury with funds to be provided by the Reconstruction Finance Corporation, as in the case of the Federal home-loan banks.

Loans are provided to be made to farmers upon their applications direct, or through agents appointed at convenient points throughout each district, at 3 per cent interest per annum, plus an amount to be paid to amortize the principal, and to follow the rule applied with reference to the Federal land banks, which, extended over a period of 34½ years, would amount to 1 per cent per annum, or one-half of 1 per cent semiannually, which would make the total interest and amortization payment amount to 4 per cent per annum, and this 4 per cent would pay both the principal amount of the loan and interest.

The bill provides for the issuance of bonds secured by first mortgages on farm lands bearing a rate of interest of 3 per cent per annum, exempt from all taxation, Federal, State, and local, and the payment of the bonds, both principal and interest, is guaranteed by the Federal Government.

The directors of each Federal rural mortgage land bank are to be appointed by the Farm Loan Board and approved by the Secretary of the Treasury, and the employees of the banks, including attorneys, examiners, appraisers, and clerical force, are to be appointed by the respective banks with the approval of the Secretary of the Treasury and the Farm Loan Board.

The bill provides that money may be borrowed to the extent of 60 per cent of the appraised value of the land, plus 25 per cent of the value of the permanent insured improvements, for the purpose of paying off the present indebtedness against the land, to pay taxes, and for other farm expenses. Loans are provided to be made only to farmers; and in order that excessive loans may not be made to any individual, the maximum amount that may be loaned to one individual is limited to $10,000 and the minimum loan is to be $200. The limitation as to the amount is provided in order to extend the benefits to a larger number of small borrowers.

The bill follows in a general way the rural credit act approved July 17, 1916, except that the organization of local loan associations is not required, and instead of them agents are provided to be appointed at convenient places, who may serve one or more counties, to receive applications for loans and forward them to the Federal rural mortgage land banks for consideration. They would, of course, furnish blanks and give all needful information to prospective borrowers.

Mr. GARBER. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. GARBER. I am much interested in the legislation which the gentleman is so ably describing in his bill, but in that connection I would like to ask the gentleman, does his bill put any limitation on the acreage on which any one individual could borrow? Should there not be a limit of 160 acres?

Mr. HASTINGS. In reply to my colleague—and I know he is in sympathy with this character of legislation—permit me to say that there is a limit to the amount that any one can borrow in the sum of $10,000, so while there is no limitation on the acreage there is a limitation on the amount that any individual may borrow. I think that meets the suggestion of my colleague.

Loans may be made only on first mortgage, and the borrower is prohibited from making a second mortgage on the land. This is for the purpose of requiring the farmer to retain an equity in his farm so that he will not be discouraged by a heavy mortgage indebtedness which he realizes he will be unable to pay.

Three things must be embodied in any successful legislation: First, the interest rate must be low; second, a second mortgage must not be permitted to be made, so that the borrower may always have an equity in his land; and third, the loans must be made for a time long enough to enable farmers to amortize the principal of their loans at not to exceed 1 per cent per annum, to induce them to take new courage and to inspire within them renewed hope that despite temporary setbacks and occasional disappointments they may ultimately be able to pay out.

The records show that 42 per cent of the farms throughout the country are mortgaged and the total amount of the farm-mortgage indebtedness is estimated by the Bureau of Economics to be $9,241,390,000.

Literally, unnumbered thousands of mortgages are being foreclosed, farms are being sold for taxes, and the situation is extremely critical. Farm products are selling at ruinously low prices and below the cost of production. Corn is netting the farmer in my State around 12 cents per bushel, wheat 30 cents, oats 10 cents, and all other farm products and livestock are below the cost of production.

The Federal land banks are not utilized as the agency of the Government for the making of loans in the bill because the majority of the stock in most, if not all of them, is owned by borrowers or local loan associations who elect the majority of the directors to manage the banks, and the banks have approximately $1,200,000,000 of loans now outstanding. For this reason it is thought desirable to create a new agency under the complete supervision of the Federal Government, acting through the Farm Loan Board and the Secretary of the Treasury. The farm-land banks will not be hurt but helped in two ways: First, it will be the means for finding new purchasers for foreclosed lands, and second, this bill, if enacted into law, will enhance the value of all farm lands, including those upon which farm-land banks hold first mortgages, and strengthen their assets.

In this bill the Farm Loan Board, with the approval of the Secretary of the Treasury, appoints all the directors of the banks and either appoints or approves the appointment of all of the subordinate officials of the banks, and in that way keeps the entire supervision and control of the banks.

With honest and intelligent management and rigid supervision there should be no loss to the Government or expense other than administrative expenses.

Under the bill the banks are authorized to issue, with the approval of the Secretary of the Treasury and the Farm Loan Board, 3 per cent bonds, secured by first mortgages, not in excess of twenty times the amount of their capital stock, exempt from all taxation, and it is believed that such bonds will sell at par, because their payment is to be guaranteed by the Government, both principal and interest, and the banks, being under the supervision of the Government, with honest and efficient management, should cause no loss to the Government. Hoarded money will readily seek investment in these bonds, and relief will be extended to not only the farmers but to all dependent upon them. The recent offering of Treasury notes in the sum of $250,000,000 for five years, bearing interest at 2⅝ per cent, was oversubscribed.

The Reconstruction Finance Corporation is directed to transfer the amount of money necessary to pay for the subscription of stock by the Secretary of the Treasury. The minimum capital stock of each bank is fixed at $25,000,000, with authority to increase the amount to $40,000,000.

From the capital stock and the proceeds of the bonds authorized to be sold, to the amount of twenty times the capital stock authorized to be issued, it is estimated that an adequate sum of money would be realized to relieve the distressed financial condition of the farmers.

Titles to the lands secured by the mortgages must be examined and approved and the lands appraised by appraisers appointed with the approval of the Farm Loan Board.

Money was subscribed by the Secretary of the Treasury for the Federal home-loan banks, and was furnished by the Reconstruction Finance Corporation, in the same manner and language as is provided in this bill. Why not aid agriculture, the most distressed industry of them all?

Large sums of money have been loaned to banks, railroads, insurance companies, and corporations throughout the country, and I insist that the farmers, being the most distressed class of people, should receive immediate and direct assistance and be placed on a parity with industry.

The farmers have been in a very distressed condition for the past 10 years. Agriculture is one of our leading basic industries, upon which the happiness and prosperity of the entire country depend. The farmers have lost their purchasing power. As a result of this, all other classes of business dependent upon the farmers are on the verge of bankruptcy. The merchants in the agricultural sections sell less goods, and as a result buy less from the manufacturers in the East, and this has resulted in the closing of factories and in aggravating the unemployment situation. It is estimated there are approximately 12,000,000 people out of employment in this country at this time. Unfortunately, the number continues to increase.

Other legislation should be enacted for the benefit of the farmers, but, of course, all necessary legislation can not be included in one bill. It will require a series of bills to meet the situation. The bill which I have introduced covers the question of the mortgage indebtedness of the farmers and will unquestionably aid the thrifty and hard-working tiller of the soil if it is passed.

Other bills have either passed the House or are pending consideration before committees, and we hope for favorable action at an early date; if not at the present session, surely at the next session, which it is generally predicted will be called in April.

I shall not enter into a detailed discussion of the other remedies at the present time, but in my judgment, among others, we should modify our tariff laws, so as to regain our foreign markets for the surplus products raised by the farmers throughout our country.

We regularly export about 200,000,000 bushels of wheat. Foreign governments because of our tariff legislation have retaliated against us, and as a result our foreign market for wheat is all but destroyed, and the farmers are forced to sell their surplus wheat upon a domestic market, which has depressed its price to around 30 cents per bushel.

We sell abroad about 60 per cent of the cotton we produce, and our foreign market for cotton being measurably destroyed, as in the case of wheat, our surplus cotton must be sold to domestic spinners, and as a result sells for less than the cost of production, and around 6 cents per pound.

The same is true of all other farm products, of which we regularly raise an exportable surplus. There can be no permanent recovery until our foreign market is restored.

We have passed in the House a temporary emergency bill commonly known as the domestic-allotment plan, which has for its purpose making the tariff applicable to certain farm products named in the bill, including wheat, cotton, hogs, and tobacco, of which we regularly produce or raise an exportable surplus.

Corn is, of course, largely fed to hogs, and will, therefore, be benefited. The terms of the bill require a reduction of acreage. This legislation would not be necessary if our tariff laws were amended so as to induce foreign governments to repeal their retaliatory laws and regulations, thereby restoring the foreign markets for our surplus products, both for industry and agriculture.

Second, I believe that legislation should be enacted for the expansion of the currency and for raising commodity price levels. Bills are pending in both branches of Congress, which I hope may receive favorable consideration at an early date. They are receiving the most intensive study of thoughtful people everywhere, both in and out of Congress. I do not minimize their importance. Let me repeat that all of these remedies can not be embodied in one bill.

Finally, permit me to say that the farmers of the country can not survive unless they are relieved from burdensome ad valorem taxes. This relief, of course, must come through State legislation. The farmers of the country are unable to pay their taxes and the upkeep of their farms, with all farm products selling below the cost of production.

The Federal Government can not enact legislation affecting ad valorem taxes on farm lands, but can set the State governments an example in economy by the reduction of Federal taxes, in the hope that the various State governments will reduce their expenditures and revise their State revenue laws so as to reduce the ad valorem taxes on farm lands. Unless this is done all other remedial legislation will fail.

At present the tenant farmers are perhaps in a better position than the owners of farm lands. The acute situation in Iowa, recently brought to our attention, is measurably true in every other part of the country. It is estimated that 42 per cent of the farms are mortgaged. Farms are being abandoned, forcing mortgagees, through agents, to take possession of the farms. The lands are eroding. The improvements are deteriorating in value and farm lands are becoming less productive. The House has passed the bill to extend crop-production loans to farmers to enable them to make their 1933 crops.

Congress should do everything within its power to relieve the situation; and while we have enacted legislation for the benefit of other classes, I submit that adequate legislation has not been enacted to enable the thrifty hard-working farmers to secure money to meet their bare necessities and enable them to retain their homes. This bill will enable them to do that if it is passed. The interest rate on loans is so low that it will not be burdensome. The passage of this bill will aid in restoring the prosperity of the farmers and every other class dependent upon the farmers will be benefited. It is easily understood. The Farm Board is already appointed. It can begin making loans in 30 days. This bill is conservative, will not involve the Government in any loss in excess of the administrative costs, and will



relieve agriculture and every other business dependent upon it. By requiring borrowers to subscribe for stock it is the hope that in a few years, not to exceed 10, that they will take over the control of these rural mortgage banks and relieve the Government of any further financial responsibility, except to maintain a continuing supervision through the Federal Farm Loan Board.

This bill, if enacted, will encourage farmers to help themselves. The Government gives them nothing except to lend them its credit and aids them through supervision. The hope and purpose of the bill is to lead unnumbered thousands back to the soil, encourage them to own their own homes, be independent and self-sustaining citizens, and, as agriculture is restored, lend a helping hand to every person, class, or business dependent upon the prosperity of the farmer.

If this bill is enacted, it is expected that it will result in the readjustment and scaling down and the settlement of innumerable claims secured by mortgages. A large number of individuals, insurance companies, corporations, and banks have claims and notes secured by farm mortgages who realize that there has been a depreciation in land values as well as in all other classes of commodities, and certainly it would not be to their advantage to bring foreclosure suits, secure a decree, and have the lands advertised and sold at public sale because they appreciate that, in the first place, if the lands were sold at forced sale they would not bring a sufficient amount to pay their mortgage indebtedness; in the second place, court costs and attorneys' fees would have to be paid; and, in the third place, there would be a delay of a year or more in instituting suit and securing a decree and in having the land sold at a forced sale, and during this time there would be a deterioration in the value of the improvements and in the erosion of the soil which would decrease the amount the mortgagee would ultimately receive.

It is therefore expected that a large percentage of the mortgagees would prefer to scale down their indebtednesses and accept the amount which could be borrowed upon the land under this bill, which is 60 per cent of the present appraised value of the land, plus 25 per cent of the appraised value of the permanent insured improvements, in payment of their indebtednesses and give a release so that the prospective borrowers would be able to give a first mortgage to the Federal rural mortgage land bank to secure new loans.

The borrower is prohibited by the terms of this bill from making a second mortgage upon the land, and those who have claims against him, which have been scaled down, will realize that they can not take a second mortgage on the land.

Agents representing the Federal rural mortgage land banks will be able therefore to adjust most of the claims secured by the mortgages and get releases in full by payment of the proceeds which the borrower may be able to secure from the banks upon first mortgages on the land.

I have no hesitancy in saying that this bill is workable and, if passed, will bring a great measure of relief to the farmers throughout the country.

Rules and regulations can be promulgated and loans made available to farmers within 30 days after the banks are established under the provisions of this bill.

This bill would in my judgment do more to stabilize conditions among the farmers than any other that is being considered by Congress at the present time. This and the other bills referred to, if enacted, will stop foreclosures of farm lands, enhance the value of farm products, and will not only relieve the farming class but all others dependent upon them. [Applause.]

Mr. SHREVE. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. SUMMERS].

Mr. SUMMERS of Washington. Mr. Chairman, a campaign of tremendous proportions is under way all over the United States to have Government research abolished. Research is vital for the health and prosperity of the people, for the proper enforcement of laws, and for the national defense. It costs, on an average, 25 cents per person of the population per year. For every dollar spent in research the national wealth is increased enormously. The dollar is spent once, but the benefits continue indefinitely. If research is curtailed by the United States, those nations continuing it, like England, Germany, and France, will rapidly secure most of the world's trade. Universities and private agencies are incapable of carrying on the kind of research necessary.

FALSE ECONOMY PROPOSED

The Chicago Daily Tribune on August 30 last contained an article advocating various economies in Government expenditures. A list of appropriations was given which, it is claimed, the National Organization to Reduce Public Expenditures wishes to be discontinued. This program includes the discontinuance of practically all Federal research, the Federal control over foods and drugs, the meat-inspection service, and various other activities which are absolutely essential to the health, happiness, and prosperity of our people.

On October 15, 1932, the Chamber of Commerce of the United States issued a booklet entitled "Government Competition With Private Business," which also advocates the abolition of numerous activities of the Government. It maintains that all scientific research that does not have a necessary relation to Government properly belongs to our universities, which are claimed to be better equipped and qualified for such service.

It is my purpose to consider some of the consequences that must follow if the above campaign succeeds in abolishing Government research or in transferring it to universities.

NATURE OF GOVERNMENT RESEARCH

The United States conducts research for three purposes:

First. To promote the general welfare;

Second. To determine how to administer the laws most efficiently; and

Third. To increase the efficiency of the country in war.

The research work of the War and Navy Departments and of the National Advisory Committee for Aeronautics is primarily intended to satisfy the third purpose.

Studies of methods for crime detection and of food and drug adulteration, and much of the work of the Tariff Commission are examples of research of the second class.

The first kind of studies includes investigations of human, animal, and plant diseases, insect pests, soils, and fertilizers, dust explosions, standardization of all sorts of commodities, utilization of industrial wastes, and development of our natural resources.

The Government has no research projects the solution of which will benefit only single industries or small groups of people. The development of commercial articles or processes is left to private enterprise.

Most of the problems attacked by the Government require a large organization to offer any hope for complete success. These organizations are two kinds: First, those where a number of different kinds of scientists work on various phases of a single problem under the direction of an official who coordinates their activities; and second, those where several agencies work together simultaneously on the same problem. An example of the first kind folows:

RESEARCH AIDS GROWER AND CONSUMER

Commercial apple orchards can no longer be operated in much of this country without spraying to control the insects. For certain pests nothing was available but sprays containing arsenic, but arsenic leaves a residue on the apples which is injurious to health. When Great Britain refused to admit our apples, and various States passed laws on the subject, something had to be done quickly. As a temporary expedient, machines were quickly developed to wash the apples, but it was realized that this was too expensive for a permanent solution of the problem. Then it was decided to try to develop an insecticide that would be cheap, effective in killing insects, and harmless to man, domestic animals, and to vegetation.

Realizing the vast importance of this research to the fruit growers and consumers of the Nation, I have fathered a

small annual appropriation for this work during the past several years.

Toxicologists were put to work to find such a poison. Derris root, used by the South American Indians to paralyze fish which they afterwards eat, was finally decided upon as a likely clew. The natives of Sumatra and the natives of central Africa were found procuring their fish in the same manner. Then chemists studied derris root and found that rotenone was the substance that gave derris the properties of poisoning fish but not men. Entomologists started a series of tests on many kinds of insects and discovered that derris would kill equally well by contact or when eaten. Plant physiologists studied the effects of derris on plants, and nutrition experts studied its effects on rats and guinea pigs and then on men. Soil experts studied its effects on the soil, because the continued use of arsenates finally ruins certain types of soil for agriculture, and found that rotenone is harmless to the soil, to plants, and to warm-blooded animals. Pharmacologists sought other plants that would contain rotenone. Devil's-shoestrings, which grows as a noxious weed in the United States, was found to contain from 1 to 4 per cent of rotenone. It is now hoped that a way will be found to synthesize rotenone cheaply from some raw material like coal tar or sawdust.

Mr. KETCHAM. Mr. Chairman, will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. KETCHAM. Has the gentleman any information as to whether or not this new product of which he speaks can be produced in sufficient quantities and at a price that will make it available for the large spraying operations in his State and mine?

Mr. SUMMERS of Washington. That is a practical question. I am informed the solution of the entire problem is near at hand, and the development of an insecticide that will satisfactorily replace arsenic sprays also solves the problem of saving the health and lives of many workers in arsenic factories.

I might say further that there are enormous quantities of the derris plant growing in the deep interior of South America, and that it has been transplanted to some parts of the United States and, as I understand, is grown now successfully in an experimental way in this country. The devil's-shoestrings is a noxious weed in many parts of the country, and it is now found to contain, as I stated, 3 or 4 per cent of rotenone, the active ingredient of derris root, which contains the poison that kills the insect.

Mr. KETCHAM. Has the gentleman had experience in his section similar to that I referred to some time ago in our own section, as to the discriminations being quite prevalent between certain sections where the restrictions are enforced rigidly, concerning arsenical residue?

Mr. SUMMERS of Washington. That is what induced the research that is being made to develop a spray that would not be quarantined against even when a residue is left on the fruit. We have had that experience with our western fruit, which we are overcoming at this time by washing first with an acid solution and then rinsing with water, and then a drying process, all of which is rather expensive and requires expensive machinery. However, our fruit now comes to market in attractive appearance and ready for consumption as is.

Mr. KETCHAM. Can the gentleman say whether or not the experiments with rotenone are approaching a practical stage where we can look to its use in the near future, instead of arsenical sprays?

Mr. SUMMERS of Washington. I am informed that we are rapidly approaching that stage.

An example of the cooperative type of study is that of the most efficient method of applying fertilizers to crops. It was found that a considerable part of the fertilizer bought by farmers was being wasted through inefficient methods of application. A project was then organized in which agricultural engineers were entrusted to develop the machines necessary to try out various methods of application.

Fertilizer technologists prepared the necessary fertilizers, and various State experiment stations furnished the necessary land, labor, and care. Agronomists were assigned to the problem, by both the Government and the National Fertilizer Association. As a result of this group of scientists working together, it has been found that placing the fertilizers uniformly in bands at the sides of the seeds will produce much better returns to the farmer than will the old methods of application. Farm implement manufacturers are now building the necessary improved distributors. A single scientist working by himself could never have solved this problem.

SHOULD GOVERNMENT RESEARCH BE TRANSFERRED TO UNIVERSITIES?

The Chamber of Commerce of the United States claims that research not necessary for functions of government should be carried on by our universities. Who will provide the funds if this is done? If they are not provided from some source outside the universities, this class of research probably will not be carried on at all by the universities. In the final analysis, scattered research would cost the taxpayer vastly more than concentrated research now costs.

The Government can not depend upon promiscuous research projects at the universities, but must control its own research in order to have done those things that are necessary to the proper conduct of the public business. Any fact-finding work done outside the Government is subject to the possibility of being regarded as biased by the political or commercial connections of the persons conducting the work. Under any circumstances, it could not have the authoritativeness and command the confidence that Government reports do.

However, much excellent research is being done at our universities, but it is largely of an entirely different type from that being done by the Government. College research, as a rule, is carried on by professors in their spare time, assisted by graduate students, and the nature of the problems studied depends upon the interest of those making them.

The Government has already provided itself with facilities necessary for the highest types of research. Much of this equipment can be found nowhere else in this country, or in the world. It includes complete files of the world's scientific and patent literature, which are found in the Library of Congress, the library of the Department of Agriculture, the Surgeon General's library, the Patent Office library, and other special libraries located in Washington. Certain kinds of important research require access to complete collections of scientific specimens, such as those in the National Museum and the Department of Agriculture.

Research is greatly promoted by ability of the scientist to consult with other scientists. This can be done nowhere as it can in Washington. This is appreciated by many of the large trade associations, which have built their research laboratories in Washington, as, for example, the National Canners Association, the National Institute of Dyers and Cleaners, and so forth. A number of other scientific institutions neither connected with industries nor the Government, such as the National Research Council, the Carnegie Institution, and the headquarters of the American Chemical Society, are located in Washington and employ many scientists, who are all mutually helpful to each other and to the Government in scientific work.

To transfer the research work of the Government bodily to universities would involve abandoning facilities already provided, and the building of new ones at large expense, which when built would not be entirely satisfactory. It would ultimately lead to duplication of effort, study of problems having no bearing upon the welfare of the people, and the ignoring of problems vital to the welfare of the country. It would also cost the taxpayer more than it does now, with less results.

NECESSITY FOR GOVERNMENT RESEARCH

The necessity for study of means to control human diseases and eradicate them, if possible, is apparent to nearly everyone and needs no argument. The absolute necessity for constant research on plant and animal diseases and insect pests is not, however, so apparent to many people. Every year new diseases and insect pests gain entrance into this coun-

try or native species break loose from the control exercised by nature until the advance of civilization upsets the balance.

In the past 20 years a number of potato diseases became epidemic. Any one of these would have made the growing of potatoes impossible in this country except for the prompt research and control work of the Department of Agriculture.

The rusts and smuts would have wiped out the wheat belt if it were not for timely research.

Because of lack of research, the blight has practically exterminated our native chestnut trees, and mosaic disease at one time had wiped out our sugarcane industry, which research, however, has since restored.

Those in a position to know predict that this country would face famine in 10 years if all research on plant diseases and pests ceased in the meantime. Not all research projects are undertaken to prevent disaster, but when such is not the case they have to offer hopes of big returns to our people before they are undertaken.

COST OF RESEARCH

A survey of detailed appropriations indicates that the total spent for all kinds of research in the present fiscal year will be less than 1 per cent of the total Budget and only about 25 cents a year per person of the total population.

PROFIT FROM RESEARCH

In 1927 Dr. A. F. Woods, director of scientific work, Department of Agriculture, made a careful study of the financial return for every research project in his department. The details are given in the May 11, 1927, issue of the Official Record. Examples will show how this study was made.

The number of people killed and injured and the property losses from explosions in industrial plants was increasing each year before 1922 at an alarming rate. Flour mills, planing mills, collieries, and many other kinds of factories suddenly exploded with terrific violence, and no one could explain the reason for it or how to prevent these explosions. No one industry could be expected to make a thorough study of this problem, because it affected many industries. In 1922 the Department of Agriculture set to work on the problem, and soon was able to demonstrate that static charges of electricity generated on moving belts were capable of igniting many kinds of dusts when floating in the air. At that time I sponsored a small annual appropriation to eliminate dust explosions and resulting fires in wheat-threshing machines and grain fields. This problem is now well-nigh solved, with the happy result of lower insurance rates on machines and grain and the prevention of many destructive fires.

With the application of preventive measures, the difference in the financial losses from dust explosions in the five years before and after the work of the department was published was over $1,000,000 annually. Doctor Woods, to be conservative, only credited half of this saving to the research on the subject. No attempt was made to evaluate the saving of life and limb in terms of dollars.

Small, damaged, and misshapen citrous fruits, together with the unsalable surplus in extra good years, were formerly worse than wasted because it cost money to dispose of them. Research has developed processes for creating valuable products from them. These products include essential oils, citric acid, pectin, and many other valuable commodities which can be stored until needed. This work to date has yielded an income of $7,000,000 to the growers of citrous fruits besides providing employment to many people and a chance for enterprising individuals to establish new industries.

The 23 projects of the Bureau of Animal Industry completed at the time of the study mentioned, at a cost of $50,900, have resulted in a saving to the people of this country of $62,000,000 annually.

As one might expect, some projects were much more profitable than others, but most of them had been so successful that on an average for every dollar spent the wealth of the country has been vastly increased annually. It should be borne in mind that the dollar was spent only once, but the return continues every year thereafter, and that no allowance is made in this estimate for the saving of lives or the increase in health, comfort, and happiness of the people.

RESEARCH AND OVERPRODUCTION

Recently the argument has been advanced that research is responsible for overproduction and that research should be stopped. It is true that research in the last 20 or 30 years has made it possible to do the Nation's work with much less drudgery and with fewer hours of labor, and at the same time has increased the length of our lives, improved our health, elevated our standard of living, and added in a thousand ways to our comfort and convenience.

The present excess of goods is due to a reaction from the conditions produced by the war and to the rapid decrease in purchasing power of the people, rather than to too efficient production. If by working with the improved tools and methods which research has provided more can be produced in an 8-hour day than can be consumed, industry and agriculture should be reorganized on the basis of a shorter day.

If the United States should abandon research the other countries of the world by continuing research would quickly outstrip this Nation in efficiency. The result would be that we should in a very short time not only be unable to compete with England, France, Germany, or Holland for world trade, but we should actually be unable to compete in our own home market in spite of any tariff we could impose. The United States would cease to be self-supporting and its industries and workmen would be forced to emigrate to countries where modern methods and progress remained the rule. A research holiday, like disarmament, must be world-wide or else the nation continuing research will reap an easy advantage over the nation that suspends her research activities.

Mr. ARNOLD. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES. Mr. Chairman, in connection with the farm bill which we had under discussion a few days ago, I rise for the purpose of calling attention to the English wheat act, which is on all fours practically with the act which the House passed the other day, but which applies only to wheat. I was unable to get a copy of that statute which was enacted on May 12, 1932, until last Saturday, and I want to call the situation to the attention of the House so that anyone who is interested may have a chance to read the act. The act is published in Chitty's Annual Statutes for 1932, and is to be found on page 58, volume 28, part 1. This is a very interesting statute, because it parallels almost literally the act which we had under discussion. In this act the standard price of $1.44 per bushel is established for wheat, and translated into the present rate of exchange it means $1.01 per bushel for wheat, American money. It levies a processing fee on the miller for the difference between the general average level of prices prevailing in the Kingdom and the standard price. It provides for the payment of that difference as a premium to the wheat grower. The bill has exactly the same underlying philosophy. It provides for determining the average price of wheat, then establishing a standard price, charging a processing fee on the domestic wheat and imported wheat, and paying the premium to the producer of that wheat. Since I did not have the citation to the actual statute, I merely mentioned it the other day in the discussion. I have secured several comments from English newspapers on the operation of that act. Here is a comment which I wish to read, from the London Times of Monday, December 5, 1932. The London Times is one of the great newspapers of the world. In this act a wheat commission was established to administer the law. I am going to read the comment which appeared in that paper on the date mentioned:

The wheat commission's announcement that an advance payment will be made this month under the wheat act is very welcome to corn growers. The amount of the payment is larger than had been expected in view of the fact that we are not halfway through the cereal year and that many farmers have of necessity cashed a larger proportion of the crop in the first three months after harvesting. It will be noted that the interim deficiency payments of 13s. 6d. per quarter will be made only on wheat certificates which were delivered to the commission by

November 30, but Lord Peel, the chairman, has announced that another interim payment will be made early in the new year on account of wheat sales completed during the next few weeks. A tribute is due to the wheat commission and the local panels representing growers and merchants who are operating the novel machinery of the wheat act so successfully. When the measure was before Parliament there were some gloomy forebodings about the operation of the act, but even poultry keepers, who were particularly apprehensive about the effect on the market price of home-grown wheat, should now be satisfied that the assistance given to wheat growers does not injure other interests.

Here is a little earlier comment, in the London Times of November 1, 1932:

The wheat act has its critics among farmers as well as politicians, but if the experience of other European countries is any guide this measure will result in a substantial alleviation of the financial distress felt most acutely in the arable areas of eastern and southern England.

The entire article can be found in the Congressional Library if anyone desires to read it.

Here is another communication of December 2, in the London Times, entitled "The Prosperity of Agriculture":

Speaking at Louth, Lincolnshire, last night Major Elliot said that the prosperity of agriculture could not be built upon exploitation of the towns. To-day, for the first time, they had the sympathy of the towns for the countryside. It was essential that that sympathy should not be lost.

Therefore in all their schemes they had to see that the countryside did not forget what the towns had so often forgotten, that the towns and the country sank or swam together. * * *

The wheat act insured a profitable price for this year's crop. * * *

The Minister of Agriculture was asked if this action would be permanent or temporary.

He could assure them and the agriculturists of the country that the policy of securing a rise in wholesale prices was the firm determination of the Government, not lightly undertaken and not lightly to be cast aside.

The article also refers to the Ottawa agreement, and may be found in the London Times in the Library.

I read these comments and call attention to the citation of the act, so that anyone who is interested may know that there are similar plans being tried and similar conditions sought to be healed in other countries as well as our own. The measure which we prepared is of a temporary nature, in the hope that it will give relief to the temporary condition that prevails here and elsewhere.

Mr. HALL of North Dakota. Will the gentleman yield?

Mr. JONES. I yield.

Mr. HALL of North Dakota. I may say to the gentleman from Texas that the issue of the New York Herald Tribune a week ago last Sunday carried a much more extensive report on the operation of that farm wheat bill in England.

Mr. JONES. Yes. I was getting these comments from the English papers to show what they themselves thought. There was also an article in the New York Times of last Sunday in discussion of this particular act.

Mr. KVALE. Will the gentleman yield?

Mr. JONES. I yield.

Mr. KVALE. Is the English plan a temporary plan?

Mr. JONES. The English plan has no time limit in it. However, I have read the discussions in the report of the parliamentary debates, as far as I had the time to do so. The emergency situation seemed to be the basis of the discussion and the enactment, although there appears, as far as I can learn, no time limit.

Mr. KVALE. Is it interknitted with the Ottawa agreement with reference to the preferential treatment of Canada?

Mr. JONES. No. It is entirely separate from the Ottawa agreement.

Mr. BOILEAU. Will the gentleman yield?

Mr. JONES. I yield.

Mr. BOILEAU. England has no exportable surplus of wheat.

Mr. JONES. No. And they have no acreage limitation in the act. I intended to state that the distinction between their bill and ours is that they have no exportable surplus and they naturally provide no acreage limitation. They are endeavoring to get a fair price, as they term it, for the commodity that is grown, and to relieve the distress that exists in the agricultural section.

Mr. BOILEAU. It is working quite satisfactorily, even though there is no exportable surplus?

Mr. JONES. That would seem to be the indication according to these reports. These are the latest comments upon its actual operation. It is interesting to note that one of these issues carries a notice of a dividend declared by one of the milling institutions. It did not seem to put them out of business anyway.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SHREVE. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I desire to have an opportunity of speaking for a few minutes about the instrumentalities which we recently set up for the relief of our people, and, if possible, contrast them with some of the inflationary schemes that are being advanced by so many who are, no doubt, sincerely desirous of doing something to relieve the present distress. It is, however, necessary that we subject these seemingly plausible propositions to careful analysis.

I wish first particularly to refer to the home-loan bank, to the functioning of which instrumentality my attention has been especially directed, because I was very enthusiastic about its possibilities as a relief aid when it was established by the Congress.

I fully realize the great discouragement and disappointment attendant on the seeming failure of these home-loan banks to function as we intended that they should. During the Christmas recess I took special occasion to interview the officials of the bank in my own section and was fully informed as to the progress which it had made. I had previously requested and received much of this information in writing. What I desired to know, if possible, was the reason for its failure to make loans and do so expeditiously.

I am not to-day going to take too critical an attitude, but it seems that possibly both I and some of the rest of you may need to apologize for some of the injudicious statements which we may have made on the stump as a result of our enthusiasm and expectation of what the home-loan bank was going to do. We said, "Wait patiently until October 15 when we shall have the set-up." To our financial institutions we said, "Hold back. Do not foreclose mortgages until these establishments have had a chance to begin functioning. Relief will surely be made available for large numbers of mortgage holders without the necessity of resorting to foreclosure."

October 15 came; November 15 and December 15, with no relief in sight. I acknowledge that in my section of New England all but one State would have to alter their laws before our institutions could subscribe to the stock of the home-loan bank, but I learned that one New England State had already—on the approval of its attorney general—made such subscription and that small sum was all the funds in the possession of the local home-loan bank for carrying on its activities, principally, of course, taking care of its personnel pay roll. The bank which had subscribed doubtless needed money quickly, but no Federal funds had been apportioned to New England up to about January 1 of this year.

I wish it to be fully understood that I am blaming no one in particular for this. In the set-up of such an executive organ there should not be too hasty and ill-advised action, of course. The board is working daily far into the night, trying to formulate proper safeguards and issue instructions to the regional institutions on the subject of proper banking methods and procedure.

I asked these officials the question, "Suppose you are called upon to appraise a piece of property for a direct loan, how would you proceed?" and was informed that some 32 pages of instructions had been issued to them by the central board telling them what should be done. Doubtless the exacting methods and customary governmental red tape were required.

I then asked, "What about the Couzens amendment in the creating act, under the provisions of which they were supposed to be able to make direct loans up to 40 per cent of valuation, possibly to relieve unemployment, if made for the purpose of repairing property or new construction?" The answer was, "Well, the Washington board does not approve of that sort of direct loan, and we have not been authorized to make it."

I said, "How many applications have you had for such loans?"

The answer, "About 3,000."

I asked, "How many under the category of direct loans for new construction—new homes—which would put people to work?"

"Possibly 200."

I then inquired of the central board as to its attitude toward making direct loans of this nature, and the answer was, "We have to be extremely careful in formulating these rules. This is a permanent organization set up by Congress. We must be very strict in order that this may be a sound institution, since we have got to sell a very large amount of bonds to the public in order to obtain funds to build it up."

They advised me to look at the Federal land bank set-up, where only 50 per cent is loaned. They suggested that I look up the present value of this Federal land bank's bonds. "We have weeded out these applications for direct loans very carefully," they told me, "and can find few, if any, which we could say would be safe for us to make a loan upon." They maintain that a man is not a home owner until his house is actually built, and that their attorneys have advised that it is not proper to make a loan on such premises until they are actually occupied by the owner.

In consequence if a man has sold land to a party and in all good faith told him that he would be able to get a direct loan for construction up to 40 per cent, because new construction, which would help to relieve unemployment, would be particularly favored, he has now got to advise him that no direct loans are favored, as not being the real purpose of the Congress.

Of course, if I were a member of the board and had to help in formulating rules and regulations so that the bank would be a permanent institution, which would not lose its stockholders' money, I, too, should naturally be very cautious in establishing the policies to be followed. It is probable that the board does not believe in the Couzens amendment, and consequently direct loans will not be made, except under pressure. Seemingly the board does not consider it "good banking" and believes that this home-loan bank was intended only as a reservoir of credit for savings banks, cooperative banks, and other home-lending institutions.

Let me now refer to the Federal reserve bank—the most important instrumentality of our banking system. When I returned home last summer I called at the reserve bank for my district and said, "Congress has passed the Glass-Steagall bill, which allows your institution during the next six months to loan direct to customers. Are you going to do it? Congress has expressed the intention that you do so, when necessary. Is your own objection to this manner of banking to outweigh the intent of the Congress?"

It could readily be seen, of course, that there was no desire to engage in this form of banking, but I was finally informed that if I had any constituents who could prepare a good financial statement and furnish a guarantor, who could also present such a statement, I might send them to the bank and they would receive consideration. But I am pretty well satisfied that the Federal reserve bank has made few such loans. Upon inquiry I have been told that the New York Federal Reserve Bank has made a very limited number, but I do not think that they particularly wish to do so.

We Members of Congress thus seem to be unable to pass any sort of a law which will be effective in forcing bankers to do something which may be contrary to what they consider to constitute a proper banking transaction. In this respect our efforts with the Federal reserve banks have been unavailing.

Now, you know and I know that our bankers, taken as a whole, are not open to strong criticism. Last year I visited many of the banks in my district and asked to see their latest reports. I have words of only the highest commendation for their officials. They have loaned all the money they could with safety. Under existing conditions they naturally hesitate to rediscount for new businesses and have even been forced to curtail their loans to established concerns. You and I are continually receiving word that much needed credit can not be obtained. Those who have loans in banks are being requested to repay them rather than being allowed additional credit. We can not criticize our banks for that, the situation being as it is. In my district, banks have in the past made liberal loans for the upbuilding of their own localities and now find real-estate mortgages and other similar collateral to be frozen assets in their hands.

And now I also wish to say a word about the Reconstruction Finance Corporation, for which I have high praise. It has undoubtedly saved hundreds of our institutions and the depositors therein. It is now loaning large sums to the regional agricultural credit corporations and is greatly assisting the farmers through this agency. However, many local banks to which these farmers owe money are demanding that they go to the regional credit corporation and obtain money to repay such loans to the local bank, which is in turn being pressed by the larger bank to which it is indebted.

In other words this instrumentality, too, is primarily saving the large financial institutions, which is of course good—and it incidentally saves their depositors—but now something must be done so that the country can proceed to do business. Not only new business, but business as it has been carried on in the past. We must do something more than has been done. I desire to be conservative and careful in the matter. I tried to be sympathetic with the viewpoint that what was needed was more currency, when I voted for the Goldsborough bill, last session. [Applause.] I do not want you to applaud that statement, because I should now vote against it. [Applause from the other side.]

I have changed my viewpoint as to the necessity of such legislation because during the action on the Goldsborough bill the Federal Reserve Bank did buy bonds in the open market and extended almost a billion dollars of credit to the member banks—credit which the banks would not make use of. There is still large credit available to the member banks, but it is seemingly undesired.

Print all the currency you wish and apparently the banks will not take it. There is $42,000,000,000 of deposits in our banks to-day, and we think that our credits in these banks are as good as gold certificates, or Federal reserve notes earmarked as gold, or other lawful money, whether earmarked with gold, or not. Yes, there is now $42,000,000,000 on deposit in banking institutions against only about $4,000,000,000 in actual gold. There is no need of any more currency to be provided by any process of inflation.

I have read and reread Mr. BUSBY'S recent speech. He does not care about leadership, or rules, if only he can carry out his honest viewpoint. He says:

> I am for the poor people and want a billion dollars of currency issued within 30 days. If this should not be sufficient to raise prices, issue another billion in the next 30 days. If this is still not enough, put out a third billion the same way. Have the Federal reserve banks furnish this new currency to the Government at, let us say, 4 per cent—

Although he believes that 1 per cent may be enough—

> and have the Federal Government pay its employees and debts in such actual currency. It will then really get into circulation, producing velocity in business and thus cure the present situation in short order.

Give us our salaries in currency and we will run right down to the bank and deposit it, just as we do our checks. Nobody desires to have much currency in his possession. We prefer credit at the banks, subject to check or order. People want and need more credit—as much as possible of that

credit on which, as Mr. BUSBY says, nine-tenths of the business is done in normal time.

Mr. BUSBY. Will the gentleman yield?

Mr. GIFFORD. Have I criticized the gentleman so that I need to yield? I do not want to yield unless I have criticized the gentleman.

Mr. BUSBY. You have not criticized me yet.

Mr. GIFFORD. I have sympathy and great admiration for the gentleman for his sincerity and his studious attention to the subject.

Mr. BUSBY. I do not want your sympathy. What we need is to find relief for the people instead of having this condition continue.

Mr. GIFFORD. I am not ready to criticize the gentleman because possibly he knows much more than I; and I stand here to-day merely to say to the gentleman that, while I do not pretend fully to understand all the theories of finance, like many others, I am trying to analyze his proposition.

I want to protect the depositors of that $42,000,000,000 who believe that their bank accounts are as good as gold. So long as such confidence remains unimpaired, and we cease to propose highly debatable schemes of inflation which put fear into the hearts of our people and into the institutions which grant credit based on honest money, we have a chance of returning to normal. I will say to the gentleman from Mississippi that these repositories of the people's money have good reason to fear such inflationary measures.

[Here the gavel fell.]

Mr. SHREVE. Mr. Chairman, I yield the gentleman five more minutes.

Mr. GIFFORD. In mentioning the gentleman from South Carolina [Mr. STEVENSON] I wish to say that I have the very highest regard for him, and that I have followed his reasoning in banking legislation with much interest and appreciation. I realize that he is perhaps the best-informed man in the House on these matters. But when he tells us that we should balance the Budget by using the Goldsborough idea of expansion, by having the Federal reserve banks print currency in return for Government bonds at 1 per cent, it is impossible for me to follow him. He says that in these hard times that is the way to balance the Budget and that in good times, when we are making money, we can gradually retire this currency. This, coming from a man like the gentleman from South Carolina [Mr. STEVENSON], is most alarming.

Mr. STEVENSON. Will the gentleman yield?

Mr. GIFFORD. I shall be glad to yield.

Mr. STEVENSON. How are you balancing the Budget now? How has your Secretary of the Treasury been doing it? He has been selling 3 and 4 per cent bonds and getting the money in this way and getting us worse in debt every day.

Mr. GIFFORD. I fully understand; that is why I am worried. The gentleman asks how are we balancing the Budget and answers by saying we are borrowing from the bank and still further tying up and freezing credit. I realize this, but why are we not selling long-term bonds now? Why are we continually going behind and still selling these short-term bonds and still further freezing credit? The gentleman knows, as well as any other man, the very grave danger that we may shortly be in when the banks will not be able to absorb all this credit.

Large corporations with big deposits may soon need this money for the normal channels of trade and commerce. Temporarily, it is about the only safe place for investment. But what of the success of a sale of long-term bonds? At what rate?

Mr. STEVENSON. Since the gentleman has asked me the question, I will say that I think the present administration which let the country get some $4,000,000,000 in the hole will have difficulty in selling them except at a high rate of interest, but I think probably after the 4th of March we may so change the picture that we may be able to refund the big debt which you and you party have put upon us.

Mr. GIFFORD. That is the sort of an answer we get from the gentleman from South Carolina—the political aspect was injected by the gentleman from Maryland [Mr. GOLDSBOROUGH] in his recent speech. Oh, why can we not read a speech by some of these gentlemen, who profess to know all about this difficult subject, which will be devoid of prejudice through the fact that they are of another political party? Show that your inflationary proposition is really sound. Let us hear speeches which do not seem so prejudiced that we can not trust the reasoning therein. In these very serious times we must follow the opinion of those who can think clearly on the proposition of currency expansion.

Mr. BALDRIGE. Will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. BALDRIGE. The gentleman spoke about agricultural credit corporations, and I would like to inform the gentleman that the Agricultural Credit Corporation in the Middle West and in my district has saved hundreds and hundreds of farmers, men who had farms with no stock on them, but through this agency they have been able to stock their farms, which gives them a new lease on life, because the price of cattle is fair to-day. This has been the greatest thing possible for the people of the Middle West.

Mr. GIFFORD. I am glad to have that statement, because they say to us so often that we do nothing for the farmers. We have no agricultural credit corporations in New England, and of the $64,000,000 loaned last year my section of New England borrowed only about $10,000. I am glad to have that testimony, but I repeat that the local bank urges your farmers who owe them to borrow money of this Federal agency to pay off their debts. I can refer you to authorities already recited in the RECORD.

[Here the gavel fell.]

Mr. SHREVE. Mr. Chairman, I yield the gentleman one minute.

Mr. GOLDSBOROUGH rose.

Mr. GIFFORD. I referred to the gentleman from Maryland and I now yield to him.

Mr. GOLDSBOROUGH. I was under the impression the gentleman stated a minute or two ago that my speech of last Wednesday indicated I was in favor of branch banking and the concentration of wealth.

Mr. GIFFORD. Oh, no, indeed. I said nothing of the kind.

Mr. GOLDSBOROUGH. Then I misunderstood the gentleman.

Mr. KELLER. Will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. KELLER. I am very much interested in what the gentleman has said. What is the gentleman going to do about it?

Mr. GIFFORD. I am going to be extremely careful in trying to understand the situation and extremely careful about indorsing these inflationary proposals.

You may say that I know nothing about these matters, but I find that there are other Members of the House who appear to be as uncertain on the subject as I am. I have been taught to believe in sound money and must be convinced as to the merit of these proposals before I can indorse them.

In speaking about the home-loan banks, while I have had to express disappointment I must at the same time commend the care which has been exercised in the original set-up of the institutions. I believe that with respect to the 10 lending agencies which we have established, we should stop carping at them merely because they are largely conducted by members of the Republican Party.

Mr. KELLER. I am not interested in that.

Mr. GIFFORD. We should strive to retain the confidence of our people in these lending agencies rather than urge so many highly inflationary schemes which tend to frighten and hence retard our return to normal conditions.

[Here the gavel fell.]

Mr. STEVENSON. Mr. Chairman, I yield 20 minutes to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Chairman, the money plank of the Democratic platform of 1932 is in these words:

> We advocate a sound currency, to be preserved at all hazards.

It is said that it is the strongest declaration in behalf of the integrity of our money system ever made by a political party.

It is obvious that the supreme factor in the restoration of normal business conditions lies in the strengthening of confidence. This confidence is not the kind expressed in blind hope or unfounded optimism. It is the kind of confidence that moves a clear-headed citizen to believe that he will be able to conduct his enterprise successfully and with a profit.

Upon a previous occasion I pointed out sound measures which I felt that Congress might adopt, which would tend to produce that kind of confidence. I will not repeat now what I said then.

There is, of course, no magic wand which may be passed over our dormant economic situation to quicken it at once into full activity. Confidence is both a cause and an effect, and necessarily is of slow growth. There can be no full confidence until, through passage of time, the slow processes of construction, thrift, and industry have had a chance in which to operate. Nevertheless, progress can be made, and there is no reason why we should delay doing those helpful things which the Congress ought to do, and which we can do.

As I have said, there are legitimate measures which Congress may adopt for the rebuilding of confidence. There are also measures which Congress may take which would further impair confidence and delay or defeat recovery and neutralize any other beneficial action we might take. Among these measures which might work for evil I know of none which has such dangerous possibilities as the debasement of our money.

EFFECTS OF INFLATION

It is beyond human foresight and wisdom to foretell with any certainty the results of inflation. It is as impossible as to foretell the result of the explosion of a bomb. No man can tell where the pieces may fly. And no man can foretell what particular harm will be done nor, indeed, that any harm will necessarily follow from an inflationary measure. All depends upon conditions.

I have in mind the inflationary measures adopted at the last session, as carried in the Steagall-Glass Act and the Borah amendment to the Home Loan Bank Act. Apparently those measures had no effect, either for good or evil. It is certain that they did not help price levels, as was promised by the inflationists, and that they have not had the tendency to restore business, as they had predicted.

A given amount of fiat money put into circulation at a certain time might not have the slightest effect on prices. The same amount issued at another time might result in a vast inflation of prices. All this relates to the fact that the purchasing power of fiat money, or other money which is supported in whole or in part by the credit of the Government, depends upon faith or confidence. To the extent that the people believe in the financial integrity of the Government, and that the money will be acceptable to others at face value—to that extent it will not increase prices. In the degree that the people lack faith will such money be depreciated in purchasing power, with a corresponding lifting of prices, until finally, if all faith should be gone, the fiat money becomes a worthless piece of paper.

Under given conditions billions based wholly on Government credit might be issued, yet circulate at par without any effect upon prices—then might come a loss of faith and, without the issuance of an additional dollar, the value of that previously issued be extinguished altogether.

"CONTROLLED INFLATION" IMPOSSIBLE

For this reason there can be no such thing as "controlled inflation," if by that phrase is meant the cautious pumping of paper into circulation, all the while watching the effect on prices, and with the intent to suspend the process when prices are raised to a certain level. Operation of the process merely to the effect of slightly stirring prices, though stopped there, might have subsequent effect to seriously impair the value of the money previously issued. There can be no such thing as "controlled" inflation any more than a "controlled" explosion of dynamite.

In forecasting the consequences of inflationary measures we are put to speculation and must rely on probabilities. No prediction of results can be removed from the field of probability. What, then, may we reasonably expect from the issuance of, say, some billions of money based wholly upon the credit of the Government?

First, there is the difficulty of stopping the operation. Though in good faith the intent may be to limit the issue, there is great difficulty, once prices begin to be influenced by the ebbing of confidence, in suspending it. As the value of the money falls, more and more of it is needed to carry on our daily economic life, for, manifestly, $2, with the purchasing power of only $1, will do the work of only $1, so that as the money falls a real lack of money appears. Also, the ease with which obligations may be paid in depreciated money is a constant temptation and an increasing influence to continue in a policy which has been entered upon. There are additional reasons which I will not attempt to state.

Second, once it is recognized that two kinds of money are in circulation—one kind based upon a medium of intrinsic value and good at par in all the markets of the world, and the other based upon faith and good only so long as the Government's credit is sustained—the one good if hoarded away but the other of possibly falling value—there will be an increasing pressure to obtain the first and to convert the latter kind of money. The fiat money will inevitably drive all gold and its equivalents from circulation or to an increasing premium, so that we must rely more and more upon the use of the fiat money, with an increasing lack of faith.

PRICES INCREASE ONLY AS FAITH DIMINISHES

Third, with the diminishing of faith, but only as faith passes, there will be an increase in prices. This increase in prices will occur only when faith has weakened. In the latter stages this increase will represent merely the effort of holders of the depreciating money to buy commodities or to make other investments having a permanent value, before its purchasing power has further diminished or is totally lost. This movement proceeds with increasing velocity until a total loss of value is reached unless in the meantime some measure of restoration or stabilization is adopted.

In the meantime business activities are greatly hampered, if not made impossible. No man with money will make a loan when it appears that he will be repaid in money of less value. No business man will embark on an enterprise when he can not reasonably foresee what standard of value he must operate under. There will be no credit; debts will be progressively wiped out; the chief activity will be in the effort to invest in things which will have a real value when the fictitious value attached to the money shall be gone.

As I have said, these are mere probabilities. They are not even predictions. It can not be said with certainty that either or any of these results will follow, but it must be admitted that any or all of them are possible. This is mere history. The vice of inflation, adulteration, and coin clipping has been often resorted to—always in some degree and to some extent with tendencies toward results such as I have outlined.

MONEY GOVERNED BY LAW OF SUPPLY AND DEMAND

An effort has been made for inflation through open-market purchases of bonds, an effort which has brought into circulation a net of nearly one billion additional money since 1929. But try as they might, those charged with the duty of carrying on these operations have been unable to keep their money in circulation. They have bought the bonds. There was no "demand" for the money. It returned to the source from which it came and was canceled. So that since last July the demand of business for money being so weak there has been a reduction in circulation of above $50,000,000.

Money is governed by the law of supply and demand. I hear men say that there is a great scarcity of money and that there is a demand for money. A shocking error—the demand for money has never in the history of this country been so little as it is to-day. Interest rates, the wages of

money have never been so low. There has never been so little opportunity for men with money to use it to advantage as now. There has never been so little opportunity for men in business to use money in their business as there is now. There is no scarcity of money. The scarcity lies elsewhere. It lies in lack of opportunity for profitable and safe investments.

There has been no deflation of circulation—to the contrary there has been an increase in circulation of $1,000,000,000 since the peak of 1929. I hold in my hand the last report of the Secretary of the Treasury. It shows that the money in circulation in 1929, when business was booming, was $4,746,297,000, or $39 per capita, and that money in circulation on July 1, 1932, was $5,695,171,000, a per capita circulation of $45.63.

And here may I observe that this subject is attended with more fallacies, with more erroneous assumptions of fact and more misinformation than any other public question whatsoever. It is attended with more misrepresentation, more intolerance, more appeals to class and other prejudices, and more unwillingness to listen to reason and fact—this has characterized the inflationists since the beginning of the demand for fiat money in the seventies.

THE CRY OF "DISHONEST DOLLAR"

The inflationists point to the fall of commodity prices and blame it upon lack of money; they call our dollar a "dishonest dollar." When, may I ask, did this culprit dollar turn criminal? Was it in 1920, when prices had been expanded to an index of 154, when men who had loaned 100-cent dollars in 1913 were forced to accept payment in dollars with a purchasing value of only 64 cents? I heard no cry of "outrage" from these gentlemen then.

I know a man who bought a 20-payment life insurance policy in 1892. He paid it off. In purchasing value that policy was worth in 1920 less than one-half of what he had paid for it; and to-day it is worth only about 80 per cent of what he paid for it. When did this dollar turn crooked? "In 1929," they say.

It is an amazing dollar that it should be so discriminating and unequal in its "dishonesty." The price of cotton is on an index of 23 compared to 100 as the average for 1923 to 1925, so that the dollar is 77 per cent dishonest in buying cotton. With wheat on an index of 33 the dollar is 67 per cent dishonest. With agricultural prices generally at 41 it is 59 per cent dishonest; it is only 39 per cent dishonest on nonagricultural products with index at 61, only about 20 per cent crooked on clothing, 30 per cent on iron and steel, and when you reach the item of steel rails it is only 7 per cent dishonest. So this vicious dollar adds to its other crimes the crime of discrimination among its victims.

Is it needed for me to say to any sensible man that the mere recital of these figures demonstrates beyond any doubt that the trouble is not with the dollar but with the prices? The trouble is not with the yardstick, it is with the cloth. Yet the inflationists, blind to the realities, would cut off the yardstick to make it conform to the shrunken cloth instead of taking the course which intelligence would dictate, of trying to deal with the cloth so as to restore it, until what was formerly a yard would again become a yard. The course of intelligence now is not to debase our money, which is merely a measure of value, but to do something to restore prices. And there are legitimate measures which may be taken to restore prices and place them on a basis of fair equality, but none of these have they yet been able to see or, if able to see, have they chosen to advocate.

LEGISLATION FOR THE DEBTOR CLASS

The inflationists say frankly that they want to do something for the debtors of the country, and they point to the fact that the average price for farm produce which used to sell for a dollar is now only 40 cents; that debts were incurred with prices upon the former level which it is unfair to require to be paid with prices upon the lower level. They see in that a reason why we should water down the dollar, with the view to raising the price of commodities.

In logic, any effort to depreciate the purchasing power of money would operate equally upon all commodities. If by inflation the value of the dollar is reduced to 50 cents so as to lift the price of cotton 100 per cent so that it will reach an index of 46, in logic it will lift the price of wheat to 66, agricultural products generally to 82, nonagricultural products to 122, and steel rails to 186. This will leave the farmer in exactly the same position and suffering from the same inequality of prices as he now is.

But bear in mind that the farmer who is not in debt is suffering now not so much from price deflation as from the inequality of the deflation. And bear this also in mind: This inequality of price levels is due to the unsheltered position of the farmer and other producers of raw material, whereas the industrial and other interests have been able to shelter themselves behind protective tariffs, monopolies, oppressive trade practices, and all that other collection of means whereby they are able to evade the laws of supply and demand.

They have had the strength of position to protect themselves behind those bulwarks. If you inflate our money to a point as would double the farmer's price, the likelihood is that because of the weakness of his position, he would be unable to realize the full advantage of the increase; it is rather unlikely that he would be able to cash in on the debased money and get the benefit that was coming to him. But as to those interests which are protected, having the strength of the position which has enabled them to resist deflation, it is certain they would be able to get their full measure in the increase in prices. It would be expected in that situation that the farmer would not be able to get up to his inflation index of 82, but that the price of the producer of steel rails, having a monopoly, would be lifted to the full limit of 186 contemplated by the program, and that other industrial prices would be lifted on a corresponding scale. The result would be that the farmer would be still further victimized and his relative position made worse.

The movement for inflation is frankly a debtor's proposal. The idea is to take governmental action which will make it easier for the debtor to pay his debts.

I protest that such a purpose is intolerable. I am unwilling to legislate for any particular group, be they either debtors or creditors. It is intolerable that we should deliberately juggle with our money system to benefit any selfish interests, and the debtors are just as selfish as the creditors. The part of statesmanship is to legislate for all the people and for the common good, and not in behalf of any group or class.

I have in mind the prudent, thrifty citizen whose interests, either as debtor or as creditor, are not paramount, and I want to protect him. He has his rights, and I would defend him in them. I am unwilling that he should be crushed and his future jeopardized and probably destroyed through class legislation on behalf of either of these interested groups of debtors or creditors.

WHO ARE THE DEBTORS—WHO THE CREDITORS?

I wonder if the champions of the debtor class realize just whom they represent. Do they know who are the debtors and who are the creditors? Perhaps an analysis of the figures would be of some help. The total public and private debts in the United States are, in round figures, $200,000,000,000. Of this the Federal Government owes about $20,000,000,000; States, counties, and cities, $14,000,000,000; railroads, utilities, and other industrial groups, $50,000,000,000; farm mortgages, $9,000,000,000; city mortgages, $27,000,000,000; banks, $47,000,000,000. Insurance companies have $110,000,000,000 in policies, representing a present cash liability of $16,000,000,000. Of course, there is some duplication in these figures.

The biggest item of private debts are those of railroads and other industrial groups, with an aggregate, as stated, of $50,000,000,000. Generally speaking, the higher we go in the financial world the greater is the burden of debt. If we should divide the population into two groups, one composed of the 10 per cent composing the capitalist class and the other of the 90 per cent constituting the masses of the people, it will be found that the latter include a relatively larger percentage of the creditor class.

I have in mind not only the millions of bank depositors and of holders of insurance policies and other credits, small as to each but aggregating a vast total, but also some 3,000,000 recipients of veterans' relief and insurance, industrial pensions, and similar payments, and another 3,000,000 or more of minor public employees, many of whom have already had drastic cuts in pay. I also have in mind that each wage earner with a job is in real effect and substance a creditor who receives upon each pay day an installment of his debt, and recognize that ingenuity could not devise a more wholesale raid upon wages than through an inflation which would reduce real wages, the purchasing power of the workers' money. It is quite true that most individuals are both debtors and creditors; in classifying them I have taken their chief interest into account.

It is rather strange to find some of the ardent advocates of cash payment of the soldiers' bonus also championing the cause of inflation. They are insisting upon payment of the bonus and upon reduction in its real value at the same time. Some of them are also active in opposition to reductions in veterans' pensions and in wages of Government employees—yet at one blow they would reduce the Government's ability to pay and the real value of the pensions and salaries paid.

"Friends of labor" are found insisting upon inflation and at the same time upon high wages. They would extend the shadow but withdraw the substance, hold nominal wages up yet cut real wages down by reducing the purchasing power of the worker's pay. At the same time, their action would not provide a single additional job, but in all probability, by paralyzing business activities through destruction of confidence, take away even the jobs which yet remain.

I note among the advocates of inflation some who have distinguished themselves as supporters of relief for the unemployed, the poor, and others in distress. The effect of their proposal for inflation would be to take away from these starving beneficiaries a part of even the little which they are now receiving.

INFLATION IMPAIRS STABILITY, THE ESSENCE OF CONFIDENCE

There is no lack of money in circulation. There is merely a lack of velocity in the movement of money. A dollar changing hands once a month is $1, changing hands once a day it is $30. This lack of velocity is due largely to lack of opportunity for safe and profitable investment. Fundamentally, the lack is of confidence of the kind which I have described. There is hoarding, but this also is due to lack of confidence and to lack of opportunity for the profitable use for money. The crying need is for more confidence, yet the inflationists would further impair the economic stability, which is the essence of confidence, and take away even that little which yet remains.

To sum up, the gold standard is not at fault; there is plenty of gold upon which to transact the world's business; the world's money gold stock was $11,072,370,000 in 1929; it had increased in 1931 to $11,940,606,000; as relates to gold, the trouble lies in the inequality in which it is held by the nations. We have plenty for all purposes.

The amount of money in circulation is ample. There is a serious shortage of credit. Credit has been deflated some $25,000,000,000, of which $12,000,000,000 is in bank credit alone—a deflation due to lack of confidence plus lack of demand. Potential borrowers have been unable to find safe investments; potential lenders can not find safe loans; creditors, losing faith in their debtors, have been pressing for collection.

Of course, restoration of confidence, however strong, is not alone sufficient for business recovery. It must be accompanied by "business opportunity." Our fundamental trouble is with distribution, now snarled with multiplied barriers to the free play of commerce and to the operation of the laws of supply and demand.

I close by saying this: You have read history. The adulteration of money once entered upon never knows where to stop. The adulteration of money is the first step toward revolution. You have read the story of the French Revolution. It is unnecessary for me to point out to you that its real cause was economic and that it arose out of the progressive debasement of money. It broke when the printing of paper money had progressed to the point that it had no purchasing value and the masses were starving. Beware! [Applause.]

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. SHREVE. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. MURPHY].

Mr. MURPHY. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to insert some testimony which I gave before the Committee on Ways and Means when that committee was considering the tariff bill of 1930.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. MURPHY. Mr. Chairman, we are making history fast. To-morrow a subcommittee of the Committee on Ways and Means will hold hearings to try to find some way to take care of business that is being ruined in America by reason of the depreciated currency used in more than 30 countries of the world, sending merchandise into the United States to compete with our merchandise, produced under the gold standard. I hope the membership will all take notice and attend that meeting, because it is intended to correct, if possible, a situation that it seems to me could be more easily taken care of if the Members of Congress could get together on a policy to take care of America first.

One of the great newspaper publishers of this land has undertaken to create sentiment in this country to help the people to help themselves. He has adopted a slogan of "Buy American." A few short weeks ago all the great business minds of the British Empire were assembled in the city of Ottawa, Canada. They were called there to discuss the question of the condition of the times in the Empire. While there they mingled their ideas, and their best brains clashed in trying to strike fire and find something that would be helpful to the people who lived under their flag. Out of that great conference came the little slogan "Buy British," and all throughout the great world to-day, where the British flag flies, great electric signs are flashing "Buy British."

Well, when folks do not stop long enough to think for themselves, then it is worth while to copy ideas from those who have taken the time to think. The British people did take the time to think, and out of the combining of their thoughts has come that slogan "Buy British." Now, our great American newspapers have taken up the slogan "Buy American." Already this propaganda is having its effect. One of the newspapers in my district published a story the other day of the annual sales meeting of the pottery and glass manufacturers in this country, held in Pittsburgh the first of this month. The article stated that the foreign buyers of the chain stores and the great importing houses were in attendance at Pittsburgh, and they said they were not going to go abroad to buy this year, and that they were ridding their shelves of foreign-made goods just as rapidly as they could, to the end that they would not get stuck because of the awakening of the American people to helping themselves by "buying American."

So, on Saturday next there is to be a hearing before the Tariff Commission. The purpose of that hearing is to try to find the very best ideas of the people of our country with reference to finding some way to stop imports into this country under world conditions as they are to-day.

Before the Ways and Means Committee in the last few years hearings on American valuation have been held. I think the current tariff law has a couple of paragraphs with reference to American valuation. I think there is a provision there which says that when the President exercises his right to add 50 per cent to the tariff now existing and that does not effect a cure of the trouble, then a way can be found to use American valuation. They are using the American valuation in the chemical industry in the United States to-day, and if we had the American valuation of all imports that come into this country, if we could take merchandise

made in Czechoslovakia and put it on the table here and put on the other side of the table the same grade of merchandise manufactured in the United States and then say to the importer: "This piece of merchandise manufactured in the United States costs so much to manufacture; that shall be the value of this piece of imported merchandise."

We would not need a high tariff if we had American valuation at the port of entry, because then we could reasonably figure out just what the costs would be. Deflated currency, or depreciated currency, would have no worries for us if we had American valuation. Yet to-morrow we are going to have hearings on depreciated currency.

We have just finished listening to one of the greatest addresses made in this House in years, by the gentleman from Alabama [Mr. HUDDLESTON], on inflation. I am going to get copies of that speech and send one to every manufacturer and every banker in my district. It will give him something to think about. We might as well begin thinking now of America first. We had better buy American and we had better put American valuations on all imports that come into America. Then we can lower the tariff walls, because we will all have an equal chance at the American market, at the starting point. As it is now, a merchant buys a shipload of merchandise from Czechoslovakia, and another one loads with ware from France, another loads with ware from England, and they all set sail to America. The conditions surrounding the production of each piece of merchandise they carry to this the greatest market on the globe are all different, but if they were valued here at the market to which they are sent according to the cost of production of similar articles here, plus a reasonable tariff, then our wheels would again turn and the music of the hum of industry would be the sweetest song the laborer could bring home to his family, and we would again prosper.

I hope everyone within the sound of my voice will give this subject some thought, and when they do I do not fear the verdict. I thank you. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. SHREVE. Mr. Chairman, I yield 15 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman, on the 6th of this month the House passed what is now known as the Howard resolution. That resolution, as you know, makes it compulsory upon the Reconstruction Finance Corporation to make public all the loans which it has made from its inception. That resolution was reported by the Committee on Banking and Currency of the House—without my vote, let me say. I understand that the Speaker of this House told the chairman of that committee that if the resolution were not reported he would recognize the gentleman from Nebraska under the rule which makes such resolutions privileged.

Mr. STEVENSON. Now, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. STEVENSON. Was it discretionary? The rules of the House made it absolutely privileged on the day when it was called up, and the Speaker certainly would have violated the rules of the House had he refused recognition to the gentleman from Nebraska.

Mr. BEEDY. That is my understanding of it, and that is what I thought I said. If I did not make it clear, I am glad the gentleman from South Carolina has.

From the first I have felt, and I am now very firm in my conviction, that that resolution will be instrumental in undoing much of the very helpful work which has thus far been accomplished by the Reconstruction Finance Corporation. I am one, I think I may say, who has a great deal of tolerance for another's point of view. I have lived just long enough to find that many conclusions at which I have arrived are not right. Therefore, with an open mind at all times, I try to get the other fellow's point of view.

I have tried to understand the point of view of the gentleman from Nebraska who introduced this resolution, but I confess myself at an utter loss to do so.

I take this opportunity to say just this to the committee: The Reconstruction Finance Corporation is altogether bipartisan in its make-up. The president of the corporation told me to-day that if there were an irresponsible member on the board he did not know it; he told me that he is seriously disturbed by the passage of the Howard resolution.

Presently, within a few hours I understand, the Reconstruction Finance Corporation will comply with the mandate of this resolution. I do not know what may be the consequences. I sincerely trust that the destructive consequences which have already followed the publication of the first list by the Clerk of the House will not follow upon the publication of this list which will include all loans made from the beginning of the corporation's operations. I want to cite you one or two illustrations of what happened when the first list was published.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. I yield.

Mr. COCHRAN of Missouri. I was going to ask the gentleman to enumerate those destructive consequences.

Mr. BEEDY. Yes; I will.

Mr. COCHRAN of Missouri. Let me say to the gentleman that the corporations out in my city, St. Louis, do not seem to wait for the report to be made to the House. They are announcing to the public the fact that they borrowed money. One insurance company borrowed $6,000,000. There has been no destructive consequence as a result of that announcement.

Mr. BEEDY. I think if I had anything to do with the management of a bank, or an insurance company, or a railroad which had borrowed from the Reconstruction Finance Corporation I would rather make the announcement myself than to be left in the position of having the Government disclose the facts.

My attention was called recently to the case of a small bank which some time ago had occasion to go to the Reconstruction Finance Corporation for a loan.

The report had been spread that the bank was unsound. A serious run on the bank was in progress. The Reconstruction Finance Corporation lent that bank $17,000. The gentleman from Alabama [Mr. BANKHEAD], whom I see before me and for whom I have as high respect as for any other Member in this House, may perhaps know about this bank. I am informed that the bank in question is in the gentleman's own State. The Reconstruction Corporation loaned the bank $17,000. The bank immediately proceeded to assure depositors that they could meet any demands and the fear of immediate failure was destroyed. The bank proceeded in the course of its normal business. But, suddenly, the first list of Reconstruction Finance Corporation loans was published by the Clerk of this House and this little bank was listed as having borrowed $17,000. Two days later a run was started upon the bank, which resulted in its failure with the attendant losses to hundreds of poor people in the community.

Now, what has happened to some of our insurance companies? As you know, insurance-company funds are invested in real-estate mortgages, but, more generally, I take it, in good bonds, the best that can be purchased in the market; but with this fall in prices that is upon us, the market value of all these securities has shrunk while demands for loans by policyholders have increased. Thus a heavy strain has been put upon many insurance companies. After this first list of borrowers, to which I have made reference, was published we find that some insurance companies took advantage of the situation presented. They have advertised that they are sound, that their policyholders need have no fear, that they have never had recourse to the Reconstruction Finance Corporation, and thus the strain and pressure upon other companies has been increased.

The whole purpose of the Reconstruction Finance Corporation, as you know, was not to make loans to individuals

in extremities, but by making loans to banks, to railroads, and to insurance companies, to preserve our national credit structure in order that a succession of bank failures might be arrested and losses occasioned to thousands and thousands of poor depositors might be stopped. Much good has been accomplished.

But we are living in an era of fear, suspicion, and apprehension. Fear is a great force with which we are unable to deal in this day of many troubles, and I suspect that the publication of this list of all borrowers from the Reconstruction Finance Corporation will only give added power to the fear which is even now upon us.

I do not know what the motive back of the sponsorship of the Howard resolution may have been. I do not doubt that when this corporation finally renders a full account of its dealings it will be found that some loans reflect errors in judgment. It would, indeed, be most remarkable if such were not the case. However, I doubt if this corporation, administered by outstanding men in both parties, will ever have been found to do anything that is irregular. If the sponsors of this resolution believed such to be the fact, the wrong could be reached very easily without the Howard resolution. If anyone connected with the management of the Reconstruction Finance Corporation has done anything criminal, we can make our investigation, secure the evidence, and punish the wrongdoer.

If anybody has done anything irregular and not amounting to a crime, we can and should impeach him. The men who are to-day sitting upon the board would welcome any investigation that this Congress may see fit to make. I know this to be a fact. If there is any irregularity that is suspected, they want us to look into it, so that they may be absolved even from innuendo and unjustifiable inference.

Mr. Chairman, there is nothing wrong with these loans. I have faith to believe that such is the fact. I regret that the passage of the Howard resolution should have been made a party issue and that the Reconstruction Finance Corporation, which both great parties in the Nation, which men sitting on both sides of this aisle joined hands to set up in an hour of national extremity, is now facing a situation pregnant with possibilities for the destruction of helpful results which it has worked.

Mr. RICH. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. RICH. I quite agree with the gentleman that it is going to create fear and is liable to do a lot of injury to the banks that have borrowed money from the Reconstruction Finance Corporation. Can the gentleman tell me any good that can come from the publication of this list of borrowers?

Mr. BEEDY. No; I have said that I am at a loss to see any possibilities for good, and I have tried honestly to understand what good public purpose might be served by the provisions of the Howard resolution. I trust I am not bigoted in my views. I wish some Member on either side of this aisle would tell me what good he thinks will come of it.

Mr. RAGON. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. RAGON. I am in thorough sympathy with what the gentleman is saying. I, however, disclaim, so far as I am concerned, any partisanship in the matter. I have talked the matter over with some Members here who seem to think that the passage of the resolution was in conformity with the institutions of a republican form of government and that the people have the right to know what is done with their money. In normal times this may be correct, but as I see it, the Reconstruction Finance Corporation, in its creation and in its functions, is evidence of abnormal times, and certainly you can not have any restoration to normalcy as long as you do things that stir up this fear that the gentleman has been talking about.

Mr. BEEDY. I think the gentleman is correct.

Mr. RAGON. I suggested to one of these gentlemen the other day—in fact, to the author of the resolution—that I thought if they would simply stop at making the facts available to Congress and the Members thereof they would certainly be going far enough.

Mr. BEEDY. That might serve the purpose.

Mr. RAGON. But I am against broadcasting the information as has been done. I am sorry I have had to disagree with some of my friends, but I think it is one of the most injurious things that has ever happened to this country in the present situation.

[Here the gavel fell.]

Mr. OLIVER of Alabama. I yield one minute more to the gentleman, and I wish to say that I share the views expressed by the gentleman from Arkansas [Mr. RAGON].

Mr. BEEDY. Knowing the caliber of the gentleman from Alabama, I would expect him to make the statement he has. The gentleman is one of the students of this House and one of the fairest men on the floor. This, I may say, is also true of the gentleman from Arkansas [Mr. RAGON].

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BEEDY. I yield to the gentleman.

Mr. COCHRAN of Missouri. The gentleman says that he has confidence in the Reconstruction Finance Corporation——

Mr. BEEDY. Yes; particularly in its personnel.

Mr. COCHRAN of Missouri. The gentleman knows that the Reconstruction Finance Corporation has not loaned a dollar except they have sound collateral back of the loan.

Mr. BEEDY. The law provides that no loan shall be made except on "adequate security." That is a flexible term. Men may well differ as to what constitutes adequate security but ultimately all the operations of this corporation will be reported to Congress. That is consistent with what the gentleman from Arkansas has referred to as the spirit of a republican form of government. When the present crisis has passed and normal days return the act which gave life to this corporation will compel a full report of its actions to this House and the country. Nothing will be withheld. That is as it should be. The Howard resolution serves no useful purpose. It may prove harmful. It operates in a poor field for political gesture.

Mr. COCHRAN of Missouri. Does not the gentleman think it would be better for the gentleman from Maine to come in here and tell the country that there is no reason for the people of this country to fear because the Reconstruction Finance Corporation has loaned any institution money than it is for him to come here and make the speech that he has, which might create fear?

Mr. BEEDY. Well, I had not finished my speech, but the gentleman has helped to finish it for me.

Mr. BARBOUR. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. BARBOUR. Is it not a fact that a committee of the Senate has investigated the Reconstruction Finance Corporation and has found nothing irregular?

Mr. BEEDY. That is a fact. I now reiterate my faith in the Reconstruction Finance Corporation and its personnel. I am saying what I have in the hope that a message will go out through the press that the people should have no fear when this list of borrowers is published. We are passing over the great depth of this depression courageously and with a fortitude which becomes a great nation. We shall soon begin to ascend the ladder of world recovery. I trust that the publication of the names of borrowers from the corporation which we created in an emergency to meet abnormal needs will be received with that reasoned calm and firm faith which should characterize every citizen who would serve rather than injure his country.

Mr. RICH. Will the gentleman yield?

Mr. BEEDY. Yes.

Mr. RICH. Would not it be just as sensible for this Congress to request that the national banks make their loans to individuals a matter of public record as it is to require the Reconstruction Finance Corporation to make public the loans that they grant?

Mr. BEEDY. That is a view which might be taken by many. Of course, national banks loan the money of their

stockholders, while the Reconstruction Finance Corporation is loaning public money.

Mr. WHITE. Will the gentleman yield?

Mr. BEEDY. I yield.

Mr. WHITE. Is the bank in any worse position borrowing from the Reconstruction Finance Corporation than it was two years ago borrowing from a great bank in New York, except that they are borrowing from an institution controlled by the Government?

Mr. BEEDY. Most of the institutions which have borrowed from the Reconstruction Finance Corporation are undoubtedly in much better shape to-day than they were a year or two ago, because many of the securities on which they borrowed from the Reconstruction Finance Corporation have appreciated in value. In many cases the securities on which they borrowed have appreciated to an extent that has made possible the full repayment of the loans.

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. BEEDY. Yes.

Mr. HOPE. These banks, of course, can rediscount paper with the Federal reserve banks and through the Intermediate Credit Corporation, and some of them are doing it. Is there any more reason why the Reconstruction Finance Corporation should publish its loans to these banks than that the intermediate credit banks or the Federal reserve bank should?

Mr. BEEDY. If we applied the principle of the Howard resolution to the banking operations of the Federal reserve system, we could not continue business in this country with any assurance of continued progress. Business in general and individuals as such have a right under any decent government to a reasonable degree of privacy in the conduct of their affairs.

Mr. RICH. I know of a bank in my district that has borrowed money from the Reconstruction Finance Corporation which they did not need. They did not need the money, except that they are glad to be fully prepared against even the possibility that there might be people who would want to take out their deposits. They do not need the money in their vaults.

Mr. OLIVER of Alabama. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. PATMAN].

THE PUBLIC ENTITLED TO KNOW HOW PUBLIC FUNDS EXPENDED

Mr. PATMAN. Mr. Chairman, I can not agree with the gentleman who has just said that the expenditures made by the Reconstruction Finance Corporation should not be made public. I think all public expenditures should be made subject to public inspection. Secrecy is the badge of fraud, and not only should the expenditures made by the Reconstruction Finance Corporation be made public, but income-tax returns should be made public, as they are in many of the States of the Union to-day. Were that true, I suspect that the Budget would not be so much unbalanced as it is.

EXPANSION OF THE CURRENCY

I want to say a few words about expansion of the currency. I listened with interest to the remarks made by the gentleman from Alabama [Mr. HUDDLESTON]. He made a very interesting talk, but it was based upon conclusions that I do not concede are warranted. The first conclusion was that there is no demand for money in the United States to-day—that the demand is lower than it has been in many years. The second conclusion is that our trouble is not with money, but that it is with the price of certain commodities. It is my opinion that prices are fixed not by reason, necessarily, of the supply and demand of a particular commodity, but are determined as well by the supply and demand of the American dollar. I believe there is a strong demand for dollars at this time. Whenever you make dollars scarce, you make dollars high, and whenever you make dollars high you make everything else cheap, except debts, taxes, and certain fixed charges, including electricity, gas, water, telephone and telegraph, and railroad freight and passenger rates, and other commodities or services where the prices are fixed. Everything else goes down automatically in price as the purchasing power of the dollar goes up.

HOW PRICES CAN BE INCREASED

If you inflate credit, or money, you increase the price of certain commodities like wheat, cotton, hogs, and so forth. If credit is paralyzed and is not working, money can be put into circulation, which will increase the price of these certain commodities, where the prices are not fixed. It will not increase debts or taxes; it will not increase the interest charges or the railroad rates or the telephone and telegraph and electricity and gas and water rates or any of those fixed charges. None of them will be affected.

GOLD TRANSFERRED TO BANKERS

A few days ago England paid the United States $95,000,000 in gold on a war-debt installment. Ordinarily that gold would be sent to this country, and if we carried out the policy that this Congress adopted many years ago we would use every dollar of it to issue $2.50 in money by the Treasury of the United States, and use that money to pay Federal employees or for any other purpose. It would have a coverage of 40 per cent in gold. That was not done. Not a dollar of it will be used for expansion in this country; and only yesterday I heard the Secretary of the Treasury admit that they have already sold England $25,000,000 of that gold back. They are not even going to bring it to this country, and $25,000,000 more of it is earmarked and I venture to say will never be brought to this country. Every dollar of new gold, instead of using it to expand our currency as this Congress has endorsed many times, is transferred to the Federal reserve system, and the Federal reserve system uses it to issue credit which the people must pay interest on to the amount of $33 to every $1 in gold. You might just as well put more idle box cars on a railroad and expect more commodities to be transported over that railroad as to expect business to pick up if we put more idle dollars into the hands of people who do not use those dollars. For that reason the money issued under the Glass-Borah amendment and the Glass-Steagall bill will not reach the people. It will go to banks that already have plenty of money.

SECRETARY MILLS FIAT MONEY ADVOCATE

I heard the Secretary of the Treasury Monday morning before the Banking and Currency Committee advocate the issuance of fiat money. He is the same gentleman who went all over this country last summer and fall talking about fiat money and rubber dollars and using such terms as that against those of us who want to go back to the Constitution and back our money with gold and let the Treasury issue it, comes out now and advocates the issuance of fiat money. He wants the money issued on the credit of the Nation to a few favored banks. It is all right, if he can dictate who will get the money, it is not fiat, according to his version. He was advocating the passage of the Glass-Steagall bill, which is worse than a fiat-money scheme, a scheme that was denounced by the Democratic Party in 1900; one that permits money to be issued on a Government debt. He advocated bond-secured currency. Mr. Mills believes, evidently, that no money is fiat that the few powerful bankers will get, but all money that is proposed to be furnished to the people is fiat. That is his test.

GLASS-BORAH AMENDMENT

If this money is issued, as Mr. Mills would like for you to issue it, and as he advocated before the Banking and Currency Committee of the House Monday, January 23, 1933, it will go to certain large institutions. You can not escape that. Under the Glass-Borah amendment on the home loan bank bill, a few banks can deposit a billion dollars in Government bonds drawing 3⅜ per cent, and get $1,000,000,000 in money, except 5 per cent, which remains as a reserve, and at the same time they use the money they get interest on the bonds. Under that bill the Chase National Bank of New York can get $148,000,000 and the National City Bank of New York $124,000,000, or a total of $272,000,000. Under the Glass-Steagall bill, which Mr. Mills advocates, it is fiat money, if we use Mr. Mill's definition of the term "fiat money." These two New York banks will not be restricted to

$272,000,000, but may obtain an unlimited amount of money by depositing Government bonds to secure it. It is a big racket.

MR. MILLS FOR INFLATION

Last year he said that kind of money was fiat money. He referred to it as rubber money. I believe he is in sympathy with a certain kind of inflation. Yes; the kind of inflation that inflates the purchasing power of the dollar. In 1929 the dollar would purchase probably about the right amount of certain commodities. Had it remained that way everything would have been well and good, but by changing our economic system and order, by the contraction of currency and credit, commodities went down while money went up in purchasing power. What we are hoping and trying to do is to just restore that money to its normal purchasing power.

FARMERS AND WAGE EARNERS PAY TWO TO FOUR DOLLARS FOR EVERY ONE BORROWED

People voted bonds on themselves to build schoolhouses and highways and make other public improvements when wheat was a dollar a bushel and cotton 20 cents a pound. Now it takes four times as much cotton or wheat to pay these debts as it would have when the debts were contracted. Wage earners, giving their notes for automobiles, homes, furniture, and for other things which they purchased in 1929, have had their wages reduced more than 50 per cent. Today, instead of paying $1 on debts, they are paying the equivalent of $2 for every one they contracted to pay, in the only thing they have on earth to pay with, their own labor. Instead of paying 10 per cent as most of the installment contracts provide for they are paying the equivalent of 20 per cent interest. Instead of paying the same rate for electricity, gas, water, telephone, railroad rates, and other fixed charges, they are paying the equivalent of twice as much. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I yield five minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Chairman, we have heard a great deal in this Congress about the economic plight the Government and the people of the United States are in. History always repeats itself and there is nothing new under the sun. In the House of Representatives 109 years ago in March these words were uttered by one of America's great statesmen, which are nearly identical with the present-day statesmen:

In casting our eyes around us, the most prominent circumstance which fixes our attention and challenges our deepest regret is the general distress which pervades the whole country. It is forced upon us by numerous facts of the most incontestable character. It is indicated by the diminished exports of native produce; by the depressed and reduced state of our foreign navigation; by our diminished commerce; by successive unthreshed crops of grain, perishing in our barns and barnyards for the want of a market; by the alarming diminution of the circulation medium; by the numerous bankruptcies, not limited to the trading classes but extending to all orders of society; by an universal complaint of the want of employment, and a consequent reduction of the wages of labor; by the ravenous pursuit after public situations, not for the sake of their honors and the performance of their public duties but as a means of private subsistence; by the reluctant resort to the perilous use of paper money; by the intervention of legislation in the delicate relation between debtor and creditor; and, above all, by the low and depressed state of the value of almost every description of the whole mass of the property of the Nation, which has, on an average, sunk not less than about 50 per cent within a few years. This distress pervades every part of the Union, every class of society; all feel it, though it may be felt at different places in different degrees.

It is like the atmosphere which surrounds us—all must inhale it and none can escape it. In some places it has burst upon our people without a single mitigating circumstance to temper its severity. In others, more fortunate, slight alleviations have been experienced in the expenditure of the public revenue and in other favoring causes. A few years ago the planting interest consoled itself with its happy exemption; but it has now reached this interest also, which experiences, though with less severity, the general suffering. It is most painful to me to attempt to sketch or to dwell on the gloom of this picture. But I have exaggerated nothing. Perfect fidelity to the original would have authorized me to have thrown on deeper and darker hues. And it is the duty of the statesman, no less than that of the physician, to survey with a penetrating, steady, and undismayed eye the actual condition of the subject on which he would operate; to probe to the bottom the disease of the body politic if he would apply efficacious remedies.

Those were the words of Henry Clay on March 30, 1824. 109 years ago.

Then, again, in the thirties, 100 years ago, twice we had the same statements. The same speeches that are made here to-day were practically made then by those who could see nothing in the future, and yet America has withstood it; and America will withstand it because the hearts of the people are sound. [Applause.]

I yield back the remainder of my time, Mr. Chairman.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent that I may insert as a part of my remarks two statements furnished me, at my request, by the Director of the Bureau of Prisons, with reference to articles published in certain newspapers as to preferential treatment accorded Al Capone at Atlanta prison. These statements which I will insert show the falsity of the published articles.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The matter referred to is as follows:

DEPARTMENT OF JUSTICE,
BUREAU OF PRISONS,
Washington, January 24, 1933.

Hon. WILLIAM B. OLIVER,
House of Representatives, Washington, D. C.

DEAR MR. CONGRESSMAN: Lee E. Molnar, the author of the articles appearing in a chain of newspapers with reference to preferential treatment to Alphonse Capone, was released from the Atlanta Penitentiary on January 16, 1933, having completed a term of three years for impersonating a Government officer. Molnar's record is as follows:

As Leopold Wood, jr., No. 17074, received at Ohio State Reformatory, Mansfield, Ohio, September 19, 1924, from Cuyahoga County, Ohio, to serve indeterminate sentence on charge of robbery. Paroled November 13, 1926.

As Lee Woods, arrested in Akron, Ohio, January 16, 1927, charge B. and L. Held to grand jury under $2,500 bond. Indicted February 11, 1927. Indictment nolled September 11, 1927.

As Joe Molner, arrested in Akron, Ohio, July 9, 1929. Charge: Investigation. Released.

As L. E. Molner, received United States penitentiary, Atlanta, Ga., October 30, 1930, from Philadelphia, Pa. Crime, impersonating United States officer; sentence, three years.

This discharged prisoner came to the office of the Bureau of Prisons on Saturday, January 21, 1933, making demands for certain money allowances which had not been granted to him at the penitentiary. He intimated that he had something to tell and that he would go to the newspapers and disclose these facts unless certain things were done for him. Of course, any such offer was refused; and two days later the article appeared.

The warden at the Atlanta Penitentiary has categorically and specifically denied all of the statements made as to extra privileges being given to Capone. On orders from the Department of Justice he has been treated as has every other prisoner, and any statements to the effect that he has had special clothing, special privileges, or special treatment are said by the warden to be false in their entirety.

Yours very truly,

SANFORD BATES, *Director.*

DEPARTMENT OF JUSTICE,
UNITED STATES PENITENTIARY, OFFICE OF THE WARDEN,
Atlanta, Ga., January 24, 1933

DIRECTOR BUREAU OF PRISONS,
Department of Justice, Washington, D. C.

DEAR SIR: I wish to call attention to charges made by ex-convict No. 35503, who claims to have been released from this institution January 28, 1932, that Al Capone, register No. 40886, is receiving special privileges in this institution. Answering the charges made I beg to advise as follows:

First. Is he permitted to go out of the prison at night?

No. This statement is absolutely false. He has only been out of the prison twice since his incarceration here May 4, 1932, and then to the United States court in Atlanta.

Second. Does he keep up a voluminous business correspondence?

No. No more than the regular prisoners. He has asked for only one special letter since his arrival.

Third. Does he go to his job an hour or two late and then hang around?

No. He is absent from his work only on the doctor's orders when taking a course of treatment as outlined in report of the chief medical officer, Public Health Service, copy of which is inclosed.

Fourth. Does he have special hours on the tennis court?

He has 30 minutes per day, the same as the other men; that is, from 3.25 to 3.55. During this time he can select his own exer-

cise—pitching horseshoes, indoor baseball, tennis, or walking, as he chooses.

Fifth. Does he ever spend the nights in the hospital?

He has been committed to the hospital on orders of the doctor twice.

Sixth. Does he have extra visits without a guard?

Positively no. On account of reports that his friends would probably try to smuggle money and guns to him, we have not been permitting his interviews to be held with other prisoners, but each interview is held in the presence of an officer and where his movements could be watched and his conversations clearly heard.

Seventh. Does he sometimes eat alone?

He eats his meals along with the other men in the regular dining room.

Eighth. Is he permitted the use of all the money he wants to buy special articles from the commissary?

He can only spend $10 per month in the commissary. His account shows that he has withdrawn $97 since May 4, 1932. This covers $10 per month with the exception of December, when $5 extra is granted all prisoners, and he spent $2 in returning his clothing and a package to his home.

Ninth. Did he have a special brand of cigars put in the commissary?

No. He has never made such a request.

Tenth. Does he wear silk underwear?

No. This has been verified by his foreman and the medical officer in the United States Public Health Service, the foreman stating that he has noticed his underwear from time to time and also noticed it this morning and that he had on the regulation underwear. The medical officer states that he has had occasion to strip him for examination, and he also states that he wears regulation underwear.

Eleventh. Does he wear special tailor-made suits?

No. This is verified by his foreman, the deputy warden, and the medical officer United States Public Health Service.

Twelfth. Does he wear $25 shoes?

No. His foreman in the shoe shop says that he is wearing the regulation shoes manufactured in the penitentiary shoe shop at Leavenworth, Kans.

Capone, during his incarceration in this institution, has had no special favors not granted all other first-grade prisoners. It was made clear to me by the officials in Washington, at the time Capone was committed to this penitentiary, that he could have absolutely no favors or special privileges not granted other prisoners, and these instructions have been carried out.

Yours very truly,

A. C. ADERHOLD, *Warden.*

Mr. OLIVER of Alabama. Mr. Chairman, I yield five minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman, this morning we had a very powerful and, I take it, sincere criticism of the majority party on its action last night in voting to override the veto of the President of the United States on the first deficiency appropriation bill. The gentleman from Illinois [Mr. CHINDBLOM] fortified his position by reminding us that for the same reason President Wilson vetoed the Budget bill as originally passed, and as subsequently passed, by the way, because of its assuming to infringe upon the prerogatives of the Executive.

The bill provided for the appointment of the Comptroller General of the United States, and provided that he could not be removed except by resolution of Congress or by impeachment. President Wilson vetoed it on the ground that the power of appointment involved the power of removal, and that to deny the President the right to remove was an infringement of the prerogatives of the Executive. The two cases are largely parallel. The gentleman from Illinois [Mr. CHINDBLOM] was correct about that; but I want the House to understand that it depends on which party is up and which party is down how people act. Immediately that message came in, the motion to pass over the President's veto was made, and the Republican Members unanimously voted in favor of the motion, and amongst them was the gentleman from Illinois [Mr. CHINDBLOM]. So that the gentleman from Illinois voted at that time, on an occasion which he cites as a rebuke to the recreant Democrats, exactly as we did last night, to override the President's veto on account of the infringement of his prerogatives.

How much more did the gentleman do? The President suggested in that message that he would be glad to sign the bill if we would repass it and leave that out.

Did they do it? No; they said, "No." Mr. Good, the chairman of the committee, took it under his arm, marched out, and said: "We will have a President next year who will," and they passed it after Mr. Harding came in, with that identical clause in it, and it is in it to-day, in which the Republican Party went on record as having deprived the Executive of the power to remove a man whom he had the power to appoint and was directed to appoint. They have administered that law from that time to this, yet they come in here complaining about our having undertaken to assume the right to have a committee of this Congress pass upon claims that this Congress could refuse to pay at all without the claim being established for our Committee on Claims.

The distinguished gentleman made another statement that was unguarded, and he is a splendid lawyer. He said this Congress could not delegate the scanning of things of that kind, even to a committee of its own. Why, the gentleman has not read the decisions of the Supreme Court of the United States on the power of Congress to delegate its power when it held that the Interstate Commerce Commission was merely a delegate of the Congress of the United States and that Congress had a right to create commissions and delegate legislative powers to them. The Supreme Court has held that every action of the Interstate Commerce Commission is an action of legislation when it fixes rates and does all of those things that Congress could do of itself.

Now, this is all I wanted to say. Our record stands. We adopt the language of Mr. Wilson and we ask the gentleman from Illinois [Mr. CHINDBLOM] why he fired up then and voted to establish a law with the very same infringement of the rights of the Executive that he now makes so much fuss about, our attempt to scan some of the scandalous refunds of taxes that have been made by the present agencies of the Government? [Applause.]

Mr. SHREVE. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, for the last few days Members have been receiving telegrams of protest against the resolution of the House requiring the Reconstruction Finance Corporation to make public the names of borrowers and commitments prior to the time when such publication was required by an act of Congress.

Yesterday I received a telegram from the State superintendent of banks of my State. Owing to my very high regard for that official, Mr. Broderick, I wired him to give his reasons, if he could, why a publication of the moneys borrowed by the banks could in any way injure a bank, when as a matter of law the banks are compelled to make stated reports of their financial condition, and loans must reflect in that report. I am quite sure that this State superintendent of banks of New York acted at the request and behest of the bankers of his State and was prompted by the best of motives. I want to submit, and I am going to put his letter in the RECORD, that the reasons given are surely not sufficient to justify the howl and the protest that has been made to us, and in all likelihood to him and other bank officials.

For instance, in reply to my query why it is that the public record and publication of a loan made from the Reconstruction Finance Corporation should be treated any different than a loan made by the same bank from any other source he states:

The public appears to regard such borrowings as a signal of distress—

Mr. Chairman, we might as well be frank about it. Hiding the facts will not help the condition of the banks. I continue quoting—

and assumes that they represent a last resort, available only when all accommodations in other directions have been exhausted.

Why, Mr. Chairman, that is true. That was the very reason for the enactment of the law which created the Reconstruction Finance Corporation and established it as the agency to supply funds as a last available resort. Let us be frank about it. The time has passed when we can hide existing conditions. That is the very purpose of the law. Then he says:

On the other hand, it has been our observation that the appearance of the borrowings of the financial institutions in their published statements does not create the same reaction. In the

first place published statements of conditions do not itemize the various sources whence funds are obtained.

Why, gentlemen, it makes no difference whence funds are obtained; the important matter is whether they are obtained. My purpose to-day is to point out to the depositors of the banks that the loans from the Reconstruction Finance Corporation are certainly to their benefit. In fact, as depositors they are better off because of the loan. Their bank has a liquidity which, under present conditions, it would not otherwise have. Perhaps the United States may be worse off. Perhaps loans are made on long-distance collateral, but that is not to the detriment of the depositors of any particular bank. That is something with which we will eventually be confronted. Now, it is wrong to create the impression and the fear that publication of a loan will be detrimental. The banks themselves are creating this fear. Why, Mr. Chairman, in many instances banks have advertised the fact that they are liquid because they have obtained loans from the Reconstruction Finance Corporation. It is well known, and if the banks have not informed their depositors they should do so, that loans can be obtained from the Reconstruction Finance Corporation only on collateral. Therefore, if a bank is in a position to obtain this loan on collateral as required by the law it indicates that it has the right kind of and sufficient collateral. There is nothing in the making of such a loan which should in any way cause this fear which has been created by the banks themselves, and if they have created the fear in the hearts of their depositors it is their own fault and not the fault of Congress in demanding that this public information be made public.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. I yield.

[Here the gavel fell.]

Mr. SHREVE. Mr. Chairman, I yield the gentleman one more minute.

Mr. GIFFORD. The logical conclusion and the next step in the gentleman's argument would be that because it is the people's money in the local bank, the depositors therein should have actual knowledge of the persons to whom the money may be lent and that a general statement of the amount lent, perhaps, would not disturb them, and for creating confidence they ought to have the privilege of knowing the actual people involved so that they may pass upon the loan. Does the gentleman advocate that?

Mr. LAGUARDIA. The question shows absolutely that the gentleman has not given one moment of thought to his question. Of course, there is no analogy to that, but the bank itself must show in its statement, at certain intervals, as required either by State law or Federal law, its condition; and if it borrows money, it has got to show it.

Mr. GIFFORD. I may say to the gentleman that I visited a bank last year and I said, "Where did you get that money?" They said, "From the Reconstruction Finance Corporation; but we hope it will not be made public, because it would be damaging to the bank." A hidden transaction sometimes is well for a bank in order that it may soon recover.

Mr. LAGUARDIA. I can not agree with the gentleman about that. A mere and casual investigation of the history of banks will disclose that "hidden transactions" have invariably been the cause of bank failures.

[Here the gavel fell.]

NEW YORK, N. Y., *January 23, 1933.*

Hon. FIORELLO H. LAGUARDIA,
House of Representatives, Washington, D. C.:

We have to-day wired Speaker JOHN N. GARNER as follows: "We are informed that Reconstruction Finance Corporation report to be rendered to House on Wednesday, containing list of all banks who took loans, or even arranged for them, from very beginning, will be published under Howard resolution. We consider such publicity extremely dangerous at this time."

J. A. BRODERICK,
Superintendent of Banks, State of New York.

JANUARY 24, 1933.

Mr. J. A. BRODERICK,
State Superintendent of Banks, New York City:

Reference your wire re publication Reconstruction Finance Corporation loans, will you kindly write me just why publication of these loans dangerous? Bank statements are matter of public record. Loans made by banks would naturally have to be reflected in their statements to State bank departments or Comptroller of the Currency. Inasmuch as I have urged publicity of Reconstruction Finance Corporation loans, would very much like to get your views in detail on this. I would very carefully consider your views owing to my high regard for you and confidence in your judgment.

F. H. LAGUARDIA,
Member of Congress.

STATE OF NEW YORK,
BANKING DEPARTMENT,
New York, January 24, 1933.

Hon. FIORELLO H. LAGUARDIA,
House of Representatives, Washington, D. C.

MY DEAR MR. LAGUARDIA: Superintendent of Banks Joseph A. Broderick, who was out of town when your wire reached us, has authorized me to respond to your request for further comment on the subject of the publication of loans to financial institutions made by the Reconstruction Finance Corporation.

Several instances have been brought to our attention by bankers in which the publication of such information has resulted in newspaper publicity disturbing to the majority of readers. We are informed, in fact, that in some instances such borrowings have become the subject of headlines in local newspapers. This has created alarm among depositors, resulting in substantial withdrawals.

The public appears to regard such borrowings as a signal of distress, and assumes that they represent a last resort, available only when accommodation in other directions has been exhausted.

On the other hand, it has been our observation that the appearance of borrowings by financial institutions in their published statements does not create the same reaction. In the first place, published statements of condition do not itemize the various sources whence funds are obtained. Secondly, the published statement of condition presents in summary form many more facts with regard to the financial standing of an institution, both as to its assets and its liabilities.

Comparing the two methods of publishing institutional borrowings, I believe you will agree that publication of loans or applications for loans by the Reconstruction Finance Corporation has an element of danger not present in the publication of the usual statement of condition, in that in the case of the former the public is informed of only one feature of the condition of the institution, a feature which they interpret to be an unfavorable one.

Our observations of the effect produced by the past publication of Reconstruction Finance Corporation loans to banking institutions have led us to fear that the proposed publication of a list of all banks who took loans, or even arranged for them, from the very beginning is likely to lead to the very result which the Reconstruction Finance Corporation purposes to forestall. Moreover, we have been informed by bankers in touch with the situation throughout the Nation that the present mental attitude of depositors is disturbed by recent bank closings.

It is for these reasons that we consider that the publicity contemplated under the Howard resolution to-morrow would be extremely dangerous, coming at this time.

Faithfully yours,

AUGUST I. DEFELD, JR.,
Deputy Superintendent of Banks.

Mr. OLIVER of Alabama. Mr. Chairman, I yield four minutes to the gentleman from Arkansas [Mr. RAGON].

Mr. RAGON. Mr. Chairman, I want to follow the remarks of the gentleman from New York [Mr. LAGUARDIA] and the gentleman from Maine [Mr. BEEDY]. I think they are both correct, in part, in what they have said, first, with reference to what the gentleman from Maine has said about the inadvisability of making these loans public, and then the remarks of the gentleman from New York with reference to there being no justification for the fear that apparently exists in the country about these loans.

The gentleman from New York is correct when he says that banks have to make statements, but I think it is generally understood that banks never refer to the source of the indebtedness, and it is generally carried under the general classification of loans; but I would call the gentleman's attention to the fact that whether it is justified or not there seems to be a psychological condition in this country that points the finger of suspicion at the financial condition of any bank that has to resort to loans from the Government. Sitting where you and I sit, acquainted with the operation of the Reconstruction Finance Corporation, we know there is no justification for this suspicion or for this fear, but those who are in the position of depositors or stockholders, who have not access to the information that the gentleman from New York and other Members of Congress and business men in general have, seem to have a lurking suspicion in

their minds that such a bank could not get money anywhere else and that out of the desperate condition of the bank they take advantage of this opportunity of securing a loan from the Government.

There is no occasion for the fear that exists with reference to the source of these loans. In the first place, we have seven directors of the Reconstruction Finance Corporation. The Congress, composed of both the Senate and the House, and the President, have seen fit to trust to these seven men the control of this corporation's business and the lending of this money. The law has circumscribed their actions so as to make it practically impossible for them to make loans that are unwise, and from the personnel of the directorate of this corporation, many of whom have nation-wide reputations as outstanding business men, we know they would act on these financial questions with the very greatest of prudence, and since they require collateral which may, it is true, be temporarily frozen, but may be just as good as any other collateral, save and except the possibility of its liquidity, it is just as good collateral as they could otherwise get.

So I think notice should go to the American people that notwithstanding the publication of these loans, it is not to the detriment of any bank or any insurance company or any corporation that may avail itself of the opportunity of borrowing from the Government. I am strongly opposed to the legislation making these loans public for several reasons, but we all know there is no necessity for the fear which may exist in some centers. The fact that a bank can qualify to obtain these loans should be sufficient to establish confidence on the part of the public as to its solvency and its unquestioned ability to carry on. [Applause.]

Mr. OLIVER of Alabama. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. DICKSTEIN].

Mr. DICKSTEIN. Mr. Chairman, I am definitely opposed to any curtailment of pay as proposed in President Hoover's message and will unequivocally oppose any such reduction as he recommends to Congress.

The present state of the Treasury makes it unfortunately incumbent upon us to continue for another year the so-called furlough system, which is now a part of our appropriation laws, but I shall not vote to make this reduction in pay any greater than it now is. I most particularly call to the attention of the House how dangerous it would be to impose an additional 11 per cent salary cut on our representatives abroad.

In my official work as chairman of the Immigration Committee, I had the opportunity during my sojourn in Europe at the time Congress was in recess to observe the details of the work performed by the consuls and their representatives abroad.

In this connection I visited a number of countries and become personally acquainted with a large number of our officials on the other side.

We have in our consulates abroad not only members of the Foreign Service of the United States but in a few places medical officers as well, who are detailed to perform their duties in accordance with the requirements of our immigration laws.

I was curious to see how the financial depression which has so largely affected life and living in the United States was reflected abroad. I concluded generally that, while food was very much lower in price than it is in the United States, nevertheless living conditions generally were at a much higher scale, and particularly it was quite difficult for our consuls and other officials of the Foreign Service to make both ends meet, in view of the fact that these men are obliged to live rather better than the average run of individuals on the other side of the ocean; they are obliged to maintain the dignity and prestige of our Government, and that by doing so they must incur liabilities which other citizens are not obliged to undergo.

I also made a little study of the compensation paid to our officer, and I find, for example, that in 1906 the salary of the consul general at the most important posts in Europe was about $12,000 a year. This salary continued until 1924, when Congress passed a reorganization act which reorganized the Foreign Service of the United States, and, among other things, doing away with individual salaries fixed for individual posts, but designating our consuls and other foreign officers by rank instead of the post to which they were assigned.

Congress no longer designates the salary of a man in the Consular Service by the post to which he is assigned. A man's salary depends on the length of service and the rank which he bears in the Diplomatic and Consular Service of the United States.

It therefore in many cases resulted in a reduction of pay which our representatives suffered after the passage of the act of 1924. The salary of the consuls in principal places was then reduced from $12,000 a year to $8,000 a year, quite a sizable reduction when we consider the fact that the cost of living in 1906 was decidedly much lower than it was in 1924.

Anyone whose memory can go back eight years or so will know that this was the time of our almost greatest prosperity, and that salaries in the United States in 1924 in private business were at their highest level, and that everybody was earning much more money in 1924 than he did in 1906, and much more money than he does in this year of grace of 1933. So that we find ourselves with this situation: A consul in the highest post received $12,000 a year in 1906, while his salary in 1924 is $8,000 per year. Nineteen hundred and twenty-four, by the way, is the year in which we saw fit to increase our own salaries from $7,500 a year to $10,000 a year.

A few years later, Congress realizing that the compensation paid to our consuls or foreign officers of the highest class was inadequate, increased their salaries by $1,000, giving them a maximum of $9,000, and in view of the fact that it became necessary to hire quarters, pay rent, light, and heat in the consulate offices, Congress made an additional appropriation of not exceeding $1,550 for that purpose, from which the consul had to pay for light, heat, and rent. If the cost of these services was in excess of $1,550, the consul had to make it good out of his own pocket. If it was less than $1,550, he was obliged to refund the money to the Government. As a matter of fact, I have reliable information to the effect that not a single consul was able to save one cent out of this allowance of $1,550, and in larger places, like London, Paris, and Berlin, the cost of rent, light, and heat was in excess of $1,550 per annum.

A year later, when complaints were made to Congress that this sum of $1,550 was inadequate, we raised this sum to $1,900; but in last year's budget, in view of the economy which we decided to practice in our national expenditures, we reduced it to $1,140, so that at the present time there is no question but that this sum is absolutely inadequate to meet the running expenses of our consulates in the larger cities.

We find, therefore, this situation to deal with. As you know, the furlough act makes a cut of 8⅓ per cent in the compensation of our Federal officers receiving a salary of $1,000 or more, so that the salary of a consul of the highest class, instead of being $9,000 a year, is reduced by $750 and now actually amounts to $8,250. From this $8,250 the officer must pay an income tax to the Federal Government which amounts, roughly, to about $500, and he must also make good any additional expenditures over the allowance of $1,140 for rent, light, and heat. I estimate that, at best, the Foreign Service officer is at least $250 short on his allowance for these items.

Now, if the President's plan of a further 11 per cent cut goes through, in addition to the existing 8⅓ per cent, I have no doubt but that it is going to stint our splendid men in the Foreign Service to such an extent that many of them will be obliged to resign their places and come back to live in the United States.

I know of many instances where our Foreign Service officers are obliged to send large sums of money to the United States for the education of their children, whom they do not wish to grow up in a foreign atmosphere. Most consuls have their wives with them, but wish to see their children



educated in the United States. This makes quite an expense in the ordinary run of the consul's activities, and I do not believe our Government wants to see real distress among them.

Now, forgetting for a moment the men in the highest-salaried class of the Government, see how this proposed cut is going to affect men and women in the civil service of the United States.

The average salary received by the Government employee who has given years of his time to the Federal service is about $2,000 a year. This proposed additional cut of 11 per cent is a sum of money which these poor workers could not possibly stand. It is true that the cost of living has decreased somewhat, but in most families the number of dependents has grown higher, and owing to the fact that business conditions in the United States leave a large gap in the employment of most of us, the burden of supporting those who are without employment to-day has fallen to a very large extent upon the shoulders of Government employees. Every employee of the Government, be it of the Federal Government, or of the State, or of the county, or of the city has had his share in taking care of his unemployed relatives, and while he is or has been more or less secure in his employment, he has this added burden to contend with, which makes living very precarious and which makes it utterly impossible for him to stand the strain of a further salary cut.

Now, at this point I desire to insert a few statistics showing the effect of these cuts in compensation to our Federal employees in civilian activities.

In January of 1932, I understand the Bureau of the Budget compiled data and statistics as to the Government pay roll and the number of Government employees, both civil and military.

From the figures in this compilation it appears there were at that time in civilian employment for the Government (Federal), 732,460 persons. Of this number only 124,678 were receiving compensation of less than $1,000 per year, and were, therefore, exempted from the reduction of the economy act.

The balance of these persons, or about 607,762 persons, were paid a basic compensation to a total of $1,012,661,614.98. The economy act reduced this total to $928,273,147.07. The new proposal for an additional reduction of 11 per cent would reduce this total to $816,880,369.42.

This means that this additional reduction of 11 per cent, superimposed on the reductions effected by the previous "economy act," would make a total reduction so that these 607,762 persons would receive an average yearly compensation of only $1,344.22 per year.

I originally voted against the furlough bill, because I did not believe that by cutting the pay of Government servants we are advancing the cause of prosperity. On the contrary, I think that it is the duty of our Government to keep employment and salaries at as high a level as possible consistent with the state of our National Treasury, because all of these men and women receiving Government pay circulate money so received freely and help in our national prosperity.

By taking away and withdrawing from the market moneys ordinarily expended by these servants of our Government, we create a condition of affairs which can only retard our financial recovery.

I have spoken quite at length on the subject of our higher-paid employees, but the argument is so much more applicable to the plight of the lower-paid employee that I believe no words are necessary to draw an elaborate picture of the difficulties in which you are going to place the average Government worker if you persist in reducing his income.

True that the example which we are setting on this basis is a vicious one and will be followed by other subdivisions of government, as well as by private business. A system by which wages and salaries are cut is detrimental to the well-being of the Nation and harmful to the country in general.

I have recently received a copy of the January, 1933, issue of the Railroad Trainman, which is the official publication of the Brotherhood of Railroad Trainmen.

There is a very interesting article in that issue which is more or less pertinent to the subject I am discussing to-day, and I desire to read it to you at this point. It is as follows:

FEDERAL GOVERNMENT INCREASES NUMBER OF UNEMPLOYED

One thing on which there should be no disagreement is that the number of unemployed should not be increased. Certainly the people have a right to expect that the Federal Government will not increase unemployment.

During the last several years our Government has not been a model employer. In 1929 President Hoover asked industrial leaders not to reduce wages. But last year he forced Government employees to share their small wages, through the so-called furlough system, which had the effect of substantially reducing the yearly incomes of Government employees. In addition to this the Government employees were also deprived of their vacations with pay during the present fiscal year and their vacation period was permanently reduced.

It is understood that President Hoover now favors additional wage cuts for Government employees. It is well known that he believes that all workers, in and out of Government service, should be reduced to a common level of poverty through the so-called share-the-work plan, which seeks to make additional reductions in the yearly incomes of workers, even after three years of vicious wage cutting and unemployment.

Recently the press carried the information that the United States Labor Department will discharge 300 employees. Not only are these servants of the people to be thrown into the streets with the already far too numerous unemployed citizens, but the very system of Federal employment bureaus is being threatened. It is reported that 59 job-locating offices of the Department of Labor may be closed.

It is extremely unfortunate that our Federal Government would magnify grave conditions by pursuing the very policies which have destroyed effective mass purchasing power and imperiled our social and economic structures. If our Government is unable to bring about legislative reforms which will solve our ridiculous panic of plenty whereby millions of our citizens are hungry and in dire need in the presence of bounteous supplies of nearly everything, the least that may be expected of our Government leaders is that they attempt to set a worthy example for private industrial leaders and not resort to the short-sighted policy of wage cutting and lay-offs.

I think it worth while to repeat the last clause for emphasis:

The least that may be expected of our Government leaders is that they attempt to set a worthy example for private industrial leaders and not resort to the short-sighted policy of wage cutting and lay-offs.

Let me say that there has recently come to my attention a letter on the stationery of the National Federation of Federal Employees, which all of you probably received. There are a few statements in that letter which I believe it will be well to emphasize at this time. I read in this letter as follows:

The pay of employees of the Federal service has always been far behind when wage and salary levels in private industry rose. The Federal employee who received the inadequate temporary increases in 1918 and 1919 and such additional increases granted by the classification act of 1923 and the Welch Act of 1928 nevertheless found himself on the date the economy act went into effect with a material lag between the apparent amount of aggregate compensation received for the years 1913 to 1932, inclusive, and the purchasing power of such aggregate compensation as shown by the index of the United States Bureau of Labor Statistics.

It is a poor philosophy of economics that purposes lessening the purchasing power of wage earners to improve general conditions. To the contrary, for the Government of the United States to take such a further backward step can only accentuate the depression.

On June 20, 1932, I spoke on this floor against salary cutting of Federal employees. At that time I said, among other facts:

Mr. Speaker, I am opposed to any salary cut affecting the incomes of the thousands of loyal men and women who work for our Government in humble capacities and receive meager pay which we see fit to give them for their services. I have before me a chart prepared from official sources, which shows that out of the 732,460 men and women who receive pay or compensation from the Federal Government, 124,618, or approximately one-fifth of the entire total employed by our Government, receive less than $1,000.

After all, these 124,618 persons receiving a salary of $1,000 or less and the others composing the balance of 732,460 Govern-

ment employees affected by this proposed legislation are not producers but consumers of goods.

If we stop this source from which this great purchasing power of our Nation comes and if by our own action we prevent these thousands of employees from spending for the necessities of their lives, we will be thereby diminishing the recuperative powers of the Nation and prevent great industries from turning out goods to satisfy the wants and needs of these thousands. Every cent withdrawn from circulation in this manner will simply mean that by that we shall retard and not advance a resumption of normal business and national prosperity.

My office is being flooded with letters expressing strong opposition to any extension or in fact any continuation of the policy of salary cutting of the employees of the Federal Government; many of these letters reveal dire suffering that has already been caused by prevailing legislative and administrative cuts experienced in the past six months, so I trust this session of Congress will wake to the hardship and poor national economy involved in these practices.

[From the American Federation of Labor Weekly News Service, January 7, 1933]

GREEN URGES ROOSEVELT TO OPPOSE WAGE CUT FOR GOVERNMENT EMPLOYEES

AMERICAN FEDERATION OF LABOR'S PRESIDENT DECLARES IMPROVEMENT IN ECONOMIC CONDITION CAN NOT RESULT FROM SLASHING BUYING POWER OF THE MASSES—WAGE REDUCTIONS FUTILE AS ECONOMY MEASURE

WASHINGTON.—William Green, president of the American Federation of Labor, sent the following telegram to President-elect Franklin D. Roosevelt asking him in his conference at New York with Members of Congress to look with disfavor upon any and all suggestions providing for a reduction in the wages paid Government employees:

"In the consideration of any and all plans providing for economy in the administration of government I most respectfully request that you look with disfavor upon any and all suggestions providing for a reduction in the wages paid Government employees.

"Improvement in the distressing economic conditions which prevail throughout the Nation can not be brought about through further reduction in the buying power of the masses of the people.

"Reduction in the wage standards of Government employees is bound to result in further depression in the wage standards of those employed in private industry.

"I have repeatedly emphasized the futility of wage reductions for Government employees as an economy measure or as a means to be employed for the improvement of the economic and industrial situation throughout the Nation.

"I sincerely hope and trust you will resolutely stand against any lowering of living standards or any reduction in the wages of Government employees."

A few days ago I had occasion to present to this House at length the effect of our short-sighted policy of wage cutting and lay-offs as it had affected and is likely to affect the employees in our Bureau of Immigration unless we change our methods of trying to balance the Budget. I wish to expand a little upon what I said during that debate.

Under date of March 28, 1932, the Secretary of Labor in a letter addressed to Senator Wesley L. Jones stated some facts relative to proreductions of appropriations for the Bureau of Immigration which are now history, and I would like to read a part of that statement for current information.

Secretary Doak stated, on page 7557 of the CONGRESSIONAL RECORD for the proceedings of April 6, 1932, as follows:

Appropriation requested, $10,855,485; reduced by Bureau of the Budget, $198,455; reduced by House of Representatives, $137,570; total reductions, $336,025; amount allowed by House of Representatives, $10,519,460; salary obligations, $7,987,360; percentage salary obligation to total, 75.8.

Continuing further on, the Secretary says:

I wish to call your attention also to the fact that expenditures for this service are to some extent counterbalanced by receipts, which amounted to $2,657,471 for the fiscal year ending June 30, 1931.

The effective guarding of our borders and the carrying on of the numerous other activities, especially a vigorous prosecution of the work of deporting undesirable aliens, can not be accomplished with a smaller personnel than at present, which is 75.8 per cent of the appropriation allowed by the House of Representatives.

An additional cut of 10 per cent in the appropriation would seriously affect the efficiency of the service.

Notwithstanding the statement of Secretary Doak at that time, the appropriation finally approved by the President for the Bureau of Immigration amounted to $9,450,000; or a further general reduction of $1,069,460, or about 10⅛ per cent below the amount allowed by the House of Representatives.

The current estimates of the deficit of the Bureau of Immigration indicate that if the present rate of activity shall be carried on until the end of the current fiscal year about $1,192,026, of which there is $606,726 chargeable as deficit on salary accounts for the present personnel of the Bureau of Immigration numbering in all 3,669 faithful men and women.

Just for comparison let us look further into the facts as stated in that letter by the Secretary of Labor last March. He said:

The reduction already made by the Bureau of the Budget and the House of Representatives * * * reduces the funds available for salaries in the amount of $168,810.

By references, the Secretary further indicated that of the total appropriation, at that time before the Senate Committee on Appropriations for the Bureau of Immigration there was $7,987,360 left for salary obligations. This was further reduced by pro rata of the total further reductions so that the total reductions made for salary obligations amounted to about $980,860 less than the amount requested before the Bureau of the Budget started the reducing process.

So there is a definite relationship between the amount that was taken away from the estimates of the Department of Labor as to the needs during the current fiscal year and the amount now estimated to be a deficit in the available funds for salary obligations. I sincerely trust that before this Congress adjourns sine die we may find a way to provide the needed money to meet the full salary obligations for this fiscal year in the Bureau of Immigration and also for the current fiscal year for our Foreign Service officers and consular officials abroad so that these faithful servants of our Government shall not be subjected to deprivations and loss of official dignity in the performance of their important duties at home and abroad.

We provided another means of cutting salaries in the economy bill of the last session, I refer to the so-called administrative furloughs designed to enable the head of Government departments and independent establishments to operate within the reduced appropriations. Only the other day I referred to a current report made which indicated the effect of this extra pay-cut provision, at that time I said—

Mr. DICKSTEIN. That is correct.

And, in addition, I wish to call to the attention of the House some figures just last Sunday published in the press of this city.

The Civil Service Commission reported to the Senate Economy Committee the force with which the administrative furlough provision of the economy act is hitting the personnel of the Government services.

The employees of the State Department, the Treasury Department, the Post Office Department, the Government Printing Office, the Veterans' Administration, and 18 other Government establishments have not been subjected to loss of compensation resulting from an administrative furlough in addition to the legislative furlough.

The employees in the Commerce Department, the Agriculture Department, the Interior Department, the Justice Department, the Navy Department, the War Department, the Labor Department, the White House, and 12 other Government establishments have had to accept administrative furloughs without pay over and above the time covered by the legislative furlough.

In those departments and establishments where administrative furloughs without pay has been resorted to there are estimated to be 172,592 employees, and of these about 20,015 were given a payless furlough.

From the figures appearing last Sunday it appears that over 81 per cent of the total number of employees given this payless administrative furlough are being paid a salary of less than $3,000 each per year and only 3,679 have salaries of upward from $3,000. So that the bulk of the salary loss to individual employees is laid upon those who get a normal salary of downward from $3,000.

The Department of Commerce, with its 14,796 employees, furloughed 9,139 of them; while the Interior Department, with 12,511 employees, only furloughed 79. The Navy Department, with a personnel of 50,106, has only furloughed 1 person, while the War Department furloughed 732 out of its 47,349 total personnel.

The tabulation further indicates that the principle of administrative furloughs, which was held out as the embodiment of the "spread work" idea, and could be applied to about 485,-

141 employees in the executive civil service, is, as a matter of actual application, reaching only about 4 per cent of that number, and these 4 per cent stand a loss totaling over $4,000,000 of their normal annual income.

Let us not go any farther than we have already gone along this line. The temptation to balance the Budget by decreasing the pay of Government workers is a great one.

Particularly in a Congress, which like the present has no responsibility to voters, the tendency to do mischief is more than prevalent.

We had an instance of it the other day when on the vote relating to prohibition repeal Members of this House who will not come back after March 4 recklessly cast their vote contrary to the platform pledges of both political parties and contrary to the wishes of the great majority of their constituents.

It is a time when all of us who still represent our constituents have the responsibility of doing the greatest good for the greatest number. Remember that the balance of the Budget, while an important task in itself, shall not be at the expense of those who are least able to carry the burden. If the Budget must be balanced, let us place a tax burden where it belongs and not penalize poor public servants by reducing their pay. [Applause.]

Mr. SHREVE. Mr. Chairman, I yield five minutes to the gentleman from Oklahoma [Mr. GARBER].

Mr. GARBER. Mr. Chairman, members of the committee, it is not inappropriate to pause for a brief period during the consideration of this bill to express a word of appreciation of one who recently lost his life in the service of his country.

On last Friday, January 20, the Associated Press dispatches announced the sudden death of Lieut. Irvin A. Woodring while engaged in the most dangerous flying of the Air Service in testing an experimental attack plane submitted to the Government for its use. While approaching Wright Field, near Dayton, Ohio, his plane was seen to explode in the air, rendering escape impossible. On last Monday, January 23, his remains were laid to rest with military honors in the National Cemetery at Arlington, a 5-plane formation with one blank file from Bolling Field participating at the service, Chaplain Ralph C. Deivert officiating. Acting as honorary pallbearers were Maj. Asa M. Duncan, Capt. Harlan W. Holden, Capt. William J. Flood, Capt. George C. McDonald, Capt. Edwin J. House, and Capt. Charles M. Cummings.

Lieutenant Woodring was born and raised on a farm near my home city of Enid, Okla. He attended the public schools and thereafter entered the service. I knew him as a modest, unassuming lad, ambitious, conscientious, and appreciative. He received his flying training at Brooks and Kelly Fields and was graduated in pursuit flying in September, 1924. Upon several different occasions early in his career I had the privilege of recommending him for consideration to the War Department, and each time he made such recommendations good. He proved his merit, he honored the traditions of his profession for bravery and gallantry. His signal service to his country is his best eulogy.

When Colonel Lindbergh made his tour following his successful New York–Paris flight in 1927, from the many courageous fliers in the Government service Lieutenant Woodring was selected as his escort.

In 1927 he won the Mitchell speed trophy race for Army pilots at Dayton, Ohio.

He climaxed his aviation exploits in October, 1930, when he carried the Japanese ratification of the London naval treaty from Vancouver, British Columbia, to Newark, N. J., in record time. On that occasion his escort pilot, Lieut. William Caldwell, was killed while flying through a Wyoming blizzard, but Lieutenant Woodring pushed onward, arriving safely after two forced landings. For this feat he received the distinguished-flying cross, an exceptionally laudatory citation.

In 1930 he became a member of the Caterpillar Club when he took to his parachute during a "dog fight" in the air in Sacramento, Calif., after his plane became disabled.

He was the last of the famous daring "Three Musketeers of the Air," so designated because of their skill and dauntless courage in aerial navigation, flying solo or as a unit. He was recognized as one of the outstanding fliers in the service. He was but 31 years of age at the time of his death on January 20, when he made his last flight. He undoubtedly has joined his comrade musketeers. His high courage, daring, skill, and outstanding achievement in his chosen career have won for him honor and fame. His exemplary life of self-development and achievement affords a worthy example to the boys of our land in the common walks of life—the assurance to them that the doors of opportunity are still open wide to those, however humble, who have the industry and courage to enter. His death is mourned by the entire Nation. [Applause.]

Mr. OLIVER of Alabama. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose, and the Speaker having resumed the chair, Mr. OLIVER of New York, chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill H. R. 14363, had directed him to report that it had come to no resolution thereon.

SPEAKER PRO TEMPORE FOR THE EVENING SESSION

The SPEAKER. The Chair designates the gentleman from Illinois [Mr. RAINEY] to preside at the evening session.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 8750. An act relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval a bill of the House of the following title:

H. R. 8750. An act relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma.

RECESS

Mr. OLIVER of Alabama. Mr. Speaker, pursuant to the order of the House, I move that the House take a recess until half-past 7 this evening.

The motion was agreed to; accordingly the House, under its previous order, took a recess until 7.30 o'clock p. m.

AFTER RECESS

At 7 o'clock and 30 minutes p. m., the House was called to order by Mr. RAINEY, as Speaker pro tempore.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its principal clerk, announced that the Senate had passed the following concurrent resolution, in which the concurrence of the House was requested:

Senate Concurrent Resolution No. 41

Resolved by the Senate (the House of Representatives concurring), That the secretary of the Senate be, and he is hereby authorized and directed, in the enrollment of the bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, to insert on page 2, line 9, of the engrossed House amendment, after the figures "1933," the following: "or on livestock."

STATE, JUSTICE, THE JUDICIARY, COMMERCE, AND LABOR APPROPRIATION BILL, FISCAL YEAR 1934

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 14363) making appropriations for the Departments of State, Justice, Commerce, and Labor, for the fiscal year 1934, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14363, with Mr. OLIVER of New York in the chair.

The Clerk read the title of the bill.

Mr. OLIVER of Alabama. Mr. Chairman, I yield seven minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD of Georgia. Mr. Chairman, I ask unanimous consent to extend my remarks and to read in my time during the course of my present discussion an article from the pen of the late Senator Watson, of Georgia, entitled "Planting Corn."

The CHAIRMAN. Without objection, it will be so ordered.

There was no objection.

Mr. LANKFORD of Georgia. Mr. Chairman, there are innumerable farm-relief proposals—a few good and many bad. There is not enough wheat and entirely too much chaff.

There is not enough of the eternal sparks of truth and justice, and too much noise and smoke. Too much legislation is labeled "farm relief" which could be more appropriately marked "deadly poison." The Federal farm loan act is a vicious and malicious outrage of this type. It was labeled "for the farmer," and is to-day doing more to rob the farmers of their homes than all other governmental and private agencies combined, and Congress—over the bitter protest of a few of us—is aiding and abetting this high-handed outrageous performance. Many of the Federal land banks lead the farmers to secure loans from them on the idea that they were specially favored agencies of the Government with a divine mission to serve the farmer, and yet their every move is actuated by motives as selfish and base as ever actuated a cutthroat or dominated a pirate of old. It is publicly charged, and not denied, that they are cruelly and relentlessly waging a warfare more terrible and devastating than Sherman's march to the sea, and still Congress at last session brushed aside those of us who dared object, and voted $125,000,000 more for these selfish and criminal purposes, to be used in an even fiercer and more destructive warfare on innocent men, women, and children whose homes are mortgaged to the Federal land banks, or who own stock in them.

These banks are applying the same murderous tactics to the farmers and the bank's bondholders that the highwayman uses when he finds a man and his family alone and commits the double crime of robbery and wholesale murder. And the awful tragedy is that not only is Congress making no bona fide effort to stop this most awful crime of the age, but now it is becoming evident that millions and even billions of dollars more are to be squeezed out of the people and graciously delivered into the hands of these enemies of the home owners of our country, so they can build a more powerful death trap for the innocent and operate their mortgage-foreclosure guillotines with greater speed and in a more devastating manner. If Congress votes more billions of dollars to further carry on this national carnage, I beg that the legislation be not labeled "farm relief" but instead be branded "for the humiliation, robbery, and destruction of the last survivors of a once noble and independent group of our citizens known as the independent, individual, home-owning American farmers."

My convictions on this matter are well known to those familiar with my record here, so with these observations I wish to briefly state my views on what I feel is a real farm-relief program.

During this emergency I would pass some legislation with a real "kick" in it to bring immediate relief. If within my power, I would put into effect at once a program to refinance the debts of the farmers and other home owners so as to cut these debts in half or, to a greater extent, with interest entirely eliminated or reduced to a minimum. The farmers' debts now are being reduced to this extent, but others are getting their homes, and the Federal land banks and others are getting all the benefits of these reductions and the farmers are being driven into abject poverty and the most cruel slavery.

In order to put the farmers on a parity with the banks, I would monetize farm mortgages and if necessary farm products by providing for the issuance of tax-free currency on these properties of the farmers up to 80 per cent of their present market values. This would enable the Government to refinance the farm loans as I have just mentioned and insure the return of homes taken over by foreclosures and prevent future losses of this character. This currency would be as safe as that now issued, would at once put sufficient money into active and effective circulation, stop loan foreclosures, eliminate the unemployment menace, and make the farmer financially independent.

It would also provide an efficient method and means of enabling the farmers to finance their production of crops and their marketing problems. With the farmers' lands and produce monetized, the working of my contract system of controlling production, marketing, and prices would become perfection itself.

All these with exemptions of homes from all taxes and such other remedial legislation as should naturally follow, would constitute farm relief, pure and undefiled.

To my mind there is no reason for anyone urging that the monetization of farm lands and farm products is extreme or means the abandonment of the gold standard. The farmers' paper now is used as part of the monetary base of our currency. The only difference is that now the big banks get the benefits of issuing tax-free bank notes or currency and charge the farmer interest on the money issued on and secured by the farmers' securities. We now pay the banks a bounty to issue money, a privilege that should be exercised by the Government for the benefit of those—the farmers in this instance—who furnish the base or security for the issue. But it is urged that this would be fiat money and only backed by the Government's promise to pay. This is equally the case with much of the money issued to-day by the banks.

Congress now does the absurd thing of providing for the issuance of Government bonds which, when sold, can be placed back on deposit with the Government as the base for the issuance of currency by the banks.

The Government—the people, all of us pay the banks millions of dollars interest to issue interest-free money and hoard it to the destruction of the Nation. This money has nothing back of it except Government bonds—the promise of the Government. The money I am pleading for in behalf of the farmer would have exactly the same promise of the Government backed up by absolutely safe farm land and farm products as security. In fact, the farmers' currency, I am now pleading for, would be secured not only by the Government's promise to pay but also by gilt-edge liens on farm lands and farm products. Why not do for the farmers just what we are doing for the banks except that the relief I am seeking for the farmers would be much safer—better secured—and would not cost the taxpayers the interest on bonded indebtedness that is now being paid on the bonds used by the banks for the base of much of their issue of currency.

Since the Government is so fully committed to the use of Government bonds as the base for the issuance of currency, why not require the Government to issue billions of bonds if needed and sell them to the farmers for first liens or mortgages on farm lands, based on a reasonable valuation of the lands and improvements? Let these bonds which the farmers get be for 30 or 50 years at, say, 4 per cent interest, and also let the indebtedness secured by the farmers' mortgage be for the same term of years at the same rate of interest; both to be tax free.

This would be simply swapping farm mortgages for Government bonds with the maturity date and interest on both to be the same. The interest on the farmers' bonds would exactly pay the interest on the mortgages held by the Government on the farmers' lands; both would be tax free and come due at the same time. As the years rolled by, the interest on one would exactly pay the interest on the other. It would be simply a matter of bookkeeping in the Treasury Department. This is better than what happens now with the banks, for the banks now get real money to the song of

hundreds of millions of dollars per year out of the bonds left on deposit to secure the banks' issue of currency.

Now, since upon the deposit of bonds with the Treasury Department as a monetary base on which currency can be and now actually is issued, and since the farmers of the country would own billions of bonds under this plan, why not let them deposit their bonds just as the banks now do, and receive the equivalent in currency to be used by the farmers in settling in full their loans, which they, of course, would have to settle in order to furnish a first lien to the Government. The Government would have a first lien on the farmers' land to secure the payment for the farmers' bonds and would also hold the farmers' bonds to secure or furnish the base for the money issued for the farmer. The net result of this arrangement would be that the farmer would get issued and delivered to him enough money to pay off his present long-term loan at a tremendous discount, and would owe the Government the amount of the money received, secured by a first lien on the farmers' property, to become due in 50 years without the payment of either interest or any installment during this long term of years, and with the privilege of renewal for another 50 years at the end of the first 50. With loans now being settled for much less than the face value, this plan would enable the farmers of the country to settle their present loans for about one-half of their present value or even less and get the money for the settlement for 30 or 50 years without interest.

This sounds too good to be true, but it is not as great a privilege or benefit as the Government allows the banks at this very moment.

But they say this would get all the farmers' lands tied up for a long term of years. It would not get it tied any worse than it is at present. Then, again, as the farmers land became more valuable, it could be remortgaged and additional money issued from time to time.

With this plan carried into effect, there would not be the slightest need for the issuance of any script or tax money now advocated by some as an emergency measure. This would put an abundance of money into immediate use and the life-insurance companies, long-term loan companies, saving-deposit banks, and others now loaded down with frozen long-term farm paper would have plenty of money and a rejuvenated prosperity, permanent in its nature, would be evident on every hand.

I also favor the use of farm products as the base for currency when those farm products are held in large quantities, properly warehoused, by the farmers for the purpose of securing a proper marketing arrangement. This would enable the farmers to hold their products and feed into the market only so much as could be absorbed at a fair price. As the farm products were sold, the mortgage held by the Government against the products must be reduced; and, of course, the money received for the farm products when sold would be paid to the governmental agency; and in this way the money of the country would increase or diminish in accordance with the prosperity of the Nation from an agricultural standpoint, and a few international bankers or other big financiers could not corner the money of the Nation and leave the farmer and his folks to languish and die.

This arrangement, advocated by me, would give the very greatest liquidity to liens on farm lands and products and insure an elasticity to our currency, so much needed by our Nation.

Let us give this monetary system to the farmers and work out a contract system as advocated by me, to enable them to control their production and marketing so as to elevate and stabilize their prices, and then give them similarly fair legislation as to taxes and other problems, and we will have given them real farm-relief legislation as promised for hundreds and hundreds of years, and as yet never before granted.

Mr. Chairman, to my mind this would be farm relief pure and undefiled. This would put the farmers on a parity with the banks and other industries—nothing else in my humble judgment will at all approach such an equality.

No real argument can be made against giving the farmers the same benefits now accorded the bankers. Let us give our farmers a square deal if we wish the return of real and lasting prosperity.

Mr. Chairman, in speaking of the farmers' problems my mind invariably goes back to the time when I was a boy on the old farm down in Clinch County, Ga., and often I remember again the splendid article from the pen of the late Senator Thomas E. Watson, of my State, descriptive of a farm picture familiar to many of us and telling of a great truth that should be universally recognized.

Senator Watson loved the country folks, and they loved him. There is no prettier or truer tribute to the farmer in literature than Senator Watson's Planting Corn. The picture is so true to life; I can see my father now in the "old bay fields" plowing and we children dropping corn. It is a true picture of millions of farmers and their children planting corn. Here it is:

The bluebird was out to-day—out of his blossiest plumage, his throat gurgling with song.

For the sunlight was warm and radiant in all the South, and the coming of spring had laid its benediction on every field and hedge and forest.

The smell of newly plowed ground mingled with the subtle incense of the yellow jasmine, and from every orchard a shower of the blossoms of peach and apple and pear was wafted into the yard and hung lovingly on the eaves and in the piazzas of the old homestead—the old and faded homestead.

Was there a cloud in all the sky? Not one, not one.

"Gee, mule! ! !"

"Dad blast your hide, why don't you gee-e-EE! !"

"Co-whack" goes the plowline on the back of the patient mule—the dignified upholder of mortgages, "time price" accounts, and the family credit, generally.

Down the furrow and up the furrow, down to the woods and up to the fence—there they go, the sturdy plowman and his much-enduring but indispensable mule.

For the poplar leaves are now as big as squirrel ears, and it's "time to plant corn."

On moves the plowman, steady as a clock, silent and reflective.

Right after him comes the corn dropper, dropping corn.

The grains fairly chink as the bare feet of the corn dropper hurry past; and before the corn has well cuddled itself into the shoe heel of the plowman's track down comes the hoe of the coverer, and then the seeds pass into the portals of the great unknown—the unknown of burial and of life renewed.

Peeping from the thicket near at hand the royal redbird makes note of what is going on, nor is the thrasher blind to the progress of the corn dropper. And seated with calm but watchful dignity on the highest pine in the thicket is the melancholy crow, sharpening his appetite with all the anticipated pleasures of simple larceny.

The mocking bird circles and swoops from tree to tree, and in his matchless bursts of varied song no cadence is wanting, no melody missed.

The hum of the bees is in the air; white butterflies, like snowflakes, fall down the light and lazily float away.

The robin lingers about the china tree, and the blue jay, lifting his plumed frontlet, picks a quarrel with every feathered acquaintance, and noisily asserts his grievances.

The joree has dived deeper into the thicket; and the festive sapsucker, he of the scarlet crest, begins to come to the front, inquisitive as to the location of the bugs and worms.

On such a day, such a cloudless, radiant, flower-sweetened day, the horseman slackens the rein as he rides through lanes and quiet fields, and he dares to dream that the children of God once loved each other.

On such a day one may dream that the time might come when they would do so again.

Rein in and stop here on this high hill. Look north; look east where the sun rises; look south; look west where the sun sets—on all sides the steady mule, the steady plowman, and the children dropping corn.

Close the eye a moment and look at the picture fancy paints. Every field in Georgia is there, every field in the South is there. And in each the figures are the same—the steady mule and the steady man and the pattering feet of the children dropping corn.

In these furrows lies the food of the Republic; on these fields depend life and health and happiness.

Halt those children and see how the cheek of the world would blanch at the thought of famine.

Paralyze the plowman and see how national bankruptcy would shatter every city in the Union.

Dropping corn! A simple thing, you say.

And yet, as those white seeds rattle down to the sod and hide away for a season, it needs no peculiar strength of fancy to see a Jacob's ladder crowded with ascending blessings.

Scornfully the railroad king would glance at these small teams in each small field; yet check those corn droppers, and his cars would rot on the road, and rust would devour the engines in the roundhouse. The banker would ride through those fields thinking only of his hoarded millions, nor would he ever startle himself with the thought that his millions would melt away in mist were those tiny hands never more to be found dropping corn.

The bondholder, proud in all the security of the untaxed receiver of other people's taxes, would see in these fields merely the industry from which he gathers tribute; it would never dawn on his mind that, without the opening of those furrows and the hurrying army of children dropping corn, his bond would not be worth the paper it is written on.

Great is the might of this Republic; great in its schools, churches, courts, legislatures; great in its towns and cities; great in its commerce; great in its manufactures; great in its colossal wealth.

But sweep from under it all these worn and wasted fields, strike into idleness or death the plowman, his wife, and his child, and what becomes of the gorgeous structure whose foundation is his fields?

Halt the food growers and what becomes of your gold and its intrinsic value?

How much of your gold can you eat?

How many of your diamonds will answer the need of a loaf?

But enough.

It is time to ride down the hill. The tinkle of the cowbell follows the sinking sun—both on the way home.

So, with many an unspoken thought, I ride homeward, thinking of those who plant the corn.

And hard, indeed, would be the heart that, knowing what these people do and bear and suffer, would not fashion this prayer to the favored of the Republic:

"O rulers, lawmakers, soldiers, judges, bankers, merchants, editors, lawyers, doctors, preachers, bondholders, be not so unmindful of the toil and misery of those who feed you!"

Mr. OLIVER of Alabama. Mr. Chairman, I yield to the gentleman from Oklahoma [Mr. SWANK] such time as he may desire.

Mr. SWANK. Mr. Chairman and members of the committee, this short session of Congress convened on the 5th day of December, 1932, and since that time appropriation bills have been passed amounting to the sum of $1,485,455,833.57, and I sometimes wonder where the money is coming from to pay these expenses. It is true that nearly all money to pay the expenses of the Federal Government is derived from an income tax, and those with the taxable incomes pay most of the taxes. We must not overlook the fact, however, that incomes are greatly decreasing and many of the large incomes of former years have dwindled to nothing. The Treasury Department says that in the last year there has been a shrinkage of 23 per cent in the incomes of the people. In 1929, 513 men paid tax on an income of $1,000,000. In 1930 the number decreased to 150 and in 1931, 75 men paid a tax on an income of $1,000,000. We can not continue to appropriate billions of dollars each year without provisions for getting the money.

The best way to balance the Budget is to reduce expenses of Government and provide work for our people, instead of looking for additional methods to lay further taxes upon their bended backs. National, State, county, and local taxes must be reduced. Most of the taxes that burden our people are taxes other than Federal, such as State, county, and the taxes we vote upon ourselves. The people have not paid so much attention to this tax question until the depression arrived, but now the homes of our people are being sold for taxes, interest charges, and mortgages.

Mr. Chairman, the American home is the foundation of this Republic, and we should do everything possible to preserve the home and family life. With a happy and contented people we will have a firm and stable Government. This Government can not much longer survive with the great discontent on every hand, with people losing their homes, and with 12,000,000 men and women walking the streets and highways looking for work, and this number increasing daily. Home life can not be promoted with the continuance of high taxes. Even now, when our people are crying for tax relief to save their farms and homes, we hear the ominous sound of an attempt to levy a sales tax upon our people. Their homes have been taken for taxes, and now the great powers that have so much influence in our Government desire to levy a sales tax upon our people. If the money can be derived by a sales tax or any other tax, then expenses of Government will not be reduced. I favor a large reduction in expenses and am also opposed to a general sales tax.

In the early days of this session the House passed the eighteenth amendment repeal resolution and the beer bill, but a return to legalized liquor will not return prosperity. Speaking of platforms, I wish to call the attention of my Democratic colleagues to the fact that the Democratic platform of 1932 advocates "the enactment of every constitutional measure that will aid farmers to receive for their basic farm commodities prices in excess of cost." That platform also advocates an immediate and drastic reduction of governmental expenditures to accomplish a saving of not less than 25 per cent in the cost of Federal Government. If such a reduction were made in Federal expenditures, no additional tax levy would be necessary.

In the last session of Congress I introduced H. R. 7797, which is the Farmers' Union plan for farm relief. This bill provides a plan whereby farmers would receive at least cost of production on that part of their crops consumed in this country. The Democratic platform goes farther than that and advocates prices in excess of cost of production. The House has passed the domestic allotment farm bill, which I believe will bring a measure of relief to a stricken agriculture, if enacted into law.

The Washington Post, the chief Republican and special-interest paper of this section, in its issue of January 14, 1933, contained an editorial entitled "Farm Parity." It says that no sound remedy for the farmers' ills is known, and criticizes the allotment bill that passed the House a few days ago. The same paper, January 19, 1933, criticizes any money-expansion plan and the sponsors as "quack economists and politicians." This paper does not criticize the huge tax refunds in the sum of $65,000,000 for the year 1931. Statements have been put in the RECORD showing that many of those who have always received these big refunds have been liberal contributors to the Republican campaign. Well, thank goodness, this Washington Post will not have anything to do with the next administration, which will be administered for the whole people, but it has wielded a powerful influence since March 4, 1921.

In the last session of Congress a moratorium on foreign debts owing us was passed in the sum of $252,000,000 and the $2,000,000,000 Reconstruction Finance Corporation act was passed for the benefit of big business, thinking that perhaps a few pennies would trickle down to the average man, but not much of it has trickled. Congress should stop its policy of legislating for the big-business interests of this country and pass laws for all the people alike. There will be no return to prosperity until it returns to the farm, and the farmers can not continue to produce the necessities of life at less than cost.

Mr. Chairman, we are now standing upon the brink of disaster unless Congress acts for the people. Legislation can be enacted that will restore prosperity, provide a reasonable price to our farmers for their products, put people to work, rehabilitate business, and restore the purchasing power of our citizens. Some 100 Members of Congress of the different political parties have organized a "congressional forum," which has for its purpose the enactment of relief legislation. It is necessary that something be done at once and, for that reason, a bill was prepared by a special committee of this forum, of which I am proud to be a member, and this bill has been introduced. It authorizes and directs the Secretary of the Treasury to borrow money on the credit of the United States not exceeding $3,000,000,000 upon 1 per cent bonds issued by the Treasury Department, and immediately transferred by the Secretary of the Treasury to the Federal reserve agents of the Federal reserve banks. This bill provides for the issuance of Federal reserve notes or paper money against these bonds and a 20 per cent gold reserve. I believe the bond provision should be stricken from the bill and the currency issued without any bonds.

The Federal reserve act of December 3, 1913, provides that every Federal reserve bank shall maintain reserves of gold of not less than 40 per cent against its Federal reserve notes in actual circulation. We now have gold coin and bullion in the sum of $4,339,545,395. The circulation statement of the Treasury Department says that we have in circulation in all kinds of money the sum of $5,647,000,000. While that money is outside of the Treasury Department and is therefore said to be in circulation we must remember that there is not

probably more than half that amount actually circulating. If this bill or a similar bill were enacted into law and money put in circulation, relief would at once be had. Under our present gold standard law requiring a 40 per cent gold reserve, which is a high reserve, $11,000,000,000 in Federal reserve notes and currency could be issued, or an increase of nearly $6,000,000,000 over the amount of money now in circulation, as given by the Treasury Department.

When a national bank desires to have currency issued to it to loan to its customers it deposits United States bonds with the Treasury Department, and this department has the Bureau of Engraving and Printing issue money to the bank in the denominations desired. The bank is required to make a deposit in money of 5 per cent of the amount issued. When the bonds are taken up by the bank this 5 per cent deposit is returned. The only other charges on the bank are one-half of 1 per cent per annum for printing the money, 70 cents to $1.10 per $1,000 for redemption, which covers postage and destruction of old currency, and $5 per year for a Washington representative. The bank gets the interest on the bonds and then loans the money to its customers and collects interest charges. If the Treasury Department can issue money to the banks to loan to the people, it can also issue money upon as sound a basis as provided in this bill, and the money would be used to pay salaries, pensions, and other expenses of government, and thus be placed in circulation.

The report of the Comptroller of the Currency shows that the banks of this country have cash in their vaults in the sum of $791,627,000 and deposits of $45,390,269,000. From these figures it is seen that the amounts the banks have in their vaults is less than 2 per cent of their deposits, and yet we hear the objection of issuing currency against our gold reserve on our gold-standard basis of 40 per cent.

During the past 12 years 1,571 national banks, with deposits of $1,143,857,000, failed in this country, and State and private banks to the number of 8,913 failed, with deposits of $3,738,624,000. This makes a total of 10,484 bank failures in this time, with total deposits of $4,882,481,000. Legislation must be enacted to put a stop to these failures and that can be done. If more currency is placed in circulation and business revived, we will have accomplished the greatest result in this direction. Most of these failures have been no fault of the local banks and bankers, but by reason of the currency contraction and deflation by the Federal Reserve Board, and by reason of loans which were good when made and are uncollectible now. The Federal Reserve Board can, under its authority now, put the needed money in circulation, under the gold standard act, and no further law is needed if the board would act for the best interests of the people. In my judgment, one of our greatest needs is a complete reorganization of the personnel of the Federal Reserve Board, and the appointment of men who are in complete sympathy with the masses of our citizens, and who will act for the best interests of our country. I hope and believe that when the incoming administration is inaugurated this needed change will be made. The personnel of the board should be changed or the Federal reserve act should be repealed.

In addition to this measure, I believe silver should be remonetized and used as a basis for issuing silver certificates or currency, the same as gold certificates are issued against gold in the Treasury Department. Several good silver bills have been introduced, and I trust that some of them will be enacted into law in the next Congress. What this country needs is more stable money in circulation, and I have never heard a single Member of Congress nor any economist deny that fact. The gold dollar is too high and farm commodities too low, by reason of the increased price of gold. A decrease in the exchange value of money always means a corresponding increase in commodity prices and vice versa. The question of the return to prosperity must be solved by a change in our monetary system, and the control of our money must be taken out of the hands of the international bankers who are trying to cancel the debts that foreign governments owe us, and the power "to coin money and regulate its value" must be returned to Congress, as provided in the Constitution. Money provided to be issued by the direction of the Treasury Department, as provided in the bill mentioned, and the issuance of silver certificates against silver can not be called dishonest or fiat money. It would all be done under our present gold standard law and would put money in circulation.

The original standard English pound was a bar of silver, which represented a pound in value; and this was divided into 20 parts, called shillings; and the shilling was divided into 12 parts, called pence. During the reign of King Edward III he needed money to pay his debts, and he ordered the pound of silver to be divided into 22 parts, and by proclamation ordered that each of these pieces should be called a shilling and should be accepted as such in payment of the debts of the country and also of private debts. History says that this caused an increase in the prices of commodities. Bills have been introduced in this Congress to lessen the gold content of the dollar in a similar manner.

There would be no surplus of farm products if the people could find work and earn money to enable them to buy the necessities of life. The selfish money interests of the country will no doubt oppose bills of this nature, as they have done in the past, but in the last election the people of this country were enthroned, and I believe a different policy is going to be pursued. Everyone says that something should be done, but there is no action taken, and we can not expect any during the continuance of the present régime. On the 4th day of March, however, a new administration will be inaugurated to take over and administer the affairs of this Government. That administration was elected upon a platform of reform and progressivism. The people are expecting relief, and I believe that they will not be disappointed. The big money interests of the country, the financial wizards, and captains of industry have imposed upon the people long enough and they are not going to submit much longer, like galley slaves or peons. Almost daily we read in the papers where law-abiding farmers have assembled at courthouses and stopped foreclosures on homes, and this action just shows the determination of the people to have remedial legislation passed. I can not understand why those in charge of the affairs of government will not advocate something that will bring relief to all the people, instead of legislation for a few of the big boys who contribute so liberally to campaigns.

Mr. Chairman, our people have been patient and long suffering and we have about arrived now to the place where action must be taken. After the 4th of March the Democratic Party, of which I am proud to be a member, will be in charge, and I hope and believe a change will be had for the benefit of all the people of the country, big and little alike. The $208,000,000,000 of debts in this country can not be paid with the present value of the gold dollar. Most of the mortgages upon homes of the people of this country were made when wheat was selling for $1 or more per bushel and cotton at not less than 15 cents per pound; and now, if paid at all, they must be paid with wheat at 25 cents per bushel and cotton at 5 to 6 cents per pound. There must be a decrease in the value of the gold dollar and an increase in the price of farm products, or else a great reduction in mortgages, if they are ever paid.

Why talk, discourse, and argue, when such a crisis confronts us? It is time for action. Put sound money in circulation, restore business, put people to work, and we can meet expenses without any further tax bill; yes, we can eliminate from the present tax law many of the nuisance taxes, have money with which to run our schools and save the homes of our people. The people are waiting for the new administration. The time for argument will soon be over and the people are going to have action. We must not have revolution in our country, but the people must be protected. Special laws, like our present tariff laws, for a privileged few must not be continued, and the clutches of a few selfish money interests must be removed from the Treasury of the United States. I feel confident that the new administration, so overwhelmingly elected last November, will

bring about the needed change and that a reasonable prosperity will soon be with us again. [Applause.]

Mr. OLIVER of Alabama. Mr. Chairman, I yield five minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, I am sorry, indeed, that the entire membership was not present this evening to listen to the eloquent address by the gentleman from Georgia [Mr. LANKFORD] on dropping corn. It made me think of my boyhood days when, as a barefoot lad, I performed that task myself, and thus I appreciate those good days. [Applause.]

Possibly there is no question now before the American people that has been discussed more than the paying of the adjusted-service certificates to the soldiers of the World War. This question should be solved and the soldiers of this country cared for as they should be.

Many of those who went to war had the business they were engaged in at that time broken up and have returned home to try to start again in life and under this time of distress and depression many of them are having to fight another hard battle. The soldiers of this country have been poorer paid than any nation of like ability. Besides that, the United States furnished the most of the money to carry on the World War.

Our boys were called under the selective draft, drafted and sent into the foreign land to fight under the command of the officers of this Government. It was not a matter of choice with them, but became a duty when called into service. They were without fear, not knowing what the consequences might be to them and their loved ones. More than 200,000 of our American boys fell in this great conflict and many thousand more were injured for life.

A bill was introduced last year and discussed at great length trying to solve the problem of how to pay the adjusted-service certificates with the result that nothing was accomplished. Again it has been considered and nothing done during this session of Congress. It would be a matter of impossibility now to raise enough funds to pay off these adjusted-service certificates.

I think that my bill H. R. 14362 will be highly satisfactory to every holder of an adjusted-service certificate and will be fair and just to both the soldier and the National Government. The protest made against the payment of the certificates now has been that the Government was not able to pay them. My bill takes care of that situation and properly cares for the soldier and does not place a burden on the Government that it can not well afford to bear.

Section 1 of my bill provides as follows:

That from and after the passage of this act the adjusted-service certificates issued to the veterans of the World War, under the act of 1924, due and payable in 1945, shall bear interest at the rate of 3½ per cent, payable annually by the Treasurer of the United States Government, out of any funds not otherwise appropriated.

The service certificates issued to them were payable in 1945 without interest. The soldier to borrow money on his service certificate has been required to pay 3½ per cent interest on the amount he borrowed. My bill reverses the interest charge, and provides for the annual payment of the interest on these service certificates by the Government.

Section 2 of my bill is as follows:

Said adjusted-service certificates are by this act made negotiable and may be negotiated as any other negotiable paper, but shall not be sold for less than their face value.

Under this provision of the bill the adjusted-service certificate could be cashed without any hesitancy and would put $2,400,000,000 immediately into circulation, and it would go to every corner and part of the United States.

The great trouble we have had in the past in trying to expand the currency is how to get it out and get it into immediate circulation. This bill would put the $2,400,000,000 immediately into service and use.

This section also provides that they shall not be sold for less than their face value. That prevents the soldier from being deprived of the full value of his certificate. Government bonds sell to-day at a rate of interest much less than this, and every adjusted-service certificate could be cashed within 30 days after they were allowed to be negotiated as provided for in this bill.

Section 3 of the bill provides as follows:

Any sale or exchange of said certificate for less than face value is hereby declared void.

And, Section 4 simply repeals the laws in conflict with this act.

This bill will serve two great purposes: First, it will do justice to the soldier; and second, it will put money enough into circulation to stimulate business and start us forward again. Not only this, but it will prove to be economical for the Government to pay this rate of interest for this reason. As every informed person knows, the cause of an unbalanced budget is the fact that our revenues from incomes have fallen off within the last two years nearly $1,000,000,000. This amount of money, $2,400,000,000, put into circulation and used at once, would so stimulate business and trade that the revenue derived from incomes from the effects of this bill would very much more than care for the interest amount that the Government would be required to pay. The Government would not be required to pay anything until the end of one year, and then only the interest, and the interest then paid annually from that time on until 1945. The soldier who might be able to do so could well afford then to hold his certificate.

Mr. HOOPER. Will the gentleman yield?

Mr. GLOVER. I yield.

Mr. HOOPER. Is this money due yet?

Mr. GLOVER. Well, not under the act. It is not due under the act, but morally it is due.

Mr. HOOPER. Why should we pay the money 12 years before it is due?

Mr. GLOVER. I am not asking that you pay it. I am not asking the Government to pay it until it is due in 1945. I am simply saying to that man who fought a battle and won a victory for you that he ought to have the right to handle his own paper; he ought to have the right to sell it. It does not cost your Government anything. It would not cost one penny's interest for one year, until all this money is put out into use, and the Government could get in revenue collection from the operation of that money in business, and then we would not have to have any inflation or even talk about it.

A table was placed into the RECORD last year showing how much would go back to each State if this amount of money was paid to the soldier, and it showed that more than $25,000,000 would be paid back to my State, the State of Arkansas, and much larger sums would be paid to the States of greater population and having more soldiers.

The moral and patriotic effect that this would have on the boys who fought in the last war would be wonderful. This would show to the boys who went and fought for our liberty that we meant what we said when we told them to go and make good soldiers and we would take care of them.

This bill simply puts the matter up to Congress as to whether or not they are willing to pay the adjusted-service certificates and the debt that the National Government owed to these boys. If this should be done now, and they were ever called again to service, they would know the attitude of the United States Government toward taking care of them after they have made the great sacrifice.

Mr. LANKFORD of Georgia. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. I yield.

Mr. LANKFORD of Georgia. The statement is made that this debt is not due. It is an honest obligation owed by the Government. Does not the gentleman think if we owe this money that we should consider paying it at the present time? It takes two to make a contract. Congress said this money is not due for many years, but the individual veteran did not agree to this extension. I feel it should be paid now.

Mr. GLOVER. I agree with the gentleman. It was manifestly unjust to agree to give them this additional sum for their services and then defer its payment until 1945 and put on a scheme of interest which would take up every dollar the soldier has in it, or practically so.

When this call was made by foreign nations to come over and help them make the world safe for democracy, no one then ever dreamed that in so short a time these nations would forget the great sacrifice of men and money that we made to help them.

France was fighting with her back to the wall, and her capital would soon have fallen had it not been for the rushing of American soldiers into the battle line to save them. Now they have shown their lack of appreciation of this by default in the payment of that which was due us on borrowed money and interest this year.

The United States Government sold bonds and raised money to loan to this nation and others to fight their battles. These bonds are outstanding now and bearing interest, and it is unthinkable that this nation, which is one of the richest nations now in the world, would repudiate their debt and place this burden of paying for this money borrowed on the backs of the taxpayers of the United States.

I for one shall contend to the last moment that they shall pay every dollar that they owe this Government with interest. In the settlement made with them around $4,000,000,000 were given them in the settlement. Now to think they would try to withhold the other is absolutely incomprehensible. We hope they will reverse their action, and I believe they will, and pay this debt that they so justly owe the United States Government.

Mr. HOOPER. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. I yield.

Mr. HOOPER. Are the soldiers in any different position than any other person as regards the payment of their money before it is due?

Mr. GLOVER. Oh, the gentleman ought to recognize that this is a legislative body.

Mr. HOOPER. I do.

Mr. GLOVER. I do not propose to change the time of paying this debt. If the gentleman will read the bill he will find that it does not mean that the Government redeems a single one of these certificates until 1945, and not one penny of interest is paid for one year.

Mr. HART. Mr. Chairman, will the gentleman yield?

Mr. GLOVER. I yield.

Mr. HART. Would it be any worse for us to adjust the time, or adjust the contract with the soldier, than for us to adjust the contracts of France, England, and Italy when they have agreed to pay?

Mr. GLOVER. I believe we ought to do justice first to our own boys. We had 200,000 of them who fell in foreign fields. Others are back here wounded and diseased in our hospitals to be cared for. Many others who were in good businesses were taken out by the selective draft, taken away from their businesses and put into a foreign land. This calamity has come upon them and they are in the greatest distress.

Mr. HOOPER. Will the gentleman yield again?

Mr. GLOVER. I yield.

Mr. HOOPER. Does the gentleman know of any other country that would pay a debt to any group of its citizens before it was due?

Mr. GLOVER. The gentleman can not be informed, I am afraid. I have told the gentleman three or four times that we are not going to pay these certificates before they are due.

In the same sense that France is obligated to pay her indebtedness to the United States Government, just so is the United States Government obligated to pay the soldier his adjusted-service certificate. My bill, H. R. 14362, makes this possible, and I hope we may pass it before the adjournment of this session of Congress. [Applause.]

Mr. OLIVER of Alabama. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. WEST].

Mr. WEST. Mr. Chairman and gentlemen of the committee, while we are discussing the various appropriation bills during this session of Congress, there are a number of important considerations which should guide us in determining the extent to which we are going to carry out what we believe are wise and sound principles of economy in the administration of public affairs during the coming year.

There is at the present time, as all of us know, a widespread and well-founded feeling throughout the country that a determined effort must be made to bring the cost of government within reasonable limits and bring the tax burden down to such a size that it will not carry with it too severe and unreasonable a hardship upon the people during this time of depression.

There was a time a few years ago when the income of the American people amounted to $90,000,000,000. At that time the total cost of Government, in the Nation and in the States and in the various local areas of government, amounted to about $10,000,000,000. This tax burden constituted about 10 per cent of the total income of our people, but during the course of this depression as we have gone on year after year and seen such drastic reductions in the income of the American people, we have come to the time when the total national income has been reduced, to a sum which is estimated this year at about $45,000,000,000. But instead of there being a corresponding drastic reduction in the cost of government in the Nation and in the States, this tax burden has gone on year after year, and we have increased the appropriations in the Federal Government and in the State governments until we are spending in this country practically $15,000,000,000 on government, or more than 30 per cent of the income of the people. This tax burden has become so great, and is resting so heavily upon the American people, that it will soon become intolerable. The cost of government must be reduced. The responsibility for this reduction so far as the Federal Government is concerned rests upon us.

But along with the realization of this increased burden there must be also a recognition upon our part that we should discriminate very carefully in regard to the appropriations that we make, so that the essential functions of government should not be impaired, and the definite obligations resting upon the Federal Government should not be ignored.

During this present session of Congress probably we shall appropriate $3,600,000,000. I presume that this is more than $100,000,000 under the President's recommendation. Our Appropriation Committee and the various subcommittees dealing with these various bills have very ably endeavored to bring this total down as reasonably and to as low a level as is consistent with the essential activities of the Government and in accordance with desirable standards of efficiency in the administration of public affairs. In this total you find in three items nearly three-fourths of our total expenditures. The item for the maintenance of the debt service, the interest on the national debt, and the sinking fund, amount to $1,200,000,000. We are spending somewhat over $900,000,000 on the various agencies of the Veterans' Administration.

We are spending something like $700,000,000 on the maintenance of the various establishments for the military and nonmilitary and naval activities of our Government.

This total is $2,800,000,000, leaving a balance of $800,000,000 for the maintenance of the civil establishment of the Government. If you take out of this the $141,000,000 or so that we spend on public works and highways, take the annual appropriation for the District of Columbia, take the post-office deficit, which a short while ago was $67,000,000 and which I have just been told by a member of the Appropriations Committee may run over $100,000,000 this year, we would be taking off of this balance of $800,000,000 something like $250,000,000 more, leaving for the maintenance of the civil establishment of the Government about $550,000,000.

This is only 14 per cent of the total of our appropriations. Eighteen years ago, back in 1915, when the total appropriation, of course, was only somewhat over $700,000,000, then the item for the maintenance of the civil establishment of the Government represented about 30 per cent of the total. We have cut the proportionate cost of the civil government 50 per cent in 18 years.

Let us realize, very definitely and very frankly, that the so-called untouchables in our Budget, those items that are fixed, those items which at the present time constitute the great bulk of our expenditures, are the ones that should

cause us serious concern; and that we can not, without impairment of our national administrative services, cut some of these appropriations in the bills before us more drastically than they have been cut through the work of our Appropriations Committee.

We must face frankly the fact we are not receiving an income at the present time, during this period of depression, sufficient to maintain all of these various items. The President says we will only get about $2,900,000,000, and this may fall short $300,000,000 and bring us down to $2,600,000,000.

Mr. Chairman, this is the condition that confronts us. If you would, for one year, suspend every activity of government in the civil establishment, abandon the activities of Congress and the various departments for one year, you are not getting enough in revenue during this time to maintain the civil establishment of our Government.

This matter of Government economy is a matter that is a challenge to us at the present time in this session, and this problem will become increasingly acute unless we realize very frankly the nature of these appropriations; on the one hand, the necessity that the services of Government that are maintained to promote the public welfare shall not be impaired, and, on the other hand, that we should very frankly and courageously take into account those elements in our National Budget that are constituting the bulk of Federal expenditure at the present time.

We are facing a crisis in our country that is almost beyond the endurance of our people. Unless we lighten this burden, unless we bring the tax burden in our Federal Government expenditures and in our various State expenditures down to a level that is commensurate with the national income at the present time, we are not going to bring relief to our people but are going to add to their distress and definitely retard business recovery.

This, it seems to me, is one of the elements in the problem of economy as we consider the various parts of this appropriation bill and the others that are before us in this session, and demands our most earnest and courageous attention if we are properly to discharge our responsibility to the people at this time. [Applause.]

Mr. OLIVER of Alabama. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. OLIVER of New York, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 14363, the State, Justice, Judiciary, Commerce, and Labor appropriation bill, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. ROMJUE, indefinitely, on account of illness.

ADJOURNMENT

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 12 minutes p. m.) the House adjourned until to-morrow, Thursday, January 26, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Thursday, January 26, 1933, as reported to the floor leader:

WAYS AND MEANS

(10 a. m.)

Subcommittee hearings on H. R. 13999, depreciated currency.

LABOR

(10 a. m.)

Continue hearings on 5-day week and 6-hour day proposals.

DISTRICT OF COLUMBIA—SUBCOMMITTEE ON THE JUDICIARY

(10 a. m., caucus room)

Continue hearings on District beer bill.

BANKING AND CURRENCY

(10.30 a. m.)

Continue hearings on farm mortgage and silver bills.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

881. A letter from the Secretary of the Treasury, transmitting the final report, prepared by the Surgeon General of the Public Health Service, on the extent and circumstances of cooperation by the Public Health Service with State and local authorities in the conduct of rural health work in the drought-stricken areas under the terms of the appropriation for the period February 6, 1931, to June 30, 1932 (H. Doc. No. 530); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

882. A letter from the Secretary of the Navy, transmitting draft of a bill for the relief of St. Anthony Hospital, at Michigan City, Ind., Dr. Russell A. Gilmore, Emily Molzen, nurse, and the Hummer mortuary; to the Committee on Claims.

883. A letter from the Secretary of the Navy, transmitting draft of a bill for the relief of Mrs. Carlysle Von Thomas, sr.; to the Committee on Claims.

884. A letter from the Secretary of War, transmitting draft of a bill to amend the act of May 22, 1928, to authorize the collection, in monthly installments, of indebtedness due the United States from enlisted men, and for other purposes; to the Committee on Military Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SHALLENBERGER: Committee on Interstate and Foreign Commerce. S. 5235. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownville, Nebr.; without amendment (Rept. No. 1910). Referred to the House Calendar.

Mr. LEA: Committee on Interstate and Foreign Commerce. S. 5357. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.; without amendment (Rept. No. 1911). Referred to the House Calendar.

Mr. SHALLENBERGER: Committee on Interstate and Foreign Commerce. H. R. 14126. A bill authorizing John C. Mullen, John H. Hutchings, both of Falls City, Nebr., and William Shepherd, of Rulo, Nebr., his or their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Missouri River at or near Rulo, Nebr.; with amendment (Rept. No. 1912). Referred to the House Calendar.

Mr. CHAPMAN: Committee on Interstate and Foreign Commerce. H. R. 14129. A bill to extend the time for the construction of a bridge across that portion of Lake Michigan lying opposite the entrance to Chicago River, Ill.; and a bridge across the Michigan Canal, otherwise known as the Ogden Slip, in the city of Chicago, Ill.; with amendment (Rept. No. 1913). Referred to the House Calendar.

Mr. CORNING: Committee on Interstate and Foreign Commerce. H. R. 14200. A bill to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River near Alexandria Bay, N. Y.; with amendment (Rept. No. 1914). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mrs. KAHN: Committee on Military Affairs. H. R. 636. A bill to convey certain lands in the county of Los Angeles, State of California; with amendment (Rept. No. 1908). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H. R. 14040. A bill for the relief of Edgar Stivers; with amendment (Rept. No. 1909). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 13442) for the relief of William George O'Neal; Committee on Military Affairs discharged, and referred to the Committee on Naval Affairs.

A bill (H. R. 12070) granting an increase of pension to Clarence W. Failor; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SIROVICH: A bill (H. R. 14410) to amend section 3 of the act of May 28, 1928, relating to salary rates of certain civil-service positions; to the Committee on the Civil Service.

By Mr. GARNER: A bill (H. R. 14411) to extend the time for the construction of a bridge across the Rio Grande at Boca Chica, Tex.; to the Committee on Interstate and Foreign Commerce.

By Mr. WARREN: A bill (H. R. 14412) to enable the United States Roanoke Colony Commission to carry out and give effect to certain plans for the comprehensive observance of the three hundred and fiftieth anniversary of the birth of English-speaking civilization in America; to the Committee on the Library.

By Mr. CONNERY: A bill (H. R. 14413) to protect American labor by equalizing the cost in the United States of articles imported from foreign countries, the currency of which has depreciated; to the Committee on Ways and Means.

By Mr. SWEENEY: A bill (H. R. 14414) to permit payment of any sum due under the civil-service retirement act to a deceased employee or a former employee who has become incompetent where no demand has been made by an administrator, executor, or guardian; to the Committee on the Civil Service.

By Mr. REED of New York: A bill (H. R. 14415) to repeal the tax on certain grape juice; to the Committee on Ways and Means.

By Mr. COLLIER: A bill (H. R. 14416) to make the Federal gasoline tax effective until June 30, 1934; to the Committee on Ways and Means.

By Mr. STEAGALL: A bill (H. R. 14417) to provide emergency relief with respect to agricultural indebtedness, and for other purposes; to the Committee on Banking and Currency.

By Mr. MURPHY: A bill (H. R. 14418) to fix an American valuation of imported merchandise for the assessment of customs duties; to the Committee on Ways and Means.

By Mr. McCORMACK: A bill (H. R. 14419) to amend section 3 of the act of May 28, 1928, relating to salary rates of certain civil-service positions; to the Committee on the Civil Service.

By Mr. McLEOD: A bill (H. R. 14420) to provide a tax on the sale on margin of corporate securities; to the Committee on Ways and Means.

By Mr. BLAND: A bill (H. R. 14421) enlarging section 270, title 40, United States Code, and providing, and relating to, a remedy for the enforcement of the payment of all wages due, and to become due, to all laborers and mechanics under the terms and provisions of an act approved March 3, 1931, entitled "An act relating to the rate of wages for laborers and mechanics employed on public buildings of the United States and the District of Columbia by contractors and subcontractors, and for other purposes"; to the Committee on the Judiciary.

By Mr. HAWLEY: A bill (H. R. 14428) to prevent loss of revenue, to provide employment for American labor, and to protect the industries and agriculture of the United States against the effects of depreciation in foreign currency; to the Committee on Ways and Means.

By Mr. FITZPATRICK: Joint resolution (H. J. Res. 576) to limit the reductions in compensation applicable to certain employees whose compensation for any month is less than the monthly rate of compensation to which the economy act applies; to the Committee on Expenditures in the Executive Departments.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the State of New York, memorializing Congress to adopt the relief bills proposed by Senator WAGNER; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUMM: A bill (H. R. 14422) granting a pension to William F. Yeager; to the Committee on Invalid Pensions.

By Mr. HORNOR: A bill (H. R. 14423) for the relief of Edwin M. Rapp; to the Committee on Military Affairs.

By Mr. MANLOVE: A bill (H. R. 14424) granting a pension to Sallie Babb; to the Committee on Invalid Pensions.

By Mr. MOORE of Ohio: A bill (H. R. 14425) granting a pension to Sarah Ellen McCall; to the Committee on Invalid Pensions.

By Mr. MURPHY: A bill (H. R. 14426) granting an increase of pension to Ursula Gates; to the Committee on Invalid Pensions.

By Mr. SWING: A bill (H. R. 14427) granting a pension to John Burton Hughes; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9880. By Mr. BACON: Petition of sundry citizens of Patchogue, N. Y., opposing the modification or repeal of the Volstead Act or the repeal of the eighteenth amendment; to the Committee on the Judiciary.

9881. By Mr. BULWINKLE: Petition of citizens from the tenth congressional district of North Carolina, protesting against any change in the prohibition law; to the Committee on the Judiciary.

9882. Also, petition of citizens of Mecklenburg County, protesting against prohibition repeal; to the Committee on the Judiciary.

9883. Also, petition of citizens of Gaston, Lincoln, and Catawba Counties, protesting against prohibition repeal; to the Committee on the Judiciary.

9884. By Mr. CHRISTGAU: Resolution adopted by the Woman's Art Class, Winona, Minn., urging support of Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

9885. Also, resolution adopted by the Ringe Mother and Daughters' Club, of Rochester, Minn., urging support of Senate bill 1079 and Senate Resolution 170; to the committee on Interstate and Foreign Commerce.

9886. Also, resolutions adopted by the Minnesota Implement Dealers' Association, favoring tax reduction, passage of the Capper-Kelly resale bill, change in bankruptcy laws, voluntary domestic-allotment proposal, and criticizing the reports of the Bureau of Agricultural Economics with reference to implement prices, and urging abolition of the Federal Farm Board; to the Committee on Agriculture.

9887. Also, resolution unanimously adopted by the Woman's Christian Temperance Union of Lynd, Minn., protesting against any repeal or modification of the eighteenth amendment, and urging adequate appropriations for law enforcement and for a campaign of education in law observance; to the Committee on the Judiciary.

9888. Also, resolution adopted by the Hibbing Advertising Club on January 13, 1933, urging the restoration of the 2-cent postage rate; to the Committee on Ways and Means.

9889. Also, petition of the Ada Woman's Christian Temperance Union, Ada, Minn., protesting against any repeal or modification of the eighteenth amendment, and urging ade-

quate appropriations for law enforcement; to the Committee on the Judiciary.

9890. Also, petition of the Farm Bureau unit in Florence Township, Red Wing, Minn., protesting against any proposed sales tax; to the Committee on Ways and Means.

9891. Also, petition of citizens of Morris, Minn., protesting against any repeal or modification of the eighteenth amendment and urging adequate appropriations for law enforcement; to the Committee on the Judiciary.

9892. Also, petition of Trinity Lutheran congregation, of Minneapolis, Minn., protesting against any repeal or modification of the eighteenth amendment and urging its strictest enforcement; to the Committee on the Judiciary.

9893. Also, petition of the Woman's Christian Temperance Union of Rochester, Minn., protesting against any repeal or modification of the eighteenth amendment and urging adequate appropriations for law enforcement; to the Committee on the Judiciary.

9894. By Mr. CROWTHER: Petition of citizens of Amsterdam, N. Y., opposing legalization of alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9895. Also, petition of citizens of Long Lake, N. Y., urging passage of the stop-alien-representation amendment to the United States Constitution, House Joint Resolution No. 97; to the Committee on the Judiciary.

9896. By Mr. DELANEY: Petition of the World Calendar Association (Inc.), of New York, urging the reform of the present calendar as soon as possible; to the Committee on the Judiciary.

9897. Also, petition of the Leghorn Trading Co. (Inc.), of New York, protesting against the amendment relative to oils and fats in the farm relief bill recently passed by the House; to the Committee on Agriculture.

9898. By Mr. HAINES: Resolution of York County (Pa.) Patriotic Order Sons of America, supporting cardinal American principles and protesting against the pardon of communists and admittance of foreign-mined coal into our country; to the Committee on the Judiciary.

9899. By Mr. HANCOCK of New York: Petition of Rev. DeWitt S. Hooker and other residents of Onondaga County, N. Y., favoring the stop-alien amendment to the Constitution; to the Committee on the Judiciary.

9900. By Mr. HOOPER: Petition of residents of Battle Creek, Mich., protesting against the passage of House bill 13742, or other measures in opposition to the eighteenth amendment; to the Committee on the Judiciary.

9901. By Mr. MARTIN of Massachusetts: Petition of George E. Massey and sundry residents of Blackstone, Mass., asking for legislation to revaluate the gold ounce; to the Committee on Banking and Currency.

9902. By Mr. MURPHY: Petition of 10 residents of East Liverpool, Ohio, urging the adoption of the Sparks-Capper stop alien representation bill; to the Committee on the Judiciary.

9903. By Mr. PERKINS: Resolution adopted by the Bergen County (N. J.) Woman's Christian Temperance Union, an organization of 633 members, protesting against the nullification, weakening, or repeal of the eighteenth amendment and the Volstead Act, and for adequate appropriations for law enforcement and a campaign of education in law observance; to the Committee on the Judiciary.

9904. By Mr. RUDD: Petition of Leghorn Trading Co., New York City, referring to the Andresen amendment to the farm relief bill, H. R. 13991; to the Committee on Agriculture.

9905. By Mr. SHREVE: Petition of the Woman's Christian Temperance Union of Spartansburg, Pa., urging the passage of the stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9906. By Mr. SPENCE: Petition of the cities of Pineville, Earlington, and Covington, Ky., referring to the removal of restrictions against using Federal funds on municipal streets where they are a part of the Federal system of roads; to the Committee on Roads.

9907. Also, petition of Frank J. Fedders, Mrs. Edward Ehme, John G. Exterkamp, and others, of Covington, and Leo J. Schweer, Dayton, all of the State of Kentucky, referring to the revaluation of the gold ounce, mass-production banking legislation; to the Committee on Banking and Currency.

9908. By Mr. STALKER: Petition of Oswald Baker and 25 other residents of R. F. D. No. 2, Ithaca, N. Y., urging support of the stop-alien-representation amendment to the United States Constitution to cut out aliens, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9909. Also, petition of Louise Huttel and 58 other residents of Berkshire and Richford, N. Y., urging support of the stop-alien-representation amendment to the United States Constitution to cut out aliens, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9910. Also, petition of 1,576 members of the missionary societies of the churches of Elmira, N. Y., signed by the following secretaries of the societies: Mrs. W. W. Goodwin, Pennsylvania Avenue Methodist Episcopal Church; Esther Saterlee, Park Church; Mary Carrol, Baptist and Methodist Episcopal Church, Breesport; Emma Banks, Riverside Methodist Episcopal Church; Mrs. Charles C. Cornish, Centenary Methodist Episcopal Church; Mrs. J. W. Faust, West Side Methodist Episcopal Church; Hattie M. Rockwell, Hedding Methodist Episcopal Church; Lottie S. Hurley, First Baptist Church; and Mary Brownlow, First Methodist Episcopal Church, to vote against the return of beer and against the repeal of the eighteenth amendment; to the Committee on the Judiciary.

9911. By Mr. SWICK: Petition of Dr. C. E. Imbrie and 78 members of the First United Presbyterian Church of Butler, Butler County, Pa., urging that the eighteenth amendment to the Constitution of the United States and the Volstead Act be retained as they are, and requesting the adoption of the stop-alien amendment providing for the exclusion of aliens from the count to apportion Representatives; to the Committee on the Judiciary.

9912. By Mr. WHITLEY: Petition of citizens of Rochester, N. Y., opposing any reduction in the number of the personnel of the United States Marine Corps; to the Committee on Appropriations.

9913. By Mr. WOOD of Indiana: Petition signed by residents of Lowell and Shelby, Ind., asking favorable action on the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

9914. Also, petition signed by residents of Earl Park, Raub, Elkhart, and others of the State of Indiana, urging the enactment of the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

9915. Also, petition signed by the young people of the second congressional district of Indiana, against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

9916. Also, petition signed by voters of the second congressional district of Indiana, against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

9917. Also, petition signed by residents of Hamlet and Pierceton, Ind., against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

9918. Also, petition signed by Rev. W. D. Archibald and other residents of Indiana, against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

9919. By the SPEAKER: Petition of the City Council of Newark, Ohio, urging no repeal or modifications of existing Federal laws enacted for the benefit of veterans and their dependents, and that the Federal Government issue to the holders of adjusted-compensation certificates some medium of exchange which will be exchangeable as currency and

redeemable by the Federal Government in 1945; to the Committee on Ways and Means.

9920. Also, petition of residents of the District of Columbia, protesting against relief being granted only to married men and single women; to the Committee on the District of Columbia.

SENATE

THURSDAY, JANUARY 26, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MONTHLY REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Reconstruction Finance Corporation, reporting, pursuant to law, on the activities and expenditures of the corporation for December, 1932, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case, which, with the accompanying tables, was referred to the Committee on Banking and Currency.

PRESIDENTIAL POST OFFICES (S. DOC. NO. 176)

The VICE PRESIDENT laid before the Senate a letter from the secretary of the Civil Service Commission, transmitting, in further response to Senate Resolution 303 (submitted by Mr. MCKELLAR, relative to lists of positions or places not under the civil service), a list of post offices of the first, second, and third classes, being Table IX, presidential post offices (first, second, and third classes), arranged alphabetically by States, with date of expiration of commission and salary of each postmaster, which letter and accompanying table were referred to the Committee on Civil Service and ordered to be printed.

SENATOR FROM NEW HAMPSHIRE

Mr. MOSES. Mr. President, I present the credentials of my successor and ask that they be read and placed on file.

The credentials were read and ordered to be placed on file, as follows:

STATE OF NEW HAMPSHIRE,
EXECUTIVE DEPARTMENT.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that on the 8th day of November, 1932, FRED H. BROWN was duly chosen by the qualified electors of the State of New Hampshire a Senator from said State to represent said State in the Senate of the United States for the term of six years, beginning on the 4th of March, 1933.

Witness: His excellency our governor, John G. Winant, and our seal hereto affixed at Concord, this 14th day of November, A. D. 1932.

JOHN G. WINANT, *Governor.*

By the governor.
[SEAL.]

ENOCH D. FULLER,
Secretary of State.

CALL OF THE ROLL

Mr. HALE obtained the floor.

Mr. FESS. Mr. President, will the Senator yield to enable me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator yield for that purpose?

Mr. HALE. I do.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Carey	Goldsborough	La Follette
Austin	Connally	Gore	Lewis
Bailey	Coolidge	Grammer	Logan
Bankhead	Copeland	Hale	McGill
Barbour	Costigan	Harrison	McKellar
Barkley	Couzens	Hastings	McNary
Bingham	Cutting	Hatfield	Metcalf
Black	Dale	Hawes	Moses
Blaine	Davis	Hayden	Neely
Borah	Dickinson	Hebert	Norbeck
Bratton	Dill	Howell	Norris
Brookhart	Fess	Hull	Nye
Bulkley	Fletcher	Johnson	Oddie
Bulow	Frazier	Kean	Patterson
Byrnes	George	Kendrick	Pittman
Capper	Glass	Keyes	Reed
Caraway	Glenn	King	Reynolds
Robinson, Ark.	Shortridge	Thomas, Okla.	Walsh, Mass.
Robinson, Ind.	Smith	Townsend	Walsh, Mont.
Russell	Smoot	Trammell	Watson
Schall	Steiwer	Tydings	Wheeler
Schuyler	Stephens	Vandenberg	White
Sheppard	Swanson	Wagner	
Shipstead	Thomas, Idaho	Walcott	

The VICE PRESIDENT. Ninety-four Senators have answered to their names. A quorum is present.

After the Vice President laid before the Senate resolutions which appear under the heading "Petitions and Memorials," several Senators addressed the Chair.

Mr. HALE. I yield to Senators for the transaction of routine business.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted at a prohibition dinner held under the auspices of the Woman's Christian Temperance Union in the Presbyterian Church at Blairsville, Pa., protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which was ordered to lie on the table.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Washington, which was referred to the Committee on Finance:

UNITED STATES OF AMERICA,
STATE OF WASHINGTON,
DEPARTMENT OF STATE.

To all to whom these presents shall come:

I, Ernest N. Hutchinson, secretary of state of the State of Washington and custodian of the seal of said State, do hereby certify that the annexed is a true and correct copy of House Joint Memorial No. 2, as received and filed in this office on the 20th day of January, 1933.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the State of Washington. Done at the capitol, at Olympia, this 20th day of January, A. D. 1933.

[SEAL.]

ERNEST N. HUTCHINSON,
Secretary of State.

By A. M. KITTS,
Assistant Secretary of State.

House Joint Memorial No. 2

To the Honorable the Senate and House of Representatives of the United States of America in Congress Assembled:

We, your memorialists, the Senate and House of Representatives of the State of Washington, in legislative session assembled, most respectfully present and petition your honorable body as follows:

Whereas the immediate and greatest need of this Nation is to establish a fully employed citizenship, and normally functioning private industry offers the most desirable employment opportunities, and the primary and largest market for American produce and manufactures is found in meeting the wants of the American people, and the necessary employment in supplying these wants belongs first to American workmen; and

Whereas without the free flow of gold, the common medium of international values, the exchange rates of many nations' currencies have, by application of the law of supply and demand, become divorced from the actual values of those currencies as measured in buying power within the bounds of the nation issuing the currency; and

Whereas depreciated currency is seriously handicapping American industry, and our foreign markets are stifled, and our domestic industries face destruction by increased imports from depreciated-currency nations; and

Whereas the economic life of the State of Washington is derived from basic industries such as lumber, fish, pulp, wheat, fruits, coal, cement, and their allied industries, and the very existence of capital, industry, employment, wages, and our standards of living are based on the profitable operation of these basic industries; and

Whereas the Nation faces an emergency and the differences in money levels have existed for a long period and have not become adjusted; and

Whereas nations whose currencies are depreciated are able to ship merchandise into the United States, pay the existing tariffs, accept American currency in payment, and to make a greater profit on their merchandise than if sold in their own markets; and

Whereas such importations from more than 40 nations of the world into the United States under the existing depreciated-currency conditions has the effect of not only eliminating all tariff structures, but of enabling such merchandise to be sold at such a low price in the markets of the United States as to handicap and paralyze American industry and increase unemployment, and the industries of the United States are facing bankruptcy and destruction; and

Whereas we believe that unless this legislation is immediately passed, chaos and ruin threaten the financial and governmental structure of the United States; and

Whereas Congressman SAMUEL B. HILL, of the State of Washington, has introduced in the present session of Congress House

bill 13999, the official title of which is, "A bill to prevent loss of revenue, to provide employment for American labor, and to maintain the industries and agriculture of the United States against the effects of depreciation in foreign curriencies"; and

Whereas the delay in enacting this bill into law at the present session of Congress is causing continued and alarming increase in unemployment in our industries, American industry and agriculture are being seriously harmed, and in many instances ruined, by this disastrous new form of competition, which is forcing hundreds of thousands of workmen to sacrifice their jobs; and

Whereas the Government of the United States is being deprived of vast customs revenue under existing conditions; and

Whereas equalization measures must be adopted to preserve American jobs for American workmen: Now, therefore, be it

Resolved, That the Senate and House of Representatives of the State of Washington respectfully urge the present Congress now in session, and the President of the United States, to promptly enact into law House bill 13999; and be it further

Resolved, That this memorial be immediately transmitted to the proper officers and committees of the United States Senate and House of Representatives, and a copy sent to each of the Representatives and Senators representing the State of Washington in the United States Congress; and be it further

Resolved, That this memorial be immediately forwarded to the legislatures of all the States of the United States requesting that they pass and present similar memorials to Congress.

And your memorialists will ever pray.

Passed the house January 18, 1933.

GEO. F. YANTIS,
Speaker of the House.

Passed the senate January 19, 1933.

VICTOR A. MEYERS,
President of the Senate.

Mr. TYDINGS presented the petition of the Young Woman's Home Missionary Society of the Mount Vernon Place Methodist Episcopal Church, Baltimore, Md., praying for the prompt ratification of the World Court protocols, which was ordered to lie on the table.

Mr. KING presented a resolution adopted by the Board of Commissioners of Salt Lake County, Utah, favoring the passage of necessary legislation to put into effect a plan of J. Parley White to relieve unemployment and absorb all idle labor by means of the issuance of scrip, and also a revenue-stamp proposal, etc., the scrip to be redeemed by the Government, which was referred to the Committee on Finance.

He also presented the following concurrent memorial of the Legislature of the State of Utah, which was referred to the Committee on Post Offices and Post Roads:

STATE OF UTAH,
OFFICE OF SECRETARY OF STATE.

I, M. H. Welling, secretary of state of the State of Utah, do hereby certify that the following is a full, true, and correct copy of Senate Concurrent Memorial No. 1, by Mr. Booth, entitled "Memorializing Congress to appropriate to Federal aid for highways," as passed by the Legislature of the State of Utah on January 18, 1933, and approved by Gov. Henry H. Blood on January 19, 1933, as appears on file in my office.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Utah at Salt Lake City this 20th day of January, 1933.

[SEAL.]

M. H. WELLING,
Secretary of State.

Memorializing the Congress of the United States to pass and the President to approve Senator ODDIE's (of Nevada) bill authorizing appropriation of $125,000,000 for highways

Be it resolved by the Legislature of the State of Utah (the governor concurring therein), That—

Whereas the Oddie bill authorizing the appropriation of $125,000,000 for Federal aid for highways has recently passed the Senate, will aid materially toward the completion of the at present incomplete Federal highway system in this and other States, and will make possible creating work for large numbers of our citizens now unemployed:

We, therefore, respectfully urge the House of Representatives to pass and the President to approve said bill, that the provisions thereof may become effective at an early date; be it further

Resolved, That the secretary of state forward certified copies of this memorial to the President of the United States and Speaker of the House of Representatives and to Utah's delegation in Congress.

FARM RELIEF

Mr. FLETCHER. Mr. President, I present a letter from a farmer who, out of the ordinary trend of such letters, takes an unusual position with reference to farm relief. I think this ought to be printed in the RECORD, and I ask that that may be done, and the letter referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

BUNNELL, FLA., *January 21, 1933.*

Hon. DUNCAN U. FLETCHER,
Washington.

DEAR SENATOR: Notice in yesterday's paper where you are proposing to change the laws so an individual farmer can borrow money from the Government as cooperatives do now.

Now, I live in the so-called potato section (Hastings Bunnell district) and I can plainly see and feel the results of loaning to cooperatives here.

This section through cooperatives have borrowed from the Government $240,000 this year to plant potatoes. As a result, if we have fair seasons, that not a dollar will be made on new potatoes. We will make so many potatoes they will not have the demand for them. On the other hand, if the Government had not piled all this money in here most farmers would have managed to plant a few. And every farmer would have made money, as the demand would then take care of the smaller production.

I am a farmer and so far have planted, what I do plant, independent; that is, I don't borrow. But I can't raise potatoes in competition with the Government. And there are plenty of farmers here getting their eyes open to this condition.

Congress now claims to be trying to help the farmer and it's durn poor policy to pour money out to them so as they can raise more stuff, when we are raising so much now we can't give it away.

The United States bought millions of bushels of wheat, as you know, to help the wheat farmer. If he had dumped it in the ocean it would have helped; instead he stored it and I don't believe it ever helped the price to the farmer one penny. Now, they are giving this wheat away, through the Red Cross. I know and you know, this is helping the wheat farmer.

If you really want to help the farmer, just cut down taxes to where he can pay them and quit loaning him money. Every time you loan him money you make him just that amount worse off.

The farmer is beginning to think just a little; times like these are going to make him think more. What our potato growers need is not more money—we are getting too much now—but an organization to sell them. We are not, as a rule, kept well-enough posted to know what markets need our produce. And I say I would be glad to ship my produce through a good, honest, competent organization that would know where to place a car to bring the most money. But, for the Lord's sake, quit loaning him money to plant more stuff when we are raising more stuff than we can sell.

I say, let the farmer strictly alone and he will work out his own salvation.

I have at least five neighbors right here in this little vicinity that have lost their homes through loans from Federal land banks. If there had never been any such banks to have helped these farmers, they would have had their farms to-day. So, not only for the Lord's sake, but for the farmer's sake, quit loaning the farmer money.

Please loan all this money you are now loaning the farmer to the McCormick Deering Plow Co., the United States Steel Co., etc., too numerous to mention, so as they may be able to reduce the price of plows and steel low enough that the farmer can buy them. This will help the farmer more than any money you can loan him.

I am a farmer. I can easily see and feel more plainly than I can see the effect of Government loans to us. And I am only hoping it can be stopped before we, as a class, shall be reduced to serfdom.

Yours very truly,

W. E. KNIGHT.

MODIFICATION OF THE VOLSTEAD ACT—ALCOHOLIC LIMITATION

Mr. HAWES. Mr. President, I ask unanimous consent that a statement on the subject of the power of Congress in the matter of modifying the Volstead Act, made by Congressman JAMES M. BECK before one of the Senate subcommittees, be inserted in the RECORD and referred to the Committee on the Judiciary.

Mr. BECK, formerly Solicitor General of the United States, a well-known authority on the Constitution and author of numerous books on that subject, discussed the power of Congress in the matter of defining an alcoholic limitation. His discussion is so clear that it will be helpful to the Members of the Senate when that question comes upon the floor for discussion.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement was referred to the Committee on the Judiciary and it is as follows:

STATEMENT OF HON. JAMES M. BECK, REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. BECK. Gentlemen of the committee, as the chairman of this subcommittee has been good enough to say, I am here by invita-

tion. Otherwise, I might have hesitated in submitting my views, for the reason that every member of this subcommittee is a member of the bar, and all of us have for the last 10 years been giving consideration and considerable time to the true interpretation of the eighteenth amendment, and therefore I should have had a very great diffidence in coming before this committee and endeavoring to submit my views as to that interpretation had it not been for the invitation.

Mr. Chairman, you have been kind enough to refer to my service as Solicitor General. In that connection I may be pardoned for saying that as Solicitor General I probably had as much to do with the judicial interpretation of the eighteenth amendment as any preceding or succeeding Solicitor General, not by any merit or demerit of my own, but simply due to the fact that the amendment was then comparatively new, and the Volstead law required considerable interpretation. Therefore I gave to that work my very best effort, and, while I frankly stated to those in sympathy with the eighteenth amendment that I had not favored it at any time, nevertheless I recognized it as part of the law of the land, and as such I would leave nothing undone to enforce it.

As a matter of fact, some of the most drastic decisions in the Supreme Court under the Volstead law, and indeed the validity of the amendment itself, so far as the methods of ratification were concerned, were cases that I argued in the Supreme Court, and my contention prevailed. Therefore it is not without some study and thought that I comply with your invitation, and yet it is hopeless to try and convey to the members of this committee any thought that has not previously occurred to them.

I shall defend the constitutionality of this Collier bill, about which I have a reasonably strong conviction, and I am going to preface my argument as to the interpretation of the eighteenth amendment, which after all is the fundamental question, by addressing to myself, possibly in a Socratic method, certain questions in endeavoring to give them an equally frank answer. In that way the nature of my contention will be developed.

The first question is this:

Taking the Collier bill as a tax upon beer or malt liquors, and if hereafter I speak of beer, I am speaking of malted liquors, does it matter what its alcoholic content is, so far as the constitutionality of the tax is concerned? To that I think the answer must be, It does not.

The Supreme Court has explicitly said that Congress is competent to impose a tax upon an article or an act otherwise forbidden by law. I am not here advocating that it is a moral thing for Congress to do. Personally, I think it is of questionable morality to encourage the perpetration of an act which is forbidden by law, and then tax the subject matter, but the constitutional power to do so seems to me so clear that it is one of the few answers to my self-propounded questions as to which I am going to be rather positive.

Now, the second question is this, and it goes to the very heart of the problem:

Has Congress the constitutional power, in whole or in part, to leave the prohibition of the first section of the eighteenth amendment unenforced?

To that again my reply is yes; and so far as this Collier bill is concerned, so far as it can be interpreted to repeal the enforcing section as against malted liquors of 3.2 per cent or under, it would seem to me clear that Congress has this legislative discretion to leave it unenforced.

That arises not merely because, as I shall presently argue, the eighteenth amendment so intended. I do not say the proponents of the eighteenth amendment so intended, but that the eighteenth amendment so intended, but I base it upon a far larger and more fundamental consideration, and that is that the legislative power under the Constitution was vested in a Congress, when its framers were acting under the great political traditions of the political revolution in England in 1689. Congress became the great council for the Republic, and in it there is a very broad discretion as to whether it will or will not pass enforcing statutes, and, as I have said in respect to the eighteenth amendment, it has been confirmed by the peculiar language of the law. I do not mean by that—and I will illustrate what I mean presently—that many imperative mandates of the Constitution admit of any discretion by Congress. They do not.

When the Constitution says every 10 years there shall be a census taken, there is no legislative discretion in Congress. It can fail of its duty, but nevertheless it is imperative that it comply with that regulation. But there are many other powers vested in Congress, as to which the question as to whether they shall be exercised, and, if so, to what extent, is vested in the Congress as the great council of the Republic.

The third question, therefore, is:

Does this Collier Act attempt to legalize malted liquors of 3.2 percentage of alcohol? I think that is fairly open to interpretation, although it seems to me that a reasonable interpretation would be that indicated by the chairman of the subcommittee at the opening of this session, that it was not intended to validate anything except to prescribe the method whereby a brewer could take out a permit for the purpose of the tax and authorize him to brew beer of the desired percentage, but if the other interpretation should be adopted, that there is an expressed validation of 3.2 per cent, so that affirmatively Congress declared that 3.2 per cent liquor is not intoxicating within the eighteenth amendment, has Congress power to make such declaration?

That, of course, involves the fourth question, which is:

Has Congress the power under the eighteenth amendment to prescribe the permissible alcoholic content of so-called intoxicating liquors? The answer to that is, I think, that it has, and that the eighteenth amendment so provided.

Is this power in Congress unlimited? The answer is that it is not; that there is a reasonable field of legislative discretion within which Congress can act, being solely responsible, each Congressman, to his constituents, but beyond those boundaries Congress can not go.

The next question is:

Who will prescribe those boundaries of power of Congress in the matter? My answer is that primarily the Congress prescribes those boundaries.

But is their declaration as to whether they are within the field of legislative discretion final? The answer is, It is not.

It is unquestionably within the power of the Supreme Court to mark out the boundaries of this field of legislative discretion.

How, then, will the court define those boundaries? The answer is, Only by the process of inclusion and exclusion, taking each concrete case as it arises.

What would then be the attitude of the Supreme Court in respect of this very delicate duty of sitting in judgment upon the action of the Congress, it claiming to act within a field of legislative discretion that belongs to it?

I think the answer is that the Supreme Court would give the greatest respect to any declaration of Congress on the subject, and that any declaration would be accepted by the Supreme Court that would not be plainly arbitrary; or, Mr. Chairman, in other words, primarily it is a question for Congress to determine, and it is only when the legislative discretion of Congress has been plainly abused that the judiciary will interfere.

Those, it seems to me, are the underlying questions to which one must address himself.

Then comes the final question:

Is, then, the percentage of 3.2 provided in this act within the field of legislative discretion of Congress? That is, of course, the heart of the problem.

In my judgment it is a question about which fair-minded men may reasonably differ. I do not regard that as an open and shut question. It probably is a question that can only be finally determined by the Supreme Court of the United States. My own judgment is that the Supreme Court of the United States will say of 3.2 per cent, instead of one-half of 1 per cent, that while it might not commend itself to the court as a just definition of a permissible percentage, yet it was not so plainly arbitrary and capricious that the Supreme Court would disturb it.

Having thus outlined the questions to which I will address myself and indicated the character of the answer, I now want, as possibly the only novel feature of my argument, to suggest to the members of the subcommittee why my answers to these questions are justified by a true interpretation of the eighteenth amendment. I am not now concerned with what the capable draftsmen of that amendment intended. It must be judged by the plain import of its own language, in other words, by what the Congress meant when they proposed it. It must be judged by its own language, which is the only criterion by which we can determine its meaning.

Senator DILL. You heard one of the witnesses this morning read a quotation from Justice Holmes, in which he referred to the intent of the amendment to abolish this whole business.

Mr. BECK. I remember that exceedingly well. It was one of the cases I argued as Solicitor General. It was simply a question of whether liquor could be taken across the country in bond from Canada to Mexico, and Justice Holmes, who was often giving to saying much in a few words—but there is always a danger of saying much in a few words—did utter a sentence which as a general abstraction is true.

Senator DILL. It was rather obiter dictum?

Mr. BECK. Yes; obiter dictum, because the whole scope of the eighteenth amendment was not before the court, but a narrow question of transporting in bond from Canada to Mexico. I think the case was Grogan *v.* Walker.

But while I have said the views of the proponents of the eighteenth amendment are not controlling on the question of what this amendment means, it is enlightening to consider what were their difficulties when they drafted this amendment. It evidently was drafted with considerable care, and after a prolonged deliberation. I take my hat off to the skill with which it is drawn, and the nature of that amendment is rather disclosed by the difficulties with which they were confronted, because at that time the Congress was rather disposed to accept the draft which they thought would be effective to the end.

What was the situation? Section 1 began—I will not quote the language; it is so familiar—the manufacture, transportation, and sale of intoxicating liquors for beverage purposes is hereby prohibited. You will have noted that they did not there generically try to prohibit a large variety of beverages which could or could not be intoxicating according to the alcoholic content, but they grouped it all under the expression "intoxicating liquors" and added "for beverage purposes"; that is, for purposes of drinking. The motive and purpose of the drinking was wholly unimportant, for if it was in potable form it was forbidden. That section, as it stood alone, is largely not self-executing. I do not think anybody will dispute that. Certainly so far as any criminal enforcement of the first section is concerned, it would be impossible unless there was enforcing legislation. I will not say, because I would be lacking in candor with the committee, that it is wholly unenforceable, because it has an inhibitive negative force that could be invoked to stop things that otherwise might take place.

Therefore it can not be said to be a brutum fulmen, because the language is very explicit.

It is clear it is not self-defining, and it was not self-defining for the very obvious reason that they were face to face with the fact that there had to be some elasticity in administration to bring the law within reasonable restraints, and the two considerations that were most appealing to them, and it is the monstrous moral paradox of this prohibition question, that there was written into the Constitution a prohibition which was to be followed up by a statute which forbade even the possession of an article of commerce which was used by the three great divisions of religious faith of western civilization for the holiest of their rites.

In other words, they were confronted with the appalling position that what they were attempting to do was to take from the rabbi in the Jewish family, or the priest of the Roman Catholic Church, or the pastor of the Protestant congregation, the power to do what had been done from the beginning of the Christian religion, and from the Jewish religion from the remotest time, the use of wine, not in an ordinary rite but in the most sacred and solemn ceremonial of those religions.

Now they did not dare write into the first section as they would like to have done, "Intoxicating liquors for beverage purposes, except for sacramental purposes," because that would have been abhorrent to put in the very text of the Constitution that a thing was so criminal that you could send, as has been said, under the Volstead law, over 500,000 men, women, and children of this country into criminal courts, and yet it was perfectly permissible when the priest or the rabbi or pastor of a church used it in a manner, in the case of the Christian churches, commemorating the holiest event in the life of the Savior. They did not dare to do it, and, therefore, it was essential that they should allow legislative discretion to make exceptions for the use for sacramental purposes. They did not want the exceptions, but they just had to do it, because they could not affront the cause of religion, Protestant, Catholic, Jewish, and gentile, by putting into the Constitution that these holy priests of religion could only use a thing which was forbidden to every other man, woman, or child in the country.

But that was not all. It was recognized by them that for thousands of years the use of alcohol for medicinal purposes and as a beverage was perfectly proper. Doctors may differ about it, but it does not matter whether they differ or not. There is a very considerable body of respectable medical opinion which holds that under proper circumstances the use of an alcoholic beverage has pathological value to people in ill health, and they did not dare put that in the body of the Constitution.

Thus arose the significant second section of this eighteenth amendment, one to which too little attention has been paid, but which was designed to meet the difficulties which I have outlined to this committee. And what was that? I can not quote it verbatim, but I can give it to you substantially. Congress and the several States shall have concurrent power to enforce this amendment by appropriate legislation.

If you will take your copy of the Constitution, you will find that even in that instrument, though admirable and of almost perfect clarity, there is no distinction so obvious as the distinction between provisions that Congress shall do a thing or Congress shall not do it, on the one hand, and Congress shall have power to do it, on the other hand.

The words "shall have power" always import in the Constitution the vesting of a legislative discretion in the Congress of the United States. It is then for the Congress to determine whether it will exercise the power or whether it will not exercise the power. As I have said before, Congress is directed to take a census every 10 years. Congress is directed to count the electoral votes. Congress is directed to do a number of things, and, upon the other hand, it is prohibited from doing many things, and as to those no legislative direction is vested in Congress; but when Congress is given the power to regulate commerce, it does not necessarily have to regulate it.

For 100 years we never exercised the commerce power, which has now grown so portentous. These wise old framers of the Constitution knew enough to know that you can not "crib, cabin, and confine" the genius of a people within any one written instrument. You must leave a measure of elasticity somewhere, and that medium was the legislative council of the Nation, the Congress, and so in many provisions of the Constitution it used those apt words "shall have power" and in every instance a legislative discretion and not a command or mandate was thus vested in the Congress.

That being so, why did they do it? Do you doubt whatever the very earnest and noble-minded men who framed this eighteenth amendment? I think President Hoover was entirely right when he said it was "noble in motive." I think it was, and it is not the first time in the history of human affairs where just men made great mistakes, as did the draftsmen of this amendment; but I do not question the nobility of motive which prompted the eighteenth amendment, and I do not doubt, therefore, that they wanted to make it as drastic as they dared to make it, and, therefore, they would have clearly said, if they dared, Congress shall enforce this by appropriate legislation, but it did nothing of the kind.

It not only said Congress shall have power, but it did the unheard-of thing, absolutely the unheard-of thing, of saying that Congress and the States shall have concurrent power, evidently contemplating that Congress might refuse to exercise the power, and the States could then do it within their borders on their own account, or that the reverse might take place, and the States refuse to exercise the power and the Congress would be obliged to do it.

Senator KING. You mean obliged to do it or have the authority to do it?

Mr. BECK. Have the authority to do it.

There is also significance in those words "by appropriate legislation." I recognize that in the interpretation of "appropriate" enforcing laws must not be contrary to the prohibition of the first section. But it conveys an idea that is very helpful to the constitutionality of the Collier bill, that somebody must judge of this question of appropriateness.

Government is a very practical matter. You can not write down in any words in all the dictionaries, even if you had the vocabulary of Shakespeare, the exact boundaries and definitions of any major legislative problem. It is impossible to do it; and as it is impossible, there can only be a recognition of the practical side of any problem, and there can only be, as long as human nature is as frail as it is, and the mind as finite as it is, an approximation to the general result. There can not be any precise conformity to any legislative standard.

If I am right in that, then my answer to one of the questions that I addressed to myself seems to be sound, that there is a field of legislative discretion in respect to prescribing the permissible and the nonpermissible percentage of alcohol in malted beers. Therefore I do not think the Supreme Court of the United States would interfere with Congress if the 3.2 beer were adopted, because it certainly is not arbitrary; but the real question is, Can we fairly say 3.2 per cent beer is within that field of legislative discretion that either meets or promotes the evil prohibited by the eighteenth amendment? And that is, of course, a question about which men can widely differ. The testimony before this subcommittee and other committees of Congress has been conflicting.

You see, I am not as dogmatic as one of the gentlemen who spoke this morning, who seemed to have an admirable and, I may say, enviable certitude about every proposition he advanced. I can not claim to have that certitude which he possesses that enables me to say that beyond doubt 3.2 per cent is not an unreasonable dead line below which malted liquors can be sold and above which they can not be sold.

Before addressing myself to that, I want to ask whether there is any countenance in any expression of the Supreme Court upon the line of argument that I have been presenting. I think there is, and I am going to refer to what that singularly careful Justice of the Supreme Court, Mr. Justice Brandeis, said in the case of Rupert *v.* Cafey. With his usual learning—I do not mean merely legal learning, but his profound grasp of facts—Justice Brandeis called attention to this fact, that you can not enforce practically a liquor law if to every juror is left the question of what is or what is not intoxicating, and that therefore a legislative standard is indispensably necessary.

Then he goes on to call attention to the wide and conflicting views of the various legislatures of the different States as to what is the dead line, and he finds that in 17 States beverages are forbidden without reference to the quantity of alcohol, thus conforming to the estimable lady who testified this morning and who thought one-thousandth part of 1 per cent was forbidden. In 18 States Justice Brandeis said the dead line was one-half of 1 per cent. I do not know how one-half of 1 per cent ever got into our jurisprudence. I heard one statement this morning, but I recall during the recent campaign meeting socially the former Governor of New York, Al Smith, and he told me that was taken from a New York statute which was passed not to prohibit the traffic in alcoholic liquors, because it was before the eighteenth amendment, but purely as a taxing measure. So one-half of 1 per cent has been taken from a taxing statute and carried into the Volstead law.

Senator KING. I think you will find it in one of the revenue acts of the United States, going back into the sixties.

Mr. BECK. That is very interesting to me.

Senator BLAINE. That was for the purpose of having some standard on which the law could be administered.

Mr. BECK. That was a taxing statute.

Senator BLAINE. It was not intended to define what intoxicating liquor was, in fact, except for revenue purposes.

Mr. BECK. Exactly.

Senator KING. It was a taxing measure.

Senator DILL. Based on the theory if it did not have any more than that it was not worth bothering with.

Mr. BECK. In 18 States the dead line was set at one-half of 1 per cent, 6 States at 1 per cent, and so forth, which shows that legislatures have found it difficult as a matter of practical government to draw a dead line, whether for purposes of taxation or otherwise. I will call attention to what Justice Brandeis said:

"Only two States permitted the question of the intoxicating character of an enumerated liquor to be put in issue. In three other States the matter has not been made clear, either by decision or legislation."

And then he says—

"The decisions of courts as well as the acts of the legislatures make it clear, or at least furnish good proof, that Congress reasonably might conclude that a rigid classification of beverages is an essential of either effective regulation or effective prohibition of intoxicating liquors."

That is, that the legislature not only had the right but it was essential to the enforcement of the law that there should be a rigid classification. Then he goes on to say, discussing the point in Rupert *v.* Caffey—



"That even though the beer in that case was nonintoxicating in fact, there was this field of legislative discretion where, if it were essential to enforce the prohibition, they could go below what was nonintoxicating in fact."

Finally Justice Brandeis, speaking for the great court, said:

"It is, therefore, clear, both that Congress might reasonably have considered some legislative definition of intoxicating liquor to be essential to effective enforcement of prohibition, but also that the definition provided by the Volstead law was not an arbitrary one."

I do submit that bears out my thought, not merely as to this field of legislative discretion, free from judicial interference within its boundaries, but also that the limit of judicial power is simply to forbid such abuse of that legislative discretion as might be conceived to be arbitrary.

Senator DILL. I take it, then, if we were to amend the law so that we prohibited the manufacture and sale of liquor above a certain content there would be little question of the constitutionality of that.

Mr. BECK. In my opinion, none whatever. Of course, I have been addressing myself to the possible interpretation that this is an affirmative authorization of 3.2 per cent.

Senator DILL. That would remove it?

Mr. BECK. That would remove it, in my judgment. I do not want to get dogmatic myself. Now, of course, this inevitable implication of the words "shall have power" is enforced by the inevitable necessity of defining the so general expression "intoxicating liquor." As to that, there are two possible interpretations, in my judgment. The first is favorable to the dry cause, and that is that the expression "intoxicating liquors" was merely a phrase to describe generically all kinds of beverage liquors which were brewed, fermented, or distilled, without respect to alcoholic content, which as to any kinds of them could be intoxicating. In other words, it forbade 1.5 per cent as much as 5 per cent, because it said a beer. That is one interpretation, and if so, all ales and beer, and so forth, whether they contain one-half of 1 per cent, 1 per cent, or one-thousandth of 1 per cent, are forbidden, because it is a malted liquor. But I do not believe that is the true interpretation of the eighteenth amendment.

Senator BLAINE. I think in the majority of those cases with reference to statutes that exist in the respective States it will be found that during that period of the history of those States beer was generally known to contain a very high alcoholic content.

Mr. BECK. I imagine near beer was unknown.

Senator BLAINE. I doubt if the process of dealcoholizing was ever engaged in in those days.

Mr. BECK. I should think that was so.

Senator BLAINE. So you had the highest degree of alcohol in beer that could be accomplished through the processes of manufacturing beer, if it were permitted to ferment to its highest degree.

Mr. BECK. Yes.

Senator BLAINE. We all knew that.

Mr. BECK. Yes.

Senator BLAINE. It was common knowledge, and many of those decisions, but not all of them, if you study them, you will find are based upon what I have stated.

Mr. BECK. That accords entirely with my view, although I have not made a search of all those State decisions. I think it is a fair inference that that is true from the known history of the conditions that prevailed prior to the eighteenth amendment. As you say, there was no desire and possibly no method of dealcoholizing so as to reduce the alcoholic content. Whether that is so or not I do not know. I do think the interpretation of intoxicating liquors means what it says, and, therefore, requires legislative definition, and if it does require legislative definition, it inevitably requires the power somewhere to draw a dead line. That dead line can not be drawn by the judiciary. The judiciary can regard whether the legislature has abused the power——

Senator KING. Is it not a fact that is conceded that on the interpretation of a statute a legislative declaration on a question of fact is usually regarded as conclusive?

Mr. BECK. Generally so, yes; even when the court itself does not believe in the fact.

Senator KING. Exactly.

Mr. BECK. You take the flexible tariff law. I do not mean the last one, but the first one. It was based upon two assumptions of fact which, in the practical administration of the law, were shown to be inaccurate.

Take the decisions in the regulation of the livestock exchanges and grain exchanges in Chicago, Chief Justice Taft based the question of the constitutional power upon the findings and reports of committees of Congress. He said:

"We can not investigate this. Congress has said so. They have investigated it. We are a branch of the Government which requires us to assume facts which Congress has assumed as the basis of their legislation."

I am very confident that the Supreme Court would not disturb 3.2 beer, and would accept it out of respect to a branch of the Government that had investigated it.

Leaving that argument aside, the term "intoxicating liquors" being the expression chosen, requires obviously a legislative definition. What do we mean by it? I gave one possible interpretation which carries the thing to such extremes, I mean in prohibiting even the slightest trace of alcohol, I do not think that would ever be adopted. The fact is like the drawing of the dead line, the question of what is intoxicating liquor is a question of practical statesmanship. As a question of practical statesmanship what do we mean by it? Do we mean every pathological reaction to a glass of wine or beer, or do we mean something that goes much farther in disturbing the responsibility of a man who drinks it?

The difference between the two I can illustrate by one quotation from the Scriptures, and another from another form of scripture to me, and that is Shakespeare.

The Scriptures say, "Wine that maketh glad the heart of man." Everybody knows if you take a glass of wine, unless you are not normal, there is a sense of well-being. If you felt unkindly to the world, if you take a glass of wine you will have a little more kindly view afterwards. You can see that in any public banquet.

Tired business men in the big cities came in in the old days. They would be silent and morose in having to come out to a public dinner, but by the time they had a glass of wine there was a crescendo in the conversation, and by the time the speakers arose, their auditors could follow with a quickened intelligence what the speakers were saying, and the joke that might not have seemed so funny before they drank champagne, suddenly became witty.

It is the attitude embodied in the scriptural phrase, "Wine maketh glad the heart of man."

It has had that recognized effect from the dawn of history down. Nothing is so amazing to me where, as in Syria and Palestine, the wine vintage was the glad celebration of the year, that we should take the Puritanical ground that the wine is so bad that one is subject to the danger of going to jail for merely possessing it. But that is another question.

The first speech I ever made out of my native city was in Gettysburg, and I was following a Member of the United States Senate. I do not believe any of the three of you would know who it was, but it was Senator Wallace, of Pennsylvania, and Senator Wallace that evening at the dinner we had at the tavern in Gettysburg took entirely too much turkey and sausage. I can vouch for it he did not drink a thing, and he got on that platform and tried to make an extemporaneous speech, and his mental processes were so clogged by the process of digestion that he stumbled around and gave me a chance as a young man to get up and make a speech, which I tried to do. But that was an illustration of the pathological effect food had and yet we would not say this distinguished Senator was intoxicated. He did not have any beverage. It was a pathological effect of digestion.

What was the Shakesperian quotation to which I desire to call your attention? It was that pathetic scene in Shakespere's Othello, where Iago got Cassio drunk and that part of the story turned the whole story of Othello and Desdemona in a tragic channel. Cassio, at a pathetic moment, said, "Oh, that man should put an enemy in his mouth to steal away his brains!"

You can not misunderstand what that means. That means that intoxication has taken away a man's brain, and he is no longer responsible. He may be maudlin, silly, provoking quarrels, or dead to the world. Now, I do not say that intoxicating liquors mean only that which carries to the full Cassio's lament. I say as a measure of practical statesmanship, in defining intoxicating liquor, you must somehow draw a line as a practical matter between that which really will abate the great mischief which the eighteenth amendment has done and which will leave men to lead their lives in their own way, without undue interference of government. You can not define that. That is one of my illustrations. You can not put in words a line of demarcation. It has to be by exclusion and inclusion. Of course, I am not contending now that intoxicating liquors only mean liquors that would not intoxicate if used by a normal man in a normal way. I wish I could think that; but, of course, I appreciate that this experiment was noble in motive and intended to penalize 95 per cent who were temperate for the benefit of 5 per cent who were intemperate, and therefore I recognize fully and frankly, when you come as a matter of legislative discretion to draw this dead line, you must have in mind five erring brethren who, by inheritance or otherwise, just simply can not leave well enough alone, and, therefore, if we were trying to pass a law authorizing whisky, of course, it would be absurd as long as the eighteenth amendment is what it is, because no legislative discretion is left in a matter in which any attempt to permit the high alcoholic content and the known sequence of the abuse of whisky by any country.

Therefore, you come to a question which is primarily a food, beer.

Senator DILL. Do you think there is any constitutional question involved in picking out one kind of liquor, one kind of beverage, and fixing an alcoholic content and forbidding all others?

Mr. BECK. I do not think so. I was suggesting the marked difference between malt liquors and distilled liquors, assuming that you can apply the word "liquors" to malt liquors. Some have disputed the accuracy of the phrase.

Senator KING. Congress passed a law forbidding the prescription by medical men of beer for medicinal purposes. They singled out one liquor having an alcoholic content and forbade the use of that for medicinal purposes, and the Supreme Court—much to my surprise, and I think they were wrong—held that was constitutional, but not for the reason it discriminated. I felt it was in violation of the Constitution.

Mr. BECK. Not on the ground of discrimination but on the ground it was not within the purview of the eighteenth amendment.

Senator KING. It had to be for beverage purposes and not medicinal.

Mr. BECK. I remember the case very well. Of course the Supreme Court gave the most extreme interpretation to every question, and I think they did so under the principle which I think General Grant originated, and that is, the only way to repeal a bad law is to enforce it. In other words, they have enforced it to the limit. When you take another one of my cases as Solicitor General—it was the Ship Stores case, and in that case the question was whether ships could come into our docks and keep their liquor under seal where they were going to leave for another port, whether that was a violation of the law. My opinion as Solicitor General was that that was a very unreasonable interpretation of the law. I so advised the then Attorney General, but he did not agree with me, and we had to argue the case in court.

In the argument in that case in court I presented this theory of the eighteenth amendment. I mean to say as to why Congress was given the discretionary power instead of an imperative mandate. The court neither affirmed or disaffirmed it, because they found the language of the Volstead law was so sweeping they could not permit even the temporary possession of liquor within our docks to be permitted. It was an illustration, as I have said.

That followed Grogan versus Walker, to show the extremes to which the administration of the Volstead law was taken.

I was about to say, and I am almost through, because I have trespassed too long upon your patience—I was about to say that when you come to the question of malted liquors of a percentage of 3.2, I have already indicated my opinion that it is within the field of legislative discretion.

The question then is, Within the field of legislative discretion what should the individual legislator do under his obligation to support the eighteenth amendment? You can not argue from the extreme case, whether a 1-month-old infant would be affected by one-half of 1 per cent, or in another case a man would have such a prodigious absorbing capacity he could drink many bottles of beer without being affected at all. You can not take extreme cases. As a matter of practical statesmanship, you must take the problem as a whole, you must reasonably consider that which is within the mischief and that which is without it, and as to that I think it is a matter of common knowledge that beer of that content have been used all over the world by large numbers of people without any possible harm, and all of this talk, some of which we had this morning, as to the terrible toxic character, is contradicted by a perfect volume of medical testimony. The fact of the matter is that wholesome beer is a very nutritious and very valuable food to the human body.

I was amused this morning when I heard the terrible effects of 2.75 beer, where the men drank for 12 continuous hours, and they would have had considerable capacity to have gotten over 12 hours of continuous drinking. I was amused at that, because if ever foreign nations in the world showed endurance, stamina, intelligence, and power beyond anything in recorded history, it was Germany and France in the World War. You can not read what they did for four years without being amazed, and all through that war it was the French peasant whose great power and vigor kept him even when he was retreating 170 miles, beaten back day by day and day by day, little to eat, little rest, when he turned about on the Marne and won one of the great battles of the war. It was not merely the brilliance of General Joffre, it was the ordinary endurance of the French peasant, and if you asked a French peasant to have a drink of water he would be amazed. They do not know the use of water as a drink. They take their light wines. They are as hardy a peasantry as there is in the world, and as intelligent and effective.

If you cross the Rhine and go to Germany, think of Germany for four years battling three-fourths of the world, and remember they are people who have been beer drinkers for generations.

Of course, if you are going to draw your legislative standard by taking some remote and almost impossible case as typical of the existing condition of affairs, then, of course, I conceive that a man might get drunk on 3.2 beer.

In a beer with a moderate alcoholic content, like 3.2 per cent, you can imagine a very extreme case where a man could make such a hog of himself that he might be visibly affected, but you can not legislate for a Nation of 120,000,000 people upon remote and supposititious cases. You must strike a fair balance of human experience, and in that balance 3.2 per cent, in my judgment, is not so intoxicating, or at least is not intoxicating within the meaning of the eighteenth amendment. At all events, it is within the field of the legislative power of Congress and would be respected as such by the courts.

There is one final thought and I am through: There is in this field of legislative discretion, both to mark a dead line and also to determine whether to enforce it, a consideration that might well prompt the conscience of Congress, and that is this. Congress may say if we had beer of a small alcoholic content we would far more effectively promote the objective of the eighteenth amendment than by forbidding it, because the vice of intemperance is very largely that of hard liquors. It is hard liquors that make the alcoholic addict. He has got to the point where he has to have it. It has mastered him.

You could say, "We are not content to enforce this law as to a low percentage," which we define to be 3.2 per cent, because we believe that will discourage the use of hard liquors, or you can say in view of all the conflicting opinions of what is the dead line, Congress is not disposed to enforce as against beer of 3.2 and under, but will leave each State to determine that dead line for itself. Either of those things is within the field of legislative discretion. Either of those views is exactly what was implied in the language of the second section—that Congress shall have power, and upon that definition of "shall have power" I rest my argument.

Senator BLAINE. I want to ascertain whether or not my mind is entirely clear on this proposition. I assume the general rule is a legislative body that can not diminish or expand the Constitution, but the legislative body, having to enact legislation for the enforcement of constitutional provisions for the general welfare, may fix standards that apparently may involve definitions, and yet those standards fixed by the legislative body are not arbitrary or capricious or unreasonable, and the courts will not say the legislative body has trespassed on the judicial field.

Mr. BECK. You have stated my contention with great clarity. Instances could readily occur to many of us. You take in our import duties or in revenue and many others. There comes to my mind that when I was a boy there used to be a play which, as I recall, was called "engaged," and in the play the hero was always saying, "Well, you must draw the line somewhere."

That is the trouble with the legislator. His concern is not with defining theories. He is not concerned with abstractions. He has to deal with a concrete case, and to deal with any concrete public measure there is generally the necessity of drawing a line so that the law can be administered without fear, favor, or affection.

Just as you say, there is this power to prescribe a legislative standard below which Congress is disinclined to enforce the eighteenth amendment.

I am much obliged to you for listening so patiently.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on Claims, to which was referred the bill (S. 2469) for the relief of Nellie E. Treuthart, reported it with an amendment and submitted a report (No. 1111) thereon.

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 3676) for the relief of Frank Anderson, reported it without amendment and submitted a report (No. 1112) thereon.

He also, from the same committee, to which was referred the bill (S. 327) to reimburse the estate of Mary Agnes Roden, reported it with an amendment and submitted a report (No. 1113) thereon.

Mr. HOWELL, from the Committee on Claims, to which was referred the bill (S. 4303) for the relief of Elsie Segar, administratrix of C. M. A. Sorensen and of Holger E. Sorensen, reported it with amendments and submitted a report (No. 1115) thereon.

He also, from the same committee, to which was referred the bill (S. 2203) for the relief of John Pearce Cann, reported it with an amendment and submitted a report (No. 1114) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 257. An act authorizing adjustment of the claim of the Baltimore branch of the Federal Reserve Bank of Richmond (Rept. No. 1116);

S. 1067. An act for the relief of Agnes M. Angle (Rept. No. 1117); and

S. 4930. An act for the relief of Avery G. Constant (Rept. No. 1118).

Mr. WHITE, from the Committee on Claims, to which was referred the bill (S. 5286) for the relief of Addie I. Tryon and Lorin H. Tryon, reported it without amendment and submitted a report (No. 1120) thereon.

Mr. STEIWER, from the Committee on Indian Affairs, to which was referred the bill (S. 3731) to amend the act entitled "An act authorizing the attorney general of the State of California to bring suit in the Court of Claims on behalf of the Indians of California," approved May 18, 1928, as amended, reported it without amendment and submitted a report (No. 1119) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 5431) to grant the consent of Congress to George Washington-Wakefield Memorial Bridge, a corporation, to construct a bridge across the Potomac River, reported it with amendments and submitted a report (No. 1122) thereon.

INTERNATIONAL MONETARY AND ECONOMIC CONFERENCE

Mr. BORAH, from the Committee on Foreign Relations, reported a joint resolution (S. J. Res. 242) authorizing an appropriation for participation by the United States in an

international monetary and economic conference to be held in 1933, which was read twice by its title and ordered to be placed on the calendar; and he submitted a report (No. 1121) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAREY:

A bill (S. 5519) to grant an honorable discharge to Claris N. Corwine (with accompanying papers); to the Committee on Military Affairs.

By Mr. DAVIS:

A bill (S. 5520) for the relief of John J. Foley; to the Committee on Military Affairs.

By Mr. ODDIE:

A bill (S. 5521) granting a pension to Mary L. Oxborrow; to the Committee on Pensions.

By Mr. McGILL:

A bill (S. 5522) granting a pension to Wilbur T. Lardie;

A bill (S. 5523) granting a pension to Jesse A. Straw; and

A bill (S. 5524) granting an increase of pension to Adelaide K. Dalrymple; to the Committee on Pensions.

By Mr. FRAZIER (by request):

A bill (S. 5525) to extend temporary relief to water users on irrigation projects on Indian reservations, and for other purposes; to the Committee on Indian Affairs.

By Mr. THOMAS of Idaho:

A bill (S. 5526) authorizing certain contractual changes relating to the payment of certain construction costs of the Minidoka irrigation project; to the Committee on Irrigation and Reclamation.

By Mr. BARBOUR:

A bill (S. 5527) providing for the sale of port of Newark Army base to the city of Newark; to the Committee on Military Affairs.

By Mr. REED:

A bill (S. 5528) to repeal the proviso contained in the act of Congress approved February 20, 1931 (Public No. 692, 71st Cong.); to revive certain acts of Congress repealed by the said proviso of the act approved February 20, 1931; and for other purposes; to the Committee on Military Affairs.

By Mr. TYDINGS:

A bill (S. 5529) granting an increase of pension to Adolph A. Linnenbrogger (with accompanying papers); to the Committee on Pensions.

By Mr. KEYES:

A bill (S. 5530) to provide for placing the jurisdiction, custody, and control of the Washington City Post Office in the Secretary of the Treasury; to the Committee on Public Buildings and Grounds.

By Mr. NORBECK:

A bill (S. 5531) to provide that income, war-profits, and excess-profits tax returns shall constitute public records; to the Committee on Finance.

CHANGE OF REFERENCE

On motion of Mr. BORAH, the Committee on Foreign Relations was discharged from the further consideration of the bill (S. 4229) to carry out the findings of the Court of Claims in the case of the Wales Island Packing Co., and it was referred to the Committee on Claims.

MATERIAL USED IN ERECTION OF PUBLIC MEMORIALS AND BUILDINGS

Mr. DALE submitted an amendment intended to be proposed by him to the joint resolution (S. J. Res. 226) to provide for the use of granite and/or marble in the erection of certain memorials and public buildings, which was referred to the Committee on Public Buildings and Grounds and ordered to be printed.

AMENDMENT TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. GORE submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 79, beginning with line 18, to strike out section 16 in the committee amendment and in lieu thereof to insert the following:

"SEC. —. Section 319 of Part II of the legislative appropriation act, fiscal year 1933, is repealed as of June 30, 1932; and the rate of interest to be allowed upon judgments against the United States and overpayments in respect of internal revenue taxes shall be the rate applicable thereto prior to the enactment of section 319 of such act."

PAPERS RELATING TO THE ADMISSION OF MICHIGAN INTO THE UNION

Mr. VANDENBERG submitted the following resolution (S. Res. 341), which was ordered to lie over under the rule:

Resolved, That the Secretary of the Senate is instructed to make photostatic copies of the following papers and documents and deposit them in the Senate files, and thereupon to transmit the originals to the Michigan State Library in the capitol building at Lansing, Mich.:

(1) Original copy of S. 81, reported from the Senate Judiciary Committee on December 29, 1836, the same being a bill to grant statehood to Michigan.

(2) Original copy of the message of President Andrew Jackson submitted to the Senate on December 10, 1835, the same being the Executive notification of Michigan's action in qualifying for statehood.

(3) Original credentials of United States Senators Lucius Lyon and John Norvell from Michigan, who took their seats on January 26, 1837, the same being the date of Michigan's admission to statehood.

SETTLEMENT OF WAR CLAIMS ACT OF 1928—AWARDS OF THE MIXED CLAIMS COMMISSION

Mr. BORAH submitted the following resolution (S. Res. 342), which was referred to the Committee on Foreign Relations:

Whereas Germany has exercised certain of the rights conferred by the agreement of June 23, 1930, between the United States and Germany permitting the suspension of payments by Germany of the sums payable under that agreement on account of awards of the Mixed Claims Commission, and no such payments have been made under that agreement since March 31, 1931, and suspensions of payments by Germany under the terms of that agreement without the consent of the United States are limited to a period not exceeding two and one-half years from the date of suspension of payment; and

Whereas the settlement of war claims act of 1928 was passed upon the understanding by Congress that all breaches of neutrality by Germany falling within the terms of the treaty of Berlin affecting American nationals could and would be ascertained and assessed against Germany and paid from the said funds in the Treasury of the United States; and the Mixed Claims Commission, United States and Germany, has unanimously found that Germany authorized destructions of property within the United States while the United States was at peace with Germany, and witnesses called before the Mixed Claims Commission by Germany who are admitted by Germany to have been authorized official employees of the German Government, as well as witnesses who testified for the United States, have sworn that they did perform within the United States pursuant to their instructions from the German Government serious breaches of neutrality by spreading fire and disease germs in the United States while the United States was at peace with Germany, but the Mixed Claims Commission has not been able as yet to ascertain what particular destructions Germany accomplished; and the Government of Germany has declined requests made by the Secretary of State to consent to the issuance of subpœnas by the Mixed Claims Commission under the act of Congress of July 3, 1930 (46 Stat. 1005) to compel the testimony of witnesses previously in the employ of Germany and now within the territorial jurisdiction of the United States; and the Government of Germany has declined requests of the Secretary of State to extend the time for filing of claims of certain American nationals against Germany as provided by Senate Joint Resolution 157, Seventy-second Congress, adopted by the Senate on June 24, 1932; and

Whereas the full amount of all of the principal of awards of the Mixed Claims Commission has already been paid by the Secretary of the Treasury under the provisions of the settlement of war claims act of 1928, as well as the full amount of interest on the smaller awards of less than $100,000 and on all awards for personal injuries; and the only funds remaining to be paid from the Treasury under the settlement of war claims act consist of certain interest payments to American nationals having awards in excess of $100,000 and certain payments to German nationals; and there is no requirement by law for payment by the Secretary of the Treasury of further funds under the settlement of war claims act of 1928 prior to the completion of the work of the Mixed Claims Commission; and further payments by the Secretary of the Treasury may result in claims being made against the Government of the United States: Therefore be it

Resolved, That it is the opinion of the Senate that the Secretary of the Treasury should not make further payments out of the funds in the Treasury under the settlement of war claims act or release any of the bonds of Germany now held in the Treasury of the United States pursuant to the terms of the agreement

between Germany and the United States signed June 23, 1930, until the Mixed Claims Commission, United States and Germany, shall have completed its work and the United States shall have consented to its discontinuance; and, furthermore, that the Secretary of State should not consent to the discontinuance of the work of the Mixed Claims Commission until proper provision has been made and consented to by the Government of Germany for the full ascertainment of Germany's liability to the United States by reason of breaches of neutrality falling within the terms of the treaty of Berlin, and until the discontinuance of the labors of the Mixed Claims Commission shall have been approved by the Congress of the United States.

FINANCIAL QUESTIONS—ADDRESS BY HON. ROBERT L. OWEN

Mr. FLETCHER. Mr. President, a former member of this body, Hon. Robert L. Owen, former chairman of the Banking and Currency Committee, has been devoting himself very largely to a study of the whole financial question involving currency and credit. He delivered recently a radio address on this subject, broadcast by the National Broadcasting Co. I think it throws a great deal of light on the situation and I ask that it may be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

HONEST MONEY—THE RANKIN-THOMAS BILLS

Friends of the radio audience, by the courtesy of the National Broadcasting Co. and the National Grange I discuss Honest Money and the Means of Obtaining It Through the Rankin-Thomas Bills (S. 5292 and H. R. 13012).

A couple of weeks ago I promised to explain the Rankin-Thomas bills proposing a plan "to regulate the value of money," as required by the Constitution of the United States, Article I, paragraph 8.

The Rankin-Thomas bills offer the concrete means of regulating the value of money by expanding the volume of money when money is too high and contracting the volume of money when money is too low. These bills proposed to use the Secretary of the Treasury, as the agent of the sovereign power of the United States, to issue Treasury notes as money and to pay the deficit in such money until the general commodity index goes from its present low point of 61.9 back to 100. If it goes to 103, to contract currency until it falls to 100; if it goes below 97, to expand currency until it rises to 100; and by thus expanding the currency and controlling the volume of currency to keep the general commodity index within 3 per cent of par. This is exactly the same thing as saying, to keep the purchasing power of the dollar, in terms of wholesale commodities, within 3 per cent of par—for the one is the complement of the other. It means the same identical thing—expressed in the one case in terms of the general commodity index and in the other case in the index representing the purchasing power of money.

When the purchasing power of money is at 100 the general commodity is at 100; if the commodity index goes to 101, the dollar would go to 99; if the dollar would go to 99, the commodity index would go to 101. The rise of the one is represented in inverse ratio in the fall of the other.

The principle of the Rankin-Thomas bills appears in the Goldsborough bill—which, after long study by Congress, was finally passed by the House of Representatives by a vote of 289 to 60—117 Republicans and 172 Democrats voting for it. This bill declared it to be the policy of the United States to restore and maintain the purchasing power of the dollar at the average ascertained by the Department of Labor for the years 1921–1929, inclusive. This represents the same average of the years 1914–1930, and is a stable and just measure of the value of an honest dollar. The purpose of that bill was to establish an honest dollar between debtor and creditor—to establish a dollar that would prevent commodities going too high or too low—to prevent the dollar from going too high or too low.

The purpose was to establish a just measure of value between debtor and creditor—between those who produce commodities and those who buy commodities. Of course, all of our people are engaged, in some form, in creating and distributing commodities and in consuming such commodities. It, therefore, is of great importance to those who produce commodities to be able to know that they will get a fair value for what they produce; such as cotton, corn, wheat, oats, rye, barley, cattle, sheep, poultry, butter, eggs, and also such commodities as made of cotton, wool, flax, silk, of leather, rubber, steel and other metals. It is of the greatest importance to those who produce and labor to produce and are employed to produce that they should have uniform employment and uniform labor, so that they may be certain of being employed at reasonable wages and continuously. When you allow the dollar to become a dishonest dollar and to buy 4 times as much wheat, or 6 times as much corn, or 10 times as much United States Steel stock—it means a terrible loss to those who sell and an unfair gain to those who buy under such conditions. Under such a depression as we have—where the dollar has risen to a fantastic value in terms of commodities and other forms of property—it means that the consumption of all sorts of products has dropped to one-half of what it was before. Of course, when consumption falls one-half production falls in the same way and employment falls in the same way. Unless the people get enough for what they produce, they do not have the means from what they produce with which to buy. And since there is $230,000,000,000 of debts to be paid in the United States, if you destroy the value of the property with which such debts are secured, the debtor is absolutely ruined when he is compelled to sacrifice his property at one-half or one-fourth of its value as a means of paying the creditor. It also injures the creditor in many ways, because he loses when he is compelled to take unproductive property at such time and he has no means of administering such property.

There are some of great intelligence and great financial power who seem to prefer extending the depression by refusing any remedy, who denounce any effort to give stability to the purchasing power of the dollar and to restore the dollar to normal, that is, to bring the purchasing power of the dollar down to where it was before the depression. These people demand liquidation on the present purchasing power of the dollar—and liquidation means turning over to them the property of other people at one-half or one-fourth of its normal value. They benefit by it because they are able to use a dishonest dollar.

If I borrow $800 when corn is worth 80 cents a bushel, I could pay for it with 1,000 bushels; but if the dollar rises in purchasing power, so that corn sells for 10 cents a bushel, I must return 8,000 bushels of corn for the 1,000 bushels I borrowed. Such a dollar measure as this is thoroughly dishonest. It is unsound money. It is a "robber" meeting me on the highway with a policeman at his back and the court behind the policeman, commanding me to pay eight times as much as I got, because my debt was payable in dollars, and not in corn; and the dollars, having been made artificially valuable, have suddenly changed my debt and increased it in terms of corn eight times. It bankrupts me and makes me hate the fellow who uses the dishonest dollar to my disadvantage; but it justifies me in demanding of the Government of the United States that it shall exercise its sovereign power of issuing money and regulating the value thereof—to discharge its duty and regulate the value—so that I shall not be subjected to this cruel wrong.

In my last radio address I pointed out the terrifying results to the country when I discussed "What Is the Matter with the Country?"; and now I am showing you a lawful, constitutional remedy to expand, under Government control, the volume of money until the dishonest and unsound dollar again becomes an honest dollar and sound money and a fair measure of all commodities and services.

We are justified in demanding that the Government shall not only do this but maintain this policy for all time in the future as long as human society shall last. We have waited for this relief from the day we adopted the Constitution of the United States, and the time has come to give the world a fair measure of value in the form of money that shall be stable.

The Rankin-Thomas bills and the principle thereof have the support of the National Farmers Union, the National Grange, the American Federation of Farm Bureaus, the American Federation of Labor, and all informed progressives. The action of Congress and the Senate will depend upon enlightened public opinion—and you must do your part—

(1) In understanding this matter clearly and in making your opinion felt through every organization with which you are connected.

(2) By requests in the public press which you personally write or which you have your editor friends write.

(3) By direct appeals to your Senators and Congressmen.

I urge you, therefore, to back up the great farm organizations in every way you can.

The objection which will be offered is that we must not inflate money. The word "inflation" means to expand in an unsound way; but sound expansion and justified expansion are not inflation. The Rankin-Thomas bills prevent inflation, while they do propose to expand the volume of money until the purchasing price of money is restored to the average purchasing power for the years 1921–1929—which is a fair average and a just measure. This will establish and maintain "sound money."

The opponents will say that this will be "fiat" money. This charge is false, because fiat money means money not at par with gold; and the Rankin-Thomas bills expressly declare that the gold standard act shall be in full force, keeping all forms of money at par with gold.

The opponents will say that you endanger the gold standard by expanding currency. There is no foundation whatever for these pretenses. We have four and one-half billions of gold in this country and we gain at least one hundred millions a year on an average.

There is no demand for gold for pocket money.

The redemption of reserve notes is by cross entry in the Treasury, and no gold moves.

One hundred and fifty million dollars of gold coin put in the Treasury in 1900—to keep all forms of money at parity with gold—remains untouched. The demand for gold for hoarding after three years of depression is fully supplied and does not reach as much as $100,000,000.

We do not need gold for foreign shipment.

The only demand for gold remaining is for industrial purposes, and this does not quite equal one-twentieth of a billion per annum; while the demand for dollars in 1932—exhibited by checks cashed in bank—exceeded $600,000,000,000. In other words, the demand for the dollar was twelve thousand times the demand for industrial gold.

When the Rankin-Thomas bills pass—either as such bills or in principle through some other bills—the United States will have established a relatively standard measure of money—or the dollar. And when we know that the dollar will have a stable purchasing power, many advantages will follow:

(1) Our manufacturers will know approximately what their materials cost and will cost in the future; what their products are worth and will be worth in the future. The merchants who buy the goods will know what the reasonable value of such goods will be on the market, and, therefore, will be justified and able to forecast with dependable certainty their business contracts and inventories. This is of supreme importance.

(2) Under such conditions of stability every debtor and creditor will know that his contracts will have stability, that the creditor will be paid what he loaned with interest, and the borrower will be assured he will not have to pay more than he borrowed.

Under these conditions the fear of depression should diminish. We would have a justified basis of confidence in our banking structure and in our business life. People would therefore consume freely, and the more they consume the more they would produce until their wants were all satisfied, and the more they produce the more employment, until their wants were satisfied. Here is the foundation stone for stability in our business life, in our banking structure, in our manufacture and distribution of goods, in consumption, production, and employment.

When this great reform is established, it will be the beginning of an era of very great and permanent prosperity. It would then be easy to immediately prevent overexpansion or undercontraction. It would prevent a violent bull market or a violent bear market. It would stabilize our whole business life, and the depression, with its terrifying consequences, would be permanently a thing of the past.

I appeal to you, therefore, to do your utmost to create public sentiment and to urge your Congressmen and Senators to study this question so that they may act upon it with complete understanding and with the soundest judgment and support these principles.

I express my great appreciation to the National Grange for the time allotted to me and to the National Broadcasting Co. for its courtesy and to you for your attention.

Let us be thankful to Divine Providence for giving us the radio as a means of enlightening public opinion.

DUTIES OF CONGRESS

Mr. GRAMMER. Mr. President, Miss Bertha M. Hall, of the Brookline School, Seattle, has sent me a letter addressed to the Congress of the United States in which she presents her own unique views with respect to the duties of the Congress during the remainder of this session. I shall not take the time of the Senate to read her letter, but I ask unanimous consent that it may be printed in the CONGRESSIONAL RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

SEATTLE, WASH., *January 1, 1933.*

To the Congress of the United States, Washington, D. C.

GENTLEMEN OF CONGRESS, HONORABLE SIRS: "Ye can not serve two masters" (St. Matthew vi, 24), said our great Teacher, Christ Jesus. "Is not that what frail mortals are trying to do?" (M. B. E.) says a modern writer. It has recently been proved that we can have but one President of the United States. Is it not the duty of the Congress of the United States to carry on with the President of the United States, whoever he may be? Is it not the highest office in our land which we are to respect, no matter who the incumbent may be? Are we using the Golden Rule when we do otherwise? Would you be willing to receive the courtesy(?) you are extending to the highest office in the land, were you filling that office?

O men, lay down personalities and work together for the highest good. Do that which seems the nearest right under the circumstances. Live and work for to-day, not half-heartedly by peering into the uncertainty of to-morrow, which may never come. You do not have to listen to two voices, only one. Put aside political jealousies and do the work you were originally elected to do.

I mean especially at present balance that Budget now with the means you have at hand. Many of you were agreed that the general sales tax seemed the only way. That seems a certain way to take care of it; any other is an uncertainty. "Who did hinder you that ye did not obey the truth?" (Gal. v, 7) which you saw? Can you evade the duty of to-day with impunity? "If thine eye be single thy whole body shall be full of light." Let no interference by unauthorized suggestion divert your attention.

The electorate of this entire country just as surely placed the present incumbent in the presidential office up until the 4th of next March, as that the same body elected another to officiate after that date. What you do or do not do reflects to your credit or otherwise.

Do you not know that an unbalanced national Budget has a bad psychological effect on every individual of this Nation? Then please do all you can as far as you now see to correct this situation immediately. The way has been shown; you have only to carry on. Whether we like it or not, we have to do our duty, do we not?—

"Act, act in the living present,
Heart within and God o'er head."

Respectfully submitted and thanking you,
BERTHA M. HALL (a voter).

AGRICULTURAL RELIEF

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD an article entitled "Helping the Farmer Out," by Owen P. White, which appeared in Collier's for October 8, 1932. The article deals with the relief funds voted by Congress to Federal land banks last year.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

[From Collier's for October 8, 1932]

HELPING THE FARMER OUT

By Owen P. White

As a dispossessed southwestern cotton planter bitterly expressed it to this writer, what the Federal and joint-stock land banks have done to the farmers in this country is to darn near ruin them.

Originally these banks were intended to aid agriculture by making it easy for the farmers to borrow money. They did that. For 12 years, from Maine to California, they helped the farmers to get into debt, but now that hard times are upon them they are not helping them to get out.

On the contrary, by bringing foreclosure proceedings against 16,601 American farms during 1931 and selling many of them for whatever they would bring under the auctioneer's hammer, these land banks have decreased by many millions of dollars the average value of farm lands and thus have seriously crippled the credit of thousands of farmers not directly involved in any of their transactions.

Naturally, behind the activities of these banks there is a motive. That motive is profit. Although governmentally fostered, these banks are privately owned. Consequently, as between the farmers, out of whose pockets the banks' profits come, and the stockholders, into whose pockets those profits go, there is no common interest.

Furthermore, there is one other very important element that must be taken into consideration. That is the public. Stored away in their tin boxes the conservative investors of this country now hold about seventeen hundred million dollars' worth of tax-free bonds, issued by these land banks, upon which they can to-day charge off a loss of approximately half a billion. To be sure, there is nothing remarkable about this. All classes of bonds are down, but when we add together the two losses referred to—loss to the farmers of their lands, plus loss to the bondholders of their money—we are amazed to find that the result is profit to the land banks.

Now, how can any such financial miracle as this be performed? In order that we may find out, let us look into the case of a gentleman who requests that his name be withheld from the record but whom we will call Mr. Williamson, and who, we will say, lives in Alabama. A couple of years ago Mr. Williamson was a successful farmer; to-day he is merely a farmer in the past tense, and so has plenty of time to discuss his predicament.

NO CAUSE FOR UNEASINESS

"Yes," he told his Congressman, "I did have a good farm; 400 acres of it, standing me better than $25,000, on which, up to 1925, there had never been even a splinter of a mortgage. In that year along came an agent for a Federal land bank, who held out temptation to me, and I fell. Yes, sir; I fell for the picture that that fellow drew of a nice farm home with all kinds of city fixings built into it, and almost before I knew it I had signed up for a loan of $10,000, 5 per cent of which was held out on me and invested in stock in a national farm-loan association, which association in turn invested a like amount in stock in the Federal land bank, thus making the whole deal cooperative, as they told me, and at the same time making me believe that the Government was working right along with me.

"After that, for the next three years, I didn't have any more trouble than the cotton farmer always does have. In spite of having to fight leaf worm one year, and getting a couple of workers poisoned with arsenic doing it—but not fatally—and having to fight the boll weevil every year, I got the new house built, thereby raising my investment in the place to $35,000, made my crops regular, paid my installments and interest on the loan right slap on the barrel head, and was, in fact, feeling so good about everything that in the spring of 1930 I wasn't overly worried about it when along came a flood that drowned a lot of my livestock, washed down a couple of new barns that the paint wasn't hardly dry on yet, and set me so far back in my planting that I knew ahead of time I was going to make a pretty short crop that fall.

"It was short, and so, as the price of cotton was low, after I'd paid off the flood damage all I had left to turn in on $617 that came due in November was $300. But, of course, that didn't cause me a lot of uneasiness. I believed that I was borrowing from the Federal Government, which ever since 1920 had been

making violent love to all us farmers, and felt that as a stockholder, just once removed, in the Federal land bank I would be given some consideration.

"I just hopped into my car, drove to town, went to the bank, told the manager all about the flood and the low price of cotton, and, planking my three hundred down on the counter, I asked him to take it and let the other $317 ride until the next year.

"But do you think that without some additional security he was willing to do that? Not on your life he wasn't. That bank already had a $35,000 farm back of a $10,000 loan, but just the same that manager drew up a chattel mortgage against me covering 7 head of mules, all my farming machinery, my automobile, my equity in 40 bales of cotton in storage, and then, that being all he could think of, I reckon, he handed me the pen and said, 'Sign it there, Mr. Williamson.' I did.

TOO GOOD TO PASS UP

"I signed just where he told me to, and then that winter and the next spring, by selling off some of my feed and getting my tenants to trade their cottonseed for meal, I managed to get my planting done, and that year I got in a good crop. You know, though, what kind of a season 1931 was for a cotton farmer, and so there's no use in my explaining to you why last fall I still couldn't pay off that $317 balance. But, as I had made both ends meet for my own family, and had also made a living for my three tenant families, I wasn't entirely without hope when I went back to the bank and told them just what the situation was—that I was broke and that I couldn't pay what I owed, but that it wasn't my fault. I had worked hard; I was willing to keep on working hard; and so I suggested that if they'd just let me stay with the place I'd manage to finance my tenants another year and would give them a chattel mortgage on the 1932 crop. If you don't want to do that, I told the manager, then you'll have to foreclose, because, although I've got a $35,000 farm back there in the country, I haven't got 35 cents in cash.

"Well, he said he'd think it over and let me know, and so I went on home to do some thinking my own self. That happened in November, just before Congress met; and then, early in December, after it had met, I picked up the paper one morning and saw where a bill had been passed and signed by the President giving the Federal land banks a lot of money, $25,000,000 of which was to be used to help out delinquent farmers, who, as Mr. Hoover wrote when he signed the bill, had done their best but, because of circumstances beyond their control, had been unable temporarily to make the grade. The other hundred million carried in that bill was to extend new credit to farmers, but that didn't interest me any. All that I wanted—and somehow I felt pretty sure I was going to get it—was $317 out of that specified $25,000,000.

FARM RELIEF WITH A VENGEANCE

"But did I get it? Listen: You don't know anything at all about the way to run a Federal land bank. My mortgage was just too good, from the bank's standpoint, to ever come back to me; and so, just about three weeks after that huge sum for delinquent farmers became available, I got my share of it in the shape of a letter telling me that the foreclosure lawyers and the sheriff would be dropping around to see me in a few days."

And that, so far as Mr. Williamson is personally concerned, is about all there is to his story. Where he was once a busy man with a happy family, he is now idle with a hungry one, and therefore, as the Federal land bank contemplates the scene, he is entirely removed from the picture. But his farm isn't. It is still there, and it still represents something. It represents $35,000 worth of honest value that Williamson created that is back of $10,000 worth of bonds that the bank issued against his mortgage. And as those bonds have been selling for some time at about 87½, the logical thing for the bank to have done would have been this: Just as soon as it foreclosed on Williamson's land it could have taken $8,750 from the fund for delinquent farmers, out of which it wouldn't let him have $317, and with that cash bought back $10,000 worth of its own bonds. Naturally, by that procedure the bank would have made a neat profit on its own bonds. Moreover, it would also own a nice farm that hadn't cost it one penny out of its capital, which it could sell all over again under a mortgage against which it could again issue bonds which it could again peddle to the public.

So much then for Mr. Williamson's experience. There is nothing complicated about it. Loss to him of his land, plus loss to the bondholders of their money, has enabled the Federal land bank to come out of the transaction with a nice showing of profit for its stockholders.

But how do the joint-stock land banks, which, as we will see farther on, are not financed by the Government, manage to perform the same miracle? For an illustration of their methods we will jump clear across the country from Alabama to Michigan and will hear from a farmer we shall call Mr. Ferguson, who after gazing sadly out at the broad acres and the nice home that once were his, after speculating ruefully as to what he will do for his family during the coming winter and after softly cussing himself for having placed any faith in the misleading phrase, "instrumentalities of the Government," proceeds in a commendably restrained fashion to tell us his story.

"About seven years ago I took out a loan of $8,000 on my farm, which the appraisers for the joint-stock land bank had valued at twenty, and which was worth every dime of it. Thereafter, for the next four years, with wheat selling at a fair average price, I made my payments without any trouble, sent my three kids to school and kept up the installments due on a combine, a tractor, and an automobile. Then along came the depression and the first think I knew I was licked. But not by the depression, because neither it nor anything else has yet taken a dollar away from the basic value of that old chunk of ground of mine. Together it and I could produce just as much to-day as we ever could, and therefore when conditions get back to normal again we could, if we only had the chance, work our own way out and pay off our mortgage.

"But you see when that day gets here I won't be on the land to do that, because when I found out that I couldn't meet one of my interest payments, and went around to ask the bankers to carry me along for another year, I ran into a state of affairs that I hadn't ever paid any mind to but that they certainly had been keeping their eyes focused on.

PROFITS FROM LOSSES

"That was their bonds, and just in case you don't know how this bond business affects the farmers' mortgages I'll tell you about it. Under their charters these joint-stock land banks have the power to issue tax-free bonds against the mortgages which they take from the farmers. These bonds, of course, are peddled to the public, which, until the depression came along, has gobbled them up at par because, although they are really no such thing, they are labeled 'instrumentalities of the Government.' Well, what was making my banker's heart sing with joy was that when I went around to ask for more time those bonds were selling in the open market at 53. This made any farmer who owned a good farm but couldn't pay his interest too good an opportunity for them to overlook. Consequently they just said 'no' to me in a hurry, cracked down on my mortgage, sold my $20,000 farm for $6,000, and by taking that cash and repurchasing their own bonds with it they turned what would otherwise have been a $2,000 loss into better than a $3,000 profit.

"All of which is what I would call just about the sweetest kind of a * * *."

But at this point, as Mr. Ferguson's narrative seems about to become acrimonious, we will censor it. Apparently the idea he was about to express is that there is something unfair about the manner in which the joint-stock bank conducts its business, because a moment later when he was asked why he didn't do what the bank did—that is, buy bonds in the market and with them pay off his own mortgage—he is reported to have answered:

"Huh, that would have been pretty nice if I could have done it, but they wouldn't let me. No, sir; the privilege of buying in their own bonds at a heavy discount and with them taking our mortgages out of their portfolios, as they call them, is one that these land banks reserve exclusively for themselves."

Now, is this true, and are the other things that have been hinted at in regard to the activities of the land banks also true? Not knowing, I went to Washington, studied the situation and, going clear back to the origin of these institutions, here is what I found out about them:

To begin with, ever since 1917 when the Federal and the joint-stock land banks began to operate they have enjoyed a peculiar privilege. Under the law which fostered them by clothing privately capitalized, profit-seeking corporations with semigovernmental authority, it was the business of these banks to lend money to farmers on approved first-mortgage liens, against which mortgages they were empowered to issue bonds characterized as "instrumentalities of the Government" and hence tax free. Furthermore, as their one source of profit, they were permitted to charge 1 per cent more for the money they loaned to the farmers than they paid to their bondholders, thus making it necessary for them, if they wanted to prosper, to do two things: First, they had to find farmers to lend money to; and, second, they had to find buyers for their tax-free bonds. In neither case did they have any difficulty, because by carefully not stating that they were not lending Government funds and by carefully not asserting that they were not selling Government bonds they encouraged the impression to get abroad—and the United States Treasury permitted them to do so—that in both instances the contrary was actually the case. And did business boom? It certainly did. In the comparatively brief period of their existence ending December 31, 1931, these banks made loans to 635,926 farmers of the staggering sum of $2,449,325,856. Against these loans they of course issued their tax-free bonds of which, on March 31 of this year, there were outstanding $1,164,609,815 worth of those bearing the Federal land bank label and $536,410,260 of those branded joint stock.

But how do these two types of banks, both of which have the quasi-governmental power of issuing tax-exempt bonds, differ from each other? That can be briefly explained: The Federal land banks, of which there are 12, make their loans chiefly through and with the indorsement of farm-loan associations, which are chartered corporations with memberships composed exclusively of borrowers from Federal land banks. The farmer who obtains a loan from a Federal land bank must subscribe 5 per cent of his loan to stock in the association through which he gets his loan, and that association in turn must subscribe to a like amount of stock in the Federal land bank.

PAMPERED PETS

Thus this whole scheme is one of cooperative, private ownership, with the cooperative principle still further evidenced by the fact that each bank is liable for the bond obligations of all the others. Furthermore, in contrast with the joint-stock banks, as we shall see in a moment, these Federal institutions are the pampered pets of the Treasury. They began life on a fund of a few millions borrowed from our national hoard, and, as business

was very good at the start, they soon paid that back. Then trouble developed. Just what trouble is immaterial. Possibly the interesting fact that shortages, defalcations, and other irregularities which bonding companies had to make good developed in connection with the administration of more than 10 per cent of the farm-loan associations may have had something to do with it. But in any event, the Government has come across with about $600,000 per annum to help these 12 Federal land banks pay their overhead. For this annual contribution that they make to the Federal land banks the taxpayers get no return, even though those 12 banks, under their legalized 1 per cent spread already alluded to, and as indicated by the total of their outstanding bonds, should be collecting something in excess of $11,000,000 in gross profits annually from the farmers.

In comparison with the above-described set-up, that of the joint-stock banks is simplicity itself. Like the Federal banks, they are under the general supervision of the Farm Loan Bureau, and they also issue tax-free bonds, but right there all similarity between the two abruptly ceases. The joint-stock banks are not cooperative, they are strictly privately owned, and as no indorsement from any organization is required on their loans, they stand forth as actually independent operators in the field of farm finance.

Under such forms of organization, then, it would seem that these land banks would be very lenient with farmers. But they are not. On the contrary, as has already been indicated, now that a combination of "broke" farmers and low-priced bonds has produced a situation whereby the banks can foreclose mortgages with profit to themselves, and hence slight regret in any other direction, that is exactly what they are doing.

Nor do these instances of lack of feeling for the welfare of the farmer that have been cited represent exceptional cases. If necessary, the record could be made to teem with them. In fact, at a hearing held last March in Washington in regard to the activities of these banks, so much was brought out that was repugnant to his sense of justice that Chairman HENRY B. STEAGALL of the Banking and Currency Committee exploded with the following remark:

"I wash my hands of all pride in the Federal farm loan act and of all responsibility for it. I never dreamed, and I know the other men who passed that law never dreamed, that such things could come of it. If the officials of these banks will put just a little common sense and human sympathy into the administration of their institutions, and pay a little regard to the recent law giving them the authority to spread these mortgages over a period of five years, much good will come of it. As it is, the farmers have no incentive to try to pay out."

Nor was the good Congressman's ire, as might have been the case, aroused by any testimony laid before him by dispossessed farmers. It was the bankers themselves who did it. One, for example, testified that it was the custom of his institution to take chattel mortgages on the personal property of delinquent farmers, thus rendering it impossible for them to secure credit elsewhere, and "thereby hastening," as one Congressman sarcastically suggested, "the desirable foreclosure process." And yet another banker, Mr. Frank W. Blair of the Joint Stock Bank of Detroit, frankly admitted that by using money obtained from the sale of foreclosed farms his outfit had, in the preceding 14 months, repurchased $1,125,000 worth of its own bonds at an average of 53. Thus, at the expense of goodness knows how many farmers, the Detroit bank made for itself in a little more than a year a profit slightly in excess of half a million dollars.

"But why not?" asked a Congressman. "Those bonds represent your obligation to the public; the mortgages represent the farmers' obligation to you, and therefore why wouldn't it be entirely fair for the farmer to hand you back your obligation, for which you have already received par and hence are not out anything, and ask you please to hand him back his?"

"No, no," wailed all the bankers in chorus, "that wouldn't be fair, because it isn't legal."

"Fiddlesticks!" snorted the Congressman. "I did not ask you anything about the legality of the proceeding, because we can make a law that will fix that part of it. I asked you if it would not be fair. Answer that."

HELPING THEMSELVES

There was no answer, and neither, as a matter of vital public interest, have the Federal land banks ever answered the question as to what they have done, not only with the $125,000,000 already referred to as advanced them from the Federal Treasury but also with an additional $30,000,000 allotted them by the Reconstruction Finance Corporation. All of this huge sum of money was intended to percolate through to the farmers and help them out. So far, however, it appears not to have done so. To be sure, the stated policy of the Government is to extend additional credit to farmers rather than to foreclose on them, and yet what has happened? During 1931 twice as many farmers were dispossessed of their farms as in 1930, and, in so far as the extension of additional credit goes, the land banks' own figures show that for the first six months of this year, even with the vast sums above mentioned available to them, their loans to farmers were only about half of what they were during the same period in 1931.

Naturally, then, this question arises: In view of the fact that it can be profitably done, have these Federal land banks taken any part of the funds that were given them for the aid of the farmers and with them bought back at a substantial discount their own bonds?

Bluntly speaking, they have. To what extent this has been done I do not know, but I do know this: I know that when the chairman of the House Agricultural Committee asked the Assistant Commissioner of the Federal Farm Loan Bureau the direct question, "Have the Federal land banks used any of the recently appropriated fund for the repurchase of their own bonds?" the answer was "Yes."

A BETTER WAY

Contrast the policy of the insurance companies, which hold about 22 per cent of the farm mortgages in this country, with that of the land banks and an interesting situation develops. On the one hand we find constructive efforts; on the other destructive selfishness. For example, in Iowa at the present time at least one insurance company that I know of maintains a flying squadron of mechanics—carpenters, painters, plumbers, etc.—which goes around to condition and keep in repair the houses, barns, and outbuildings on farms which have been taken over, but whose owners, in most cases, are encouraged and allowed to remain thereon. These places are not being sold at auction by the insurance company. But now take a look at the Delta section of Mississippi—the richest agricultural portion of America—and note what is going on. Down there, where governmentally sponsored mortgage agencies reign supreme, farmers are being dispossessed by the score, buildings are falling to pieces and under the hammer of the auctioneers, who are disposing of even the chattels of the people, mowing machines are being sold for $16, wagons for $6, and plows for as little as a dime.

The reason for this difference in policy is obvious. The insurance companies have been in the mortgage business too long and have had too much experience with former depressions to want to be anything except lenient. They know that the values back of their farm mortgages are sound. Heretofore by keeping the farmers and their land together and giving them time to work their way out, the insurance companies have weathered every depression they have encountered with no loss whatever on the gross total of their farm mortgages. Thus they are not disturbed or worried by present conditions.

The privately owned, governmentally sponsored land banks, however, are all panicky and upset. Apparently they don't know what to do. In their complicated rôle they are trying to serve too many masters. As private institutions they must pay dividends to numerous stockholders; as Government agencies they must make records to which vote-seeking politicians can point with pride; and as their only method of achieving these two ends they have adopted the scheme of playing the bondholder against the farmer, to the very serious detriment of both.

DEBT READJUSTMENTS UNDER FEDERAL LAWS

Mr. COSTIGAN. Mr. President, I ask unanimous consent to have printed in the RECORD an address by Mr. David Lawrence, well-known editor of the United States Daily, delivered at Washington, D. C., on January 22, 1933, on the subject of Debt Readjustments Under Federal Laws.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

THE NEW WAY TO PAY OLD DEBTS

When the history of this depression is written it will be said that the year 1933 was characterized by a general readjustment of debt—a vital step in economic recovery.

The Congress of the United States is about to enact legislation of such far-reaching significance, not only in its relief of those who owe money but in the protection of those to whom money is owed, that I thought I would give you to-night an outline of this all-important proposal, which in some respects may be called the most important piece of legislation developed since 1929.

The bill has the support of Republicans and Democrats. Its passage is desired by President Hoover and by President-elect Roosevelt. It is the work of both parties in the common interest, not merely of creditors and debtors, but of the vast number of people who have been thrown into unemployment by the clogging of the wheels of business with unbearable debt.

What the measure provides, in a nutshell, is that those who wish to pay their debts but can not pay them as they now mature, or those who can pay them in part over a period of time, may voluntarily adjust or agree with their creditors on a plan for reorganization or extension, which will have the protection of the courts of the United States.

But, you will say, debt is a contract, and no court can under the Constitution take away anybody's property or modify a contract without the consent of the owner. Yes; that is correct under one section of the Constitution, but it does not apply in case of bankruptcies. The Constitution gives Congress the right to establish uniform laws on "the subject of bankruptcies," and these laws have always superseded all contracts when there is a liquidation or distribution of assets ordered by a court.

The new legislation, however, does not purport to be a bankruptcy proceeding in the sense that we have known the word. It does not put the stigma of bankruptcy on those who apply for relief. Bankruptcy usually means forced liquidation and distribution of assets and the complete destruction of the going value of a business with resultant unemployment. The new law would

bring just the opposite, namely, preservation of assets and protection against enforced sale and the preservation of going businesses.

How then, it will be inquired, can the protection of bankruptcy be given to a debtor and yet not compel him to become a bankrupt in a legal sense. The answer is that various decisions of the Supreme Court of the United States have held that a law on the subject of bankruptcies is a law "making provisions for cases of persons failing to pay their debts" and for the whole subject of relations between creditors and nonpaying debtors, including readjustment without bankruptcy in the popular sense.

Thus the framers of the new bill have taken the position that there is abundant power under the Constitution to draw a distinction between a debtor and a bankrupt and to afford relief to the debtor without adjudicating him a bankrupt; in fact, directly aiding him in preventing bankruptcy, which has usually meant liquidation.

This week the House of Representatives is expected to act on the bill, which has been reported favorably by Representative SUMNERS of Texas, chairman of the House Judiciary Committee. This bill is a combination of the bills introduced by Representative LAGUARDIA, of New York, Republican, and Representative MCKEOWN, of Oklahoma, Democrat, and is along the same lines as a bill introduced last spring by Senator HASTINGS, of Delaware, Republican, which was based on an exhaustive investigation of the subject made by the present Solicitor General, Thomas D. Thacher, formerly a judge on the United States district bench in New York City.

Embodied in the measure now are some amendments suggested by Senator JOE ROBINSON, of Arkansas, the Democratic leader of the upper House, who has been engaged for several months in a study of agricultural indebtedness, and who wishes to see set up special machinery whereby the farmer will be able to consult conciliation commissioners to aid in the adjustment of farm indebtedness in every county of the United States.

Let me quote to you now the explanation made by Chairman SUMNERS, of the House Judiciary Committee, as to the main bill for the relief of debtors. He says:

"The objectives of this bill may be summarized in this way:

"If a man has a going machine—a going business—and it is encumbered with debts that tend to interfere with its operation, we want to facilitate the process of getting the debt off the machine, instead of breaking up the machine and scattering the parts; and we want, also, if possible, to leave the original operator in charge. That mixes metaphors, but it gives an idea of our objects.

"Moreover, if we can avoid the present crisis—avoid having to settle debts now—the element of time would probably work to help save individuals and companies that are in difficulties because of debts.

"We hope, also, that creditors finding that they can not collect all of their debts will be content to take what they can get without breaking down the business of the debtor. They probably would get more if they were so content.

"For instance, if a man owes $300 and he has only $100, a bankruptcy proceeding might well yield for the creditors only $50, the remainder being taken up in administrative expenses of the settlement. If they deferred action against the debtor and agreed to take what he could afford to pay them, he probably could pay them more than the $50—maybe $85 or even $100—and still keep his business operating.

"Many persons find themselves victims of the present economic situation through no fault of their own, and not even through any serious business fault. They should be kept in the economic system instead of being forced out.

"Another objective which we have written into the bill is aid for farmers owing mortgage debts and in financial distress. The city man, if a foreclosure is brought against his house, may move a block down the street into another house and go along much as he did before. But with the farmer it is different. Foreclosure on a farm house means not only that the farmer loses his home and probably has to move some distance away, but also he loses his means of making a living. We want to help him if we can."

Now let us see what the bill as a whole provides for all classes, first the individual, second the corporation doing a general business, third the railroads, and fourth the farmers.

The procedure in all four instances is much the same, that is, a petition or affidavit is filed in a Federal court stating simply an inability to pay debts that are maturing. Please note that the law refers to all persons or corporations "unable to pay their debts at maturity." It does not say all persons seeking to be adjudicated bankrupts. Nor can it ever be said that an applicant for relief was a bankrupt unless, of course, the plan of reorganization failed and ultimately the person or corporation became a bankrupt in the usual sense. It is expressly provided that there shall be no adjudication in bankruptcy unless the reorganization plan fails and the creditors or debtor seek a bankruptcy status.

When the petition is voluntarily filed by the debtor, that is, the person who owes the money, the court takes notice of it and gives the debtor a reasonable time to meet with creditors and work out a plan. While that procedure is under way, the creditors can not throw the debtor into bankruptcy and get possession of his assets, forcing a liquidation or sale. The mere fact that the court takes notice of the petition acts as a preventive of bankruptcy while the plan of reorganization or extension is under consideration.

In the case of individuals, the debtor must get the consent of a majority of his creditors both in number and amount owed. In the case of corporations, there must be obtained the consent of two-thirds of the creditors of each class, secured and unsecured. In the case of railroads, the Interstate Commerce Commission must give its opinion on the merits of the reorganization plan, though the court is not bound to accept the commission's opinion as final.

Heretofore one of the principal difficulties in reorganizing companies has been the nuisance tactics of certain minority stockholders or bondholders who have brazenly refused the most reasonable plans for composition or extension of debts, thinking their claims would be bought off by the majority rather than have the whole plan collapse.

The most vital thing about the new legislation is that it makes possible a court order which is binding upon minority or dissenting creditors. But it should not be supposed that the disagreeing creditors or holders of bonds or stocks will not have their rights protected. Every provision is made to obtain a fair appraisal of the property, every opportunity is given to the minority to come into court and prove that the plan of settlement is unfair and should not be accepted. The very fact now that the court will not tolerate nuisance tactics on the part of minorities may make unnecessary the filing of petitions for reorganization in many instances for it will be possible to reach agreements outside of court, though to be sure a confirming order approving the plan may often be sought as a formality to protect against obstructive legal proceedings later on.

Ample protection is given under the proposed law to the creditors in case they have agreed to something which later turns out to be fraudulent, for the courts are empowered to reopen the case and order an adjudication in bankruptcy and a forced sale or liquidation if it turns out that the applicant misrepresented or was dishonest in the procedure at any stage.

Also, if an agreement is reached with creditors for an extension of payments, let us say for three years, and a particular payment is defaulted during that time or some other promise is not fulfilled though there may be no question of integrity or honest intent but simple incapacity to pay, the owner of the business or the individual is in the same status then that he was before the agreement was reached, namely, he may be forced into bankruptcy by his creditors or he may approach them again in an effort to get a further extension and have it approved by the court.

Theoretically, the purpose of the law is to retain in management so far as possible the individual or individuals who have been managing the business and who know most about it or to whom the creditors are willing to entrust the future operations of the business. But, on the other hand, if at the first meeting of creditors, a majority of those present shall say that they wish another manager appointed or new management personnel put in, they may ask the court to direct that such a step be taken. The owner may preserve his ownership rights, but he can not preserve his management position if most of his creditors think some other management would be preferable. Also, to protect creditors a custodian of property can be appointed if the creditors should desire or the court shall deem it wise, thus enabling one representative of the court to take possession on trust of property no matter where in the United States it may be located. This is designed to avoid the ancillary receiverships that have made the reorganization of American corporations such a heavy expense in itself upon overburdened companies.

Now you may ask how does the relief of debtors relate to economic recovery. There are literally thousands of companies which have their assets tied up and their deposits impounded because they now are in receivership. These can be lifted out of receivership through the new law without going through bankruptcy or foreclosure proceedings.

There are many companies which dare not proceed to disburse funds because they can not prefer one set of creditors over another without involving themselves in acts of bankruptcy and any three creditors may throw them into bankruptcy overnight. They live in fear of such proceedings, hence they do not go forward.

But worst of all is the forced sale of assets when once liquidation is ordered. Thus, when a company is liquidated its property is thrown on the market and virtually a public auction is held, at which a price is paid which is lower than the property is really worth. This price becomes publicly known and depreciates the value of similar property or securities. And when there is a forced sale the amount realized is oftentimes ridiculously low and the creditors might have gotten many times that sum if the business could have been continued or liquidation postponed until a more favorable time for all concerned.

Forced liquidation of assets, or deflation, as it is sometimes called, has taken a terrible toll already from the American people and the threat of more liquidation has depressed values on every side. Now, with a method of adjustment of debt between creditors and debtors, this can be prevented where it is to the interest of both parties to accept such a voluntary readjustment under the protection of the courts.

Many businesses now will be promptly reorganized and enabled to reemploy labor. Many corporations will be able to resume payments to their stockholders or bondholders. This means a release of money that can be converted into purchases or investments. It must not be forgotten that the savings of the Nation are directly or indirectly involved in a stabilization of the whole problem of debt.

Once debts are spread over a period of time or scaled down by mutual agreement so that operations can be resumed, the stimulus to business as a whole will be incalculable. That is why I have called the pending legislation the most important prepared since the depression began. Speaker GARNER has announced that he will have a special rule brought in so that the bill may go through the House of Representatives this week, and there is every reason to believe the Senate will act just as promptly and that the measure will become law within the next two or three weeks.

PROPOSED FAIR-TRADE LEGISLATION

Mr. BROOKHART. Mr. President, I ask leave to have published in the RECORD a statement of Representative CLYDE KELLY, of Pennsylvania, in reference to the Capper-Kelly fair trade bill, being Senate bill 97.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

In a memorandum issued December 12, 1927, the Federal Trade Commission stated:

"The question of resale price maintenance is one of the most troublesome with which the commission has to deal in the present state of the decisions. The early Federal cases trace the principle to a passage in Coke on Littleton dealing with restraints on alienation. Courts, in attempting to apply these ancient principles, have fallen into hopeless confusion. Orders of the commission, issued under its organic act, have been upheld in some circuits and set aside in others on almost undistinguishable states of fact.

"Until the commission's inquiry no comprehensive effort had been made in this country to develop the essential facts in reference to resale price maintenance. Such inquiries have been made in Canada and New Zealand, and certain of the Scandinavian countries have given attention to the subject and have laws legalizing resale price fixing with provision for seasonal sales, bona fide competition based on superior efficiency and sustained over a considerable period of time, etc."

I believe that this question is one of the most important which confronts the business world to-day.

Upon its solution depends in some measure the character of American business to-morrow and the day after to-morrow, and, as every man, woman, and child is dependent upon business for life and welfare, the character of business is vital to the Nation.

Now, we who favor price standardization propose to do certain things. We propose to permit the producer of a standard, trademarked, identified, guaranteed article to enter into a contract with his distributors that his product shall be sold at a specified price. The producer who makes such a contract shall be in competition with other producers of the same class of goods and there shall be no agreement between producers, nor between wholesalers, nor between retailers as to sale or resale price.

We provide that any such contract, whatever other features it may have, shall be deemed to have the implied condition that the goods may be sold for less than the specified price under reasonable contingencies, such as the distributor going out of business, the deterioration of the goods, or the conduct of the business by receiver, trustee, or other court officer.

The provision is permissive, not mandatory. The contract will only be entered into by the producers who wish to protect their products against manipulation of prices and by the distributors who believe such a policy to be beneficial. It will not be used for marketing goods of quickly changing fashion or seasonal value. It can not be used for marketing bulk or unidentified merchandise.

What is the reason for such a proposal? It is to meet the grave evils caused by predatory price cutting on standard, identified goods, a system which has grown up because of Supreme Court decisions in the past 16 years, largely through cases brought before it by department-store firms and chain-store proprietors. We simply propose to prevent dealers who will not rely on their own good will and reputation from using publicly approved, identified goods of stable quality and value as bait to deceive the public into believing that all articles sold by them are at similar bargain rates and savings.

Surely there is no difficulty in discovering the evils of price cutting on standard articles. The procedure is simple. They proceed upon the theory that if they cut the prices on well-known standard goods, whose value is well fixed in the public mind, to a point below cost to them or below the basis of a reasonable living profit, they will be able to attract the customers of their competitors and secure their patronage. Through this plan they expect to sell enough unnamed, unidentified merchandise at excessive profits to reimburse them for the loss on the bait merchandise upon which they take the loss by cutting the fair price.

The price cutters issue flaming advertisements declaring that articles which are known to everybody at a certain price are to be sold at a deeply cut price. An article which costs the price cutter 75 cents will be advertised at 69 cents. A 25-cent article will be marked down to 14 cents. The public is expected to believe that these are but examples of the universal savings to be made by dealing at such a store.

Of course such a practice immediately injures the maker of the goods. The public loses its confidence in them, for they seem overpriced in view of such reductions. The price cutter does not desire to sell the goods, for the more he sells the more he loses. He endeavors to substitute other goods on which he makes an unfair profit. His reliance is that the customers will buy unstandardized goods on which there is no way of telling the real value and the fair price.

The effect of this practice is felt immediately by other dealers. They must meet the cut price or lose their trade in the goods. If they follow the price cutter they, too, must prevent the buyer, wherever it is possible, from buying goods on which a loss is involved. If they refuse to cut prices they must stop handling the goods which the public wanted and on which at standard prices they could make a fair profit.

Is that not an evil business practice? My contention is that it is not necessary to decry the evil with such weasel words as "certain forms" of price cutting, meant to apply to all forms except the one which the particular price cutter is using.

The evil is in plain sight. It is the practice of cutting prices on standard goods by dealers who are at present permitted to destroy honest values, good names, and square business with impunity and for ulterior purposes of their own.

We say we can remedy the evil in effective fashion by putting into the hands of independent manufacturers and dealers the power to end this unfair, dishonest sales system through price control by the maker of the goods.

Right here let me emphasize the fact that only the use of cuttlefish tactics can make of this proposal anything new and revolutionary. From the time the cave man made a stone hatchet and bartered it to his neighbor, it has been the universal, inherent right of the owner of any article to name the price at which he will sell it.

Here in the early days the makers of goods sold them direct to their customers and named the price. Then as transportation facilities developed they sent out their agents to sell to customers at the price specified.

The next step was to sell to retailers, and the producers who identified their goods and desired it had the undisputed right to specify the retail price. Later the wholesaler entered the field of distribution as a necessary agent and the producer, through free contract, named the final selling price.

The courts upheld these contracts as lawful and proper. There are splendid judicial defenses of them in hundreds of court cases. The courts declared them to be valid and enjoined those who tried to break the contract.

Remember that point. The right of contract has been taken away from the business man in America and we seek to restore it to him. It was not taken away by express law, but wholly by court decisions.

It was the Supreme Court of the United States that changed the entire course of merchandising. In the Doctor Miles Medical Co. case, decided in 1911, the court ruled that this contract system of controlling the resale price was in conflict with the antitrust law as a restraint of trade.

Seven judges said that, and that "grand old man" of the Supreme Court, Justice Holmes, wrote the dissenting opinion. He stripped the question bare when he wrote:

"I can not believe that in the long run the public will profit by this court permitting knaves to cut reasonable prices for some ulterior purpose of their own, and thus impair if not destroy the production and sale of articles which it is assumed it is desirable that the public should get."

Seven men on the Supreme Court bench took away from independent business men the right to contract as to the resale price of identified goods.

But did they declare that controlling the resale price by the producer was illegal and void? They did not. Neither in the Doctor Miles case nor in any other decision has the Supreme Court ruled that there is anything wrong about price maintenance by manufacturers. They only ruled that certain methods of accomplishing the result were wrong.

They have strongly affirmed that some methods of accomplishing exactly the same results are right and commendable. Three years ago the Supreme Court gave a clean bill of health to the General Electric Co. and upheld its right to control resale prices. The Supreme Court gave judicial benediction to price maintenance after the General Electric plan. Here is what the court said:

"The owner of an article patented or otherwise is not violating the common law or the antitrust law by seeking to dispose of his products directly to the consumer and fixing the price by which his agents transfer the title from him directly to such consumer."

The General Electric sold its lamps through the retailers, but by consigning the goods and calling the retailers agents they named the price at which the goods may be sold to the consumer.

This decision means that only a great corporation which is financially and commercially in a position to use the expensive and cumbersome system of consigning goods to the retailer can protect his goods. The little manufacturer who can not use such a system is prohibited from doing it through contract with his distributors. The Supreme Court has also held that the maker of goods may control his price through his own retail agencies. If a piano manufacturer will start a retail store in every city, he can control his price and no questions asked. But let him undertake to sell through the regularly established wholesalers and retailers and his attempt to control his price becomes a criminal act.

Can anyone deny that there is a grievous wrong in such a state of affairs? Price standardization is either right or it is wrong. If it is wrong for the Doctor Miles Medical Co., it is also wrong for the General Electric. If it is right for the General Electric, it is also right for the little, independent producer.

I maintain that it is inherently right. It means honest business. It was right and just for the United States Government to prohibit cut prices on railroad freight rates and passenger tickets—the universal practice years ago. It is right and just for the United States Government to maintain a one-price-to-all policy for postage stamps and Government publications. It is right and just that insurance agents shall not cut prices on insurance policies.

I maintain that it is equally right and just that the man who puts his life and money and character into a product which he brands with his name and guarantees with his cash shall also have the right to contract with his distributors that they shall not manipulate his price to his injury.

Why does this inconsistency and injustice exist? Because of blindness to progress and modern merchandising. In our own time has come about the nation-wide business which enables the buyer in San Francisco to purchase the same article of identical quality and value as the buyer in New York city. One of the greatest boons in American history was the adoption of the trade-mark. It standardized production, made uniform quality possible, and eliminated many crooked business practices. It made possible the market extension which resulted in mass production and lowered the cost on every unit for the benefit of the ultimate consumer.

The manufacturer depends upon public good will as the greatest asset in his business. He must protect his product into the home of the consumer if he is to build up good will. He must deliver good quality at a fair price. When he sells goods to the distributor he does not lose interest in them. In fact, his article is not sold until it is bought by the consumer.

The Supreme Court acted upon the assumption that when the manufacturer has sold his goods outright and received full payment they belong wholly to some one else, and he could not expect to control the resale price.

The fallacy in that is that it classifies trade-marked, identified goods exactly the same as unidentified bulk merchandise. The truth is that with standard goods the advertiser is the seller and the public is the buyer, with the distributor an essential agency between.

Procter & Gamble make Ivory soap, a standard article. They will make soap cakes of exactly the same kind, let us say, for a distributor but without the brand "Ivory" on it. They do not care what price the dealer gets for that unbranded soap, for they are not responsible for it after it leaves their hands. But if that dealer takes Ivory soap and cuts the price until it is injured in the eyes of the consumers, and makes other retailers refuse to push its sale, they are vitally interested. In the cases of some companies their very lives are at stake.

We who uphold the principle of price maintenance simply say to distributors: "Give up the trade-mark if you cut prices. Take the identification off and you may treat the goods as you desire. But if you use a name and reputation, made valuable by honest goods at honest prices, you shall not use them for dishonest purposes."

Now, I have shown two things: First, price control by makers of identified goods was the American system of doing business before 1911. Contracts for that purpose were legal and valid until the Supreme Court stripped the business men of the right to make such contracts. Second, such price control is perfectly legal and proper to-day if done by great corporations that can afford to consign their goods and wait until they are sold before payment or to establish their own retail stores.

I submit that the burden of proof is upon opponents to show why such contracts, entered into voluntarily by business men, are wrong in policy and effect. Also why, since price maintenance is legal for the big concern, it should not be legal for the small enterprise that desires to use the regular channels of distribution through wholesaler and retailer.

Opponents must explain why they favor a system under which, if a small manufacturer attempts to protect his good will by requiring dealers to maintain the price he believes fair, he becomes a criminal, subject to imprisonment and loss of citizenship, while the big manufacturer may do exactly the same thing by consignment and agency and be honored as a worthy, law-abiding citizen.

Will they say they favor taking away the manufacturer's right to sell at a specified price through his own agents and agencies? No; they will do no such violence to common sense. They know that any such action would mean anarchy in business.

Then, are they not forced to admit that the present conditions, brought about by judge-made laws, mean for one set of producers a prohibition and for the other set a blessing? With one hand the law restrains; with the other it sanctions.

Can anyone defend that condition of affairs before men who believe in the American doctrine of "equal rights to all, special privileges to none"? If they can not, it is proof that price maintenance is the only method to secure a square deal for the little independent competing manufacturer of standard goods.

I propose to prove also that price control is the only method of securing a square deal for the distributor.

The opponents of price standardization declare that if we permit the little manufacturer to have his equal rights as to resale price, then the wholesaler will become only a manufacturer's agent, while the retailer will become only an animated slot machine, handing out standard goods over the counter.

I might as well consider that proposition as I go along and use it in connection with my presentation of the subject.

That argument sounds like a high regard for the independent distributor, does it not? Of course, if it is sound and the retailers are to be injured by price maintenance, it is strange that 90 per cent of all the independent retailers of the United States are solidly supporting it. It is still more strange that when a referendum on this question was taken by the United States Chamber of Commerce the vote was 1,079 in favor of the price-maintenance principle to 911 opposed.

Shall we say that all these business men are fools, blind to their own interests? With all respect, I would rather take the views of John Smith, the corner druggist, on a question as to the best interests of the independent distributor than those of any owner of a great selling system.

I must admit that I greatly fear that the opposition are not so much concerned about making the small retailer a stalwart, independent man of upstanding individuality and inflexible backbone as they seem.

They defend a system through which they profit, a system brought about by court decisions in cases originated by themselves, a system which is steadily monopolizing merchandising, destroying wholesaler and retailer and making them hired men, little cogs in a vast machine.

The destroyer of independent, individual business is not price maintenance but price manipulation; not price standardization but price cutting.

That has been true all through our history. Did you ever hear of a trust squeezing out a small rival by raising the price or maintaining one price to all? Never. Standard Oil cut prices in order to destroy competition. The Tobacco Trust built its monopoly on cut prices.

Supreme Court Justice Brandeis was exactly right when, as a member of the bar, he said:

"Americans should be under no illusions as to the value and effect of price cutting. It has been the most potent weapon of monopoly and means of killing the small rivals to which the trusts have resorted most frequently. It is so simple, so effective."

The Sherman antitrust law and the Clayton antitrust law were passed to prevent the restraints of trade caused by the price-cutting tactics of would-be monopolists. It is indeed strange to see those same laws now being used to provide safe shelters for piratical price cutters in building monopolistic retailing agencies.

The danger in monopoly is that it shuts the door of opportunity to the individual. To-day the most menacing sign on the business horizon is the monopoly tendencies in the field of distribution. If it continues, great numbers of men who in the future seek to enter into independent business will find the door shut tight against them.

The little business man everywhere is being displaced by the huge corporation with its multitude of employees, its absentee ownership, and its financier control. Let us go into that a little.

I am not going to emphasize the danger to independent business men from the chain-store systems, serious as that danger is. But I ask, Is it a coincidence merely that these chain stores have grown like mushrooms only since the Supreme Court put into their hands the greatest weapon known to monopoly—cutthroat price cutting on standard goods?

Let us give the little retailer a square deal and see if he is not able to live and serve his community more efficiently than any giant combination on earth.

Remember, I ask no special favors for him. If he can not manage his store and render as good service in his neighborhood as the city department store in a far-distant location, let him fail. If the independent retailer can not meet the fair competition of any rival, big or little, let him give way before it and make room for finer and better service.

It is vitally important that every business man of independence, courage, and honesty be enabled to serve business and the public by standing out against would-be monopolists. The strongest laws in defense of honest business are those that compel fair competition. I desire no backward steps nor turning back of the hands of the clock of progress. I want to see every business enterprise reach its correct size, which will be when it is able to serve most efficiently and economically.

Those great department stores, mail-order houses, chain stores, and the like came into being to cut the cost of distribution. But, instead of being able to do business with less overhead than the little fellow, it costs them more. They pay the highest rents and operating expenses. You may be sure that if they sell some goods at cost they must make a tremendous profit on others.

They say they are superior in efficiency, economy, and service. All right, I say to them, prove your statement and I will agree. But there must first be a fair and open field. Unfair competition, such as price cutting on standard goods as "bait," must be stopped. Let these great concerns do business on a fair and square basis. Then if they are able to destroy the small dealers and consolidate into these giant chains by natural and normal means, I will accept the outcome. But if their logic is correct and we are inevitably bound to move onward from many great chains to one great chain and finally to one owner, then state socialism is assured, and we must master monopoly by Government fixed prices.

I am not ready to accept that situation. These great combinations have not yet proved they can honestly and in fair competition wipe out all small rivals.

Once let price maintenance become again the settled business policy, and you will see a sudden halt to this giant consolidation. You will see red-blooded American manufacturers saying to the man who buys for 40 department stores, "You shall sell our goods on an honest basis or not at all. You shall not use them as

spider-web bargains to entrap unwary customers. We will allow you a fair profit, exactly the same as other dealers, no more and no less. Sign a contract that you will do it or you do not get our goods no matter how big you are."

Now, I have pointed out that the power to control resale price through free contract is essential if a square deal is to be given the independent manufacturer and distributor.

I have done that only to prove that such a right to them means a square deal to the public. After all the first and foremost question is the public interest.

Of course, it is true that there are 12,800,000 persons earning their livelihood through the manufacturing industry. They and their families dependent upon them make up a part of the public. There are 3,500,000 persons making their living in the retailing business. They and their families also form a part of the public.

But I not only admit, I contend, that this question must be decided solely upon the effects upon true public welfare.

First, honest and fair competition is always of public benefit; unfair competition is always of public injury. It is that truth, learned through bitter experience, which has led to the enactment of antitrust laws and all the other measures curbing jungle competition in the United States. Under unrestricted, cutthroat competition the strongest and most unscrupulous must triumph and the public must pay the bill.

The one-price-to-all policy means more competition, but it sees to it that it is fair competition. It is competition in quality and individuality. The maker puts his own name and guaranty behind his product and names his price competitively. He makes his appeal direct to the public in keen competition with other producers. There is no price jockeying, no price juggling in the retail market to deceive and dupe the public. There is increased true competition between makers bidding honestly for public favor.

Price maintenance on standard articles in a competitive field can not lead to profiteering prices. If the maker fixes his price too high he does it at peril of building up business for his competitors.

He will lower his standard price to widen his market, but he will fight desperately against increasing it and restrict his market. We saw that in the World War conditions. I have the report of the War Industries Board, which made an exhaustive study of prices during the war period.

It shows that while prices on bulk, unidentified merchandise skyrocketed in price, jumping 1,000 per cent in many cases, practically every article, advertised nationally as to price, remained firm at the former low levels.

The War Industries Board says that that was because the makers of such articles would sacrifice almost everything to keep from increasing a price which advertising had associated with the article.

Will it be said that lowered costs are not reflected in the standard price? That is exactly what does happen under price maintenance. Look at the automobile business. Henry Ford, as the mightiest auto maker of them all, has built his wonderful business on exactly that principle. He has continually reduced the price while increasing the quality.

Ford's car is sold to-day and always has been sold on price-maintenance principles. Before 1911 he sold under contracts with his distributors on the plan I am advocating. When the Supreme Court ruled against such contracts, Ford immediately established exclusive agencies of his own.

He had the resources and he did it, just as any manufacturer with great capital can do it. Ford did not propose to have his car slaughtered to make a department-store holiday. He did not propose to have his car serve as bait to lure the unwary until his good will had been destroyed.

His present system is more expensive and less efficient than the contract plan, open to every distributor, but it is infinitely better for the public than having it turned over to the mercy of price cutters.

Time after time Ford has reduced the price to the public, but every time it was one price to everybody. He did not change the price every month if there was a slight difference in production cost. That would have brought chaos in the business and discriminated against many buyers, with loss of good will. He stabilized the price for the season and he gave the public the benefit of savings through increased production.

Oh, no; those who argue that price maintenance leads to stationary high prices must shut their eyes to the automobile industry, that most astounding development within the past 25 years, which has been built up on price-maintenance principles.

Well, what about the distribution cost? Our opponents say that a uniform price means that the stores with low costs of operation will have to sell at the same price as the high-cost stores. That would mean an unnecessarily large profit for the low-cost stores, and they could not share this profit with their customers.

That is an upside-down argument. Do the price-cutting stores line up in the rank of the low-cost establishments? Not at all. Their costs are the highest of all. Are the profits allowed them under standard price distribution too high? No, again.

The efficiently conducted neighborhood store, owned and operated by its own proprietor, is the low-cost store. These are the business men who ask the protection of price standardization. They want a fair price and a fair profit—no more and no less.

Then, too, identified goods at standard prices benefit the public by encouraging high-quality goods of uniform value which can be secured by anyone, any place, any time.

Mrs. J. Borden Harriman, chairman of the National Consumers' League, some months ago went to Europe. On her return she said:

"The shopper's only safety lies in the purchase of goods she has tried with satisfaction and which she knows will always measure up to the same standards of quality and value. In Europe the American woman is without such protection and guidance."

That was the situation in the United States before identified goods came to benefit the public. It is the situation now on nameless, unidentified merchandise. The Association for the Improvement of the Condition of the Poor in New York City made an investigation into retail prices. It found that coffee shoveled out of a bin went to one store and was sold at 35 cents a pound. Coffee shoveled out of the same bin went to another store in the same chain ownership and was sold at 60 cents; unnamed, unidentified coffee. Tea, coming from the same bag, went to one store and was sold at 35 cents. The same tea went to another store in the same chain and was sold at 70 cents.

Is the public served by any such system as that? To-day all the resources of chemistry and applied science may be used to fool the purchaser. Imitation and adulteration and dishonesty may defy the most intelligent.

Only last year I heard Health Commissioner Harris, of New York City, say that he had issued an order forbidding a Brooklyn milk company from invading the territory of a milk company in Manhattan. He said he knew that such invasion would lead to price cutting, and that would surely lead to milk adulteration.

If price cutting leads to the adulteration of the milk upon which the lives of babies depend, it is an evil system. And the truth is that, carried to its logical conclusion, price cutting on standard goods is always bound to lead to lowered quality, substitution, and adulteration.

Under present law the manufacturer of a standard article can legally restrain a dealer who adulterates his product. Why should he not have the right to restrain a dealer from destroying the product entirely through fake price-cutting methods?

Well, what about the benefit to the consumer who goes to a great city department store and buys an article for 14 cents when the standard price is 25 cents. Is that not a benefit?

No; that is not a real benefit. The consumer does save 11 cents on that one purchase, but he pays out much more in unduly high prices on other purchases. If consumers would pledge themselves to buy only these well-known standard goods at cut prices, I will agree that they would benefit. They would have their savings in their pockets, and in a very short time the store would be out of business. I am willing to agree that in most cases that would be a benefit.

But if they buy other unnamed goods, then they are helping to make the price cutters masters of the merchandising field. When that happens prices go up and the public pays the bill.

There is no benefit in saving a few pennies on standard goods and losing dollars on unidentified, unknown goods. There is no public benefit in saving a dollar to-day and being robbed of $10 next year. Those are the real alternatives in this problem.

But what about the enormous expenditures of nationally famous goods for advertising? Does that not mean higher prices? It does not. It means lower prices. Advertising means increased production and a lower cost on every unit. Do you think Henry Ford could sell the Ford car at his price if he only sold 10,000 a year? Mass production is possible only through advertising, and that means lower not higher prices. Advertising is the cheapest salesmanship. Without it the Nation's business would be but a shadow of what it is to-day. And remember, there is one thing advertising can not do with all its power. It can not compel the American people to buy year after year any identified article which is not right in quality and price. Fair competition makes sure that in the long run good value and service and fair price are the friends and not the enemies of success.

Now, I submit that I have proven beyond the shadow of a doubt the existence of grave evils not alone through certain forms of price cutting but through the whole system of price cutting on standard goods.

That evil now can only be cured by national legislation. It should not require that to give freedom of contract to American business men, but it does. The Supreme Court, through judicial decision, has taken away that right as it applies to standard goods and their resale price. The Government of the United States should assure fair competition. Fair price will follow. Shall the Government directly regulate the price? Only if there is combination on the part of manufacturers to control their field or on the part of distributors to control their field. That is expressly forbidden in the antitrust laws and in the principle of my bill.

No person need hold up his hands in horror at the thought that if individual competing producers of standard goods are given the right to name the resale price through free contracts the Government must step in and shield the public with its mighty arm against unfair prices, thus putting the Government into business.

I submit to you in all fairness that the danger comes from the other quarter. If monopolization of distribution continues, the Government will be forced to interfere. If the "all-conquering distributor," the chain department store, is to win, then the logic is that we must come at last to one chain and then to one proprietor. If concentration is essential to efficient, economical distribution in part, it is essential in all.

But with distribution in the hands of one interest the Government dare not leave it alone. Then the Government would go into business, indeed, and state socialism would be here.

I have pointed out the evils of uncontrolled price cutting on standard goods and have tried to prove that the only remedy is a restoration of the right of contract to American business men.

I have shown the injustice to the little manufacturer from a condition where his giant competitor can protect himself against unfair prices, while if he attempts to do the same he is branded a criminal.

I have shown that the little distributor, though able to give superior service, is being crushed out of existence by those who are endeavoring to monopolize merchandizing through unfair practices.

I have shown that the public is being injured by fraud to-day and that if present conditions continue they will be devoured by extortion in the future. I have shown that under price maintenance the public gets the advantage of a fair price, fixed under competitive conditions, between rival producers; that it means a lower distributing cost than under costly consignment and agency systems; that it means honesty in business, the greatest benefit which can come to the public.

I am willing to rest my case on the principle that public policy requires that independent business men of full age and competent understanding shall have the right to contract to uphold a uniform price policy on standard goods, and that such contracts, entered into freely and voluntarily, shall be held good and shall be enforced in courts of justice.

AGRICULTURAL AND UNEMPLOYMENT RELIEF

Mr. SCHALL. Mr. President, there has just come to my notice a speech delivered in New York before the Hamilton Republican Club by William S. Bennet.

Mr. Bennet was a colleague of mine in the House for many years. He is an able lawyer, and in the House was an able, diligent, conservative representative of business.

This speech contains statistics on depreciation of currencies worthy of note to the Senate and to the House. Also, the thought expressed on agricultural problems is worthy of study, and is especially hopeful to those looking forward to agricultural help through legislation when uttered by Mr. Bennet, who in the past has, I believe, given little or no attention to its urgent problems. It bears out the thought diligently expressed here by us who have felt the necessity of agriculture—us who have consistently fought for its recognition, claiming that when agriculture is not a paying proposition it means depression in time to all our people. You can burn down your cites, but if agriculture is healthy they will spring up overnight, while if agriculture is sick and dying, grass will grow in their streets and 10,000,000 men beg for bread.

Mr. Bennet's speech is especially hopeful because it shows that eastern representation, business-minded men, are at last coming to see and understand the problems of the farmers. I ask that his speech be printed in the RECORD, that it may give, through its beautiful English and well-stated thought, benefit to both statesman and layman. The address is entitled "First Things First."

There being no objection, the address was ordered to be printed in the RECORD, and it is as follows:

Mr. Levis and friends, it is good to be back in the old district; good, too, to see some of the "old timers"; and good to have the privilege of speaking on our common national problems to a sympathetic and understanding audience.

The west side of Manhattan Island means much to me. Here Mrs. Bennet and I spent nearly 25 of our 37 years of married life. We often speak of the west side and its people, and always of our life here as interesting, pleasant, and happy. Our four children were all born here and, except when they were with us in Washington, attended to and through high school, our city's excellent public schools.

Politically, this territory honored me repeatedly and greatly. From here I went to the assembly and to the Congress, and this territory is embraced in that of the municipal court district in which I served as judge by appointment of Mayor Low.

Twice the west side tried to nominate me for governor, and the old nineteenth assembly district made me its executive member and kept me there until I resigned to manage the anti-Tammany fusion city-wide campaign of 1909, which campaign resulted in the election of an anti-Tammany board of estimate, which, reelected in 1913, gave the city eight years of the best government it ever had.

The names of John Purroy Mitchel, William A. Prendergast, George McAnany, Marcus M. Marks, Cyrus C. Miller, Lewis H. Pounds, Douglas Mathewson, and George Cromwell will not soon be forgotten by those who are devoted to good city government.

I like also to remember our then organization. We were all young men. I was an assemblyman at 30, a judge at 32, and a Congressman at 34. Our State senator, John Ford, was young; so was Ed Fallows, our assemblyman, and Armitage Matthews, our alderman. Our leader, Mr. Gruber, who radiated happiness and sparkling wit and waxed eloquent on Republican doctrines, was young.

As party men we were still of the days of Benjamin Harrison, Tom Reed, James G. Blaine, and William McKinley.

I was elected to the assembly in 1900 on the McKinley ticket and to Congress in 1904 on the ticket with Theodore Roosevelt. Those were great and happy days, not only for our party but for our country as well.

Speaking here, with a background of memories of great days, strong friendships, and loyal supporters; of family memories of happiness, content and modest well being; and in a political headquarters where my own portrait, the old-time gift of old-time friends, still hangs in an honored place, every tradition of friendship and gratitude; every memory of loyal friends now dead and every sense of loyalty to old friends still living make it a grateful duty to say that, and that only, which experience and conviction lead me to believe to be words of truth, of soberness, and of reasoned judgment.

In this spirit, and none other, I approach the discussion of national problems of common interest to us all.

Our situation is not pleasant. There are many here who I do not know personally, but it is, unfortunately, safe to say that there is no person here who, since 1929, has not suffered either a lost position; lowered wage or salary; failure, if a young person, to obtain a position to start in; depreciated property values, or had properties completely swept away. We are all in the same boat. What shall we do about it? One thing is sure, if we have the old-time American spirit we will not sit down and do nothing.

Americans are neither snivelers, whiners, nor quitters. We can take it on the chin and come back.

Since I left Congress in 1911, I have, except for my brief return to Congress in 1916, been, almost continuously, a legal adviser to substantial business interests; not big banks and large trusts, but operating organizations, honestly capitalized in seven and eight figures. Such organizations frequently require analytical advice, and therefore I have some training along that line.

From the analytical angle, what is our country? Continental United States is, geographically, about 3,000,000 square miles of the earth's surface. From every standpoint it is most advantageously situated. Except for Alaska, it escapes ice-bound areas on the north and, on the south, it escapes the torrid heat of the equatorial region. It has, however, warm climates and soils in the South which produce some tropical fruits and cotton and bring fruits and vegetables of a wide zone early to markets to which the colder climate of our northern areas brings them later.

In the North we grow in abundance every product of the Temperate Zone. North, South, East, and West provide grazing and pasturage for useful domestic animals. Valuable and necessary minerals underlie our soils in abundance and we have adequate forests. Oceans bound us both east and west; a great gulf forms a large part of our southern boundary; while four great lakes and a commensurate river form a great segment of our northern boundary.

The greater portion of the middle section of our country is the watershed of a truly mighty river, rising near our northerly border and emptying into the Gulf at the south.

These and other waterways furnish avenues of cheap transportation, teeming with fish high in food value, and, by their evaporation, add to our rainfall and equalize our temperatures.

We have the great advantage of a common language and of a vast productive area under one central government without trade barriers between different parts. What Briand sought for Europe through his United States of Europe, and what Great Britain and her dominions sought for that Empire at the Ottawa conference we thus already have for ourselves in our own country. Ours is what is called a self-contained country. We consume 92½ per cent of what we produce and need to import only a few things that we do not produce, such as silk, coffee, tin, rubber, and tea. We import tropical fruits because they are useful and we like and enjoy them, but we could get along without them. In fact, we could get along without any of our imports, except rubber. Without rubber we would have to revise our method of life considerably. There are some medicines, too, that we would miss. While we have used, and to some extent misused and wasted, our natural resources, we have, nevertheless, transformed a great deal of them into permanent national wealth.

When our distinguished fellow citizen, Elihu Root, reached his fifth birthday, in 1850, our country had a population of 23,191,876 and a national wealth of $7,136,000,000. Fifty years later, in 1900, the population had risen to 75,974,575, a growth of over 300 per cent, but the national wealth had risen to $88,517,000,000, a rise of 1,250 per cent. Wealth rose four times as rapidly as population.

Between 1900 and 1930 population rose from 75,974,575 to 122,775,046, only about 60 per cent, but wealth rose from $88,517,000,000 to $329,700,000,000, about 350 per cent. Our national income concerning which we have no census figures, is estimated to have reached eighty-five billion in 1929; to have dropped to seventy-one billion in 1930, to fifty-four billion in 1931; then to thirty-seven and a half billion in 1932. So, while we are in distressing times, we have a country which has demon-

strated tremendous productive power, is advantageously situated, has great resources, common speech, no trade barriers between its own products and its own people, is self-contained, and has the best form of government on earth. While 10,000,000, and perhaps more, of us are unemployed, 30,000,000 and more are still employed. From this survey it is evident that if we are not a wholly successful and a happy people the trouble lies solely with us, nature and nature's God have dealt bountifully with us.

What, then, do we need?

First: More faith. No great thing can be done without faith. When Saul of Tarsus, one of the greatest lawyers ever known and the most eloquent and convincing of writers, wrote "Faith is the substance of things hoped for, the evidence of things not seen," he based it on the history of the Hebrew people, of whom he was one, but his message was to the Gentiles as well as to the Jews.

Manhattan Island is a monument to faith. Hendrik Hudson sailed by faith; the tiny Dutch settlement of over 300 years ago was founded by faith; by faith we became a flourishing British colony; by faith we joined the Revolution, our merchants formed the committee of safety; our Kings College students raised the liberty pole; our people turned the leaden statue of King George into patriot bullets; some of our people died in the British prison near the present city hall, others gave their lives or their property or both. When we were still a young Nation, faith built the Erie Canal and the fast Yankee clippers, which between them made New York's incomparable harbor the seat of a great commerce. I could continue illustrations, but, as Paul said in his recital, "Time fails me."

What do we need to get more faith?

A great spiritual revival. Not a Protestant or a Catholic or a Jewish revival but a Protestant and a Catholic and a Jewish revival. We all need a religious awakening. None but a people of deep religious convictions has a great faith and does great deeds.

The religious conviction may be a hard one, such as the Puritans had, or a mistaken and clouded one, such as that of the ancient Greeks, but a religious conviction is indispensable. It is better, of course, if it is the proper one, as each of us severally thinks his or hers is, but religious conviction there must be. Without it we are unsettled drifters, driven hither and yon by every wind of doctrine, incapable of stability, fearful, timorous, whimpering, useless, and indeed dangerous. This country was built on faith and must be rebuilt on faith.

Given faith, what next do we need?

Brains, leadership, application, devotion, concentration, a sense of nationalism, careful planning, and the will to succeed. I do not mention ability to succeed, because we unquestionably have it. I do not hesitate to say "a sense of nationalism," because I firmly believe, as Senator LEWIS expresses it, that Americans should be for America.

What is our most pressing problem?

To get our 10,000,000 unemployed back to work. Everything else can wait, if the doing of it interferes with that.

Can we solve that?

Certainly. I was born and trained in a religious conviction. I answer that question in a convinced and certain faith, and I say with equal conviction that to that portion of our people still under 50 years of age better days are coming than any which have gone before. It is simply impossible to be otherwise.

Two things certainly are responsible for a lot of our unemployment, the substitution of machinery for men and the closing of our factories through the competition of cheap foreign goods. There are other causes also, of course, but these account for the greater part of our idle people.

Economists allude to men out of work, because of the substitution of machinery, under the phrase, "technological unemployment." That started centuries ago when the first man used the first lever to move a log, or a rock, thereby displacing the hand labor of one or more men. Through our national history, at least, new industries have until recently absorbed the displaced men. In his annual report for 1927, however, Secretary of Labor Davis called attention to the fact that we were "developing new machinery at a faster rate than we have been developing new industries." By 1928, in a time of great industrial expansion, our million normal unemployed had grown to 2,000,000 and this in a big year like 1928. In the decade between 1919 and 1929 the output of our factories had increased 38 per cent in quantity but the number employed therein had decreased about 3 per cent. Somewhere from four to six million of our unemployed may now come from technological unemployment. The solution of this problem must at first be a temporary one. We can not talk a permanent solution until we are sure that the problem is a permanent one. The desired new industries may develop and the technological unemployment disappear quickly. In the meantime, the problem is being met by staggered employment, the cessation of child labor, short work weeks and shorter work days in some industries, the discharge of married women whose husbands are able to support them. Legislation is not needed; at least yet. Investigation to determine facts would probably be helpful. Experts not only disagree as to the extent of technological unemployment, but some even deny its existence at all, and back up their assertion by figures.

The closing down of our factories and industries and what did it is easier to prove than what is the extent of technological unemployment. The recent census of manufacturers made by the Government for the years 1929 and 1931 gives us some figures to start with. Here is the table:

Summaries of totals for all manufacturing industries, 1931 and 1929

	1929	1931	Per cent
Number of establishments	210,989	174,135	−17.5
Wage earners (average for year)	8,838,743	6,511,647	−26.3
Wages	$11,620,973,264	$7,225,587,464	−37.3
Cost of materials, containers for products, fuel, and purchased electrical energy	$38,549,579,732	$21,420,124,017	−44.4
Value of products	$70,464,863,443	$41,333,108,998	−41.3
Value added by manufacturing	$31,885,283,711	$19,912,984,981	−37.5

Since 1929, 32 nations have gone off the gold standard and thus reduced their costs. Most of this has occurred since the adoption of the tariff act of 1930. When a foreign nation reduces costs it, in effect, reduces our tariff against its products by exactly the amount of such reduced costs. Then its goods come into our markets, displacing our domestic manufacturers, throwing our people out of work, or lowering their wages, and closing some of our factories. This results in the depressing figures set out in the table just read.

Customs officials estimate the number so thrown out of work at 200,000 in deep-sea fishing alone, and a total of 1,000,000 for the entire country.

The Ways and Means Committee of the House of Representatives in its recent report on the beer bill estimates that for every man put to work in a capital industry three people are put to work elsewhere. Mr. Hearst, in his "Buy American" campaign, says that the average pay per hour of an American factory worker is 60 cents. This, for an 8-hour day, would be $4.80. Using these figures, let us see what it would mean to us if these 1,000,000 people were reemployed. First, it would mean, multiplying the 1,000,000 by 4, the reemployment of 4,000,000 people and the solving of two-fifths of our unemployment problem.

Let us see what it means in dollars, counting 300 days to the year. We find that it totals $5,760,000,000 in yearly wages. But the customs estimate may be a little high, and those of the Ways and Means, too, while Mr. Hearst's 60 cents an hour may not apply to some of the 1,000,000; then, too, men and women do not average 300 days a year of steady employment. But even if we cut the figures in two, it still leaves $2,880,000,000, or $9,600,000 a day. We can remedy this by enacting depreciated-currency legislation, and every day Congress delays enacting this legislation costs the workers of this country at least $9,600,000 in wages.

Customs collection figures recently made public by the Treasury Department, comparing certain imports for the first eight months of 1932 with the first eight months of 1931, from countries which have gone off the gold standard, are of startling significance. I alluded to the virtual wiping out of our deep-sea fishing industry. Listen to the increases in imports of fish from depreciated-currency countries for the first eight months of 1932 as compared with the first eight months of 1931:

	Per cent
Sardines, Portugal	100.46
Cod and other salted and pickled fish, Denmark	3,729.8
Cod and other salted and pickled fish, Norway	156.9
Fish in air-tight containers, Norway	58.3
Salmon, fresh or frozen, Japan	2,511.8
Tuna and other fish in oil, Japan	558.9
Cod and other salted and pickled fish, Japan	123.2
Fish in air-tight containers, Canada	4,669.9
Clams in air-tight containers, Canada	131.9
Fish, Mexico	80.7

This is not a complete list, and, as is natural, considering our tremendously reduced aggregate national income, there are some reductions, but this avalanche of importations, coming on top of this depression has just about wrecked our great fishing industry. Beaufort and Morehead City, N. C., are especially hard hit. Carteret County in which they are situated has recently defaulted on its county bonds.

I shall comment on a few of the other large increases in importations during the same period. New York is a cheese State. Cheese is down in price, and coincidentally the increase in importation of one kind of cheese from Denmark is 136.3 per cent.

We have many American factories making wrapping paper, but the increase in importation of such paper (other than kraft) from Sweden is 615.9 per cent.

The iron miners on the Mesaba Range, Minn., expect no more than 10 per cent of operation during 1933, and lessees are allowing valuable leases on which they have spent hundreds of thousands of dollars, to go back to the lessors, yet importations of pig iron increased as follows: From Sweden, 181 per cent; United Kingdom, 611.3 per cent. These increased imports are caused not only by depreciated currencies but by the fact that the rate on pig iron in the tariff act of 1930 is too low. This is shown by the fact that imports of pig iron from Holland, a gold-standard country, increased 482.9 per cent.

New York manufactures shoes. Imports of footwear with fabric uppers from Japan increased 129.7 per cent and of men's and boys' boots and shoes from the United Kingdom 30.7 per cent. New York also manufactures buttons. Imports of ocean-pearl buttons from Japan increased 117 per cent. Combs, except metal, another

New York product, face an increase of 220.1 per cent from Japan. New York also has a leather district. Imports of belting and welting leather from the United Kingdom are up 105.7 per cent, goat and kid leather from the United Kingdom, 157.3 per cent.

At Amsterdam and throughout the Mohawk Valley, New York has woolen mills. Wool and other yarns from the United Kingdom have increased 221.2 per cent. Other increases of interest to New York are: Inlaid linoleum, United Kingdom, 82.3 per cent; Portland cement, United Kingdom, 271.6 per cent; and candy and confectionery, United Kingdom, 219.7 per cent.

Paterson, N. J., is a silk center. Silk fabrics over 30 inches, not Jacquard, and figured are imported from the United Kingdom with 212.4 per cent increase.

Long-staple cotton from Egypt and British India but transshipped from the United Kingdom has increased 1,128.1 per cent and 1,283.1 per cent. These large increases are giving southern cotton planters real concern.

The agricultural schedule in the tariff act of 1930 was unanimously planned to be adequate, still, dried peas from New Zealand increased 477.3 per cent, while from Canada came the following increases: Fresh pork, 237.9 per cent; hams, 157.9 per cent; cream, 200 per cent; dried milk, 125.5 per cent; and, from Mexico, dried beans, 80.7 per cent. From Argentina came cattle hides, increased 173.6 per cent.

These increased imports are the direct result of the depreciated currencies of the several exporting countries. Such increases in imports, covering so wide a range, were probably never before reported covering so short a period as eight months. They certainly displaced American labor and give an idea why customs authorities believe that depreciated currencies have put 1,000,000 Americans out of work.

It is not fair to blame Congress, yet, for this continued loss of $9,600,000 in wages every day. The figures I am giving you have been public only a short time and were absolutely unknown to the one Senator and the one Representative to whom I have shown them. I shall, however, send a printed copy of this talk to each Senator and Representative. The figures will be noted and checked, and, if found correct, Congress will undoubtedly act. There is no political significance in correcting a condition due to depreciated currencies in other countries. It simply means making our tariff law mean what it says; pending whatever action the new administration takes after it comes into power on March 4.

Democrats and Republicans are all Americans first, and no American wants to see American labor continue to lose $9,600,000 daily because of bad currency conditions in other countries. In 1894 when there was another hard depression, the Democrats controlled the Senate and the House, as they will again after March 4. They passed depreciated-currency legislation then. And this time one, at least, of the several bills introduced to remedy the condition is introduced by a Democrat—Representative HILL of the State of Washington. Mr. HILL is a member of the Ways and Means Committee which considers such legislation, and his bill is H. R. 13790. The committee will probably consider it in the very near future.

So much for depreciated currency. Its effect is disastrous and the Congress will undoubtedly take early action.

But there are increases from gold-standard countries. For example, braid for straw hats 474.5 per cent; cattle hides, wet salted, 42.9 per cent from Italy; edible gelatin 306 per cent, unedible gelatin 2,083 per cent; candy 525 per cent; cotton cloth 39.5 per cent, cotton quilts and bedspreads, cotton floor covering 1,351.9 per cent; Portland cement 331.1 per cent; sheet iron and steel 399.3 per cent, hoop or band iron 198.7 per cent, and hoop band or scroll iron 93.1 per cent, all from Belgium. Pig iron 482.9 per cent, and glycerine, refined, 95.2 per cent, from Holland; and clothing wool 1,061.8 per cent, from British South Africa, now off the gold standard, but then on it. This simply proves what many of us have always said, that some of the rates in the tariff act of 1930 are too low.

Unlike the depreciated-currency situation, this does raise a political question. What the new Democratic administration will do about it, no one knows. These increases in imports from gold-standard countries, unquestionably, like those from depreciated-currency countries, are causing unemployment and reduced wages in America.

The fact is that we have not had a really adequate tariff act from a protective standpoint since the Dingley bill of 1897. That act came at the end of the depression of 1893. During that depression the evils of low tariff rates were made apparent. The Republicans in 1896 elected William McKinley, a pronounced protectionist, and a Senate and House of protectionists. The Dingley Tariff Act that that Congress passed and that William McKinley signed was a real protective tariff act. Under it, the country, except for the brief currency panic of 1907, prospered. No succeeding act has carried as effective protection to American industries as did that act. Each succeeding Republican act has felt, especially in the Senate, the effect of a combination of Democrats and low-tariff Republicans, which kept down rates and put on the free list the products of American factories, while the Democratic act of 1913 put even agricultural products on the free list.

The World War prevented us from feeling fully the effect of the 1913 act. When the depression struck us in full force in 1929 we were under the tariff act of 1922, containing many rates which had been placed too low, over the voice and vote of Republican leaders who were stanch protectionists. The same influence in the tariff act of 1930 kept some of the rates in that law too low. For this shortsightedness we have been paying the penalty for 10 years and are now daily paying it in increased unemployment and lowered wages.

This situation it may require a Republican Congress and a Republican President to remedy. Still, if conditions continue bad, the Roosevelt administration may act. No more ardent low-tariff President ever went into that office than James Buchanan. But because the condition of the country demanded it, he signed, on March 3, 1861, the Morrill bill, the first Republican tariff act. History, slightly varied, may repeat itself before the close of Mr. Roosevelt's term.

In this Congress the Republican Party faces the duty of supporting the protective tariff effectively as applied to one agricultural product, wheat.

Senator NORBECK, of South Dakota, introduced at the last session a bill applying to wheat, hogs, and cotton, which was reported favorably and passed the Senate unanimously. It was, however, reconsidered the next day and not again reached during the few remaining days of that session. The Norbeck bill simply applies well-thought-out ideas originating some 10 years ago in our own Department of Agriculture, adopted in principle into the legislation of Germany, France, Spain, and Italy, and more recently in the British wheat act of May 10, 1932.

The Norbeck bill has now been introduced in the House of Representatives by Representative JONES, of Texas, chairman of the House Committee on Agriculture, and favorably reported. So far as it applies to wheat, it is, in principle, correct. Wheat differs from most crops in a few important particulars: It will grow on land not fitted for anything else except minor cereals and grazing; it requires little moisture; after it is sown it can not be cultivated. Consequently the labor it requires is the preparation of the ground by plowing, harrowing, summer fallowing, and then the sowing of the seed, and, later, the harvesting, threshing, and hauling.

It is said, and in a sense correctly, that this does not require more than 39 days a year, but while probably technically correct, the statement is not a fair one. After the grain has been threshed, sacked, and hauled to the elevator the wheat farmer always has chores to do, fences to mend, machinery to repair, fertilizer to be handled and spread. Then, too, the time of plowing is not fixed and certain. The trained farmer waits until soil conditions are at the best. Instances are known where a wheat farmer actually worked on his farm every week day in the year, except during the months of December, January, and February. Then, too, the wheat farmer has no 8-hour day. His work is from sunrise to sunset. Still the wheat farmer can not put in 300 days' work a year.

The wheat farmer is, of course, entitled to have the rental value of the land added to the value of his labor, and also depreciation on his machinery. The man of whom I am speaking is a farmer who raises wheat solely or principally. His number is decreasing, and the tendency everywhere is against the large farm for wheat only and toward diversified farming on a plan of rotated crops. He is entitled to the same standard of living as a man of equal physical and mental equipment working in a factory 300 days a year.

That man's standard of living is, normally, annually, 300 times his daily wage or salary, and this being a protective country, such wage or salary is protected by a tariff rate, or its equivalent.

So we find ourselves faced with the same problem which Germany, France, Italy, Spain, and England are also trying to settle by legislation. In our case we want to give the wheat farmer the same standard of living as the 300-day man. As an American citizen he is entitled to it. We really have three alternates: We can take the tariff off wheat, ruin the industry and render less valuable many million acres of land now devoted to wheat; or we can do nothing, except maintain our 42-cent tariff, wait the slow process of reduced acreage, ruining many farmers in the process, and, from then on, pay substantially the world price, plus the tariff, for our wheat; or we can accept, in principle, the Norbeck bill. The idea of that bill is that, for the purpose of the bill, the domestic consumption of wheat is fixed by proclamation, at the average for the five years next preceding. When a miller buys wheat from a farmer for domestic use he draws up a certificate showing the amount of wheat so purchased and from whom. Of this certificate he gives the farmer a copy. The original copy he sends to the United States Treasury with an amount of money per bushel, fixed by statute, as the tariff equivalent. The farmer sends his copy, too, to the Treasury, and ultimately gets what the miller paid in, except that the Treasury deducts its cost of administration and, if the amount of wheat bought for domestic production is greater in any year than the proclaimed amount, then each bushel has a proportionate reduction, so that on each bushel sold for domestic consumption the same tariff equivalent is paid.

Wheat is a necessity. If we want some of our fellow citizens to grow it, we must assure them of the tariff-protected American standards of living of men similarly physically and mentally equipped, but fortunate enough to be in work where they can annually draw 300 days' wage.

Of course the consumer, who gets his tariff benefits, too, but in other ways, pays the added cost, though in practice it will be so subdivided and absorbed that he will never know it. Still, in principle, he does and should pay.

Wheat being a necessity, if we ruin the industry, we then are at the mercy of the foreign grower, not only as to price, but in case of war, as to whether we have wheat at all.

It is no mere rhetoric to speak of the ruin of the wheat industry. That process is well under way. There are many wheat farms whose operations since and including 1920—13 years—show a net loss. The United States Department of Agriculture states the average cost of producing a bushel of wheat this year to have been $1.10 a bushel. West of the Mississippi the farmers' average net realization has been less than 30 cents a bushel. At that rate it will not take long to complete the ruin of the industry.

With this low price goes loss of the farmers' purchasing power; as that purchasing power goes, the market towns dependent on the wheat farmer become insolvent and dwindle in size, then the county towns of larger size and, finally, the State's big cities.

But it should be borne in mind that a great city of diversified manufacture like New York starts to get hit the minute the farmer is hurt and gets hit, progressively, as the village, the county seat, and the wheat State's big cities get hit.

The loss of the farmer's purchasing power is a large part of the reason why 1,000,000 people are unemployed in New York City to-night.

There is, of course, a constitutional question, but such questions are usually capable of solution by thought and study.

My thought as to an American farm product is the same as to an American industrial product, that is, ours is one country, which must give both the farm product and the industrial product every chance to succeed and the benefit of every doubt. We city people know that our loaf of bread is the same size whether wheat is 25 cents or $1.50 a bushel. It means little to us as individuals but everything to the farmer.

As hogs are a year-around industry, the arguments which apply to wheat do not apply to them.

Cotton has an export side, such as no other agricultural product has, and, frankly, I have not given that phase of the question enough study to have formed an opinion as to whether cotton should be in the Norbeck bill. As to agriculture generally, the opening of factories and the increase of industrial wages will give agriculture the better market which it needs. The same thing is true of other basic industries, such as lumber, oil, and mining.

How can we prosper unless our basic industries prosper? We have our choice. We can bring them up to higher standards of living than their present pitiful price realization permits, or we can each and all have our own standard of living go down. Only in an absolute monarchy can a privileged class enjoy luxurious living at the expense of the toil and suffering of an underprivileged class. Ours is a country of equality of opportunity. When times are so prosperous, generally, that the standard of living of the average man comprises comfort and some luxuries, inequalities of the standard of living are neither noticed nor objected to. In fact, with some justice, they are defended as the reward of exceptional service, exceptional industry, or exceptional ability. But when the standard of living of the average man eliminates all luxury and some comfort, and not only poverty but want and hunger and destitution abound the individualistic system must either justify itself by increasing the minimum standard of living of people able and willing to work or suffer deprivation with them. The justification of the individualistic system is national economic well-being. Ordered liberty under that system has given us that in the past and can give it to us again. What is needed in that connection I have already referred to.

To sum up: To put our unemployed at work all Americans must think and work for America. Paul concisely said, "He that careth not for his own is worse than an infidel." If time permitted I could prove that if we do that it is best for foreign nations, too. Dean Bonham in his book Business Adrift does it. We should grow and manufacture in America for Americans everything which Americans can grow and manufacture. For the time being in order to put our 10,000,000 at work we should do that, even if some of the articles grown or manufactured cost us more than we can import them for. Our situation is not so desperate as to justify the nonimportation of noncompeting articles or an absolute embargo on the products of the free labor of any country.

For the time being exclusion of the products of State monopolies and of convict, forced, or indentured labor and the enactment and enforcement of adequate tariffs are all we need.

There is no necessity of making ourselves 100 per cent self-contained, though we could do it if we had to. But it is better policy to encourage imports which do not endanger our own labor.

There are many other pressing and interesting questions, but they can not all be discussed, even inadequately, in one evening. Among them are foreign debts, both public and private; balancing the Budget; currency; silver; the farm problem; economy; taxes. Each of these is important, and most of them have something to do with employment. Each is being thought about, discussed, and worked over. The solution of none is simple or easy. None of them should be neglected, but the things to do first are clearly those I have discussed to-night. Common sense indicates that.

We need common sense, toleration, and vision. Some old terms will need new definitions. I have never myself liked the terms "radical" and "conservative." They are incapable of definition as to present-day occurrences. Nothing, governmentally considered, could possibly be more radical, and even unsound, than some of the authorized activities of the Reconstruction Finance Corporation, yet its creation is commended by those ordinarily termed conservative. Not even in the present emergency should we do basically destructive things, but we have done, are doing, and will do a number of things which only the existence of an emergency and a crisis justify.

I can not close without a brief reference to three outstanding Americans. The way in which President Hoover has led us in this depression will, in history, receive high commendation. Our country, under his leadership, has handled its part of the world-wide depression better than any other country has handled its part under its leadership. As Republicans, we owe President Hoover a debt of gratitude for the masterly way he stressed the tariff in the recent campaign. We are once again, and largely due to his forceful leadership, stanchly the party of the protective tariff.

On one public question I frankly disagree with the President. Section 338 of the tariff law of 1922 makes it his duty to raise the tariff rates against any country which fails to accord us equality of tariff treatment. This duty the tariff act of 1930 continues unchanged. No major country, except Italy and Germany, gives us equality of tariff treatment. The President does nothing. On the face of the statute, he clearly should. The law should be enforced.

President-elect Roosevelt has not only been intrusted by the people with the greatest public office on earth, but he shares with President Hoover the period of the greatest responsibility in our country since Lincoln. We should not raise against his administration mere partisan obstruction. His suggestions should receive not only careful, but considerate attention and be honestly, frankly, and temperately discussed. It should be kept in mind that, speaking generally, Republicans and Democrats are affected alike by the acts of government. By captious criticism and willful misrepresentation we can hamper Mr. Roosevelt, but such means will hurt Republicans even more than Democrats. As the present minority party, we owe the country and Mr. Roosevelt's administration the duty of just, candid, and honest criticisms when criticisms are justified; but a "smear Roosevelt" campaign for party advantage is not justified, would do our country no good, and might do it some harm. We can not hurt our country to help our party. The "smear Hoover" campaign may have hurt him some, temporarily, but, unquestionably, it lowered respect for all government. It hurt our country.

We all mourn Mr. Coolidge's death. We deeply regret that it came at a time when he was so greatly needed. But, in his death, as in his life, he does great service. If we doubted the fundamental soundness of our national appreciation of character, the universal grief at Mr. Coolidge's death reassures us.

The Nation sincerely and universally mourns a public man who chose to be, and was, God-fearing, upright, and clean living; who braved the ill will of influential, nation-wide organizations by denying them what they demanded when he thought them wrong; who in public office preached economy at a time when the spirit of the country was prodigal; who never deviated a hair's breadth from his conception of public duty, regardless of whom he offended; who was at all times simply himself; who never sought public popularity nor put the popular demand of the movement above his devotion to the public interests, and who gave practically his entire life to useful and able public service without ostentation or parade.

A nation which discerningly mourns the loss of a man of simple living, courage, rugged honesty, devotion to duty, strong convictions tenaciously adhered to, deep religious convictions and abiding faith in the future of our country, demonstrates anew its solid foundation of virtue and morality and justifies the faith of its founders and the devotion of its patriot dead.

TREASURY AND POST-OFFICE APPROPRIATIONS

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, House bill 13520.

The Senate proceeded to consider the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. HALE. Mr. President, before the junior Senator from Nevada [Mr. ODDIE], who has charge of the Treasury and Post Office Departments appropriation bill, proceeds with the consideration of the bill, I desire to submit a few remarks upon the situation with reference to the appropriation bills which are to come before the Senate.

Less than six weeks remain of the present session of Congress. During those six weeks the 11 appropriation bills that each session confront the Congress have to reach their final passage and be enacted into law if the Seventy-second Congress is to carry out, perhaps, the most important work for which it was elected to office by the people of the United States, namely, that of providing the necessary appropriations to run the Government. Never in my fairly long experience in the Senate has a more difficult or more critical situation faced the annual appropriation bills. Without the hearty cooperation of the Senate—all of the Senate—the task of enacting into law these bills, all of them necessary

to the maintenance of the Government, will be impossible. Should all or any of these bills fail of passage before March 4, they must, of course, be passed before July 1, or resolutions to continue last year's appropriations will have to be enacted if the Government is to be kept up.

That an extra session of Congress will be called before July 1 is probably true. That at such an extra session it might be found possible to consider and pass the necessary appropriation bills that this Congress has failed to pass before July 1 may also be true, but why any patriotic Senator in this Chamber—and I believe that we are all, according to our lights, patriotic—should wish to put over to the extra session of the Congress these appropriation bills is beyond my power to conceive. A clear field for the consideration of very vital legislation will be needed at the extra session, and the shorter the time that the Congress stays in session the better it will be for the business of the country.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from New York?

Mr. HALE. I yield.

Mr. COPELAND. May I ask the Senator does he think there is an effort being made to put the appropriation bills over to an extra session?

Mr. HALE. No. I am not going into that at all. I do not know that any thought of that kind is in the mind of any Senator, but I want to be sure, if it is, that it is removed.

Mr. COPELAND. I should say that the way to do would be to put the bills before us, and I think the Senate will pass them.

Mr. HALE. I am not going to take up the time of the Senate at any great length, and I do not think the Senator will object to what I have to say.

Mr. President, I recall the war sessions of Congress in 1917 and 1918, when, on account of the crisis that faced the country, politics were laid aside and Democrats and Republicans worked side by side and shoulder to shoulder to bring our country through the crisis. It was far and away the most pleasant service that I have enjoyed during the 16 years I have been a Member of the Senate. Just as serious a crisis—perhaps even a more serious one—faces us to-day. There is just as much call to-day for us to lay aside politics and fight shoulder to shoulder with members of the opposing political faith to bring our country through the present financial crisis as there was in 1917 and 1918 to bring us through the war crisis.

Naturally, as a Republican, I favored last fall the retention of my party in power. I believed that my party was best fitted to bring this suffering country of ours back to prosperity; but the people of the country decided otherwise. By an overwhelming vote they put the Democratic Party in control of the Government, and I can honestly say that I hope that they make a success of it. The future of the country may well depend upon their making a success of it, and I say God speed to them. I may or may not support the measures that their program, when they have determined upon it, will call for, but I hope and trust that politics will not influence my decision. And especially I hope and trust that neither I nor any other Republican Senator will, for the seeming sake of party advantage and to put the party in power in a hole, resort to any practice that will prevent that party from functioning and functioning promptly.

The Democrats of the Senate, I believe, want the appropriation bills passed at this session of Congress so that they may have a clear field for the difficult problems that will confront them at the extra session of Congress. I sincerely hope that every member of my party will join in a concerted effort to give them that clear field, and I, for my part, as chairman of the Committee on Appropriations, shall do everything in my power to see that the appropriation bills get through before March 4.

Mr. BLAINE. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Maine yield to the Senator from Wisconsin?

Mr. HALE. I yield.

Mr. BLAINE. Without questioning the sincerity of the Senator from Maine, I wanted to inquire whether or not his expressions were designed as self-serving declarations for the future?

Mr. HALE. I am perfectly willing to stand on what I say.

Mr. President, I fully realize the difficulties and uncertainties in attempting to compare our Budget estimates for the fiscal year 1934 with estimated receipts for the same period. In the first place the fiscal year 1934 does not start until the 1st day of next July, nearly six months off. No one can tell exactly what will happen in that time. If, as we all hope, this depression is near its end and better times are approaching, our estimated deficit can easily be met.

Our Budget estimates for the fiscal year 1934 amount to $4,403,178,030. In case no public-debt retirements are made, we should deduct $534,070,321 from our 1934 estimates, leaving $3,869,107,711 to be met. Deducting from this sum the estimated postal receipts of $625,000,000, we have remaining $3,244,107,711. Deducting from this sum our estimated receipts of $2,949,162,713, we have a difference pointing to a deficit of $294,944,998. The latest action figures, through the action of Congress up to date, on the nine departmental appropriations have reduced our Budget estimates the sum of $55,252,386; and unless the Senate adds to the appropriations, this sum at least may be deducted from the $294,944,998, leaving an estimated deficit of $239,692,612.

The President in his message to Congress on January 17 states that our estimated income for the fiscal year 1934 is likely to fall short under present world conditions by anywhere from $100,000,000 to $300,000,000. Adding his average figure of $200,000,000 to the $239,692,612 would bring the estimated deficit to $439,692,612.

If Congress maintains its reduction of the Budget estimates for the bills yet to be considered, that reduction, of course, will reduce this sum accordingly.

In the President's message of January 17, based upon his modified estimates of expenditures, which includes a proposed decrease of $121,000,000 for the Veterans' Service and $55,000,000 for an additional cut of 11 per cent in salaries, he divides the expenditures for the Government into six groups, as follows:

1. Interest on the public debt, which can not be reduced	$725,000,000
2. Trust funds, tax refunds, District of Columbia budget, contributions to civil-service pensions, post-office subsidies to air and foreign mail, which are represented by fixed obligations, and other similar items on which there is no opportunity to reduce	310,900,000
3. Public works and their maintenance (excluding military, naval, and veterans' construction, which are in following items) has been reduced practically to commitments and contracts outstanding	305,000,000
4. Expenditures on military establishments	612,700,000
5. Expenditures on veterans have been reduced in the Executive proposals by $121,000,000	818,400,000
6. All other expenditures of the Government, including the legislative, the judiciary, law enforcement, prisons, foreign affairs, fiscal and tax service, public health, education, forests, fisheries, aids to agriculture, labor, commerce, safety of life at sea, inspection of food products, and a multitude of vital services, including the post office as represented by the remaining deficiency and all other independent establishments except the Veterans' Bureau	461,000,000
Total	3,233,000,000

From this table it is made clear that of the estimated expenditures of $3,233,000,000 for the coming year, all but about $461,000,000 represent expenditures that may not under existing law or obligations of the Government be reduced, with the exception of the appropriations for the Army and Navy, which probably can not, with due regard for the defense of the country, be further greatly reduced. The $461,000,000 represent the ordinary running expense of the Government aside from those for the Army and Navy and the District of Columbia, including the cost of running the Post Office Department over and above the re-



ceipts to the Government from that department, and deducting contractual obligations of about $22,000,000.

It must be borne in mind that the ordinary running expenses of the Government have been reduced by the Budget over the same running expenses for the current year a good many million dollars and the House has made still further cuts. Obviously, whatever further economies may be made, no cut in any way commensurate with the probable deficiency for the year can possibly be made in these running expenses of the Government. Unless the Congress sees fit to change existing law, either to produce more revenue or to cut off obligations under existing law, we shall in the next fiscal year, even with the suspension of any payment to the sinking fund, face a deficiency in balancing our Budget of between four and six hundred million dollars.

Mr. ODDIE. Mr. President, I ask unanimous consent that the formal reading of the bill may be dispensed with, and that the bill be read for amendment, the committee amendments to be first considered.

I also ask unanimous consent that the so-called economy provisions contained in the bill may be considered after the main Post Office and Treasury provisions in the bill shall have been disposed of, and that the reading of the economy provisions may be dispensed with at this time.

I was not a member of the Economy Committee. The Senator from Connecticut [Mr. BINGHAM] is chairman of that committee and the report of that committee is incorporated in this bill. I will not at this time state what is my attitude with respect to some of those provisions, because we shall discuss them when we reach them. I oppose some of them. I will ask the Senator from Connecticut, as chairman of that committee, to explain those provisions when they are reached in order.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nevada?

Mr. McKELLAR. Mr. President, may I ask the Senator from Nevada just what his request is? I understand him to ask that the main body of the appropriation bill be considered and after that that we take up the economy provisions.

Mr. ODDIE. Yes.

Mr. McKELLAR. I have no objection to that course.

The VICE PRESIDENT. Without objection, the formal reading of the bill is dispensed with, the bill will be read for amendment, and the amendments of the committee will be first considered. The Secretary will state the first amendment when it is reached in the reading.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the subhead "Public Debt Service," on page 10, line 5, after the words "in excess of," to strike out "32¼ cents" and insert "35 cents," so as to read:

Distinctive paper for United States securities: For distinctive paper for United States currency, national-bank currency, and Federal reserve bank currency, not exceeding 2,000,000 pounds, including transportation of paper, traveling, mill, and other necessary expenses, and salaries of employees, and allowance, in lieu of expenses, of officer or officers detailed from the Treasury Department, not exceeding $50 per month each when actually on duty; in all, $550,000: *Provided*, That no part of this appropriation shall be expended for the purchase of such paper at a price per pound in excess of 35 cents.

Mr. KING. Mr. President, I was wondering, in view of the general decline in prices of commodities, what reason there was for increasing the allowance or the maximum price that might be paid for distinctive paper for United States securities?

Mr. ODDIE. Mr. President, replying to the question of the Senator from Utah, I will quote from the statement of the Treasury Department, appearing on page 3 of the Senate committee hearings, as follows:

With regard to the appropriation for distinctive paper for United States securities, I invite your attention to the proviso on page 10, lines 3 to 5, to the effect that no part of this appropriation shall be expended for the purchase of this distinctive paper at a price per pound in excess of 32¼ cents. The appropriation for this fiscal year carries a similar restriction, but at a price per pound of 38 cents. The contract for distinctive paper for the current year is at the rate of 32¼ cents, and the proposed limitation would restrict purchases during the next fiscal year within the limits of the present contract price. The current price of 32¼ cents is the lowest paid for distinctive paper in 20 years, and the placing of a restriction at that low level for the future might lead to serious consequences should it be impossible to contract for the paper within the limitation imposed. I believe it to be very unsound business practice to fix any limitation of this nature. Should conditions arise whereby the department should be unable to obtain a bid within the limitation, the department would be in the position of being unable to contract for the paper required for its currency and security printing. If Congress were not in session at the time so that remedial legislation could be obtained, we would be confronted by a very serious situation. It is not the practice to place such limitations in appropriations, expenditures from which are to be made under competitive bidding, and it is particularly inadvisable to apply it in the case of distinctive paper, in view of the serious consequences which might arise.

Mr. President, the committee decided that that 32¼ cents should be raised to 35 cents; and after the testimony that was given I believe it is a wise thing to do.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Michigan?

Mr. ODDIE. I yield.

Mr. VANDENBERG. Referring to the report accompanying the bill, can the Senator tell me whether the estimated total savings are figured after making the economy section effective, or before making it effective?

Mr. ODDIE. After.

Mr. VANDENBERG. I thank the Senator.

Mr. ODDIE. In other words, the amounts provided for in the economy provisions have been deducted from the amounts in the bill.

Mr. VANDENBERG. So that the entire bill, including the economy section, must be adopted if the savings indicated in the report are to be achieved?

Mr. ODDIE. Yes; that is right, Mr. President.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. The Senator from Maryland.

Mr. TYDINGS. Has the Senator from Nevada yielded the floor?

Mr. ODDIE. No.

Mr. TYDINGS. Then, before action is taken on the amendment I should like to have something to say about it.

Mr. ODDIE. I hope the Senator will have an opportunity to say something right now.

Mr. TYDINGS. I can not let the amendment go by.

Mr. ODDIE. I ask unanimous consent that the vote be withdrawn.

The VICE PRESIDENT. The Chair has not announced the result. The Chair recognized the Senator from Maryland, who has the floor.

Mr. TYDINGS. Mr. President, I do not want to take the Senator from Nevada off the floor; but now that we are getting on to the routine of taking up the appropriation bills, I think it well to face the real financial facts.

For three years now the Government has been running behind. It has been adding a billion or more dollars of deficit every year to the national debt. Obviously, we can not go on indefinitely borrowing on the future, because we are only heaping up expenses that must be paid eventually by the taxpayers.

I think we are at the time when we should cut down the routine expenditures of the Government and live within our means. I do not believe we should appropriate, for general purposes, more money than we are going to take in. If we are to pursue the policy of normal appropriations, then we must make up our minds to raise taxes; and who is going to pay the new taxes? The 12,000,000 unemployed? The victims of the 5,000 bank failures? The million farmers who have lost their homes under mortgage foreclosures or for delinquent taxes? How are we to bring the Budget under control unless this Congress makes up its mind that

it must cut down normal governmental expenditures and live within its means?

What are the facts for the coming year?

The expenditures for the year 1934, as projected in the Budget estimate, are $3,974,800,000. What is the revenue? Two billion nine hundred and forty-nine million one hundred thousand dollars. That estimate of revenue is a rosy estimate based, when made, upon facts that do not now exist.

In other words, we shall be about a billion and a half dollars short, if we continue to appropriate with the estimated revenues only to meet those appropriations.

The income tax is estimated to yield $1,010,000,000.

Miscellaneous internal revenue, such as stamps, gasoline taxes, and so forth, $981,000,000.

Customs receipts, $320,000,000.

Miscellaneous receipts, $638,000,000. The latter total includes $329,000,000 representing payments of principal and interest due from foreign governments on indebtedness to the United States. Three hundred and twenty-nine million dollars of this estimated revenue is supposed to be collected from foreign governments, some of which already have refused or are withholding the payments contained in this estimate.

If we take the estimated expenditures of $3,974,800,000, and subtract therefrom the estimated receipts of $2,949,100,000, we have a probable deficit of $1,025,700,000; and I say with the utmost of conservatism that the deficit will be closer to two billion than it will to one billion, as every Senator upon this floor knows. Therefore we will go out in the market and borrow that $2,000,000,000 and add it to the national debt, and make just that much higher hurdle for the taxpayers to overcome in the future in interest on the national debt and requirements for the sinking fund on the national debt.

Think of this startling figure! We are now paying out every year $725,000,000 in interest alone upon the national debt. Twenty-five per cent of our Budget now goes for interest on our national obligations, and more than that percentage of our revenue is necessary to meet interest charges alone. Three-quarters of a billion dollars we must now appropriate every year, first taxing the people to get it, for interest upon the national debt; and unless we draw the line now and face the facts, and if this depression does not respond as we hope it will to the treatment soon to be applied to it, we are but postponing the day of a return of confidence and of sound governmental finance, and making our task the more difficult when we do really undertake to do the work which must be done.

Now, I should like to have the attention of Senators for just one moment upon this particular phase of the matter: Where do we get the money to run this Government?

I hold in my hand a package of cigarettes—Chesterfield cigarettes—20 of them in the pack. Upon that pack is a tax of 6 cents, represented by the little blue stamp on its top. Suppose a man smokes a pack a day, or 300 packs a year. That means that he pays $18 in his cigarette taxes alone to the National Government. If he is a carpenter making $4 a day, he has to work four and a half days just to pay his cigarette taxes. He has to give up four and a half days' earnings to pay that one tax. The ridiculous part of it is that here is this Congress appropriating money to help the farmer, appropriating money so that he may raise next year's crop, appropriating $500,000,000 to handle his surpluses, and then we levy 15 per cent of all governmental taxes upon one agricultural commodity—tobacco.

If there is any consistency in that policy, I should like some one to point it out.

My State happens to be a tobacco-producing State. If you want to see some impoverished farmers, go into southern Maryland, where they raise tobacco and where it is the main crop, and look at the condition of the banks, and look in the clerks' offices for the unpaid and defaulted mortgages; and yet in the name of agriculture we are levying 15 per cent of all governmental taxes—income taxes and all kinds combined—upon one little agricultural commodity. Senators have qualms about the sales tax, but do not hesitate to levy a sales tax upon the products of the soil.

I want to say to those Senators who represent tobacco States that we have been asleep. We have not looked after our constituents. While millions of the people's money flow out to take care of other products which bear no taxation whatsoever, the products of our State represent the strongest single crop under the structure of governmental finances, and we have sat in this Chamber and permitted that condition to exist.

Senators who have qualms about the sales tax do not mind taxing the people upon their gasoline, their candy, their chewing gum, their radios; but if a person buys a $5,000 or $25,000 oriental rug, he pays no sales tax whatsoever. If he buys a $2,500 grand piano, although we will all concede that that is a luxury, he contributes not a dollar upon that transaction. But the tobacco farmer in Maryland and Virginia and North and South Carolina and Kentucky and elsewhere must bear 15 per cent of the entire burden of the National Government in the form of a tax upon the product he produces.

There is not a man who will stand on this floor now and say that that is right or fair or just. If there is one, I shall be glad to pause and give him a chance to make that assertion. There is not a man who will say that that is fair taxation; and this from a Congress wherein every day men rise upon the floor and say, "We must do something for agriculture," and "We must help the farmers to hold their farms"; and then we permit this taxation policy to exist, which penalizes one agricultural product in a few States to the extent of bearing one-seventh or one-eighth of all the burden of taxation necessary to run the National Government!

It is high time, I say to my associates from those States where tobacco is produced, that we fight this thing out, spread the base, and make other commodities more in the class of luxuries than tobacco bear their fair proportion of the national load.

For some little time we were reducing the national debt. According to the figures of the Secretary of the Treasury, we find that on June 30, 1919, the national debt was at its peak, being $25,484,000,000. By June 30, 1930, it reached its lowest point of $16,185,000,000—a reduction from all sources of about $9,000,000,000. But where is it to-day? It is going back to the high peak even faster than it came down; and so great is it at this time that $750,000,000 alone out of estimated revenues of $3,000,000,000, or 25 per cent of all revenues, is required for mere interest charges alone!

Another thing I would like to point out at this time is the need for refunding our national debt at a lower rate of interest than that which it now bears. Liberty bonds, upon the best security under God's sun, are bearing 4½ per cent interest, a major part of the $750,000,000 of interest charges upon the national debt each year. I would like to see those men who want stability in government, who want governmental expenses cut, bring in their Liberty bonds as a patriotic gesture, and lay them down and take new securities at 2 or 2½ or, at the utmost, 3 per cent, upon the best security in the world. People put their money into savings banks and get 3 per cent upon it. Why should not the holders of Liberty bonds bring them in, in a patriotic gesture, when the country needs money, and start there to reduce this $750,000,000 interest charge upon the national debt?

Mr. SMITH. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. SMITH. Can the Senator give us the total interest we have to collect as payment on the still outstanding Liberty bonds, which bear from 4 to 4½ per cent interest?

Mr. TYDINGS. I have not the exact figures, but I believe it is substantially an accurate statement to observe that this year, upon six months' notice, I believe, the Treasury could call in about $8,000,000,000 of Liberty bonds which are bearing 4¼ and 4½ per cent interest and refund them.

In Great Britain, with a tremendous debt, with the Government unable to balance its budget, a patriotic appeal

was made to the people. They were all asked to surrender their bonds which are the equivalent of our Liberty bonds. "Minute men," so to speak, addressed groups throughout all England. Was the campaign successful? Ah, yes; over in England it was successful. The people, although they could not afford it, surrendered their bonds, their governmental obligations, and took new obligations at a lower interest rate. That was over in England, where it seems to me that quality difficult to define, which we call patriotism, exists to a keener degree than it does in some other parts of this terrestrial sphere.

Mr. SMITH. Mr. President, what is the total amount, as estimated, that we have to pay in the form of interest on the Liberty bonds?

Mr. TYDINGS. I would say to the Senator that at the close of the last fiscal year, in round numbers, it was shown that the interest charge on the entire national debt was about $725,000,000 annually, and the overwhelming portion of that $725,000,000 was attributable to the interest necessary to be paid on the Liberty bonds. So that the bulk of that expenditure of $750,000,000, which it is now, in round numbers, is due to the fact that the holders of Liberty bonds are receiving 4¼ and, I believe, in one case 4½ per cent upon those Government obligations.

Mr. President, it strikes me that what I have suggested would be a magnificent gesture; and may I point out to the Senator from South Carolina that if that gesture were made it would save this Government $200,000,000 a year, more money than we will save by the so-called economy bill.

I hope that the next administration will put on a patriotic campaign, as was done in England, and that we will seek to refund the Government obligations at a lower rate of interest than now prevails, so that we may effect this saving to the American taxpayer.

Mr. President, of course in the national-debt figures from which I quoted I did not include many of the expenditures made by the Reconstruction Finance Corporation. I think the Government now has bought over a billion dollars' worth of their paper. Part of that was the $500,000,000 subscription which we made when its notes were first offered. The Government took the notes and handed the Reconstruction Finance Corporation the money, which in turn made loans with it to the people and the projects and the communities of the country. It was nothing more nor less than a dole. We got into that matter without anybody's calling it by its right name. Men who had qualms about the dole did not hesitate to advocate the dole dressed up under the name of community relief. The only difference was that it was an aggregate dole and not an individual dole, and we have the word of some communities now which will never be able to pay their debts that they are going to return the money, and of course we assuage our consciences and their scruples and their philosophy because we surrounded it with appropriate rhetoric.

I want to deal particularly at this time with the so-called excise taxes, for the excise tax is the thing which to me is absolutely astounding the more I consider it and the more I realize how 20 or 30 things which are almost the necessities of life have been used as the sole props to bear up this thing we call government while everything else escapes.

First, there is gasoline, which is a necessity, an absolute necessity, almost as much of a necessity as food, because without gasoline how much food could we produce?

Then there are trucks. The farmers of Maryland, of Utah, or any other State have farm trucks, and we did not hesitate to tax them.

I might call the whole list, but what justice is there in picking out 5 or 10 or 15 articles and saddling upon those articles the entire cost of government? I would much rather exclude the necessities of life, and medicine, to any reasonable degree, and spread the rest of the load, through a sales tax, over the remainder of the things which we use.

The thing that outrages me more than anything else is that one agricultural product, namely, tobacco, has to furnish 15 per cent, or one-seventh, of all the revenue which this Government receives, one agricultural product, in a Congress which continually talks about helping the farmer.

On tobacco we raised $400,000,000 of revenue this year, and in good years we raise even more than that; and, as I said a moment ago, the man who smokes a package of cigarettes a day must work four and a half days a year, at a salary of $4 a day, to pay his annual cigarette tax alone. How many people of this Nation realize that? How many carpenters, how many mechanics, how many of the employed who are getting $4 a day, realize that four and a half days of their time are taken up to pay one tax alone, the cigarette tax?

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER (Mr. PATTERSON in the chair). Does the Senator from Maryland yield to the Senator from New York?

Mr. TYDINGS. I yield.

Mr. COPELAND. I am much impressed by the argument used by the Senator. He spoke a moment ago about a general sales tax as a substitute for the inequities and unfair application of our present law. I think the Senator spoke of medicines. I assume the Senator would exempt medicines and the real necessities of life.

Mr. TYDINGS. Of course. Let me make that plain. At this time I would exempt all essential, ordinary foods. I would exempt cheap clothing and cheap shoes. I would exempt medicines. I would spread the tax on all other things, and make them bear their fair proportion of the expenses of running this Government. If we do not do that, then we must discriminate against one article and in favor of another, as I have shown.

Mr. COPELAND. The Senator will recall that last year the Senator from Massachusetts [Mr. WALSH] and I offered an amendment proposing a sales tax, but exempting the necessities and medicines.

Mr. TYDINGS. I voted for it.

Mr. COPELAND. The Senator voted for it, I know. We did exempt the necessities, the articles mentioned by the Senator. We exempted clothing and shoes and all the absolute essentials. Of course, we would have then really a graduated tax. It would be a tax upon the rich, it would be a tax upon expenditures for grand pianos and diamonds, spoken of by the Senator. Those who spent the most and who were most able to spend the money would be the ones who would bear the tax. I am sure the Senator has in mind to make clear to the country, in what he is saying, that what he proposes is not a tax upon the poor, as the tax the Senator mentions upon tobacco is in many instances, but that with the exemptions proposed, it would be a graduated tax placed upon those well able to pay. Am I right?

Mr. TYDINGS. The Senator is right. Let me tell the Senator from New York what we have taxed. Those who could not stand a modified sales tax, excluding the necessities of life, could vote with alacrity for a tax upon these articles.

First of all, tobacco manufactures, $400,000,000, raised from the people on tobacco, a thing that is a necessity. I would rather eat a little less and have my tobacco than to eat a whole lot and have none. I like to smoke tobacco.

Mr. FLETCHER. Mr. President, I want to ask the Senator whether that tax of $400,000,000 the Senator said applied to tobacco includes cigar manufactures and cigarette manufactures.

Mr. TYDINGS. It does. The next thing we took up was oleomargarine. There is a luxury for you! Oleomargarine we taxed in this special bill, the butter of the poorest people in the United States, of the East Side of New York, and parts of east Baltimore, and parts of Chicago, where we are now contributing millions of dollars. We did not hesitate, because a lobby had appeared here, to do injustice and to discriminate against the bread and butter of the poorest people in this country at this hour.

I say it is a legislative crime to tax the food of the poorest and then get up and say in the next breath, "We will not put a tax upon the poor." There are millions of families in

this country which can not eat butter now, which can not afford butter, and a good many of them do not even have oleomargarine upon their bread.

My State is a big dairy State. I know they propagandized me along with the others to put oleomargarine out of existence so that they could sell more milk. This business of penalizing one part of the population to help another part of the population is one of the things that has brought us right to where we are to-day; and unless we stop it and face around and stand up and make a few enemies for the good of this country, our present condition will continue to exist.

What was the next thing we taxed? Lubricating oils.

Mr. SMITH. How much did the Government get out of oleomargarine?

Mr. TYDINGS. The Government collected on oleomargarine $1,753,573.78, the poor's contribution to the deficit, the contribution of the man out of work, the contribution of the little boy and girl—to speak accurately if not sentimentally—whose father is now out of work, whose food allowance has been cut down, but they have to furnish this little $1,750,000 a year because a powerful lobby told us we had to put the oleomargarine people out of business.

Mr. LEWIS. Mr. President, may I ask the Senator if the oleomargarine price was increased?

Mr. TYDINGS. Yes; because a special tax was put upon it.

Mr. McKELLAR. Mr. President, may I inquire of the Senator what effect it had upon the price?

Mr. TYDINGS. The tax was cleverly disguised. The real purpose of that tax was absolutely to stop the manufacture of oleomargarine, as the Senator from Tennessee knows, under the guise of taxation. Here was a perfectly honest business that was singled out because of the greed, the inordinate greed and selfishness, of one section of humanity who wanted to hog all the trade in relation to that class of products.

Mr. KING. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Utah?

Mr. TYDINGS. I yield.

Mr. KING. I assume from the observations of the Senator that he is denouncing the policy which not infrequently has been adopted by our Government of destroying legitimate business under the guise of taxation.

Mr. TYDINGS. That is true.

Mr. KING. I was in the House when the oleomargarine bill was passed. I voted against it. I thought then it was an abuse of the taxing power, and I think so still. I think our legislative body upon a number of occasions has violated not only good morals but has violated the law and a proper interpretation of all constitutional inhibitions.

Mr. TYDINGS. And—not to be said to its credit—may I add that usually when such a discrimination has been made it has been made against little business in favor of more strongly organized business, which is no compliment to the Senate and the House of Representatives.

Lubricating oil. A necessity? Every farmer who has a little Delco plant or a cream separator or a truck or an automobile or a tractor and every little manufacturer of the same uses lubricating oil. We could not take the sales tax, but we could put it on lubricating oil. We could not put it on baby-grand pianos or $5,000 rugs or $150 suits of clothes or $300 to $500 dresses or ermine capes or $50 to $75 men's and women's hats or $15 shoes, but we could take it on lubricating oil. We could not penalize the poor, but we could take it on lubricating oil, and we could take it on the carpenter's cigarettes. Let me say to my friend from South Carolina [Mr. BYRNES], who gives me his attention, that we raised $400,000,000 on tobacco alone, or one-eighth of all the governmental revenues, but we could not have a sales tax.

On what else did we put it? Malt, brewer's wort, grape concentrates—all agricultural products—and what we would not take directly for making good honest-to-goodness beer we take indirectly from making illegal beer, and then some people wonder why Congress gets cussed up and down the streets and highways of the country!

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from New York?

Mr. TYDINGS. I yield.

Mr. COPELAND. Will the Senator read from the record what was the estimate of the return from the tax on brewer's wort?

Mr. TYDINGS. It is estimated that for 1933 the sum of $22,000,000 will be raised from the tax on brewer's wort, malt, and grape concentrates altogether.

Mr. COPELAND. Has the Senator the figures for the preceding year?

Mr. TYDINGS. No; quite appropriately they have been omitted.

Mr. COPELAND. I want to invite the Senator's attention to the fact that in a colloquy with the Senator from Utah [Mr. SMOOT] covering two or three days I pointed out that there would be no material revenue because of the way this subterfuge was dealing with the beer question. But the Senator from Utah said we would get $96,000,000—$96,000,000.

Mr. TYDINGS. The Senator from Utah is not to be blamed because, may I say in his behalf, I could take everyone of these items and show that they yielded only from one-half to three-quarters as much as was estimated at the time.

Mr. COPELAND. This year it is less than one-tenth as much, so that balancing the Budget was an absolute failure in every particular and especially as regards brewer's wort.

Mr. TYDINGS. Here is where we really get out of the high-sales-tax class and levy a tax upon a luxury. We tax matches! Everybody knows the poor people use no matches. Only the rich people use matches. The idea of a poor person having the effrontery to have a box of matches in his home! [Laughter.]

Gasoline! Why, the rich people can cook on most every kind of appliance, but many of the poor people, particularly in the summer time, have coal-oil and gasoline stoves, to say nothing of their trucks, their Delco plants, and what not.

Here is where we really committed the supreme inconsistency. We taxed electrical energy. May I invite the attention of the Senator from Nebraska [Mr. NORRIS], because I know that he was very anxious to have the poor people not taxed on electrical energy; but I find that those of us, whoever they may be, who could not shoulder a modified sales tax could tax electrical energy.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Montana?

Mr. TYDINGS. I yield.

Mr. WHEELER. I want to say to the Senator that I hope this is not a filibuster. I am very anxious to have the bill passed that is now before us so we can consider some important relief legislation to relieve the poor farmers and the poor people about whom we heard so much when the Glass bank bill was pending. I want to see that legislation brought forward. I want to see what kind of legislation it is going to be.

Mr. TYDINGS. This is a filibuster in the interest of the taxpayers and not against them, let me say to the Senator from Montana.

Mr. WHEELER. I am trying to get some relief for the poor people about whom we heard so much when the Glass bill was pending, and I want to see what that relief will look like.

Mr. TYDINGS. We raised $138,000,000 by a gasoline tax, may I say to the Senator from New York [Mr. COPELAND], and of course only the rich people pay that, as he knows. Electrical energy brought another $31,000,000, and of course no poor farmer and no poor man of Baltimore city or New York City ever has an electric light. The rich pay it all.

Toilet preparations! There is one place where we stepped fairly out of the character.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Nebraska?

Mr. TYDINGS. Certainly.

Mr. NORRIS. Before the Senator leaves the question of electrical energy, will he tell the Senate the story of just how that got into the law? Has he forgotten what happened at that time?

Mr. TYDINGS. No.

Mr. NORRIS. I think it would be worth while, even if the Senator should be charged with a filibuster, to tell again the story and to tell the truth about how that tax got into the law.

Mr. TYDINGS. May I say that the way it got in was that it was not direct current we were taxing, but it was alternating current, and although we attempted to tax the direct current, yet when we wound up after the bill came back from conference we found that we were taxing alternating current, and I think the Senator understands.

Mr. NORRIS. I was in hopes the Senator would tell the story correctly. He is telling us a fable now. [Laughter.] I wish he would tell just how that item got into the bill. If he does, he will tell what is already in the record, of course, but it will be exceedingly interesting to hear again how that item got into the bill and how the people resented it at the polls and what happened to some of those who put it in the bill.

Mr. TYDINGS. Much as I would like to comply with the Senator's request, I know he is going to tell about it, and I am sure I could not do it with as complete knowledge of what occurred as the Senator himself.

Mr. BLAINE. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Wisconsin?

Mr. TYDINGS. Certainly.

Mr. BLAINE. If the Senator will recall, the junior Senator from Nebraska [Mr. HOWELL] offered an amendment to impose the tax upon power companies instead of the consumer. How did the Senator from Maryland vote on that question?

Mr. TYDINGS. I am not certain, but I think the Senator will find I voted against each and every one of those special commodity taxes and then supported the sales tax offered by the Senator from Massachusetts [Mr. WALSH], which exempted food and clothing and medical supplies.

Mr. BLAINE. But this amendment gave the Senate an alternative. The proposition was to levy the tax against the consumer.

Mr. TYDINGS. Yes; but I maintained this policy that I will vote for no special tax on commodities; and, although I have not the record here, I think it is almost completely consistent in that respect. And I further asked to be excused from voting on the bill at final passage because it did not balance the Budget and was a tissue of tax discriminations.

Mr. BLAINE. I think the Senator will find he voted against the Howell amendment.

Mr. TYDINGS. I probably did, but may I say I voted against every other amendment to tax any special thing; and I supported the sales tax, and I think that makes my position absolutely consistent. Does not the Senator think so?

Mr. BLAINE. If the Senator is opposed to taxing power, I can not understand how he could vote for the sales tax.

Mr. TYDINGS. If the Senator will pardon me, if we exempt food, if we exempt cheap clothing, if we exempt farmers' tools, if we exempt medicine, we have certainly gone as far in exempting the poor man as I think it is possible to go.

Mr. BLAINE. But may I invite the Senator's attention to the fact that the sales-tax amendment embraced a very large number of items, as I recall, running into the hundreds, that would have been paid by the poor and particularly the farmers of the country.

Mr. TYDINGS. That is true. I do not think we can adopt any form of taxation that somebody will not have to pay. I do not think we can adopt any form of taxation that the farmer will not have to pay a lot of it. But may I say to the Senator from Wisconsin that one-seventh of all the taxes which we attempt to collect are collected on one agricultural product, tobacco. Is that the way to help the farmer, to take one agricultural product and make it bear one-seventh of all the taxes laid by the Government?

What else did we tax? Automobile trucks, other automobiles, motor cycles, radio sets, mechanical refrigerators, sporting goods, firearms, candy and chewing gum, soft drinks, telephone, telegraph, radio, cable, transportation by oil lines, and so forth. It was the most outrageous discriminatory sales tax bill ever passed by the American Congress—a discriminatory sales tax bill. That is exactly what it was, and nobody can refute it—a discriminatory sales tax bill, in places bearing the hardest upon the poorest people of the country, and passed by the very men who in many cases refused to support a sales tax which would have given the poor class of our citizens a break on the onerous proposition of taxation. It was nothing more nor less than the grossest kind of discriminatory sales tax, and I challenge anyone in this Chamber to say it was not. I pause for a reply if there be one who wants to argue that point.

We all know it was a sales tax, but it was a sales tax upon 20 or 25 things, some of them food and all of them necessities of the average poor man; but we could not vote to put a tax upon the baby-grand piano or the $25,000 oriental rug! Oh, no! The poor man was buying too many of those rugs; he had a baby-grand piano in every room in his house; and therefore we eliminated the tax upon those things because, forsooth, we did not want to do an injustice to the poor. It was much better to tax his gasoline and candy and tobacco and the products of agriculture than to tax, as my friend from Massachusetts [Mr. WALSH] proposed, that class of articles which would have relieved the poor from the extreme burden of taxation.

Now, we come down to the bill which is before us. The bill proposes to appropriate substantially the same amount of money that we appropriated in a like bill last year. Every Senator who votes for it tells the American people that he is going to put another deficit of $1,500,000,000 upon their backs by his action. We can not appropriate more money than we are taking in without putting more taxes upon the American people. We may postpone levying them, but eventually we are going to make the American people pay the deficit.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Utah?

Mr. TYDINGS. Yes; I yield.

Mr. KING. Does not the Senator think he is rather too modest in suggesting the maximum deficit?

Mr. TYDINGS. I know I am.

Mr. KING. In view of the shrinking revenues I think the deficit will be, perhaps, $2,000,000,000 or more for the next fiscal year, unless we increase taxes.

Mr. TYDINGS. May I prove that what the Senator has said is absolutely true? The deficit of a billion dollars, which I have suggested, does not take into consideration the more than $400,000,000 which, under the law, the Treasury is supposed to apply to the national debt.

As the Senator knows, the policy has been to pay off a certain amount of our national debt every year even during the depression. How? By going out in the open market with more Government securities, borrowing $450,000,000, and then paying it out of the Treasury, and winding up at the exact point whence we started. The deficit is going to be closer to $2,000,000,000 than to $1,000,000,000. At 3 per cent interest that means $60,000,000 of additional taxes annually upon the American taxpayers for interest alone. Sixty million dollars a year! And who is going to pay it? The man who uses gasoline, the man who uses electrical energy, the man who uses wort.

If we could now get a beer bill through the Senate that would permit the manufacture of the kind of beer the people really want, we could raise a great amount of additional revenue. Just try it and see how far we will get when we undertake to carry the content out to decimal points, 85 places. We will not raise money in the way that people are willing it should be raised. Oh, no; we have got some superspiritual quality within ourselves that enables us to know what the people should have better than they themselves know.

I am not going to dwell on beer. I had enough of that at the last session, when I saw I was simply in a valley in a wilderness with nothing but echoes coming from both sides. However, in view of the last election it seems that some people in this country were not altogether out of sympathy with my humble remarks at that time, and many who had held the most rigid antagonism to the nefarious thing we call "beer" somehow concluded that there was beauty in its amber, music in its foam, rest in its drink, and revenue in its sale.

Mr. President, I have pending at the desk a resolution directing the Committee on Appropriations not to recommend appropriations in excess of the money the Government is going to receive.

If I thought there was the faintest glimmer of hope of even a fragment of that resolution surviving debate, I would be glad to engage in a filibuster for whatever my physical powers are worth to accomplish that end. However, I doubt it will be adopted. Only the other day in one of the committees, which was considering an appropriation for the Indians, I asked the expert who was there what a certain appropriation of $12,000 was for. He replied it was to teach the Indians how to raise agricultural commodities. I inquired how many families there were on the reservation, and he said a thousand. I asked, "How much is their gross agricultural income as of 1929 on the 1929 price level?" He replied, "$30 a family." "Well," I said, "$30 to a family; and how many families?" He answered, "A thousand families." How many are a thousand times 30? Thirty thousand. How much do you suppose, Mr. President, we are appropriating to teach those Indians to do that? We are appropriating $12,000 a year, and $30,000 was the gross return. I then offered an amendment to that item to cut it in half, and made the perhaps conceited utterance that if they would give me the $6,000 I would take two experts out there who would do all the work which had formerly been done by those employed under the $12,000 appropriation. I still stand ready to make good that statement. But to continue with that incident, did the amendment carry? No, Mr. President; the same old appropriation went right on through. The taxpayers were not present; those who wanted the appropriation were present, and was it not easier to give it to them and not make enemies than to withhold it? Why, of course. Then why not take the easiest way, which we did? Hence we are going to get $6,000 worth of work out of $12,000 of the taxpayers' money.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Montana?

Mr. TYDINGS. I yield.

Mr. WHEELER. I am glad the Senator brought that subject up, because I am in accord with him. We have been carrying on an investigation of the Indian Bureau, and have come to the conclusion that the ruthless extravagance and wasteful expenditures of money of that agency of the Government ought to stop. I very much hope that the next Congress will do something radical to cut out a lot of the useless bureaus we have. We have a lot of so-called Indians, for instance, whom we call "wards," who have about one-sixteenth Indian blood in their veins, whose names ought to be eliminated from the rolls of the Indian Bureau.

What is true of that bureau is true, in my judgment, of every single bureau of the United States Government, in the Interior Department, in the Agricultural, and in every other department of the Government.

Let me say further to the Senator that even if we did eliminate all those things, we could not balance the Budget. We could, however, give the people who put up the money a run for the money which they pay in taxes, and that ought to be done.

Mr. TYDINGS. Mr. President, if the Senator will permit an interruption at that point—and I thank the Senator for his suggestion—I want to make my position absolutely clear so that I will not be misunderstood. I do not want to throw out of work anybody who is now employed, but what I do lay down, as a basically sound proposition, is that whatever money we have to spend over and above the pure essentials in operating the Government ought to be applied to all the people and not merely to a group whose services we may not need. God knows we have got need enough for all the money we can raise; and I lay it down as a proposition that if there is one department that is not needed, it can be done away with, and if only $100,000 be saved, it is not fair to keep that department in operation. Why? Because we have taken those who occupy places in such a department and given them preferential treatment and every other member of the distressed army of unemployed at this time is entitled to equal treatment. We ought to cut expenses, and if we are going to spend the money anyway, we should spend the money which we will not require, after we have cut the expenditures, for some program that will help all the people and not center it in a few spots, while 12,000,000 of the unemployed pound the pavement hunting any kind of a job which will give them a few pennies.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield further to the Senator from Montana?

Mr. TYDINGS. I yield.

Mr. WHEELER. During the investigation of the Indian Bureau, let me say to the Senator, we found it almost impossible to tell how much money had been appropriated for the different activities. As a result, the committee has recommended to Congress that we simplify the appropriation bill so that anybody visiting an Indian reservation or asking for information may tell immediately how much money is spent for this particular item or that particular item. Furthermore, what we have recommended in that particular instance, I think, should be done in all the other departments. We ought to simplify the appropriation bills so that the layman may understand them. At the present time it takes a Philadelphia lawyer to understand them and to find out how much money is appropriated, because items are duplicated.

Let me call the attention of the Senator to just one other thing. My attention has recently been called to what seems to me a very important thing, and that is that we ought to have one centralized purchasing bureau instead of having, as we now have, different purchasing agencies for almost every branch of the Government. We ought to conduct the Government as a business affair; but, instead of that, when one goes into the great cities of the United States or into the States he finds a Government purchasing agent for this department, a purchasing agent for that department, and a purchasing agent for the other department.

Furthermore, the Government has warehouses in different places filled with goods which are rotting. No one can tell how great the loss is to the Government. I am told that we could save a tremendous amount of money if we had a unified purchasing agency and let each activity of the Government put in a requisition for just what it needs and nothing more.

If the Senator will pardon me for just a moment further, we found, as a matter of fact, some of the Indian reservation warehouses filled with goods that had been there for 10, 12, or 15 years, and I am told warehouses in the city of Washington are filled with goods that have been there for 10 or 15 years, some of them rotting and some of them out of date, because of the fact that there has been no systematic method of purchasing under a general purchasing office; that the expense of the accounting systems of the Govern-

ment of the United States by reason of that is doubled and trebled, and that they can not keep any accurate system of accounting throughout the departments.

Mr. TYDINGS. I am going to consume but a few minutes more. I simply want to say, in conclusion, that if a judge sat there where the Vice President sits who had no vote in this body and who was looking over the action of this Congress he would be absolutely unable to reconcile what goes on here. First of all, we appropriate millions of dollars for farm relief, and then tax the farmers more than we tax anybody else if they happen to raise tobacco. We appropriate money to save the farmer from having his farm taken from him under a mortgage foreclosure or for delinquent taxes, and then penalize every farmer through special class taxation and make it impossible for him to pay his interest and the principal of his mortgage.

I wish to address my friend from Nebraska [Mr. HOWELL], who has quite often upon this floor pointed out the difficulty that confronts the farmers. I do not think there is any tobacco raised in his State, but when he is complaining about the treatment given to the agricultural producers of Nebraska I ask him to remember that the farmers of my State, among others, are paying $1 out of every $8 which the Government receives in revenue. Those of us who come from States where tobacco is grown have got to be alive to this situation. For my part, at the very first opportunity that comes I am going to do my best to remove this discrimination, which has no justification either in law or in equity.

Not only that, but the wealthier men of the country, who continually write and ask for a reduction in governmental expenditures, if they want to set a good example for the country, should turn in their Liberty bonds bearing 4¼ per cent interest and be satisfied to take securities bearing a lower rate of interest, because I submit that a Liberty bond is the best security at the present time in the world, and the holder of a Liberty bond has no moral right, except that of contract, to occupy a preferred status when 12,000,000 people are out of employment and distress exists all over the country. I should like to see American business men follow the example of English business men who, when Great Britain was faced with unbalanced budget after unbalanced budget, brought in their government bonds—over $2,000,000,000 of them—surrendered their right of contract in a great patriotic movement, and went away with securities bearing a less rate of interest.

There is where we can save $200,000,000; and oh, how shortsighted many of our wealthier business men are! They may keep their Liberty bonds at 4¼ per cent, but it only means higher income-tax brackets for them; and in the end they will pay more money to the Government than they would have to pay were they actuated by the promptings of the smallest amount of patriotic consideration.

Finally, I say that right in this Congress, if we really were going to tackle our job vigorously and honestly and straightforwardly, we would repeal this whole commodity-tax proposition, pass a sales tax, exempting food and cheap clothing, farmers' implements and tools, and medicines and spreading the burden over the entire purchasing population, and keep our income taxes where they are and keep our inheritance taxes where they are until we weather this storm.

I submit that it is absolutely ridiculous to vote against a sales tax upon the ground that it taxes the poor and then vote for 20 special taxes upon the poor people of the country. The words may excuse our conduct, but the conduct itself will not excuse it. All we have done is to select 20 objects instead of 125 or 150 or 500 or a thousand objects for taxation.

Finally, I leave this word and I enter this motion:

Mr. President, I move that the pending bill be recommitted and amended in line with the following resolution (S. Res. 327):

That the Committee on Appropriations be, and it is hereby, instructed by the Senate to reduce any and/or all appropriation bills sufficiently so that the aggregate of all appropriations for the fiscal year 1934 shall not be in excess of $2,949,100,000, which figure represents the total estimated revenue for the fiscal year 1934, and that no provision be made in any appropriation bill for any retirement of the national debt during said fiscal year 1934.

The VICE PRESIDENT. The question is on the motion of the Senator from Maryland [Mr. TYDINGS].

Mr. KING. Mr. President, the Senate should be grateful to the Senator from Maryland for challenging attention to what ought to be manifest to all, that there will be a large deficit before Congress concludes its labors if we adhere to the course we are now following.

I think it would be disastrous—that is not too strong a term—if this Congress should adjourn without having made provision for balancing the Budget. I realize that the suggestion of a balanced Budget has been derisively received in certain quarters; but we will learn, as many governments have discovered, the unwisdom—indeed the danger—of a policy under which expenditures are made in excess of revenues derived.

A business man who does not balance his budget, whose expenses are in excess of his receipts, will find himself in the bankruptcy court; and the Government of the United States, notwithstanding its prestige and its supposed great wealth, can not continue indefinitely a policy that annually creates deficits. The expenditures of the Federal Government for the fiscal year 1930–31 was approximately $1,000,000,000. For the following fiscal year it was nearly $3,000,000,000. This year it will be approximately $2,000,000,000; and with the complacency if not recklessness of the present Congress, with its apparent unconcern regarding expenditures, and with its apparent determination not to make sufficient reductions in appropriation bills, the deficit for the next fiscal year may exceed $2,000,000,000.

Mr. President, I have been greatly concerned in looking over the appropriation bills that have been reported by the House—I hope I am not transgressing parliamentary rules when I refer to the other branch of the National Legislature—at the manifest results that will follow the imprudent appropriations carried in such measures, and my concern has been increased when an examination of the bills, reported by the Senate Appropriation Committee, revealed that inadequate reductions were made in the same.

For a number of years there have been but few voices raised in the Senate against the hundreds of measures considered carrying appropriations, large and small—many of them lacking in merit, and all adding to the burdens which industry is compelled to bear. Many appropriation bills have been reported by committees, in which improper and unjust items and provisions appeared; but little opposition to the same has been manifested. I pay tribute to my colleague, the senior Senator from Utah [Mr. SMOOT], as one of the members of the Committee on Appropriations who have opposed many extravagant and improper provisions in appropriation bills, and sought to reduce Federal expenses. The Appropriations Committee as well as the Senate will miss the earnest and faithful services of my colleague in his efforts to bring about a balanced Budget and to restrict the appropriations of the Federal Government.

Mr. President, I regret to say that upon this side of the Chamber, since I have occupied a seat in this body, there have been too few voices raised in behalf of economy. I have subjected myself not infrequently to criticism from some of my colleagues and from Democrats in public life and outside of public life for what was denominated by some as intemperate criticism of my own party. Nor was criticism for my opposition to many appropriations and measures calling for Federal expenditures confined to members of my own party. I should be more willing to criticize my own party for what I conceive to be unwise and improper appropriations than I should be to criticize the party on the other side of the aisle.

Democrats ought to know better than to support un-Democratic policies and measures, or appropriations not imperatively demanded for legitimate governmental purposes. We have avowed repeatedly, in platforms and in public speeches by Democratic leaders, that we would observe the strictest

economy in all governmental concerns, and reduce to the minimum the burden of taxation resting upon the people. But I regret that my party has not always lived up to its ideals and solemn declarations.

Mr. SMOOT. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to his colleague?

Mr. KING. I do.

Mr. SMOOT. I do not want to take the time now, but before this session closes I hope to call the attention of the Senate to the fact that legislation that is passed by the Senate at every session of Congress makes necessary increased appropriations to carry it out. Hardly a thing is said on the floor of the Senate when those propositions are made and the bills are before the Senate. They pass without our considering what will be necessary in the future, who is going to pay for the law, and what it is going to cost the Government. Yet these measures pass here at every session of Congress, piling up laws that require appropriations, and the Appropriations Committee has to report the funds necessary to carry out the law.

If any Senator will go into this question for the last 20 years and ascertain where the great increases have been made in the appropriation bills year after year, he will find that they are the result of some action of Congress that created some kind of a commission or some organization, or added to this department and that department activities that are never considered, I think, as they ought to be by both branches of Congress; but after the measure becomes a law the Appropriations Committee can not do anything else than appropriate the money necessary to carry out the action of Congress.

Mr. KING. Mr. President, I am glad my colleague has called attention to a point which, perhaps, I did not sufficiently emphasize and which may be urged as an excuse for some of the very large appropriations which appear in appropriation bills. The Appropriations Committee too often is handicapped by laws which impose upon it the duty of reporting appropriations for which such enactments provide. I agree with my colleague that many unwise and, indeed, improper enactments impose upon the Appropriations Committee the duty of increasing and swelling inordinately many appropriation bills reported by it.

Mr. FESS and Mr. McKELLAR addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. KING. I yield first to the Senator from Ohio. Then I will yield to the Senator from Tennessee.

Mr. FESS. Mr. President, for several years there has been agitation—and I have had sympathy with it—to authorize the President to make consolidations, abolitions, and other arrangements by which the expenses of the executive departments can be reduced. I have had sympathy with that movement and intend to support it if it is renewed in the new administration; but I am raising this question, which has been raised by the senior Senator from Utah [Mr. SMOOT]:

Suppose we give that authorization, as I think we will, could it extend to the abolition of any agency created by act of Congress without its coming back here for approval? If it could not, we would not give the President authority to save much money, and that is a feature which must be considered when the matter comes up.

Another thing that worries me is that the actual expenditure for the Government as a going concern is so small in comparison with these fixed charges that we can not get rid of that I become discouraged when I think about the prospects of our success in greatly reducing the expenses of the Government. I think the situation is a very serious one. I have not much hope that by act of Congress we will do, by piecemeal, anything. We have had experience along that line. I should like to authorize the President to do it, but I am still in doubt whether any general authority would be sufficient to repeal the acts creating these special bureaus.

Mr. KING. Mr. President, I share the discouragement which the Senator from Ohio states he feels with respect to the difficulties to be encountered in effecting reforms in the administration of the affairs of the Government and in bringing about reductions in Federal expenses. I also place an interrogation mark behind the question as to the power of the President without authority from Congress to change existing laws, abolish Federal agencies, and modify statutory organizations and repeal statutes carrying continuing appropriations that will go on as long as the rivers flow to the sea. In view of the constitutional question presented, if the President shall be given authority to abolish statutory organizations, bureaus, departments, and effect important changes in the administrative structures and instrumentalities of the Government, it might be wise, either in advance or immediately after he shall have completed his work, to enact a statute authorizing or ratifying and confirming his acts.

Mr. FESS and Mr. McKELLAR addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. KING. I yield first to the Senator from Ohio. Then I will yield to the Senator from Tennessee.

Mr. FESS. I am just wondering what accumulation of pressure from all over the United States will come to each individual Senator and Representative when we come to ratifying a recommendation of the President to abolish these various agencies.

Mr. KING. If the Senator were now in the shoes of some Democratic Senator or Congressman and were compelled to listen to the appeals for positions and protests against abolishing offices, bureaus, and Federal agencies, he would have some little realization of the pressure that will be encountered in the future.

I now yield to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, I think we should give the President this power; but I have no doubt that when he makes his report he will ask for legislation confirming it. It will be the only possible way to carry it out in a manner that would save money to the Government.

Aside from that, however, I want to call the attention of the Senate to the fact that on the calendar of the Senate which I hold in my hand we find listed innumerable bills, many of them involving small amounts, which ordinarily pass by unanimous consent, frequently at the close of a day's session. They carry authorizations for appropriations, and every year they have accumulated and accumulated on the calendar, until it is almost impossible for the Committee on Appropriations to find enough money to pay the extravagant expenses that are brought about by the so-called inconsequential acts of the Congress.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the junior Senator from Utah yield to his colleague?

Mr. KING. I yield to my colleague.

Mr. SMOOT. I quite agree that it is going to be next to impossible to make any reorganization of the departments of our Government unless Congress passes a bill authorizing somebody to do it without having to refer back to the Congress for action.

In 1922 I spent months and months, together with others, in preparing a plan of consolidating bureaus and of reorganization of the departments of our Government. But just as soon as we reported a bill to carry out the plan it became evident that we could not possibly pass such a bill through the Senate or the House. There was not an employee of the Government who would have been affected in any way who did not appeal to his Senator and his Representative to see that that legislation was defeated. If that legislation had been passed and had become a law, we would never have had the agencies which to-day exist in our Government. There would have been the great departments, which would have been consolidated at that time, and I think the result of the consolidation and the result of the saving of money to the Government would have been so easily seen by every Senator and every Representative, as well as the people of the United States generally, that the law would not have been changed very quickly.

I hope the day will come when Congress will pass a measure reorganizing the departments of this Government and the President of the United States will sign the measure. I say without a moment's hesitation that we will be able to save 20 per cent of all the expenses of our Government just as soon as that action is taken.

That is one thing I will not be here to help in, but I would have liked very much to be in the Senate and to have seen that accomplished, because there is nothing more necessary, if we are ever to cut the expenses of the Government.

Mr. KING. Mr. President, I know that my colleague and other Senators during President Harding's administration attempted to carry out the program to which he has just alluded. They found no particular encouragement from Representatives or Senators or from the people. Indeed, the moment it was suggested that reforms were to be effectuated which would abolish or consolidate bureaus and offices, organized minorities with tremendous power and with persistence unparalleled beseiged Congress and the lobbies of the House and the Senate were filled with their resounding tread and echoed with their denunciation of any plan that reduced expenses or abolished executive bureaus and instrumentalities.

It may be that we will have to elect a President, if we have not just done so—and I think we have—who will courageously and resolutely accomplish these reforms. It may be that the President will have to declare that he is not a candidate for a second term, that he is going through with a program of economy, of reorganization, of reform regardless of opposition from any quarter, and that he will bring the Government of the United States back to the foundations designed by the founders of this Republic. We may need a Jackson; we may need a man with the courage, not to say the impetuosity, of a Theodore Roosevelt, to effectuate these reforms, but sooner or later there will come to the White House—and I hope that the next President of the United States will be the man—one who possesses the courage, the ability, and the fortitude to go through with this tremendous undertaking.

My colleague has referred to the fact that a saving of 20 per cent could be effected by a proper reorganization of the Government. Senators will recall that a number of years ago an able Senator upon the other side of the Chamber, Senator Aldrich, of Rhode Island, declared that by proper economies and administrative reforms there could be a reduction of $300,000,000 annually in the expenses of the Government. That was at a time when the expenditures of the Government were not much more than five or six hundred million dollars annually. Now they are approximately $5,000,000,000.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield to me?

Mr. KING. I yield.

Mr. WALSH of Massachusetts. No man in this Chamber has more persistently and more consistently advocated economy in government than has the distinguished Senator who has just yielded to me and is now addressing the Senate. I have not had an opportunity to give as complete and as extensive study to this subject as has the Senator from Utah, but I have reached the conclusion—and I would like to have the Senator's opinion about this—that the most effective way, in fact, the only way, by which we will get real economy in the Federal Government, is by giving the President of the United States the power to veto separate items of an appropriation bill.

Mr. KING. I agree with the Senator that such veto power would be an effective method in reducing expenses..

Mr. WALSH of Massachusetts. I am glad to have the Senator agree with me. All legislation is usually a compromise between different groups, the claims of different sections of the country, and that it is practically impossible to get 500 Members of Congress, however hard some of us try, really to bring about what the country needs in this hour—that is, drastic economy. With the power lodged in one man, responsible to the whole country, to no particular State or group, and with the authority to say, "This particular item must come out of this appropriation bill. This department does not need that much money; they can not have it, and they will not have it." With the support he could get from his party followers in the Congress, we would be sustained in a program of real economy through the exercise of the veto power. I ask the Senator whether we could make any better and more effective move toward real economy than to provide a constitutional amendment giving the President the power to veto separate items in an appropriation bill?

Mr. KING. Mr. President, I am in favor, if it requires a constitutional amendment, of submitting the question to the people.

Many of the States have discovered that because of logrolling and conflicting interests appropriation bills have come to the executives which were loaded with improper, not to say infrequently corrupt, provisions, and then the people of such States have felt constrained to amend their constitutions and give their governors the right to veto specific items of appropriations.

Mr. WALSH of Massachusetts. That is just the experience my own Commonwealth had, and in its constitutional convention, held in 1917 and 1918 to revise the constitution, an amendment was submitted to the people, and adopted, providing for that very thing, and it has been very successfully administered and has resulted in bringing about much economy in the expenditures of the State government.

An incident which happened here the other day illustrates the need for such an amendment. Regardless of the merits or demerits of the President's position on the amendment offered to the deficiency appropriation bill by the Senator from Tennessee, the President was forced to veto a whole appropriation bill, with some appropriations in that bill which were absolutely essential, which were needed to feed the hungry. Because the President did not have the power to veto a specific item, he had to veto the whole appropriation bill and send it back for Congress to begin all over again to legislate. I inquire of the Senator from Utah if he agrees with me that in all probability a constitutional amendment would be required to bring that about?

Mr. KING. Perhaps the Senator is right. I have not examined into that question carefully, but if it is needed then I am in favor of the constitutional amendment. Let me add further that I believe that if the President now has the authority to veto specific items, we ought to adopt a reorganization plan which would change many of the departments and agencies and obliterate and abolish some.

Mr. WALSH of Massachusetts. The Senator is right and sound in his position, as he usually is, and may I add that I agree with what the senior Senator from Utah [Mr. SMOOT] stated; and I do not mind saying, as a Democrat, that I think the attitude of the members of my party in another section of this building is a matter of regret because of their rejection of the recommendations of the present President of the United States consolidating many bureaus. They ought to welcome any action, by any President, at any time, which would result in cutting down these appropriations and eliminating all superfluous bureaus. Indeed, if they were thinking of their own selfish political interests, they would put the difficult and thankless job upon the present President as much as possible, and not save it to bring trouble and trial to the one about to be inaugurated President of the United States.

I thank the junior Senator from Utah for yielding to me.

Mr. BANKHEAD. Mr. President, will the Senator from Utah yield to me?

Mr. KING. I yield.

Mr. BANKHEAD. I am in very full accord with the views of the Senator from Massachusetts about the importance of allowing the President to veto items in an appropriation bill. In fact, I am so strongly for that, that I have prepared a bill, and have it ready to introduce. I have delayed introducing it, however, on account of the very question which has been presented, as to whether such a thing can be brought about by statute or whether a constitu-

tional amendment is necessary. I wanted to ask the Senator from Massachusetts whether he had given careful consideration to whether a constitutional amendment was necessary or not.

Mr. WALSH of Massachusetts. I have; and I have introduced in previous sessions a constitutional amendment to bring about that desirable end.

Mr. BANKHEAD. The Senator thinks it can not be done without an amendment to the Constitution?

Mr. WALSH of Massachusetts. That is my opinion.

Mr. GEORGE. Mr. President, will the Senator from Utah yield to me?

Mr. KING. I yield.

Mr. GEORGE. I desire to concur most heartily in what the Senator from Utah, the Senator from Massachusetts, and other Senators have said with regard to the reorganization of the Government. There is not a question of doubt but that the one practical way to accomplish economy is in the actual reorganization of the Government and the elimination of a great many duplicating and a great many perfectly useless or well-night useless agencies.

Some months ago I prepared a bill, which was reported by the Finance Committee and which was on the calendar, the substance of which, in part at least, was incorporated in the previous economy bill, so called. I regret to say that I did not get vigorous and enthusiastic support in the Senate for that measure, which would have vested on the President large power, as large, I think, as we can under the Constitution vest in him. But I am pleased to say that I did have very able assistance from some Senators on this side, and particularly from some Senators on the other side of the aisle, notably the junior Senator from Michigan [Mr. VANDENBERG], and others who were most active and most energetic in endeavoring to bring about the passage of that necessary legislation.

Coupled with the largest power that can be given the President under the Constitution to reorganize and to eliminate and to abolish agencies and bureaus and commissions, I think it undoubtedly is correct to say that the President must also have ultimately, in view of our constantly mounting costs of Government, the power to veto special items in appropriation bills. I do not think there can be any doubt that a constitutional amendment is necessary to give the President that power.

Mr. KING. Mr. President, may I suggest to my friend from Georgia this proposition? I am inclined to think the Senator from Massachusetts and the Senator from Georgia are correct that a constitutional amendment is required. But if Congress should now enact a law authorizing the President to veto any item or more than one item in an appropriation bill and he exercised that authority and did veto an item, and Congress regarded his action as a valid exercise of authority, and the officials of the Government, as well as the people, proceeded upon the theory that the action of the President was valid, in that situation could the validity of the law or the action of the President be successfully challenged?

Mr. GEORGE. The Senator from Utah propounds a very interesting question, but I think that unless there were action by the Congress subsequent to the veto of the particular item which might have the effect of reenacting the appropriation bill with the alterations indicated by the President, there could be a successful challenge.

Mr. KING. The Senator may be right, and yet if the President vetoed an item in an appropriation bill and otherwise accepted the bill, and all other provisions of the bill were carried into effect and accepted by all persons, governmental and private, that might be affected by it, there might arise the question as to who could challenge the action of the President in vetoing the particular item. If anyone could successfully challenge that particular item, would it nullify all of the other features and provisions of the bill? I am merely speaking without giving the matter the consideration which it demands.

Mr. DICKINSON. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Utah yield to the Senator from Iowa?

Mr. KING. I yield.

Mr. DICKINSON. In view of the discussion I merely want to suggest that the President is the Budget officer of the country. He submits every item of the Budget that is covered into appropriation bills. In view of the trend of the discussion here, if we go over the appropriation bills for the past 10 years we will find that Congress has reduced the estimates of the President year after year, and only occasionally is there a special item goes through for which there is not a Budget estimate existing. It seems to me a veto by the President prior to the time the Budget estimate is sent up has the practical effect about which we are talking, because of the rigid rule with reference to refusing to put items in appropriation bills for which there is not a Budget estimate already in existence.

Here is another thing. If we permit the President to veto a special item in an appropriation bill we are opening the door to say to him, "You may veto section 7 of a legislative bill," a thing that we never want to suggest, because that would give him legislative veto power over the acts of Congress.

Mr. KING. May I say to the Senator that the President is limited as are the Committees on Appropriations by virtue of enactments which call for appropriations, large and small. The President, in preparing his Budget, properly assumes the binding force of such laws, and, therefore, includes recommendations for appropriations, both general and special. There are tens of millions, perhaps hundreds of millions in the aggregate, of appropriations carried in appropriation bills which the President, in preparing his Budget, feels constrained to include therein, and to recommend that Congress make necessary provision for the same.

Mr. DICKINSON. He should veto the legislation first, and then the appropriation to carry out the legislation.

Mr. KING. But bills were passed under the administration of a number of Presidents, among them being Presidents Wilson, Harding, and Coolidge, which provided for continuing appropriations—measures which perhaps Mr. Hoover might not have approved. If he had been in the White House he might have vetoed such bills. But having been enacted into law, the President can not nullify them and feels constrained even though not approving of the laws, to recommend the appropriations called for in the statutes.

Mr. DICKINSON. In furtherance of my suggestion I have just been handed a memorandum indicating that since the enactment of the Budget law we have reduced the appropriations in Congress below the Budget estimates by approximately $350,000,000.

Mr. KING. It was more than that. I do not want to be considered as partisan, and did not intend to mention this matter, but the Congress of the United States, extravagant as it has been and approving as it has done unjust and unwise measures, in my judgment, has been more provident and more considerate of the taxpayers than the Executives who have occupied the White House since the Budget law was enacted. Congress has appropriated less by over $400,000,000 than has been recommended by the Presidents succeeding Mr. Wilson.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Maryland?

Mr. KING. I yield.

Mr. TYDINGS. The Senator a moment ago made the statement, in which I concur, namely, that the pending deficit, as now projected, would be close to $2,000,000,000. Is it not a fact, may I ask the Senator from Utah, that unless we make a retrenchment of appropriations now, the new administration is going to be forced very early to project an entirely new and additional tax bill?

Mr. KING. That is my opinion.

Mr. TYDINGS. Is it not a fact that unless we make up our minds to reduce expenses we are going to put additional taxes upon the masses of the people?

Mr. KING. I think so.

Mr. TYDINGS. Unless we really reduce expenditures in some form along the lines which I myself have suggested, are we not really indirectly voting for increased taxes?

Mr. KING. Yes; and voting additional burdens upon the Democratic administration and upon ourselves.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Michigan?

Mr. KING. I yield.

Mr. VANDENBERG. Does the Senator think we can ever accomplish the executive reorganization of the departments if we retain the congressional veto upon the orders of the President in that aspect?

Mr. KING. That is a question difficult to answer. A popular President, in the execution of a popular idea—and I feel sure reorganization of the Government would meet with popular approval—might carry through a measure or inaugurate a measure which Congress would be constrained to approve.

Mr. VANDENBERG. But let us confront the precise situation and the realities. We now face the necessity for drastic retrenchment and reorganization of the bureaus, departments, and so forth. We have just witnessed the impossibility of achieving even an incidental step in that direction by presidential order so long as Congress, with its diverse interests, retains the veto. The pending bill retains the congressional veto upon Executive power to reorganize. I submit to the Senator that in this situation—not some abstract situation of the future but the one in which we find ourselves—and with the advent of the Senator's own President elect, would he be unwilling to leave to his own party President elect an unrestricted power of reorganization and consolidation of the bureaus and departments?

Mr. KING. The Senator has placed me on the "spot." [Laughter.]

Mr. VANDENBERG. That is just what I wanted to do. Let me supplement my statement to this effect, that if none of the Senator's own party's Senators are willing to move to amend the bill to give his party President unrestrained authority in this aspect, I shall make the motion myself.

Mr. BANKHEAD. Mr. President, I will state to the Senator that such a motion will be made on this side of the aisle.

Mr. BROOKHART. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Iowa?

Mr. KING. I yield.

Mr. BROOKHART. With reference to the proposition made by the Senator from Maryland [Mr. TYDINGS] about having to increase taxes, I would like to ask the Senator, if we would restore prosperity in this country, whether that would not balance the Budget right away and reduce taxes at the same time?

Mr. KING. Mr. President, I do not want to be led into a discussion of the forces that are necessary or the measures necessary to bring about prosperity. There are those who believe that the return of prosperity will be delayed by unwise legislation; that the operation of normal conditions—the application of the laws of supply and demand—the increase in trade and commerce—are the most potent factors in the restoration of prosperity.

Mr. BROOKHART. The Senator will concede that if prosperity were restored and normal business conditions restored, the revenues of the Government would balance the Budget. Is not that true?

Mr. KING. Undoubtedly a return of prosperity or any considerable advance from the present depressed condition would materially increase the revenues; and if Congress exercised wisdom and proper economy, the Budget would be balanced. An extravagant and reckless Congress could unbalance any budget, no matter how large the revenues. But the moment that the sunlight breaks through the clouds and illumines the dark recesses of our economic system, there will be an increased demand for appropriations, and any revenues that find their way into the Treasury will be applied for by those who regard the Federal Treasury as a copious fountain accessible to the most vigilant and vociferous.

Mr. BROOKHART. Every time we increase taxes in a depression it deepens the depression, does it not?

Mr. KING. That may not be categorically answered. An unbalanced Budget, even in times of depression, may result in greater depression. If there were no compensations flowing from a balanced Budget, the Senator's position might be correct, but there are from a policy that maintains the credit of the Government. Many people in the depths of sorrow and in periods of deep depression have saved their liberties and their country by the greatest possible sacrifices and by the surrender of practically all their property. In my opinion, it is important that the credit structure of the Government be unimpaired. If it should be, no one can accurately foretell the disastrous consequences that would result. It were better to bear heavy burdens of taxation, even in this period of economic confusion, than to continue creating deficits and sowing the seeds of doubt and uncertainty as to the solvency of the Government.

Mr. BROOKHART. We balanced the Budget at the last session, did we not?

Mr. KING. Oh, no!

Mr. BROOKHART. We pretended to do so.

Mr. KING. I do not want to be critical. I think we intended to balance the Budget. We relied upon the recommendations of the Secretary of the Treasury, and I am not criticising him because he misjudged the economic situation, as I think all of us did; I did not contemplate that conditions would continue as adverse as they have been and as they are. Relying upon the recommendations of the Secretary of the Treasury, who very frankly explained his views to the Finance Committee, we attempted to balance the Budget and thought we had succeeded, but it soon became apparent that we had failed.

Imports into the United States were less, and consequently the customs receipts were less. The incomes of individuals and corporations were less, the result being that the revenues of the Government were far short of the appropriations.

Mr. BROOKHART. Is it not a fact that we never have balanced the Budget and never will? We have always had a deficit or surplus or something of the kind, and this thing of balancing the Budget is merely a fetish.

Mr. KING. I do not agree with the Senator. There have been surplus revenues during many years of our country's history. The Senator will recall that Mr. Cleveland challenged the attention of Congress to the excess of revenues and recommended legislation to reduce taxes. It is true that there have been deficiencies in appropriations—but that was not caused by lack of revenue. Occasionally emergencies arise or a situation develops not anticipated by the departments which necessitate expenditures and thus create deficits. Perhaps under the law many of the deficits ought not to have been created, but for years departments have incurred deficits which Congress approved by passing deficiency bills.

Mr. BROOKHART. For many years under Mr. Mellon's régime we had a surplus over his estimates, did we not?

Mr. KING. My recollection is that the revenues exceeded the estimates, but any surplus was available to apply upon the bonded indebtedness of the Government.

Mr. BROOKHART. Finally the depression came along, and now we have a deficit every year.

Mr. KING. What does the Senator mean to infer from that?

Mr. BROOKHART. I mean to infer we had better be spending our time restoring prosperity in this country rather than trying to reduce Government expenses or Government salaries 1⅔ per cent or some petty little thing like that.

Mr. KING. Let me say to the Senator that many of the suggestions made here and elsewhere for the restoration of prosperity are attempts to lift ourselves out of the depression by our boot straps; and that reminds me of the statement of the able Senator from Oklahoma, when he suggested that we pass a bill to purchase boot straps to be furnished those who think we can lift ourselves out of the depression by our boot straps.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Maryland?

Mr. KING. I yield.

Mr. TYDINGS. The Senator from Iowa said a while ago that it was very bad policy to put new taxes on the people during the depression. I agree with him; but, unless we cut down governmental expenses, we shall be forcing Congress into a position where it will have to impose new taxes on the people in a depression. I therefore, having had his view on that question, hope he will vote to make our expenditures no greater than our income, and save the people in this depression from the imposition of new taxes.

Mr. BROOKHART. Mr. President——

Mr. KING. I should like to proceed, but I will yield to my friend from Iowa.

Mr. BROOKHART. Talk about lifting ourselves out of the depression by our boot straps! How did we lift ourselves into it? I think we let ourselves down into it with our boot straps.

Mr. KING. We did not lift ourselves in; we foolishly plunged in.

Mr. BROOKHART. And we can easily get out by proper legislation.

Mr. KING. Yes, Mr. President; we have heard here for years and years wise men say that we must have proper legislation, and many suggestions have been made from time to time. Some of them have been sound; many of them have been unsound; and some of the policies proposed were wholly impracticable, and if carried into execution would have been not beneficial but most injurious.

However, I want to refer very briefly to the position taken by my friend from Michigan [Mr. VANDENBERG]. I compliment him for the position which he has taken upon the question of the reorganization of the Government. I think if we had followed him and the Senator from Georgia [Mr. GEORGE] at the last session of Congress our position to-day would have been more secure and we would have relieved the Democratic administration, which will come into power on the 4th of March next, of a burden which I am sure many would like to shun. I regret that we did not follow the leadership of the Senators from Georgia and Michigan, because it would have averted some of the difficulties that are now before us.

I hesitate to answer categorically the question, which was a fair one, propounded by the Senator from Michigan. I will say very frankly I am rather reluctant—it may be by reason of my legalistic training—to give to the Executive power which belongs to the Congress; but, Mr. President, knowing the power of active minorities, the power of the organizations that infest the Capitol and project themselves into every part of the country, I am rather dubious about reforms being effectuated in the machinery of the Government if the task is left to Congress.

Mr. VANDENBERG. Mr. President, may I suggest further in that aspect that it is almost too much to expect of human nature that over 500 minds in the two branches of Congress can meet upon so perplexing, technical, and intricate a proposition as is governmental reorganization; and that, if we are earnestly and sincerely in pursuit of good results, at least for the term of this emergency, we must place authority and responsibility coextensively in one place, and then demand results.

Mr. KING. Mr. President, I am inclined to think the Senator from Michigan is right.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. Yes.

Mr. McKELLAR. The Senator will recall that this is a very different provision from the one that was put in the last bill which proposed to give the President the right to consolidate agencies of the Government. In that bill it was provided that a resolution adopted by either House of Congress disapproving a plan proposed by the Executive for the consolidation and readjustment of governmental agencies would make such action void; and the other House did disapprove such a plan the other day. But this bill provides:

> That if Congress within such 60 calendar days shall pass a concurrent resolution disapproving of such Executive order, or any part thereof, such Executive order shall become null and void to the extent of such disapproval.

Under that provision both bodies will have to act; they will have to act within 60 days; so that it is a very different provision from that which was enacted at the last session of Congress.

Mr. FLETCHER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Florida?

Mr. KING. I yield.

Mr. FLETCHER. Under that provision Congress can disapprove of any portion of such an Executive order and does not have to approve or disapprove the order in its entirety.

Mr. McKELLAR. No; whatever it leaves alone for 60 days becomes the law.

Mr. KING. Mr. President, I have been diverted from the observations which I intended to submit in support of the position taken by the Senator from Maryland [Mr. TYDINGS]. The question of the consolidation of Government agencies is one of vital importance, and I sincerely hope the next President of the United States and the Congress will address themselves to the working out of a plan that will meet the situation.

There are too many bureaus and agencies and instrumentalities not only in the Federal Government but in the States. There are duplications in the State organizations. I am told that in some of the States there are two or three hundred agencies and commissions. The people are being robbed of their substance, indeed of their homes, by the mounting costs brought about by the extravagance and improvidence of governments, State and national.

In the Federal Government there are too many agencies, commissions, and departments; and yet there are persons who insist upon the creation of additional departments and bureaus. Some person wants to achieve distinction and conceives the idea of creating a new department. Many have the itch for publicity; many of them are representatives of fantastic schools, or socialistic organizations, that desire to project the Federal Government into private activities and to have the Federal Government take over the functions which belong to school districts, counties, municipalities, States, and individuals. It is time that there should be a drastic reform in the executive and administrative bodies.

I am disappointed that some Democrats, who attended the Chicago convention and who subscribed to the Democratic platform, do not respond to the demands for economy demanded in the platform.

Mr. Roosevelt promised that the Democratic Party would reduce Federal expenditures 25 per cent, and yet we have measures brought before us in both branches of Congress—if I may be permitted to include the other branch of Congress and not breach parliamentary rules—that do not carry out the platform pledge. An examination of the bill before us reveals the fact that there are millions if not tens of milions of dollars that might be excised from the bill to the advantage of the Government itself and obviously to the advantage of the taxpayers of the United States.

The mounting costs of the Government are alarming. The present occupant of the chair [Mr. FESS in the chair] made

an observation a few moments ago with which I am not quite in accord, if I understood him correctly. The substance of his statement was that it would be difficult to effectuate some of these economies without unduly injuring certain activities of the Government.

I noticed the other day a statement made by Mr. Babson—and great currency was given to it—in which he attempted to show that the expenditures of the Government, aside from those incurred for military and naval purposes and the payment of interest, and so forth, were inconsequential. I have before me a statement compiled from Government records which shows that on January 30, 1932, the number of civil employees of the Government approximated 800,000, with a cost in salaries of $1,055,970,639. That was nearly a quarter of a billion dollars more than it cost to run the entire Government in the year 1914 or 1915 or 1916. Including the salaries in the military branches of the Government, the employees number more than 1,230,000, whose salaries are $1,315,690,467.

And the costs are increasing. During the past year there have been added, as I have been advised, to the Federal pay rolls, in the classified service and outside of the classified service, 40,000 names; and quite recently the President of the United States—I think unwisely and improperly—blanketed a large number of the unclassified employees of the Government into the civil service and raised a large number of them from lower brackets to higher brackets, thus increasing the compensation which is to be paid by the Federal Government. So we have, Mr. President, a burden resting upon the taxpayers of the United States of more than a billion and a quarter dollars annually to meet the salaries of the employees of the Federal Government.

The expenditures of the Federal Government are approximately $5,000,000,000, and the expenditures of the counties and municipalities and States are more than $9,000,000,000, so that we have an aggregate of $15,000,000,000 which must be wrung from the people in the form of taxes in this period of depression. They can not pay this stupendous sum. Properties are being sold under the hammer because the tax-gatherer can not wring from the poverty-stricken people sufficient money with which to meet the tax levies. There must be reductions. The entire earnings of all the people of the United States for the fiscal year ending June 30, 1932, were less than $35,000,000,000, and for the fiscal year ending June 30, 1933, evidently their earnings will be less than that.

So that we have substantially fifteen thirty-fifths of all the earnings of the people of the United States consumed in the expenditures of Government. It is a burden too great to be borne. If we want to hasten the day of prosperity and bring a little sunlight to the people in distress, let us reduce the expenditures; let us cut out the red tape, the overlapping, the waste, and extravagance that we find, not only in the Federal but in the State and municipal Governments.

I have a chart before me that has been prepared by the National Industrial Conference Board, which shows that in 1932 the Federal Expenditures were more than $4,500,000,000, the State expenditures were more than $2,364,000,000, and the local expenditures amounted to more than $8,250,000,000, or a total of $15,769,000,000; yet, in the face of that stupendous cost, we are approaching the consideration of these appropriation bills without any apparent purpose to reduce the expenses of the Federal Government to proper limits.

I wish I had time to go into the mounting expenses of some of these bureaus. Let me mention several of them. I am glad to state that there is one meritorious provision in this bill among many, and that is the abolition of the Bureau of Efficiency—an organization against which I have protested for years. It was born in 1917 and asked for $41,000. It was claimed that but a few employees were required to visit the departments for the purpose of pointing out extravagance and waste that existed, and to suggest greater efficiency. Soon, like all other Federal agencies, it began to expand, and its appetite for power increased, until in 1930 it obtained an appropriation of $242,000 and in 1932, $200,270. I am glad this organization is to be abolished. I have had a bill pending for several years to accomplish that result.

The Bureau of Foreign and Domestic Commerce: Now I want to challenge the attention of my Republican friends and some of my Democratic friends who have accepted this unwise and unsound policy that is receiving the support of many newspapers and many fine organizations, not to buy anything except that which is produced in the United States, and to place an embargo upon all imports, and to have no commercial relations with the rest of the world; yet we have a Bureau of Foreign and Domestic Commerce ostensibly for the purpose of extending our commerce and finding markets for our surplus products. That bureau started out in 1914 with $174,860. Its expenses increased like the snowball rolling down the mountain. It increased in size and in demands. Its appropriation soon reached $1,228,624. Not satisfied, in 1924 it reached nearly $3,000,000; in 1925, the same; in 1926, $3,117,000 plus; in 1927, $3,264,922; in 1928, $3,771,867; in 1929, $4,267,982; in 1930, $4,718,224; in 1931, nearly $5,000,000; and in 1932, $5,349,891.

I say in passing that the Department of Commerce has been one of the most wasteful, inefficient, and extravagant Federal agencies created by an unwise Congress. We only need to go down to the new Department of Commerce Building to observe the grandiose views that have found expression and have controlled those who have been in charge of that department, and to perceive the waste in the building for which the taxpayers have to pay.

The Bureau of Education started out as a modest little violet with $89,000, just to be a sort of a repository for reports that might come in, to assemble data as to the character of the schools of the United States; but it began to expand. Its appropriation soon reached $120,000; then $165,000; and it continued to grow, until in 1931 it was $433,925. In addition, there was appropriated $1,172,000 for education in Alaska, and $2,550,000 for the agricultural colleges. But the Bureau of Education was not satisfied, and it has been demanding additional sums to perform work which was wholly unnecessary, and to obtain data which any man with a good stenographer and with a little patience could have obtained within a few weeks by corresponding with the proper educational officials within the various States.

The Bureau of Mines started out as a small organization with $664,000 in 1914, and it has increased in power and in appropriations until in 1930 its appropriation was nearly $3,000,000.

The Bureau of Standards is an organization that ought to receive attention at the hands of Congress. It reaches out into all sorts of fields into which it should not enter. It is a grasping organization, performing work that is wholly unnecessary and advancing propositions with which it has, or should have, no concern whatever. In 1914 it started out with $627,000 plus. It continued to increase—$690,000; $734,000; $956,000—leaving off the odd figures—then $1,250,000; then $1,749,000; then, in 1920, nearly $2,000,000; in 1921, $1,306,000; in 1922, $1,500,000; in 1923, $1,500,000 plus; in 1924, $1,643,000; in 1925, $1,864,000; in 1926, $1,929,000; in 1927, $1,971,000; in 1928, $2,225,000; in 1929, $2,479,000; in 1930, $2,673,000; in 1931, $3,440,000; and in 1932 it exceeded $3,000,000.

So these agencies, organized by some mysterious power that is exercised over unwise Congressmen and Senators, grow and expand until they become so strongly entrenched that they defy the efforts of Congress to minimize their authority or to reduce the appropriations which they are demanding and receiving.

The appropriation for the Coast and Geodetic Survey increased from $1,000,000 in 1914 to more than $3,000,000 in 1932.

The Bureau of Customs: In 1914 there was $11,000,000 appropriated. Now, with the customs receipts less than one-third or approximately one-third of what they were a few years ago, they obtain $23,990,000—absolutely wasteful, absolutely indefensible. The bill before us, as I recall—I

have only seen it since I came into the Chamber—attempts no important reductions in those appropriations.

Why, Mr. President, when we were collecting over $600,000,000 of revenues at the ports of entry, the appropriations were materially less than they are at the present time.

So it is with other bureaus, and with the Internal Revenue Bureau. I thought I had here the figures with respect to some of those other bureaus; but the same progressive increase is found in every branch of the Government. Those who have been entrenched in office feel that they are there for life, and that they can continue to increase their authority and power, and obtain from the Treasury of the United States increased appropriations.

The Senator from Maryland [Mr. TYDINGS] is right in challenging the attention of the Democratic Members of this body to the pledges which we have made, and to the condemnation that will be visited upon the party if we have not the courage and the patriotism to reduce these burdensome expenditures of the Government, and effectuate reforms in the administrative organization of the Government.

The total appropriations of the Federal Government in 1873 were only $300,000,000. I have before me the figures showing the total expenditures of the Government for each year for 50 years, but I shall mention only a few.

In 1890 the entire expenses of the Government—the Army, the Navy, every branch of the Government—were only $395,000,000.

In 1900 they were only $600,000,000.

In 1909 they were $1,000,000,000.

In 1910 they were $1,000,000,000. I am not giving the odd figures.

In 1912, 1913, 1914, 1915, 1916, and 1917, they were $1,000,000,000 plus—all the expenses of the Government. Senators will remember that in 1916 there were many activities of the Government necessitated because of the anticipation that the United States might be drawn into the world conflict; and yet in those years $1,000,000,000 plus was the aggregate of the annual expenditures of the Federal Government. Now it is nearly $5,000,000,000, and any attempt to reduce the expenses is met with persistent opposition. Federal employees organize, and they and the Federation of Labor and thousands of people that are influenced by them communicate with Senators and Representatives demanding that there shall be no reductions in many of the expenditures of the Federal Government.

I confess that I share the feeling expressed by the able Senator from Ohio [Mr. FESS], that I am disappointed in the prospects for the reduction of expenditures and for the effecting of reforms in the administration of our Government.

Mr. BLAINE. Mr. President, will the Senator suffer an interruption?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Wisconsin?

Mr. KING. Yes; I yield.

Mr. BLAINE. I know how familiar the Senator is with the expenditures of the Federal Government; but I observed during the course of his remarks some comparisons which the Senator made regarding which those who are not so familiar with the expenses of the Federal Government will find their minds quite in confusion.

For instance, the Senator referred to an analysis of public expenditures made by Mr. Babson. As I recall, in the breaking down of the expenditures into various departments, the expenditures of the Federal Government proper, exclusive of the Army and Navy, the costs of past, present, and future wars, are something over $600,000,000, and in connection with that the Senator stated that there were 800,000 civilian employees in the United States whose aggregate salaries amounted to a billion and a quarter dollars.

A person who is not familiar with the expenditures, who has not a knowledge of the expenditures, will find, when he attempts to analyze those two propositions, the total expenditures as suggested by Mr. Babson of over $600,000,000, and the 800,000 civilian employees, with salaries aggregating a billion and a quarter, that he can not just figure out how that occurs, because the salaries alone to which the Senator refers are double the amount stated by Mr. Babson for the expenditures of the Government.

Mr. KING. Mr. President, this concrete example, I think, will be illustrative of the situation. Take the Army and the Navy. I recall examining the last Army and Navy appropriation bills, and I discovered that there were approximately 60,000 civilian employees in these two departments, and, of course, the compensation paid them constituted no inconsiderable part of the more than $700,000,000 appropriated for the Army and the Navy. So that when Mr. Babson was giving the costs of the Army and Navy at $700,000,000 plus, he did not assume that any part of that consisted of many millions of dollars paid to the thousands and tens of thousands of civilian employees.

Mr. BLAINE. So that the civilian employees to whom the Senator refers include those employees who are under the Army and the Navy in the various departments which have certain authority and jurisdiction respecting the administration of laws with regard to past wars, and present preparation for future wars.

Mr. KING. Yes.

Mr. BLAINE. Of the 800,000 civilian employees, only a portion are employed in the Government service outside of the undertakings which have to do with wars past and preparation for future wars.

Mr. KING. As an illustration, let us take the Veterans' Bureau. I am only speaking from memory, because I have not examined the figures for more than a year, but nearly $50,000,000 annually which Mr. Babson ascribes to wars, past and future, were paid to the employees of the Veterans' Bureau. I could refer to other organizations to further illustrate this matter, and which would demonstrate that the salaries and compensation of all Federal employees approximate the total to which I have referred.

Mr. BLAINE. I think the Senator has performed a service in pointing out that these civilian employees to whom he refers are in such large numbers that not by any means is there any appreciable number of them engaged in the operation of the Government, outside of cost of past and preparation for future wars.

Mr. FESS. Mr. President, will the Senator yield to me?

Mr. KING. I yield.

Mr. FESS. I note that this item of expenditure for civilian employees also includes the value of quarters, subsistence, and other facilities and services.

Mr. KING. I think the Senator is in error. The Senator will find at the top of the sheet the cost for the group, salary cost, and that is broken up into civil and military, and the number given here is 732,000 plus, with the cost of civil employees of $1,550,000,000. I do not think that includes the other item to which the Senator refers.

Mr. FESS. I note that the word "salary" has a footnote which says that these items are included in the salaries.

Mr. KING. The Senator may be right.

Mr. FESS. The Senator has explained that the Veterans' Bureau, which might properly be regarded as a part of the War Department, is not the War Department, and that would fall under the civil list.

Mr. KING. Yes.

Mr. FESS. I could not understand, after looking over our appropriation bills, where the $600,000,000 came in as a proper expenditure of the Government; and yet we have over a billion dollars for salaries alone. That was confusing to me, and especially when I was proceeding on the theory that we had only about $600,000,000 from which to cut, if we would proceed along the lines along which we are proceeding, and the others would be fixed charges, in regard to which I did not know what we could do in the way of cuts.

Mr. KING. Mr. President, if we should reduce expenditures in the civil list along the lines indicated by Senator Aldrich, of Rhode Island, a number of years ago, we could, together with other reductions justified and required, reduce the total appropriations demanded by the Budget at

least $700,000,000. I have repeatedly stated during the past few months that the appropriations for the next fiscal year should be reduced at least $800,000,000 below those of last year, and approximately that amount below the President's Budget recommendations. To this end the Senate should bend its efforts, and Congress should also effect consolidations and reforms in the machinery of the Government that will result in lasting benefits to the people.

Mr. FESS, Mr. TYDINGS, and Mr. ODDIE addressed the Chair.

The VICE PRESIDENT. The Senator from Ohio.

Mr. FESS. I was going to say that, whatever sympathy I have for what is attempted to be done here, this really would not be the time to do it. If we are going to reach the limit suggested through giving authority to the President, it would seem to me that the appropriations now recommended must be made for this year, and the authority can not be granted now and could not be operative upon these appropriations. I rather think it would be unwise to recommit the pending bill to the committee, although I have great sympathy with what the Senator from Maryland is trying to get.

Mr. TYDINGS. Mr. President, I grant there is something in what the Senator from Ohio says, but I hazard the prediction that the day will never come when it will be the appropriate time to make retrenchments in government. It will always be "next year." For the last four years, when resolutions have been pending to cut appropriation bills, the statement has always been, "We can not do that now, but next year we are going to do it."

There is a certain place that is paved with good intentions, and I am afraid the country will be in the situation of that place unless we make up our minds to do this here and now.

Mr. FESS. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. FESS. I think the Senator's statement accurately describes what has been our experience, but, in my judgment, the sentiment has never been quite so strong that the retrenchment suggested must be made and can not be made in any other way except to give the President some such authority. I am convinced that such authority will be given in the next Congress.

Mr. TYDINGS. There is a great deal in that, too, Mr. President, but as far as I am concerned, I do not believe in passing the buck to the President of the United States. I am here in my own capacity, as a representative of a State, just as every other Senator is, and I want here and now to say that I do not want to pass the buck to the President, but I am ready to pull my share of the load. Shifting responsibility is the easy way out, but Congress ought to tackle the problem itself.

We are spending now $4,000,000,000 a year; we have a population of 125,000,000 people, and that means $32 per capita per year, or over $100 a family, to support this Government. I know there are 12,000,000 families right now that can not pay that hundred dollars a year. So, if they are subtracted from the balance of the families, it means that those who are contributing to the Government are paying a great deal more than $100 a year per family.

In the face of the present depression, to live in the future, to borrow money to run this Government and not cut down its expenses is only doing the country an injustice, because it means that in the very next session of Congress we shall have to pass a tax bill carrying very much higher rates than would have to be levied if we should make the proposed reductions now.

I am a member of the Committee on Appropriations, and, without reflecting upon the membership of that committee, we have been proceeding in making appropriations upon the theory that nothing is wrong in the United States. We have been making normal appropriations. We have not realized that one of the best ways to help the United States is to reduce taxes. If we want to restore confidence in this country and put the country on the upward turn, we can do two things by one act which will accomplish that—first, reduce taxes; second, restore confidence in the American Government. Do that and we will find we have laid the foundation, the very best foundation we can lay in this country, for the recovery of all the people who are now in distress. Until we do that we simply leave a great barricade in the highway of recovery. We will have to come to it sooner or later.

For three years, now going into the fourth, we have been running behind hundreds of millions of dollars a year; in fact, billions of dollars. We are building up the national debt so high that soon it will take $1,000,000,000 a year just to pay the interest on it. Thirty-two dollars a family just to pay the interest on the public debt! I do not want to cut down anybody's salary. I do not want to throw anybody out of employment who now has a Government position. My observation is that that is only cheeseparing, anyhow. The thirty or forty million dollars saved in that way are not a drop in the bucket.

What I do want to call to the attention of the Senate again, finally, is the fact that a million farms have been sold under mortgage foreclosures and for delinquent taxes during the last four years; that 5,000 banks have failed; that 12,000,000 people are out of employment; that there is a cotton surplus carried over from 1932 to 1933 equivalent to a whole year's supply of cotton for the world; that there is stagnation all around; and that we can not go on spending money upon the plane of prosperous years without heaping up a tremendous burden which is only going to retard recovery and not assist the Nation when it needs assistance.

Mr. DILL. Mr. President, will the Senator yield to me?

Mr. TYDINGS. I yield.

Mr. DILL. As I understand it, the Senator's resolution would cut the expenditures to the amount of the revenue, so that no new taxes would be necessary?

Mr. TYDINGS. That is what I hope to do. But may I say that the revenue stated in the resolution, $2,900,000,000, will not be raised by $400,000,000. Part of it is national-debt payments, part of it is based upon estimates of receipts which even the Treasury Department now admits will not be gathered in in the form of taxes.

Mr. DILL. The Senator expects to avoid the payments into the sinking fund and bring that amount down?

Mr. TYDINGS. Yes.

Mr. DILL. And the Senator's motion now is to instruct the committee to take this percentage out of the pending bill?

Mr. TYDINGS. That is right.

Mr. DILL. I am certainly glad that the Senator has brought this motion up.

Mr. TYDINGS. I did not intend to go into this, but I am going to talk about veterans. Fortunately, I am one myself and, with what humble abilities I had, served under fire in France, just as millions of others did.

I know of people, officers particularly, who are receiving pensions under the emergency officers' retirement act, who are on the Government pay roll twice, once in the pensions they receive and once as National Guard officers, again as paid officials, and who are practicing their professions at the same time. Does anyone here believe that the emergency officers' retirement act, giving large benefits to a certain class of emergency officers, was intended to cover the case of a man who could earn three salaries besides his pension?

It is absolute waste and unbelievable with 12,000,000 people out of employment, but we do not seem to have the ambition, for want of a better term, to go into the thing and do justice. There are places in this Government where, without any injustice to any man who served his country at home or abroad during the war, we could make tremendous cuts amounting to millions of dollars, and be generous as well to every man who is entitled to consideration by his Government. But do we do it? Am I going to ask the President of the United States, as the Senator from Ohio suggests, to do this because I am afraid to do it myself?

Without casting any reflection upon anyone, the only reason why we do not do it is political fear. Let us tell the truth about it. What are we afraid of? What is the object in being a United States Senator if one can not be the cap-

tain of his own soul, if every little group can frighten us out of doing what we know to be our proper duty? I do not want the job if I have to have it that way. I admit it may sound a little high hat and bigheaded, but it is true, nevertheless. If we can not vote reasonably our own sentiments here, then who wants the position? [Laughter.] I do not want it on such conditions!

But, Mr. President, we will not tackle this thing in the right way. The only way we will ever get these expenditures reduced is not to expend more money than we are collecting. It is an exhibition of absolute cowardice to appropriate all this money year after year, when we are living in the future, because forsooth we will not undertake the job of doing what every one of us knows should be done.

Furthermore, so far as I am concerned, a man who has served a long time as an officer or an enlisted man in the Army or Navy is entitled to his retired pay, whether it be $5,000 or $6,000 or $10,000 a year. But if he goes into private life after he has retired, particularly in times like these, and earns $15,000 or $20,000 or $10,000 by serving in some private concern, I would take his retirement pay away from him while he is working for that private concern. The Government gives the retirement pay to him with the idea that his work is done and that he can go and enjoy the sunset of his life in leisure. When he goes out and supplants some other man in the field of private endeavor, then he has no right, in my judgment, to accept his retirement pay, and I will vote to that effect if I have an opportunity to do so.

These are a few places where over $150,000,000 can be saved, and we do not have to pass the buck to the President of the United States to do it. We can do it right in this Chamber if we want to do it. It will not be two weeks before there will be a huge relief bill here for the poor and unemployed. The Senator from Illinois [Mr. GLENN] will rise in the Senate and tell about conditions in Chicago, but we will not have the money to take care of the starving people out in Chicago. We can not afford it. We begin to get scared. I would much rather cut down expenses and, if we are to appropriate money, take the savings and give them to the unemployed who are victims of a cycle through no fault of their own than to keep people upon the pay roll or keep activities in existence which are not needed in this time of depression. I see no reason for giving anybody a preferred status at this time.

Mr. President, I want to leave this discussion with these words: That every man who will not vote to cut down expenses is retarding recovery. He is making it necessary for a new tax bill to be passed, for new burdens to be put upon the people who are already losing their all because of the burdens they now have. I hope, therefore, that we will realize that we must put our own house in order by keeping the expenditures within our income, so the country will come to believe that competency once more walks in the halls of legislation and that the Government is being run on an economical basis, that in these times we have measured up to our duty, before we charge others with falling down on theirs.

Mr. McKELLAR. Mr. President, the resolution submitted by the Senator from Maryland as Senate Resolution 327 reads as follows:

Resolved, That the Committee on Appropriations be, and it is hereby, instructed by the Senate to reduce any and/or all appropriation bills sufficiently so that the aggregate of all appropriations for the fiscal year 1934 shall not be in excess of $2,949,100,000, which figure represents the total estimated revenue for the fiscal year 1934, and that no provision be made in any appropriation bill for any retirement of the national debt during said fiscal year 1934.

I shall vote for the resolution. It will be remembered that last year some of us took a very active part in seeking to reduce the expenditures of the Government. I submitted a motion first to abolish 29 useless bureaus of the Government. I think everybody considered and admitted that they were useless. But the next morning, after the motion was made, bureaucrats all over Washington began to telephone their Senators; and instead of abolishing those 29 useless bureaus, I think perhaps we even increased the number. One of them was a bureau dealing with the Mediterranean fruit fly, another with grasshoppers, and various other things that mean nothing except expenditure of the Government's money. The only reduction that the Senate voted was $1,000,000, as I recall it.

Thereupon I took another tack and sought to reduce expenditures by 10 per cent of all appropriations for the present fiscal year. We got such a provision incorporated in five bills, and there was a large reduction; but when we came to the Army and Navy, instead of reducing by 10 per cent, like we did in the other bills, the Senate declined to make any reduction at all, and really increased the appropriations for the Army and Navy, and for the other departments.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Maryland?

Mr. McKELLAR. I yield.

Mr. TYDINGS. When we refuse to appropriate money for the unemployed, how can we justify our conduct in retiring a man because he is 64 years old and paying him $5,000 or $6,000 a year retirement pay and then permit him to go out into private life, where he works three times as hard as he ever did for the Government, and makes a larger salary and at the same time draws his retirement pay? How can we justify conduct like that?

Mr. McKELLAR. I agree with the Senator. I do not think we can justify it. I am very happy to say that under the various plans that were offered, including those offered by myself last year, there was a reduction under what the President recommended to Congress of $334,000,000. That was a very excellent reduction, but it was not enough. I believe that what is now proposed by the Senator from Maryland, to reduce our expenditures to $3,000,000,000, is a wise proposal and would furnish ample money to run the Government just as effectively as it is now being run.

Mr. President, I want to invite the attention of Democrats to our party pledge to the American people made last summer, as follows:

We advocate an immediate drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance to accomplish a saving of not less than 25 per cent of the cost of Federal Government.

Mr. President, in order to carry out that pledge something like this will have to be done. We must make a heroic effort otherwise we can not accomplish anything. I believe this is a heroic effort upon the part of the Senator from Maryland, and I heartily approve of it.

Let us see for a moment what our condition is. Two and one-half years ago the Government had a deficit in round numbers of $1,000,000,000; in other words, we expended for governmental purposes $1,000,000,000 more than we collected in taxes from the people. A year and a half ago that deficit had increased by the enormous sum of $3,000,000,000, in round numbers—not a total of $3,000,000,000 but a total of $4,000,000,000. When it reached that tremendous figure the President said it was necessary to balance the Budget. We were told, of course, acting in perfectly good faith, I have no doubt, that it would take a tax bill of $1,140,000,000 to balance the Budget. The Congress passed that bill. Did it balance the Budget? Not at all. Instead of balancing the Budget let us see what happened.

The first six months of this year—speaking now of the fiscal year—our deficit reached the enormous total of nearly $1,200,000,000, and if we continue at that rate to the end of the fiscal year on the 1st of next July it will probably reach $2,500,000,000 more, making a grand total of $5,500,000,000 deficit for the past three years. Something must be done. We have learned that we can not increase taxes to balance the Budget. It was said the $1,140,000,000 would balance the Budget, and yet we find it unbalanced for the first six months of this year to the extent of $1,200,000,000.

That remedy has failed. What is the real remedy? The real remedy and the only remedy is to live within our income.



We have no moral right to expend more money than we have collected or to expend money that we have not collected in order to carry on the ordinary operations of the Government. If there were extraordinary expenditures we might be privileged to borrow, but not for the ordinary conduct of the Government. We ought to reduce our expenditures. There is but one way to reduce them, and that is to reduce them.

I remember that last year it was said that if a 10 per cent reduction should be adopted, the committees could not handle the appropriation bills, that it would not be workable, that it would not be feasible. We tried it out in five departments, and it worked perfectly. It will work again if we put this limitation on the bills. I do not see how any Democrat who stood by his party last fall, who subscribed to its pledges, when the roll is called, as it will be called this afternoon perhaps, can vote except to carry out the provisions of his own platform.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Maryland?

Mr. McKELLAR. I am glad to yield.

Mr. TYDINGS. The other day we appropriated $150,000,000 for seed loans. There may be some crops where it is necessary. But may I point out to the Senator that in the county where I live over 98 per cent of the taxes have already been collected—an unusual record—and yet we have investigators going over that county, drawing $3,000 or $4,000 a year, looking into the matter of lending the people money to raise next year's crops, and at the same time we are trying here to deal with a surplus upon which we have just wasted $500,000,000, or most of it. I say it is an absolute outrage; there is no consistency in the congressional policy at all.

Mr. HALE. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Maine?

Mr. McKELLAR. I yield to the chairman of the Committee on Appropriations.

Mr. HALE. I simply wanted to ask when we appropriated $150,000,000 for seed loans at this session of Congress. I do not recall any such appropriation. When was it made?

Mr. TYDINGS. The Reconstruction Finance Corporation——

Mr. McKELLAR. It is authorized.

Mr. TYDINGS. It is authorized and they have investigators all over the country——

Mr. McKELLAR. It was an authorization instead of an appropriation.

Mr. TYDINGS. If the Senator will allow me to finish my remark——

Mr. McKELLAR. All right.

Mr. TYDINGS. Let me say that in every county in this Nation investigators, drawing two, three, or four thousand dollars a year, are going around and lending farmers money, most of whom can take care of themselves; and many of those loans will never be paid back to the taxpayers.

Mr. McKELLAR. Talking about not being able to save, what are we doing? We are granting right now the most remarkable subsidies that any government has ever granted in the history of time. Listen to this. On pages 56 and 57 of the bill I find this provision:

> For transportation of foreign mails by steamship, aircraft, or otherwise, including the cost of advertising in connection with the award of contracts authorized by the merchant marine act of 1928 (U. S. C., title 46, secs. 861–889; Supp. V, title 46, secs. 886–891x), $35,500,000.

It has not been 10 years since we paid less than two and one-half million dollars for the transportation of all our foreign mails. We do not now have as much foreign mail as we had then, and yet we are appropriating $35,500,000 by this bill for the transportation of foreign mails. What is the excuse? The excuse is that it is for the purpose of building up our merchant marine, and yet when we come to look into the matter we find that foreign-owned ships are participating in this appropriation. Do they perform any real service? In answer to that question, I want to quote the testimony of one of the shipowners, whose company operated a line to Africa. The witness was the vice president of the company. He was asked, "How much mail do you carry?" "Well," he said, "not a great deal." "That is not very definite. How much do you carry?" He finally admitted that he carried a hatful of mail. "How much do you get for carrying a hatful of mail to Africa?" "We get $400,000 a year." Four hundred thousand dollars a year!

In another case a shipowner had a ship which he bought from the Government on 20 years time and on partial payments, which he operated from San Francisco, as I remember—at any rate, it was on the Pacific coast, I know—to Tierra del Fuego, I believe, in Patagonia, South America. He was asked, "How much mail do you carry?" He finally admitted that he carried, if I recall the figures aright, 3 letters and 45 pounds of parcels post. "How much do you get for carrying that mail?" "I get a subsidy from the United States Government of $102,000."

Yet we are proposing in this bill, if we shall vote for it—and I am going to give the Senate an opportunity to vote it down—to vote an appropriation for a subsidy of $35,500,000, when men and women are starving in the land, when riots—food riots, if you please—are occurring in some of our cities. It is indefensible. With the condition of our Treasury as it is, with a deficit of five and one-half billion dollars in the last three years, I do not see how, in the name of heaven, any Senator can vote to give these vast subsidies to steamship companies.

Mr. ODDIE. Mr. President——

Mr. McKELLAR. I yield to the Senator from Nevada.

Mr. ODDIE. Mr. President, in commenting on the statement of the Senator from Tennessee as to the amount paid to steamship companies for carrying a small quantity of mail, it is only fair to state that the purpose of the merchant marine act which Congress passed was to provide—

> for the actual transportation of foreign mails; the development of naval and military auxiliaries, and the development of foreign and domestic trade and commerce.

Under that act various shipping companies have expended many millions of dollars in building, under Navy specifications, faster and better ships in American shipyards, employing American labor. So the story should go out to the American people at the same time the Senator's remarks go out that there is more to this item than merely the carrying of a certain number of pounds of mail for a given amount. The shipping companies have agreed to do certain things before they have gotten the money.

Mr. McKELLAR. I am delighted the Senator has brought that out. These companies have agreed to do certain things. What have they agreed to do? We investigated the building of new ships, and it was found that the Government itself, under a revolving fund of the Shipping Board, has been engaged in lending these very shipowners money at one-quarter of 1 per cent interest, three-eighths per cent interest, one-half per cent interest, three-quarters per cent interest, and in some instances even as high as one and a half per cent interest. That is just another subsidy which we are giving to the shipowners, who need no subsidy.

The vice president of one of the shipping concerns that came before our committee testified that his company was worth $250,000,000; that it discounted its bills; that it was paying dividends regularly; that it had no bonded indebtedness, no indebtedness of any kind, and yet was drawing a subsidy from the Government of $1,200,000 a year for carrying a few hatfuls of mail to South America and Central America. Mr. President, such things are indefensible. I am glad the Senator mentioned the fact he did. Talk about the building of new ships! Yes; they are building them on Government money at such rates of interest as I have indicated, and not only that, but I am told on good authority that the majority of these shipping concerns which have borrowed Government money at such ridiculously low rates of interest are in default on even those rates of interest.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Maryland?

Mr. McKELLAR. I yield.

Mr. TYDINGS. I should like to remind the Senator that in a certain committee, of which both of us are members, there is now in the offing an appropriation of $8,000,000 with which to irrigate some new land, and by actual calculation it will cost the land which is going to be irrigated $75 an acre. In other words, the number of acres proposed to be irrigated divided into the appropriation gives a result which shows a cost of $75 an acre, and I have not the slightest doubt in the world that the appropriation will go through. So the Government is going to spend on one project at the rate of $75 an acre.

Mr. McKELLAR. Mr. President, the Senator is not only right in that statement, but in this bill and in other bills that come before the Appropriations Committee it would be the easiest matter in the world to eliminate unnecessary expenditures, to cut off these subsidies, to cut off this legalized graft, if I may so speak of it, and bring the appropriations down within the reasonable terms of the resolution of the Senator from Maryland.

Let me call attention to another matter. Listen to this provision which is in the bill we are about to pass:

That not to exceed $7,000,000 of this sum—

That is, of the $35,500,000—

may be expended for carrying foreign mail by aircraft under contracts which will not create obligations for the fiscal year 1935 in excess of $7,000,000.

What does that item mean? An aircraft concern, known as the Pan American Line—not an American but a Pan American line—which operates aircraft to various cities in Central America and South America, is to receive $7,000,000. Are they carrying mail? Hardly a hatful. Are they carrying passengers? They are carrying hardly any at all. I obtained a statement not long ago from this very company, and their entire income, as I remember, was less than seven and a half million dollars, and $7,000,000 of it came from the subsidy paid by the American Government. Is there any use for it? No. They will laugh and tell you that the only reason they are running this line is to get the $7,000,000; and what air concern would not do it? It is an easy "pick-up," "easy money." It is nothing but legalized graft; that is all it is—$7,000,000 to this air company whose planes fly around Central and South America.

But that is not all. There is a provision in this bill providing subsidies to aircraft companies of $19,000,000. Under the present arrangements practically all the aircraft companies have combined into four great corporations. I can not name them, but the Eastern Air Transport Co. is one and three big aircraft companies running to the Pacific coast constitute the others. They are drawing from the Government for operating those airships $19,000,000 a year. People in Detroit, Mich., are hungry; the Government has to help take care of them; and, in order to put my own State in the same boat, let me say that Nashville, Tenn., is borrowing from the Government in order to feed its starving people; and yet this body is about to vote, under these circumstances, out of an empty Treasury—out of a worse than empty Treasury, out of a Treasury that is $5,500,000,000 in the hole—to appropriate $19,000,000 for these companies that need no appropriation.

Why do I say that? I have received a petition from the people of Knoxville and Bristol, Tenn., and probably from other places asking me to vote for a subsidy to the Eastern Air Transport Co. that wanted to establish a line operating through those cities to Washington and thence to New York. I declined to do it. I said I would vote for no subsidy about the matter. I was held up to scorn and ridicule about it; and what happened? Why, last Monday morning the Ludington Air Line, drawing not one cent of subsidy from the Government, independently operated, put in a line from Nashville to Knoxville to Bristol to Washington, and on to New York—they already had one from here to New York—carrying whatever comes to them, whatever it may be, without any subsidy at all.

I say all honor to such a line as that. I am glad to see aircraft built up; but, oh, Senators, we ought not to take the taxes of the people and give them to these four favored institutions. We have no moral right to do it. It is a wicked thing for us to do; and I say that the sooner we cut these subsidies out of the bill, the better it will be.

Mr. TYDINGS. Mr. President, will the Senator yield right there?

Mr. McKELLAR. I yield to the Senator from Maryland.

Mr. TYDINGS. May I ask the Senator as a practical proposition whether the Appropriations Committee can not do this job if it makes up its mind to do it?

Mr. McKELLAR. Why, it would be the easiest thing in the world. It was argued here on the floor last year that if, under a similar resolution, we sent back five bills to the Committee on Appropriations, the committee could not reduce them; but we did send them back, and the committee did reduce them, and they passed, and we saved that much of taxes to the American people.

Mr. HALE. Mr. President, will the Senator let me answer the question of the Senator from Maryland?

Mr. McKELLAR. Surely; I am glad to yield.

Mr. TYDINGS. And will the Senator from Tennessee permit me to answer the Senator from Maine?

Mr. McKELLAR. Certainly.

Mr. HALE. As I stated this morning when I was trying to get the Republicans of the Senate to expedite the passage of the appropriation bills, the President, in a recent message, has explained to us that of the appropriations that are in the Budget for the next fiscal year, only about $461,000,000 are appropriations that can be lowered.

Mr. TYDINGS. Mr. President, let me call to the attention of the Senator a point that never has been discussed in that particular connection. We have $8,000,000,000 of Liberty bonds callable this year. We have a $2,000,000,000 deficit which we will have to go out into the market and borrow this year. I put it up to the Senator, as a business proposition, if we can not borrow $8,000,000,000 at a lower rate of interest than we can borrow $10,000,000,000?

Mr. HALE. I do not see what that has to do with this matter.

Mr. TYDINGS. It has a whole lot to do with it, because we are now spending 25 cents out of every tax dollar just to pay interest on Government obligations.

Mr. HALE. I am talking about the appropriations and the Senator's proposition that we cut down the appropriations to the amount of our estimated revenues. I have shown this morning that our deficit will probably be somewhere between four and six hundred million dollars.

Mr. TYDINGS. Why, if the Senator from Tennessee will permit me, that is absolutely an unreliable, though well-intentioned, statement.

Mr. HALE. I can assure the Senator that it is well-intentioned.

Mr. TYDINGS. First of all, take the item of $480,000,000 in the Senator's estimate. Three hundred and some odd million dollars of that amount he expects to get from foreign governments, part of which have not paid their installments now, and we all know that in June some more of them are not going to pay them.

Mr. HALE. But, Mr. President, let me correct that statement. When I say "between four and six hundred million dollars deficit," I take into consideration what the President stated, and that was that our revenues would probably be from one to three hundred million dollars less than the $2,900,000,000 that has been estimated, and that is on account of those very foreign debts.

Mr. TYDINGS. No; as the expenditures are now projected, we are appropriating roughly $4,000,000,000. The President himself admits that with revenues coming up to the estimates, and with foreign-debt returns coming in, we are only getting $2,900,000,000 of revenue. If, now, we take off $300,000,000 more because the estimates are above the

revenues, that means that we are getting in $2,600,000,000 with which to pay $4,000,000,000 of bills.

Mr. HALE. Quite right; but when it is estimated that the expenditures will be a little over $4,000,000,000, we must take away from that amount $534,000,000, because everyone knows that we are not going to reduce the principal of the public debt this year. We must also take away $625,000,000 which comes in as receipts from the Post Office Department.

Mr. TYDINGS. And we must take away from our revenues, in addition to the amounts the Senator mentions, the foreign-debt payments, which we have not gotten and are not going to get.

Mr. HALE. I have already taken that into consideration in my figures.

Mr. TYDINGS. Oh, no; if we take off that $380,000,000 I can assure the Senator that the other commodity taxes will not yield the $2,600,000,000.

Mr. HALE. I have taken the $200,000,000 from that.

Mr. McKELLAR. Mr. President, I think we are getting off the track. Of course, everyone here knows that every single appropriation made by Congress, except the interest on the public debt, can be reduced. There is not any appropriation that can not be reduced except the interest on the public debt. Of course, we all realize that.

Mr. HALE. Mr. President——

Mr. McKELLAR. I yield to the Senator from Maine.

Mr. HALE. I should like to complete my explanation to the Senator from Maryland.

If we have only $461,000,000 of expenditures that can be reduced, it is perfectly impossible to reduce such expenditures three or four hundred million dollars and still expect the Government to go on.

Mr. President, the President of the United States has made an honest attempt, through the Budget, to cut down the expenditures of the Government, and we all want to see it done. The House has made a very exhaustive research into the matter under Democratic control, and has further cut down the appropriations somewhere around $50,000,000. I do not see that there is much chance for a further cut.

Mr. McKELLAR. But last year the same thing was done. That was done by the President last year, and that was approved by the House last year; and yet this body, just by taking a vigorous and determined stand for economy, cut down the appropriations, with the help of the House afterward, $334,000,000 below what the President and the Bureau of the Budget had sent down here, and we can do it again.

Mr. HALE. No; we can not. We have got down to hardpan now.

Mr. McKELLAR. Yes; we can do it again if we just have the courage. That is what it takes to cut down these appropriations.

Mr. TYDINGS. Mr. President——

Mr. McKELLAR. I yield to the Senator from Maryland.

Mr. TYDINGS. The Senator will recall that the President of the United States came right into this Chamber a year ago and went right to that desk and read a statement in which he said that if we would raise $300,000,000 more we would balance the Budget. We raised the $300,000,000 of new taxes, and we have a $2,000,000,000 deficit.

Mr. McKELLAR. Two and a half billion dollars.

Mr. TYDINGS. Now, what is the use of fooling ourselves? We have been fooling ourselves for three years. I may say that I did not vote for the last tax bill, and stated that it would not balance the Budget. I am no expert on financial matters, but every man here who wanted to know the truth knew that the last tax bill would not balance the Budget, and I shall be glad to bet the Senator a new suit of clothes that the deficit now will be larger than the figure he says.

Mr. HALE. It may be larger; it may be very much larger, depending on whether or not the country comes back to prosperity.

Mr. McKELLAR. Mr. President, I want to say this: Our deficit every month is the enormous sum of $200,000,000. We can tell what it is by the day if we divide $200,000,000 by 30. It is nearly $7,000,000 a day; and yet when Great Britain's budget was unbalanced simply $600,000,000, a year or two ago, it caused a political revolution. She remedied it; but we go along blindly and continue to appropriate for subsidies, for legalized graft, paying no attention to the condition of our Treasury.

Now, Mr. President, I want to call attention for a moment to the excuse that is made about these contracts. It is said that the shipping subsidies must be continued because the companies have contracts, because the Postmaster General has made contracts to carry on that shipping. Let me explain just one of these contracts, to show Senators what kind of a contract they make.

For instance, the Postmaster General and the Shipping Board wanted to give a certain shipping company going down to South America three contracts. What did they put in the advertisement? That bids would be considered only from shipping companies having certain kinds of refrigeration facilities; and the advertisement was so worded that but one concern in all the world could bid on the contracts. No other concern bid, because the others did not have that kind of refrigeration; and that company got those three contracts at the highest possible price because they had the specified refrigeration, and no other companies had it. It was a dishonest contract in law, whatever may have been the good intentions as a matter of fact. It was a dishonest contract, legally speaking, and it ought not to be carried out; and, by the way, I am going to offer an amendment that none of these appropriations shall be paid to this company unless they show that they are legal contracts, and that by a court order.

As to the $19,000,000 and the $7,000,000 that is appropriated in this bill for aircraft companies, the Postmaster General has the power to decrease both the price and the routes and decrease the services, so that no such sum as this should be appropriated in any event. He has a perfect right, under the contracts, to bring about this reduction.

So, Mr. President, I say that I am going to vote for this motion to recommit with instructions. We can not keep up this kind of a government. There is no telling what will come if we continue to vote money from the Treasury when there is no money in the Treasury. We shall have to go out and borrow it before we can apply it for these gifts, for these subsidies, for these inordinate expenditures, for these wicked and extravagant expenditures; and I hope that the Senate will vote in favor of the motion of the Senator from Maryland [Mr. TYDINGS].

Mr. DILL. Mr. President, I am glad the Senator from Maryland [Mr. TYDINGS] has made this motion. The Senate at this session has not done a single constructive thing for the good of the American people, as I see it. Here is an opportunity to do something to assure the American people that there will not be any new taxes from Washington, D. C., in the coming year, at least; and if there is any one thing they need to be assured of now, it is that they are not going to have more taxes.

If we are not going to cut these appropriations until they equal expenditures, what are we going to do? There are only two things to do. One is to borrow. We have borrowed now about $5,000,000,000 because of the deficits that the Hoover administration has brought upon this Government by the way it has run it—the most expensive experiment in peace time in the history of the world—and it is unthinkable that we shall continue to borrow money to pay the running expenses of the Government as we have been doing during the past three years.

The other alternative is to raise taxes. Nobody can mention any kind of a tax that we can levy at this time that will not be extremely burdensome to the whole country. This talk about a sales tax at this time is more indefensible than at any time in our country's history. I was reading some statistics a few days ago, presented in one of the McGraw-Hill publications, to the effect that people with incomes of $3,000 and less bought nearly 75 per cent of the goods that were consumed in this country last year and that the people whose incomes were above $3,000 bought about

25 per cent of the goods that were bought and consumed. Yet the people with incomes of $3,000 or less had 30 per cent of the savings of the United States, and the people with incomes above $3,000 had 70 per cent of the savings, and a sales tax such as has been recommended by the President to be imposed to meet the present deficit would place a tax upon that 75 per cent of the business that is already bearing so many taxes it can hardly continue to operate without going into bankruptcy.

The other method of raising taxes is by added income taxes. I have always believed in higher taxes on the big incomes, the higher the incomes the higher the taxes; but every fair-minded man knows there are very few people living now who are making big incomes, there are very few big inheritances being passed down, and if we come down into the smaller brackets, where we will get money by income taxes, we place a burden upon that class of people who offer the only hope for recovery from the present condition.

We are all familiar with how in the last campaign we talked about reducing expenditures. We wrote a platform in Chicago, we elected a President, on a promise to cut expenditures 25 per cent. The Senator from Maryland has come forward with the only practical program to do that thing. Yet we find coming from the other side of the Chamber the same old argument that we can not do it.

We will have a President in the White House who will do it if we put the responsibility on him and give him the power. Cut these expenditures, and give him the authority proposed, and we will not have a new tax bill at the special session. I submit that no man on either side of this aisle, knowing the condition of this country as it is to-day, can face his constituents after advocating more taxes by the Federal Government.

I know we are going to have a tax on beer, but the purpose of that tax should be to abolish some of the nuisance taxes which are now in existence and substitute the tax on beer when it comes.

The statisticians tell us that the total taxes in this country last year amounted to $14,000,000,000. Nobody knows how much money that is, but it is bringing bankruptcy and tax sales all over this country every day.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Washington yield to the Senator from Maryland?

Mr. DILL. I yield.

Mr. TYDINGS. I would like to point out to the Senator that I believe the total income of the people was about $38,000,000,000, so that the figure he gives as to the amount paid out in taxes in one form or another is almost 35 per cent of the people's income.

Mr. DILL. I think the Senator is making it very high when he says it was $38,000,000,000. I think it was nearer $30,000,000,000.

Mr. LOGAN. Mr. President, I believe that the Senator has stated the total cost of the Government, the expenses, and not the total tax payments. I think the tax payments reached only about $9,000,000,000. The rest of the expenditures probably were in the nature of indebtedness incurred. I think the cost of all government reached about $15,000,000,000, but I think there was a deficit of four or five billion dollars that has not been paid yet.

Mr. DILL. The Senator may be right. My memory of the statement was that it referred to taxes. In any case, if the people did not pay it last year in taxes, they will pay it in the future in taxes.

Mr. KING. With interest.

Mr. DILL. Yes, with interest, as the Senator suggests. It seems to me that the first duty of the Members of the Congress is to get this Government on a basis of spending no more than it collects.

Talk about balancing the Budget; the only decent way to balance the Budget, after three years of deficits that run into the billions, it to quit spending money. Additional taxes have been imposed to add to even what we have been receiving, and still the deficit grows.

If the pending bill is sent back and the committee is instructed to make these cuts, and they make the cuts, and give the new President the power proposed to be given him, I venture to predict that he will keep within the appropriations, and we will be able to assure this country that we are going to run the Government on the basis of its income, and not on the basis of borrowing more money.

In light of the fact that in every part of this Union today the people are clamoring for relief, it seems to me that the Senate ought to show that it has some realization of the way the American people feel, by passing an order to the Committee on Appropriations of the Senate to cut the appropriations until they meet the provisions of the resolution.

I am not going to delay the Senate; I do not want to talk any more, because I believe the time has come when the Senate ought to pass these bills. We ought to pass every appropriation bill, so the people will know they are not going to have more taxes in the year that is ahead.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had concurred in the concurrent resolution (S. Con. Res. 41) authorizing the enrollment with an amendment of the bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

The message also announced that the House had passed without amendment the following joint resolutions of the Senate:

S. J. Res. 239. Joint resolution authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes; and

S. J. Res. 240. Joint resolution to provide for the quartering, in certain public buildings in the District of Columbia, of troops participating in the inaugural ceremonies.

INVESTIGATION BY THE COMMITTEE ON FINANCE

Mr. HARRISON. Mr. President, I ask the Senators in charge of the bill if they will not permit me to have the Senate consider and pass a resolution which I would have urged if I had been in the Chamber when the chairman of the Committee on Finance made his report. It is merely to carry out the provisions of the resolution which authorizes the Committee on Finance to obtain the views of leading financiers and economists as to finding some way out of the economic diversion in which we find ourselves. I am sure there will be no objection.

Mr. ODDIE. Will it lead to any extended discussion?

Mr. HARRISON. It will lead to none at all.

Mr. ODDIE. I am willing to yield if it will lead to no discussion.

Mr. WALSH of Massachusetts. Mr. President, I wanted to suggest the following perfecting amendment to the resolution:

> The Committee on Finance is authorized and directed to take such steps as are reasonably calculated to ascertain (1) what causes have given rise to the developments in the field of commerce, industry, agriculture, and finance which during the last three years have been generally described as the economic depression or crisis, (2) what the trend of these developments is likely to be, and (3) what concrete and specific measures, public or private, if any, should be taken to alter or affect their trend. The committee is authorized and directed to consult all persons an expression of whose views is thought likely to contribute to the determination of the said causes, and the formulation of constructive public policy.

This language would make the investigation assume a less general and a more definite character. I know how anxious the Senator from Mississippi is, and I, too, am anxious, to have action taken immediately on this subject, so I will not press my amendment. I think the scope of the resolution is such that we can approach the inquiry by the committee

in the manner outlined in my proposed amendment or substitute. I have no objection.

The PRESIDING OFFICER. Is there objection to considering the resolution?

There being no objection, the Senate proceeded to consider the resolution which had been reported from the Committee on Finance with an amendment, on page 1, to strike out, beginning with line 9, on page 1, the words "For the purposes of the resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the second session of the Seventy-second Congress, to employ such clerical and other assistants, to require by subpœna or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman," so as to make the resolution read:

Resolved, That the Committee on Finance, or any duly authorized subcommittee thereof, is authorized and directed to make an investigation and study of the present economic problems of the United States with the particular object of obtaining the views of such economists, financiers, and other persons as in the opinion of the committee may be able to offer constructive suggestions with respect to the solution of such problems.

The amendment was agreed to.

Mr. WALSH of Massachusetts. Mr. President, does this mean that the Finance Committee will immediately and actively and continuously conduct the authorized investigation, so that we may have the advantage of the information of the best economic students in this country as to what, if anything, we can do to help remedy the present depressed and discouraging economic outlook.

Mr. HARRISON. That is the object and purpose of the resolution.

Mr. WALSH of Massachusetts. Let us move promptly and submit an economic program to the Senate that will reduce unemployment and restore business to normalcy.

The PRESIDING OFFICER. The question is on agreeing to the resolution as amended.

The resolution as amended was agreed to.

AIR MAIL CONTRACTS

Mr. KING. Mr. President, several days ago I submitted a resolution, which is lying upon the table, reading as follows:

Whereas it has been reported that there is in contemplation the letting of new air mail contracts and the extension of existing air mail contracts, some of which provide for service which will parallel existing lines; and

Whereas before further contracts or extensions should be made it is desirable that full investigation be made by the Congress with a view to determining whether such contracts or extensions are improvident or not desirable in the public interest: Therefore be it

Resolved, That it is the sense of the Senate that the Postmaster General should not let any new air mail contracts or renew or extend existing air mail contracts until the Congress shall hereafter specifically so provide.

I shall not ask for the consideration of the resolution at this moment, but later in the day, if I can get the floor, if it will not interfere too much with the pending measure, I shall ask that the resolution be considered.

I want to say that my information is that many of these contracts made by the Postmaster General have been improvident and unfair to the taxpayers of the United States. They have tended to a monopolistic control of this facility of our Government. I think the Postmaster General should be restrained by some measure which will keep him from making new contracts for lines, some of which would parallel existing lines, and some of which, under the guise of extensions, would be for the purpose of rehabilitating bankrupt organizations, or organizations almost bankrupt.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. McKELLAR. Has the Senator any information that Postmaster General Brown contemplates making any new contracts?

Mr. KING. Yes.

Mr. McKELLAR. I want to call the Senator's attention to the evidence of the Postmaster General before the Committee on Appropriations on December 20 last, as follows:

Senator McKELLAR. How many miles do you propose to increase during the next year?

Postmaster General BROWN. We have no plans. Of course, I will not be with the Post Office Department much longer, and I do not want to do anything that would embarrass the administration of my successor.

As the committee understood it at the time, Postmaster General Brown virtually stated that there would be no increases in these air routes. If he had taken any other position, I think the committee would have made a report in reference to it.

As the senior Senator from Utah [Mr. SMOOT] says, he did say that very thing. I do not know that he does propose such a thing, but surely I can not understand how he would propose to increase the mileage after having made a statement before the committee such as that I have just read.

Mr. KING. I hope the Senator from Tennessee is correct, but I have received some information which indicates that some contracts are to be let, or they are denominated extensions, which will consume a part of the $19,000,000 appropriated at the last session of Congress for this sort of contract. The information I received seemed to be so accurate, and was so authoritative, that I felt constrained to submit the resolution which I have read.

Mr. NYE. Mr. President, will the Senator yield to me?

Mr. KING. I yield.

Mr. NYE. The question has been raised as to whether or not there is any doubt at all as to what the Postmaster General's plans are. I am going to ask that there be incorporated in the RECORD at this point an article appearing in the United States Daily of to-day, January 26, revealing declarations by the Postmaster General before a House committee on yesterday with respect to extensions which he does have in mind granting at once.

Mr. KING. Exactly. That is the information to which I referred.

Mr. McKELLAR. Will not the Senator from North Dakota ask that the article be read?

Mr. NYE. It is very brief, Mr. President, and I think it would be well to have it read.

Mr. McKELLAR. I think that would be well. We would like to know what is proposed.

The PRESIDING OFFICER. The clerk will read the article.

The legislative clerk read as follows:

[From the United States Daily, January 26, 1933]

CHANGES PROPOSED IN AIR MAIL LINES—ADDITIONS AND ABANDONMENTS TO EFFECT SAVINGS, POSTMASTER GENERAL BROWN SAYS

Discussing reallocation of some of the air mail routes, the Postmaster General, Walter F. Brown, testifying before the House Committee on the Post Office and Post Roads January 25, told of Post Office Department plans and activities in respect to air mail contracts.

Replying to a question by Representative KELLY, Republican, of Pittsburgh, Pa., as to the danger of concentration of holdings of stock in these air lines and possible monopoly of contracts, the Postmaster General asked if the committee would authorize him to tell contractors that the committee would disapprove any such concentration of control over the lines. The Postmaster General was assured that the committee would disapprove any such monopoly and that, if necessary, it would recommend legislation in conformance with that position.

The Postmaster General said reallocations of air mail routes would result in substantial economies of operations. He told of abandonments of certain parts of the service, elimination of some duplications, and the opening of several extensions of routes, which, he said, are expected to effect a reduction in average airplane mile cost from 61.8 cents to a little more than 45 cents.

Information made available after the close of the executive session of the committee was as follows:

The committee did not dissent from the changes the Postmaster General outlined. One route described would open a new line from Boston to Milwaukee by the American Airways and Northwestern Airways which would run from Boston to Albany, Buffalo to Detroit via Canada, and Detroit to Milwaukee via Muskegon,

Mich., connecting at Milwaukee with a route to the Northwest through Winnipeg, Canada. Another new route would be by the Transcontinental Air Express from Los Angeles to San Francisco, Evansville, Ind., Louisville, Ky., Columbus, Ohio, to Toledo, and from Columbus to Chicago. Part of this route already is in operation.

The Postmaster General indicated there is no plan to let a contract to the Ludington Lines for mail service over its lines from Nashville, Tenn., to New York City via Washington, D. C. He also said there is no change in the air mail between Wichita, Kans., and Oklahoma City.

The Postmaster General's testimony was in executive session and statements, made from authoritative sources of the committee, are subject to possible correction or enlargement.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield.

Mr. McKELLAR. I want to refer to the testimony of the Postmaster General appearing at page 38 of the hearings on the Treasury and Post Office Departments appropriation bill on December 20 last, where he said:

We have no plan to increase the mileage.

Mr. KING. Mr. President, if I properly interpret the statement just read as submitted by the Senator from North Dakota, it indicates a purpose upon the part of the Postmaster General, under the head of extensions, to let new contracts. My information is that some time ago a meeting was held, participated in by a number of persons operating or contemplating the operation of air lines, at which the Postmaster General was present. It was there discovered that a number of the airplane routes conducted by private persons were not making any money. Some of the companies were in an almost insolvent or bankrupt condition. A plan was there discussed of saving some of the companies—of course, at the expense of the taxpayers of the United States.

The $19,000,000 has not yet all been expended, though a number of improvident contracts, in my opinion, have been made. Monopolistic control has been sought of the air mail routes, and, in my opinion, the Postmaster General has not been sufficiently responsive to the demands for legitimate and proper competition. My information is that the Postmaster General contemplates, as an extension, letting a contract for a line over Michigan and some of the other routes referred to in the article just read. It seems to me, in the light of the statement just read, that we are justified in the adoption of the resolution which I have offered; but action upon it, as I have stated, I shall not ask to be taken now.

The appropriation bill before us carries an enormous amount for the Post Office Department. That department shows a deficit of considerably more than $100,000,000. I think reforms are needed in the Post Office Department. It has been too extravagant, too wasteful, and there is justification for a demand that the amount carried for the Post Office Department shall be reduced at least 10 per cent.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. BANKHEAD submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was read, ordered to lie on the table, and to be printed, as follows:

To amend section 407 (in the committee amendment providing for reorganization of executive departments) by adding thereto the following: "*Provided further*, That any Executive order made by the President under the provisions of this title within 12 months after the approval of this act shall be immediately effective without transmitting the same to Congress."

The PRESIDING OFFICER. The question is on the motion of the Senator from Maryland [Mr. TYDINGS] to recommit the bill to the Committee on Appropriations with instructions.

Mr. TYDINGS. On that motion I ask for the yeas and nays.

Mr. ODDIE. Mr. President, I will say just a few words on the motion of the Senator from Maryland. I think it should be stated clearly that the bill as it has come from the Appropriations Committee of the Senate carries $194,806,236 less than the bill passed last year, and carries $32,887,000 under the estimate of the Bureau of the Budget.

The House worked on the bill for a long time. I refer Senators to the House hearings, which are interesting and complete. The Senate Committee on Appropriations worked diligently on the bill and I refer to the Senate committee hearings. The committee has done its best in cutting down the appropriations carried in the bill to as low a figure as could safely be done without crippling the various activities of the Government. If these activities are crippled, the American people will suffer, more men will be thrown out of work, wages will be further reduced, and the whole picture will be gloomy.

Mr. President, the committee has done its best; and I feel, personally, that the bill is a satisfactory bill. We would all like to see various items cut if it was possible without crippling the Government activities, but I feel that such severe cuts as are suggested by the Senator from Maryland will absolutely ruin some of our governmental functions.

I shall not at this time answer some of the statements made by the Senator from Tennessee [Mr. McKELLAR] regarding air mail and ocean mail contracts. That matter has been thrashed out on the floor of the Senate during the last several years. The Senator has made many statements regarding them last year which were answered and controverted on the floor of the Senate. I could answer them again, but I am not going to do so just now, in view of the pending motion. When we reach those features of the bill, we can discuss them. I will merely refer the Members of the Senate to the Senate committee hearings. There are some valuable statements in those hearings relating to the air mail and ocean mail contracts which prove their value conclusively. The American people should know that there are two sides to the question. There has been much misleading data and propaganda put out to them which is biased and misleading relating to these matters, and which is doing harm.

Mr. President, I am willing the matter should come to a vote, but I feel that it will be a mistake for the Senate to send the bill back to the committee. I do not think the cuts demanded in the motion of the Senator from Maryland can be carried into effect without doing serious injury to our Government and our people and industries.

Mr. DILL. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Washington?

Mr. ODDIE. I yield.

Mr. DILL. The Senator from Nevada stood here a year ago and protested just as vigorously that we could make the 10 per cent cut then proposed in the Post Office and Treasury Departments appropriation bill, and which the Senate ordered; yet it was done and we did cut that much off of the appropriations. Therefore some of us hesitate to take too seriously the Senator's protest to-day.

Mr. ODDIE. But this bill relates to the fiscal year ending in 1934. Last year we were considering the bill relating to the fiscal year ending in 1933.

Mr. DILL. Absolutely; but the Senator will recall that he was just as sure then that we could not cut it 10 per cent as he is now sure that we can not make this cut.

Mr. ODDIE. We did not cut it 10 per cent last year. I think it was pointed out that the cut would have resulted in seriously crippling various governmental agencies.

Mr. DILL. The report made back to the Senate was that the bill had been cut in accordance with the directions of the Senate. I do not know whether it was or not.

Mr. ODDIE. No; not the Treasury and Post Office Departments bill, but some other bill.

Mr. DILL. The Senate committee then violated its instructions.

Mr. ODDIE. The committee reported the bill back to the Senate without that 10 per cent cut, and the Senate approved the bill as reported.

Mr. President, I think we should have a quorum, so I suggest the absence of a quorum.

Mr. TYDINGS. Mr. President, I had asked for the yeas and nays before the Senator from Nevada took the floor. I renew my demand for the yeas and nays.

The yeas and nays were ordered.

Mr. BRATTON. Mr. President, I hope the Senator from Nevada will withhold his request for a quorum for the present.

The PRESIDING OFFICER. Does the Senator from Nevada withhold the suggestion of the absence of a quorum?

Mr. ODDIE. I will withhold it for the present if there is to be further discussion on the motion of the Senator from Maryland.

Mr. BRATTON. Mr. President, some criticism has been directed against the Appropriations Committee for its failure to reduce the figures in this bill and in other bills. No doubt much of that criticism is merited. As a member of the committee I am entirely willing to bear my full share of it. But let me remind the Senate—and I am a party to this also—that from week to week, from month to month, from session to session, we pass authorizing bills, authorizing appropriations in large sums for this, that, and the other. We sometimes do that without much consideration. Then the Committee on Appropriations is confronted with the obligation to include those matters in the appropriation bills. The fault originates in the passage of the various authorizing bills. I take a full share of this condemnation to myself when I say that we should be more careful in passing authorizing measures.

Mr. KING. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Utah?

Mr. BRATTON. I yield.

Mr. KING. Does the Senator take the position that an authorization is a compulsion to carrying appropriations in appropriation bills?

Mr. BRATTON. Virtually so. It is generally regarded so.

Mr. KING. I agree with the Senator that it is usually regarded as a direction, but I have not been able to bring my mind to accept the view that it is compulsory upon the Appropriations Committee to add the amounts so authorized. An authorization, for instance, for a reclamation project or for the development of some river or harbor may or may not be more than a direction that it shall be considered. I do not regard it, though I may be in error, to be compulsory upon the part of the committee to include the appropriation in an appropriation bill.

Mr. BRATTON. Mr. President, I intend to vote for the resolution offered by the Senator from Maryland [Mr. TYDINGS]. The party to which I pay allegiance, in its platform adopted at Chicago last June, pledged the taxpayers of the country a reduction of 25 per cent in the appropriations of the National Government. I believe it is incumbent upon every Member on this side of the Chamber to lend his best efforts to effect that platform promise.

There is one thing very noticeable. Whenever it is undertaken to retrench any expenditures, those who are opposed to it urge that "we can economize elsewhere, but not here." That argument is made over and over again. We are confronted with it every time we undertake to reduce Government expenditures.

I would be willing to vote for the resolution of the Senator from Maryland if it required the committee to apply the 25 per cent horizontal cut from beginning to end of the bill. Then, if the economy section is written into the bill, the President elect, through the exercise of that authority, can conform the activities of the departments to the amount of money provided.

It is my belief that we will never effect substantial economies except through a system authorizing the Chief Executive to consolidate and merge and abolish services and activities of the Government. It is a drastic step that is proposed in the economy section of the bill. I grant that. But I intend to support it, because the taxpayers of the country will never get substantial economies otherwise.

Mr. President, a few days ago I introduced a resolution authorizing the appointment of a joint committee of the Senate and the House to consider the advisibility of abolishing the Department of Commerce and the transfer of its indispensable services to other departments. It is my belief that the expenses of that department are out of all proportion to the benefits derived from it.

I have before me a table showing the appropriations made for the several departments during the last 10 years. In the Department of Commerce the appropriations have risen from $22,115,621.94 in 1924 to $45,213,200.19 in 1933—an increase of more than 100 per cent in the appropriations for that one department in a period of only 10 years.

What good are we receiving, what return are we getting from an annual expenditure of over $45,000,000 for that department when many of its services overlap and duplicate those of other departments? Mr. President, we may well turn our attention to the matter of dispensing with that department and transferring its services deemed to be indispensable to some other department.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Nebraska?

Mr. BRATTON. I yield to the Senator from Nebraska.

Mr. NORRIS. I came into the Chamber after the pending motion was made. I understand it to be a motion to recommit the bill.

Mr. BRATTON. It is.

Mr. NORRIS. With instructions to reduce it by 10 per cent?

Mr. BRATTON. There is no amount fixed; but it is proposed to recommit the bill with instructions to reduce the appropriations carried in the several bills to such an amount that the Government will be enabled to operate within its income. Obviously the Senator from Maryland [Mr. TYDINGS], who submitted the motion, has in mind similar action in the case of all the appropriation bills, designed to bring our total appropriations within our income.

Mr. NORRIS. Mr. President, if the Senator from New Mexico will permit me to interrupt him further, I desire to say this idea has entered my mind: I remember that at the last session of Congress we took similar action as to several appropriation bills. I voted against referring the first of those appropriations back to the committee, but after we had submitted several appropriations to that treatment it seemed to me we ought to pursue that course as to all of them. After that I voted to send those bills back to the committee.

I want to ask the Senator what assurance have we, if the motion shall prevail, that we shall be able to get the same treatment on other bills? The Senator will remember that at the last session when appropriation bills were recommitted reductions were made in some of them, but when it came to the Army appropriation bill and the naval appropriation bill those bills were not subjected to that kind of treatment.

Mr. McKELLAR. In the case of those bills the proposition was defeated by a few votes.

Mr. NORRIS. Yes. If we could have assurance that all the appropriation bills were going to be treated alike, some of us would feel more inclined to support a proposition of this kind; but if there shall be done what was done at the last session, namely, reduce all appropriations excepting those for the Army and Navy, and have such appropriations increased rather than reduced, what assurance can we have that if we send this bill back with the object stated in view, we are going to be able to send all the other bills back in the same way?

Mr. BRATTON. Mr. President, if the Senator will recall, we took the action last year after one of the bills, to wit, the bill providing for the Department of Agriculture, had passed both branches and was in conference. We began too late. This, however, is the first appropriation bill to be considered during the present session of Congress. The only assurance we can have that similar treatment will be accorded all the appropriation bills is the solemn determination in the mind of each one of us to accomplish the end

contemplated by the Senator from Maryland, namely, that when we shall have passed all the appropriation bills the combined sums appropriated will be within the revenue of the Government.

That would not necessarily mean that we should have a 25 per cent cut in this bill, and a 25 per cent cut in the next bill, and so on, with each one of them; it may be that the sums will vary upward and downward, here and yonder; but, as I understand, the purpose contemplated by the resolution sponsored by the Senator from Maryland—the Senator has now returned to the Chamber and I hope he will give ear—it is that in the matter of the appropriation bills to be passed at this session of Congress the total sum appropriated by them shall be a sum equal to or less than our contemplated revenue; in other words, that we shall be on a self-sustaining basis instead of increasing the deficit already confronting us.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Maryland?

Mr. BRATTON. I yield.

Mr. TYDINGS. The Senator has stated the object which I seek to obtain by the resolution, namely, of not spending more than we are going to take in.

May I make, in furtherance of that, the single observation, that a great deal of the complaint due to a reduction of salaries or what not is very just, because we only made a reduction in a single item rather than in the Government expenditures as a whole; and that if we apply the reduction to everything there will be less dissatisfaction by those affected?

Mr. BRATTON. Mr. President, I was discussing the enormous increase in the appropriation for the Department of Commerce.

Mr. VANDENBERG. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Michigan?

Mr. BRATTON. I yield.

Mr. VANDENBERG. Before the Senator pursues that subject, can he explain this for my information: Suppose that the total economy contemplated by the pending motion were prorated among the various bills, how much would the appropriations in the pending bill have to be reduced in order to come within the curtilage of this amendment?

Mr. BRATTON. That I can not tell the Senator; I do not have that information.

Mr. TYDINGS. Mr. President, may I answer that question?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Maryland?

Mr. BRATTON. I yield.

Mr. TYDINGS. May I point out to the Senator that in the early part of my remarks I indicated four or five different places in the appropriations for the Government where approximately $200,000,000 would be saved without any, at least, apparent, injustice to any one? I do not mean to say that necessarily this bill might have to be pared at all; but what I do mean to say is that we should contemplate all the money we are going to receive and cut our cloth to fit the person we are about to clothe, which is the Government.

For example, I pointed out—if the Senator from New Mexico will permit me further—that a number of Army officers who are receiving from four to six thousand dollars a year in retirement pay were going into private industry and earning tremendous salaries. In my judgment, during this emergency, if they can make more in private undertakings than they were receiving when they were in active service in the Army, we ought, at least, to reduce their allowances if not wipe them out altogether. Furthermore, there are emergency officers who are receiving from $225 to $250 a month, and I referred to one officer who was on three Government pay rolls besides practicing his profession, and I thought we could attend to him, and that we should make cuts all through this structure, and not just go back to the Government employees and pare 10 per cent from their salaries and consider that our work was done.

Mr. VANDENBERG. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield further to the Senator from Michigan?

Mr. BRATTON. I yield.

Mr. VANDENBERG. I cordially agree with the exhibits submitted by the Senator from Maryland, but the amounts involved are utterly infinitesimal in respect to the grand total that is involved in this contemplation. If we are not to be reasonably consistent in our treatment of each bill, will it not be necessary for us to make all our appropriations this year in one single bill—if we are to achieve safely and dependably the results the Senator has in mind?

Mr. BRATTON. I think not. We can arrive at that figure with reasonable accuracy by considering the amounts heretofore appropriated, the revenues heretofore received, and the contemplated revenue. Then we can prorate the necessary reductions among the various bills with reasonable accuracy. But, Mr. President, the governing principle, the decisive consideration in the whole equation, is to put the Government on a balanced Budget basis by keeping our appropriations within our income, just as a successful business man or a successful household must do. Let us determine, first, how much money we may reasonably expect and then appropriate accordingly.

Mr. VANDENBERG. Mr. President, agreeing cordially to the principle announced, I return to my original question. Has the Senator any figures whatever to indicate the extent of the responsibility which we would confront if we should undertake to implement his theory?

Mr. BRATTON. I have not; and that is the very reason the Senator from Maryland has proposed that the bill be recommitted to the Committee on Appropriations, in order that such fact may be ascertained and the figures be made to conform to that formula. That is the purpose of the resolution. We can not do it on the floor of the Senate; of course not; but the committee, with the aid of experts and accountants and actuaries, should be able, without great difficulty, to determine the amount of reduction that is necessary in each of the several appropriation bills in order to bring their total figure within the Nation's income.

Mr. MOSES. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from New Hampshire?

Mr. BRATTON. Certainly.

Mr. MOSES. Would not that be a mere rule of thumb? That is to say, by taking the sum total of this appropriation and applying the rules of proportion to determine the reduction which should be made in terms of dollars and cents. The whole picture would not be before the committee in my opinion. I submit to the Senator from New Mexico that a far better and more effective way of dealing with the whole subject would be to take each appropriation bill as it comes here, recommit it, and then let it lie in the committee, so that the remainder of the present session may be free for the consideration of other measures. Then, when the extra session comes, as it must come soon after the 4th of March, there will be ample time between then and the 30th of June to make up and formulate the appropriation bills along the terms of the glittering promise made by the Senator from Washington, and we shall not be subject to the criticism of having handicapped the new administration by forcing extravagant appropriations upon it for the first fiscal year of its existence.

Mr. BRATTON. I am sure the Senator from New Hampshire would be the last one to embarrass the incoming administration, and I acquit him of any such desire. [Laughter.]

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Arkansas?

Mr. BRATTON. I yield.

Mr. ROBINSON of Arkansas. I should like to ask a question, having in mind some practical considerations. This resolution contemplates a reduction of how much in the aggregate, I inquire of the author of the resolution?

Mr. TYDINGS. According to the President's figures, it would be $500,000,000, in round numbers.

Mr. HALE. Mr. President, I should like to question that.

Mr. TYDINGS. The Senator himself made that statement on the floor of the Senate not over an hour ago.

Mr. HALE. I was referring to the situation provided the postal revenues were deducted.

Mr. TYDINGS. May I say to the Senator from Arkansas that a reading of the President's message, as I recall, shows $496,000,000 as the needed reduction.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. BRATTON. I yield.

Mr. ROBINSON of Arkansas. I understand the figures as stated by the Senator from Maryland to be approximately correct, although, to be accurate, as I remember, they were $492,000,000. The question in my mind is, first, whether the Appropriations Committee considered the proposal made by the Senator from Maryland; whether an effort was made before reporting the bill to apply the principle now invoked in the resolution?

Mr. BRATTON. I may say to the Senator from Arkansas that no such effort was made.

Mr. ROBINSON of Arkansas. If the Senator will indulge me for a brief statement——

Mr. BRATTON. I do.

Mr. ROBINSON of Arkansas. It may be important to take into consideration in this connection the question as to what will be the status of the general appropriation bills if this rule shall be adopted and whether it is possible within the view of the committee to execute it.

Mr. BRATTON. Let me say to the Senator——

Mr. ROBINSON of Arkansas. Will it result in the defeat of the appropriation bills and passing them over beyond the end of the present session?

I realize that there is no motive of that kind in the mind of the author of the resolution. I realize that he is prompted by a very important consideration. I think two-thirds of the people of this country believe that that is the practical way to balance the Budget; but I point out the further fact that the figures here relied on of the amount necessary to balance the Budget—namely, $492,000,000—are in all probability inaccurate, and that a much larger sum actually will be required to accomplish the purpose of a balance.

I see that the chairman of the Finance Committee, the Senator from Utah [Mr. SMOOT], nods his head in approval, and other important Members of the Senate. I think, while we are discussing this subject, we might just as well enter into the consideration of that phase of it.

It is my judgment, from the limited study I have been able to make, that $800,000,000 would be much nearer the figure required to balance the Budget than $490,000,000 or $500,000,000. So that is a question of strategy of the very greatest importance to all of us—whether, first, we desire to take a course which may defer the disposition of these appropriation bills beyond the end of the present session and leave that load on the incoming administration, as well as the many other important burdens which we all know must be borne after a new President is inaugurated.

I realize that there may be a few Senators who would not be loath to see that end accomplished. In my opinion, this problem of balancing the Budget is not so simple as some have stated it to be. It is difficult to accomplish that end in a time when prices are constantly falling and earnings are continuously diminishing. No one more than I would like to see the principle in the resolution of the Senator from Maryland applied, but I want to be frank and not offensive to anyone. I doubt whether the Senate of the United States has the courage or the ability to carry out the resolution if it is agreed to.

The Senator from New Mexico [Mr. BRATTON] a few moments ago said a thing that is literally true: We are all the time talking economy, and talking of balancing the Budget, but we have not done either to any very great degree. When we talk of economy in the abstract, we are all in accord. When we come to apply it in detail, or to specific appropriations, we immediately divide hopelessly into factions, with the result that very little is accomplished.

I think the thing for the Senate to do before passing the resolution of the Senator from Maryland is to make up its mind whether we are going through on this proposition. If we are not going through on it, then the resolution ought not to be agreed to.

Mr. KING. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I have not the floor. I had concluded all I had to say. The Senator from New Mexico has the floor.

Mr. KING. Will the Senator from New Mexico permit an interruption?

Mr. BRATTON. Yes; I yield to the Senator from Utah.

Mr. KING. May I suggest to the leader upon this side that I entirely agree with him. I think the deficit will be nearer $800,000,000 than the amount indicated by the able Senator from Maryland, and that figure I stated some time ago.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BRATTON. I yield.

Mr. TYDINGS. I do not say that that is the correct figure. I have something more to say on that subject.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Maryland, in the time of the Senator from New Mexico, what he thinks the approximately correct figure is to-day?

Mr. TYDINGS. Mr. President, without the foreign-debt payments, and with the decrease in revenues anticipated, I believe it will be close to a billion dollars; and may I say that the purpose of my resolution was at least to conform with the highest authority in the Government, rather than to have no reduction at all.

Mr. BRATTON. Mr. President, suppose we take the figure of $500,000,000 as a basis for our calculations, and let us assume that it proves to be inaccurate, that it is too small: Is it not better to economize by the amount of $500,000,000 than to forego any effort at economy? Is it not better to save that much than none? We would have that much less deficit; we would have that much more economy; we would have that much more contribution toward the stability of Government as a contribution to the restoration of industry in this country.

Mr. VANDENBERG. Mr. President, may I ask the Senator one more question at that point?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Michigan?

Mr. BRATTON. Yes.

Mr. VANDENBERG. As a practical proposition, however, if we are not going to apply the sum total pro rata on the various bills, how can we determine what our problem is in respect to each bill except as we wait until all bills are before us?

Mr. BRATTON. Mr. President, I realize the force of the suggestion of the Senator from Michigan. We know that our appropriations for last year were $4,977,000,000 plus. We know what the total appropriation for each department was. We know that if we are going to cut our appropriations $500,000,000 it must come out of those departments for which we appropriated almost $5,000,000,000 last year. If $500,000,000 is the mark that we are going to shoot at, then we must evolve a well-considered program, and apportion that sum by way of reductions among the several bills in the best way that we can devise.

Bear in mind all the time, Mr. President, that if the economy provision attached to this bill is enacted into law, the Executive will be able to conform the activities of the several departments to the amount of money appropriated. If necessary to consolidate some, if necessary to terminate others, if necessary to do away with overlapping and duplication here and yonder in order to bring the expenditures within the amount of money appropriated, he has the authority to do those things under the provision proposed in this bill.

Mr. SMOOT. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Utah?

Mr. BRATTON. I yield to the Senator from Utah.

Mr. SMOOT. I desire to ask the Senator if, in his proposition, he includes the permanent appropriations?

Mr. BRATTON. Yes, Mr. President. I have before me a statement prepared by the Treasury Department which includes the annual, supplemental, deficiency, and permanent annual and indefinite appropriations. It appears to include the appropriations of every kind and description.

Permit me to say in that connection that we are talking about our increase in expenses. One of the chief causes of our increase in expenses has been in the independent offices—that is, bureaus, commissions, directors, supervisors, supersupervisors, and so on.

In 1924 our appropriation for independent offices was $522,000,000 plus. Ten years later it was $1,873,000,000, or an increase of almost 300 per cent, because we created one bureau and one commission and one service after another. Always the original cost is increased from year to year; and we are now confronted with the severe indictment that during the last 10 years the appropriation for independent offices has increased from $522,000,000 to $1,873,000,000, or almost 300 per cent.

Mr. DICKINSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Iowa?

Mr. BRATTON. Certainly.

Mr. DICKINSON. Is it not true that most of that increase is the Veterans' Bureau, which is carried in that bill?

Mr. BRATTON. No doubt a great part of it is, but not all by any means.

Mr. DICKINSON. I want to suggest that this is the Treasury-Post Office bill. The Senator, being a member of the Economy Committee as well as myself, heard the testimony of many people with reference to where economies could be made. If we are to reduce Government expenditures another $500,000,000 or $800,000,000 we shall practically have to wipe out what we call the civil functions of the Government—the various bureaus and departments of the Government—or else we shall have to reduce the veterans' compensation, or the Army and the Navy. Is not that true?

Mr. BRATTON. I do not agree with that. When we do away with our unnecessary services, and our duplication and overlapping in the ordinary and useless operating expenses of the Government we shall have absorbed hundreds of millions of dollars.

Mr. DICKINSON. Is it not true that in the Post Office Department 85 cents of every dollar that is appropriated goes to the payment of labor and that any reduction that amounts to anything in that department means another individual out of employment or the reduction of some one's salary?

Mr. BRATTON. Undoubtedly it involves some reductions in salaries.

Mr. President, I was talking about expenses in other departments. I have prepared, and intend to introduce shortly, a bill to consolidate the Departments of Agriculture and Interior. Substantial savings could be effected if that were done.

Those two departments overlap and duplicate perhaps more than any other two departments of the Government. They both deal with internal affairs. They travel along similar lines. They deal with common subjects; yet we have the two departments with two sets of overhead, with enormous duplications, enormous overlapping, and enormous waste.

In 1924 the appropriation for the Department of Agriculture was $110,000,000. In 1933 it was $372,000,000, or an increase of more than 250 per cent in that department.

In 1924 the appropriation for the Department of the Interior was $343,000,000. Of course at that time the Veterans' Administration was under that department. In 1933, for that department, after being freed of the Veterans' Administration, the appropriation was $82,000,000.

The appropriations for the two departments combined were more than $425,000,000 in 1933. We can effect enormous savings by consolidating those two departments and without sacrificing any beneficial service in either of them.

Mr. BLAINE. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Wisconsin?

Mr. BRATTON. Yes.

Mr. BLAINE. Do the figures the Senator is giving include the seed-loan provisions in the Agricultural Department?

Mr. BRATTON. I do not so understand.

Mr. BLAINE. They are exclusive of the amount appropriated for seed loans?

Mr. BRATTON. That is my understanding, although I am not certain of that.

Mr. BLAINE. The Senator assumes that the amount named by him is for administration only?

Mr. BRATTON. Yes.

For those two departments we are appropriating more than $400,000,000. Why can they not be consolidated and the services now performed by both of them be performed under one head, one directing, administrative officer, with enormous savings? I believe we can save $75,000,000 annually by consolidating those departments.

Mr. KENDRICK. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Wyoming?

Mr. BRATTON. I always take pleasure in yielding to the Senator from Wyoming.

Mr. KENDRICK. I desire to ask the Senator from New Mexico if he does not see the possibility of great economies in connection with the Interior Department in a plan that would transfer the public lands now held by the Federal Government to the States in which they are located?

Mr. BRATTON. Yes, Mr. President, and I join the Senator from Wyoming in expressing the earnest and fervent hope that those lands will be ceded to the States at some date in the near future. It would give the lands a better degree of husbandry, they would be better protected, they would be conserved, they would be put to a beneficial use, they would be income-bearing and revenue-bearing. It would be better in every respect.

Mr. KENDRICK. I may say, if the Senator will permit further, that nearly every State in which public lands of any considerable acreage are now located has an organization complete within the State for handling the lands, the same as they are now handled by the Federal Government.

Mr. BRATTON. Yes. The Senator from Wyoming speaks from an abundance of close study and ripe experience in these matters.

If the two departments concerned could be consolidated under one head, with the elimination of one set of overhead expenses, with the elimination of duplication and waste, with a measurable degree of economy and efficient administration, in my opinion we could save $75,000,000 to the taxpayers of this country without sacrifice of any beneficial service in either of the two departments. It seems to me, Mr. President, that we may well give early consideration to that proposal.

Returning to the resolution proposed by the Senator from Maryland, because that is the matter now pending, we will never economize unless we begin. If we vote down the resolution and pass this appropriation bill we will do the same with each succeeding appropriation bill, and in the end we will have appropriated an enormous sum of money, far beyond our revenue, and our deficit will increase instead of diminish.

I hope that we will cut these appropriation bills, and at the same time enact the provision giving the President the power to consolidate and merge and abolish services, in order that, through the administration of that power, he may conform the expenditures to the money appropriated. That is the only way, in my opinion, we are going to effect economies.

Mr. President, we can scarcely abolish a single bureau. We propose in this bill to abolish the Bureau of Efficiency,

and while nobody can tell what it has done of a helpful character, I am not certain that the provision will remain in the bill. I am not so sure that Congress can abolish the Bureau of Efficiency, let alone effect substantial economies in reconstructing the fabric of our Government.

The only way we are going to do that is to confer the power upon the President. It is a drastic step, but we are dealing with a desperate situation. The question confronting Congress is whether we are going to do it by a method we are reluctant to adopt or not do it at all. Those are the two alternatives confronting us. We can take the one, or travel the other course. We can either confer the power upon the President, or waive all efforts to economize, and continue to appropriate $4,500,000,000 annually.

I shrink from the suggestion of increased taxes. What this country needs is economy, a reduction of the tax burden. It is all right to say that we are going forward under heavy steam and with lavish expenditures, as we did five years ago, or thereabouts. An individual does not free himself of a desperate financial situation by continuing to spend more and more money. He must economize in order to free himself of an embarrassing financial situation. The same is true of the Government.

We have reached an important question. The Senator from Arkansas never declared a truer assertion than he did a few moments ago when he said that we must determine whether we are going through with the program, or not undertake it. We had better resolve, individually and collectively, that we are going through with the program. We promised it in our platform. I think that provision appealed to the electorate of the country as much as any other provision in the Democratic platform, and a failure to make a good-faith effort to perform that promise in my opinion would be almost a breach of faith. We are obligated, solemnly obligated, to undertake the task, and now is the time to begin. If we shrink from it in connection with this bill, of course we will not take the step on a subsequent bill. The solemn duty of deciding the question confronts us individually and collectively.

I intend to vote for the resolution of the Senator from Maryland, and let this bill go back to the committee. Then we can begin the study, we can undertake the task, we can ascertain how much we must cut, and then we can apportion it among the several bills to the very best of our ability, making allowance for human fallacy, human mistakes. We can do the very best possible, and then trust the Government to get along.

Mr. President, I remember when we were making some cuts a year ago we were told that if we made them, we would virtually disrupt the Government. We made them, and, so far as I know, the Government went along fairly well, and its business has been conducted in a fairly satisfactory way. We are confronted with that argument every time we undertake to economize.

Mr. SMITH. Mr. President, will the Senator yield to me?

Mr. BRATTON. I yield.

Mr. SMITH. I have not heard the resolution proposed by the Senator from Maryland, but I know that last year an attempt was made to recommit the appropriation bills with the recommendation, or the order, or the command, to reduce them a certain percentage. I happen to know of one of the appropriation bills which will be reported to this body, in which the appropriation will represent a cut of something like 60 per cent of what it was last year. It may be all right, and no harm may be done to the public welfare in the discharge of the functions of the particular department concerned by that cut. What I would like to know is, are we to pass a resolution calling for a specific reduction in the appropriations for every one of the departments, or ascertain where we may make major cuts and minor cuts, so that the aggregate would bring about the result, rather than make a flat direction for a reduction in every department?

Mr. BRATTON. Mr. President, perhaps the Senator was not in the chamber when the Senator from Maryland interposed his motion. It does not provide any specified reduction. It is a motion to recommit the bill, with the view of having the aggregate appropriations in the several appropriation bills reduced to the point where our appropriations will not exceed our revenue. Of course, it does not mean a flat 25 per cent of this bill and a flat 25 per cent in each of the others, or anything of the kind. The purpose of it is to cut the total appropriations to the point where they will be within our revenue, leaving the Committee on Appropriations and the Senate itself, of course, free to vary the cuts in the best way possible.

Mr. SMITH. Mr. President, I should like to ask the Senator a further question.

Mr. BRATTON. I yield.

Mr. SMITH. Does the Senator think that it would be practicable and beneficial all around to attempt to do what we call balancing the budget—I never heard of that phrase before last year, and I do not know that the budget was balanced, but that is neither here nor there—and cut our appropriations to such a point that our prospective income would take care of the appropriations? Does the Senator think that is practicable within one year? Or should we use such discretion as would be necessary gradually to bring such a condition about?

Mr. BRATTON. Mr. President, perhaps it should be spread over two or three years. I myself have thought that, but the Senator from South Carolina and I and every other Member on this side of the aisle is pledged to a 25 per cent reduction in our appropriations; and unless we begin, we will never make that cut, either 2, 3, or 10 years from now. If we fail to begin with this bill, we will not begin at this session.

Mr. SMITH. The only thing I was concerned about was that I did not like the proposition put forward last year when a committee, after they had worked over the matter, reported a certain bill. Without giving any very cogent reasons, we recommitted the bill with directions for a flat cut, to find some items the appropriations for which could be cut so that the total would result in a 10 per cent cut. I know that there are certain items which have been carried from year to year which can be dispensed with, and I know that there are certain economies which can be effected, but I would prefer, in voting to recommit the bill, to recommit it with the idea that the committee is not to reduce it any specified amount, but every amount which they think is legitimate and right, whether it is 10, 12, 15, or 20 per cent. That was my object in making the inquiry I submitted.

Mr. BRATTON. I doubt not that the Senator from Maryland would agree to the feasibility of spreading the 25 per cent retrenchment over two or three years, but the point is that we must begin some time.

Mr. SMITH. I think we have begun very wholesomely on a bill in the consideration of which I have just been a party. I think we have acceded to what has already been done to the extent of about 55 or 60 per cent reduction. That was in connection with a bill where the appropriation could very well, perhaps, be so reduced. But there are other appropriations which perhaps we can not reduce; and now that I have gotten the attitude of the Senator, which is in accord with mine—that is, that wherever possible we should make reductions without detriment to the service—I want to call attention to another thing. I think the Senator from Maryland this morning referred to a fact which is very vital. We are paying some four or five hundred million dollars interest on bonds which were sold at a time of emergency; and now that we are in just the reverse of that condition, it seems to me the holders of those bonds ought to exhibit the same patriotism that has been forced upon the majority of the American people by circumstances over which they have no control, until they are bled white, and yet, without batting an eye, or a word of criticism, they are paying, and we are distributing to the fortunate class who furnished gold for the prosecution of the war, four or five hundred million dollars.

Mr. BRATTON. Yes, Mr. President.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Maryland?

Mr. BRATTON. I yield.

Mr. TYDINGS. I should like to say to the Senator from South Carolina that the present appropriation bill carries $2,075,210 more than the bill for the same department contained last year.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Wisconsin?

Mr. BRATTON. I yield.

Mr. BLAINE. I desire to ask the Senator a question so I may obtain the information. Is it contemplated by the resolution offered by the Senator from Maryland and discussed by the Senator from New Mexico to reduce the compensation now provided by law for the totally disabled veterans of the World War in the ratio that may be provided under the resolution?

Mr. BRATTON. That is not as I understand it. I understand that matter was not specifically mentioned one way or the other in the resolution. The resolution contemplates a reduction in the total appropriations. It does not specify how much any particular item or any particular bill shall be reduced. That is left to the Committee on Appropriations first and then to the Senate itself. The object is to cut the appropriations to the point where they will bear some relation to our income.

Mr. BLAINE. But it would authorize the committee to reduce the compensation of totally disabled veterans?

Mr. BRATTON. It probably would. The committee has that authority without a resolution. It could reduce the compensation now and bring such a report to the Senate, and see what the Senate would do with it.

Mr. BLAINE. The resolution is rather a mandatory proposition so far as the committee is concerned, is it not?

Mr. BRATTON. It is general. It is directed to the whole subject matter of the total appropriation as compared to our income.

Mr. President, I have said all that I desire to say on the subject. We must determine now whether we are going to undertake to curtail these expenditures and effect some economies for the taxpayers of the country. The Senator from South Carolina [Mr. SMITH] said the taxpayers had been bled white; indeed they have been, and we continue to appropriate enormous sums of money.

Permit me to say in that connection that the per capita tax burden in the country is $92. That means that for every man, woman, and child, regardless of color or race, there is placed a total tax burden of $92. Of that amount $28 goes to the National Government; on an average, $12 goes to the State; and the remainder, which is about $49, goes to local governments; that is, county, city, and school. It is the general belief throughout the country that the vast majority of all taxes are levied by the Federal Government and are paid to the Federal Government. That is a mistake. More than one-half of the taxes paid throughout the country are imposed by local authorities, are paid to the local authorities, and are consumed by local functions. Less than one-third of the taxes paid in this country go to the Federal Government.

Of course, the Federal Government must do its part in effecting reductions in taxes. The Federal Government can not escape that responsibility. But substantial reductions and substantial relief will never be enjoyed by the taxpayers of the country until the States and local authorities join. I hope the taxpayers of the country, those who have been bled white, those who are bearing an unbearable burden now, will understand that more than two-thirds of the taxes they pay go to the States and to the local authorities and not to the Federal Government.

I do not minimize the importance of the Federal Government's joining. It must act in concert. It must reduce its shares of the taxes. But the vast majority of the taxpayers who are bleeding white to-day should insist that local authorities and State authorities join with the Federal Government and should demand a reduction there as well as here.

Mr. BYRNES obtained the floor.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Massachusetts?

Mr. BYRNES. I yield.

Mr. WALSH of Massachusetts. Mr. President, may I ask the intention of the leader on this side of the Chamber? In my humble judgment, this is one of the most important and vital motions that will be presented to the Senate during the present session. The question involved here is one of tremendous importance. It means a study of every activity of the Federal Government with the end and purpose in view of retaining only those departments of the Federal Government that are absolutely necessary to carry on an efficient government. It means, if the motion prevails, that we have chosen that course rather than the course of levying additional taxes. It would seem to be the attitude to which the Democratic Party has committed itself.

May I suggest to the leader on this side that before we have a vote on this question there be a conference of the members of the now minority, but soon to be majority, with the purpose in view of not merely passing this resolution but of setting our faces and our minds in the direction of realizing what it means, namely, that we must vote for every recommendation to cut down every appropriation wherever and in whatever direction it leads?

Unless we have that purpose in mind we are simply making a gesture and simply declaring a policy which we do not intend to carry out. I hope an early opportunity, before the vote is taken, may be had for some constructive and united action upon the soon to be majority party so we may go forward with a determination to settle our party policy, particularly if we are to decide not to levy any more taxes but intend to reduce to the minimum the expense of the Government.

Mr. SMITH. Mr. President, will my colleague yield to me?

The VICE PRESIDENT. Does the Senator from South Carolina yield to his colleague?

Mr. BYRNES. I yield.

DISTRIBUTION OF GOVERNMENT-OWNED COTTON—CONFERENCE REPORT

Mr. SMITH. Mr. President, I ask that the motion of the Senator from Utah [Mr. KING] to reconsider the vote by which the conference report on the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress may be laid before the Senate for consideration at this time. I think the Senator has had sufficient time to consider the matter and that he should let us dispose of it this afternoon.

Mr. KING. Mr. President, I hope the Senator will not call up the motion this afternoon. The Senator from Tennessee [Mr. MCKELLAR] is likewise interested in it. I have no objection to taking it up the first thing in the morning.

Mr. SMITH. It is a privileged matter, but I am loath to ask for a vote on the question in the face of the Senator's objection. If it is understood that Senators will be ready in the morning when I call up the report, because I want it disposed of one way or the other, I am willing that it shall go over; but I ask that they be prepared to make their statements and then let us have a vote.

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Connecticut?

Mr. BYRNES. I yield.

Mr. BINGHAM. May I remind the Senator from Utah that last week he stated the matter might come up on Tuesday, which was day before yesterday. We have been waiting patiently for two days now for him to call up his motion to reconsider the vote by which the conference report was agreed to.

Mr. KING. But the Senator knows we have had the Glass bill before the Senate, and it has occupied the full time of Senators.

Mr. BINGHAM. But this is a conference report and is privileged, and we may move that it be taken up at any time. We have been trying to be courteous to the Senator, and I hope he will not ask for further delay.

Mr. KING. I shall join with the Senator from Connecticut in calling up the matter to-morrow morning.

RECESS

Mr. ODDIE. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Nevada.

Mr. BYRNES. I yield.

Mr. ODDIE. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and the Senate (at 5 o'clock and 10 minutes p. m.) took a recess until to-morrow, Friday, January 27, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, JANUARY 26, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Loving Father in Heaven, may we look well to this day. Let us cease to remember the sigh of regret and the tear of penitence and passionately affirm our divinity and the grace of the Cross that makes us forever Thine. Keep us mindful that self-control is by way of self-will, that liberality is by way of giving, and that magnanimity of soul is by way of self-denial. Let these be with us in beautiful fruition. Harken, Loving Father; every human heart is human, and in every bosom there are longings, yearnings, and strivings, yet so often our wills are feeble and helpless. O God, ever listen to our simple story of appeal and let it touch Thy right hand of Thy love and mercy. In the name of the Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed joint resolutions of the following titles, in which the concurrence of the House is requested:

S. J. Res. 239. Joint resolution authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes; and

S. J. Res. 240. Joint resolution to provide for the quartering, in certain public buildings in the District of Columbia, of troops participating in the inaugural ceremonies.

RECONSTRUCTION FINANCE CORPORATION

The SPEAKER laid before the House the following communication:

RECONSTRUCTION FINANCE CORPORATION,
Washington, January 25, 1933.

SIR: Replying to House Resolution 335, adopted by the House of Representatives on January 6, 1933, the Reconstruction Finance Corporation submits herewith a report of its operations from February 2, 1932, the date the corporation was organized, to July 20, 1932, inclusive. The resolution requested a report covering the months of February, March, April, May, and June, 1932. It is the understanding of the board that the intent of the resolution was to cover the entire period prior to the date the corporation began submitting monthly reports to the President and the Congress in accordance with section 201 (b) of the emergency relief and construction act of 1932. Such reports began with July 21, 1932, and, therefore, the inclosed report covers the period from July 1 to July 20, 1932, inclusive, as well as the months mentioned in the resolution.

The resolution requested the present status of each loan with respect to any repayments effected, and this report is made as of the close of January 6, 1933 (the date of the resolution), in connection with all loans authorized from February 2 to July 20, 1932, inclusive. It therefore embraces all changes in such loans up to January 6, 1933, inclusive, including increased authorizations, reductions by withdrawal or cancellation, and repayments.

The inclosed schedules show, in tabular form, with respect to each loan authorized by the corporation during the period mentioned, the following:

Loans authorized prior to July 21, 1932; increases in such authorizations after July 20, 1932; total authorized.

Authorizations reduced by withdrawal or cancellation.

Amounts not yet disbursed; amounts disbursed.

Repayments on principal; balances outstanding; collections not yet applied.

Appended to the schedules are notes which explain them in detail.

With respect to the question of the purposes for which each loan or commitment was made or intended to be made, the board desires to report that loans or commitments were made for one or more of the following purposes:

1. To banks and trust companies: To meet withdrawals or anticipated withdrawals of deposits; to pay indebtedness; to replenish reserves; to strengthen cash position.

2. To receivers or liquidating agents of closed banks: To pay liquidating dividend; to assist in reorganization.

3. To building and loan associations: To meet maturities; to meet withdrawals; to pay indebtedness.

4. To insurance companies: To pay claims—death, disability, fidelity, etc.; to make loans on policies; to pay surrender value of policies; to pay taxes; to protect assets; to strengthen cash position; to pay indebtedness; to grant extensions of mortgage loans and to prevent foreclosures.

5. To mortgage-loan companies: To meet bond and certificate maturities and interest; to pay indebtedness; to carry delinquent mortgage loans; to strengthen cash position; to meet guaranties on mortgages; to pay taxes and assessments; to carry owned real estate and avoid dumping on present market.

6. To credit unions: To meet withdrawals; to pay indebtedness.

7. To Federal land banks: To assure adequate funds to meet the demands for eligible farm loans and to enable the banks to continue to serve agriculture.

8. To joint-stock land banks: To pay bond interest; to pay indebtedness; to pay taxes; to carry delinquent borrowers.

9. To Federal intermediate-credit banks (commitments): To enable them to continue to serve agriculture.

10. To agricultural-credit corporations: To finance the operations of farmers and stockmen.

11. To livestock-credit corporations: To finance or refinance the operations of livestock growers.

12. To railroads (including receivers): To provide funds for additions and betterments; to meet maturing obligations, principal and interest; to pay accrued expenses, audited vouchers, wages, etc.; to pay other indebtedness.

The resolution also requests the amount of public money and public credit employed in the operations of the corporation during the period referred to. On February 2, 1932, the Secretary of the Treasury, on behalf of the United States of America, as provided in section 2 of the Reconstruction Finance Corporation act, subscribed for the entire amount of $500,000,000 of capital stock of the corporation. In response to the call of the board of directors of the corporation, as provided by law, the Secretary of the Treasury paid for such capital stock on the following dates in the amounts indicated:

Date:	Amount
Feb. 4, 1932	$150,000,000
Mar. 1, 1932	100,000,000
Mar. 24, 1932	100,000,000
Apr. 15, 1932	150,000,000
Total capital stock	500,000,000

In addition to the $500,000,000 of capital stock, the corporation, during the period from February 2 to July 20, 1932, inclusive, sold to the Secretary of the Treasury, as authorized by section 9 of the Reconstruction Finance Corporation act, its 3½ per cent notes, in the following amounts, on the dates indicated:

Date:	Amount
Apr. 27, 1932	$250,000,000
June 30, 1932	100,000,000
July 8, 1932	25,000,000
July 14, 1932	25,000,000
July 20, 1932	25,000,000
Total notes issued and sold, Feb. 2 to July 20, 1932	425,000,000

These notes matured on October 27, 1932. They were extended at maturity, as part of a larger issue of notes maturing April 30, 1933, and purchased by the Secretary of the Treasury.

Therefore, the total amount of capital stock and 3½ per cent notes sold by the corporation to the Secretary of the Treasury from February 2 to July 20, 1932, was as follows:

Capital stock	$500,000,000
3½ per cent notes	425,000,000
Total to July 20, 1932, inclusive	925,000,000
3½ per cent notes issued and sold to the Secretary of the Treasury July 21, 1932, to Jan. 6, 1933, inclusive	400,000,000
Making a total of capital and borrowings to Jan. 6, 1933, inclusive, of	1,325,000,000

Of this total amount, $132,500,000 was allocated and made available to the Secretary of Agriculture, in accordance with the provisions of section 2 of the Reconstruction Finance Corporation act, for the purpose of enabling the Secretary of Agriculture to make loans or advances to farmers. Of the sum so allocated and made available, $75,000,000 was paid to the Secretary of Agriculture, of which amount he has returned to the corporation $15,000,000. Of the unexpended balance of the amounts allocated and made available to the Secretary of Agriculture, $44,000,000 was used by the corporation in paying for the capital stock of regional agricultural credit corporations in accordance with the provisions of section 201 (e) of the emergency relief and construction act of 1932.

In this connection it should be stated that the funds of the corporation are kept on deposit with the Treasurer of the United States.

Respectfully,

ATLEE POMERENE, *Chairman.*

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

During the reading the following occurred:

Mr. UNDERWOOD. Mr. Speaker, this will be published, as I understand, in the RECORD of to-day. Is it necessary that this should be read at this time?

The SPEAKER. Without objection, the further reading will be dispensed with and it will be printed in the RECORD.

Mr. SNELL. Mr. Speaker, reserving the right to object, I think the Clerk should complete the reading of the communication.

The SPEAKER. Does the gentleman from New York object to its being printed in the RECORD?

Mr. SNELL. No; I think it should be printed in the RECORD, but I think the Clerk should finish reading the letter of transmission.

The Clerk completed the reading of the letter of transmission.

The SPEAKER. Under the terms of House Resolution 335, the report will go into the archives of the House and become a part of the public records in the office of the Clerk of the House.

LOANS FOR CROP PRODUCTION

Mr. JONES. Mr. Speaker, I ask the immediate consideration of Senate Concurrent Resolution No. 41.

The Clerk read as follows:

Senate Concurrent Resolution No. 41

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate be, and he is hereby authorized and directed, in the enrollment of the bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, to insert, on page 2, line 9, of the engrossed House amendment, after the figures "1933," the following: ", or on livestock."

The SPEAKER. Is there objection?

Mr. CLARKE of New York. Reserving the right to object, I think there should be an explanation given the House regarding these words that are supposed to be inserted, showing that the rights of the Government are not in any way weakened by the incorporation of that language.

Mr. JONES. I will state that through a clerical error the words "or on livestock" were omitted, so that the Government would not have any lien on the livestock for feed furnished. This is to protect the Government.

Mr. CLARKE of New York. That was my understanding, but I wanted the RECORD to show it.

Mr. CHINDBLOM. Can the gentleman state how the error occurred?

Mr. JONES. The Senate amendment was to be included in the House bill, but in some way in the engrossment the words were omitted.

Mr. SUMMERS of Washington. Does the bill provide for summer fallowing?

Mr. JONES. The resolution itself does.

The SPEAKER. Is there objection?

There was no objection.

The resolution was agreed to.

INAUGURAL CEREMONIES

Mr. POU. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Joint Resolution 239, which is now on the Clerk's desk.

The Clerk read as follows:

Senate Joint Resolution 239

Resolved, etc., That the Director of Public Buildings and Public Parks of the National Capital, and such other officers of the District of Columbia and the United States as control any public lands in the District of Columbia, are hereby authorized to grant permits, under such restrictions as they may deem necessary, to the Committee on Inaugural Ceremonies for the use of any reservations or other public spaces in the city of Washington under their control on the occasion of the inauguration of the President elect in March, 1933: *Provided*, That in their opinion no serious or permanent injuries will be thereby inflicted upon such reservations or public spaces or statuary thereon; and the Commissioners of the District of Columbia may designate for such and other purposes on the occasion aforesaid such streets, avenues, and sidewalks in said city of Washington under their control as they may deem proper and necessary: *Provided, however*, That all stands or platforms that may be erected on the public space, as aforesaid, including such as may be erected in connection with the display of fireworks, shall be under the said supervision of the said inaugural committee, and no stand shall be built on the sidewalk, streets, parks, and public grounds of the District of Columbia, not including the area on the south side of Pennsylvania Avenue directly in front of the White House, except such as are approved by the inaugural committee and the building inspector of the District of Columbia, and no stands shall be built on the sidewalks or streets on the south side of Pennsylvania Avenue directly in front of the White House, except such as are approved by the inaugural committee, the building inspector of the District of Columbia, and the Director of Public Buildings and Parks: *And provided further*, That the reservations or public spaces occupied by the stands or other structures shall after the inauguration be promptly restored to their condition before such occupation, and that the inaugural committee shall indemnify the appropriate agency of the Government for any damages of any kind whatsoever upon such reservations or spaces by reason of such use.

SEC. 2. The Commissioners of the District of Columbia are hereby authorized to permit the committee on illumination, of the inaugural committee for said inaugural ceremonies, to stretch suitable overhead conductors, with sufficient supports wherever necessary, for the purpose of connecting with the present supply of light for the purpose of effecting the said illumination: *Provided*, That if it shall be necessary to erect wires for illuminating or other purposes over any park or reservaton in the District of Columbia the work of erection and removal of said wires shall be under the supervision of the official in charge of said park or reservation: *Provided further*, That the said conductors shall not be used for conveying electrical currents after March 8, 1933, and shall, with their supports, be fully and entirely removed from the streets and avenues of the said city of Washington on or before March 15, 1933: *And provided further*, That the stretching and removing of the said wires shall be under the supervision of the Commissioners of the District of Columbia, or such other officials as may have jurisdiction in the premises, who shall see that the provisions of this resolution are enforced, that all needful precautions are taken for the protection of the public, and that the pavement of any street, avenue, or alley disturbed is replaced in as good condition as before entering upon the work herein authorized: *And provided further*, That no expense or damage on account of or due to the stretching, operation, or removal of the said temporary overhead conductors shall be incurred by the United States or the District of Columbia.

SEC. 3. The Secretary of War and the Secretary of the Navy be, and they are hereby, authorized to loan to the Committee on Inaugural Ceremonies such hospital tents, smaller tents, camp appliances, ensigns, flags, and signal numbers, etc., belonging to the Government of the United States (except battle flags) that are not now in use and may be suitable and proper for decoration, and which may, in their judgment, be spared without detriment to the public service, such flags to be used in connection with said ceremonies by said committee under such regulations and restrictions as may be prescribed by the said Secretaries, or either of them, in decorating the fronts of public buildings and other places on the line of march, between the Capitol and the Executive Mansion and the interior of the reception hall: *Provided*, That the loan of the said hospital tents, smaller tents, camp appliances, ensigns, flags, and signal numbers, etc., to said committee shall not take place prior to the 23d of February, and they shall be returned by the 9th day of March, 1933: *Provided further*, That the said committee shall indemnify the said departments, or either of them, for any loss or damage to such flags not necessarily incident to such use. That the Secretary of War is hereby authorized to loan to the inaugural committee for the purpose of caring for the sick, injured, and infirm on the occasion of said inauguration, such hospital tents and camp appliances, and other necessaries, hospital furniture and utensils of all descriptions, ambulances, horses, drivers, stretchers, and Red Cross flags and poles belonging to the Government of the United States as in his judgment may be spared and are not in use by the Government at the time of the inauguration: *And provided further*, That the inaugural committee shall indemnify the War Department for any loss or damage to such hospital tents and appliances, as aforesaid, not necessarily incident to such use.

SEC. 4. The Commissioners of the District of Columbia and the Director of Public Buildings and Public Parks be, and they are hereby, authorized to permit telegraph, telephone, and radiobroadcasting companies to extend overhead wires to such points along the line of parade as shall be deemed by the chief marshal convenient for use in connection with the parade and other inaugural purposes, the said wires to be taken down within 10 days after the conclusion of the ceremonies.

Mr. SNELL. Mr. Speaker, I reserve the right to object in order to ask the gentleman from North Carolina a question. I understand that this is practically the same resolution that we have always passed heretofore in respect to previous inaugural ceremonies.

Mr. POU. It is.

Mr. SNELL. There is no special expense involved to the Federal Government? It is only granting permission to do certain things?

Mr. POU. That is correct.

Mr. BLANTON. Has this been considered by the gentleman himself?

Mr. POU. It has.

Mr. BLANTON. The gentleman has carefully examined the matter contained in the resolution?

Mr. POU. I have.

The SPEAKER. Is there objection?

There was no objection.

The joint resolution was ordered to be read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

Mr. POU. Mr. Speaker, I ask unanimous consent for the present consideration of Senate Joint Resolution 240, which I send to the desk and ask to have read.

The Clerk read as follows:

Senate Joint Resolution 240

Resolved, etc., That the Director of Public Buildings and Public Parks of the National Capital is authorized to allocate such space in any public building under his care and supervision as he deems necessary for the purposes of quartering troops participating in the inaugural ceremonies to be held on March 4, 1933, but such use shall not continue after March 6, 1933. Authority granted by this resolution may be exercised notwithstanding the provisions of the legislative, executive, and judicial appropriation act for the fiscal year ending June 30, 1903, approved April 28, 1902, prohibiting the use of public buildings in connection with inaugural ceremonies.

The SPEAKER. Is there objection?

Mr. BANKHEAD. Mr. Speaker, reserving the right to object, I had a question directed to me this morning which I was unable to answer—and perhaps the gentleman from North Carolina can—with reference to the tickets that will be provided to each Member for the inaugural ceremonies here at the Capitol. My information is that seven tickets will be supplied to each Member for the ceremonies and that in addition to that one ticket of admission will be given to each Member for the services in the Senate.

Mr. POU. That is correct.

Mr. BANKHEAD. Is the Member holding that one ticket entitled to use it in addition to the seven in order to get out on the front to witness the inaugural ceremonies?

Mr. POU. I think he is. The ticket to the Senate entitles the holder thereof to go from the Senate Chamber out onto the platform where the President will deliver his inaugural address.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, may I inquire of the chairman of the Committee on Inaugural Ceremonies what public buildings are contemplated to be or are available for the use of troops? I can not think of any public building being available for the use of troops.

Mr. POU. Frankly, I can not answer that question. All I know is that this resolution was sent down here on the recommendation of the inaugural committee. It has been approved by all of the departments.

Mr. STAFFORD. I can conceive of how we could loan tents and the like to troops that visit here, but I can not see where there would be any public buildings suitable for housing the troops.

Mr. CHINDBLOM. Are not some of the temporary buildings vacant at the present time?

Mr. BLANTON. Certainly, as well as the old Census Building. Several public buildings are vacant now.

Mr. STAFFORD. I am afraid those old worm-eaten buildings will not be good accommodations for the troops.

The SPEAKER. Is there objection?

There was no objection.

The Senate joint resolution was ordered to be read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

DEPARTMENTS OF STATE, JUSTICE, COMMERCE, AND LABOR APPROPRIATION BILL, FISCAL YEAR 1934

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14363, making appropriations for the Departments of State and Justice, and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1934, and for other purposes.

Pending that, I ask the approval of the House of a unanimous-consent agreement which has been reached by parties on both sides of the aisle interested in the item carrying appropriations for the enforcement of the prohibition law. That agreement is that if that item be reached this afternoon, and I think it will be, it shall be carried over and taken up immediately on the House resolving itself into the Committee of the Whole House on the state of the Union to-morrow, that the limit of debate upon that item and all amendments thereto shall be two hours, the time to be equally divided between the gentleman from Pennsylvania [Mr. SHREVE] and myself, and that one-half of the time under the control of the gentleman from Pennsylvania is to be allotted to the gentleman from Massachusetts [Mr. TINKHAM], on the Republican side, and one-half of my time is to be allotted to the gentleman from New York [Mr. GRIFFIN], on the Democratic side.

Mr. BLANTON. Mr. Speaker, I would not care to agree to that, because the gentleman from New York [Mr. GRIFFIN] and the gentleman from Massachusetts [Mr. TINKHAM] have ideas very much alike on that matter.

Mr. DYER. That is also true of the gentleman from Alabama and the gentleman from Pennsylvania.

Mr. BLANTON. The gentleman from Pennsylvania [Mr. SHREVE] and the gentleman from Alabama are reserving one-half of their time for those in favor of proper enforcement?

Mr. OLIVER of Alabama. Yes.

Mr. CHINDBLOM. Mr. Speaker, could not the gentleman include the provision that this matter shall come up to-morrow, immediately upon the House resolving itself into the Committee of the Whole House on the state of the Union for the consideration of this bill?

Mr. OLIVER of Alabama. I shall be very glad to include that.

The SPEAKER. What is the request of the gentleman?

Mr. OLIVER of Alabama. Mr. Speaker, the request is that the item carrying the appropriation for the enforcement of the prohibition law shall be taken up for consideration immediately on the House resolving itself into the Committee of the Whole House on the state of the Union to-morrow, that debate upon that item and all amendments thereto shall be limited to two hours, the time to be equally divided between the gentleman from Pennsylvania [Mr. SHREVE] and myself; that the gentleman from Pennsylvania [Mr. SHREVE] will allot one-half of his time to the gentleman from Massachusetts [Mr. TINKHAM], and that one-half of my time will be allotted to the gentleman from New York [Mr. GRIFFIN].

Mr. SHREVE. Mr. Speaker, permit me to say that the arrangement is entirely satisfactory to this side of the House.

The SPEAKER. Is there objection?

There was no objection.

Mr. OLIVER of Alabama. Mr. Speaker, may I make this brief statement? I said to the House yesterday, in view of the evident desire on the part of the House to cooperate with the committee, to finish this bill, that we would endeavor to make an agreement of this kind. From what I can learn, there is little question but that this bill can be finished to-morrow afternoon, with the promised cooperation on both sides of the aisle. There may be a few other items about which there is controversy, and we have already

reached a tentative understanding as to the time that will be devoted to the discussion of one or more of such controversial items.

The SPEAKER. The question is on the motion of the gentleman from Alabama.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14363, the Departments of State, Justice, Commerce, and Labor appropriation bill, with Mr. OLIVER of New York in the chair.

The Clerk read the title of the bill.

Mr. OLIVER of Alabama. Mr. Chairman, I will endeavor to take but a short time, and will be pleased to answer questions for information about the bill. The gentleman from Pennsylvania [Mr. SHREVE] will also take only a short time to make a statement pertinent to the bill.

Mr. BRIGGS. Will the gentleman make his statement uninterrupted and then submit to questions?

Mr. OLIVER of Alabama. I will be glad to follow that course.

It is the desire of the gentleman from Pennsylvania [Mr. SHREVE] and myself to be brief in presenting material facts which we feel the House may be interested to learn in advance of the reading of the bill. I know the House, as to appropriation bills, is really interested in factual statements, and my remarks will be along that line.

This bill carries appropriations for the four departments—State, Justice, Commerce, and Labor. The bill as reported by the committee reduces the appropriations for these departments as recommended by the President $5,284,742.60. That reduction, broken down as between these departments, is as follows:

Department of State, $800,162.60 under the estimate submitted by the President; Department of Justice, $2,448,437; Department of Commerce, $1,328,858; Department of Labor, $707,285; making the total, as stated, $5,284,742.60, under the amounts recommended by the President.

The House will be further interested in knowing that the appropriations which this committee recommends for 1934 represent a reduction under the appropriations carried for the same departments in the year 1932, the fiscal year ending July, 1932, of $37,496,641.05, approximately a reduction of 33 per cent, if the House approves the recommendations now submitted by the committee.

The following table shows, for each department, the appropriations for the fiscal years 1932 and 1933; the estimates for the fiscal year 1934; the amount recommended by the committee for 1934; the decrease in the amount recommended for 1934, compared with the 1933 appropriations and with the 1934 Budget estimates:

Department	Appropriations, 1932	Appropriations, 1933	Estimates, 1934
State	$18,809,942.54	$13,663,792.99	$12,907,626.60
Justice	51,469,855.81	45,996,000.00	44,282,487.00
Commerce	54,716,600.79	[1] 44,781,408.00	27,917,323.00
Labor	15,782,281.00	12,920,770.00	13,389,345.00
Total	140,778,680.05	117,361,970.89	108,566,781.00

Department	Recommendations, 1934	Decrease, bill compared with 1933 appropriations	Decrease, bill compared with 1934 estimates
State	$12,177,464.00	$1,486,328.89	$800,162.60
Justice	41,834,050.00	4,161,950.00	2,448,437.00
Commerce	26,588,465.00	8,192,943.00	1,328,858.00
Labor	12,682,060.00	238,710.00	707,285.00
Total	103,282,039.00	14,079,931.89	5,284,742.60

[1] Included in this total are appropriations amounting to $5,560,000 consisting of three separate appropriations carried in the emergency relief and construction act of 1932 over which the House Appropriations Committee had no jurisdiction, namely, $500,000 being for the Bureau of Aeronautics, $1,250,000 for the Coast and Geodetic Survey, and $3,810,000 for the Lighthouse Service. The appropriations for the first two bureaus named were made available only for the fiscal year 1933, while the amount carried for the Lighthouse Service remains available until expended.

Permit me to say that perhaps the only department that might justly complain—yet that department is not complaining because of these reductions—is the Department of Justice. This is the one department of the four, important as they all are, the work of which is not only useful but not dispensable. Due to the uncertain and rapidly changing factors that furnish the basis for making advance estimates for the needs of this department in the fiscal year 1934, the committee recognizes that some of its estimates for 1934 may be inadequate, and before the committee concludes its consideration of this department, we may ask to make available certain unexpended balances of the 1933 appropriation, or certain unexpended balances of a continuing appropriation for jail or prison construction.

These departments pay very substantial sums every year into the Federal Treasury. In 1932 the Department of State paid into the Treasury in cash $3,065,263.54. The Department of Justice, $15,888,102; the Department of Commerce, $6,640,080.80; the Department of Labor, $4,780,881.57. Our information is that the returns from each of these departments will be approximately the same, probably larger, in 1934, to wit, about $30,000,000.

In addition to that, your attention is directed to the important and valuable service, impossible to evaluate on a cash basis, that all of these departments render to the people of the Nation. It is reflected in a more tangible way, perhaps, by one bureau of the Department of Justice, the bureau of investigation and prosecution of crimes. At your leisure I invite you to read page 108 of the hearings, where in 1932 that department, with an appropriation of approximately $2,600,000, saved to individual taxpayers in the way of returned property in your district and in mine more than $2,340,000; and to the Government, in its investigations of claims now pending before the courts, more than $900,000, making a total saving over and above all expenditures of more than $400,000.

Mr. DYER. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. DYER. That is the bureau of which Mr. J. Edgar Hoover is the head?

Mr. OLIVER of Alabama. Yes.

Mr. DYER. He is a very efficient public servant.

Mr. OLIVER of Alabama. Yes; I think the Members of the House will give very general approval to that.

I repeat, the State, the Commerce, and the Labor Departments likewise render, as we all know, outstanding public service not susceptible of estimation in dollars and cents.

You will be interested in another phase of your committee's recommendation for the 1934 appropriations for these four departments. The President, you will remember, first submitted his estimates to the Committee on Appropriations early in November. When you met in December, in his message to Congress, the President suggested further savings, dependent on Congress approving two certain acts which he suggested; one involving a reduction of 11 per cent in salaries above $1,000 in addition to the 8⅓ per cent carried in the economy bill. This bill, as we bring it to you, carries a reduction under even these additional suggested savings of the President of more than $2,000,000. It carries under his Budget recommendations a saving of more than $5,200,000; under his suggested savings, if the legislation he proposes were passed, of more than $2,000,000. In other words, this committee has not been disregardful of what we felt was the desire of the House, wherever it could make reductions in appropriations without hurting the vital functions of the Government, it should be done.

The Department of State has 30 items in this bill, and we have reduced 22 of them. The Department of Justice has 55. You will find reductions in 41. The Department of Commerce has 95, and you will find reductions in 77. The Department of Labor has 12, and you will find reductions in 9.

Mr. Chairman, may I ask unanimous consent, without repeating it hereafter to insert as a part of my statement at the proper places, certain tables carried in the report of the committee, together with other parts of the report?



This prison in Kentucky will care for all of your narcotic population now at the annex, Leavenworth Barracks, numbering about 1,800. The Northeastern Penitentiary, one of the most modern prisons in the world, recently completed in Pennsylvania, will easily care for 1,500, and more if necessary.

The prison in Michigan now under construction, which has a large acreage of land in connection with it and is of the jail type, will house between 500 and 600.

In that connection you will be interested in this statement of the number now confined in prisons and jails, on parole, and on probation. On June 30, 1932, the population in Federal prisons and reformatories was 13,698. We have approximately 12,000 at this time. On June 30, 1932, we had in jails 11,606, and this number, I learn, has been slightly reduced at the present time. The tendency is downward.

We had on probation on November 18, 1932, 25,499. This represents an increase in the year 1932 of more than 10,000. They came largely from jails where they were serving short sentences. In other words, you have relieved the Federal Government of the expense of maintaining more than 10,000 on whom short sentences had been imposed.

You will be interested, I think, in the further statement that the number who were paroled in 1932 was 3,328, and the number whose sentences will expire during the next 18 months, together with the number subject to parole in that length of time, is approximately 14,000. So you can well understand that the future looks promising in reference to some reduction in maintenance costs of these prisoners; and we have taken all this into account in submitting our recommendations to you.

I wish to pay this tribute to the very capable Director of the Bureau of Prisons. He is a man of long experience; is humane; and has endeavored to operate the prisons in a way which I feel you and the people of the Nation will give approval to.

Yesterday evening I put into the RECORD a contradiction of a newspaper report which sought to reflect upon the prison management at this time with reference to Al Capone.

Mr. SEGER. Will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. SEGER. I was not here during the very interesting statement that the gentleman made. As I understand, there was a considerable increase in the Federal prisons in the last 10 years.

Mr. OLIVER of Alabama. In the last four or five years.

Mr. SEGER. Has the gentleman available any statistics that will show what type of crime caused that?

Mr. OLIVER of Alabama. Prohibition; and these in the main involve short sentences. I have not here the information to answer the gentleman's inquiry definitely, but I will give it in the revision of my remarks. It is set forth in full in the hearings.

Mr. SEGER. I thank the gentleman.

Mr. OLIVER of Alabama. The following table answers the question of the gentleman from New Jersey [Mr. SEGER].

Statement showing number of Federal prisoners on June 30, 1932

	Federal prisons and reformatories	Jails
Prohibition	4,621	8,280
All other	9,077	3,326
Total	13,698	11,606

On probation Nov. 18, 1932 (estimated)	25,499
On parole Nov. 18, 1932	3,328
Released on parole from Federal institutions during the year ending June 30, 1932	
Prohibition	3,351
All other	1,864
Total	5,215
Federal institutions	13,698
Jails	11,606
Probation	25,499
Parole	3,328
Total under restraint	54,131

We had 13,698, of which 4,621 were prohibition prisoners and 9,077 were nonprohibition prisoners.

We had in county jails, and so forth, 11,606 prisoners, of whom 8,250 were prohibition prisoners and 3,326 nonprohibition.

Taking up now the matter of probation, we began making appropriations in the year 1927. Neither the judges nor the Department of Justice nor the Committee on Appropriations felt at that time that we had a workable probation law, and the appropriations although limited were not expended. Only a few judges took advantage of the offer of Congress in 1927, and the yellow on this map represents the few sections where there were a few probation officers appointed by the judges that year. The next color represents the same condition, only a few took advantage although we continued the appropriation. They turned back into the Treasury at the end of each year large unexpended balances. The next color represents the growth in 1929, which was still very slight. Out in Illinois they took advantage of it. The next represents 1930, when California took advantage of it. Still, we had not amended the law so as to make it satisfactory to the judges or to the Department of Justice or to the Appropriations Committee, but we carried funds nevertheless in order to carry out the mandate of Congress that we provide funds for this purpose.

You then amended the law, and look how rapidly the probation system spread when the appropriations were available in 1931. This area is represented in green.

Then you find that in 1932 we continued the appropriation and increased it somewhat and added a number of probation officers in this area that was then being served, so as to make the system more efficient. The same is true in 1933, and then note how rapidly it grew with this 1933 appropriation. In this connection remember that this wide area is under the jurisdiction of 89 probation officers appointed by the court, who have to make reports to the Department of Justice. The department scans them carefully and their entire work is carefully supervised. We have 89 probation officers looking after 28,000 parolees and probationers. We will increase the number in 1934.

In this connection permit me to say that the report from the judges, as well as the probation officers, is this. Those who are subject to parole and to probation are seeking to rehabilitate themselves in gainful and lawful occupations, and even the fines imposed by the courts are being paid into the Federal Treasury by those out on probation. Only a comparatively small number of those now on probation or now on parole have been guilty of any violation of law since this clemency was extended to them.

Mr. CHIPERFIELD. Can the gentleman tell us what is represented by the white on the map?

Mr. OLIVER of Alabama. The white represents districts where there is now no probation officer, but some of the judges and some of the civic organizations are cooperating and carrying forward this probation work. Of course, this is not a thickly populated section, and it may be some of the judges do not find a probation officer necessary. There are very few violations of law in many of these sections. There are three other districts where the judges are now considering the matter, and they have appropriations available if they wish to make the appointments, and this will extend the work over into a part of the white section, the white representing the area where probation officers are not now serving.

In connection, generally, with the Department of Justice we have called attention in our report to the fact that we hope the next Congress will take steps to give authority to the courts to refuse to hold court at certain places. They now have discretionary authority, but it is right difficult for them to exercise it in view of local pressure. At present we are holding court in 333 places, and sometimes in these places where court is held and we must pay the traveling ex-

penses of the judge and the court officials, which are very large, the business of the court is very small. This is a matter that needs the attention of the future Congress, and in our report we have called it to your attention.

This map [indicating] represents a great number of places where, by separate acts, passed from time to time, we have provided for holding court, in many places simply to satisfy local pride.

Taking up now the Department of Commerce, I shall insert a table in my remarks showing information which some of the gentlemen have asked me to incorporate in my opening statement. This table will show the different activities of this department where reductions are reflected.

Bureau or office	Appropriations, 1933	Budget estimates, 1934	Amount recommended in bill for 1934	Increase (+) or decrease (−), bill compared with 1933 appropriations	Increase (+) or decrease (−), bill compared with 1934 Budget estimates
Office of Secretary	$1,153,200	$1,024,590	$959,590	−$193,610	−$65,000
Aeronautics Branch	9,053,500	7,750,780	7,660,780	−1,392,720	−90,000
Federal Employment Stabilization Board	75,000	69,395	65,000	−10,000	−4,395
Bureau of Foreign and Domestic Commerce	3,988,000	3,901,885	3,514,370	−473,630	−387,515
Bureau of the Census	862,125	1,953,985	1,903,000	+1,040,875	−50,985
Steamboat inspection and Bureau of Navigation	1,476,165	1,455,970	1,405,000	−71,165	−50,970
Bureau of Standards	2,137,280	2,167,320	2,056,045	−81,235	−111,275
Bureau of Lighthouses	13,659,280	9,209,770	9,114,600	−4,544,680	−95,170
Coast and Geodetic Survey	3,649,813	2,295,918	2,205,090	−1,444,723	−90,828
Bureau of Fisheries	1,976,020	1,831,075	1,765,740	−210,280	−65,335
Patent Office	4,890,700	4,608,950	4,424,950	−465,750	−182,000
Bureau of Mines	1,860,325	1,649,685	1,514,300	−346,025	−135,385
Total regular annual appropriations	44,781,408	37,917,323	36,588,465	−8,192,943	−1,328,858
Permanent annual appropriations	3,000	17,000	17,000	+14,000	
Total, annual and permanent appropriations, Department of Commerce	44,784,408	37,934,323	36,605,465	−8,278,943	−1,328,858

There is one particular matter I wish to call to your attention. Last year Congress authorized the consolidation of the Bureau of Navigation and the Steamboat Inspection Service. The President approved this consolidation and issued an Executive order to that effect. When the Budget estimates were submitted to us the committee was somewhat surprised to find there were separate appropriations still carried for these two services that you had directed to be consolidated, and instead of there being any savings the Budget recommended an increase of $100,000 over the amount available in 1933 for expenditure.

For this reason you will find that your committee brought together these items, and we think we have justified the reduction made in the estimates as submitted by the President. There is quite a substantial reduction. This is an important service, but we think it will function in a more orderly way and at least reflect the hope and expectation of this House that when we do confer upon the President plenary power to bring together different agencies of the Government we shall find larger savings in all the departments I have referred to unless it be the Department of Justice.

We have asked that the House give further consideration through its proper committees to limit the jurisdiction conferred upon some of the courts, especially the Court of Claims, to pass finally upon cases referred to them. In some cases claims amounting to more than $3,500,000, involving violations 125 or 150 years ago of old treaties. I think you should do the wise thing to make a restudy of these cases with a view of requiring the Court of Claims only to find the facts and report the same to Congress.

Mr. STAFFORD. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. STAFFORD. As to these cases which the gentleman has referred to involving old hoary claims that some claim agent or attorney has unearthed and thinks he can get a fee out of, is not the jurisdiction of the Court of Claims to find the facts and the amount of damage before they render final judgment?

Mr. OLIVER of Alabama. Authority is conferred upon the court to render final judgment against the Government, and often little permanent benefit comes to the Indians from amounts collected from the Federal Government.

Mr. STAFFORD. The inference being that the money went to the attorneys and agents?

Mr. OLIVER of Alabama. Perhaps so.

The gentleman will recall that in reference to Indian claims the law requires the court if judgment is rendered against the Government to assess interest and the interest in many cases, I learn, may exceed the original claim.

Mr. LEAVITT. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. LEAVITT. I think the gentleman is mistaken in his statement that the Indian claims carry interest from the time of origin of the claims in these claims 150 years old. Interest is paid from the time the judgment is rendered. That has been the case in all the bills since I have been here.

Mr. OLIVER of Alabama. There are about 58 of these claims, and if the gentleman will read the hearings he will find they are authorized to compute interest on these claims, or many of them, for a long period of time.

Mr. LEAVITT. The gentleman from Alabama will concede that this is a matter that ought to have more consideration and debate than we could have here on an appropriation bill.

Mr. OLIVER of Alabama. This committee has no jurisdiction of it, but I felt we should call it to the attention of Congress for consideration. We all know, and the gentleman from Wisconsin knows, that we too often hurriedly refer cases without consideration to the court, involving large liabilities against the Government, without a fair and just consideration thereof.

Mr. LEAVITT. Congress has referred these cases to the Court of Claims in the hope and belief that it will give them fair and just consideration.

Mr. OLIVER of Alabama. I appreciate the position of the gentleman, and I know that he would not do anything not entirely fair to the Government.

Mr. LEAVITT. The Indians are wards of the Government.

Mr. OLIVER of Alabama. All of us are human, and in answer to the strong appeal of our immediate sections sometimes we lose sight of the spirit of that law which says that no Member of Congress can appear before a court in the interest of anyone who claims money from the Government. I fear that unconsciously sometimes in our enthusiasm to assist our immediate neighborhoods—and I make this charge as a human failing applying to all alike—we forget the spirit that prompted Congress to place that inhibition on undue activities.

Mr. LEAVITT. No Member of Congress appears before the court.

Mr. OLIVER of Alabama. I understand that.

Mr. GARBER. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. GARBER. The gentleman has been informative in his address, but in this deviation I am certain the gentleman would not want to assume the position of denying due process of law to the wards of the Government who are absolutely helpless.

Mr. OLIVER of Alabama. I simply suggested it. It is possible that it is largely my own individual opinion, but all of the five members of the committee thought it should be called to the thoughtful attention of the Members of Congress. We have not intended to cast any aspersion upon anyone, but simply to bring it to the attention of the House.

Mr. GARBER. Has the gentleman examined the jurisdictional bills that have been passed by the House?

Mr. OLIVER of Alabama. I shall ask the gentleman to let me pass on to something else.

Mr. GARBER. But just for the purpose of correcting one statement, and that is this: The jurisdictional bills of our very efficient Committee on Indian Affairs always provide that in the event recovery is had, the money shall be paid into the Treasury of the United States for the purpose of the health and education of the Indians and shall be paid out only subject to appropriation by Congress.

Mr. OLIVER of Alabama. There are some of the references that do not contain such wise limitations.

Mr. LEAVITT. Those are old cases.

Mr. OLIVER of Alabama. Perhaps so.

Mr. GARBER. That distinction should be made in the gentleman's statement. The policy of Congress in recent years has hedged this about so that the Congress passes on expenditures.

Mr. OLIVER of Alabama. I think the gentleman has qualified it to that extent, and I am glad indeed to accept the qualification which the gentleman from Montana and the gentleman from Oklahoma have called to my attention.

So far as the Department of Labor is concerned, I shall insert a table in my remarks, as well as other information. There are very few items carried in respect to that.

Mr. DYER. Would the gentleman insert in his remarks under the Department of Justice, if he can obtain them, the cases which he says aggregate the amount of $4,000,000? There are a lot of cases that do not amount to anything—that are dead.

Mr. OLIVER of Alabama. I shall endeavor to insert it, if I have time to do so.

Mr. DYER. The hearings do not give any information upon that.

Mr. OLIVER of Alabama. I had no opportunity to go fully into it.

Mr. DYER. I hope the gentleman from Alabama will continue with his explanatory remarks of the bill. He is helping us very much in a very important matter.

Mr. OLIVER of Alabama. I am now open to any questions which gentlemen wish to ask. I regret exceedingly that I should have made any statement that has aroused controversy. It is nothing in the world but a suggestion for future study. I am glad to have the corrections made by the gentlemen who are quite familiar with this matter and the limitations they have sought to impose on the general statement.

Mr. STAFFORD. Does the gentleman intend to continue as to the other departments? In my opinion, he will save time in the consideration of the bill if he will give an explanatory review of the bill in general debate.

Mr. NELSON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. NELSON of Missouri. It so happens that this morning in my mail I received letters from three constituents who write of frauds which they claim to have been perpetrated for years, where the Government has failed to take note of such alleged frauds until the losses have been very great. For instance, in the so-called Drake estate, the view was expressed that the Government is liable for failure to take proper action until a great number of people have been mulcted in that respect. Does the gentleman care to express any opinion upon that?

Mr. OLIVER of Alabama. No; I have not had the opportunity of giving any study to that particular matter. This is the first time that it has been brought to my attention.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. ARENTZ. Has the gentleman given any study to the advisability of coordinating the legal branches of the different bureaus?

Mr. OLIVER of Alabama. Yes.

Mr. ARENTZ. For instance, the Bureau of Indian Affairs has its own solicitor and its own set of lawyers, and the Interior Department has its lawyers. If a matter comes up in the Indian Bureau that needs investigation, that in turn is passed over to the Solicitor of the Interior Department and in turn passed over to a solicitor under the supervision of the Attorney General. Some one is especially picked out in the Attorney General's office.

Mr. OLIVER of Alabama. I am very glad that the gentleman called my attention to that, because he is always thoughtful in his survey of matters of this kind. He will find a very interesting hearing had on that subject with the Attorney General.

It is the thought of the committee that if the President is clothed, as we think he will be, with plenary authority, the coordination which the gentleman speaks of will be brought about, and it will result in very large savings.

Mr. JOHNSON of Missouri. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. JOHNSON of Missouri. I should like the gentleman to explain about the appropriation for the tubercular hospital as it affects Springfield, Mo.

Mr. OLIVER of Alabama. Would it not be better to let me do that when that matter comes up under the 5-minute rule? I do not want to take up too much time in general debate.

Mr. JOHNSON of Missouri. There was no appropriation made, as I understand.

Mr. OLIVER of Alabama. Last year, the gentleman will recall, the Bureau of the Budget recommended an appropriation of $325,000 or $350,000 for the building of a separate tubercular hospital at Springfield, Mo. The committee advised against it, and the Congress approved the recommendation of the committee. We are not recommending at this time any appropriation for that purpose. We are carrying, however, an appropriation from the jail fund that is now unexpended, and which has already been appropriated, and which we think should better be spent there in perfecting a plant that we know will be occupied. We are carrying a sufficient amount from this fund to build quarters for the superintendent in charge and for the nurses' quarters, and likewise for a fence around the institution.

Mr. JOHNSON of Missouri. But there is no appropriation for a separate fund for the hospital?

Mr. OLIVER of Alabama. There is no appropriation for a separate hospital.

Mr. JOHNSON of Missouri. And the Budget did request $285,000?

Mr. OLIVER of Alabama. They simply requested, without earmarking it, $285,000. We disallowed it entirely; and then, in order that the temptation to spend something that we thought was not required, we took from the appropriation that was a continuing appropriation an amount for carrying out what we thought was worth while at this important institution.

Mr. JOHNSON of Missouri. But nothing is provided for any tubercular hospital?

Mr. OLIVER of Alabama. None whatever.

Mr. KELLER. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. KELLER. I should like to know if the reductions in this bill are reductions of wages or salaries or in the number of employees?

Mr. OLIVER of Alabama. There are reductions in salaries, in that there may be required in 1934, some furloughs, as have been required in 1933. In that indirect way, that would work a reduction of salaries, but none other than what the 1933 appropriation, which was approved by the Congress, carried.

Mr. KELLER. It carries nothing in addition to the 8⅓ per cent reduction?

Mr. OLIVER of Alabama. No. Well, there are a few individual cases, where perhaps I may not be entirely correct in that general answer. For instance, in the Court of Claims, we are there eliminating the position of auditor, and also one custodian and two stenographers, and we have reduced the pay of the clerk, which we thought was too large. We have also reduced other items of expense in connection with one or two other minor places where it was discretionary with some one in the executive service to fix the pay, not fixed by classification. We have undertaken in one or two cases to reduce where we thought it was out of line with

what was generally being paid for that same service in other branches of the Government.

Mr. KELLER. I understood the gentleman to say that in the Court of Claims at the present time there are pending suits, the gross amount of which is beyond $4,000,000,000?

Mr. OLIVER of Alabama. That is correct.

Mr. KELLER. And the gentleman recommends that before the Court of Claims gives judgment it make a report on the facts to the Congress for appropriation?

Mr. OLIVER of Alabama. This was simply a suggestion, that the proper committee of the House give further study to this matter, with a view to seeing whether the authority heretofore conferred should not be limited. That is all. It was nothing but a suggestion from our committee, to call it to the attention of Congress and the proper legislative committee of the House.

Mr. KELLER. One further question: Would it not be wise if we compelled the Revenue Department to refer claims for income-tax refunds to the Committee on Appropriations before an appropriation is made to meet them?

Mr. OLIVER of Alabama. Well, that is for the House to determine as a matter of policy.

Mr. LEAVITT. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. LEAVITT. Is it not possible the gentleman has overlooked this fact in connection with the Indian claims: It is the policy of the Committee on Indian Affairs, and has been for a number of years, that there must be a showing of probable ground for the claim, and it must be restricted to certain laws and treaties on which the claim is to be based?

Mr. OLIVER of Alabama. Pardon me, but I can only yield for gentlemen to ask questions.

Mr. LEAVITT. I am asking whether the gentleman has not overlooked that, and that all the committee does is to report an act that is passed by the Congress, allowing the Indians to go into the Court of Claims, which court hears those cases, and the Congress, after that court has given judgment, both makes the appropriation and specifies how it shall be disbursed to the Indians or for their benefit?

Mr. OLIVER of Alabama. Yes. I stated to the gentleman that certainly among some of the cases there are those to which the limitations which the gentleman states his committee has imposed do not obtain.

Mr. LEAVITT. And because of that fact the committee adopted this more restricted attitude.

Mr. OLIVER of Alabama. It was predicated upon what was reported to us as being true in some of the then pending cases.

Mr. FIESINGER. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. FIESINGER. The gentleman has made the statement that certain property was returned to citizens of your district and my district in the United States. I wonder if the gentleman will amplify that by stating what kind of property was referred to?

Mr. OLIVER of Alabama. I shall be glad to put that in the hearings. For instance, last year a conservative estimate of the value of automobiles returned was more than $1,400,000.

Mr. FIESINGER. Were those taken in liquor cases?

Mr. OLIVER of Alabama. No. This has nothing to do with liquor. Those were stolen automobiles and were recovered in other States. Only recently in my own State there had been a number of cars stolen, and it was reported there was an organized gang operating in and out of the State.

I called the attention of this bureau to it. They placed a man on it, and I heard on yesterday, less than 30 days thereafter, that they had returned, I think, 22 cars and had indictments now pending in this short time against 11 offenders.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. CONNERY. I notice there is a decrease of $30,135 in the Employment Service of the Department of Labor. Will the gentleman tell us about that?

Mr. OLIVER of Alabama. We carried the Budget estimate for this particular service.

Mr. CONNERY. Does the amount carried in the bill take care of all of the offices that are open now?

Mr. OLIVER of Alabama. I can not say that, but that was what the President submitted for this service for 1934, and we carried the Budget estimate; we did not disturb it. There is just one item perhaps some of you might be interested in, which I will refer to before concluding, because it has been quite controversial, and that is the item of printing. Under the Department of Commerce the printing for the Bureau of Patents is very large. It is carried in a separate item. It seems there have been some conferences between the director of the printing establishment and the Director of the Bureau of Patents relative to securing some reductions, and there was a reduction made after the conferences. We sent for both of these gentlemen; and after we talked with the Director of the Bureau of Printing, we felt we could safely cut from what he said he thought he could do that work for, $150,000 further, and that is reflected here.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield again?

Mr. OLIVER of Alabama. I yield.

Mr. ARENTZ. What check is being had on the special district attorneys that are appointed throughout the United States to represent the Government in certain cases?

Mr. OLIVER of Alabama. Only such check as we recognize the Attorney General through his assistants imposes.

Mr. ARENTZ. He comes before the committee and requests funds for the appointment of 1, 2, or 3 special attorneys, does he?

Mr. OLIVER of Alabama. No, no.

Mr. ARENTZ. Or does he appoint them himself?

Mr. OLIVER of Alabama. We give him a fund, since that is an estimated amount, and we have reduced that for the next fiscal year under what has been carried heretofore.

Mr. ARENTZ. I think it is an item that should be watched very carefully.

Mr. OLIVER of Alabama. My information is that it is watched very carefully. Many of these cases are so very involved and so very important, involving millions of dollars, that they must be handled for the Government by capable attorneys.

Mr. ARENTZ. I have one case in mind which was carried along for seven years and nothing accomplished in those seven years, and I do not see any reason why.

Mr. OLIVER of Alabama. If the gentleman will call that case to my attention, I will secure a special report in reference to it.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. BRIGGS. I notice in the estimates for the Department of Labor and Bureau of Immigration there was a decrease of $631,000, but apparently an increase of the amount which has been allowed by the Budget. Is that in connection with deportation proceedings?

Mr. OLIVER of Alabama. Yes. The President in his estimates to Congress increased the total item carried in this bill for every one of these departments. I may say this: That in 1933 for the Department of State there was available for expenditure as approved by the Congress $12,892,379.60. The President recommended $13,800,620.60. The Department of Justice had available for expenditure $43,957,671; the President recommended $44,282,487. The Department of Commerce had available for expenditure in 1933 $42,568,913, and the President in his estimates submitted an estimate of $37,917,223.

The Department of Labor had available for expenditure $12,095,000. The President recommended $13,389,345.

It will be found that we have cut all of these under the amount available for expenditure in 1933, and likewise even under the amount of the suggested savings dependent upon the passage of legislation which the President recommended.

Mr. BRIGGS. Will the efficiency or the ability of the Bureau of Immigration to carry forward deportations as far as

possibly can be done consistent with the law be in any wise impaired by reason of the cuts which have been made?

Mr. OLIVER of Alabama. The amount we have approved is larger than the amount that has been approved for 1933, and the only reason why we approved the increased amount was that we were informed the President contemplated very soon submitting for the consideration of the House an additional sum to cover the cost of deportations. So we carried an estimated amount which we understood was inserted to cover that same purpose in 1934. [Applause.]

[Here the gavel fell.]

Mr. SHREVE. Mr. Chairman, I wish first to express my very deep appreciation for the work that has been done for this committee by the distinguished chairman of the subcommittee having this bill in charge. He has a fund of information that will gradually develop as we go through the bill. I think we have had the most painstaking, most careful examination this year that has been made during the 10 or 12 years I have been connected with the committee.

Mr. Chairman, there is only one matter I am going to discuss to-day, because I think it is not necessary to take up the other matters, and that is the question of the Bureau of Foreign and Domestic Commerce.

Now, there is some misapprehension as to the Bureau of Foreign and Domestic Commerce. Some people think it is of Republican origin; that it started back some time when the Republican Party happened to be in power; but I want to say to you that I was in Congress away back yonder when the thing really did start, and it was Secretary Redfield who was active in the matter, as I shall show presently.

Mr. Chairman, I hope that my colleagues will bear with me while I recapitulate very briefly some of the conclusions concerning the work of the Department of Commerce, and especially the Bureau of Foreign and Domestic Commerce, which I have formed during my 12 years' service as a member of this subcommittee. Let me first take advantage of this opportunity to thank my colleagues on the committee and the entire membership of the House for the loyal support and highly valued cooperation always extended to me in getting this bill through during each of the 10 years when I had the honor to be chairman of the subcommittee. The country, and, indeed, the whole world, is to-day faced with a very different set of problems than those with which we had to deal when I assumed charge of this bill providing for the very important activities carried on by these four great Departments of State, Justice, Commerce, and Labor. Back there 12 years ago our most pressing necessity was to hold up our end in the postwar race for foreign markets. Carefully thought-out plans to accomplish these ends were put into effect through proper increases in the appropriations for the various services, but at no time were these appropriations permitted to exceed the bounds of provable necessity coupled with the assurance of definite returns to our taxpayers.

It was under these circumstances that a program of building up the foreign-trade promotive service in the Bureau of Foreign and Domestic Commerce was conceived and carried into effect through the succeeding years, through the cooperation of the Secretary of Commerce with the Republican and Democratic leaders of Congress. I suppose it is largely due to the development of these services to meet the peculiar needs of the postwar era that so many people in and out of Congress nowadays think of this organization as being one originated and developed by Secretary Hoover. Its true origin has been beclouded by its most recent activities in the minds of gentlemen of this House. This bureau is, and of necessity has to be, strictly nonpartisan in character, and I can personally testify that it is operated strictly upon that basis. I suppose it is entirely natural that some gentlemen try to take credit for their parties for any governmental services which prove themselves really valuable to the country but this fact does not alter the force of my statement. Far be it from me as a good Republican to yield any part of the credit due us for the successful development of these services, but fairness to my colleagues on the other side of the aisle makes it necessary to admit that the Bureau of Foreign and Domestic Commerce was created in 1912 following careful study by the House and Senate on a problem involving duplication of services by three then-existing bureaus concerned with foreign trade, namely, the Bureau of Statistics and the Bureau of Manufactures in the old Department of Commerce and Labor, and the Bureau of Trade Relations in the State Department. The appropriation act passed in August 1912 provided for the consolidation of the two bureaus in the Department of Commerce and Labor and eliminated the Bureau of Trade Relations by not voting funds.

The commercial attaché service was first suggested by Secretary Redfield in his annual report of 1914, when he recommended that a start be made with 14 attachés located in as many capitals. Funds for the new service with 10 attachés were provided in the appropriation bill for the fiscal year 1914–15. During a debate on the subject, Representative Calder pointed out that a referendum by the United States Chamber of Commerce on the advisability of establishing a commercial-attaché service had resulted in a vote of 624 in favor and only 3 against.

Furthermore, Secretary Redfield, in 1914, announced the opening of the first district offices of the bureau located at New York, Chicago, New Orleans, and San Francisco. Later in the year offices were also opened at Boston, Atlanta, Seattle, and St. Louis.

Again, in 1915, Secretary Redfield asked that the commercial-attaché service be doubled. Appropriations were increased from year to year until at the close of the fiscal year 1921, there were 84 Americans in the Foreign Service of the bureau at the following points: Berlin, Brussels, Bucharest, Buenos Aires, Constantinople, Copenhagen, The Hague, Johannesburg, Lima, London, Madrid, Melbourne, Mexico City, Paris, Peking, Prague, Rio de Janeiro, Rome, Santiago, Tokyo, Vienna, and Warsaw.

Then, in 1918, the question was raised by the House Appropriations Committee as to the wisdom of combining the commercial-attaché service with the consular service of the State Department.

Let me say that this matter was very carefully worked out through a study of the European situation, and then later by getting together the heads of the various departments we worked out a system which, I think, from that time down to now has produced very little overlapping in the various activities.

Mr. DYER. Will the gentleman yield?

Mr. SHREVE. I would rather not yield until I have finished my statement.

Mr. DYER. Just for a brief remark.

Mr. SHREVE. I will yield to the gentleman from Missouri.

Mr. DYER. I should like to have the gentleman from Pennsylvania [Mr. SHREVE], and also the gentleman from Alabama [Mr. OLIVER], accept from the entire membership of the House that served with them an expression of our appreciation for their fine service.

Mr. SHREVE. I thank you.

In March, 1920, the advisability of eliminating the commercial-attaché service was debated on the floor of the House when the appropriations bill was reported out with no funds for the service. Mr. Sisson, of Mississippi, finally offered an amendment to restore this appropriation, and it was accepted, after debate, by a vote of 210 to 39.

Commenting on this vote of confidence, Secretary Alexander remarked:

> The satisfaction felt by the business community with the work of the commercial attachés, as expressed graphically in the spring of 1920, when it appeared to them that an effort was being made to have Congress eliminate the service entirely by withholding an appropriation, has left no doubt in my mind as to the worth of the service.

So much for the contributions of the building up of this service, to my friends on the other side of the aisle, for which I want them to have all the credit possible.

The fact remains that during the past 12 years this organization has been developed under the careful supervision and frequent inspection of our subcommittee into a really

effective agency for promoting our foreign commerce. It would be foolish to ascribe to the efforts of this bureau all of our success in developing export trade during this period. But they should not be denied credit by any means for having done a really effective job in facilitating and assisting the remarkable increase in our exports from $3,832,000,000 in 1922 to $5,241,000,000 in 1929. Whatever the contributing causes, it must be admitted that the basic mission of developing our export trade was certainly accomplished.

I have observed from statements on the floor and sometimes in personal conversations here of late a growing tendency to deprecate the value of these services, especially in the present muddled condition of international trade, and I can not say too emphatically to the Members of this House that had they made close investigation of this organization and its able personnel, which has been the opportunity and pleasure of the members of this subcommittee, they would have no such doubts in their minds. It is true that our exports have fallen off. It is also true that they still amount to a substantial volume and that we can ill afford to neglect any means at our disposal of holding on to what we have and trying to build up in new ways. Foreign competition for the world's export trade is naturally keener, and such conditions as we are passing through now put an unusual premium upon them.

The gentlemen in Congress must keep it clearly in mind that foreign governments are increasing their corresponding services at this time and not decreasing them, and that we can not go so far in carrying out our very necessary economy programs that we shall cripple and handicap our industries by depriving them of vitally needed assistance in meeting this increased foreign competition. Now, as never before, our business men need alert, active, and efficient governmental cooperation in holding on to our export trade volume which even at depression prices still is giving us $1,618,000,000 annually and keeping employed at least 3,250,000 wage earners in this country who would otherwise be added to our already formidable army of the idle.

But it is not only in the foreign field that the services of this bureau are of outstanding value to our business men. Price competition in all lines of trade has rarely in our history been as severe as it is to-day. Manufacturers, wholesalers, and retailers are having to operate on greatly reduced gross margins if they are to remain in the picture at all, and it is absolutely vital in order to do this that they cut down their cost of doing business in every way possible. Production costs are lower in America, as is well known, than anywhere in the world, but distribution costs have been comparatively quite extravagant because there has been but little systematic effort to regulate and control them. Much has been done to remedy this situation. Organizations of retail grocers in Kentucky and Florida, for example, enlisted the bureau's cooperation in a campaign of this nature to weed out their unprofitable operations, and in both States there was a really dramatic decrease of 70 per cent in grocery-store failures in the year following the bureau's work. A group of confectionery manufacturers with whom I have had the opportunity of checking the results of these services assure me that 91 manufacturing plants scattered all over the country have profited greatly by the bureau's help in analyzing their selling operations, and that 13 out of these 91 firms which were directly benefited report definite savings in sales costs, which is obviously clear profit, amounting to $417,500. Members who wish to check up on the efficiency of this service will be able to do so with the leading confectionery plants in their States or districts, and I am sure they will be most pleasantly surprised at the warm enthusiasm which exists for these services of the Bureau of Foreign and Domestic Commerce throughout that trade in every section of the country. The same thing will be found to be true in the grocery and drug trades.

The question has been asked, especially of late, as to why we should continue to support such an organization as the Bureau of Foreign and Domestic Commerce in view of the fact that our export trade has declined. I trust that my remarks may be of some value to my colleagues who have not had the same opportunities to examine these operations intimitately as have members of this committee, in answering these questions.

In conclusion, I should like to stress the point that all of these services are so far as is practicable on a fee basis; that the bureau does not serve special groups but, on the contrary, results of any of its investigations either in foreign or domestic trade are impartially available to the general public; that business men cooperating with these domestic-survey programs contributed three times as much money as the bureau expended on the projects last year; that the bureau never undertakes a survey unless it has satisfied itself that the trade can not do the work for itself (usually because private firms will intrust a governmental agency with their individual sales and cost figures, whereas they will not give them to any private party, fearing disclosure); that while the receipts from fees charged and contributions on survey projects are by no means equivalent to the cost of operating this bureau, that business men in all of your districts, as well as my own, entertain the very decided conviction that they are entitled to some small return from the Government for the taxes they pay into our Treasury, which principle we have not failed to recognize a thousandfold in our generous provisions for the interests of agriculture and labor; and finally, that the entire expense of maintaining the Bureau of Foreign and Domestic Commerce is only 8.6 per cent of the total appropriation for the Department of Commerce. There are nine other bureaus in the department besides the Bureau of Foreign and Domestic Commerce and I am sometimes surprised to learn how few people realize that there are a large number of other activities being carried on in this department, such as the Lighthouse Service, Patent Office, Commercial Aeronautics Branch, Coast and Geodetic Survey, Bureau of Navigation and Steamboat Inspection, Bureau of the Census, and the Bureaus of Mines, Fisheries, and Standards. Thus nearly 65 per cent of the total appropriation for the Department of Commerce are devoted to purposes of public protection and safety—lighthouses, marine and aeronautical inspection, prevention of mining disasters, public protection against dishonest weights and measures—all of these big functions whose activities and responsibilities increase rather than shrink with the general shrinkage of business.

The thanks of the House are certainly due to my good friend and colleague, Mr. OLIVER of Alabama, for his indefatigable labors on this very complicated bill during all the years he has been on the committee as member and chairman. He has always provided for these services in a generous yet sane manner and now, when the great necessity for drastic economy arose, has certainly done his part for the general welfare in his skillful handling of this bill.

The Clerk read as follows:

OFFICE OF THE SECRETARY OF STATE

Salaries: For Secretary of State, Under Secretary of State, and other personal services in the District of Columbia, including temporary employees, and not to exceed $6,500 for employees engaged on piecework at rates to be fixed by the Secretary of State, $1,683,449: *Provided*, That in expending appropriations or portions of appropriations, contained in this act, for the payment for personal services in the District of Columbia in accordance with the classification act of 1923, as amended, with the exception of the four Assistant Secretaries of State and the legal adviser of the Department of State, the Assistant to the Attorney General and six Assistant Attorneys General, the Assistant Secretaries of Commerce, the Assistant Secretary and the Second Assistant Secretary of Labor, the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act, as amended: *Provided*, That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service, or (2) to require the reduction in salary of any person whose compensation was fixed as of July 1, 1924, in accordance with the rules of section 6 of such act, (3) to require the reduction in salary of any person who is transferred from one position to another position in the same or different grade in the same or a different bureau, office, or other appropriation unit, or (4) to prevent the payment of a salary under any grade at a rate higher

than the maximum rate of the grade when such higher rate is permitted by the classification act of 1923, as amended, and is specifically authorized by other law, or (5) to reduce the compensation of any person in a grade in which only one position is allocated.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word. I ask unanimous consent that I may proceed for 10 minutes.

The CHAIRMAN. Is there objection?

Mr. OLIVER of Alabama. Will the gentleman see if he can finish in five minutes. It is on the bill, I assume?

Mr. McGUGIN. No; I want to discuss this new tariff bill.

Mr. OLIVER of Alabama. Will the gentleman let me make this statement, not that I like to object, but we entered into an agreement with the House that general debate would be limited to yesterday and we had a night session in order to carry out this agreement. I hope the gentleman will take only five minutes.

Mr. McGUGIN. I may say to the gentleman that I could not speak yesterday. I have talked with the gentleman from Pennsylvania [Mr. SHREVE] and the gentleman from Wisconsin [Mr. STAFFORD] and they suggested that I come in under the 5-minute rule.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to speak out of order for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McGUGIN. Mr. Chairman, there is now on the table a petition to discharge the Ways and Means Committee in its consideration of a proposed tariff bill which will permit automatic increases in tariff in keeping with the depreciation of foreign currency.

I can not go along with that policy, and I wish to say to the House that this policy is a mistake and can not promote the welfare of this country, industry, or agriculture, or any other class of people in this country. We are suffering from a depreciated foreign currency, not alone in our home markets but likewise in our foreign markets. Not alone is American industry suffering but American agriculture is suffering. Industry can not regain any of its foreign markets for its manufactures by increased tariffs.

Agriculture is not going to get out from under the burden of selling its goods abroad for depreciated currency by increasing industrial tariffs. Industry is going to lose still more in its home markets so long as the American wheat farmer and cotton farmer must ship their goods abroad and sell them for depreciated currency.

I am a protectionist, and I favor protection to meet the ordinary condition growing out of the difference in wage standards in this country and abroad. But that is not this situation. This situation is depreciated foreign currency, and you can not reach it by tariffs. It will not serve the needs of industry. You can give American industry an embargo against foreign competition; you can run our tariffs to any height. Yet American industry will continue to lose a home market. Why? Because its best market in America is agriculture; and so long as agriculture must depend for its income upon shipping its products to Europe and selling them for depreciated currency, there is no chance for agriculture to provide a sufficient home market for American industry.

Industry is in a bad situation, but it is childish for American industry to complain that it can not compete with a foreign competitor who pays his wages in depreciated currency, pays ocean freight rates to America, and then pays the present tariff duties. What would industry say if it had to manufacture its products west of the Mississippi, pay discriminatory freight rates to the Atlantic coast, then pay ocean transportation to Liverpool, and then sell its products for depreciated currency?

This is the situation of agriculture as a result of depreciated currency, and industry is never going to have a market as long as this condition exists.

This problem is a monetary one, and you can not reach it by tariff. The direct way to do it is to reduce the content of the gold dollar one-third. If you do this, the British pound is again worth $4.86, not of dollars of 22.23 grains of gold, but dollars of 15 grains of gold; and until the value of our dollar either goes down or the value of foreign currency comes up there will never be a parity in foreign exchange, and we shall always have this evil of depreciated currency. No man knows how to increase the value of foreign currencies. We may not want to decrease the value of our gold dollar, yet we must either decrease the value of our gold dollar or continue to suffer the misery of American industry and agriculture growing out of depreciated foreign money.

It is an idle dream to try to meet this situation by more tariff, as it will not work. It will only prolong our agony another six months. As proof that more tariff will not solve the decreasing demands for American manufacturing companies, I cite the evidence which is now being placed before the Ways and Means Committee. This evidence before the committee discloses that the imports are constantly decreasing 30 per cent by value and 20 per cent by volume. It is the vanishing American market which is causing the trouble. So long as American agriculture must sell abroad for depreciated currency, the American market for all manufactured products, foreign and domestic, will dry up. There is no such thing as meeting foreign depreciated currencies for industry alone by tariff giving American industry a monopoly upon a vanished American market. [Applause.]

The Clerk read as follows:

PASSPORT AGENCIES

For salaries and expenses of maintenance, traveling expenses not to exceed $500, and rent outside the District of Columbia, for not to exceed five passport agencies, $62,705: *Provided*, That not to exceed $15,000 shall be available for salaries of temporary employees.

Mr. FERNANDEZ. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FERNANDEZ: Page 4, line 19, strike out "$62,705" and insert in lieu thereof "$65,405."

Mr. FERNANDEZ. Mr. Chairman, I offer this amendment to point out that the appropriation bill of last year provided an appropriation of $65,000 for six passport agencies in the United States, one of them to be located in New York, one in San Francisco, one in Chicago, one in Seattle, one in New Orleans, and one in Boston.

The appropriation of $65,000 was not sufficient, and it was necessary for the Department of State to close the office in Seattle.

This year the Department of State asked for an appropriation of $65,000 in round figures, which was approved by the Bureau of the Budget, or $2,700 more than the Committee on Appropriations has provided in this bill.

There is a limitation in this bill that not more than five offices in the United States shall be established. I have no quarrel with the chairman of the subcommittee or the committee on this point. I am willing to leave it to the Department of State as to where these passport agencies may be located, notwithstanding that Congress on its own initiative established these offices; but I make the point that the appropriation recommended by the subcommittee is not sufficient to maintain five offices in the United States, as testified by the Assistant Secretary of State and as I was advised in conversation with him on yesterday.

I am not making a fight for the office at New Orleans. I am frank to say that, in addition to the duties imposed on this gentleman by the passport agency at New Orleans, he also serves as dispatch clerk. He dispatches all of the supplies for the State Department, and I doubt seriously that this office would be discontinued; but I simply propose this amendment for the benefit of the Members from Boston, San Francisco, New York, and Chicago, as well as the community which I have the honor to represent here.

These passport agencies are not a burden on the Government. They are self-sustaining. I could refer you in this connection to the records if I wished to take up the time of the committee.

If we abolish the passport agency in any one of these principal cities, it means that the people applying for a passport must go to the clerk of the United States court. The clerk of the United States court has a multiplicity of duties to perform and is not an expert on foreign treaties. This knowledge is absolutely essential, as testified by the Assistant Secretary of State, to proper issuance and proper execution of a passport application. If the applicant does not go to the clerk of the United States court, he must go to the clerk of a State court, and when he goes to either one of these clerks, naturally, the fee, which would otherwise go to the Department of State, is retained or disposed of in accordance with existing law.

I submit to the chairman of the subcommittee that this amount is very small, $2,700, and I think it would be well for the committee to accept this amendment, which would insure this important service to the business interests of the people of the country. As an illustration, take the very interesting and quaint city of New Orleans that I come from. There were 435 passports issued and renewals granted, representing business necessity, rather than tourist travel, and the cost of operating this office amounted to $4,373.45, while the fees earned amounted to $2,370; and when you take into consideration that this officer is also the dispatch officer for the department, the fees have justified the maintenance of this service in the great city of New Orleans.

[Here the gavel fell.]

Mr. OLIVER of Alabama. Mr. Chairman, I appreciate the apprehension that the distinguished gentleman from Louisiana may have as to the sufficiency of this appropriation.

He has presented the facts in a most admirable way, and I am in sympathy with the attitude he assumes in reference to the importance of this service. The committee, however, went very carefully over the subject, and as the gentleman said, we have not undertaken to discontinue any office. The gentleman very correctly stated that it was well administered under the able direction of Mrs. Shipley, and no one anticipates that any injustice will be done in administering the funds. She was told that we would probably give a lump-sum appropriation to be spent in the discretion of the bureau, subject to the limitation attached, and I think she felt that would prove helpful. I have no fear that there will not be ample and sufficient funds to care for the passport work efficiently.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

RENT, HEAT, FUEL, AND LIGHT, FOREIGN SERVICE

For rent, heat, fuel, and light for the Foreign Service and the United States Court for China for offices and grounds, including annual ground rent of the embassy at Tokyo, Japan, for the year ending March 15, 1934, and, as authorized by the act approved June 26, 1930 (U. S. C., Supp. V, title 5, sec. 118a), for living quarters and not to exceed $439,236 for allowances for living quarters, including heat, fuel, and light, $1,328,000: *Provided*, That payment for rent may be made in advance: *Provided further*, That the Secretary of State may enter into leases for such offices, grounds, and living quarters for periods not exceeding 10 years: *Provided further*, That no part of this appropriation shall be used for allowances for living quarters, including heat, fuel, and light in an amount exceeding $720 for any ambassador, minister, or Foreign Service office: *Provided further*, That under this appropriation and the appropriation herein for "Contingent expenses, Foreign Service," not more than $3,000 shall be expended for custodial service, heat, fuel, and light in any Government-owned building used for residence or residence and office purposes for an ambassador or minister, and not more than $1,700 for such purposes in the case of any other Foreign Service officer, except that at any post at which the expenditures for such purposes for the fiscal year 1933 were in excess of the limitation of $3,000 in this last proviso in the case of an ambassador or minister there may be expended during the fiscal year 1934 an amount equal to the sum so authorized to be expended during the fiscal year 1933, but in no event to exceed $5,000; and during the incumbency of a chargé d'affaires the limitation on such expenditures shall be the same as for the occupancy of the principal officer.

Mr. STAFFORD. Mr. Chairman, I am interested in the paragraph providing for salaries of Foreign Service officers. I was interested in the statement that the committee had decided upon allowing all Foreign Service employees a maximum sum of $720. Was that extended under the so-called Linthicum Act whereby we raised the salaries of clerks in Foreign Service under the guise of providing heat, light, and quarters?

Mr. OLIVER of Alabama. I do not recall the name of the act, but it was passed in 1930. This item, however, carries no appropriation for that purpose.

Mr. STAFFORD. I am making the inquiry in connection with the gentleman's statement that the committee had decided to make appropriation for heat, light, and quarters of $720. Has the gentleman any information, now that I am interpellating him, whether there is any gradation of that amount, or is it to be paid to every clerk?

Mr. OLIVER of Alabama. There is a gradation, which the department fixes and will apply.

Mr. STAFFORD. I understand some of the amounts will be curtailed by reason of the cut in the general appropriation.

Mr. OLIVER of Alabama. Yes.

The Clerk read as follows:

RESCUING SHIPWRECKED AMERICAN SEAMEN

For expenses which may be incurred in the acknowledgment of the services of masters and crews of foreign vessels in rescuing American seamen or citizens from shipwreck or other catastrophe at sea, $1,000.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. I direct the attention of the chairman of the subcommittee to the paragraph at the top of page 11, limiting the employment for clerical services to American citizens in foreign missions. When that was proposed a year or so ago it was thought by some that it might be a hardship in the actual administration in the work of these offices to compel the State Department to employ only American citizens. Has the gentleman any information, as disclosed in the hearings, as to the operation of that restrictive clause?

Mr. OLIVER of Alabama. Mr. Chairman, the State Department feels, I think, that this is very satisfactory, and has made no complaint whatever to your committee.

The Clerk read as follows:

CONTRIBUTIONS, QUOTAS, ETC.

For payment of the annual contributions, quotas, and/or expenses, including loss by exchange, in discharge of the obligations of the United States in connection with international commissions, congresses, bureaus, and other objects, as follows: Cape Spartel and Tangier Light, coast of Morocco, $825; International Bureau of Weights and Measures, $4,342.50; International Bureau for Publication of Customs Tariffs, $1,400; Pan American Union, quota, $167,576.40, printing and binding $20,000; in all, $187,576.40; International Bureau of Permanent Court of Arbitration, $2,000; Bureau of Interparliamentary Union for Promotion of International Arbitration, $7,500; International Institute of Agriculture, at Rome, Italy, $5,400; Pan American Sanitary Bureau, $30,024.11; International Office of Public Health, $3,015.79; International Radiotelegraphic Convention, $7,527; Government of Panama, $250,000; International Hydrographic Bureau, $5,790; Foreign Hospital at Capetown, $50; International Trade-Mark Registration Bureau, $14,330.20; International Bureau for Protection of Industrial Property, $1,350; Gorgas Memorial Laboratory, $50,000, of which $5,000 shall be immediately available; American International Institute for the Protection of Childhood, $2,000; International Statistical Bureau at The Hague, $2,000; International Map of the World on the Millionth Scale, $50; and International Technical Committee of Aerial Legal Experts, $250; in all, $575,431.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word to inquire whether the paragraph just read is a transposition from some other part of the bill?

Mr. OLIVER of Alabama. I can quite understand how the gentleman should be confused, because he always follows these matters so carefully. Heretofore these items have been carried in separate paragraphs, and it was thought by the State Department, and approved by the Budget Bureau, that it would be well to incorporate all in one paragraph. The committee has so reported it. These are payments made because of treaty obligations or express statutes. All of the limitations heretofore carried are retained.

Mr. STAFFORD. In no instance is any appropriation carried which is not authorized by treaty or legal obligation?

Mr. OLIVER of Alabama. None whatever; and the gentleman will be interested to note that we have stricken out some that were dropped last year and which were inserted this year, as, for instance, the International Prison Commission, the International Council of Scientific Unions, the Convention Relating to the Liquor Traffic in Africa, this last small item being provided for by treaty.

Mr. STAFFORD. I recall that some years back there were appropriations carried which were not authorized by law, but which we passed by in the consideration of the bill in the House without objection. The committee has eliminated those former appropriations?

Mr. OLIVER of Alabama. Yes. The $55 carried for the Convention Relating to Liquor Traffic in Africa is provided for by treaty, but we have omitted to appropriate for it in 1934.

Mr. BRIGGS. Mr. Chairman, I move to strike out the last word. Why is it that the United States Government contributes such a large sum, $167,576.40, as its quota for the Pan American Union?

Mr. OLIVER of Alabama. That is based on population. In other words, our contribution is based on our population as compared with that of the other countries. This varies from time to time.

Mr. BRIGGS. I can understand that there may be a proportionate amount based on population, and in time of prosperity that it might cost half a million dollars to conduct the Pan American Union, but in time of retrenchment and economy I should think it could be conducted for half that money. Why should the amount the United States is paying, whether based on population or otherwise, be apparently a fixed charge of $167,000?

Mr. OLIVER of Alabama. I am very glad the gentleman has asked that question. This is pursuant to an international agreement between our Government and other governments lying to the south of us. We have not felt we could disturb the amount, though we do believe that some of the amounts are larger than we should now authorize. I have called the Secretary's attention to that fact, in the hope that this can be corrected through proper channels. In other words, we have asked for an itemized statement, and wish to serve notice through the State Department on all of the countries interested that a revision of the personnel pay schedules should be made.

Mr. BRIGGS. I should think that that would meet a very warm response in view of the financial condition of the other countries of the Western Hemisphere.

Mr. OLIVER of Alabama. We hope so.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. BRIGGS. Yes.

Mr. STAFFORD. Will the chairman of the committee explain the appropriation of $250,000 for the Government of Panama? What is the nature of that?

Mr. OLIVER of Alabama. That is a continuing obligation on account of the land we took over for the Panama Canal.

Mr. STAFFORD. That is under the Hay-Buneau-Varilla treaty of 1894?

Mr. OLIVER of Alabama. It is a treaty obligation.

Mr. STAFFORD. And as to the Gorgas Memorial Laboratory, I am not acquainted with that.

Mr. OLIVER of Alabama. That is provided for by statute and requires a continuing annual appropriation of $50,000. Panama and a number of other South American countries contributed the land and building, and also make some contributions to maintenance.

The Clerk read as follows:

INTERNATIONAL BOUNDARY COMMISSION, UNITED STATES AND MEXICO

For expenses of meeting the obligations of the United States under the treaties of 1884, 1889, 1905, and 1906 between the United States and Mexico, and of compliance with public resolutions approved March 3, 1927, and February 14, 1931, and the act making appropriations for the Department of State for the fiscal year 1933, including operation of gaging stations where necessary and their equipment; personal services and rent in the District of Columbia and elsewhere; fees for professional services at rates and in amounts to be determined by the Secretary of State; travel expenses, including transportation of effects; printing and binding; subscriptions to foreign and domestic newspapers and periodicals; purchase, exchange, maintenance, repair, and operation of motor-propelled, passenger and freight carrying vehicles; drilling and testing of dam sites, by contract if deemed necessary without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5); equipment and such other miscellaneous expenses as the Secretary of State may deem proper, $120,000.

Mr. STAFFORD. Mr. Chairman, this may be the last occasion when I shall have the privilege of making my annual inquiry as to the status of this appropriation, which has been dragging along and dragging along for years—$120,000 for the International Boundary Commission of the United States and Mexico. What is the status of the work in which this commission is engaged, and why is it that we can not eliminate this appropriation some time, some day?

Mr. OLIVER of Alabama. The boundary commission and the water commission were consolidated, and we reappropriated the unexpended balances last year. We have reduced the appropriation this year. I am in sympathy with the views of the gentleman, and we would like to hasten the completion of this work. The boundary States are very much interested, and I am hopeful that we can see, in the not distant future, the completion of this undertaking.

Mr. STAFFORD. Has the gentleman any estimate as to when the work may be terminated?

Mr. OLIVER of Alabama. No. We could secure no estimate from anyone as to when it might be completed.

Mr. STAFFORD. The gentleman, I am sure, by reason of his service here, knows the legislative lethargy that pertains to commissions when they are once created. They go on like the water in the brook, running on forever and forever, and it is a most difficult task to have them finish their work. I know the gentleman is doing very assiduous work to try to terminate some of these performing commissions, with little work to do. I commend the gentleman for his energetic work in that direction.

The pro forma amendment was withdrawn.

The Clerk read as follows:

INTERNATIONAL BOUNDARY COMMISSION, UNITED STATES AND CANADA AND ALASKA AND CANADA

To enable the President to perform the obligations of the United States under the treaty between the United States and Great Britain in respect of Canada, signed February 24, 1925; for salaries and expenses, including the salary of the commissioner and salaries of the necessary engineers, clerks, and other employees for duty at the seat of government and in the field; cost of office equipment and supplies; necessary traveling expenses; commutation of subsistence to employees while on field duty, not to exceed $4 per day each; for payment for timber necessarily cut in keeping the boundary line clear, not to exceed $500; and for all other necessary and reasonable expenses incurred by the United States in maintaining an effective demarcation of the international boundary line between the United States and Canada and Alaska and Canada under the terms of the treaty aforesaid, including the completion of such remaining work as may be required under the award of the Alaskan Boundary Tribunal and existing treaties between the United States and Great Britain, to be disbursed under the direction of the Secretary of State, $40,000.

Mr. BRIGGS. Mr. Chairman, I move to strike out the last word. I would like to ask the chairman of the subcommittee on appropriations what is the necessity for the continuation of this commission. It seems to me sometime ago I heard from a rather high official of the Government that it had practically nothing to do, and I think it is one of those commissions that has been recommended for abolishment in some of the suggestions from the executive department.

Mr. OLIVER of Alabama. This is a commission created by treaty, and Canada provides the same personnel that we do to carry on the work jointly. It is for the purpose of marking or keeping clear the border line. If the gentleman will read the report, he will notice we suggest that probably the work could be more economically carried on if some definite understanding was had between the two countries as to what part of the border the United States would keep up and what part Canada would keep up. I hope very much that in the near future some agreement of that kind can be worked out; if so, I feel this appropriation can be reduced.

Mr. BRIGGS. Is this the commission, the one that dealt for a while with the St. Lawrence waterway matter?

Mr. OLIVER of Alabama. No. That is an entirely different commission. This is only for the purpose of marking out the boundary line. The survey has been made, but the gentleman will recognize that very often it is obliterated by the growth of trees and they are constantly clearing it up so as to preserve the old markings.

Mr. KVALE. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. KVALE. Is it not true that this money is spent economically, and will save millions of dollars which might have to be spent in future years if the boundary had to be determined at that time, because now the markings are permanent and correct and the record is being kept accurate?

Mr. OLIVER of Alabama. That is correct, except I feel they may find a more economical way, if an agreement is had between the countries as to what part of the border the United States must keep up and what part Canada shall keep up. In that way we can avoid some overhead expenses.

Mr. BRIGGS. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. BRIGGS. If it is permanently marked, there ought not be any necessity for a commission to sit year in and year out to see that the markings are still there.

Mr. OLIVER of Alabama. If the gentleman will read the hearings and report, he will find that his suggestion is not out of line with the thoughts of the committee.

The pro forma amendment was withdrawn.

The Clerk read as follows:

WATERWAYS TREATY, UNITED STATES AND GREAT BRITAIN—INTERNATIONAL JOINT COMMISSION, UNITED STATES AND GREAT BRITAIN

For salaries and expenses, including salaries of commissioners and salaries of clerks and other employees appointed by the commissioners on the part of the United States, with the approval solely of the Secretary of State; for necessary traveling expenses, and for expenses incident to holding hearings and conferences at such places in Canada and in the United States as shall be determined by the commission or by the American commissioners to be necessary, including travel expense and compensation of necessary witnesses, making necessary transcript of testimony and proceedings; for cost of law books, books of reference and periodicals, office equipment and supplies; and for one-half of all reasonable and necessary joint expenses of the International Joint Commission incurred under the terms of the treaty between the United States and Great Britain concerning the use of boundary waters between the United States and Canada, and for other purposes, signed January 11, 1909, $30,400, to be disbursed under the direction of the Secretary of State: *Provided*, That traveling expenses of the commissioners, secretary, and necessary employees shall be allowed in accordance with the provisions of the subsistence expense act of 1926, as amended (U. S. C., Supp. VI, title 5, ch. 16).

Mr. GOSS. Mr. Chairman, I move to strike out the last word, for the purpose of asking the chairman, as we progress with the bill, if he will be willing to explain some of these permanent and indefinite appropriations carried for the different departments. This is an old subject that has been discussed. I notice in the State Department there are considerable amounts, and I take it there may be some duplications that are carried in the bill, although the three items in the Justice Department bill of $31,000 are not referred to in the bill at all.

Mr. OLIVER of Alabama. These appropriations carried in this bill are very limited.

Mr. GOSS. In this particular department; yes.

Mr. OLIVER of Alabama. Yes. The gentleman will find one is for pay of consular officers, for American seamen and officers, and the other for refunding moneys improperly received. That amounts to $4,000. The other is miscellaneous trust funds, which represent accumulations covering a period of years.

Mr. GOSS. In the Department of Justice, at page 42 of the report, there are considerable amounts. There is about $15,000,000.

Mr. OLIVER of Alabama. The gentleman is in error about that being a permanent appropriation.

Mr. GOSS. Well, it is headed under "Permanent and Indefinite Appropriations Continued."

Mr. OLIVER of Alabama. If so, that is inaccurate. That is a misprint, and I am glad the gentleman has called it to our attention.

Mr. GOSS. My point is, are we still appropriating beyond the permanent and indefinite appropriation?

Mr. OLIVER of Alabama. Oh, no; not at all.

Mr. GOSS. And then that heading on page 40 should be eliminated entirely?

Mr. OLIVER of Alabama. Yes.

Mr. GOSS. There is nothing permanent or indefinite in these appropriations?

Mr. OLIVER of Alabama. Nothing whatever in the items to which the gentleman refers.

Mr. GOSS. So that really all the permanent and indefinite appropriation is $31,000 contained in the Department of Justice?

Are there any others?

Mr. OLIVER of Alabama. The Department of State has $31,000. There is none in the Department of Justice.

Mr. GOSS. Are there any in the Department of Labor?

Mr. OLIVER of Alabama. Yes. One of $4,000 in the Department of Labor, naturalization fees. There is a small amount in the Commerce Department, which I will look up and give to the gentleman.

Mr. GOSS. While the gentleman is finding that, may I ask him if his subcommittee that acts on these bills has this year gone into the question of these permanent annual indefinite appropriations?

Mr. OLIVER of Alabama. The gentleman will find set out on page 56 of the report the permanent appropriations. The Department of Commerce has $17,000.

Mr. GOSS. That is all?

Mr. OLIVER of Alabama. Yes.

Mr. GOSS. Does the gentleman's committee ever go into these questions?

Mr. OLIVER of Alabama. We went into it simply for the purpose of ascertaining the sources from which such limited funds came. There is another committee which is now examining all permanent and indefinite appropriations.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. BRIGGS. Is not this the commission that had the St. Lawrence waterway project under consideration at one time?

Mr. OLIVER of Alabama. It considers all international problems that may be referred to it along the border line by the two Governments.

Mr. BRIGGS. Is it not a fact the State Department took out of the hands of the commission the handling of the St. Lawrence waterway and dealt with it as a diplomatic matter without the commission's action?

Mr. OLIVER of Alabama. Under the terms of the treaty nothing can be referred to this commission except by agreement of the two countries. In other words, application must first be made to the respective Governments and then it is for the two Governments to determine whether the matters involved are of sufficient importance to be referred to the commission.

[Here the gavel fell.]

Mr. BRIGGS. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Connecticut be extended three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. OLIVER of Alabama. This commission has no authority over any matter not referred to it by the two Governments.

Mr. BRIGGS. Is it not true this commission really has very little, in fact, scarcely anything to do?

Mr. OLIVER of Alabama. They have some very important matters now pending, and if the gentleman will read the hearings he will find this was very fully developed. One of the important matters referred to the commission was a damage claim of citizens of the State of Washington

because of the operation of a large chemical plant on the Canadian side. Also other international boundary questions have been referred to the commission of considerable interest and importance.

Mr. BRIGGS. In addition to the other boundary commissions we have?

Mr. OLIVER of Alabama. I feel sure that many of these commissions can be consolidated and some abolished, if plenary power is given to the President as has been suggested and which I heartily favor.

Mr. BRIGGS. What is this item of $58,000 in the next paragraph, granting the commission funds for the procurement of technical scientific equipment, purchase, exchange, hire, maintenance, repair, and operation of motor-propelled and horse-drawn passenger-carrying vehicles, and so forth?

Mr. OLIVER of Alabama. That is for the investigations which the Departments of the Interior and of Agriculture are carrying on for the commission, and it relates to questions that have been referred to the commission by our Government and the Canadian Government.

Mr. GOSS. On page 7 of the report there are a few contributions, quotas, and things we have omitted from this bill. It is not of any size; it amounts to about $11,000. What are these items? Are they to carry out treaties, such as the one with relation to the liquor traffic?

Mr. OLIVER of Alabama. That is the only treaty obligation.

Mr. GOSS. Would not that really come under the head of permanent appropriations?

Mr. OLIVER of Alabama. No; we make annual appropriations for all these obligations.

Mr. GOSS. That is what I am trying to get at, to find out what are considered permanent and what are considered annual. I think if it is something to carry out a treaty it might be considered permanent.

Mr. OLIVER of Alabama. Permanent appropriations do not require annual appropriations, but are continuing appropriations. All international obligations such as we have been discussing must be appropriated for annually.

Mr. COCHRAN of Missouri. Mr. Chairman, I rise in opposition to the pro forma amendment. I would like to ask the gentleman from Alabama what has been the result of the action of Congress in abolishing the Mexican Boundary Commission? Have any ill effects resulted from that action?

Mr. OLIVER of Alabama. None whatever; and we carry no appropriation therefor in 1934.

Mr. COCHRAN of Missouri. The thought behind the question is why can we not do the same with this commission. Is there anything in the treaty which requires a paid commission rather than our Secretary of State and his assistants to carry on this little work?

Mr. OLIVER of Alabama. The gentleman will find in the report that we have requested the Secretary of State to inform us what notice is required under the several treaties to be given before we can abolish many of these commissions, and I am very hopeful that proper notice may be given so that we can abolish some if not all of them.

The appropriation for the Mexican commission was not carried simply because the commission was not functioning. We refer to this in our report and suggested that if the matters in controversy are really to be ever settled they will have to be referred to a commission differently organized, and certainly not by the appointment of arbitrators in the way now followed.

Mr. COCHRAN of Missouri. Now I would like to ask the gentleman further in reference to the next paragraph containing the appropriation of $58,000. Can the gentleman give us any sound reason why the engineers of the Army or the officials of the Geological Survey can not do this work that we are appropriating $58,000 for?

Mr. OLIVER of Alabama. Government officials are doing it.

Mr. COCHRAN of Missouri. Why is this $58,000 needed?

Mr. OLIVER of Alabama. Because under our accounting system they require an appropriation for the State Department, so that the State Department may transfer the same to the other Government agencies which do the work.

Mr. COCHRAN of Missouri. None of this $58,000, then, is for salaries?

Mr. OLIVER of Alabama. Yes, some for salaries in the Interior Department and some for salaries in the Department of Agriculture.

Mr. COCHRAN of Missouri. Are the engineers of the Department of Agriculture, the Chief Engineer of the Army, and the engineers of the Geological Survey not paid from their own appropriations?

Mr. OLIVER of Alabama. A reduction appears in the appropriations carried for those departments equal to the amount here proposed to be allocated for the payment of such salaries. It is a confused system of bookkeeping. I think it should be corrected.

Mr. COCHRAN of Missouri. Why is it necessary to use this kind of bookkeeping? It is all Government work and should be simplified. It only means additional labor for the auditors and accountants.

Mr. OLIVER of Alabama. I agree with the gentleman that it should be simplified.

Mr. COCHRAN of Missouri. I want to say to the gentleman from Alabama that when we were holding hearings on the economy bill we took up this matter and we had a great deal of trouble getting any information to show that there was anybody who was doing any reasonable amount of work. We found nothing that would warrant the expenditure of such a vast sum of money by this commission. If we are going to have such a commission I think it would be far better to pay them a given amount daily, together with their expenses, while they are employed. I may say that the House on several occasions has cut the salary of members of the commission. Every time that the House has reduced the salary of the members of this commission, when the bill reaches the other body, the salary is restored. Why? Because of the personnel of the commission, consisting of two former Members of that body. It seems they have enough influence to keep the original salary year after year. I think it is time we were doing something to see that a reasonable amount is paid these men and not a salary such as they are getting now, which is not justified by the amount of work they are doing.

Mr. OLIVER of Alabama. The gentleman will be interested to know that this bill carries the same salary that the economy bill fixed for these officers, namely $5,000.

Mr. COCHRAN of Missouri. And I hope the gentleman will see to it that when the matter goes to conference, the salary remains at $5,000 and does not go back to $7,500 or $10,000, as it has in the past.

Mr. OLIVER of Alabama. Unless the House instructs me to vote otherwise, I shall insist that it stay at $5,000.

Mr. COCHRAN of Missouri. I am very glad to hear that statement coming as it does from the gentleman from Alabama, who will be one of the conferees.

The Clerk read as follows:

For the purchase of law books, books of reference, and periodicals, including the exchange thereof, for the Department of Justice, $7,500: *Provided*, That not to exceed $2 per volume shall be paid for the current and future volumes of the United States Code, Annotated.

ANTITRUST LAWS

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in connection with the Department of Justice, I want to discuss briefly the failure of the department to properly enforce the antitrust laws. During the last few years I think very little effort has been made to enforce the antitrust laws.

It is very necessary that people be prevented from setting the price of the articles they manufacture or sell. It is not fair to the other people of the country who are consumers of the particular article. It is true that when one's salary is reduced, if everything else that this wage earner purchases is reduced, there would be no change; but this is not the case. During the last two or three years the price of

all farm commodities has decreased. The farmer producing these commodities has been compelled to continue to buy at a high price, a set price, the commodities manufactured by these concerns violating the antitrust laws.

If we had a system in this country whereby when one produces a commodity, like cotton or wheat, when the price of that commodity decreases below the cost of production, his debts would decrease, his interest would decrease, his taxes would decrease, and all the other things that he must purchase would decrease, he would always be on a parity. Such a system as this we will never have; but we can make the dollar buy less of certain commodities and give the people a better deal. We know it is impossible to have a system that will permit such exact justice; but we can require these people who are violating the antitrust law to cease and desist in order that the commodities and articles that they produce may come down in value just the same as the production of the farmer or just the same as wages of employees. The best way to cure the whole situation is to expand the currency so commodity prices will increase. When that is done, however, we should still prevent price fixing against the public interest.

Mr. DYER. Will the gentleman yield?

Mr. PATMAN. I yield for a brief question.

Mr. DYER. Will the gentleman tell us, if he knows, in what way or in what cases or in what special instances the department has failed in the manner he has stated?

Mr. PATMAN. Yes; I will be very glad to do that. I am pleased that the gentleman has asked me the question.

You know some serious charges were made against what is known as the Aluminum Trust a few years ago. The charges were filed with the Federal Trade Commission. The Department of Justice also investigated the charges. I do not believe you can read these charges and the proof that was presented without believing that the charges were well founded. Was anything ever done? Nothing was done by either the Department of Justice or the Federal Trade Commission. Although the price of everything else has decreased from 25 to 75 per cent, the price of aluminum remains practically the same. Mr. A. W. Mellon controls the Aluminum Co. of America.

ALUMINUM

During the height of the boom, in 1929, aluminum sold for 23.9 cents a pound, and now it sells for 23.3 cents a pound. When demand decreases, ordinarily, the price of the commodity decreases, but this is not true of aluminum, because the Aluminum Co. of America has a fixed price. It has a fixed price because the Department of Justice permits it to violate the law.

The Aluminum Co. of America produces all the virginal aluminum in the United States and Canada, and I venture to say that if the price of aluminum had gone down with the price of cotton or had gone down with the price of wheat or had gone down with the reduction of wages, the Aluminum Co. of America would be in here wanting us to do something about it; but they have no incentive to do this, because the price remains the same.

I hope the gentleman will join us in an effort to get the Department of Justice to do something, even at this late day, against the Aluminum Co. of America violating the antitrust laws.

[Here the gavel fell.]

The Clerk read as follows:

CONTINGENT EXPENSES, DEPARTMENT OF JUSTICE

For stationery, furniture and repairs, floor coverings not exceeding $1,500, file holders and cases; miscellaneous expenditures, including telegraphing and telephones, postage, labor, typewriters and adding machines and the exchange thereof and repairs thereto, street-car fares not exceeding $300, newspapers, press clippings, and other necessaries ordered by the Attorney General; official transportation, including the repair, maintenance, and operation of 6 motor-driven passenger cars, 2 for the Attorney General, 1 for general use of the department, 2 for the Bureau of Investigation, and 1 for the Bureau of Prohibition for investigative work, delivery truck, and motor cycle, to be used only for official purposes, and purchase and repair of bicycles, $85,000: *Provided*, That this appropriation may be reimbursed for expenditures in connection with cars herein authorized for the Bureau of Investigation and Bureau of Prohibition from the appropriations for the expenses of said bureaus when approved in writing by the Attorney General.

MELLON'S ALUMINUM

Mr. PATMAN. Mr. Chairman, I move to strike out the last two words.

In connection with the enforcement of the antitrust laws, I want to invite the attention of this House to the fact that there is a particular reason——

Mr. TABER. Mr. Chairman, I make a point of order. I think the debate should be confined to the bill.

Mr. PATMAN. I am speaking in order and to the bill.

The CHAIRMAN. The Chair thinks the gentleman is in order.

Mr. PATMAN. The Aluminum Co. of America is owned principally by Mr. Mellon, the former Secretary of the Treasury. He owns and manipulates all the aluminum in the United States and Canada and practically all the aluminum in the world. He had considerable power as Secretary of the Treasury because he passed on all building contracts. He hired all the architects. No one could get a job drawing plans for public buildings unless Mr. Mellon employed him. He approved the plans and specifications for public buildings. When he was Secretary of the Treasury he had published in the Treasury Department a magazine edited by Government employees which had for its object and purpose to encourage and dictate to the architects that in their plans and specifications they substitute aluminum for iron or wood or steel in every place they could.

Why? Because he owns the aluminum, because it has a fixed price regardless of the price of wheat or grain or cotton. Mr. Mellon got a fixed price for aluminum.

That is one reason why Mr. Mellon is not holding the office of Secretary of the Treasury to-day. I know that many people do not like us to talk about it, but nevertheless it was a case of Mr. Mellon quitting under fire. He did not want the facts disclosed. He received a presidential pardon. The only thing that kept him from being impeached by Congress was the fact that he left the office. Congress could not have done anything else but impeach him if he had remained.

I know Members do not like to have me talk about that, but there are many reasons why the antitrust laws should be enforced. When money is scarce commodity prices go down where prices are not fixed and where companies have not acted in restraint of trade.

It is necessary that something be done to prevent the fixing of prices by those who would have people pay exorbitant prices for things they purchase.

MONEY IN CIRCULATION

Many people would have us believe that we have a lot of money in circulation. It was stated the other day that we had five and one-half billion dollars in circulation. Mr. Goldenweiser, the economist for the Federal reserve, estimates that we only have two billions in circulation to-day. By reason of the scarcity of money a decline in the prices of commodities and articles that are produced has been caused. Where the producers are not in a position to fix reasonable prices the prices of those commodities decline.

Therefore, it is necessary to enforce the antitrust laws. Much of our money is in foreign countries. Much of it is hidden. When Al Capone was convicted in Chicago the bootleggers of the Nation were served notice that if they continued to do business with the banks they were going to be apprehended and punished. Therefore, they quit doing business with banks, and it has been discovered lately that some of these bootleggers had as high as $500,000 buried under their houses or in their lockboxes and security boxes in banks, hidden and out of circulation entirely. Narcotic peddlers are evidently doing the same thing.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I can not yield. Many people engaged in crime are doing the same thing. They would be caught if they were to do business with the banks. For that reason the circulation of money is contracted. We can remedy that situation by putting more money in circulation to

make up for the hoarded money. Much of this money has been lost and destroyed and people presume that it is in circulation. Out of the money that is theoretically in circulation more than a billion dollars is in fifty, one hundred, five hundred, one thousand, five thousand, and ten thousand dollar bills, and is not in general use.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the pro forma amendment. Following the testimony of one of the evils of prohibition, just presented by the gentleman from Texas [Mr. PATMAN], I invite him to go to the Clerk's desk and sign the petition which I have filed to discharge the Committee on the Judiciary from the consideration of the resolution providing for the repeal of the eighteenth amendment. He will thereby aid in curing this evil, wherein under prohibition bootleggers and highjackers and rum runners have made billions of dollars, as he has indicated.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. I can not now. After a while I may have a little time to yield. I particularly ask the distinguished Democratic gentleman to sign this petition to correct that evil, and to carry out the pledge of the Democratic Party. The Democratic Party pledged immediate action on the eighteenth amendment and the sumptuary prohibition laws enacted thereunder, but still it seems that this session of Congress may adjourn without submitting the eighteenth amendment repeal resolution to the States because 43 Democratic Members repudiated their platform pledge. What are we faced with? If this session of Congress does not submit the eighteenth-amendment repeal, several years will roll by before the States will have an opportunity to act on the repeal, because 44 State legislatures are in session at the present time or will convene shortly; and if we wait until the special session to submit the repeal of the eighteenth-amendment resolution, many of the legislatures will have adjourned, and if it is to be ratified by legislatures they will not be able to do so promptly.

If we submit it for ratification by State conventions, the legislatures will not be in session to provide for the conventions; and in these trying times of the American taxpayer, when it is necessary to cut the cost of Government, I doubt whether some of the States would call special sessions of their legislatures to do their part in repealing the amendment. Therefore, if action is to be taken, if relief is to be granted within the next few years, the repeal resolution will have to be submitted at this session of Congress. The chief head waiter at the Democratic pie counter, Mr. Farley, in speaking in Baltimore recently, denounced the Republican lame ducks and the Republican Membership for obstructing the program of the Democratic Party, and he cited the vote on the eighteenth amendment repeal resolution as such an indication. The Associated Press dispatch of January 7, 1933, quotes Mr. Farley as stating:

"GLARING EXAMPLE" CITED

"The most glaring example of the subordination of public duty to partisan sabotage by the hold-overs from the political renovation of last November is the failure of the amendment designed to put an end to the disastrous experiment of national prohibition."

Farley said it is "really not extraordinary that the dying Republican administration should deem it of priceless political value to force a session of Congress on President Roosevelt in the early days of his administration.

"Such a session is a terror to a weak President. There is no question but that the Grundy session of 1929 crucified Mr. Hoover, exposing as it did the poverty of his leadership and his lack of policy."

All Mr. Farley has to do is to call upon 6 of the total of 43 Democratic Members who voted against the repeal resolution to come to the aid of their party. The responsibility does not rest on the Republican minority. It is ridiculous for Mr. Farley to go throughout the country and blame the Republicans for the failure of this Congress to submit the eighteenth amendment repeal resolution, in view of the fact that the RECORD shows that 43 Democrats voted against the resolution on Tuesday, December 5. The Democratic majority has been in control of the House for two years; and if it does not arrange for another vote on the eighteenth-amendment repeal at this session and a change in the vote of six of the Democratic Members, we will find that the Democratic promises, in so far as relief from the eighteenth amendment is concerned, are just about as near being kept as were the Democratic promises to keep us out of the World War.

Mr. COLE of Iowa. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. Yes.

Mr. COLE of Iowa. Is it not true that if the Democrats had supported the beer bill, it would have carried by 294 votes?

Mr. SCHAFER. I am not talking about the beer bill. It is true that the beer bill passed the House. If the votes for passage depended on Democratic Members alone, it never would have passed, for many of the Democratic majority which controls the House voted against it.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. SCHAFER. I ask unanimous consent to proceed for two minutes.

The CHAIRMAN. Is there objection?

Mr. OLIVER of Alabama. Mr. Chairman, I feel that the gentleman from Wisconsin has been entirely fair. It may be that we have departed somewhat from our rule of sticking to a discussion of the bill. I am quite willing to give the gentleman to-morrow two minutes of my time in discussion on the prohibition matter, and I feel sure the gentleman will assist us in that way in moving along with this bill.

Mr. SCHAFER. I should like to have the two minutes so that I could yield to the gentleman from Texas [Mr. PATMAN], who indicated that bootleggers and rum runners and highjackers were making many millions of dollars under the eighteenth amendment.

Mr. OLIVER of Alabama. Will the gentleman defer that until to-morrow, when I shall be glad to yield him two minutes?

Mr. SCHAFER. Mr. Chairman, I shall be glad to do so, and I ask unanimous consent to extend my remarks in the RECORD by including an Associated Press release of a statement made in the city of Baltimore by Mr. Farley, the head waiter at the Democratic pie counter.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk read as follows:

MISCELLANEOUS OBJECTS, DEPARTMENT OF JUSTICE

Conduct of customs cases: Assistant Attorney General, special attorneys and counselors at law in the conduct of customs cases, to be employed and their compensation fixed by the Attorney General; necessary clerical assistance and other employees at the seat of government and elsewhere, to be employed and their compensation fixed by the Attorney General, including experts at such rates of compensation as may be authorized or approved by the Attorney General; supplies, Supreme Court Reports and Digests, and Federal Reporter and Digests, traveling, and other miscellaneous and incidental expenses, to be expended under the direction of the Attorney General; in all, $101,500.

Mr. DYER. Mr. Chairman, I move to strike out the last word. I want to ask a question of the gentleman from Alabama [Mr. OLIVER] with reference to lines 9 to 12 on page 20, which proyide for $122,000 for rent for the departments. I should like to know if it is not expected that the Department of Justice Building will be finished by the 1st of July?

Mr. OLIVER of Alabama. The committee went into that question, and it is our hope the building will be completed during the fiscal year, but we could get no definite promise. If it is completed, under the existing rental contract it can be vacated, and this amount will not be spent. We simply provided for the contingency, if not completed.

Mr. DYER. We will probably not have to use this money, then?

Mr. OLIVER of Alabama. Not all of it, we hope.

The pro forma amendment was withdrawn.

Detection and prosecution of crimes: For the detection and prosecution of crimes against the United States; for the protection of the person of the President of the United States; the

acquisition, collection, classification, and preservation of identification and other records and their exchange with the duly authorized officials of the Federal Government, of States, cities, and other institutions; for such other investigations regarding official matters under the control of the Department of Justice and the Department of State as may be directed by the Attorney General; hire, maintenance, upkeep, and operation of motor-propelled passenger-carrying vehicles when necessary; firearms and ammunition, such stationery, supplies, and equipment for use at the seat of government or elsewhere as the Attorney General may direct, including not to exceed $13,000 for taxicab hire, to be used exclusively for the purposes set forth in this paragraph and to be expended under the direction of the Attorney General; traveling expenses; payment of rewards when specifically authorized by the Attorney General for information leading to the apprehension of fugitives from justice, and including not to exceed $493,154 for personal services in the District of Columbia; $2,589,500.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I notice this paragraph relates to the Bureau of Investigation. I wish to express briefly an opinion which I entertain with reference to the activities and efforts of this particular bureau. During my period of service in the House I have heard other departments or branches of government severely criticized, but on this occasion I am going to say a kind word for an activity of the executive branch of the Government.

The Bureau of Investigation is at least one bureau in the Federal Government toward which the least breath of scandal has never been directed. Its personnel are men who are conscientiously and fearlessly carrying out the serious duties that are imposed upon them by law.

I have never heard this bureau criticized or attacked, at least in my time, and I think the older Members of the House, Members longer in service than I, will agree to that statement in their time. Every one of those men is carefully selected, and never has there been the least breath of corruption attached to any one of them. They have serious duties to perform, and they perform their duties ably and well. This bureau is a credit to the Federal Government. It is under the leadership of a brilliant young man whom I greatly admire and whom I respect. Undoubtedly the high character of service rendered by those in the service of that bureau is as the result of the type of leadership which they enjoy. That young man down there whom I have observed, Mr. J. Edgar Hoover, Director of the Bureau of Investigation, I consider one of the finest public officials in the service of the Federal Government. I take this opportunity to make these few remarks so that at this particular spot in the reading of this bill, where appropriation is provided for with reference to the future activities of the Bureau of Investigation, to let Mr. Hoover and those who are working under him know that the Members of the National House of Representatives have watched their activities and are proud of the wonderful work they are doing, and we sincerely hope and trust that they will continue to render in the future the same high character of service they have rendered in the past.

Mr. DYER. Will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. DYER. I simply want to add to what the gentleman has so ably said about this work in the bureau. I have watched it carefully for 20 years, as the author of an act of Congress that has taken a great part of the time of this bureau, namely, the national automobile theft law. In my judgment, Mr. Chairman, and I think I voice the sentiment of the distinguished gentleman from Alabama [Mr. OLIVER] and the distinguished gentleman from Pennsylvania [Mr. SHREVE], the former chairman of this subcommittee, Mr. Hoover is one of the finest public officials of this Government, and his bureau is one of the most efficient, nonpartisan, nonpolitical bureaus that we have at this time.

Mr. McCORMACK. I thank my distinguished friend for his contribution, and I absolutely agree with him. My only purpose was to stay the reading of the bill for a few moments so that there might be a message sent from this Chamber to those in the executive branch of the Government that when they are rendering a high character of service, performing serious duties fearlessly and courageously, they will be recognized, and to send a message which will inspire them in the future to even higher levels and to a higher character of service than they have so ably rendered in the past. [Applause.]

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. McCORMACK. I gladly yield.

Mr. OLIVER of Alabama. I called attention to the efficiency of this bureau, in the absence of the gentleman from Massachusetts, and requested the House to read page 108 of the hearings where they would get a summary of the work that has been accomplished by the bureau.

Mr. McCORMACK. I thank the gentleman from Alabama. [Applause.]

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. McCORMACK] has expired.

The Clerk read as follows:

SALARIES AND EXPENSES, BUREAU OF PRISONS

Salaries and expenses: For salaries and expenses in connection with the supervision of the maintenance and care of United States prisoners, including not to exceed $179,163 for personal services in the District of Columbia and elsewhere, traveling expenses, and expenses of attendance at meetings concerned with the work of such bureau when authorized by the Attorney General; $204,000.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

This may not be the place for the inquiry which I wish to make about the action of the Director of the Bureau of Prisons in purchasing an automobile bus for the conveyance of Federal prisoners from various places in the United States to the Federal penitentiaries.

I follow these bills rather closely. Maybe I scrutinize them too carefully for my own good, but perhaps it is for the public's welfare; but I was really amazed when I learned that the Bureau of Prisons, presided over by a very capable man—and I join in the encomiums that the gentleman from Alabama gave him this morning—had purchased from some appropriation an automobile passenger bus for the sole purpose of conveying prisoners from various points in the country to the various penitentiaries.

I am one of those who do not approve of that character of expenditure. I consider it a waste, even though that distinguished bureau chief may be able to show that there is some economy in the transferring of prisoners by individual bus, operated by the Government. The attention of all of us has been called to the activity of the Government withdrawing traffic and other passenger service from the railroads. It is the unanimous opinion of everyone who has given it momentary thought that the railroads are a permanent institution in this country and must be maintained.

Yet we find the head of a bureau of the Government, without any express authority, investing the sum of thousands of dollars in the purchase of a bus for a service that could just as well be performed by the railroads, as it has been performed by them since the railroads were constructed.

I wish to inquire whether there is any specific authority for that appropriation that was made only in the last fiscal year?

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. ALLGOOD. I wish to congratulate the gentleman from Wisconsin upon his stand for economy here and upon his profound knowledge of this question and the deep information he has upon the subject. I just wish to congratulate him upon the stand he has taken for economy.

Mr. DYER. Answer that question!

Mr. STAFFORD. That is a bouquet that I could hardly expect to come from such a gentleman, in view of the fact that when he was last on the floor he so graciously objected to my paying him a compliment by objecting to my continuing for two minutes. I accept the bouquet.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. STAFFORD. I do not yield for any more bouquets.

Mr. HILL of Alabama. It is a case of two good economists being together, I may say.

Mr. STAFFORD. I am more than willing to accept a bouquet applicable to the gentleman's colleagues in the absence of the gentleman's other colleague [Mr. PATTERSON].

Mr. OLIVER of Alabama. I am very glad the gentleman asked the question, because it was not the misuse of funds. If anyone is to blame, Congress is to blame. Our committee must assume the responsibility, and so must Congress, of providing the funds for this purpose. We went into it and the committee understood the conditions under which the bus was to be procured and the purpose of its use. I think if the gentleman will read the hearings he will find it has been used in a very proper way and within proper limitations.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. STAFFORD. Will the gentleman kindly inform me whether there was any express language that would put Congress on notice that it was the purpose to authorize the head of this bureau to purchase an automobile bus for this specific purpose?

Mr. OLIVER of Alabama. My recollection is that the hearings disclose it.

Mr. STAFFORD. Oh, the hearings! Yes; but the gentleman can not expect the Members of the House to read the voluminous hearings and be acquainted with the viewpoint of the committee. Was there anything in the report, was there anything in the stated words of the bill, which would give an indication to the Members of the House that this money was to be used for this singular and exceptional purpose?

Mr. OLIVER of Alabama. I do not now recall whether it was in the report or not.

Mr. STAFFORD. Mr. Chairman, I will withhold my caustic criticism of this action until I read the hearings, because I think such practices can not be justified in these straitened times, when we are on the verge of being obliged to take over the railroads because of their want of revenue, to have the Government go into competition with the railroads by buying a bus that is only used a part of the time, lying idle most of the time, being at the direction of this director to be sent to this place and that place to convey convicts to the penitentiaries, while the railroad service is going on continuously. I think it is false economy, but I will withhold further caustic and perhaps withering comment until I have read the testimony. [Applause.]

The Clerk read as follows:

UNITED STATES SUPREME COURT

Salaries: For the Chief Justice and eight Associate Justices; reporter of the court; and all other officers and employees, whose compensation shall be fixed by the court, except as otherwise provided by law, and who may be employed and assigned by the Chief Justice to any office or work of the court, including an additional assistant to the reporter of the court, if the court deems one necessary, to enable the reporter to expedite the publication of its reports, $279,173.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

As I read the report, the committee scaled down the recommendation of the Budget from $292,173 for the salaries of the Chief Justice and Associate Justices and other employees directly connected with the Supreme Court some $13,000. Was this done upon the recommendation of the Supreme Court?

Mr. OLIVER of Alabama. No. This is not a reduction from the salaries of the members of the Supreme Court. We could not scale down their salaries. This is on the help employed by the Supreme Court.

Mr. STAFFORD. Will the gentleman give some information as to the reason this appropriation was scaled down $13,000?

Mr. OLIVER of Alabama. The committee went into it very carefully and were unanimously of the opinion that the Supreme Court, in times like these, would gladly cooperate in effecting economies, and it is our thought that we have not denied them proper clerical and messenger assistance.

If the gentleman will read the hearings, he will find quite a large number of messengers carried for the Supreme Court, and our action here accords with reductions in the executive branches of the Government and with reductions carried for other courts. In this day and time no department or activity is so sacred that Congress should not interpose and endeavor to effect economies alike in all branches or departments of the Government.

Mr. STAFFORD. Mr. Chairman, the Supreme Court—and I do not make this statement to criticize the action of the committee—has always been rather sensitive and also aloof from making any proof to the Congress in justification of the estimates they present.

Mr. OLIVER of Alabama. The gentleman will find that the clerk of the Supreme Court submitted a statement as to their employees, and the committee felt this reduction was justified on the statement submitted.

Mr. STAFFORD. Mr. Chairman, I do not wish to express criticism of the committee, but I dislike to see any committee of Congress take any action against the estimate as furnished by the Supreme Court, a coordinate branch of government.

Mr. OLIVER of Alabama. The executive department is also a separate coordinate branch of the Government, and we have not hesitated to cut the recommendations of the President.

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the pro forma amendment.

I wish to call the attention of the chairman to a matter for the future consideration of the committee, inasmuch as I, in all likelihood, will not be here on the next appropriation bill.

I called the attention of the House at the last session to the abuse of the assignment of district judges. I gave the complete list of the judges assigned to the southern and eastern districts of New York. I took that district as an example of the conditions. For example, there were some there who really were assigned owing to the needs for additional judges and who went there on the call of service. They were not subject to criticism and none was intended, but in that list I gave at the time was the case of a judge on the Atlantic seaboard being assigned to the Pacific seaboard, while at the same time a judge from the Pacific seaboard was assigned to the Atlantic seaboard. Surely no justification for that. This involved the cost of transportation and a per diem allowance. Now, if any district is constantly in need of additional judges, this situation ought to be corrected. If there are any districts which have too many judges, I believe one of those judges might be permanently assigned to another district where he is needed.

This constant shifting of judges from one place to another naturally entails a great deal of expense. For instance, I gave an example where a judge sitting in Brooklyn was assigned to Manhattan, just across the river, connected by a subway, and he received a $20 allowance for that day.

Mr. GOSS. Travel allowance?

Mr. LAGUARDIA. Yes. In addition to the assignment of district judges, another thing that must be looked into is that the circuit court judges ought to have their residence in the place where the court sits most of the time. In our circuit district there is one judge who lives in Connecticut. The circuit court of appeals invariably meets in New York City, and yet his expense charge during the year amounts to several thousand dollars.

Mr. GOSS. I am acquainted with one of these judges from Connecticut to whom the gentleman referred. That judge resented, as far as he could ethically, having to go down there and sit in that particular district.

Mr. LAGUARDIA. He is a circuit court judge and naturally must sit with the circuit court of appeals. The appellate courts spend most of the time in New York City.



Mr. GOSS. I understand; but it is not up to that judge; he is not looking for it. I want to make the record clear on that.

Mr. LaGUARDIA. It is the circuit court of appeals for that district. It seems to me we should provide the residence of these circuit court judges at the point where they are sitting most of the time. I am not criticizing him personally. I am criticizing the system. His residence ought to be fixed in New York. They sit most of the time at one place, and the place of residence ought to be there in order to avoid this traveling expense.

Mr. MILLARD. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. MILLARD. Will not the evils that the gentleman now complains of be corrected when prohibition is repealed?

Mr. LaGUARDIA. I am talking about circuit courts.

Mr. MILLARD. I refer to the first part of the gentleman's statement.

Mr. LaGUARDIA. It will be some time, I think, before the district courts will be able to catch up with their civil calendar, particularly in the southern and eastern districts of New York, where they are way behind in the admiralty and other calendars.

Mr. OLIVER of Alabama. I think the gentleman is correct in his statement. It is the fault of the system rather than the judges. I had a talk with the Chief Justice about the matter, and it is the hope of the American Bar Association that something can be worked out along the lines that the gentleman mentions.

Mr. LaGUARDIA. Just in that connection there is one defect that should be corrected, and that is this: No one has been able to state who relieves the judge after he is once assigned. In other words, the assignment of the judge is brought about by a call for a judge from the senior judge in the district making the call, but, certainly, they ought to have some rule about when he is to be relieved. If you will look at my list you will find that a judge may go to another district and sit for a few days, then return home and go back and sit for another few days, and traveling expense and per diem are allowed. The responsibility ought to be placed somewhere to relieve the judge at the proper time or after he has finished his work on that particular assignment.

The Clerk read as follows:

For necessary repairs, furnishings, and improvements to the Court of Claims buildings, to be expended under the supervision of the Architect of the Capitol, $4,500.

Mr. OLIVER of Alabama. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OLIVER of Alabama: On page 27, after line 19, insert:

"The Court of Claims is authorized and directed to prescribe a graduated schedule of charges to be made and collected for certified copies of its decisions and findings of fact. The minimum charge to be prescribed for any such copy shall not be less than 25 cents."

Mr. OLIVER of Alabama. I may say to the committee that this is in line with what obtains in other courts. I talked with the judges and they felt it was proper and something that should really have been provided for sooner.

Mr. DYER. I shall not enter any objection or make any point about it.

Mr. OLIVER of Alabama. It will result in money being paid into the Federal Treasury, just as money is now paid for certified copies of the opinions of other courts.

Mr. DYER. Mr. Chairman, I ask for recognition on the amendment.

Mr. Chairman, I want to call the attention of the committee to the system that grows up in the Government when we provide for additional employees, and so on.

In 1925 the Court of Claims came to the committee of which I am a member, the Committee on the Judiciary, and asked for legislation authorizing them to appoint seven commissioners.

We had hearings upon the matter, and the court represented to us that this was important and necessary, because following the World War their work had accumulated, and they were behind in many claims and could not reach them or attend to them promptly and, therefore, asked for the appointment of these commissioners. They asked for them as temporary commissioners, and the committee, of which I am a member, reported a bill authorizing the court to appoint seven commissioners at $5,000 per annum.

This legislation became law on February 24, 1925. Three years after this the court came back to the Committee on the Judiciary and asked for an extension. The court said they had not been able to catch up with their work and that they needed these commissioners for a similar period. We reported a bill extending the time three more years. This was on January 11, 1928.

About two years after this time they came back to us and asked not only for an extension of the time for these temporary commissioners but they asked us to report to the Congress and ask for authority to have these commissioners made permanent positions. They made a sufficient showing to justify the committee, as they thought, in taking this action. The salary was to be $5,000 per annum.

The House passed this legislation in view of the desire of the Court of Claims, as was stated to the committee, to catch up with its work growing out of the World War. This bill went to the Senate and some one over there, I do not know who it was, but evidently some Senator who wanted to favor, perhaps, one of the commissioners, had the salary increased from $5,000 to $7,500 for the seven commissioners.

All I know about the necessity for the present continuation of these commissioners, Mr. Chairman, is what I have read in the hearings of the Committee on Appropriations, wherein it has been stated by the chief justice of this court that they had furloughed during the present year three of the commissioners for three months at one time and then continued the furlough of these three commissioners for another three months, making a furlough of six months for three of the seven commissioners. As stated by the chief justice, this was done to conserve enough of the appropriation to take care of other employees and prevent the necessity, perhaps, of furloughing others.

As I read the hearings before the Committee on Appropriations, it seems that these three commissioners, after they had been furloughed for six months, evidently, came to the conclusion that they could not continue in this capacity for this length of time without pay.

[Here the gavel fell.]

Mr. DYER. Mr. Chairman, I ask unanimous consent to proceed for three minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DYER. So it was stated by the chief justice that these three commissioners had resigned. Notwithstanding this, the hearings show that the court filled these three vacancies by appointing other commissioners.

I do not know whether some of the judges had favorites they wanted to put on as commissioners or not, but, Mr. Chairman, it seems to me peculiar that they needed only four commissioners for a period of six months and now come here and ask for a continuation of the services of all of them. The Committee on Appropriations, in the bill, has limited the number to five, although the law itself provides for seven.

Mr. Chairman, I would have gone into this matter myself in the committee of which I am a member and from which this legislation came providing for the appointment of these commissioners originally, to determine just what the facts are with respect to the necessity of continuing any of them, if I had been aware of the situation, because if they were needed only for the work growing out of the World War, certainly that work has not continued until this day.

This shows, Mr. Chairman, that when you provide officials for the Government it is most difficult to ever separate them from the service.

The gentleman from Alabama can make his own statement, but I talked with him on several occasions, and it is his opinion that all of these things that are incorrect, wherever there are needless officials, should be eliminated under the blanket authority which I am advised they are going to give the next President.

For that reason I do not offer any amendment, but simply make these remarks on the situation regarding this one item for the information of the committee.

Mr. MOORE of Ohio. Mr. Chairman, and members of the committee, eight years ago Congress inaugurated an innovation with respect to practice before the United States Court of Claims by authorizing the judges of the court to appoint seven competent persons as commissioners who shall "have and perform the general duties that pertain to special masters in equity." Suits filed in the Court of Claims are referred to the commissioners, who try the cases and hear the evidence, rule on its competency and make their reports to the court accompanied by the evidence. The case is then argued before the judges of the court on exceptions to the commissioner's report and on the legal questions involved.

The Court of Claims has the dual function of a trial court and of an appellate court, as appeals therefrom are taken direct to the Supreme Court of the United States by writ of certiorari.

Prior to the inauguration of the commissioner system the evidence in the cases before the court was taken by deposition before a notary public. That procedure entailed a large, voluminous record containing immaterial and incompetent testimony, a considerable length of time, and did not enable a court to judge in any way the demeanor of the witnesses while on the stand.

According to the Attorney General's report for the fiscal year ended June 30, 1932, about half of the suits in the Court of Claims carry interest, and it has been clearly established by the reports of the Attorney General and records of the Court of Claims that the commissioner system has been and is saving the Government each year, in interest alone, hundreds of thousands of dollars. During each year while the commissioner system has been in operation it has, by forcing cases to an early trial and ruling out incompetent evidence, saved the Government many times its total cost.

I trust that in passing this appropriation bill the House will do nothing to disrupt or disturb this system which is so vital to the proper administration of justice by one of the most active and important of existing courts, the United States Court of Claims. The correctness of this statement need not be further emphasized than to quote the following sentences from page 83 of the annual report of the Attorney General of the United States for the fiscal year ended June 30, 1932, as follows:

During the year ended June 30, 1932, the Court of Claims disposed of 823 cases, involving $470,513,986.48. This is the largest number of cases finally disposed of in a court year during recent times.

* * * * * * *

A careful estimate of the pending cases, with actual and estimated amounts involved as to the principal and interest computed under the present law, shows the aggregate of pending claims to be $4,055,312,696.59.

As to the history of the origin of the Court of Claims I can do no better than quote from the address of Chief Justice Fenton W. Booth, given before the Federal Bar Association at Washington in 1929, as follows:

Among the first bills introduced in the First Congress were several providing appropriations for the payment of private claims against the Government, and each succeeding Congress was confronted with not only similar but a constantly increasing volume of similar legislation, until finally the matter became a subject of concern, eliciting the efforts of our early statesmen to solve it.

It is no reflection upon Congress to state that the adjudication of private claims against the Government should be intrusted to the courts. The attenion of Congress is centered upon public and important governmental questions; its facilities for obtaining testimony in such controversies are limited and procedure therewith unavoidably prolonged. Citizens of the country remote from the seat of government would be seriously handicapped, both as to the expense as well as obvious inability to secure testimony of greater probative value than ex parte affidavits, and in most instances absolutely precluded from personal appearance before committees. As a matter of demonstrated fact, to restrict the citizens of the United States to the single personal right of constitutional appeal to Congress for the redress of their grievances would, as to private claims, be the equivalent in most instances of the denial of justice.

The Supreme Court of the United States recognized this fact long before it impressed Congress. Chief Justice Jay, the first Chief Justice of the United States Supreme Court, said in the memorable case of Chisholm *v.* Georgia:

"I wish the state of society was so far improved and the science of government advanced to such a degree of perfection as that the whole Nation could in the peaceable course of law be compelled to do justice and be sued by individual citizens."

And in several opinions of the same great court the subject was repeatedly referred to and favorably advanced. The constitutional right to petition Congress for relief was the single available remedy. Governments may not be sued except by their consent, and the increasing demand for the prompt settlement of just governmental debts, the interminable delay in their consideration and allowance, aroused such a formidable sentiment among the bench and the bar of the country, as well as the claimants themselves, that Congress, in February, 1855, passed an act creating the United States Court of Claims. The court at first was composed of three judges, and while the subject matter of its jurisdiction was most comprehensive, its real judicial power was exceedingly limited. The right to award a judgment against the United States was withheld. The findings and opinions of the court were transmitted to Congress for its approval and awards. Strange as it may now seem, the judgeships attracted accomplished lawyers and the initiatory work of the judges so far commended itself to Congress that in 1863 the court's jurisdiction was enlarged to what Congress then believed was authority to award judgments against the Government, with right of appeal to the Supreme Court by either party. The statute of 1863 contained a provision which took from the court's judgments the attribute of finality; the Secretary of the Treasury was given a modicum of supervisory power, and hence the Supreme Court declined to entertain appeals. In 1866 this error in legislation was corrected, and since then the court has occupied a distinct place in the Federal judiciary system of the country.

The act of 1863 increased the personnel of the court to one chief justice and four associate judges, and as such it remains to this day.

The Court of Claims has a wide and most varied jurisdiction, including all claims against the United States Government with the exception of tort and pension claims. The present docket of the court includes a total of approximately 1,500 cases, embracing the following types of cases: Congressional reference, income tax, contract, ship, patent, cotton linter, railroad, Indian, dependency allowances, rental allowances, and others.

The work of the Court of Claims has been increased periodically from its inception. On page 44 of the Attorney General's report for the fiscal year 1921 we find the total number of cases pending June 30, 1921, to be 733, involving the sum of $197,316,447.07.

From page 83 of the report of the Attorney General for the fiscal year ended June 30, 1932, I previously quoted as follows:

A careful estimate of the pending cases with actual and estimated amounts involved as to the principal and interest computed under the present law, shows the aggregate of pending claims to be $4,055,312,696.59.

A consideration of the tabulations on pages 83 and 84 of this report indicates 1,551 actual cases pending before the court. This shows within the last 10 years an increase of over 100 per cent in pending cases with a stupendous increase in the amounts involved.

It was early realized that the court needed additional assistance, due to the increase of the annual volume of business before it. As early as 1870 Justice Nott, of the Court of Claims, in Lawrence *v.* United States (6 C. Cls. 81), stated as follows:

The increased business of the court has caused to suitors increased harassments and delays, and calls for increased means and facilities. It may be that if ordinary cases were referred to special commissioners in the first instance, both to take the testimony and report the facts, the law of those cases would be more carefully considered and the result more speedily reached. And these references might go on during the vacation, so that at the opening of the new term a large number of new cases would have well-nigh ripened into judgment. The exceptions of the respective parties to the findings would direct the scrutiny of the court to the essential facts, and the conclusions of the commissioner would reduce the arguments to the real points of legal controversy.

Of no case referred to a commissioner will the court lose responsibility or control. The final hearing will still be before

the court, and there each party will be entitled to be fully heard, and to present by his exceptions any matter of which he deems himself aggrieved, either as to the law or the fact. The testimony and proofs must be returned with the report, and the court will look into them, so as to see whether any finding is sustained by or is against the weight of evidence. The arguments will be confined to the matters excepted to, and the cases can be set for hearing, when ready, upon any Monday of the term, without the delay of going upon the usual trial list.

The appointment of seven commissioners by the Court of Claims for a term of three years was authorized by an act approved February 24, 1925 (43 Stat. 964), and that portion of the act pertaining to and defining the duties of the commissioners is as follows:

To afford the Court of Claims needed facilities for the disposition of suits brought therein, said court is hereby authorized and empowered to appoint seven competent persons, to be known as commissioners, who shall attend the taking of or take evidence in cases that may be assigned to them severally by the court and make report of the facts in the case to the court. Any commissioner shall proceed under such rules and regulations as may be promulgated by the court, and such orders as the court may make in the particular case, and may have and perform the general duties that pertain to special masters in suits in equity. He may fix the times for hearings, administer oaths, examine witnesses, and receive evidence. Parties to the suit may appear before the commissioner in person or by attorney, produce evidence, and examine witnesses. Subpœnas for witnesses or for the production of testimony before the commissioner may issue out of the court by the clerk thereof and shall be served by a United States marshal in any judicial district to whom they are directed. The rules of the court shall provide for a finding and report of facts by a commissioner, to be filed in court with the testimony upon which the same is based, and for exceptions thereto in whole or in part, by the parties to the suit, and a hearing thereon within such reasonable time as the court's rules or order may prescribe. Nothing in this section shall be so construed as to prevent the court from passing upon all questions and findings without regard to whether exceptions were or were not taken at the hearings before the commissioner. Any person appointed as commissioner may be removed at the pleasure of the court. (Act of February 24, 1925, sec. 1, 43 Stat. 964; joint resolution of January 11, 1928, 45 Stat. 11.)

Such term of office was extended an additional three years by an act of January 11, 1928 (45 Stat. 51). Commissioners are now serving, pursuant to the provisions of an act approved June 23, 1930 (46 Stat. 799), at an annual salary of $7,500, the commissioners devoting their entire time to the duties of their office.

The duties of the commissioners are succintly and aptly defined in the original act of February 24, 1925, in the following phraseology:

Any commissioner shall proceed under such rules and regulations as may be promulgated by the court and such orders as the court may make in the particular case, and may have and perform the general duties that pertain to special masters in suits in equity. He may fix the times for hearings, administer oaths, examine witnesses, and receive evidence.

When the court has referred a case to a commissioner he proceeds to set hearings for the appearance of the parties before him and the taking of evidence in the case. While a great many of the hearings are held in Washington, the commissioner has the power and authority and does travel throughout the United States and its Territories to the localities where the witnesses reside, thereby reducing both the expense of the Government and plaintiffs which would otherwise arise from the necessity of bringing witnesses to Washington for protracted periods of testimony. The commissioner in the hearings rules on the evidence as to its competency, relevancy, and materiality, and as to the forms of questions. He thus segregates the main issues of the case in concrete form—a procedure which it will be readily seen lessens the burden upon the court in its consideration of the records of the cases before it. When the testimony is completed before the commissioner he files with the court his findings of fact in a report accompanied by the evidence adduced by the parties. Plaintiff and defendant are then given 30 days in which to file exceptions thereto, the exceptions inviting the scrutiny of the court to the essential facts, and the conclusions of the commissioner reducing the arguments of counsel to the main points of legal controversy. The final hearing is before the court, at which hearing the parties are fully heard on questions of both law and fact.

The assistance thus rendered the court is readily indicated from the annual reports to Congress by the Court of Claims, 1921 to 1932, inclusive.

Prior to the inauguration of the commissioner system in 1925 the average annual amount sued for by plaintiffs and disposed of by the court was $82,500,000; the average annual amount sued for by plaintiffs since the inauguration of the commissioner system and disposed of by the court has been $1,500,000,000; the average annual number of cases disposed of by the court prior to the inauguration of the commissioner system was 438; the average annual number of cases disposed of by the court since the inauguration of the commissioner system has been 735.

The mere fact that the court has been able to annually dispose of an average number of 735 cases, since the inauguration of the commissioner system, as compared to an average annual number of 438, prior thereto, is ample justification for the system as it now exists, with its personnel capable of conducting the hearing of cases involving a wide variety of subjects, such as intricate and highly technical patent cases, tax cases, contract cases, Indian cases, and cases arising through congressional reference.

I have previously quoted from the Attorney General's report for the fiscal year ended June 30, 1932, in order to show a comparison of pending cases and amounts involved as between June 30, 1921, and July 1, 1931.

I now again quote from the last report of the Attorney General as to pending cases as of June 30, 1932, with the estimated amounts and computed interest, as applied to various types of specific cases:

Tax cases:		
675 actual claims	$66,097,106.65	
Estimated interest	14,688,245.92	
		$80,785,352.57
Patent cases:		
41 actual claims	238,347,640.08	
Estimated interest	52,966,142.24	
		291,313,782.32
Indian cases:		
58 actual claims	1,072,006,278.34	
25 estimated claims	354,000,000.00	
Estimated interest	2,112,449,581.39	
		3,538,455,859.73
General and special jurisdictional cases: 777 actual claims		144,757,701.97
		4,055,312,696.59

It will be noted that the pending cases as estimated in this report comprise 799 interest-bearing cases as against 777 non-interest-bearing cases. The interest-bearing cases approximate 50 per cent of the number of cases now pending. The amount of interest carried by these interest-bearing cases as contained in the Attorney General's report is staggering to contemplate. The concrete figures of this report show that the interest alone reaches the aggregate amount of $2,180,103,969.55. A consideration of the interest feature, together with the fact that the average annual number of cases disposed of by the court since the inauguration of the commissioner system is 735, as against an average annual number of 438 prior to its inauguration, demonstrates in striking form the large saving of interest resulting under the present commissioner system. These figures indicate to any fair-minded person the absolute necessity of the commissioner system as an adjunct to the court in speeding up its work.

The question may be asked, How much does the system cost? I have here figures which have been obtained from the chief clerk of the Court of Claims and which are directly made up from the itemized, audited, and approved expense vouchers relating to the commissioners. They are as follows:

Salaries of seven commissioners	$48,125
Commissioners' transportation (annual average)	3,018
Commissioners' subsistence (annual average)	2,588
Stenographic assistance	13,427
Total annual cost	67,158

From this it will be seen that the total annual expenses of the present system, which operates to double the number

of cases disposed of per year by the court, are only $67,158, an infinitesimal amount when compared with the interest items alone as taken from the Attorney General's report of over $2,000,000,000. Now permit me to give some concrete examples. As previously pointed out to a committee of this House by Chief Justice Campbell, the former chief justice of the Court of Claims, in one group of six cases, referred to as the Brooks-Scanlon group, the plaintiffs sought judgments in excess of $40,000,000 with interest, and the court rendered judgments for a total of $4,959,603. Inasmuch as the commissioner who consolidated and tried these cases together saved, in the judgment of the chief justice, at least one year's time in bringing these cases to trial, there was a saving of interest in these six cases of $297,576, a saving sufficient to finance the entire commissioner system for more than four years.

Another case which is highly illustrative of the time saved and permits of a direct comparison as between the original method of taking testimony by deposition and procedure under a commissioner of the Court of Claims is the case of Grissinger *v.* United States, No. D–923.

This is an interest-bearing patent case, quite intricate in nature, involving long-distance telephone lines, together with their elaborate electrical equipment. The petition in this case was filed December 4, 1924. Plaintiff and defendant struggled along through a maze of expert testimony of a very technical nature and involving certain electrical tests which were made at the Bureau of Standards until January 16, 1929, a period of over five years. At that time defendant had only partially completed its testimony. The case was then referred to one of the commissioners of the Court of Claims, who is not only a lawyer, but an electrical and mechanical engineer as well, and who is versed in patent matters. Notwithstanding the fact that the defendant repeated all of the previous electrical tests before the commissioner and took much additional testimony, followed by plaintiff's rebuttal testimony, the commissioner completed the final hearing October 2, 1930, slightly less than one year and nine months after the case had been referred to him.

While no specific amount is mentioned in the petition in the case, the amount is nevertheless large, as it involves the sale to France by the United States Government of the telephone lines and long-distance equipment used and erected in France by the American Expeditionary Forces during the war.

This is an interest-bearing case and, as has been indicated by the comparative procedure, undoubtedly several years have been saved in the taking of testimony before a commissioner familiar with electrical and patent matters.

In five typical patent cases in which there is the total sum of $11,939,300 sued for, interest is accruing at the present time at the rate of 4 per cent, which amounts to $477,572 per annum, in the event the plaintiffs establish their claims in full.

In this connection, comparing these figures with the Grissinger case, the saving of even two years' interest, at 4 per cent, would amount to over $900,000. The interest for two years at 4 per cent on this group of five cases as compared with the annual cost of the commissioner system at $67,000, gives the interesting and startling fact that savings in interest in these five cases alone would support the entire commissioner system of the United States Court of Claims for a period of over 13 years.

The annual report of the Attorney General for the fiscal year ended June 30, 1932, informs us on page 84 that the percentage of recovery for the current year was approximately 1 per cent of the amounts claimed.

From the tabulations found on pages 83 and 84 of this report the total principal sum sued for in interest-bearing cases is found to be $1,376,451,025.07.

Applying to this sum the percentage-of-recovery figure of 1 per cent, as estimated by the Attorney General, we find that of this amount $13,764,510.25 will be recovered.

The annual interest on this latter sum, based on the economy act, which allows 4 per cent per annum, is $550,580.41. Making a most conservative estimate that the commissioner system saves six months in the trial and preparation of a case, this will amount to an annual saving of $275,290.20, or enough each year to support the entire system, inclusive of commissioners' salaries, stenographic assistance, traveling, and subsistence for more than three years.

We should not single out and select this trained personnel who is directly responsible for a huge saving to the Government for a reduction in salary. This trained personnel at the present time includes a tax expert, a patent expert, and a former Congressman who for years was prosecuting attorney in his State. These men now serve under a statute which makes no provision for retirement pay, yet they do work almost identical with that of a trial judge.

It is true in these years of depression that the most rigid economy should be exercised, but is it economy to select this small and highly trained personnel for a cut in salary that is not only unjust to these commissioners but may be reasonably expected to result in a substantial monetary loss to the United States Government?

Once more in this respect I refer to the report of the Attorney General for the fiscal year ended June 30, 1932, and direct to your attention the following figures:

The total amount of judgments rendered against the Government during the year was $5,503,534.84, in cases in which the recovery sought was $470,513,986.48. The percentage of recovery for the current year was approximately 1 per cent of the amount claimed, but is $8,735,102.42 less than the amount awarded by the court in judgments during the preceding year. The total amount of the judgments entered in favor of the Government during the year on counterclaims was $1,591,691.24. Costs were collected from unsuccessful claimants during the year in the amount of $2,400.01.

The one percentage of recovery means but one thing, and that is this: The Court of Claims, with its present facilities for adequately investigating the multitudinous claims made on the Government, conspicuously stands out as the protector of the public moneys, and while it does this it has the facilities to carefully investigate each and every claim, hundreds of which must, according to these figures of the Attorney General, be of the utmost flimsiness.

And where do we find the first line of this protection? It exists in the personnel of the commissioners. They are the men who alone come in actual contact with the witnesses, and being present at the actual taking of the testimony are able to see the witnesses as they testify and thus contemplate their veracity and question the witnesses themselves. These are factors which, as every lawyer will admit, render them much more capable of weighing the evidence thus presented than even the most learned judge who assimilates his case from a mere printed record. Here is just where the Government wants and needs a group of highly trained and skilled lawyers, who can and do function not only to protect its citizens in the prosecution of their just claims but at the same time saves the Government from unjust claims.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. OLIVER].

The amendment was agreed to.

The Clerk read as follows:

Salaries and expenses, clerks of courts: For salaries of clerks of United States circuit courts of appeals and United States district courts, their deputies, and other assistants, travel expenses pursuant to the subsistence expense act of 1926, as amended (U. S. C., Supp. VI, title 5, sec. 821–833), and other expenses of conducting their respective offices, $1,856,580.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. In this item I believe the committee has reduced the Budget item by $110,000. The hearings disclose an itemized statement of the appropriation of $2,000,000.

The gentleman from Alabama in his prefatory remarks said that perhaps the committee did not like to be too drastic in cutting down the estimates of the Department of Justice. It occurs to me that in this instance it has gone too strong.

Mr. OLIVER of Alabama. I would like to ask, either at this or some other point, to later return for the purpose of offering an amendment whereby we will provide a fund for 1934 out of certain unexpended 1933 balances.

The CHAIRMAN. Will the gentleman specify what he wants to have passed?

Mr. OLIVER of Alabama. Lines 12 to 18, inclusive, page 29.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. GOSS. Could the gentleman indicate to the House what that might involve? As I understand, the gentleman will offer an amendment that will reappropriate all of the savings of this bill for any purpose.

Mr. OLIVER of Alabama. Oh, no; not of this bill at all. We estimate that by proper economies during the remainder of the fiscal year 1933, we can find some savings, and we will limit the amount of the reappropriation of certain savings thus effected, so that it may provide for estimates that we may have been in error about relative to the Department of Justice in 1934.

Mr. GOSS. That is, any part of the Department of Justice?

Mr. OLIVER of Alabama. No.

Mr. GOSS. Can the gentleman tell us what that is?

Mr. OLIVER of Alabama. We think that there will be some savings in prisons, on account of the fact that a number of prisons have not been operated the full year. We think there will be some savings even in the item carried for marshals. To show the gentleman how estimates made in advance are sometimes erroneous, we understood at one time that there would be a deficit under this item for marshals, and now we learn there may be an unexpended balance. I shall make known to the House at the time the amendment is offered what the facts are on which we predicate our belief.

Mr. GOSS. And what reappropriations it will be applied to?

Mr. OLIVER of Alabama. Absolutely. There is no desire, and there will be none, to reappropriate any of these unexpended balances for controversial items in the bill in 1934.

The Clerk read as follows:

PENAL AND CORRECTIONAL INSTITUTIONS

For all services, supplies, materials, and equipment in connection with or incident to the subsistence and care of inmates and maintenance and upkeep of Federal penal and correctional institutions, including farm and other operations not otherwise specifically provided for in the discretion of the Attorney General; gratuities for inmates at release, provided such gratuities shall be furnished to inmates sentenced for terms of imprisonment of not less than six months, and transportation to the place of conviction or bona fide residence at the time of conviction or to such other place within the United States as may be authorized by the Attorney General; expenses of interment or transporting remains of deceased inmates to their homes in the United States; maintenance and repair of passenger-carrying vehicles; traveling expenses of institution officials and employees when traveling on official duty, including expenses of attendance at meetings concerned with the work of the several institutions when authorized by the Attorney General, and including expenses incurred in pursuing and identifying escaped inmates; traveling expenses of members of advisory boards authorized by law incurred in the discharge of their official duties; rewards for the capture of escaped inmates; newspapers, books, and periodicals; firearms and ammunition; tobacco for inmates; and the purchase and exchange of farm products and livestock, when authorized by the Attorney General: *Provided*, That any part of the appropriations under this heading used for payment of salaries of personnel employed in the operation of prison commissaries shall be reimbursed from commissary earnings, and such reimbursement shall be in addition to the amounts appropriated herein.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent that the next paragraph, beginning with line 23, on page 33, and ending with line 10, on page 34, be postponed for consideration until to-morrow, just after action is taken on the item carrying appropriations for prohibition. Several gentlemen here are interested in offering amendments to this paragraph, and an agreement will be had as to reasonable time limit for debate. It will be in the interest of orderly procedure and save time. The gentleman from Ohio [Mr. COOPER] and others are interested, and I notified them that when this item was reached I would ask unanimous consent that it be taken up to-morrow as indicated, and that it would then be in order to offer proper amendments. When it was stated to the House that we thought we could get through with this bill to-morrow afternoon it was with the idea of giving fair and intelligent discussion to such items as Members had bona fide amendments to offer to, and that a reasonable time limit could be agreed on. I think there are three items, possibly four, in the bill of the character I refer to.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to pass over the next item without prejudice. Is there objection?

There was no objection.

The Clerk read as follows:

United States penitentiary, Atlanta, Ga.: For the United States penitentiary at Atlanta, Ga., including not to exceed $356,350 for salaries and wages of all officers and employees, $920,000.

Mr. OLIVER of Alabama. Mr. Chairman, here is another of the few items which the gentleman from Georgia wishes to offer amendments to. I ask unanimous consent that this be passed and returned to following the disposition of the other two postponed items.

The CHAIRMAN. The gentleman asks unanimous consent that the item on page 35, lines 8 to 11, inclusive, be passed over, to be considered immediately after the disposition of the paragraphs just passed over. Is there objection?

There was no objection.

The Clerk read as follows:

Construction: The sum of $150,000 is made available from the unexpended balance of the appropriation "Federal jails, construction," contained in the act making appropriations for the Department of Justice for the fiscal year 1932, for completing the remodeling and construction of the necessary buildings and appurtenances, purchase of mechanical equipment, and other expenses incident to the construction of buildings in accordance with the provisions of "An act for the establishment of a United States Industrial Reformatory," approved January 7, 1925 (U. S. C., title 18, sec. 832), to be expended under the direction and upon the written order of the Attorney General, or his authorized representative, by contract or purchase of material and hire of labor and services and utilization of labor of United States prisoners, as the Attorney General may direct, to be immediately available and to remain available until expended: *Provided*, That the Secretary of the Treasury, if in his discretion it would be impracticable to cause the plans, drawings, designs, specifications, and estimates for the remodeling and construction of the necessary buildings to be prepared in the office of the Supervising Architect of the Treasury Department, and the work of remodeling and constructing the said buildings to be supervised by the field force of said office, may contract for all or any portion of such work to be performed by such suitable person or firm as he may select.

Mr. OLIVER of Alabama. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. OLIVER of Alabama: Page 36, line 14, strike out "$150,000" and insert "$40,000."

Mr. OLIVER of Alabama. Mr. Chairman, that is for the purpose of limiting construction of additional buildings at Chillicothe.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

Federal jails: For maintenance and operation of Federal jails, including not to exceed $411,201 for salaries and wages of all officers and employees, $600,000.

Mr. DYER. Mr. Chairman, I move to strike out the last word in order to ask the gentleman from Alabama a question. I understand that the item in respect to the Atlanta Penitentiary has been passed over, to be returned to to-morrow.

Mr. OLIVER of Alabama. Yes.

Mr. DYER. I have a letter here from a constituent complaining about the manufacturing of white duck in that penitentiary.

Mr. OLIVER of Alabama. The agreement to pass over the item in reference to prison industries until to-morrow contemplates that it will be in order to offer germane amendments in reference thereto.

Mr. DYER. That is what I wanted to do.

Mr. OLIVER of Alabama. The gentleman's rights will be protected under that unanimous-consent agreement.

Mr. DYER. I do not know what the facts are, except as I have gotten them from a constituent. I shall be very glad to hear to-morrow from the gentleman from Alabama. Do the hearings contain anything with reference to what we have done in providing work in the Federal penitentiaries? Are the hearings quite full about that?

Mr. OLIVER of Alabama. I will not say that the hearings are quite so full as perhaps we might have developed them, because we have not heard of any objection to this particular prison activity; but the gentleman will find this matter quite fully discussed in the hearings.

Mr. DYER. I was one of those who had something to do some years ago with the question of providing work for inmates of our institutions. I did it with the idea that it was not going to interfere with the private business, in that whatever they did there would go only to the Government itself. It is absolutely necessary to give those people some work.

Mr. OLIVER of Alabama. In presenting the viewpoint of the department and that of the Committee on Appropriations, I feel we are carrying out absolutely the spirit of the law, which the Committee on the Judiciary passed, and that the department is not violating that law either in spirit or letter.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment.

I wish to say to my friend the gentleman from Missouri [Mr. DYER] that I quite agree with him in his contention that this work should be confined to Government use and absorption, and that is just exactly what is being done.

The shoes that are manufactured at Leavenworth are for the convicts and for the use of the Army and the Navy, to a certain extent, and are all used by the Government.

The ducking, out of which some Government mail sacks are made, is all used by the Government, this duck being made at the Atlanta Penitentiary.

There was some question raised in the last session of this Congress about work done by convicts, and to find out how the people back home felt about this matter I brought the subject to the attention of my constituents in quite a number of speeches I made in my district during last summer. I took with me some samples of the duck made at Atlanta. I took with me some samples of the shoes made at Leavenworth, and I showed them to my audiences, and I explained the nature and scope of the Government's connection with those matters. I said, "Now, I want to find out how many of you are in favor of this work being done by convicts." I told them that such work not only keeps them busy and keeps up their morale and keeps them in a good frame of mind, but it gives each of them a small amount, a few dollars a month, to send home to their dependent fathers and mothers or wives and children. I said, "How many of you are in favor of continuing that business?" I was surprised to find that there was not a man in any audience who refused to stand up. They are all in favor of it throughout my district. If you will take it home to your people you will find there is not any antagonism whatever to that work.

The only reason I mentioned this was because of the reference made to it by the gentleman from Missouri [Mr. DYER].

Mr. PARKER of Georgia. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. PARKER of Georgia. I have been told that 25 per cent of the white duck that is being manufactured in the United States is being manufactured by the prisoners in the Atlanta Penitentiary. Are those figures correct?

Mr. BLANTON. No; they are not correct. They alleged that about "wide" duck, not "white" duck. But they are mistaken.

There are 12 kinds of duck manufactured in the United States, among them being tire duck for making tires, ounce duck which is lightweight duck for making suitings, awning duck for making outside awnings, belting duck for making machinery belts, numbered duck of various widths, also what is known as wide duck running from 26 inches to 144 inches in width, and sail duck for sails on boats. It is the Cotton Duck Association which has written to all of us asserting that 25 per cent of all the "wide" duck in the United States is manufactured at Atlanta Penitentiary, which is not correct.

Wide duck, as related to the various kinds of ducks, is less used than any of the others. The Government's biggest customer is the Post Office Department for mail bags, which require wide duck.

The "wide" duck manufactured for the last two years by the Government is only 12½ per cent, and not 25 per cent, as stated by factories. The estimate of 25 per cent was made by taking the Government output of all the various kinds of ducks and comparing it with only the one kind of duck manufactured by outside factories.

All of the duck manufactured in the Government penitentiary at Atlanta, when compared with all of the duck manufactured by all of the factories in the United States, amounts to only 1 per cent.

Considering cotton texture as a group, all of the products manufactured by the Government in the penitentiary only amounts to about 10 per cent of what the Government uses, and the Government buys the other 90 per cent from outside factories.

There are four manufacturers in the United States manufacturing duck that belong to the Cotton Duck Association, which is making this complaint. They constituted a monopoly and charged us fabulous prices until the Government opened its factory at Atlanta.

For want of work to occupy their minds convicts in Joliet Penitentiary burned down the mess hall at a cost of a million dollars. For want of work to occupy their minds at the State penitentiary at Columbus, Ohio, prisoners burned to death 350 inmates in a fire they started.

Our 1,200 convicts, which we are to carry at the new penitentiary at Lewisville, must have some work to do, and we ought to make them work.

Out of the duck made at Atlanta Penitentiary only about 20 per cent of the mail sacks are manufactured for the use of the Government of the United States.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BLANTON. Certainly; I yield.

Mr. COCHRAN of Missouri. Is it not true that 25 per cent of the ducking made in this country goes out of Atlanta Penitentiary, not for mail sacks alone, but as duck?

Mr. BLANTON. No; that is not true. The Cotton Duck Association alleged that 25 per cent of all "wide" duck manufactured was manufactured at the Atlanta Penitentiary, but that is not true.

Mr. COCHRAN of Missouri. The gentleman said only 20 per cent of the duck was used for mail sacks.

Mr. BLANTON. I said that I have been informed that only about 20 per cent of our mail sacks are manufactured from penitentiary duck. But, as I stated before considering the cotton textiles as a group, all of the cotton products manufactured by the Government at the Atlanta Penitentiary only amounts to about 10 per cent of what the Government uses, and it buys the other 90 per cent from commercial factories.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent to proceed for one minute.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. OLIVER of Alabama. Mr. Chairman, the rights of the House are fully protected with reference to this item now being discussed, and the reason we did that was that we might expedite the consideration of this bill and give assurance in advance that if any were interested in this item it would be taken up to-morrow under a fair time limit for discussion. I am sorry we have drifted into this discussion since the House will be given a fair opportunity to be heard on this question to-morrow.

Mr. DYER. Mr. Chairman, for that further purpose I ask unanimous consent that I may extend the remarks I have just made by including at this point a statement showing just what are the facts with reference to labor in prisons.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. DYER]?

There was no objection.

The matter referred to is as follows:

FACTS WITH REFERENCE TO THE FEDERAL PRISON LABOR SYSTEM

DEPARTMENT OF JUSTICE,
BUREAU OF PRISONS,
Washington, December 17, 1932.

1. It has been definitely authorized by law (copy attached) and officially indorsed by the American Federation of Labor and the United States Chamber of Commerce.

2. This law has been conservatively operated by the Department of Justice.

3. The percentage of unemployment in Federal prisons is much less than the percentage outside; only about 10 per cent of our prisoners are employed in industries.

4. Preference is given to industries which will give the maximum of employment with a minimum of expenditure for machinery.

5. With the exception of equipping the new penitentiary with one small industry—that is, the metal-furniture industry—no expansions of prison industries have been authorized during the last year. All industries operated have been especially authorized by the Attorney General under the power given him by the law.

6. A revolving fund is reappropriated by the Committee on Appropriations each year.

7. The establishment and financing of all prison industry projects therefore comes annually before the Committee on Appropriations.

8. While there is occasionally a regrettable case of injury to a certain individual in private business, the Federal prison labor program has been, is being, and will be conservatively administered; and only where the benefit to the Government, its taxpayers, and the communities as a whole is clearly superior to the interests of individual concerns will the law be availed of.

In answer to statements appearing in the press recently, the Bureau of Prisons gives out the following facts in connection with the proposed establishment of an industry at the new penitentiary at Lewisburg, Pa.:

This penitentiary was specifically authorized by Congress in 1930, and the act provided that "the Attorney General may, in his discretion, establish industries, plants, factories, or shops for the manufacture of articles, commodities, and supplies for the United States Government" at this institution. On the same date Congress passed "An act to provide for the diversification of employment of Federal prisoners." As authorized by this act, Congress has appropriated a prison industries working capital fund "for the repair, alteration, direction, and maintenance of industrial buildings and equipment * * * connected with * * * such prison industries as are now established or may hereafter be established by the Attorney General at the several penal and correctional institutions."

Notwithstanding this express and definite authority, the Attorney General has during the past two years adopted the policy of not extending the operation of prison industries located at Federal institutions. While it is recognized that steady employment of prisoners is necessary for the maintenance of discipline, for the reduction in the cost of supporting prisoners, and for the better protection of society by turning out men capable of supporting themselves and their families, nevertheless the feeling has been that during years of industrial depression such a program should be conservatively applied, and therefore the records now show that not over 20 per cent of the Federal penitentiary population is employed in the manufacture of goods for the consumption of other departments.

The Federal prison labor law forbids the sale of goods on the open market. It restricts production in such a way that existing Government workshops may not be curtailed, and it prescribes other safeguards for the maintenance of prices and the conduct of such industries in the general interest of the Government and the reduction of the public tax bill. All semblance of private profit has been eliminated from the labor of Federal prisoners.

When the new penitentiary, from which so much is expected, was opened at Lewisburg it became apparent that some form of employment must be provided for the 1,200 or more prisoners soon to be quartered there. Unless this could be done, the money, the time, and the thought expended in making this the most modern of all Federal penal institutions would be wasted. Of all the needs for improving the character and disposition of the criminal classes, none is more vital than the provision for productive employment.

The Bureau of Prisons cast about to find some kind of indoor employment which would not only meet the restrictions of the law but would give a maximum of employment in proportion to the money invested. It must be remembered that the Federal prisons supply a market provided by the Government departments, which have very exacting specifications. It would be useless to attempt to get the departments to purchase prison products unless they strictly fulfilled the requirements of the departments. It is a well-known fact that in some instances machines must be employed in order to produce articles that can compete in quality with the products of commercial concerns who manufacture similar articles. The problem of the Bureau of Prisons is to produce a satisfactory article with the utmost utilization of hand labor and with the minimum of machine labor, which is almost exactly contrary to the predominant motive in private industry.

After a careful canvass of the Government departments it was decided that the manufacture of metal office furniture, particularly filing cabinets, met most nearly the requirements as stated above. From 125 to 150 workmen could be employed in a small metal-furniture plant, with a capital investment of less than $200 per workman. The figures show that the investment per workman in the modern textile mill is about $1,300 per workman, and apart from the large proportion of machines which are leased, the proportion of investment to operative in a shoe shop is about $700 per workman. It will be seen also that instead of showing a preference for machine-made goods in adopting this industry, the Bureau of Prisons has gone the limit in providing indoor work for prisoners in the production of articles which will be acceptable to Government departments with a minimum of machines.

It has recently been loosely stated that the bureau was installing in the Lewisburg Penitentiary sufficient steel-furniture equipment to "enable the manufacture of more steel furniture than all other private makers in the United States combined." The absurdity of such a statement is seen when it is considered that the contemplated output of steel filing cases for the prison shop for a year would not exceed a value of $40,000, whereas the census of manufacturers by the Department of Commerce reports that during the last year the value of all metal furniture produced in this country was $64,722,417.

The most recent estimate of the value of the purchases of metal furniture made by the Federal Government for all activities and for all purposes is approximately $1,000,000. Therefore, according to these figures, our output at Lewisburg would represent about 4 per cent of the Government's requirements, and less than seven-tenths of 1 per cent of the total aggregate value of metal furniture produced in this country.

The problem of prison labor is a perplexing one, even in normal times. It is extraordinarily difficult during the years of industrial depression. A moment's thought will show, however, that the trifling amount of competition provided by prison shops will have but little effect on a general industrial situation. Foreign competition, the mechanization of industry, and the paralysis of purchasing power are the contributing factors to the present situation.

Whatever industry is proposed for prisons, even though it be road building or reforestation, it will meet with determined opposition from the members of a certain craft or trade. If prison industry should be reduced to the point where all private firms must be satisfied, the unfortunate condition would be brought about whereby prisoners would stagnate in idleness and the public generally would suffer therefrom.

While it is important that every freeman who can possibly do so should have the opportunity to labor, it is also important that the public should not be saddled with the burden of thousands of idle and unproductive men in prison without the possibility of their making any return toward the reduction of the cost of their keep. The slight burden of prison competition is a burden which industry as a whole must bear. The effort of the Federal Prison Bureau has been, and will be, to distribute this burden equally and to eliminate private profit and unfair competition from its operations. The establishment of the little metal-furniture plant at Lewisburg is in direct pursuance of this policy and in strict conformity with the plan approved by Congress.

SANFORD BATES,
Director Bureau of Prisons.

DECEMBER 21, 1932.

ARGUMENTS IN FAVOR OF PRISON LABOR

DEPARTMENT OF JUSTICE,
BUREAU OF PRISONS,
Washington, December 17, 1932.

1. It helps reduce institution costs.

2. It aids in the maintenance of discipline.

3. It makes less likely the occurrence of prison riots and property destruction.

4. It trains men in habits of industry rather than deteriorates them through idleness.

5. It helps prevent crime by releasing men more fit to hold a job.

NOTE.—Of the 60 men released from Leavenworth who had been employed in the shoe factory not one had had his parole revoked after the lapse of more than a year from their discharge.

6. To the extent that the men employed in prison industries send these small earnings home, the community is relieved of the burden of supporting these dependents.

7. Under the Federal prison labor law all unfair competition has been removed.

8. There are no contractors in the Federal prisons.

9. There is no depressing of prices or flooding of private markets.

10. The output of prisons is distinctly limited—

(a) To meet the needs of Federal departments.

(b) So as not to curtail existing Government industries.

(c) On a diversified basis so that the burden will not fall on any one industry.

The Clerk read as follows:

Probation system, United States courts: For salaries and expenses of probation officers, as authorized by the act entitled "An act to amend the act of March 4, 1925, chapter 521, and for other purposes," approved June 6, 1930 (U. S. C., Supp. V, title 18, sec. 726), $434,543: *Provided*, That not to exceed $90,000 of this appro-

priation may be expended for traveling expenses: *Provided further*, That no part of the appropriation herein made shall be used to pay any probation officer a salary in excess of $2,600 per annum: *Provided further*, That no part of this or any other appropriation shall be used to defray the salary or expenses of any probation officer who does not comply with the official orders, regulations, and probation standards promulgated by the Attorney General.

Mr. GOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 40, line 5, after the word "appropriation," insert the words "in this act."

Mr. OLIVER of Alabama. The committee will accept this amendment. It simply makes definite the intention of the committee.

Mr. DYER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I heard the statement this morning of the chairman of the subcommittee, the gentleman from Alabama [Mr. OLIVER], with reference to the probation system and the commendatory language he used with reference to this system. It is something new in our practice. Only a short time ago we provided for probation to prisoners and, as a result of that, the probationary system. I think it is one of the finest and best things that has been done. I have watched it very carefully in my home State and have had reports about its workings in other places. I find it has done a world of good, immeasurably so.

The only complaint I have is that there are some judges who have not taken advantage of it. They prefer to allow men who have pleaded guilty or who have been convicted of some minor offense to lie in jail and have the jails of this country crowded and filled to overflowing, as they are now, instead of taking advantage of the authority Congress has given them to put these men on probation and have a probation officer watch after them.

We have a fine lot of men in the probationary work. Those I have met here in Washington and out in the field are doing splendid work. I wish the judges would take advantage of this system and put a lot of these men on probation instead of putting them in jails and penitentiaries, especially in these times when if these people were let out they could support themselves and both they and the country be the better for it.

I want to commend the committee, yet I do not like to see them put a limitation upon the salaries of these probationary officers, because it is awfully difficult to get a good man who can do this work. You can not pick anybody and convert him into a probation officer; that can not be done. These men have to be men of experience; these men have to be men without bias—men who are absolutely free from all sympathies and suspicions. I do not think we ought to limit their pay, I will say to the distinguished gentleman from Alabama. I think that is one thing in this bill that ought not to be done. We ought not to limit their pay to $2,600 per annum, because we will lose some of the best men we have in this service; they will not stay and they will not be able to stay. You can not keep a man fitted for this work on it indefinitely at such a salary.

Mr. Chairman, if there is anything in the Government service that ought to be free of politics, free of everything in the world except efficient and honest discharge of duty, it should be the employees who have to do with the handling of our prisoners, our prisons, and our institutions. I believe we have, in a large measure, this character of men headed by a man who I believe to be one of the best in this whole country, Sanford Bates. I would like to see these men who have grown up and become efficient and qualified in the handling of prisoners stay and not see their salaries limited. I regret very much that there has been this limitation.

Mr. LAGUARDIA. Mr. Chairman, I move to strike out the last word.

I am very glad to hear my colleague, the gentleman from Missouri, state that these probation officers should be men of quality and character and free from political influence.

When we first passed the probation bill we had a civil-service provision in it. It was taken out in committee. Then we fought it out on the floor of the House. I still believe these officers ought to be placed directly under the civil service law and be selected from the civil-service list.

Now, Mr. Sanford Bates is what the gentleman from Missouri says he is, and we are very fortunate to have him at the head of the prison department, but he has nothing to do with the selection of these men. They are selected by the judges. I remember after we created the office of probation officer and we had them under civil service, one judge up North would not appoint a probation officer because the man he had in mind was too old for civil service, and another judge in the South would not appoint a girl probation officer because she was too young for civil service. That was the condition that existed, and we took the civil-service provision out of the law, but I still believe it ought to be under civil service.

We have a very good civil-service system in New York State, and there is a very good one in Massachusetts. The probation officers are under civil service in these States.

What the gentleman says about salary is quite true and I want to ask the chairman of the subcommittee if this proviso—

That no part of this or any other appropriation shall be used to defray the salary or expense of any probation officer who does not comply with the official orders, regulations, and probation standards promulgated by the Attorney General.

Does not that put some limitation on the appointing judge?

Mr. OLIVER of Alabama. Absolutely so, and that really accomplishes what the gentleman has in mind if there should ever be a tendency to abuse the appointing rights conferred. This system is working admirably at the present time, and the reports are very satisfactory. I believe it will continue so, and the probation officers have rendered a very efficient service.

Mr. LAGUARDIA. Is the man chosen for such work judged by standards of educational and scientific training, and fitness, or is the judge still free to select the one he wants?

Mr. OLIVER of Alabama. The judge is free to act for himself, but the salaries are in the hands of the Attorney General, so if some one was appointed who was not qualified to carry on the work, no salary would be allowed. The standards to which appointees must conform will be found in the hearings.

Mr. LAGUARDIA. That is some relief but I still believe this ought to be placed under civil service.

The CHAIRMAN. The question is on the amendment of the gentleman from Connecticut.

The amendment was agreed to.

The Clerk read as follows:

Aircraft in commerce: To carry out the provisions of the act approved May 20, 1926, entitled "An act to encourage and regulate the use of aircraft in commerce, and for other purposes" (U. S. C., title 49, secs. 171–184), as amended by the act approved February 28, 1929 (U. S. C., Supp. V, title 49, sec. 173d), including salary of Assistant Secretary of Commerce (provided for in the act cited above), and other personal services in the District of Columbia (not to exceed $276,375), and elsewhere; rent in the District of Columbia and elsewhere; traveling expenses; contract stenographic-reporting services; fees and mileage of witnesses; purchase of furniture and equipment; stationery and supplies, including medical supplies, typewriting, adding, and computing machines, accessories and repairs; purchase, including exchange (not to exceed $2,000), maintenance, operation, and repair of motor-propelled passenger-carrying vehicles for official use in field work; purchase and replacement, including exchange, of airplanes (not to exceed $45,500); purchase of airplane motors, airplane and motor accessories and spare parts; maintenance, operation, and repair of airplanes and airplane motors; purchase of special clothing, wearing apparel, and similar equipment for aviation purposes; purchase of books of reference and periodicals; newspapers, reports, documents, plans, specifications, maps, manuscripts, and all other publications; and all other necessary expenses not included in the foregoing; in all, $1,070,570.

Mr. GOSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 44, line 21, after "$1,070,570" insert "*Provided*, That none of the money appropriated in this act shall be used for the purchase of any airplane ordered after the approval of this act which is equipped or propelled by a Liberty motor or by any motor or airplane engine purchased or constructed prior to July 1, 1920."

Mr. OLIVER of Alabama. I understand this is the same provision that is carried in the Army bill.

Mr. GOSS. It is the same provision; yes.

Mr. OLIVER of Alabama. The committee has no objection and will be pleased to accept the amendment.

Mr. STAFFORD. Mr. Chairman, I think the amendment is surplusage and simply adds to the expense of government.

Mr. OLIVER of Alabama. They would not purchase any of these motors, I am sure; but if the gentleman wishes to put in this prohibition, it is all right.

Mr. GOSS. I may say to the gentleman from Wisconsin that the amendment simply applies to the purchase of airplanes and is the same provision as that carried in the Army bill.

Mr. STAFFORD. Mr. Chairman, I rise in opposition to the amendment.

I made the statement, which was supported by the chairman of the committee, that this is an added expense to the Government, because it is mere surplusage and entirely beyond the range of practical conception of being applicable. Liberty motors for a long time have not been used in any instance in any branch of the Government. They have been regarded as obsolete for years and years, and if the gentleman has any acquaintance at all with the use of the old Liberty motors, of which the Government had a large supply at the close of the war, he will agree that they are not used and have been regarded as surplusage and junk for many, many years.

Mr. GOSS. I may say to the gentleman from Wisconsin that there are a great many new employees coming into the Government after March 4 that may not be acquainted with that fact, and if the gentleman will look at line 13 he will find that it refers to the purchase of airplane motors, airplane and motor accessories and spare parts, and some one may be attempting to put something over here, and certainly this language ties it up so that any such thing as that would be impossible.

Mr. STAFFORD. Mr. Chairman, I give more credit to the intelligence of the incoming administration and those who are going to administer the fund, perhaps, than the gentleman from Connecticut. I think those who are going to administer the fund, so far as aircraft is concerned, will be up-to-date, live individuals, even though they be Democrats, and will not utilize old, obsolete, abandoned Liberty motors.

I still persist that the incorporation of this amendment is an added expense to the Government and is merely surplusage.

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the last word.

I agree with what the gentleman from Wisconsin has said about the Liberty motors having been obsolete for years and years. This is quite true, but it took me 10 years to get this amendment in the Army appropriation bill.

When I came back from the war in the Sixty-sixth Congress I tried to prevent the further use of Liberty motors and the political influence was so strong, let me say to my colleague, that I was howled down.

I finally succeeded, through a resolution of inquiry, in obtaining a report from the War Department showing how many Liberty motors they had on hand. They had thousands and thousands of them on hand and there was a plan right after the armistice to build 20,000 additional Liberty motors and put each one of them in a case of oil. We defeated that.

When I came back in the Sixty-sixth Congress they were still using Liberty motors and they continued to use them in new planes, and conditions got so bad that we lost several planes and several lives by the persistent use of these obsolete motors.

It may be quite true, as the gentleman from Wisconsin has said, that, after going through what we have and since having this inhibition in the Army bill for the last four years, it may not be necessary now to have this provision; but there is a lot of this junk around and while I believe the Department of Commerce, which is intrusted with the supervision of safety in commercial aviation, would be the last department in the world to go out and buy a Liberty motor or use one that might be on hand, yet this will serve as notice that if this department is going to procure any planes, we do not want any Liberty motors.

The Liberty motor is obsolete. It was a good motor about two years before we put it in production in this country.

Mr. STAFFORD. Why not put in a limitation here that they shall not use any old shoes?

Mr. LaGUARDIA. Maybe that would be useful, too.

Mr. OLIVER of Alabama. If the gentleman will permit, I may say that this bureau is very much interested in improving the standard of all motors.

Mr. LaGUARDIA. There is no question about that.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut [Mr. Goss].

The question was taken; and on a division (demanded by Mr. Goss) there were—ayes 24, noes 1.

So the amendment was agreed to.

The Clerk read as follows:

District and cooperative office service: For all expenses necessary to operate and maintain district and cooperative offices, including personal services in the District of Columbia and elsewhere, rent outside of the District of Columbia, traveling expenses of officers and employees, purchase of furniture and equipment, stationery and supplies, typewriting, adding, and computing machines, accessories and repairs, purchase of maps, books of reference and periodicals, reports, documents, plans, specifications, manuscripts, not exceeding $1,200 for newspapers, both foreign and domestic, and all other publications necessary for the promotion of the commercial interests of the United States, and all other incidental expenses not included in the foregoing, $400,000: *Provided*, That the Secretary of Commerce shall require as a condition for the opening of a new office or the continuation of an existing office, except in cases where space is available in Federal buildings or in Federal buildings for the construction of which contracts have been let, that commercial organizations in the district affected provide suitable quarters without cost to the Government on and after September 1, 1932.

Mr. GOSS. Mr. Chairman, I move to strike out the last word. I have been interested in these cooperative offices. There is only one for New England, and that one is located in Boston. On inquiry at the Department of Commerce, I find that the gentleman—not that he has anything to do with it—has four or five offices in Texas, and manufacturers up in New England are anxious to get prompt and efficient service. We do not get that anywhere in the State of Connecticut.

I want to say this. The Department of Commerce wants to show what great work it is doing, and therefore, when an inquiry is made about the market in a foreign land, the department immediately acquaints the competitor who does not happen to have a district office.

In my district we are deprived of the privilege of information on foreign markets while other States have four or five offices.

Mr. OLIVER of Alabama. Our committee has for four or five years sought to discourage the establishment of these district offices. Many offices have been added on the insistence of another legislative branch.

The time has come when we feel that economy should be practiced, and business should know that the central office on inquiry can and will readily supply all the information now obtainable through any of the district offices.

Mr. GOSS. Yes; but it takes it a long time to get to us.

Mr. OLIVER of Alabama. We have not in any bill undertaken to say where offices should be established. When the gentleman from Pennsylvania [Mr. Shreve] was chairman of the committee we carefully avoided interfering in the slightest with the Department of Commerce in the matter of locating district offices.

We are still carrying a lump sum, the amount of which we feel is adequate for the proper carrying on of such offices as are now established.

Mr. GOSS. How much is for cooperative offices?

Mr. OLIVER of Alabama. Does the gentleman understand what a cooperative office is?

Mr. GOSS. Yes; we have one in my town.

Mr. OLIVER of Alabama. We have one at Cleveland, one at Cincinnati, one at Rochester, N. Y., and the amount expended at such offices rarely exceeds $7,500.

Mr. GOSS. In many cases they are in the chamber of commerce.

Mr. OLIVER of Alabama. Yes.

Mr. GOSS. Congress is dealing with it, and we can not get a new office. I think it is only fair that New England, that only has one, should have more.

Mr. OLIVER of Alabama. We are not establishing offices anywhere. That power is vested in the Department of Commerce.

Mrs. ROGERS. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mrs. ROGERS. This will not in any way interfere with the district office, for instance, in Boston, will it? There will be the same number of personnel?

Mr. OLIVER of Alabama. I can not say that. That is for the Department of Commerce to determine. We have reduced this appropriation, and in the report it was stated that if they pursued the policy that obtained when offices were first established, there would be ample funds, by practicing economy, to maintain all of the offices on a basis capable of rendering efficient services.

Mrs. ROGERS. Is the department reasonably satisfied that this can be done?

Mr. OLIVER of Alabama. I can not say. If we accepted only the estimates of the department as to what they would like to have, we could make no reductions whatever, because their estimates often exceed the estimates submitted by the President. We have done what we feel is entirely fair to the Department of Commerce and to the taxpayer.

Mrs. ROGERS. The main office in Boston has done remarkable work. I should like to compliment the chairman of the present subcommittee, Judge OLIVER, and also the former chairman of the subcommittee, the gentleman from Pennsylvania, Mr. SHREVE, on the wonderful work they have done in developing the entire service of the Bureau of Foreign and Domestic Commerce. This bureau has been of great assistance both to big business firms and to the man who has only a very small shop.

Mr. GOSS. Mr. Chairman, will the lady yield?

Mrs. ROGERS. Yes.

Mr. GOSS. I agree with the lady; but I would suggest that she must be well acquainted with New England, and that we have only one district office for six States, while in other States there are four or five district offices in one State. The export trade of New England far exceeds the export trade of these other States.

Mrs. ROGERS. I agree with the gentleman that it is an extremely important service to New England, because, owing to the high freight rates, we must turn to our foreign trade a great deal. Already the district office has been responsible for many orders in foreign countries. The business men of New England have greatly appreciated the work done by its Bureau of Foreign and Domestic Commerce, also in assisting them with their trade problems in this country. Dr. Frederick M. Feiker, director of the bureau, in an outline he has written to me relative to the work in the Boston district office for the fiscal year ended June 30, 1932, states as follows:

> Ninety-eight out of over 1,900 firms currently served by that office reported a total of $2,552,687.20 of new business and savings. I believe that this figure is significant when compared with the cost of maintaining the Boston office, which at the present time is slightly over $30,000.
>
> This ample return to the taxpayer is found throughout the country. The 34 branch offices are currently serving approximately 25,000 firms. Of these, 1,738 reported $46,616,761.80 as the amount of business directly traceable to the aid and efforts of the bureau during the past fiscal year. This is a return of $8.75 on each $1 expended by the bureau during the same period, its appropriation for that fiscal year being $5,334,122.

I believe in economy wherever possible, but I should feel extremely sorry to have this fine service curtailed. Again I wish to thank the gentleman from Alabama, Judge OLIVER, and the gentleman from Pennsylvania, Mr. SHREVE, for their cooperation in the past in helping me to secure appropriations for added personnel in the Boston office and for trade commissioners to develop our trade in foreign countries.

The Clerk read as follows:

> Lists of foreign buyers: For all necessary expenses, including personal services in the District of Columbia and elsewhere, purchase of furniture and equipment, stationery and supplies, typewriting, adding, and computing machines, accessories and repairs, lists of foreign buyers, books of reference, periodicals, reports, documents, plans, specifications, rent outside of the District of Columbia, traveling expenses of officers and employees, and all other incidental expenses not included in the foregoing, to enable the Bureau of Foreign and Domestic Commerce to collect and compile lists of foreign buyers, $53,890: *Provided*, That the Secretary of Commerce may make such charges as he deems reasonable for lists of foreign buyers, special statistical services, special commodity news bulletins, and World Trade Directory Reports, and the amounts collected therefrom shall be deposited in the Treasury as "Miscellaneous receipts."

Mr. ALLGOOD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

> Page 50, line 20, after the word "foregoing," strike out "$244,000" and insert "$144,000."

Mr. OLIVER of Alabama. Mr. Chairman, I reserve the point of order on that. I think that comes too late.

Mr. ALLGOOD. Mr. Chairman, I tried to get recognition at the time, but the reading clerk was reading at such a rapid rate that I lost track of it.

Mr. OLIVER of Alabama. I have no desire to take any advantage of the gentleman in that respect.

Mr. ALLGOOD. Mr. Chairman, I ask unanimous consent to return to the paragraph in order to offer the amendment.

The CHAIRMAN. Is there objection?

There was no objection.

The Clerk again reported the amendment.

Mr. ALLGOOD. Mr. Chairman, this appropriation is for statistics, for procuring and disseminating satistics in the Department of Commerce. Under present conditions I think that we can well dispense with so many statistics. The people are not so much interested in statistics. Not only is this true as to this item, but there are 28 other items in this section that could well be dispensed with. I have recently been back home, and the general complaint that I have heard is that Congress and the departments are needlessly spending large sums of money in sending out pamphlets and statistics and propaganda of every character from the Agricultural Department and from the Department of Commerce, and all the various departments. They are even criticizing the Members of Congress for filling up the CONGRESSIONAL RECORD with long speeches. What they want back home is economy, the kind of economy that will cut out these needless expenditures; and they are looking to this Congress and the next Congress to get down to sure-enough real economy on these measures.

I am presenting this amendment at this time to the House so that we can cut out $100,000 in furnishing the country statistics that the country does not want. The people are looking to this Congress to bring back prosperity and better times and to reduce expenses where appropriations are not needed, as in this item. I am confident that my amendment will not prevail, for there is always a tendency for the House to stand by the committee, and I know this practice has been carried too far for the best interests of our country. I realize that this committee has made reductions in many of these items. The report shows that they have made reductions in many items, but I contend that there are still other items that we can make reductions in. I feel, when these needless expenditures are brought to the attention of Congress, that Congress should further reduce them.

Mr. OLIVER of Alabama. Mr. Chairman, I withdraw the point of order. I recognize that it is not always easy for a Member to follow the Clerk and I have no desire to take advantage of anyone because he failed to offer his amendment at the proper time for that reason.

There is no doubt great merit in the statement made by my colleague in reference to some of the items carried in the bill. It is the hope, I think, of every Member of the House, and the earnest expectation, that Congress will con-

fer very plenary authority on the President elect to correlate all of these activities. I hope there will be one agency for the collection of statistics. I think great economies can be served in that way. Our committee has no legislative authority to do away with agencies that have been created but we have called attention to the possibilities of economies that may be had. We have lawyers scattered in different departments and all should be under one department. I think substantial savings can be made if legislation is passed to clothe the President with full authority over the executive departments and independent agencies of the Government to eliminate duplications and unnecessary activities. We have reduced this appropriation and feel that under the circumstances, in view of the very large demand for this particular information, further reductions should wait until there can be better correlation by the President when clothed with broad authority.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. ALLGOOD].

The amendment was rejected.

The Clerk read as follows:

Total, Bureau of Foreign and Domestic Commerce, $3,506,870, of which amount not to exceed $1,600,000 may be expended for personal services in the District of Columbia.

Mr. OLIVER of Alabama. Mr. Chairman, in line 22, on page 53, I offer an amendment in order to correct a total. There is a mistake in the addition.

The Clerk read as follows:

Amendment offered by Mr. OLIVER of Alabama: Page 53, line 22, strike out "$3,506,870" and insert in lieu thereof "$3,514,370."

The amendment was agreed to.

The Clerk read as follows:

Salaries and general expenses: For salaries of shipping commissioners and employees in their offices; salaries of steamboat inspection as authorized by law, including clerks to boards of steamboat inspectors; to enable the Secretary of Commerce to provide and operate such motor boats and employ such persons (including temporary employees) as may be necessary for the enforcement, under his direction, of laws relating to navigation and inspection of vessels, boarding of vessels, counting of passengers on excursion boats, and to prevent overcrowding of passenger and excursion boats; to enable the Secretary of Commerce to carry out the provisions of the act entitled "An act to establish load lines for American vessels, and for other purposes," approved March 2, 1929 (U. S. C., Supp. VI, title 46, secs. 85–85g), and to secure uniformity in the admeasurement of vessels, including personal services; fees to witnesses; traveling expenses of the personnel of the bureau and field offices; materials, supplies, equipment, and services, including rent and janitor service; purchase, exchange, and repair of instruments; plans and specifications; insignia, braid, and chin straps; coats, caps, and aprons for stewards' departments on vessels; and other incidental expenses of field offices, including contract stenographic reporting services without reference to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5); $1,308,000.

Mr. BRIGGS. Mr. Chairman, I move to strike out the last word in order to ask the chairman of the committee whether the fund provided for this consolidated bureau is sufficient to enable adequate and proper inspection of vessels by steamboat inspection officials, so that travelers may be assured of the seaworthiness of the vessels and that some of the great calamities of the past which arose from overcrowding of vessels will be less likely to occur.

Mr. OLIVER of Alabama. We think we have improved this appropriation by bringing together the district forces under the two agencies that have been consolidated, and likewise making one appropriation for the field service, and that economies can be effected and that by proper administration efficient service can be rendered along the lines indicated by the gentleman. Of course, the gentleman understands that shipping has greatly fallen off, and we have taken that into account. This amount makes available for them fully as much as they had during the present fiscal year.

Mr. BRIGGS. It is the opinion of the gentleman that they can adequately discharge their duties without limiting the number of inspections that are necessary to insure the safety of the public who make use of these vessels in going to and from ports of the United States and on the inland waterways?

Mr. OLIVER of Alabama. I think if it should develop at any time that, because of any increase in shipping, they could not make the required number of inspections, they could come before the Congress and make a proper showing and receive the funds, but from the facts as we learn them, we feel we are carrying sufficient funds for the proper administration and carrying on of this service in an efficient way.

Mr. BRIGGS. And if there is any additional need, they could come before a committee of this Congress and meet with a responsive hearing?

Mr. OLIVER of Alabama. Certainly. The inspections in 1929 were 4,029, and in 1932 they were 2,151; so the gentleman can see how they are falling off.

Mr. BRIGGS. Does the gentleman regard this as adequate for existing needs?

Mr. OLIVER of Alabama. That is what the committee felt, in view of the falling off of business.

Mr. BRIGGS. There is no desire to curtail the number of inspections?

Mr. OLIVER of Alabama. Not those that are necessary, no.

The pro forma amendment was withdrawn.

The Clerk read as follows:

BUREAU OF STANDARDS

Salaries: For the director and other personal services in the District of Columbia, $600,000.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. In the prefatory remarks of the gentleman from Alabama, to which I listened with rapt attention, the gentleman did not pass comment, as I recall, upon the appropriations for the Bureau of Standards.

Some years ago it was my high privilege, as a member of the Committee on Appropriations and the subcommittee on the legislative, executive, and judicial appropriation bill which then had jurisdiction of this item, to consider the activities of this bureau. I then came to the conclusion that the Bureau of Standards was engaged in activities, many of which could be discontinued. Each year they have come before the Committee on Appropriations with some new activity, true of a useful character, but largely beneficial to some special line of industry. It is my lurking opinion that if there is any activity that could be curtailed, much as it is supported by the industrial world, it is the Bureau of Standards. The committee only reduced the appropriation for salaries, over that recommended by the Bureau of the Budget, $30,980. I would like to have the gentleman's opinion, after a thorough study for these many years of this item, whether the Bureau of Standards, although they are doing commendable work of value to certain lines of industry, should not have their wings clipped, and clipped decisively so that we could save some money, and no one would be at a loss except a few favored employees and officials out there, and perhaps a few favored industries.

Mr. OLIVER of Alabama. We have cut this appropriation under the estimate submitted for 1934 by the President, $111,275, and we did it for the purpose of indicating to the President elect if he is given authority to bring together different activities and to do away with waste, that we feel the Bureau of Standards should be placed more on a sustaining basis, as is done in the Bureau of Patents. If they are performing a useful service to the outside business world, and there seems no doubt as to that, then the business world should contribute more largely to the expenses for maintaining the service. It is our opinion that if this matter is properly and carefully looked over you will find there can be further savings, and we indicated that in our report, in a general way—and yet, at the same time, the worthwhile work of this bureau can be continued.

Mr. STAFFORD. The gentleman refers to the recommendation of a saving of $111,000 on a total recommendation by the Budget of $2,167,000, a 5 per cent reduction.

Mr. OLIVER of Alabama. Yes.

Mr. STAFFORD. The gentleman's committee has reduced some items in this bill by a greater percentage. I

adverted to that before. Here we have various items, such as sugar-testing apparatus, standard gages, and so forth. Any person acquainted even slightly with the industrial world knows that the Ford Motor Co., for instance, employs at great expense an expert engineer who manufactures these standards that can be purchased by the public. Here we have testing railroad-track, mine, and other scales; high-temperature measurements, and other industrial research-running to $200,000. If there is any place in this bill where I think the committee could have used the pruning hook rightly, could have struck the dagger right in and perhaps given it a twirl and cut out maybe $400,000 or $500,000 without doing any violence, it is this service; and I am an industrialist.

Mr. GOSS. Why talk that way?

Mr. STAFFORD. Oh, the gentleman from Connecticut, who himself is an industrialist, says, "Why talk that way?" I do not want any industry with which I am connected to profit from the Government at the expense of the taxpayers.

[Here the gavel fell.]

Mr. ALLGOOD. Mr. Chairman, I rise in opposition to the pro forma amendment.

I am in accord with the gentleman from Wisconsin in regard to what he has to say on these items. I referred to them in speaking on an amendment I offered a few minutes ago. There are 28 items in the Bureau of Standards for which we are asked to appropriate money out of the people's Treasury for information and experiments which should be paid for by private parties and corporations.

It seems to me that Congress is subsidizing industry to a large extent by these appropriations. Take, for instance, the investigation of fire-resisting properties and the investigation of color standards, radio research, and mechanical appliances——

Mr. STAFFORD. Ad infinitum, ad infinitum of all kindred character.

Mr. ALLGOOD. Yes. There are 28 items. It seems to me we are subsidizing industry. Industry has spent its own money to the extent of millions of dollars along these lines. Corporations are perfecting these tests and this equipment, and it does seem as though here is one place where we could and should economize.

Now, I know it is hard when these people come here from the different departments and make out their case before the committee for the committee to turn them down; they are mighty hard to get around; they have been here many times, year after year, gentlemen, and know how to make out their case, but the time has come when appropriations for carrying on governmental activities which are not absolutely necessary should be discontinued.

Mrs. ROGERS. Mr. Chairman, will the gentleman yield?

Mr. ALLGOOD. I yield.

Mrs. ROGERS. The Bureau of Standards has made extremely valuable tests. I can cite an instance where, I think, the Bureau of Standards has performed a particularly fine service. Five years ago I asked that they try to find out how to make a self-extinguishing match and a self-extinguishing cigarette. In an article in the January, 1928, quarterly of the National Fire Protection Association, Mr. P. D. Tole and Mr. F. M. Hoffuins stated:

> The property loss from fire attributable to matches and smoking is equal to approximately one-sixth of the loss from known causes, exclusive of exposure, according to statistics of the actuarial bureau of the National Board of Fire Underwriters. If this cause enters into the unreported loss estimate, the loss from unknown causes, and if it is the original cause of exposure fires in the same proportion, the total annual loss in this country from matches and smoking as original fire causes approximates nearly $90,000,000.

Millions of dollars, as you know, are lost every single year by fires started by cigarettes and matches that have been thrown away without being extinguished. The Bureau of Standards has made tests and has found out how to make self-extinguishing cigarettes and self-extinguishing matches. If we can get the manufacturers to take advantage of the results of these tests and make self-extinguishing cigarettes and matches we shall save millions of dollars in loss of property. You can see what a blessing it would prove to fire insurance companies; and as people are only too frequently burned to death in fires it would save human life.

[Here the gavel fell.]

Mr. OLIVER of Alabama. Mr. Chairman, I simply want to say that the work of the Bureau of Standards is very important. In other words, it is a laboratory, a great laboratory. They have rendered a very outstanding and helpful service. The committee felt that this matter should be carefully studied even before the beginning of the next year under powers which we think will be conferred on the new President with a view of effecting economies and of carrying out the very ideas that the gentlewoman from Massachusetts and the gentleman from Wisconsin and the gentleman from Alabama have expressed.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. GOSS. The gentleman knows, as does everyone who has studied the activities of the Government, that the Government is furnishing gratis, largely, services that should be paid for by those who receive the benefits.

Mr. OLIVER of Alabama. Yes.

Mr. GOSS. And there is where great economy can be effected.

Mr. OLIVER of Alabama. The gentleman understands our committee has no legislative authority. We have no authority to do what in many instances we feel should be done. Many matters referred to can only be accomplished by conferring very broad legislative authority on the President. Otherwise we can not bring about the very desirable ends which the gentleman from Wisconsin and the gentleman from Alabama have in mind.

Mr. GOSS. I hope in the investigation the gentleman will ascertain the very large amount industry is already contributing by having its own research men serve on these boards with the Bureau of Standards.

Mr. OLIVER of Alabama. That is a matter to be considered; there is no question about that.

The pro forma amendment was withdrawn.

The Clerk read as follows:

> General expenses: For fuel for heat, light, and power; office expenses, stationery, cleaning and toilet supplies, books and periodicals, which may be exchanged when not needed for permanent use; traveling expenses; street-car fares not exceeding $100; expenses of the visiting committee; expenses of attendance of American member at the meeting of the International Committee of Weights and Measures; purchase of gloves, goggles, rubber boots, and aprons; supplies for operation, maintenance, and repair of motor trucks and a passenger automobile for official use, including their exchange; and contingencies of all kinds, $64,000.

Mr. GOSS. Mr. Chairman, I reserve a point of order on the language "expenses of the visiting committee; expenses of attendance of American member at the meeting of the International Committee of Weights and Measures," for the purpose of finding out just what this is and whether it is authorized by law.

Mr. OLIVER of Alabama. This item has been carried for a number of years, and the committee has always considered it a proper item of expenditure.

Mr. GOSS. Does the gentleman know what this visiting committee is? Is this an international congress to decide whether we shall go on the metric system or something of that sort?

Mr. OLIVER of Alabama. Oh, no; it has nothing to do with that. My understanding is that it is a committee of outstanding engineers, who meet annually to make a survey of the activities of the Bureau of Standards and to make report thereon to the Secretary of Commerce. They serve without salary, but their traveling expenses are paid out of this appropriation.

Mr. GOSS. And this visiting committee is composed of Americans who are in this country?

Mr. OLIVER of Alabama. All of them. There is no question as to that.

Mr. GOSS. Mr. Chairman, I withdraw the reservation of a point of order.

The Clerk read down to and including line 22, on page 66.

Mr. OLIVER of Alabama. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. OLIVER of New York, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 14363, the State, Justice, Commerce, and Labor Departments appropriation bill, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WHITE, for five days, on account of important business.

SHALL THE STATE GO INTO THE LIQUOR BUSINESS

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of liquor distribution in the various States.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, under leave to extend my remarks, I include the following address delivered by myself over station WEAF and a national red-chain hook-up, Thursday, January 26, 1933:

Shall the State go into the liquor business? I say emphatically "no." I believe liquor commissions appointed, or about to be appointed, by Governors Lehman, of New York, White, of Ohio, Cross, of Connecticut, Rolph, of California, and Ely, of Massachusetts, to study beverage distribution in their respective States after the eighteenth amendment shall have been repealed will deprecate the State's acting as a purveyor of liquor or as a master publican. Time will not permit of a discussion as to a model license system that I would advocate in place of State ownership. That must be left for another occasion. The lesson of my talk to-night is that the State shall stick to its own knitting and keep out of the liquor traffic. It should confine itself to reasonable regulations.

BUREAUCRACY

As my esteemed friend, Mr. Louis S. Rosentiel, a keen student of the subject, says, any State or Government ownership would mean a bureaucracy run rampant.

For example, setting up New York State in the liquor business would involve, conservatively, the sale of alcoholic beverages of several hundred million dollars per annum. To handle this huge volume of trade would necessitate the services of thousands of employees. What a splendid opportunity would be afforded for creating a huge political machine. The door would be opened wide to corruption and venality of all sorts. The risks which are always present in the entrance by the Government into any business must, in the nature of things, be especially aggravated were it to enter into the operation of a huge and monopolistic liquor business.

OUR SAD EXPERIENCES WITH STATE OWNERSHIP

I am certain that very few of my listeners know that we already have tried in this country State-ownership plans, called liquor dispensaries. However, they reeked with tyranny and corruption and were wherever adopted discarded.

The first American experiment with such a plan was undertaken in Athens, Ga., in 1891. It was, in some respects, similar to the systems now obtaining in Scandinavia and Canada. The city of Athens became the sole authorised purveyor of liquor, buying it wholesale and selling it in sealed packages. Drinking was not permitted in the city dispensaries. Administration of the scheme was under the control of commissioners appointed by the city government. Excesses soon developed. Chicanery, deceit, and bribery all crept in, and in 1908 it was discarded.

From Athens the plan had spread to South Carolina, where a State dispensary system was inaugurated in 1893. Commissioners in charge of the system organized dispensaries in cities and towns where a majority of the voters wanted them. The local establishments obtained their supplies from State dispensaries and sold them to purchasers in sealed packages. Profits from the trade of the central dispensary went to the State, and from the local dispensaries to the counties or municipalities.

As time went on, enforcement difficulties arose and rumors of corruption among the administrative personnel became widespread. Even Senator Tillman, one of the original protagonists, withdrew his support. Enforcement had become deplorably weak, and "blind tigers" flourished everywhere. In the later years of the system the owners of the speakeasies and the "blind tigers" openly bought their liquor from the dispensaries and were not greatly troubled by prosecution. The dispensary managers were paid salaries which varied with the amount of liquor sold, and this made it profitable for them to press their sales as if they had been private saloon keepers. Bootleggers became their best customers.

There was keen competition for jobs in the dispensary, and there was built up a great political machine. Scandal turned public opinion against this system, and it was abolished in 1910.

The dispensary plan was tried out on a local basis in four other Southern States—Alabama, Georgia, North Carolina, and Virginia. As many as 142 counties in the South adopted this system during the two decades, 1890 to 1910, but in many of them it did not long survive, because corruption had deplorably permeated the entire machinery. The coming of State prohibition in these States put an end to the distressing conditions.

Oklahoma thought she could contribute something to temperance legislation. She set up an alcoholic medical dispensary with State and local agencies empowered to sell upon doctors' prescriptions. The high hopes of its sponsors were soon dashed to the ground. The system became a nest of graft and thievery. Again the bootlegger had become the local agent's best customer. The people soon arose in wrath and banished the plan.

To resurrect now these State agencies would merely re-create the dishonesty and bribery that flourished during the tragic era of the dispensary systems in the South.

In one of the Southern States the governor of the State ran for the United States Senate and was defeated because it was charged that he had accepted rebates from wholesale whisky houses.

Remember, human nature has not changed in the years that have passed since county after county in the South voted out its dispensaries.

UNEMPLOYMENT

Furthermore, during the dreadful era of unemployment, preferred consideration must be given to such methods of sale as would embrace most jobs. Doubtlessly, State ownership would yield a minimum of jobs as against, for example, the English system of licensing, which would yield a maximum of employment.

PERSONAL PERMITS IMPRACTICAL

Any State or National control usually involves individual licensing.

The individual permit, as it prevails in Scandinavia and Canada, blacklists all persons known to be inebriates and incompetents; all others must present credentials showing their capacity to indulge in liquor and their ability to purchase.

Such a system involves an inquisitorial procedure, just as repugnant to the individualist as is the eighteenth amendment with its incessant "Thou shalt not." The permit system has in no wise prevented bootlegging in Canada ("Prohibition or Control"—"Canada's Experience with the Liquor Problem, 1921–1927," by Reginald E. Hose, p. 57).

Even in Sweden, where the Bratt system, which involves personal permits, obtains, "You can, if you are willing to work hard enough, get as drunk as in any other country, including the United States. You can have a bootlegger, if you are rash enough to trust his wares; you can get yourself invited to parties and drink more than your share of the refreshments; you can tempt a motbok (the personal permit) holder to sell you, at a considerable advance, his full monthly quota of spirits in addition to your own." (Drink: Coercion or Control, by Rheta Childe Dorr, at p. 135.)

In Norway it is likewise easy to borrow or pay for passbooks.

If there are leaks in the systems that obtain in compact countries like Sweden and Norway, where the populations are fairly homogeneous, imagine the irregularities which would flow from such a system forced upon a city like New York, Philadelphia, or Chicago, where the populations are heterogeneous and where there is every likelihood of innumerable loopholes for the evasion of the law. It would be utterly impossible to effectively operate a permit system in a State like New York, which has a population of 12,588,066.

LIMITATION OF PROFITS AS IN SCANDANAVIAN SYSTEMS

Some enthusiasts believe that the liquor traffic can be stripped of its old-time evils by removing all possibility of profits. Prohibition was an attempt to remove all profit by the complete abolition of the liquor traffic. See how it has dismally failed. There are some who believe that there should be a limitation of profits and that the amount of profits should be arbitrarily determined. All such limitation would be futile—rather encourage to go into the business the high-type citizen who is fair and honest. Limit the profits, and you will discourage the high type of citizen entering the business. The less intelligent and criminal classes would not worry about limitations. They would make as much as they please. If prohibition could not stop them, certainly limitations of profits would not deter. We have spent millions and millions of dollars for prohibition enforcement, involving the abolition of all profit, and yet we have a "Dutch" Schultze who has failed to pay taxes on an alleged income of over $1,000,000 a year. Alcoholic consumption in this country has not decreased during prohibition. The alcoholic profits have been enormous. You can not and should not limit liquor profits by law. It would be like attempting to forge a rope of sand.

In this connection it must be remembered that our people do not take willingly to such sumptuary legislation. They permit themselves to be controlled less, probably, than any other people except those in South America. Our history has been too short to develop a disciplined people, and only a disciplined people take readily to such limitations.

Furthermore, take, for example, hotel owners, with billions of dollars invested in their properties. On the whole, they are honorable men, entitled to a fair return. They would suffer greatly by limitation of profits. They would abide by the law, but the slick and dishonest would escape; they would avoid the law, undersell, and steal the business from legitimate operators. With ever-

increasing income and excess profit taxes, excise taxes, license fees, and other State and municipal imposts; limitation of profit would simply place a premium on bootlegging, which is practically tax exempt.

CANADIAN STATE CONTROL

It is hardly fair to state that because State liquor monopolies prevail in Canada, they should obtain in our own States. The two countries are in no wise comparable. Roughly speaking, the 49th parallel at the present time shows on one side a population of 9,000,000 and on the other side over 120,000,000. Canada has great unorganized wastes with huge virgin forests, millions of acres of wild underbrush and plains—it has a mere handful of people thrown over a continent. Here are the populations of the nine Provinces of Canada:

Quebec	2,874,000
Ontario	3,431,000
Alberta	731,000
Saskatchewan	921,000
British Columbia	694,000
New Brunswick	408,000
Manitoba	705,000
Nova Scotia	513,000
Prince Edward Island	88,000

One can hardly compare Nova Scotia or Prince Edward Island or New Brunswick with any of our more populous States. Even the largest Province, Ontario, has one-half the population of New York City. From the population standpoint alone, that which might succeed in a Canadian Province could not succeed in States like New York, Pennsylvania, Illinois, California, Ohio, New Jersey, Missouri, Massachusetts, Connecticut, and Indiana. From a standpoint of population, therefore, if there is any efficacy in the Canadian state-control system, it could only apply to small States, and even then it must be kept well in mind that the Canadian state systems are far from perfect. For example, the liquor bureaus or the state-control boards of the Canadian Provinces probably have been unduly importuned and embarrassed by the solicitation of unscrupulous and corrupt merchants and salesmen, desirous of having their goods purchased and sold. One of the Provinces has been led to adopt measures excluding salesmen or canvassers from even approaching members of the liquor commissions or their employees with the "object or purpose of promoting, inducing, or furthering the sale of any particular kind, class, or brand of beer or any other liquor" (Saskatchewan liquor act). It is readily discernible that such restrictive statutes are usually abortive. They finally become mere gestures. However, they are the straws which indicate the way the stream is flowing. State-control systems do not discourage and, on the contrary, may encourage bribery and other unwarranted and illegal methods inducing sales to the liquor commissions. It was just this kind of bribery, irregularity, and abuse that led to the overthrow of the dispensary system in our own southern States. Five States tried it—and 142 counties had this system or similar systems. We have had our lessons—we should not forget them.

Canadian authorities have had great difficulties in stamping out "swamp" whisky. This is similar to our illicit "moonshine" and our "bottled-in-barn" whisky. The Ontario Liquor Control Board, in its fifth report, deplores the prevalence of counterfeit labels, wrappers, seals, bottles, and barrels for the manufacture and sale of spirituous liquor. Defiance of the state-control board by forgery and counterfeiting is thus not uncommon.

In several of the Canadian Provinces not infrequently special favors are accorded such liquor houses as contribute most heavily to the campaign funds of the party in power. The Hon. E. C. Drury, former premier of the Province of Ontario, appearing before the Wickersham Commission, stated that bootlegging is carried on in the Province of Ontario to as great an extent now as in prohibition days. He stated there was much drunkenness and that arrests for drunkenness have not diminished; that liquor consumption and crimes have increased. Speaking of the Bratt or Swedish state control, one of the members of the commission, Judge William S. Kenyon, ardent dry, said that "it is based on a paternalism which would be rather odorous to citizens of this Republic."

Monte M. Lemann, another member of the Wickersham Commission, said of both the Canadian and Swedish systems: "I think the evils which would flow from any Federal dispensary system, either through direct Government control or through a corporation, the net profits of which, above a limited extent, would inure to the Government, would present governmental difficulties as serious as encountered in our present system. * * * It seems reasonably certain that any attempt to embark upon a paternalized permit system would not succeed in this country, would open the door to considerable corruption, and would transfer the bootlegger from the rich man to the poor man as his field of operation." Yet another member of the commission, its chairman, Mr. George W. Wickersham, speaking of the Swedish system, said: "I have great doubts if such a system would work in our country. I think the pressure to obtain books authorizing the purchase of liquor would be so irresistible that all benefits of the system would be lost."

Hon. Newton D. Baker, in a letter to me, stated: "With you I do not believe that personal permits are practical, and with you I do not believe that the Government will ever be permitted to go into the liquor business, both for the reason that it would involve an unendurable bureaucracy and also because I believe that there is a deep and widespread belief in this country that a partnership between our Government—national, State, or local—and the liquor business is offensive."

EXTENSION OF REMARKS—STATE, JUSTICE, COMMERCE, AND LABOR APPROPRIATION BILL

Mr. FINLEY. Mr. Speaker, Abraham Lincoln once said that no public question is ever settled in this country till it is settled right. And that was tantamount to saying that no public question is ever settled in this country till it is settled in harmony with the enlightened conscience and common sense of our people.

There never was a truer truth than that. No public question has ever been settled, and no public question ever will be settled to remain settled, till settled in harmony with the enlightened conscience and common sense of our people.

And that is doubly true of a question having in it a moral element. A purely political or economic question may be settled wrong and remain settled. For instance, our northern boundary line from the Great Lakes to the Pacific Ocean ought to be 54° and 40′ north latitude. But it was fixed at 49° north latitude, and while that settlement was wrong and lost us an empire in territory, it remains settled to this day. That question had no moral element in it.

But no public question having in it a moral element ever has been or ever will be settled, to remain settled, except in harmony with the enlightened conscience and common sense of our people.

Truth crushed to earth will rise again.
The eternal years of God are hers.

The question of slavery divided and distracted our people for more than a generation. No question in our country's history provoked more bitter debate or more rancorous feeling. There were times when it seemed that that question might be settled by compromise. There were other times when it seemed to be settled by sweeping political victories of advocates of slavery. Enactment of the fugitive slave law was hailed by proponents of slavery as settling the question by making the Federal Government a partner with the slaveholder and putting its whole power behind him. The Dred Scott decision, in substance that the black man had no rights which the white man was bound to respect, brought joy to adherents of the slavery cause as settling the question for all time.

But no public question having in it a moral element is ever settled in this country till settled in harmony with the enlightened conscience and common sense of our people. Tens of thousands of our people regarded as "a league with death and a covenant with hell" a system which authorized one class of our people to blot out of another class the image of Almighty God and reduce them to the status of beasts of the field. For them the question of slavery would never be settled to remain settled till the ideal of our Declaration of Independence that "all men are created equal, and endowed by Almighty God, with certain inalienable rights and privileges, among which are life, liberty, and pursuit of happiness," should become a reality in our Government. Neither the fugitive slave law, though passed by the Congress and the Senate, and approved by the President, the Dred Scott decision, though rendered by our court of last resort, nor any compromise, nor any political victory of slavery ended, or even abated, agitation against slavery by those who saw in it a monstrous moral wrong. For them that question could never be settled except in harmony with their conscience and common sense.

Lincoln voiced their spirit when he said:

> But if a just God ordains that, for every drop of blood drawn by the lash, one shall be shed by the sword then must we say with one of old "The judgments of the Lord are true and righteous altogether."

Slavery would have ended peaceably years ago—and ended more justly to both slaveholder and slave, but for the madness of secession. No civilized country, and no section of a civilized country, can permanently withstand the embattled and marching conscience and common sense of the world.

Just now history seems to be repeating itself. We are in the midst of a nation-wide debate over control of the liquor traffic, dividing and distracting our people. Probably no Member of this House would be so reckless as to deny that that question has in it a large moral element. Wets may minimize that element and magnify asserted economic gains of a return to the system of control before prohibition. But wets surely realize that there are millions of our people who regard as "a league with death and a covenant with hell" any system of control which, for a money consideration, would authorize one group of our citizens to make drunkards, paupers, criminals, widows, orphans, wrecks, and castaways of all the rest of our citizens. If any wet imagines that those millions of our citizens will ever acquiesce in, compromise with, or surrender to such a system, let him read the story of the conflict over slavery in our own land.

The question of the liquor traffic will not be settled by the sword. The bitter lesson of '61 to '65 was learned at all too great a cost. The wounds taken on each unyielding side from Bull Run to Appomattox are all too newly healed. The liquor question will be settled at the ballot box and not on the battlefield. And when it is settled it will be settled in harmony with the enlightened conscience and common sense of our people. Never until then.

An army of Scotch Covenanters once confronted an army led by a bigot king bent on their destruction. Before the battle was joined, each covenanter knelt where he stood with upraised face. The foolish king cried out, "See, they kneel to me. They surrender. They sue for mercy!" "Nay, sire," said an officer of the king, "those men kneel only to Almighty God. And where each man kneels, there will he die." Where is the Anglo-Saxon whose pulse does not quicken at the scene?

But Mr. Speaker, high courage and splendid daring are exhibited otherwhere than on the battlefield. I was thrilled by the gentleman from Alabama [Mr. HUDDLESTON] on the first day of this session, when the Garner resolution was under consideration. Frail in body but robust in spirit, and speaking for those other Democrats who, like him, pledged to their convictions their political lives, their political fortunes, and their sacred honor, he lifted his hand to the Speaker and said: "Mr. Speaker, we who are about to die salute you." It was splendid. It was magnificent. The gentleman will never be the consummate orator more than he was in that hour. But, Mr. Speaker, I prefer to think of the gentleman not as a Spartacus, a pagan gladiator in a pagan arena, actor in a murderous pagan drama for the amusement of a bloodthirsty pagan Roman mob, but as Glaucus the Christian, refusing to renounce his faith, thrown to the lions in the devoted city of Pompeii, unharmed by the terrified beast, which sensed the city's imminent doom, led by the blind girl through the midnight darkness of falling ashes and obliterated sun, along the streets of the perishing city to the quay, there to take ship for sunshine and safety.

They only the victory win
Who hold to their faith unseduced
By the prize which the world holds so high,
Who dare for a high cause to suffer,
Resist, fight, if need be to die.

And I predict that the gentleman will remain a member of this body long after others who, on that day, and on that resolution "crooked the pregnant hinges of the knee where [political] thrift might follow [cowardly] fawning."

Mr. Speaker, I know, of course, that wets pretend to believe that the majority given the Democratic ticket on November 8 was a mandate to repeal the eighteenth amendment, and that prohibition is dead. Just so purblind advocates of slavery pretended to believe that the fugitive-slave law meant the death of abolition. Thus does history repeat itself. And thus do the gods make mad whom they would destroy.

Drys know that had the country given the Republican ticket even a greater majority than it gave the Democratic ticket wets would now be claiming that that was a mandate to end prohibition.

Drys know—and candid wets admit—that the result of the November election might more plausibly be construed as a repudiation of the Hawley-Smoot tariff law or any other Republican policy. The Hawley-Smoot law is a distinctively Republican measure, whereas the eighteenth amendment was a Democratic as well as a Republican policy. Besides, Democratic orators and writers spent twice as much time and occupied twice as much space denouncing the Hawley-Smoot law as the cause of the nation-wide depression as they did attacking the eighteenth amendment and the Volstead law. Moreover, the difference between the platforms of the two parties was not sufficient to account for the result. Drys reject and repudiate the flimsy pretense that the result of the recent election was a mandate on any proposition, except that the Democratic Party should take control of our Government and end, if they can, the business depression which was then torturing our people. And in such a mandate drys everywhere acquiesce.

But drys understand that that pretense was put forward by wets as a pretext to justify that burlesque of orderly legislation presented on the first day of this session, when attempt was made, even before the Senate and the President had been notified that the House was ready to receive a message or transact business, to ram through the House, under a rule allowing only 40 minutes' debate and forbidding amendment, a measure, recommended by no committee, which affected every man, woman, and child under the American flag, the spirit of which was that no dry community has any rights which a wet community is bound to respect. Thus was the Dred Scott decision paralleled. Thus did history repeat itself. Thus did the gods make mad those whom they would destroy.

The proceedings of that session will echo over our land for many a day. I do not know what sort of reactions other Members are receiving from "back home." But my constituents are wigwagging to me, "Hold the fort; we're coming." They may not arrive till the congressional elections two years hence. But they will be on hand then. And many an ambitious wet will wonder where they all came from.

The captain of the *Serapis* trumpeted to Capt. Paul Jones, "Do you surrender?" And Capt. Paul Jones trumpeted right back, "Surrender? Hell! I've just begun to fight!" Undismayed by damage done, and like Capt. Paul Jones, drys have just begun to fight.

KICKAPOO AND AFFILIATED INDIANS OF OKLAHOMA

Mr. PEAVEY. Mr. Speaker, in the unavoidable absence of the chairman of the Committee on Indian Affairs, I ask unanimous consent that I may be allowed to file a supplemental report on the bill (S. 4339) repealing certain provisions of the act of June 21, 1906, as amended, relating to the sale and encumbrance of lands of Kickapoo and affiliated Indians of Oklahoma.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent to file a supplemental report on the bill S. 4339. Is there objection?

There was no objection.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 5160. An act to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

ADJOURNMENT

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 15 minutes p. m.) the House adjourned until to-morrow, Friday, January 27, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Friday, January 27, 1933, as reported to the floor leader:

WAYS AND MEANS

(10 a. m.)

Continue hearings on depreciated currency bill.

LABOR

(10.30 a. m.)

Continue hearings on 5-day week and 6-hour day proposals.

BANKING AND CURRENCY

(10.30 a. m.)

Continue hearings on farm mortgage and silver bills.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

885. A letter from the Secretary of the Navy, transmitting draft of a bill to amend the act of June 10, 1926, entitled "An act to provide for the equalization of promotion of officers of the Staff Corps of the Navy with officers of the line" (44 Stat. 717; U. S. C., Supp. VI, title 34, sec. 348); referred to the Committee on Naval Affairs.

886. A letter from the Secretary of the Navy, transmitting draft of a proposed bill authorizing the Secretary of the Navy to enter into contract with the Annapolis Metropolitan Sewerage Commission for the disposal of the sewage of the United States Naval Academy, and for other purposes; referred to the Committee on Naval Affairs.

887. A letter from the Secretary of War, transmitting, for the consideration of Congress, draft of a bill to repeal the proviso contained in the act of Congress approved February 20, 1931 (Public, No. 692, 71st Cong.), to revive certain acts of Congress repealed by said proviso of the act approved February 20, 1931, and for other purposes; referred to the Committee on Military Affairs.

888. A letter from the chairman of the Reconstruction Finance Corporation, transmitting a report of activities and expenditures for December, 1932, together with a statement of loans authorized during that month, showing the name, amount, and rate of interest in each case (H. Doc. No. 531); referred to the Committee on Banking and Currency and ordered to be printed.

889. A letter from the Secretary of War, transmitting a list of documents and files of papers which are not needed nor useful in the transaction of the current business of the department and have no permanent value or historical interest; referred to the Committee on Disposition of Useless Executive Papers.

890. A letter from the Secretary of War, transmitting a report dated January 25, 1933, from the Chief of Engineers, United States Army, pursuant to the river and harbor act approved July 3, 1930, on preliminary examination and survey of Bakers (Baker) Bay, Columbia River, Wash., together with accompanying papers and illustration; referred to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. ENGLEBRIGHT: Committee on the Public Lands. H. R. 188. A bill to extend the provisions of the forest exchange act, approved March 20, 1922, to certain lands adjacent to the Modoc National Forest, in the State of California; without amendment (Rept. No. 1916). Referred to the Committee of the Whole House on the state of the Union.

Mr. ENGLEBRIGHT: Committee on the Public Lands. H. R. 189. A bill to add certain lands to the Modoc National Forest, in the State of California; without amendment (Rept. No. 1917). Referred to the Committee of the Whole House on the state of the Union.

Mr. GILBERT: Committee on the District of Columbia. H. R. 11504. A bill authorizing the sale of certain Government property in the District of Columbia; without amendment (Rept. No. 1918). Referred to the Committee of the Whole House on the state of the Union.

Mr. GILBERT: Committee on the District of Columbia. H. R. 13378. A bill to amend sections 416 and 417 of the Revised Statutes relating to the District of Columbia; with an amendment (Rept. No. 1919). Referred to the Committee of the Whole House on the state of the Union.

Mr. WOODRUFF: Committee on Naval Affairs. H. R. 13367. A bill to confer the degree of bachelor of science upon graduates of the Naval Academy; without amendment (Rept. No. 1920). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims. H. R. 7473. A bill for the relief of James T. Webster and Mary A. Webster; without amendment (Rept. No. 1915). Referred to the Committee of the Whole House.

Mr. MAJOR: Committee on the Post Office and Post Roads. H. R. 13273. A bill for the relief of Ralph C. Irwin; with amendment (Rept. No. 1921). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Military Affairs was discharged from the consideration of the bill (H. R. 3257) for the relief of Barney E. Wells; and the same was referred to the Committee on Naval Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. JEFFERS: A bill (H. R. 14429) to amend the act of May 29, 1930, for the retirement of employees in the classified civil service; to the Committee on the Civil Service.

By Mr. HOGG of West Virginia: A bill (H. R. 14430) authorizing the Sistersville Ohio River Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Ohio River at or near Sistersville, Tyler County, W. Va.; to the Committee on Interstate and Foreign Commerce.

By Mr. McSWAIN: A bill (H. R. 14431) to credit certain services as cadets at the United States Military Academy; to the Committee on Military Affairs.

By Mr. HOWARD: A bill (H. R. 14432) to extend temporary relief of water users on irrigation projects on Indian reservations, and for other purposes; to the Committee on Indian Affairs.

By Mr. DOUGLAS of Arizona: A bill (H. R. 14433) to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Indian irrigation projects and to lease the lands in such reserves for agricultural, grazing, or other purposes; to the Committee on Indian Affairs.

By Mr. HARLAN: A bill (H. R. 14434) to authorize Federal land banks to make loans to lessees of farm lands owned by a State and leased under 99-year leases, and for other purposes; to the Committee on Banking and Currency.

By Mr. COOPER of Ohio: A bill (H. R. 14435) to provide revenue by compensating for depreciation in foreign currencies and to protect American industries and American labor against the effects of competition based on depreciation of foreign currencies; to the Committee on Ways and Means.

By Mr. BYRNS: A bill (H. R. 14436) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes; to the Committee on Appropriations.

By Mr. VINSON of Georgia: A bill (H. R. 14437) to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.; to the Committee on Naval Affairs.



Also, a bill (H. R. 14438) to effect needed changes in the Navy ration; to the Committee on Naval Affairs.

By Mr. FISH: A bill (H. R. 14439) to provide for the immediate payment of the face value of their adjusted-service certificates to veterans who are unemployed and in need; to the Committee on Ways and Means.

By Mr. BULWINKLE: A bill (H. R. 14440) providing for loans or advances by the Reconstruction Finance Corporation for the purpose of securing the postponement of the foreclosure of farm mortgages for a period of two years, and for other purposes; to the Committee on Banking and Currency.

By Mr. DISNEY: A bill (H. R. 14441) authorizing the Secretary of the Interior to purchase certain lands in Ottawa County, Okla.; to the Committee on Indian Affairs.

By Mr. DICKSTEIN: Joint resolution (H. J. Res. 577) to provide for the return to the Philippine Islands of unemployed Filipinos resident in the continental United States, to authorize appropriations to accomplish that result, and for other purposes; to the Committee on Immigration and Naturalization.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial from the Legislature of the State of Washington memorializing Congress to promptly enact into law H. R. 13999; to the Committee on Ways and Means.

Also, memorial from the Legislature of the State of Utah memorializing Congress to pass a bill authorizing an appropriation of $125,000,000 for highway construction; to the Committee on Roads.

Also, memorial from the Legislature of the State of Nebraska, memorializing Congress to act favorably upon any proposed legislation which will restrict and limit the perennial influx of cheap Mexican labor which seeks admission to the United States; to the Committee on Immigration and Naturalization.

By Mr. COLTON: Memorial from the Legislature of the State of Utah, memorializing Congress to appropriate to Federal aid for highways; to the Committee on Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALMON: A bill (H. R. 14442) for the relief of Harvey Mincher; to the Committee on Pensions.

By Mr. BRAND of Ohio: A bill (H. R. 14443) granting an increase of pension to Mary C. Jenkins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14444) granting an increase of pension to Mary Eliza Dent; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14445) granting an increase of pension to Susan M. Nelson; to the Committee on Invalid Pensions.

By Mr. CARTWRIGHT: A bill (H. R. 14446) for the relief of G. D. Duncan; to the Committee on Claims.

By Mr. CARY: A bill (H. R. 14447) to authorize the transfer of certain land in Hopkins County, Ky., to James D. Meadors; to the Committee on World War Veterans' Legislation.

By Mr. CLANCY: A bill (H. R. 14448) for the relief of Karl F. Rindelhardt; to the Committee on Military Affairs.

By Mr. DISNEY: A bill (H. R. 14449) for the relief of T. L. Rippey; to the Committee on Claims.

By Mr. HOGG of West Virginia: A bill (H. R. 14450) granting an increase of pension to Lucy A. Cartmell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14451) granting an increase of pension to Sarah Haught; to the Committee on Invalid Pensions.

By Mr. KOPP: A bill (H. R. 14452) granting a pension to Belle Smith; to the Committee on Invalid Pensions.

By Mr. LARRABEE: A bill (H. R. 14453) granting a pension to Elmer S. Laymon; to the Committee on Pensions.

By Mr. MOREHEAD: A bill (H. R. 14454) for the relief of Emma Berlet Taylor; to the Committee on Claims.

By Mr. PARSONS: A bill (H. R. 14455) granting a pension to John W. Aldredge; to the Committee on Pensions.

By Mr. THOMASON: A bill (H. R. 14456) for the relief of R. L. Tankersley; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerks' desk and referred as follows:

9921. By Mr. AMLIE: Memorial of the common council of the city of Whitewater, Wis., urging enactment of legislation to permit municipalities to enact reasonable restrictions covering canvassers, etc., engaged in interstate commerce; to the Committee on Interstate and Foreign Commerce.

9922. By Mr. BOEHNE: Petition of Woman's Foreign Missionary Society of the Methodist Episcopal Church of Chandler, Ind., praying for the retention of the eighteenth amendment; to the Committee on the Judiciary.

9923. Also, petition of Mrs. Joe Craig, and others, of Grandview, Ind., praying for the retention of the eighteenth amendment; to the Committee on the Judiciary.

9924. By Mr. CLARKE of New York: Petition of Minnie M. Truman, 5 Potter Avenue, Oneonta, N. Y., and 29 citizens of Otsego County, opposing any legislation changing the per cent of alcohol contained in legalized beverages as specified in the Volstead Act, also opposing the enactment of House bill 13742; to the Committee on the Judiciary.

9925. Also, petition of Mrs. H. C. Tubbs, president Missionary Society of the Methodist Episcopal Church, Cooperstown, N. Y., opposing all legislation intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act and approving adequate appropriations for law enforcement and a campaign of education in law observance; to the Committee on the Judiciary.

9926. Also, petition of C. H. Day and 37 residents of Burlington Flats, N. Y., protesting against the enactment of any bill legalizing the manufacture or sale of beer or any beverage containing more than one-half of 1 per cent alcohol; to the Committee on Ways and Means.

9927. Also, petition of H. A. Odell and 68 citizens of Edmeston, N. Y., protesting against the enactment of any bills legalizing the manufacture or sale of beer or any beverage containing more than one-half of 1 per cent alcohol; also petition of 39 citizens of Edmeston, N. Y., in behalf of the stop-alien representation amendment to the United States Constitution; to the Committee on the Judiciary.

9928. By Mr. CRAIL: Petition of Beverly Hills (Calif.) Chapter, Daughters of the American Revolution, favoring the Jeffers bill (H. R. 8549); to the Committee on the Judiciary.

9929. Also, petition of California division of the Izaak Walton League, protesting the elimination of appropriation for law enforcement of Hawes bass law; to the Committee on Appropriations.

9930. Also, petition of Los Angeles County Council of the Izaak Walton League, California, protesting the elimination of appropriation for law enforcement of Hawes bass law to protect game and wild life; to the Committee on Appropriations.

9931. By Mr. DELANEY: Petition of the William R. Warner Co. (Inc.), of New York, urging the passage of Senate bill 5149, a bill to prohibit the counterfeiting of drugs, etc.; to the Committee on the Judiciary.

9932. Also, petition of the New York State Horticultural Society, protesting against the farm allotment bill and urging the veto of this bill by the President; to the Committee on Agriculture.

9933. Also, petition of Abraham & Straus (Inc.), of Brooklyn, N. Y., urging the use of the 2-cent rate for first-class postage; to the Committee on Ways and Means.

9934. By Mr. FISH: Petition of 319 citizens of Orange and Dutchess Counties, N. Y., opposing legislative acts that

would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9935. By Mr. GIBSON: Petition of the Mount Aeolus Grange, No. 432, East Dorset, Vt., opposing the importation of foreign meat into the United States; to the Committee on Ways and Means.

9936. By Mr. HAINES: Petition of Trinity Evangelical Lutheran Sunday School, of Fort Loudon, Pa., protesting against repeal of the eighteenth amendment or the Volstead Act; to the Committee on the Judiciary.

9937. By Mr. HARLAN: Petition of C. A. Bosch, 9 South Ludlow Street, Dayton, Ohio, and 136 other residents of the city of Dayton, protesting against the 10 per cent discriminatory and confiscatory tax on toilet goods and cosmetics; to the Committee on Ways and Means.

9938. By Mr. HOOPER: Petition of residents of third district of Michigan, urging vote for stop-alien representation amendment to the Constitution; to the Committee on Immigration and Naturalization.

9939. By Mr. KNIFFIN: Petition of A. W. Winegarden, superintendent of the Tedrow Christian Bible School, protesting against any legislative proposal intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act; to the Committee on the Judiciary.

9940. By Mr. LAMBERTSON: Petition of the East Topeka Woman's Christian Temperance Union, signed by the president, Mrs. J. A. Alexander, of Topeka, and also the secretary, Mrs. Ida M. Duesler, of Topeka, Kans., for the improvement of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

9941. Also, petition of the president of the Woman's Christian Temperance Union of Washington, Kans., Mrs. Myrtie Bonesteel; also its secretary, Mrs. Estella Hatter, for the improvement of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

9942. By Mr. LINDSAY: Petition of William R. Warner & Co., manufacturing pharmaceutists, New York City, urging support of Senate bill 5149, prohibiting the counterfeiting of drugs, etc.; to the Committee on the Judiciary.

9943. Also, petition of the New York State Horticultural Society, at its annual meeting at Rochester, opposing the farm allotment bill; to the Committee on Agriculture.

9944. By Mr. MILLARD: Petition signed by members of the Woman's Christian Temperance Union of New Rochelle, N. Y., protesting against the return of beer and the repeal of the eighteenth amendment, presented by request; to the Committee on the Judiciary.

9945. Also, resolution adopted at the annual meeting of the New York State Horticultural Society protesting against the so-called farm allotment bill; to the Committee on Agriculture.

9946. Also, resolution adopted by the members of the executive committee of the men's Bible class of the Presbyterian Church of White Plains, N. Y., urging the passage of House bills 8549 and 5659; to the Committee on the Judiciary.

9947. By Mr. RUDD: Petition of the New York State Horticultural Society, opposing the enactment of the farm allotment bill; to the Committee on Agriculture.

9948. Also, petition of William R. Warner & Co. (Inc.), New York City, favoring the passage of the Copeland bill (S. 5149), to prohibit the counterfeiting of drugs, etc.; to the Committee on the Judiciary.

9949. By Mr. SHREVE: Petition of residents of Harbor Creek and North East, Erie County, Pa., for passage of the stop-alien representation amendment to the Constitution of the United States; also petition of Mrs. C. P. McDannell, president Woman's Christian Temperance Union of Cambridge Springs, Pa., urging passage of the Sparks-Capper stop-alien representation amendment to the Constitution of the United States; to the Committee on the Judiciary.

9950. Also, petition by the Woman's Christian Temperance Union of Corry, Pa., May E. Blair, secretary, urging the passage of the Sabbath observance law; to the Committee on the Judiciary.

9951. By Mr. STRONG of Pennsylvania: Petition of citizens of Freeport, Pa., and vicinity, in favor of the revaluation of the gold ounce; to the Commitee on Coinage, Weights, and Measures.

9952. By Mr. THOMASON: Petition of American Angora Goat Breeders Association recommending enactment of legislation to effect a refinancing of all first-mortgage amortization loans now outstanding through the joint-stock land banks and Federal land banks; to the Committee on Banking and Currency.

SENATE

FRIDAY, JANUARY 27, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Keyes	Sheppard
Austin	Davis	King	Shipstead
Bailey	Dickinson	La Follette	Shortridge
Bankhead	Dill	Lewis	Smith
Barbour	Fess	Logan	Smoot
Barkley	Fletcher	McGill	Steiwer
Bingham	Frazier	McKellar	Stephens
Black	George	McNary	Swanson
Blaine	Glass	Metcalf	Thomas, Idaho
Borah	Glenn	Moses	Thomas, Okla.
Bratton	Goldsborough	Neely	Townsend
Brookhart	Gore	Norbeck	Trammell
Bulkley	Grammer	Norris	Tydings
Bulow	Hale	Nye	Vandenberg
Byrnes	Harrison	Oddie	Wagner
Capper	Hastings	Patterson	Walcott
Caraway	Hatfield	Pittman	Walsh, Mass.
Carey	Hawes	Reed	Walsh, Mont.
Connally	Hayden	Reynolds	Watson
Coolidge	Howell	Robinson, Ark.	Wheeler
Copeland	Hull	Robinson, Ind.	White
Costigan	Johnson	Russell	
Couzens	Kean	Schall	
Cutting	Kendrick	Schuyler	

The VICE PRESIDENT. Ninety-three Senators have answered to their names. A quorum is present. The Senator from South Carolina [Mr. BYRNES] has the floor.

Several Senators addressed the Chair.

Mr. BYRNES. I yield to Senators for the transaction of routine business.

SENATOR FROM INDIANA

Mr. WATSON. Mr. President, I present the credentials of Hon. FREDERICK VAN NUYS, the man who beat me for the Senate out in Indiana and who will be my successor in the United States Senate. I ask that the credentials be read.

The credentials were read and ordered to be placed on file, as follows:

THE STATE OF INDIANA,
EXECUTIVE DEPARTMENT.

To all to whom these presents shall come, greeting:

Whereas it has been certified to me by the proper authority that at a general election held on the first Tuesday after the first Monday in November, 1932, the same being the 8th day of said month, FREDERICK VAN NUYS was duly elected to the office of United States Senator from the State of Indiana.

Therefore know ye that in the name and by the authority of the State aforesaid I do hereby certify that the said FREDERICK VAN NUYS was duly elected at said general election a United States Senator in the Congress of the United States from the State of Indiana for the term of six years commencing on the 4th day of March, 1933.

In witness whereof I have hereunto set my hand and caused to be affixed the seal of the State at the city of Indianapolis, this 27th day of December, A. D. 1932, the one hundred and sixteenth year of the State and of the independence of the United States the one hundred and fifty-sixth.

HARRY G. LESLIE, *Governor.*

By the governor:

FRANK B. MAYER, Jr.,
Secretary of State.

PETITIONS AND MEMORIALS

Mr. FESS presented a memorial of sundry citizens of Delaware, Ohio, remonstrating against the repeal of the eight-

eenth amendment to the Constitution or the repeal or modification of the national prohibition law, which was ordered to lie on the table.

Mr. GRAMMER presented a resolution adopted by Branch No. 18, Fleet Reserve Association, of Seattle, Wash., opposing any reduction in the pay of enlisted men of the Navy, which was referred to the Committee on Appropriations.

He also presented a petition of sundry citizens of the State of Washington, praying for the passage of the bill (H. R. 13790) to provide revenue, to provide employment for American labor, and to encourage the industries and agriculture of the United States by compensating for depreciation in foreign currencies, which was referred to the Committee on Finance.

He also presented a memorial of members of the Woman's Christian Temperance Union of Bellingham, Wash., remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which was referred to the Committee on the Judiciary.

Mr. CAPPER presented a resolution adopted by the military committee of the Chamber of Commerce of Hutchinson, Kans., protesting against reduction in the appropriation for support of the National Guard, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of Coffeyville, Kans., remonstrating against reduction in the appropriation for support of the National Guard, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens of Kansas City, Kans., remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law, which was ordered to lie on the table.

He also presented resolutions adopted by an assembly of 200 persons in the Methodist Episcopal Church at Ransom, a public meeting at Ionia, and at a union public service sponsored by the Woman's Christian Temperance Union at Burr Oak, all in the State of Kansas, remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

He also presented resolutions adopted by the Indianola Farm Bureau, of Augusta; the Ladies' Aid Society, of Redfield; and local chapters of the Woman's Christian Temperance Union of Bucyrus, Burr Oak, Canton, Delphos, Fort Scott, Great Bend, Haviland, Kansas City, Lost Springs, Lyndon, Phillipsburg, Reading, Redfield, Topeka, and Washington, all in the State of Kansas, favoring the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

Mr. COPELAND presented a memorial of members of the Woman's Christian Temperance Union of New Rochelle, N. Y., remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law, which was ordered to lie on the table.

He also presented a resolution adopted by the executive committee, men's Bible class of the Presbyterian Church of White Plains, N. Y., favoring the passage of the so-called Dies bill, being the bill (H. R. 12044) for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

He also presented a resolution adopted by the Merchant Tailors' Society of the City of New York, New York, N. Y., relative to the alleged failure of Congress to pass constructive legislation helpful to business and aiding in restoring prosperity, and protesting against delay in the balancing of the Budget, which was referred to the Committee on Finance.

He also presented a memorial of sundry citizens of Rochester, N. Y., remonstrating against further cuts in appropriations for the maintenance of the Marine Corps, which was referred to the Committee on Appropriations.

Mr. SHIPSTEAD presented a memorial of sundry citizens of Wadena County, Minn., remonstrating against the passage of legislation to repeal or modify the national prohibition law, which was ordered to lie on the table.

He also presented petitions of sundry citizens of Lake Benton and Polk County, in the State of Minnesota, praying for the passage of legislation known as the Frazier farm relief bill, which were referred to the Committee on Agriculture and Forestry.

He also presented petitions of sundry citizens of Duluth, Minn., praying for the passage of legislation to remonetize silver, which were referred to the Committee on Finance.

He also presented a resolution adopted by farmers of the Blue Earth County Holiday Association in convention assembled at Mankato, Minn., favoring the prompt passage of legislation to stabilize the currency and reduce the buying power of the dollar, which was referred to the Committee on Banking and Currency.

PROHIBITION AND ENFORCEMENT

Mr. SCHUYLER. Mr. President, I present numerous memorials of sundry citizens and religious and other organizations in the State of Colorado, remonstrating against the passage of legislation to repeal or modify the national prohibition act, which I request may lie on the table; and also that one of the memorials be printed in the RECORD, together with the names of the organizations from which received, the number of signers, and the names of the cities or towns.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

MEMORIAL OPPOSING THE BEER BILL

To the honorable the Senate of the United States, greetings:

Believing (1) That the eighteenth amendment is the best solution to the liquor question yet advocated;

(2) That beer, as authorized in the bill H. R. 13742, with 4 per cent alcoholic content according to volume, is intoxicating and therefore unconstitutional;

(3) That the free use of this beer would greatly endanger the public safety and general welfare in this speed age of travel;

(4) That it is to the best interest of the public to keep this Nation saloonless and sober, which will be impossible if this bill is enacted:

Therefore we, the undersigned adult residents of Canon City, State of Colorado, earnestly petition your honorable body not to pass H. R. 13742, or any other measure that would override the eighteenth amendment of the Federal Constitution, but instead employ means to make national prohibition more effective.

The number of signers of the memorials and the names of the cities or towns, together with the names of the organizations, are as follows: Canon City, Colo., 110; Sedgwick, Colo., 5; Dolores, Colo., 53; Ault, Colo., Ault Chapter, Woman's Christian Temperance Union; Denver, Colo., Washington Park Woman's Christian Temperance Union; Wray, Colo., 18; Loveland, Colo., 44; Englewood, Colo., churches and Woman's Christian Temperance Union; Denver, Colo., 1,115; Carr, Colo., 47; Denver, Colo., Highlands Woman's Christian Temperance Union; Grand Junction, Colo., 300; Las Animas, Colo., 130; Hotchkiss, Colo., Rogers, Mesa, and Hotchkiss Woman's Christian Temperance Union; La Junta, Colo., Presbyterian Church; Holyoke, Colo., Holyoke Woman's Christian Temperance Union; Loveland, Colo., 900; Otis, Colo., Otis Woman's Christian Temperance Union; Crawford, Colo., Crawford Woman's Christian Temperance Union; Grand Junction, Colo., Grand Junction Woman's Christian Temperance Union; Denver, Colo., South Broadway Christian Church; Colorado Congress of Parents and Teachers, Denver, 35; Julesburg, Colo., 17; Sterling, Colo., LeRoy Evangelical Church; Denver, Colo., First United Presbyterian Church; Burlington, Colo., 24; Loveland, Colo., 43; Denver, Colo., Barnum Methodist Church; Denver, Colo., Alameda Evangelical Church; Denver, Colo., 70; Denver, Colo., 150; Denver, Colo., 160; Denver, Colo., 55; Cedaredge, Colo., Cedaredge Woman's Christian Temperance Union; Wiley, Colo., Methodist Episcopal Sunday School, 16; Brighton, Colo., Brighton Woman's Christian Temperance Union; Fort Collins, Colo., 7; Cortez, Colo., 61; Montrose, Colo., Montrose Woman's Christian Temperance Union; Arvada, Colo., First Baptist Church; Grand Junction, Colo., First Baptist Church; Brush, Colo., Brush Woman's

Christian Temperance Union; Limon, Colo., Limon Woman's Christian Temperance Union; Denver, Colo., Hawley Woman's Christian Temperance Union; Bellvue, Colo., 37; Burlington, Colo., 18; Denver, Colo., Colorado Federation of Women's Clubs; Arvada, Colo., Arvada Presbyterian Church; Fleming, Colo., Fleming Woman's Christian Temperance Union; Denver, Colo., Grant Avenue Methodist Church; Sugar City, Colo., Methodist Episcopal Church; Bayfield, Colo., 24; Denver, Colo., 1,600; Fort Collins, Colo., 50; Longmont, Colo., Longmont Woman's Christian Temperance Union; Denver, Colo., Broadway Baptist Church; Wray, Colo., Wray Woman's Christian Temperance Union; Canon City, Colo., Canon City Ministerial Alliance; Jaroso, Colo., 45; Hotchkiss, Colo., Hotchkiss Woman's Christian Temperance Union; Montrose, Colo., mass meeting; Fort Lupton, Colo., mass meeting; Golden, Colo., mass meeting; Loveland, Colo., Loveland Woman's Christian Temperance Union; Loveland, Colo., mass meeting; Greeley, Colo., Epworth League; Sterling, Colo., Epworth League; Golden, Colo., 49; Longmont, Colo., 23; Golden, Colo., 22; Otis, Colo., Presbyterian Church; Golden, Colo., 19; Golden, Colo., 30; Burdett, Colo., Burdett Woman's Christian Temperance Union; Sterling, Colo., Sterling Woman's Christian Temperance Union; Sterling, Colo., First Presbyterian Church; LeRoy, Colo., Evangelical Church; Denver, Colo., Central Presbyterian Church; Sterling, Colo., Woman's Christian Temperance Union; Paonia, Colo., Paonia Woman's Christian Temperance Union; Colorado Springs, Colo., Woman's Christian Temperance Union; Golden, Colo., 10.

RECOVERY FROM DEPRESSION

Mr. SCHALL. Mr. President, I have just had read to me an article in the Minneapolis Star of January 25 reporting a speech of Doctor Weidenhammer, University of Minnesota. Coming from such a student of economics, of business administration, and investments, it brings a ray of hope that should be given all the space possible for its radiation. I wish to help by asking not only that it be printed in the RECORD, but that it be referred to the Committee on Banking and Currency.

There being no objection, the article was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

[From the Minneapolis (Minn.) Star, January 25, 1933]

CRISIS PASSED, EDUCATOR SAYS—DEPRESSION HIT BOTTOM LAST JUNE, DOCTOR WEIDENHAMMER DECLARES

The depression has hit bottom and the Nation is on an upward climb, Dr. Robert Weidenhammer, professor of investments in the school of business administration at the University of Minnesota, told members of the Optimists Club at the Leamington to-day.

"The depression hit bottom in June last year," Doctor Weidenhammer said. "The first half of 1932 now appears like a nightmare. France withdrew gold, the bond market declined with nerve-racking monotony, the Kreuger and Insull scandals wiped out confidence in the giants of the last boom, and our banking system was threatened.

"To-day the crisis has passed, but recovery will be slow. There will be more failures and receiverships in 1933 than in 1932, but the security market has discounted them long ago. Inflation can and should be avoided. Recovery will lift prices, but the lifting of prices by inflation would not assure lasting recovery."

REPORTS OF COMMITTEES

Mr. JOHNSON, from the Committee on Commerce, to which was referred the bill (H. R. 6184) for the improvement of the inland waterway from Norfolk, Va., to Beaufort Inlet, N. C., reported it with an amendment and submitted a report (No. 1123) thereon.

Mr. BINGHAM submitted the views of the minority of the Committee on Commerce to accompany House bill 6184, just above reported, which was ordered to be printed as part 2 of Report No. 1123.

Mr. CUTTING, from the Committee on Military Affairs, to which was referred the bill (S. 3673) for the relief of George W. Edgerly, reported it with an amendment and submitted a report (No. 1124) thereon.

Mr. DICKINSON, from the Committee on Printing, to which was referred the joint resolution (S. J. Res. 238) relating to leave with pay for employees of the Government Printing Office, reported it without amendment and submitted a report (No. 1125) thereon.

FEDERAL AID FOR UNEMPLOYMENT RELIEF

Mr. LA FOLLETTE. From the Committee on Manufactures, to which was referred the bill (S. 5125) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, I report it back with amendments and submit a report (No. 1126) thereon.

I wish to give notice that at the first opportunity in the legislative situation when I may obtain recognition from the Chair I shall move to proceed to the consideration of this important relief bill.

The PRESIDENT pro tempore. The report will be received and the bill placed on the calendar.

ENROLLED BILL PRESENTED

Mr. VANDENBERG, from the Committee on Enrolled Bills, reported that on to-day, January 27, 1933, that committee presented to the President of the United States the enrolled bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CONNALLY:

A bill (S. 5532) to extend the time for the construction of a bridge across the Rio Grande at Boca Chica, Tex.; to the Committee on Commerce.

By Mr. VANDENBERG:

A bill (S. 5533) for the relief of the Acme Motor Truck Corporation (with accompanying papers); to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 5534) for the relief of the J. M. Dooley Fireproof Warehouse Corporation, of Brooklyn, N. Y.; to the Committee on Claims.

A bill (S. 5535) for the relief of certain Army officers whose household and other effects were damaged on Government property; to the Committee on Military Affairs.

By Mr. NEELY:

A bill (S. 5536) to amend section 113 of the Judicial Code, as amended, with respect to the southern judicial district in the State of West Virginia; to the Committee of the Judiciary.

By Mr. JOHNSON:

A bill (S. 5537) to convey certain land in the county of Los Angeles, State of California; to the Committee on Military Affairs.

By Mr. SHORTRIDGE:

A bill (S. 5539) authorizing the Secretary of the Navy to grant a perpetual easement 15 feet in width to Pacific Gas & Electric Co., a California utility corporation, over, across, in, and upon the site of the lighter-than-air base, near Sunnyvale, in the county of Santa Clara, in the State of California, for an existing 20-inch gas main; and

A bill (S. 5540) to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.; to the Committee on Naval Affairs.

By Mr. KING:

A bill (S. 5541) to permanently set aside certain lands in Utah as an addition to the Navajo Indian Reservation, and for other purposes; to the Committee on Indian Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 5542) for the relief of Joseph Thompson (with an accompanying paper); to the Committee on Naval Affairs.

By Mr. DAVIS:

A bill (S. 5543) for the relief of N. C. Nelson; to the Committee on Claims.

CONSOLIDATION OF DEPARTMENTS OF AGRICULTURE AND INTERIOR

Mr. BRATTON. Mr. President, I stated yesterday on the floor of the Senate that I had prepared a bill to consolidate the Department of Agriculture and the Department of the

Interior, and that in my opinion we could save $100,000,000 annually by effecting that consolidation. I have completed the preparation of the bill and I ask consent to introduce it.

The bill (S. 5538) to establish a department of development and conservation, to abolish the Department of Agriculture and the Department of the Interior, and to transfer the functions thereof to the department of development and conservation, and for other purposes, was read twice by its title and referred to the Committee on Public Lands and Surveys.

PAN-AMERICAN MEDICAL ASSOCIATION

Mr. CONNALLY. Mr. President, I introduce and send to the desk a joint resolution. I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. Let it be read for the information of the Senate.

The joint resolution (S. J. Res. 243) authorizing the President of the United States to extend a welcome to the Pan-American Medical Association, which holds its convention in the United States in March, 1933, was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the President of the United States is authorized on behalf of the Government of the United States to extend a welcome to the Pan-American Medical Association, which is to hold its fourth congress, being its first congress held in an English-speaking nation, at Dallas, Tex., from March 21 to March 25, 1933.

Mr. CONNALLY. Mr. President, I do not care to consume any time in discussing the matter. I have consulted with the senior Senator from Idaho [Mr. BORAH], chairman of the Foreign Relations Committee, and there is no objection to the joint resolution.

There being no objection, the joint resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. FLETCHER submitted two amendments intended to be proposed by him to the bill (S. 5336) to amend the emergency relief and construction act of 1932, which were referred to the Committee on Banking and Currency.

AMENDMENTS TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. FRAZIER submitted two amendments intended to be proposed by him to House bill 13710, the Interior Department appropriation bill, which were ordered to lie on the table and to be printed, as follows:

On page 18, line 1, to strike out "$114,430" and insert in lieu thereof "$103,521.67," so as to read: "For expenses incidental to the sale of timber, and for the expenses of administration, including fire prevention, of Indian forest lands from which such timber is sold to the extent that the proceeds of such sales are sufficient for that purpose, $103,521.67, reimbursable to the United States as provided in the act of February 14, 1920 (U. S. C., title 25, sec. 413)."

And on page 46, line 6, after the word "Indians," to strike out the period and insert a colon and the following: "*Provided further*, That effective July 1, 1933, the Yankton Agency, S. Dak., as an independent agency, shall be discontinued."

AMENDMENTS TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. McKELLAR submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 35, line 3, after the word "projects," to strike out "$50,000,000" and insert "$25,000,000," so as to read:

"For the acquisition of sites or of additional land, commencement, continuation, or completion of construction in connection with any or all projects authorized under the provisions of sections 3 and 5 of the public buildings act, approved May 25, 1926 (U. S. C., Supp. V, title 40, secs. 343–345), and the acts amendatory thereof approved February 24, 1928 (U. S. C., Supp. V, title 40, sec. 345), and March 31, 1930 (U. S. C., Supp. IV, title 40, secs. 341–349), within the respective limits of cost fixed for such projects, $25,000,000."

Mr. McKELLAR also submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 16, line 16, after the word "each," to insert the following: "*Provided further*, That no refund or credit of any income or profits, estate, or gift tax in excess of $20,000 shall be made after the enactment of this act until a report thereof giving the name of the individual, trust, estate, partnership, company, or corporation to whom the refund or credit is to be made, the amount of such refund or credit, and the facts in connection therewith and all supporting papers are submitted by the Commissioner of Internal Revenue to the Comptroller General of the United States and approved by him, the papers to be returned to the Commissioner of Internal Revenue after final action on the proposed refund is taken by the said Comptroller General. This proviso shall not apply to refunds or credits made pursuant to a judgment of a court having jurisdiction of the subject matter, or a decision of the United States Board of Tax Appeals, which has become final."

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of January 25 and 26, 1933.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 5160) to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes, and it was signed by the President pro tempore.

NATIONAL PARK SERVICE—JACKSON HOLE

Mr. CAREY. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Morning Eagle, of Cheyenne, Wyo., relating to the Jackson Hole area and the national-park system.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Cheyenne (Wyo.) Morning Eagle, January 24, 1933]

CONFIDENTIAL LETTERS TO ROCKEFELLER REVEALED HERE—NATIONAL PARK SERVICE STARTED MOVE TO ADD JACKSON HOLE AREA AS EARLY AS 1923

By Julian B. Snow, news editor the Wyoming Eagle

How the National Park Service initiated the present Rockefeller plan of purchasing a considerable portion of Teton County as a part of a park-extension program, and how John D. Rockefeller, jr., was warned by Horace M. Albright, assistant superintendent of the national parks, to take care "to say nothing" of the "ultimate plan of acquiring all of the private holdings in the Jackson Hole" was revealed here to-day in copies of letters purporting to have been written by Albright to Rockefeller as far back as February 16, 1927.

Copies of Albright's letters to Rockefeller and to others interested with him have been received by the Morning Eagle from highly reliable sources and reveal, among other interesting facts, the desire of the park superintendent to secure the aid of eastern financial interests to annex the beautiful Jackson Hole country to the park system.

On February 16, 1927, Superintendent Albright advised John D. Rockefeller, jr., that "should you feel that this is a matter that you would like to proceed with, I am sure it can be handled with excellent results along the following lines:

"1. Say nothing at the present time about the larger or ultimate plan of acquiring all of the private holdings in the Jackson Hole.

"2. Confine all activities to acquisition of holdings west of the Snake River in the area colored on the map you had, and which I return herewith.

"3. Buy in this area, through an agency or agencies, under a plan to organize a recreation and hunting club. If there were more grazing lands on the west side of the river, I would advocate operating as buyers for a land and cattle company * * *. A cattle company to operate on the east side later would be an ideal agency.

"4. Employ a firm of attorneys in Salt Lake City to coordinate buying operations and disburse funds. I have in mind the firm of Fabian & Clendenin * * *.

"5. Through these attorneys, acting for 'a recreation and hunting club' or some other hypothetical organization if a better one can be found, the lands could be acquired for cash * * *.

"6. As soon as possible the National Park Service and the General Land Office will plat on maps all of the other private holdings in Jackson Hole. I have the list of holdings as of December, 1923. There were then more than 402 owners of a little over 100,000 acres of land. The situation has not materially changed since then. The land, which includes the west side of the Snake, too, is worth on an earning basis, perhaps $1,000,000 annually, including value of improvements. I can not say what it could be acquired for, but investigation of value can be quietly secured this summer."

Later on in his letter the park superintendent points out that "it would attract undue attention to absolutely prohibit suddenly the taking up of other vacant public lands, and so, while we buy improved properties, others now lying untaken and unused might be settled. The answer is that practically every tract of land susceptible has been taken up under homestead laws—practically,

settlement has reached its limits considering national forests and other permanent withdrawals from permanent occupation * * *."

On September 25, 1923, in a confidential letter from Superintendent Albright to Mr. Hal G. Ewarts, of Hutchinson, Kans., Mr. Albright discussed "a proposition that is positively the most important game-conservation project in America to-day," and warns that the "utmost care must be exercised in discussing this idea, because the Forest Service is bound to fight it and kill it. The Jackson office of the Forest Service is lying awake nights figuring out ways to defeat the old extension plan."

In a letter to Mr. Thomas Cochran, 23 Wall Street, New York, Superintendent Albright as early as November 30, 1923, discussed the plan and again warned that "we must be very careful not to let it [the plan] become public property. The Forest Service, which hates to let go of an acre of land under any conditions and which has been fighting our whole extension project, would kill this new plan in a minute. We can not, therefore, let the idea get into the hands of any of Governor Pinchot's friends * * *."

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Maryland?

Mr. BYRNES. I yield.

Mr. TYDINGS. After a preliminary remark of a moment, I would like to ask unanimous consent to withdraw the motion I made yesterday to recommit the pending appropriation bill, with a resolution thereto attached, and to submit therefor a new resolution, which I now have in my hand.

Before sending it to the desk may I say that the matter of the resolution was discussed this morning by those on this side of the aisle, and I think I am stating a simple fact when I say that it was the overwhelming thought of the conference that the resolution is sound and needed and should be applied as far as human limitations make it possible to be applied. I was very much gratified with the splendid cooperation of my colleagues who were present in their desire to accomplish what the resolution sought to accomplish, realizing that certain circumstances and inhibitions were present in the adoption of the resolution as it was presented, which restrictions will be explained by others than myself at some immediately later time.

I renew my request to withdraw the resolution I embodied on yesterday in my motion to recommit the pending bill and to offer the substitute, which I ask may be read.

The VICE PRESIDENT. Is there objection to the request of the Senator from Maryland to withdraw his resolution?

Mr. KEAN. Mr. President, I object.

Mr. NORRIS. Mr. President——

Mr. TYDINGS. Does the Senator from Nebraska object to the resolution's being read?

Mr. NORRIS. No; I am not objecting to the request, but before it is done I want to make a statement.

Mr. TYDINGS. Will the Senator let it be read and then make his statement?

Mr. NORRIS. Certainly.

The VICE PRESIDENT. The resolution will be read for the information of the Senate.

The legislative clerk read as follows:

Resolved, That it is the declared policy of the Senate that the appropriations in the aggregate shall be reduced at the earliest practicable time to a sum equal to that of the estimated revenue, and that the Committee on Appropriations is instructed to make a survey of all appropriation bills and to make reductions therein wherever possible without injuring the efficiency of essential services and conforming to a policy of strictest economy.

Mr. NORRIS. Mr. President, may I ask the Senator a question? The reading of the resolution indicated to my mind that it is not his purpose to recommit the bill. Is that correct?

Mr. TYDINGS. No; the economies hoped to be brought about by recommitting the bill to the Committee on Appropriations, where the proposed amendments have already been considered, will be offered on the floor so that an opportunity to reduce the appropriations in this bill will be laid before the Senate as a whole.

Mr. NORRIS. I want to submit to the Senator, inasmuch as his resolution does not recommit the bill, whether he ought not to wait until we dispose of the bill and see whether we do that thing? If we do not succeed in getting the reductions in this bill, then he might well offer his resolution.

Mr. TYDINGS. I will say to the Senator from Nebraska that it is not my desire at this time to press the resolution to a conclusion. I simply wanted to withdraw the pending resolution, which is now the immediate business before the Senate, indicate my reasons for withdrawing it and offering a substitute, and to let it lie on the table until we had acted on the bill.

Mr. NORRIS. I have no objection to that, but I thought when the Senator rose that his motion included recommitting the bill, and I want to say that as soon as I can get the floor I have an amendment to the bill which I want to offer. If, however, the bill is going to be recommitted, I want the amendment, which I wish to discuss briefly, to go with the bill.

Mr. SMOOT. Mr. President, will the Senator yield for a moment?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Utah?

Mr. BYRNES. I yield.

Mr. SMOOT. I merely wish to say that we have marched up the hill and now we are marching down.

Mr. TYDINGS. I did not hear what the Senator from Utah said.

Mr. BYRNES. Mr. President, I have the floor.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield; and if so, to whom?

Mr. BYRNES. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The Senator from Maryland has not asked for the present consideration of the resolution. The resolution declares a policy with which I believe the entire Senate will find itself in sympathy. The statement of the Senator from Utah that "we have marched up the hill and down again" is like a great many other statements he makes here; it is unfounded in fact; it is historically inaccurate; it is parliamentarily untrue. The principle of the resolution is entirely sound, and when the opportunity is presented its consideration will be asked of the Senate.

The VICE PRESIDENT. The Senator from New Jersey objected to the withdrawal of the resolution.

Mr. KEAN. I ask for the yeas and nays.

The VICE PRESIDENT. The Senator from South Carolina has the floor.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. The yeas and nays have already been ordered. Does the Senator from South Carolina yield to the Senator from Florida?

Mr. BYRNES. I yield to the Senator from Florida.

Mr. FLETCHER. I suggest that the Senator who makes a motion may withdraw it. He does not have to ask unanimous consent for that purpose.

The VICE PRESIDENT. After the yeas and nays have been ordered it can not, under Rule XXI, be withdrawn or modified by the mover, but may be withdrawn or amended on motion adopted by a majority vote of the Senate.

Mr. FLETCHER. I did not know the yeas and nays had been ordered.

Mr. SWANSON. Mr. President, I understand the rules provide that that can be done unless the yeas and nays have been ordered.

The VICE PRESIDENT. The yeas and nays were ordered yesterday.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Idaho?

Mr. BYRNES. Mr. President, I dislike to yield any further at this time. I wish to be good natured about it, but I seldom occupy any time upon the floor, and I do wish to make a statement with reference to the resolution.

The Senator from Maryland [Mr. TYDINGS] rendered a distinct service by the introduction of the resolution presented by him yesterday, because he called the attention not only of the Senate but of the country to the necessity for the strictest economy. By the terms of the substitute resolution now offered by the Senator from Maryland there is no change of policy. There is a change only as to the method by which the result is to be accomplished and the time within which it is to be accomplished. Those changes must be made for several reasons.

Let us look at the figures. Reference is often made to the Budget estimate, and with such inaccuracy at times that I secured the figures from the clerk of the Appropriations Committee. According to those figures, the estimates for this fiscal year aggregate $4,403,000,000. There has been one deduction, in House Document 518, which reduces the total Budget estimates to this date to the sum of $4,379,000,000. When we deduct the public-debt retirement of $534,000,000 it leaves an estimated total expenditure of $3,845,000,000. When we deduct the revenues of the Postal Service it leaves $3,220,000,000.

What is the situation to-day? If on this day the appropriation bills, wherever pending, whether in the House committee or on the floor of the House or in the Senate committee or on the Senate floor, were approved by the President of the United States, there would be a reduction from the estimates of $53,722,779. To comply with the original Tydings resolution would require a reduction of $218,036,731.40 below the amount to which the bills have already been reduced.

Mr. President, whenever we undertake to fix a stated sum as the sum to which appropriations can be reduced, many difficulties confront us. In response to inquiries yesterday the Senator from Maryland stated that he believed reductions could be made in appropriations for the retirement of emergency officers. However, no such reductions can be made unless the proper legislative committees of the Senate and of the House of Representatives report bills and Congress first changes the basic law under which retirement pay is granted. It has been established time and time again that, so long as there is no change in existing law, an officer now entitled to retirement pay can, if the amount is not paid, go into the courts and secure judgment for the amount based on the law. Therefore, before the Appropriations Committee can make such reductions, the legislative committees of the Senate must recommend the proper legislation, and such legislation must be enacted by the Congress.

Members on this side of the aisle are not in charge of the committees having control of veterans' legislation. We have no opportunity to report, if we desired to do so to-day or any other day, legislation that would affect emergency officers. The Senate has a special committee appointed for the purpose of investigating that subject. That committee has not reported. The majority of the committee comes from the other side of the aisle and not from this side. So long as that is true, and until existing veterans' legislation as to emergency officers shall be amended, there can be no reduction except in the appropriations for administrative purposes of the bureau.

Where else can large reductions be made in the expenditures of the Government? Reductions can come only from that source or by a reorganization of the departments of the Government. How can we hope for a reorganization of the departments of the Government by the Congress? I can recall during the 14 years of my service in the other House the efforts which were made by the Congress to reorganize the departments, and which were always unsuccessful. The pending bill carries a provision for reorganization of the departments of the Government and gives to the President the power to abolish useless departments. If that power is courageously exercised there can be a reduction of Government expenses. The Senator from Maryland, anxious to cooperate in securing a reduction of the expenditures of the Government, does not want to be placed in the position of having a bill sent back to the committee when there is evidence on the floor of the Senate that many who really are not very anxious about reducing expenditures would like to have that accomplished in the hope that it would kill all the appropriation bills at this session and thereby prevent any reorganization. On the contrary, let us pass this measure, give to the President authority to reorganize in such a way, under the provisions of this bill, that there will be a chance for such reorganization to become effective without placing it in the power of one House of Congress alone to disapprove the action of the Executive when he shall undertake to abolish useless bureaus. We can then bring the expenditures within the income.

We can do much now. As the Senator from Maryland knows, in the Committee on Appropriations when this bill was under consideration there were offered four amendments which, if adopted, would have accomplished substantial savings in the expenditures of the Government. The Committee on Appropriations voted against those amendments, and now the question is whether we should recommit the bill to the tribunal where those amendments were lost, or whether we shall proceed to consider the bill on the floor of the Senate, where the amendments will be offered with some hope of being adopted, and we may be successful in accomplishing material savings in the appropriations carried in the bill. To recommit it, with instructions to reduce to a certain amount, would mean that those amendments would be lost and the savings would not be effected. For these reasons the resolution now offered by the Senator from Maryland is in exact accord with the principle of the resolution offered by him on yesterday.

One further thing. I said that our ability to reduce expenditures to any great extent must be dependent upon repealing or changing existing legislation authorizing the expenditures, many of them on a contractual basis. The Committee on Appropriations must provide the funds to carry out the directions of the Congress and the provisions of the law.

A statement was made on yesterday about the plank in the Democratic platform——

Mr. TYDINGS. Mr. President, before the Senator comes to that will he yield to me for a moment?

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Maryland?

Mr. BYRNES. Yes.

Mr. TYDINGS. The Senator has already pointed out that as to one of the places where there is an opportunity to make a large saving without doing injustice to anybody entitled to Government attention, it is impossible to make a saving by reducing the appropriation, because the first person denied compensation or bounty, as the case may be, could then go into the Court of Claims and get judgment against the Government. So, even though the appropriations were reduced, there would be no saving. That was primarily the reason, so far as I am concerned, why the resolution was modified.

Mr. BYRNES. Mr. President, the Democratic platform, to which reference was made on yesterday, contains this statement:

> We favor maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within revenues, raised by a system of taxation levied on the principle of ability to pay.

"Accurate executive estimates"! The figures taken by the Senator from Maryland represent the estimates of revenue as furnished on December 5 by the Budget Bureau. The figures are $2,949,162,713; and yet within the last week the President of the United States has sent to the Congress a message in which he states that the revenues will not reach this sum; that already it is apparent that there will be a reduction in the revenues of between $100,000,000 and $300,000,000. So when we attempt to have the expenditures conform to the revenues as estimated by the Treasury at this time, it is an absolute impossibility unless from day to day we consult the Secretary of the Treasury. We now have no accurate estimates.

In addition, in the $2,900,000,000 of estimated revenue according to the Budget there is included the sum of $328,-

000,000 as receipts from foreign debt. How much will be received during the next fiscal year in payment of foreign debts due us is certainly a matter as to which there may be some difference of opinion.

In the Democratic platform there is the further declaration:

> We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 per cent in the cost of Federal government, and we call upon the Democratic Party in the States to make a zealous effort to achieve a proportionate result.

What did the expenditures of the Government amount to upon the day that resolution was adopted? On that day the appropriations amounted to $4,800,731,779. No man, by any fair interpretation of the language of the platform, could construe it as meaning that we would advocate or seek to secure a reduction of 25 per cent of the public debt or the interest upon it. When those two items are eliminated, it means that we pledged ourselves to a reduction of $885,000,000 from the appropriations existing at that time, and which were the only appropriations that could have been in contemplation by those who drafted and voted for the adoption of that platform.

The President, in the Budget estimates sent to the Congress, makes a reduction of approximately $400,000,000. Since those bills have been received by the Congress, the bills as they stand to-day contain a reduction of an additional $55,000,000. If the Congress will adopt the economy provisions of this bill reported by the Senator from Connecticut [Mr. BINGHAM], a further $30,000,000 will be added, and if we will adopt also the provisions contained in this bill authorizing the reorganization of the Government, with the powers therein contained, I know that the next President of the United States will not hesitate one moment to exercise the power with courage in the reduction of bureaus, and before July 1, the beginning of the next fiscal year, the goal set by the platform of a reduction of $800,000,000 will have been attained.

Mr. BLAINE. Mr. President, will the Senator yield for a question?

Mr. BYRNES. I yield to the Senator from Wisconsin. I have not yielded the floor.

Mr. BLAINE. Do I understand that under the proposed power of reorganization of executive departments the President would have the power to abolish the Veterans' Bureau and the functions of the Veterans' Bureau?

Mr. BYRNES. Yes, submitting it to Congress; and if any President abolished the Veterans' Bureau and submitted it to Congress, and the Congress did not disapprove it, then the Veterans' Bureau should be abolished. If the President of the United States, elected by the people of the United States, should see fit to abolish that bureau—of course, the Senator and I know that he would never do it—but should he do it, and should the Congress, elected by the people, refuse to disapprove it, then I think it is about time that the Veterans' Bureau should be abolished.

Mr. BLAINE. In other words, the President would have power in effect to repeal all provisions of the law for pensions for old soldiers and widows, compensation for the disabled, and so forth?

Mr. BYRNES. No; my interpretation is not that he could do that. I am satisfied that he could not. Furthermore, while I dislike to enter into a discussion of the reorganization at this time, because at a later time I expect to do so in an orderly way, I will say that the bill lays down the standard, the policy of the Congress, and where an Executive order is filed, setting forth that the fact has been ascertained that certain functions overlap existing functions, and that the policy of the Congress having been declared that where there is such overlapping and where it is necessary in order to accomplish a reduction in expenditures that a bureau—the Efficiency Bureau, for instance—should be abolished, it is ordered that it be abolished. That order must be sent to the Congress, and the Congress has a chance to disapprove it if it sees fit.

Mr. BLAINE. One other question: Then the reduction would be made only respecting the operating expenses of the bureau or department.

Mr. BYRNES. Yes; that is right.

Mr. HASTINGS and Mr. NORRIS addressed the Chair.

The VICE PRESIDENT. The Senator from Delaware.

Mr. HASTINGS. Mr. President, I desire to congratulate the Senator from South Carolina [Mr. BYRNES] upon having convinced the Senator from Maryland [Mr. TYDINGS], who introduced this resolution some days ago, as well as his associates on the other side of the Chamber, of the impracticability of carrying out any such proposal as this.

The resolution of the Senator from Maryland provides:

> That the Committee on Appropriations be, and it is hereby, instructed by the Senate to reduce any and/or all appropriation bills sufficiently so that the aggregate of all appropriations for the fiscal year 1934 shall not be in excess of $2,949,100,000, which figure represents the total estimated revenue for the fiscal year 1934—

And so forth.

Undoubtedly it sounds very well to people living all over this country to have somebody propose what seems on the face of it to be a very sensible thing, namely, to cut down the expenses of the Federal Government to a point where the income will be sufficient to balance the Budget.

In order that I may show conclusively how impractical this proposition is, it will be necessary for me to quote some figures.

I want to say in reference to the Senator from Maryland [Mr. TYDINGS] that I know of nobody in this Chamber who is so little inclined to propound propositions for the mere purpose of being on the popular side of any question. My observation leads me to believe that heretofore his suggestions have been sound; and I am inclined to think that this motion and his speech must have been rather hastily conceived, or he would not have made the proposal in the first place.

The Budget requirements, as presented to the Congress, amount roughly to $3,790,000,000; but we must bear in mind in that connection that the President has recommended a reduction in salaries of $55,000,000 and a reduction in the appropriations for the veterans of $127,000,000, making a total of $182,000,000; and until legislation is had upon the subject recommended by the President I submit that the Appropriations Committee is in an entirely hopeless position so far as being able to do anything effective with these two subjects is concerned.

If we add that $182,000,000 to the $3,790,000,000, we have a total of $3,972,000,000; and if we deduct from it the retirement of the public debt, as is suggested in the resolution, of $534,000,000 we have left $3,438,000,000.

The estimated receipts being $2,949,000,000, we have left an amount of $489,000,000, representing the amount by which the Appropriations Committee is bound to see that the appropriations shall be reduced; and if we take the speeches made in connection with the subject and the very purpose of the resolution itself—namely, to balance the Budget by spending no more than is collected—it will be necessary to add to it $329,000,000 due from the foreign governments, none of which we may receive, and, as has just been stated a moment ago, nobody knows definitely how much of it, if any, will be received. That leaves us a total of $818,000,000 that we will be short when it comes to balancing the Budget.

In order that we may find out whether it can be done and upon what items we may make the reduction, it will be necessary, in the first place, to eliminate $725,000,000 of interest on the public debt. Nobody will contend that that can be reduced in any way except by making some further provision on the subject, which means further legislation, as suggested by the Senator from Maryland yesterday.

There is another important item, however, which is frequently overlooked by Members of Congress, and that amounts to $311,000,000. Those are trust funds, tax refunds, District of Columbia budget, contributions to civil-service pensions, Post Office subsidies to air and foreign mail which are represented by fixed obligations, and other similar items

which there is no opportunity to reduce. Then, if we add to that $305,000,000 for the contracts that have already been let for public works and their maintenance, we have a total of $1,341,000,000 from which no reduction can be made.

The balance of the Budget amounts to $2,097,000,000. If we take the amount which the Senator from Maryland suggests in his motion as the amount from which the Appropriations Committees may make their reductions, we find it amounts to 23½ per cent of the $2,097,000,000. There are three places from which that may come.

One is the military service. If we take 23½ per cent of that, we have a reduction of Army and Navy costs of $144,000,000. If we make the same reduction in the amounts paid to veterans, we have a reduction in the Veterans' Bureau of $221,000,000. We have a reduction in all other expenses of $121,000,000; making a total of $486,000,000.

If we add to that the probability that we will not receive this money from the foreign countries, then, if we are going to add nothing to the income, it will be necessary to reduce all of these items by 40 per cent instead of 23½ per cent. That means that the Army and Navy will be reduced by $245,000,000, and that the veterans will be reduced by $375,000,000, and that all others will be reduced by $206,000,000, making a total of $826,000,000.

Mr. President, in order that the country may not be disappointed at what the Congress can do—either the present Congress or the incoming Congress—I think it is well for them to know what the actual situation is. I think it is well for them to know, as the Senator from South Carolina [Mr. BYRNES] has pointed out, that before these reductions can be made in appropriations for the veterans, it is necessary for legislation to be had in the Congress; and I am surprised to hear the Senator from South Carolina say that the Members of the Senate on the other side have no voice in this. If the Senators on the other side of the Chamber, whether now or in the past or in the future, will demand that there be a substantial reduction in the appropriations for veterans, they will have at least some response on this side—whether enough to carry it through or not, I am not ready to say—but I say this is the first time it has been suggested in the Senate, so far as I know, that anybody is in a hopeless position when he believed some legislation ought to be had upon some particular subject. He can at least propose it.

I have no doubt the Senator from Maryland, in presenting his resolution had in his mind, the same as the Senator from South Carolina [Mr. BYRNES] had, the promise which the Democratic Party had made to the people of the Nation to reduce governmental expenditures by 25 per cent, by abolishing—this is how they are going to do it—

by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance.

The Senator from South Carolina, himself, says that they must be able by that method to reach the great sum of $885,000,000.

I call the Senator's attention to the fact that if he will take the 70 departments of the Government, about which so much has been said, and about which the people of this country have been led to believe great savings can be had, if he will take away from that total of 70, some 8 or 10 departments that he and everybody in the Senate will admit are necessary to remain there in order that the Government may function properly, the total sum expended by the other 60 of those departments in any one year amounts to but $21,000,000; and it is that $21,000,000 that we may be able to save by eliminating all of these various departments, assuming that the whole 60 can be eliminated.

Mr. BYRNES. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Delaware yield to the Senator from South Carolina?

Mr. HASTINGS. I will yield to the Senator; but before the Senator asks me a question let me propound one to him.

He says that it is not possible to do this by congressional action. We have for some 15 or 20 years in the past, he says, been trying to do it, and we have not been able to do it by congressional action, and the only way we will be able to do it is by submitting the question to the Executive, with full authority to act.

I call the Senator's attention to the fact that that is exactly what we have done. We did it in the last Congress, submitted it to the Executive, and he abolished some and made his consolidations, and what happened? A Democratic House, the very first opportunity they had, said it would not do. Then what further happened? We are told we must wait until a new President comes in, and that we must give to that new President, not this little bit of power, but must give to that President more power to abolish, if he wants to, any number of the governmental agencies he sees fit to abolish. That is the kind of an authority the Senator from South Carolina wants to give to the new President. I say that if that new President is entitled to have such authority as that, why is it that the Democratic House could not grant the present President the little bit of authority we attempted to give him?

Mr. BYRNES. Mr. President, I know the Senator from Delaware would not want to misquote me, and I simply wish to say to him that at no time did I say it would be necessary to make a reduction of $800,000,000 by reorganization. On the contrary, I stated that that was the total amount of reductions to be made in the appropriations to accomplish the 25 per cent reduction. The President of the United States, in the Budget submitted to Congress at this session, reduced the estimates below last year's appropriations to the extent of $357,000,000, and since that time the House has made reductions so that it will not be necessary to make reductions by reorganization of $800,000,000.

Inasmuch as the Senator asked me a question, I will answer it, and say that, so far as I am personally concerned, I thought some of the recommendations contained in the message submitted to the Congress by the President of the United States would promote efficiency, but the economy subcommittee of the Committee on Appropriations did not go into a consideration of them, because we were engaged in the preparation of the bill now reported to the Senate. However, the Senator from Delaware I think will agree that the President of the United States has not contended that in the Executive order submitted by him to the Congress there was any provision for the accomplishment of any material reduction of expenditures, and if the Senator from Delaware contends that any provision in that order would accomplish a reduction in expenditures, I would like to have him include in his speech the items which would accomplish that result.

The Director of the Budget told the House committee that he had participated in the drafting of the order, but made no contention that the provisions of that order would accomplish any reduction in expenditures, and expressed the opinion that the order would not do so.

Mr. HASTINGS. Mr. President, I want to say that if in my remarks I gave the impression that I understood the Senator from South Carolina to say that $885,000,000 would be saved by eliminating departments or consolidating departments, I want to correct any such impression. I did not so understand. I was at the time referring to the platform which the Senator from South Carolina read, the Democratic platform, which provides that 25 per cent can be saved by the consolidation and the elimination of departments; and they add one other very broad suggestion, namely, "extravagance." I do not know whether they referred to the appropriations for the veterans, whether they are referring to the amount being expended for the military service, or what they refer to by "extravagance." The obvious intention was that the people of the country who were to pass upon that platform should believe that "extravagance" meant money spent on things that could be accomplished for less money, and without in any sense depriving anybody who was receiving pensions or anything else from the Government anything, and without in any way lessening the governmental activities.

If it be true, as the Senator says, that there were no material savings in the President's Executive order, it is

further proof that the promise made in the Democratic platform upon this subject is absurd.

However, I understand now that the Senator from Maryland desires to withdraw his resolution and proposes the resolution which I hold in my hand, instead; and I want to point out how very emphatic this resolution is and what a great weight it will have upon the country if passed:

Resolved, That it is the declared policy of the Senate that the appropriations in the aggregate shall be reduced at the earliest practicable time to a sum equal to that of the estimated revenue; and that the Committee on Appropriations is instructed to make a survey of all appropriation bills and to make reductions therein wherever possible without impairing the efficiency of essential services and conforming to a policy of strictest economy.

If there is any Senator here who does not agree with that, then I should be greatly surprised. It is meaningless. It is as meaningless, I submit, as it is possible to express anything in seven lines written by anybody. It can hardly be said to emphasize a proposition that is admitted by all.

Mr. ODDIE and Mr. TYDINGS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Delaware yield; and if so, to whom?

Mr. HASTINGS. I yield first to the Senator from Nevada.

Mr. ODDIE. I think the Senator from Delaware will find, after consulting members of the Committee on Appropriations, that the very thing suggested in the resolution just presented by the Senator from Maryland has been done by the committee.

Mr. TYDINGS. Mr. President, will the Senator yield to me now?

Mr. HASTINGS. I yield.

Mr. TYDINGS. Of course, I recall that the Battle of Hastings was fought not in 1066 but in 1932; but let us leave that angle out of it.

May I say to the Senator from Delaware that I think he will be fair enough to concede that even if we were to reduce the appropriations for emergency officers' retirement, notwithstanding the reduction in appropriations, because the law provides for these payments to emergency officers, the Supreme Court has held that such an officer can sue the Government and recover. The Senator will concede that, will he not?

Mr. HASTINGS. I have not read the decision.

Mr. TYDINGS. That is a fact, whether the Senator concedes it or not.

Mr. HASTINGS. Of course, if the Senator says it is a fact, I will admit it.

Mr. TYDINGS. If the Senator had been present yesterday and had listened to what I said, the Senator would have heard me say that that is one item where economy should be effected.

I can also carry that same philosophy farther, namely, that notwithstanding the reduction in appropriations, if the law provides that a certain individual is to receive a gratuity from the Government, he can get it, even though the appropriation is reduced.

May I say to the Senator in all frankness, if he will amend the resolution I have offered so that it will carry out the purpose which he says he has in mind, he will get not only my vote but my enthusiastic support. Before yielding back to the Senator, may I say that I will be very much surprised if the Senator attempts to amend this ambiguous resolution.

Mr. KEAN. Mr. President, will the Senator yield to me?

Mr. HASTINGS. I yield.

Mr. KEAN. I would like to ask the Senator from Maryland by what authority he thinks anybody can sue the United States without permission of the United States?

Mr. TYDINGS. The Supreme Court of the United States has already passed upon that question, and it has held that, where Congress has passed a law authorizing a pension and the gratuity is withheld on account of lack of appropriations, it is a charge on the Government, and judgment against the Government can be had. Does that answer the Senator?

Mr. KEAN. It can not be collected, however.

Mr. TYDINGS. What kind of a government is it that allows its judgments to go unpaid when they are found in a court of law? Talk about unbalancing the Budget. When, through legal processes devised by Congress a judgment is gotten against the Government, and the Government refuses to pay it, I would like to have the Senator explain what kind of a government that would be.

Mr. KEAN. I thought it was a fundamental principle of law that no subject could sue the sovereign, and I believe it is to-day.

Mr. TYDINGS. Does not the Senator know that we have provided courts all over this land——

Mr. KEAN. Not for the United States to be sued in.

Mr. TYDINGS. What do they do?

Mr. KEAN. One can not sue a State.

Mr. TYDINGS. Of course not.

Mr. KEAN. One can not sue a sovereign.

Mr. TYDINGS. But one can sue the Comptroller General of the United States, or one can sue the Treasurer of the United States, and if he gets a judgment against him, is it not equivalent to getting one against the Government?

Mr. KEAN. No.

Mr. TYDINGS. The Senator is a banker and not a lawyer.

Mr. BARKLEY. Mr. President, will the Senator from Delaware yield to me?

Mr. HASTINGS. I yield.

Mr. BARKLEY. While it is true that the subject, so-called, can not sue the sovereign without the sovereign's consent, it so happens that we have given our consent by general legislation, in the establishment of the Court of Claims here in Washington, and other courts elsewhere, into which any citizen of the United States may go and assert a claim against the Government of the United States. In the veterans' legislation itself we have provided that veterans who are entitled, especially in insurance cases and in many other cases, to remedies not allowed by the Veterans' Bureau they may go into courts and establish their rights.

Mr. HASTINGS. Mr. President, I agree very generally with what the Senator from Maryland says, but having that view as he does have it, it seems all the more remarkable to me that he should have insisted upon this resolution yesterday, and concluded his remarks by saying:

There is a certain place that is paved with good intentions, and I am afraid the country will be in the situation of that place unless we make up our minds to do this here and now.

I got the distinct impression that the Senator from Maryland believed that the only salvation for the country, the only way to reduce these expenses, was through passing his resolution; and I say to him that there were some teeth in that resolution, if one understood what the Senator meant, and I have undertaken to analyze it in order that the people of the country might understand what it meant, by showing what percentages and what amounts it would be necessary to cut in order to make the resolution a practical thing.

Now the Senator comes along with a different kind of a resolution, one which amounts to no more than a bread-and-butter note he sends to his hostess after he has enjoyed a nice dinner—not a thing in the world more than that, as I see it.

Mr. TYDINGS. Mr. President, I am sorry the Senator substitutes for logic and argument so many unnecessary adjectives and nouns. But I may call his attention again to the matter we are debating. How would the Senator amend the resolution so that it might comprise the situation I have just explained?

Mr. HASTINGS. I would not do anything with such a resolution. I would not pass any resolution. If I were as much convinced, and if I knew as well as the Democratic Party knows how these savings can be made, then I would propose the legislation which would carry with it the appropriations or the lack of appropriations. That is what I would do. I do not know how to do it, or I would do it. I am hoping that after the 4th of March I will be able to sit here and learn how it is possible to save this country by doing the thing which the Senator wants to have done by this wishy-washy resolution he proposes.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. HASTINGS. I yield.

Mr. TYDINGS. May I say that the Senator from Utah has introduced a bill, which is not wishy-washy, to accomplish that result, and the Senator's own party has a majority on the committee which has the bill and refuses to consider it and refuses to report it?

Mr. HASTINGS. What is that? Is that the beer bill?

Mr. TYDINGS. I thought the Senator knew.

Mr. HASTINGS. Is it the beer bill?

Mr. TYDINGS. Does the Senator mean to say he does not even know what his own party is refusing to consider?

Mr. HASTINGS. I do not know what the Senator is talking about.

Mr. TYDINGS. It deals with the emergency officers' retirement act.

Mr. HASTINGS. I thought the Senator was talking about the beer bill. He has talked so much about the beer bill, now in the Finance Committee, that I assumed it was the beer bill to which he was referring.

Mr. TYDINGS. If the Senator will yield, may I say I thought he was impelled by beer, rather than talk about the beer bill, so groggy were his statements. [Laughter.]

Mr. VANDENBERG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Delaware yield to the Senator from Michigan?

Mr. HASTINGS. I yield.

Mr. VANDENBERG. Before the Senator leaves his quotation of the Senator from Maryland referring to the place that is paved with good intentions, let me remind him that there was another reference in the Senator's speech to that same place, as I recall. I am unable to find it in the RECORD this morning, but I find it in the newspapers:

> The only reason we do not do it—
>
> Referring, I suppose, to the passage of the resolution—
>
> is political fear. If I can not vote my own sentiments, then to hell with this job.

I cordially concurred in that statement when made, but it occurs to me that the withdrawal of yesterday's resolution and the substitution of to-day's resolution, particularly in the face of the demonstration submitted by the Senator from Delaware, at least confesses that the Senator from Maryland has changed his mind with respect to the proposition that it is nothing but political fear that is interfering with the objective to which he addressed himself yesterday.

Mr. TYDINGS. Mr. President, will the Senator yield further?

The PRESIDENT pro tempore. Does the Senator from Delaware yield further to the Senator from Maryland?

Mr. HASTINGS. I am anxious to yield the floor, if I get the opportunity.

The PRESIDENT pro tempore. The Senator from Delaware yields the floor. The Senator from Maryland is recognized.

Mr. TYDINGS. Mr. President, I think the Senator from Michigan even by way of jest was impelled more by sentiment than justice evidently to make the remarks he just made. May I say to the Senator from Michigan that I did not become wet after my party got wet, and I did not change my opinion about a whole lot of things. If he will look around, and perhaps in a looking-glass, he will see some who have.

Mr. VANDENBERG. Mr. President, the Senator embraces the usual expedient of one who finds himself unable to extricate himself from a difficult situation. As usual, he recurs to the liquor question as a final recourse. He refers to the fact that I have indicated my willingness to submit to the opinions of the American people as expressed in my own Commonwealth. I have no apology to offer for submitting to any such mandate upon the people.

At the same time the people ordered—I recall very distinctly being reminded yesterday by the Senator from Maryland—that Government expenses shall be reduced. I understand the present discussion relates to the reduction of Government expenses, and I came here this morning prepared to vote for the resolution submitted by the Senator from Maryland in that behalf. I am only submitting that the Senator is now retreating from his own position, in which I had hoped to have an opportunity to vote to sustain him.

Mr. TYDINGS. Mr. President, the Senator is ready to charge others with shortcomings which his own apparent conduct makes it unnecessary for others to charge to him. May I say to the Senator from Michigan that neither he nor any other man in this body need have any fear, because if this body will vote as courageously as the Senator from Maryland will vote for governmental economy we will have plenty of money to pay our bills.

Mr. VANDENBERG. I want to concur in that judgment of the Senator from Maryland with respect to my own opinion of him. I only regret that he seems to have cast a shadow upon his record by the performance of the last 24 hours.

Mr. TYDINGS. Mr. President, the Senator from Michigan really has a lot of good qualities after all. [Laughter.]

Mr. BINGHAM. Mr. President, out of justice to the Senator from Maryland [Mr. TYDINGS] and in view of the comment of the Senator from Michigan to the effect that he could not find in the RECORD the remark of the Senator from Maryland, I think it only fair to point out to the Senator from Michigan that on page 2592 I find the sentiment of the Senator from Maryland where he said that he does not want the job if he has to do it that way, and then went on to say:

> If we can not vote reasonably our own sentiments here, then who wants the position?

[Laughter.]

Mr. ROBINSON of Arkansas. Mr. President, an unusual issue has arisen in the Senate. I can not recall an instance previous to the present one when a Senator who made a motion to recommit a bill with instructions was denied the privilege of withdrawing it. Under the rule of the Senate he has that privilege until the yeas and nays are ordered. After that it requires consent of the Senate.

I made some remarks yesterday afternoon which I am not going to repeat now, but whatever may be the temporary personal or political advantages or disadvantages arising out of the existing situation, the fact remains that there are conditions which call for concert of action on the part of all who are interested in the cause of successful government. I know we play politics whenever we choose to do so. I do not censure any other Senator for doing that, because I myself indulge in the great American game whenever I find it advantageous to do so.

Mr. President, we have this situation: A Chief Executive who is the leader of one political organization; a House of Representatives which by a narrow margin is composed of a majority of an opposing political organization, and a Senate which has a majority of the same party which the Executive represents. It is always necessary under such conditions to compose differences in order that advances may be made. There are a number of Senators on the other side of the Chamber who are listening to me intently now, and whom I could name in person, who have pursued a course which I believe is founded on proper conceptions of our Government. There are others who indulge in the game of politics at a time when no such game ought to be played. I realize that a retort can be made, as I said in the beginning, that that is often a favorite game with me.

The Senator from Maryland [Mr. TYDINGS] has presented a resolution which is reflective of the sentiment of four-fifths of the people of the United States. They who are having their farms and their homes sold for taxes, they who have no business or occupation out of which to make a profit, find great difficulty in understanding why one branch of the legislative department fritters away its time in the discussion of relatively unimportant matters, in the discussion of questions not before it, in the debate of issues which it has no power to determine. The people are in my judgment insisting that we should get down to business and transact it as promptly and efficiently as possible.

I said a moment ago that I could not recall an instance in which a Senator who had made a motion had been denied the privilege of withdrawing the motion in order to make final action conform to the considerate judgment of himself and his associates. Fortunately, under the rules of the Senate the Senate is not dependent upon the caprice of one Senator for the decision of a question of that character. The Senate has the right to determine the question. The Senator from Maryland has stated or indicated that it is his purpose to bring forward Senate Resolution 327 and to amend it so as to substitute the language of the resolution which he offered this morning or sought to offer as a substitute for the previous resolution.

Senators have said that the pending resolution is impossible of accomplishment. I myself yesterday indicated to the Senate the opinion or implied the opinion that changes in the laws which the Congress has enacted will be necessary before reductions in Federal expenditures may be consistently made in accordance with the standard proposed in the resolution of the Senator from Maryland. But I challenge Senators to object to the principle of the resolution. It contemplates what any successful business man attempts to do in his private affairs. It contemplates a reorganization of governmental agencies, a reduction of their costs to a standard that will establish just and reasonable proportions between revenues and Government expenses.

We have this situation, Senators, which we must not forget, no matter what our political attitude may be. Revenues are constantly diminishing, because prices are falling, business is not active, earnings are approaching a minimum. It is necessary and desirable to cut off from appropriation bills every dollar that can be saved without impairing the essential services of the Government. I know that in working out the details there is infinite difficulty, and I do not claim any special knowledge applicable to the accomplishment of that end; but surely we are all agreed in a desire to accomplish the general purpose.

The Senator from Maryland has proposed, as a substitute for Senate Resolution 327, a declaration of policy on the part of the Senate that appropriations "shall be reduced at the earliest practicable time to a sum equal to that of the estimated revenues." One Senator at least has ridiculed that declaration of policy, but it is sound in every feature. He has declared that everyone is in accord with that policy. I wonder if that is true? I wonder if this great body recognizes the necessity of bringing about, as speedily as may be without disrupting necessary Government agencies or discontinuing primarily essential Government services, such a relationship between the revenues and the expenditures as will sustain the credit of our Nation and the honor of its authorized officials.

I realized yesterday, and I realize now, that it is practically difficult, so difficult as to cause us to hesitate, to carry out immediately the purposes of the motion of the Senator from Maryland, but no Senator here as yet has expressed himself in opposition to that purpose. The further provisions of the substitute resolution are:

> That the Committee on Appropriations is instructed to make a survey of all appropriation bills and to make reductions therein wherever possible without impairing the efficiency of essential services and conforming to a policy of strictest economy.

It is true that the language is general; it is true that it does not incorporate specific reductions in appropriations; but, if it be agreed to, and be loyally carried out, it will result in great good to the public.

Mr. President, never before in 20 years' service have I known of an instance where the maker of a motion has been denied the privilege of withdrawing it in order that other proposals may be made to conform to the views of himself and of his associates, and it is necessary to test the sense of the Senate on the subject. I felt yesterday and I feel now that it would be unfortunate to recommit this bill to the Committee on Appropriations. I do not want those who are going out of authority here to leave on the incoming administration the burden of making appropriations at an extraordinary session for the expenses of the Government as well as the burden of enacting legislation necessary to reestablish normal conditions, or approximately normal conditions, in this country; and I do not think that the Senate ought to insist upon prolonging this debate, in order that it might embarrass some Senator who is discharging his duty with ability and with courage, by insisting upon a vote upon his resolution.

For that reason, Mr. President, I move that the Senator from Maryland be permitted to withdraw the pending motion, the understanding being that he will call up Senate Resolution 327 at the earliest opportunity and seek to amend it in the manner which has been indicated by the resolution that he read into the RECORD this morning. If Senators wish further to fritter away the time of the Senate in debating the question as to whether he shall have the opportunity to do that, they are at liberty to do so; but I wish to see every reasonable and possible reduction made in the appropriation bills. I hope that amendments will be offered, some of which, I am sure, will be founded in honesty and in the interest of good government, reducing the appropriations in the pending bill, fought out on this floor, and the principle of conforming expenditures approximately to revenues adopted. It is for the reasons stated that I move that the Senator from Maryland be permitted to withdraw the pending motion.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

Mr. McNARY obtained the floor.

Mr. ODDIE. Mr. President——

Mr. TYDINGS. Mr. President, will the Senator from Oregon yield? I will say to him that I shall be grateful if he will yield. I have been put in the position of offering a substitute resolution with no time at all to explain my position except in the time of other Senators. I shall only occupy five minutes.

Mr. McNARY. I should be very glad to accommodate the Senator, but the Senator from Nevada [Mr. ODDIE] first asked me to yield, and I now yield to him. I shall yield to the Senator from Maryland a little later.

Mr. TYDINGS. Will the Senator from Nevada yield to me?

Mr. ODDIE. I shall yield to the Senator from Maryland in just a moment. I should like first to make a few remarks on the resolution because I feel that in a way—I know not intentionally—the Committee on Appropriations has been reflected on by the resolution which the Senator from Maryland seeks to substitute for his first resolution.

Mr. President, the Committee on Appropriations has worked diligently on this bill. It has gone over the items carefully. It has had before it the heads of the various bureaus of the Government involved. It has questioned them at length, and it has arrived at the figures in this bill, not without debate and not without difference of opinion among the members of the committee on both sides. There are some very grave problems incident to this bill, a few of which were discussed yesterday at length in the Senate, those, for instance, relating to contracts for the air mail and for the transportation of ocean mail. Some of the Members, including myself, believe that to eliminate or materially reduce the amounts appropriated for those purposes will have a very damaging effect on the industries and on the people of our country. We believe that cutting out the appropriations for the ocean mail contracts will result in shutting down our American merchant marine and tying the ships up to the docks indefinitely; and we believe that eliminating appropriations for the air mail contracts will do away with a great activity which is performing a splendid service for the people and which the people want continued.

There are members of the committee, and those outside the committee, who believe that material reductions can be made in salaries of Government officials. I for one believe that that is the wrong way to obtain efficient economy. I believe if we cut wages and salaries further, as has been proposed and which will be effectuated if certain proposals before us shall be adopted, that the American standard of

living will be lowered, that the wheels of industry will be slowed down further than they are to-day. Mr. President, we can not afford to do a thing of that kind. Should we take such action I believe that industry will suffer and that a return to normal conditions will be seriously delayed.

I can say, from a knowledge of what has gone on in the Appropriations Committee—especially regarding the bill before us of which I have charge—that the committee has worked earnestly, and after studying the various items carefully has arrived at the figures contained in the bill. I do not feel that the bill should go back to the committee. I think the Members of the Senate are competent to handle these problems as they come before them. Every Member of the Senate will have ample opportunity to offer amendments to each one of the provisions of the bill, and these amendments will be given adequate consideration. I feel that it will be a waste of time and that it will be a blow at the efficiency of our Government if we send this bill back to the committee.

Mr. President, I feel, furthermore, that we are attacking this problem in the wrong way. I feel that instead of tearing down the foundation of our Government we should start to build up the structure. It is very largely a question of psychology. I think we should instill a little enthusiasm and optimism in the minds of the American people and help in that way to start the wheels of industry going, rather than to throw monkey wrenches into the machinery, as we are doing to-day by advocating these unwise, uneconomic, and damaging cuts in these necessary appropriations.

Mr. President, we are all earnest in this matter; we want to arrive at the best and wisest conclusion; we want this bill to go through in good form in order that our Government will function properly. I feel that if we send the measure back to the committee it will be doing a grave wrong to the industries and the people of the country.

Mr. TYDINGS. Mr. President, I shall be very brief. I offered the resolution yesterday in good faith. I believe it is the proper thing to do to restore confidence in the country. I also believe the country is tax conscious and that one of the surest ways to restore prosperity is to reduce the burden of taxation wherever possible.

When the Democratic conference assembled to-day I was very much gratified to find that practically everyone there was not only in sympathy with the letter of the resolution but with the spirit. Some who have given a great deal of thought to the matter immediately arose there and pointed out that there were several impediments to accomplishing the object sought to be attained by the resolution. It was pointed out that, in some instances, even though we should reduce appropriations for a particular purpose, such a reduction would not withhold the money from the Treasury, because an individual who had been given the right to a gratuity or compensation or an allowance by legislative act could immediately enter suit in the Court of Claims, and, under a recent ruling of the Supreme Court of the United States, would be entitled to get judgment for his money, anyway. I did not want to be in a position of cutting down appropriations and telling the people of America we had effected economies when, as a matter of fact, if existing legislation provided for the payment of money for which we had not appropriated, no economy would be realized.

Faced with the practical realities of the situation, there was only one thing to do, embarrassing personally as that action was to me, and that was to reword the resolution so that it would accomplish as much as the actual legal circumstances in the case would permit of accomplishment. For that reason, after some discussion there, I consented to the substitute in the hope that it would accomplish all that could be accomplished until Congress makes up its mind to revise some of the legislative acts for the appropriation of money which are now upon the statute books.

It was also pointed out that less than six weeks of the Congress remain; that no appropriation bills whatsoever have passed this body; that to those bills we must give hours and days of thought and time to see where further economies may be effected when they actually come before the Senate. We have 10 or 11 appropriation bills to consider, with less than six weeks in which to consider them. That means that we must consider about one and a half appropriation bills each week from now until the 4th of March, and none of them could be considered under this resolution until the Committee on Appropriations had made a survey of the whole field. I, therefore, thought that it would be unwise, in the face of the actual facts, to insist upon the resolution as originally drawn. However, Mr. President, I want to leave no misunderstanding in the mind of anybody that I shall by every reasonable vote I can cast in this Chamber attempt to carry out the purposes projected by the resolution submitted by me yesterday.

There may be those on the other side who, because I have frankly and willingly admitted that the resolution, perhaps, was drawn a little too hastily, want to make some sport of it. My answer to those on the other side who fall back on that line of trenches is that it is regrettable that they, themselves, did not draw a better one. So far as I have seen in this session, it is the only resolution anybody has offered to reduce the burdens of taxation upon the American people.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Ohio?

Mr. TYDINGS. I yield to the Senator from Ohio.

Mr. FESS. I can not speak for anyone except myself on this side; but when the Senator offered the resolution, coming as it did from the other side of the Chamber, and I realizing that it was an effort to keep a pledge made both in the platform and in the campaign—one that I think it is going to be very difficult, under the circumstances, to keep—I thought it was a source of great embarrassment to everybody for us, believing that we can not under the present situation without legislation reduce the expenditures a billion dollars; that it would give the Senator a chance to say, "Well, we tried to get the Republicans to do it, but they would not do it, and for that reason we are having these heavy expenditures." I was rather inclined to vote to recommit the bill on that basis, so as not to handicap the Senator's party in the solution of a problem that is going to be very difficult.

That was not political, because it comes from the Senator's side. I do not know how others feel, but I know that a few of us who have talked about the matter were ready to vote to recommit the bill. If we can eliminate the feature of it which would permit the charge to be made against the Republicans that we have not done what we could have done, I would very readily vote to permit the withdrawal of the resolution; but the Senator understands the situation with me.

Mr. TYDINGS. I thank the Senator for his observation; and may I say, so far as I am concerned, that I offered the resolution without any political thought at all and in the utmost good faith? The Senator from Ohio, I know, recalls, as others do, that I pointed out yesterday where in my judgment economies could be effected in the appropriations for emergency officers and others without doing any injustice to any emergency officer who was really disabled, or to veterans, or to retired Army and Navy officers——

Mr. FESS. Mr. President——

Mr. TYDINGS. Let me finish the sentence; but that we can not effect those economies merely through reducing the appropriations, because the legislation provides that certain amounts shall be paid to these people, and if we do not appropriate the money they simply get a judgment against the Government in the Court of Claims which we are in honor bound to pay.

Mr. FESS. That was the question I wanted to ask the Senator.

Mr. TYDINGS. That point was not raised in the debate yesterday. If some one had risen on this floor and pointed out that situation then, much that has gone on this morning never would have occurred, because I would have acquiesced in the suggestion to amend the resolution so as to provide the maximum amount of tax reduction which the legislative circumstances would permit.

Mr. President, I feel that this explanation acquits me of any desire to want to surrender my position one whit, but that those who are fair enough to view the facts must realize that there was little or no alternative except to offer the amended resolution which I have sent to the desk.

Mr. KEAN. Mr. President, we all know that there are thousands of people out of work. We all know that almost every business in the United States is running "in the red," and that many of them are simply keeping on their employees in the hope of better times.

Four-fifths of the people, as has been said, voted that this promised reduction in the expense of the Government should be made. I was glad when I saw this resolution offered by the distinguished Senator from Maryland [Mr. TYDINGS] yesterday, because it gave some hope to the American people that Congress really was going to make the necessary reductions in the expenses of the Government to meet the revenue which they receive.

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Jersey yield to the Senator from New York?

Mr. KEAN. I yield.

Mr. COPELAND. The Senator has in mind, I am sure, the fact that, eager as the Appropriations Committee is to effect economies, it is limited always by the laws upon the statute books. Consequently, we can not hope for these economies until Congress itself has changed many of the laws. That was pointed out so well this morning in our discussion.

Take, for instance, the ocean mail contracts: They are contracts already made. They can not be violated by our Government. Those contracts were made in accordance with law. Those laws must be changed if we are to avoid making such contracts in the future. Of course, these particular contracts would still be in effect even if the laws were changed; but there are many laws which the Senator from Maryland has pointed out which are here, and until Congress has the courage to change them we can not hope to effect these great economies.

I agree with the Senator that the economies should be effected. We must do everything possible to bring them about; but until we have action by the Congress itself, we can not hope to do the thing which is so desirable and so necessary.

Mr. KEAN. Mr. President, I will say that the Senator from Maryland is a member of this committee, that he stated here on the floor yesterday that these changes might be brought about, and that I was glad when I saw this resolution.

I have voted in this body, whether it was proposed by a Democrat or from this side of the Chamber, for almost every reduction in every appropriation that has been brought up. I think I supported almost every motion of the Senator from Tennessee [Mr. MCKELLAR] last year to reduce appropriations, one after another. I have stood for that right straight through, and I appreciate that reductions should and could be made.

We hear something about maintaining the standard of living of the American people. How can we maintain the standard of living of the American people when they can not get bread? How can we maintain the standard of living when they can not get any living? What we ought to do is to go through this bill and cut it, and we ought to cut the same way that the manufacturer has cut, the same way that the business man has cut. He has put in the knife and he has cut until he is getting down to the point where it makes no difference what his income is; his expenses are going to be somewhere near his income.

That is the reason why I object to the withdrawal of this motion, because I want to vote for it. I want to see it carried through, and I want to save this money to the taxpayers of the United States if I possibly can.

Mr. HALE. Mr. President, the Tydings resolution introduced yesterday, and the substitute resolution this morning introduced, provide for bringing down the appropriations of the Government to the amount of the estimated revenues. The figures that have been given in debate refer not to appropriations but to expenditures; and, as the President explained in his Budget message, the two are not the same. In the expenditures for the year have to be taken into consideration carry-over appropriations from previous years, as not all of the appropriations that are made for one year are spent during that year.

The corrected figures as applied to these resolutions would be as follows:

The amount of the estimates for 1934 was $4,403,178,032. Recently a document has come up from the Budget calling attention to the fact that this should have been reduced $23,248,200, bringing the amount of the estimates for appropriations up to $4,379,929,832. If we take out of that the public-debt retirement of $534,070,321, we have left $3,845,859,511. Then if we deduct the postal revenues of $625,000,000, we have left $3,220,859,511. If we deduct from that the cuts that have been made by the House of $53,722,779.60, we shall have left $3,167,136,731.40; and if we deduct from that the estimated revenues of the Government, which are $2,949,100,000, a balance will be left of $218,036,731.40, which represents the amount of the suggested cut.

This, of course, does not take into consideration the President's statement that the estimated revenues of the Government would have to be cut down this year from one to three hundred million dollars; and if we take as a mean average $200,000,000—and it quite probably will be more—we shall have an appropriation deficit of $418,000,000.

Mr. President, the purpose of this resolution is clear. If it means anything, it means that the Senate is to go on record as in favor of cutting down the appropriations to the estimated revenues; and when I say "the estimated revenues" we will have, of course, to add to the $2,900,000,000 the post office revenues. Otherwise if the appropriations are cut down to the $2,900,000,000 and later on the estimated postal revenues of $625,000,000 should be received, we would have a $625,000,000 surplus of revenue over appropriations, and nobody asks that.

If it is the purpose of the Senate to make these cuts—I do not believe it can practicably be done—I explained yesterday that the cuts if made will have to be made on a very small portion of the appropriations. I have taken the matter up with the Director of the Budget, and have asked him to send me a statement showing exactly what appropriations could be cut under existing laws and contract obligations. If, however, the Senate wants to make the reduction, it will undoubtedly do so.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. HALE. I yield.

Mr. MCKELLAR. What reduction is the Senator speaking of now?

Mr. HALE. The reduction in the appropriations of the amount by which the proposed appropriations exceed the revenues.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. HALE. Yes.

Mr. BYRNES. A motion is pending to enable the Senator from Maryland to withdraw the motion to recommit.

Mr. HALE. I understand.

Mr. BYRNES. The Senator is not in favor of recommitting this bill to the Appropriations Committee, is he?

Mr. HALE. I want to make it plain, Mr. President, that if the Senate is going to take the action contemplated in the resolution on the floor, and is going simply to butcher these bills by voting for amendments that come along that have not been considered in committee, and on which the judgment of the committee has not been exercised at all, I think we would do very much better to send the bill back to the committee.

I am not suggesting this for purposes of delay. I expressed myself yesterday in favor of getting through with the appropriation bills, and I called on the Republicans of the Senate to back me up in getting action on those bills.

Mr. BYRNES. Does not the Senator think it would be best to settle the pending question first, and then take up the other matter?

Mr. HALE. No; this is one of the most important bills; and if we go ahead and butcher this bill, it seems to me we can not have any comprehensive plan that will be intelligent. All of the appropriation bills will have to be considered if what is proposed in the resolution is to be done.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. HALE. I yield.

Mr. KING. As I understand the Senator's position, it is this, that there shall be an interdiction upon Members of the Senate from offering amendments to modify or reduce appropriations in the pending or any subsequent bill reported by the Committee on Appropriations.

Mr. HALE. No; not at all.

Mr. KING. And that if the Senate should adopt amendments, it would so butcher and mutilate the bill that it would be better to recommit it to the Committee on Appropriations, and have no amendments whatever made upon the floor of the Senate.

Mr. HALE. No; Mr. President, we can not prevent amendments on the floor, and I would not desire to do so; but if we go ahead with this bill now, and go ahead with the expressed, avowed purpose of the Senate to cut it down, I am afraid that every amendment offered that looks toward a reduction will receive support and will go through. I do not think we can intelligently go into the matter.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. HALE. I yield.

Mr. ROBINSON of Arkansas. The Senate can not pass upon an amendment in a general way. An amendment would have to be presented before the Senator himself would know whether he favored it or not. The Senator believes in economy, does he not?

Mr. HALE. Certainly I believe in economy, but I believe in reaching it intelligently.

Mr. ROBINSON of Arkansas. If an amendment would save a substantial sum the Senator would support it, even though the committee did not report it?

Mr. HALE. If it were reasonable; but I would want to have it shown to me that it was reasonable.

Mr. ROBINSON of Arkansas. Why does not the Senator let the issue come, since it has to come, and let us dispose of the amendments as they are presented?

Mr. HALE. Were the resolution adopted, I do not think there would be sufficient consideration of amendments that would be offered. I think there would be little committee support against any such amendments which reduced the appropriations without any consideration.

Mr. ROBINSON of Arkansas. Of what amendment is the Senator afraid there will be no consideration?

Mr. HALE. I can not tell what amendments will be offered. I imagine there will be a good many.

Mr. ROBINSON of Arkansas. That was just my suggestion——

Mr. HALE. If the Senate went on record as favoring this extreme economy, I am afraid Senators would vote in favor of almost every amendment that was offered.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. HALE. I yield for a question.

Mr. McKELLAR. The Senator knows that there are several amendments that were offered by me in the committee, and which will be offered on the floor of the Senate, all of them having the effect of reducing the appropriations carried in the bill.

Mr. HALE. I know that. I was not referring to the Senator's amendments; but any Senator could propose amendments, and, without any committee support back of the bill as reported by the committee, I am afraid that we would simply go wild.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. HALE. I yield.

Mr. KING. Does not the Senator feel that he is placing himself, as well as the Committee on Appropriations, in a position which neither he nor they would like to assume, namely, that they are so infallible that it would be better to have bills referred back and let the committee consider proposed amendments than permit Senators to offer amendments upon the floor of the Senate and have them discussed and debated here?

Mr. HALE. Mr. President, I do not think we are infallible at all; but I think our duties as a committee are to consider the bills that are referred to us and consider all questions that have to do with the bills, including general instructions to cut down, and I think we have done our duty in the committee. Of course, we are not infallible, but at least I think we ought to have opportunity to pronounce judgment on the carrying out of such instructions.

Mr. ROBINSON of Indiana obtained the floor.

Mr. McNARY. Mr. President, will the Senator yield to me to make a short statement?

Mr. ROBINSON of Indiana. I am glad to yield to the Senator.

Mr. McNARY. Mr. President, I appreciate the courtesy of my very sincere and able friend from Indiana.

I have no partisan feeling in the matter now before the Senate. Anyone who listened to the reading of the resolution offered yesterday by the Senator from Maryland might well have known that this situation later would arise. The surprising thing to me is that even Members of the Senate would amass themselves in sufficient number to authorize a roll call upon a proposition so impracticable.

It is perfectly absurd to offer on the floor of the Senate a motion which is unapproachable in fact. The amount of money proposed that might be appropriated would fly directly in the face of statutory obligations, and apparently could not be met. It was quite proper that the Democratic caucus this morning saw the situation and came in with a substitute. I think they have acted wisely.

I am in accord with the position taken by the eminent chairman of the Committee on Appropriations, namely, if the Senate is to operate on the pending bill by reducing the appropriations to figures which it would be impossible to justify, that would better be done in the committee rather than on the floor of the Senate.

The Committee on Appropriations has worked assiduously on the bill. It has taken a bill that was authorized by the Director of the Budget, approved by the President of the United States, approved by the House Committee on Appropriations, also confirmed and approved and voted as an appropriation bill by the House of Representatives, and later on authorized and reported to the Senate by the capable Committee on Appropriations.

Mr. President, for my part I am going to stand upon the judgment of the Committee on Appropriations. I am willing to vote to withdraw the proposal made by the Senator from Maryland, provided there is no intention of operating upon the bill here in the Senate and fashioning it in an impracticable way. Unless I have that assurance, I shall not vote to permit the resolution to be withdrawn.

If the amounts carried in the bill are to be reduced substantially, and if it is the purpose of the Democrats to move to reduce them beyond the possibility of attainment, I think the bill should go back to the committee and let the committee work upon the proposal.

I am curious to know—and I direct this inquiry to the able Senator from Arkansas, the leader on the Democratic side—whether, if his motion to withdraw the proposal made by the Senator from Maryland is carried, it is his intention then to submit the substitute?

Mr. ROBINSON of Arkansas. Mr. President, the Senator well understands, as I explained to him, that the substitute can not be submitted except by unanimous consent. The motion now pending is a motion to permit the Senator from Maryland to withdraw his resolution, but I am advised that no motion to recommit is to be made at this juncture.

The Senator may understand, as I have tried to explain to him privately, that the Senator from Maryland at the earliest opportunity is expected to call up his resolution, No. 327, and seek to amend it in conformity with the resolution that has been read into the RECORD this morning.

My thought is that we should go ahead with the appropriation bill and discuss amendments as they are presented and vote on them. It would not be possible to agree not to amend the bill. Senators have indicated their purpose to offer amendments, and it is well understood by members of the Committee on Appropriations that such amendments will be offered. Each amendment is expected to stand on its merits and be decided by the Senate.

If the Senate wishes to recommit the bill in spite of the fact that the Senator from Maryland has asked to withdraw his resolution and I have moved to permit him to take that course, it is entirely at liberty to do so. But we will not pledge ourselves to vote for appropriations in this bill, some of which involve scandals, as we believe there exists evidence to sustain. We will vote on the merits of these amendments, and Senators who are unwilling to take that course must pursue their own course.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. McNARY. I yield.

Mr. McKELLAR. Some of the amendments I have proposed to this bill were actually voted on in the committee, and I gave notice at the time, when they were voted down and out, that I would offer them on the floor of the Senate, and I can not make an agreement not to do so, under any such circumstances as that.

Mr. McNARY. Mr. President, so far as I know, no one has asked the Senator from Tennessee to make any formal agreement, or has asked the Senator from Arkansas not to offer any amendments. That does not bother me at all. I simply want to know—and I have the assurance of the leader on the Democratic side—that if this resolution is withdrawn it will not be followed up by the one which has been proposed to-day.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. McNARY. I said that I was happy to have that assurance.

Mr. ROBINSON of Arkansas. Mr. President, the Senator must not misunderstand me.

Mr. McNARY. I do not misunderstand the Senator.

Mr. ROBINSON of Arkansas. The pending motion is the motion to recommit with instructions. The resolution which the Senator from Maryland has offered as a substitute for Resolution 327 is an independent proposition. It can not be considered except by unanimous consent or upon motion. If the Senator from Maryland found it necessary to move to proceed to the consideration of his resolution, he would be at liberty to do so at any time, and I will not preclude him from it. The resolution is not offered as an amendment to the pending bill. It is offered as a declaration of policy to govern the Committee on Appropriations with respect to all of its deliberations. The pending motion is the motion to recommit, and it is that motion the Senator asks permission to withdraw, and his request was objected to. My motion if carried would leave him at liberty to withdraw his resolution.

Mr. McNARY. Mr. President, the Senator has made himself clear on that point. I have no illusions about the situation. I am willing to go forward and take up the pending bill and pass it on its merits, and meet every amendment as it is offered, but if we are to have an understanding of some kind that this bill shall be cut down beyond the limits to which it is possible and practicable to go, then I say that it ought to be referred to the committee, which has been the purpose of my remarks.

Mr. ROBINSON of Arkansas. Mr. President, in order that there may be no misunderstanding about it, I do not agree to any limitation whatever upon the right to amend the bill. The Senate will amend this bill just as it would any other appropriation bill.

Mr. McNARY. Mr. President, I am not asking any pledge from the Senator from Arkansas. I am saying that if we are to take up this bill and in the usual manner propose amendments and bring it to a conclusion by a vote, I am for that policy. If we are going to carve it up here on the floor, that being the understanding amongst some, we had better have the work done in the committee.

The resolution, as it reads, if it means anything, means that we are to do the amending on the floor of the Senate, and I am suggesting that I am willing to operate along this line, to vote to withdraw the resolution offered by the Senator from Maryland [Mr. TYDINGS], then take up the bill and go forward with it and meet every amendment as it is offered. If that be the policy, I think we may have assurance that we will get along and work out a very good measure.

FOREIGN DEBTS

Mr. ROBINSON of Indiana. Mr. President, the American people have given an exhibition of patience during the past three years that I think is unrivaled among the nations of the world in all the history of the earth. They have been sorely tried. They have been heavily burdened. They naturally have been very unhappy and very much discontented. There has been slow starvation, malnutrition. They have gotten to the point now where their lot is almost unbearable. Throughout the world other countries have revolted against organized government during these three years. If my memory serves me correctly, 17 nations of the earth—no fewer than that—have changed their form of government, more or less violently. This has occurred during the past three years of world depression. But the American people have gone on patiently standing for law and order, and I think nothing quite so fine and patriotic as that has ever been seen in all the recorded history of time.

But I am wondering how much further we ought to tax the patience of the people. I am wondering if we dare forfeit completely the confidence of the American people in those chosen to operate their Government. I am wondering how far we dare go in flaunting the American people. Promises are made by public men and public women, too, and then apparently pledges are entirely forgotten. They go unfulfilled. Aye, to the other extreme too often we go, and do the opposite from that which was pledged would be done.

I am thinking now of the foreign debts. I am thinking also of economy. I know the people of the country want economy practiced in the Government. That is true. I also know that it is not economy to transfer $11,000,000,000 of debts due the people of this country back onto their already-overburdened shoulders.

Mr. President, I know further that practically everybody in public life has gone up and down the country pledging the American people there would be no revision, to say nothing of cancellation, of the foreign debts. Because Members of this body and Members of the House at the other end of the Capitol knew the temper of the people, knew positively how the people felt about it, a joint resolution was passed unanimously, as I remember, to the effect that not only would there be no cancellation of the debts, but there would be no revision. That resolution stands to-day as the considered judgment of the Congress of the United States. So far as I know, no one has attempted to change that considered judgment. No representations have been made to the Congress that I know of with reference to any change. Therefore, the President elect of this Republic must know that is the considered judgment of the Congress of the United States, and therefore of the American people. Accordingly, what right has he forsooth to enter into negotiations with other governments looking to the doing of the very thing this resolution forbids?

Does anyone in this body know anything about rumored negotiations except what he reads in the newspapers? Has any message come to the Senate or the House from anyone in executive authority asking whether the Congress has changed its mind on this question? Does anyone in this body know or does anyone in the House of Representatives know whether or not these debtor nations have made representations to this Government as to any further conference with reference to revision or cancellation? I venture to say,



Mr. President, that not a Member of this body knows anything about it except what he has read in the newspapers. I say the situation is unusual to say the least.

Mr. President, I began by saying that I wonder how much longer the American people's patience will last with this Congress or anybody in authority, executive, legislative, or judicial, when their wishes are flaunted right and left.

I think this is a fair statement. There is not a Member of this body, with possibly one exception—there may be others, and I think the one exception probably altered his position but recently, if there be an exception at all—not a Member but has assured his constituents time and again ever since the resolution was adopted that there would be no change in policy; that the United States would not cancel the indebtedness; that it would not agree to any review of the indebtedness; that it would agree to no reduction of the indebtedness.

I have heard of some strange doctrines to the effect that we might trade the indebtedness—God save the mark!—to our debtors for some kind of an agreement they might make with us. That is a will-o'-the-wisp proposition which no man in this body can put in concrete form so it can be understood by the American people, so they may know what kind of a quid pro quo he expects to get. One proposal to bring Great Britain back on the gold standard is exploded by the Baltimore Sun, which says frankly it is deceptive. "Deceptive" is the word used. I think it is high time we should discontinue deceiving the American people. Some one is going to be held to account for it, possibly all those connected with the Government, unless there is more good faith exhibited to the people of the Republic.

The people have been patient, I repeat, these three years while other nations have tottered and fallen and gone the way of all flesh. We have seen them die, never to return to their pristine glory; but this Republic, due to the patience of its great people and their marvelous patriotism, has endured, though suffering hardships as no nation ever felt before. And now, a campaign scarcely over, ended last November, and here is this additional attempt to flaunt them again, to deceive them absolutely after we have all promised them there would be no deception, that the views of the Government would not change, that we should continue to stand for the policy adopted a scant year ago.

I wonder how the American people feel about these things? This morning I picked up the Washington Herald. Let me read from it. I am thinking of policy in its broadest sense. I am thinking of a patient people. I am thinking it is high time to keep faith with the people. Listen! Here is the headline, and then I quote briefly from the story:

BRITISH ENVOY CAUSES STIR BY VISIT TO FLOOR OF SENATE—LINDSAY GUEST OF SENATOR ROBINSON OF ARKANSAS—CALL IS "SOCIAL"—MEMBER OF PARTY ADMITS TALK OF SLASH

Europe's drive to cancel war debts and saddle the load onto the backs of the American people yesterday apparently was carried into the Halls of Congress.

Escorted by Senator ROBINSON of Arkansas, Democratic leader, Sir Ronald Lindsay, British ambassador, appeared on the Senate floor, in violation of Senate rules, and held discussions with numerous Senators. The rules, ordinarily strictly observed, do not extend the floor privilege to foreign ambassadors.

ROBINSON'S GUEST

The Marquis of Lothian, member of the British House of Lords, accompanied Lindsay. They had been ROBINSON'S luncheon guests at the Capitol. As a member of a foreign parliament, the marquis was entitled to the floor privileges.

The British ambassador sat for a time in the chair of Senator TYDINGS (D.), of Maryland, while the latter was addressing the Senate.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER (Mr. WALSH of Massachusetts in the chair). Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. Then is given a list of the guests at the luncheon. I have no objection to any social function or any luncheon that might be given by any Member of this body. But I submit that a foreign ambassador, and especially one interested in what is being discussed, has no right on the floor of the Senate. Everybody knows his chief interest is to find some way or other to have this Government cancel or reduce the indebtedness of his country to the American people.

I submit in the same breath that there are thousands of Americans who also are indebted, who can not pay their debts, who desire debt cancellation or revision or reduction applied to their own obligations; but let one of them attempt to get on the floor of the Senate and state his grievances and see how far he is permitted to go.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. If the situation were reversed and this were England and we were in England's position and our American ambassador entered upon the floor of the House of Commons, how long does anyone suppose they would permit him to remain there before he was ejected?

Mr. President, let any Senator or any Member of the body at the other end of the Capitol attempt to go on the floor of the House of Commons and see how far he gets. It is not permitted there. Aye, the Englishman dearly loves a lord, but Americans worship a lord apparently—worship him!—and so we let them come on the floor of the Senate, rule or no rule.

I yield now to the Senator from Arkansas, although he refused to yield to me a day or two ago.

Mr. ROBINSON of Arkansas. I thank the Senator from Indiana. The British ambassador, Sir Ronald Lindsay, was invited onto the floor by myself. That was my mistake. I did not refresh my memory as to the rules. I was under the impression that foreign ambassadors were entitled to the privileges of the floor, as, of course, are members of foreign national legislatures. I do not think that the British ambassador should be censured. I accept without complaint whatever censure the Senator from Indiana sees fit to impose upon me for an unintentional disregard of the rules. The subject of international debts was not even mentioned, much less discussed, on the occasion of the visit of the two distinguished Englishmen who have been referred to. I thank the Senator for yielding.

Mr. ROBINSON of Indiana. Mr. President, the headline from the Washington Herald reads:

Member of party admits talk of slash.

I do not know whether there was any talk of a slash or not. I am simply giving that from the newspaper. But, Mr. President, what difference is there between lobbying, though it be in high circles, in the interest of having this country cancel the British debt and the work that is being done by any other lobbyist outside the Chamber? What difference is there so far as the ultimate result attempted to be accomplished is concerned?

I am glad to hear the Senator from Arkansas give his explanation to the Senate and the country as to why the British ambassador was on the floor. I have nothing against him, nor against Great Britain; indeed, I admire that great nation, which has stood foursquare against all the winds that blew for the last 700 years; but, Mr. President, my loyalty and the loyalty of every Member of this body belong first to the United States of America, to our people—our people, sorely burdened at this moment; our people, to whom within the last year we have all pledged there should be no debt reduction, to say nothing of debt cancellation. There our first loyalty lies, and there, first, my loyalty shall be discharged.

There is much I could say, Mr. President, on this subject. It does seem to me in these latter days that some of our public officials have lost their sense of proportion. Do they not know how the people feel? Would they continue to prod and goad the American people until things that now seem unthinkable to us might materialize? Have we no sense of tact, of propriety?

Mr. President, I think foreign debtors ought to have no misapprehension as to the American position on this question. I think they ought not to be misled by what the President elect suggests to-day, or by any emissary he may

have abroad in foreign capitals assuming or undertaking to represent him. Therefore I have prepared a resolution in the interest of the American people to put our foreign debtors on guard, that they may know that Congress meant what it said when it adopted the resolution a scant year ago. I will read the resolution, and I am wondering if anybody can take exception to it:

Resolved, etc.—
Whereas it is currently reported and not denied—

All we have is current reports; we have nothing official; all we can do is get our information from the newspapers or from somebody who may be informed and who is kind enough to advise us. The resolution continues:

Whereas it is currently reported and not denied that foreign countries indebted to the United States have sought and are seeking conferences with officials of the Government of the United States for the purpose of reconsidering their indebtedness to the United States; and

Whereas the Congress of the United States has declared a definite policy concerning such indebtedness, and desires that said foreign countries should not be under any misapprehension as to the definite position of the United States on this question: Therefore be it

Resolved by the Senate and House of Representatives of the United States in Congress assembled, That the said definite policy is hereby reaffirmed in the language of section 5, known as House Joint Resolution 147 (Pub. Res. No. 5, 72d Cong.), approved, December 23, 1931, to wit:

It is hereby expressly declared to be against the policy of Congress that any of the indebtedness of foreign countries to the United States should be in any manner canceled or reduced; and nothing in this joint resolution shall be construed as indicating a contrary policy, or as implying that favorable consideration will be given at any time to a change in the policy hereby declared.

Mr. President, I send the resolution to the desk and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The question is, Shall the Senator from Indiana now be given permission to present the resolution?

Mr. ROBINSON of Arkansas. Mr. President, reserving the right to object, I do not think it is possible now for this Congress to dispose of the subject matter of the resolution presented by the Senator from Indiana. The declaration in existing law to which the Senator refers stands uncontradicted in so far as the Congress is concerned, and it will continue to be the expression of policy on the part of the Congress until a contrary or a conflicting declaration shall be adopted.

The Senator from Indiana a few days ago, in justification for his very remarkable address, for his criticism not only of the President but of the President elect, declared that a gentleman by the name of Bullitt had appeared at certain places in Europe and had secretly proclaimed himself the emissary of the President elect, who had given instructions to keep the mission secret. It was on the basis of that unauthenticated newspaper report that the Senator from Indiana undertook to criticize and condemn both the President of the United States and the President elect for their alleged policy respecting the national debt.

The Senator from Indiana was so prejudiced, if I may use that term without offense, that he would have had the Executive decline to hear representations made by the foreign governments which are interested in the subject. He would insist that a declaration by the Congress estopped the Executive from the exercise of his power and right to conduct international affairs.

Last night there was flashed the news that the President elect, Mr. Roosevelt, from Warm Springs, Ga., had declared that there was no foundation whatever, in fact, for the declarations put into the RECORD by the Senator from Indiana [Mr. ROBINSON]; that Mr. Bullitt had no authority from him whatever, direct or indirect, to carry on negotiations with anyone, and that any statement to that effect was unwarranted and unauthorized. Recognizing fully the right of the Senator from Indiana to raise any issue that he chooses to raise on this subject, I respectfully say to him that it is not a matter that can fairly be prejudged; that we can not now by a declaration or the repetition of a previous declaration made by this Congress estop a future Congress from giving such consideration to this subject as it believes the subject deserves; nor can we estop the President and the President elect, for that matter, from performing their functions in the manner which the Constitution authorizes.

I have no objection to the Senator from Indiana introducing, out of order, the resolution which he has presented; but I shall object to its present consideration, and will, on a proper occasion, move its reference to the Committee on Foreign Relations.

The VICE PRESIDENT. Is there objection to the presentation of the joint resolution? The Chair hears none.

The joint resolution (S. J. Res. 244) reaffirming the policy of the Congress concerning the indebtedness of foreign countries to the United States was read twice by its title and ordered to lie on the table.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H. R. 14436) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H. R. 14436) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

TREASURY AND POST-OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas that the Senator from Maryland be permitted to withdraw his motion to recommit.

Mr. FESS. Mr. President, there are several Senators absent who want to be present, and I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Keyes	Sheppard
Austin	Davis	King	Shipstead
Bailey	Dickinson	La Follette	Shortridge
Bankhead	Dill	Lewis	Smith
Barbour	Fess	Logan	Smoot
Barkley	Fletcher	McGill	Steiwer
Bingham	Frazier	McKellar	Stephens
Black	George	McNary	Swanson
Blaine	Glass	Metcalf	Thomas, Idaho
Borah	Glenn	Moses	Thomas, Okla.
Bratton	Goldsborough	Neely	Townsend
Brookhart	Gore	Norbeck	Trammell
Bulkley	Grammer	Norris	Tydings
Bulow	Hale	Nye	Vandenberg
Byrnes	Harrison	Oddie	Wagner
Capper	Hastings	Patterson	Walcott
Caraway	Hatfield	Pittman	Walsh, Mass.
Carey	Hawes	Reed	Walsh, Mont.
Connally	Hayden	Reynolds	Watson
Coolidge	Howell	Robinson, Ark.	Wheeler
Copeland	Hull	Robinson, Ind.	White
Costigan	Johnson	Russell	
Couzens	Kean	Schall	
Cutting	Kendrick	Schuyler	

The VICE PRESIDENT. Ninety-three Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from Arkansas [Mr. ROBINSON] that the Senator from Maryland [Mr. TYDINGS] be permitted to withdraw his motion to recommit with instructions.

LOANS TO RAILROADS BY RECONSTRUCTION FINANCE CORPORATION

Mr. COUZENS. Mr. President, I send to the desk a joint resolution, which I desire to have read, and then I wish to make a few comments upon it.

The VICE PRESIDENT. Is there objection to the reading of the joint resolution? The Chair hears none.

The joint resolution (S. J. Res. 245) to suspend the making of loans to railroads by the Reconstruction Finance Corporation, was read the first time by its title, and the second time at length, as follows:

Resolved, etc., That no loan to any railroad or railway, or to a receiver of a railroad or railway, shall be made or approved by the Reconstruction Finance Corporation until Congress shall otherwise provide.

Mr. COUZENS. Mr. President, it is apparent that large numbers of the railroads are in distress. It is equally apparent that we can not, with the taxpayers' credit, maintain the capital structure of many of the railroads that are in difficulties.

There is pending before the Reconstruction Finance Corporation now an application for a loan of $3,800,000 for the Missouri Pacific which they want by February 1, 1933. There is another application for another $3,000,000 loan on March 1, 1933. They have maturities coming due on May 1, 1933, of $34,000,000. It is perfectly apparent to me, at least, that the Federal Government can not maintain that debt structure; and unless some form of legislation is set up for reorganization of the capital structure of many of these railroads, or unless they set up some voluntary system of reorganization and recapitalization, they will have to go through receivership.

It is perfectly plain that the credit of the taxpayers can not be used indefinitely; and yet we have the house of Morgan and the house of Kuhn, Loeb & Co. coming to the Reconstruction Finance Corporation and begging for these loans. They attempt to assure the Reconstruction Finance Corporation that the security is quite adequate, and yet they will not themselves make the loan.

The president of the American Bankers' Association recently said, "What we need is a loosening up of credit." I admit that; and yet, when it comes to these bankers loosening up credit, they refuse to act. Not only do they urge upon a governmental agency that it make these loans but they assure the governmental agency that the security is adequate. If such is the case and the bankers agree that what we need is a loosening up of credit, I submit that it is time for the Federal Government to stop making the loans and leave it up to the bankers to take care of what they themselves claim is necessary to be done.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Florida?

Mr. COUZENS. I yield.

Mr. FLETCHER. Is it not true that the Missouri Pacific has already obtained loans?

Mr. COUZENS. I understand they have obtained loans somewhere to the extent of $14,000,000, much of which went to the relief of Kuhn, Loeb & Co. and the Morgan interests.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Idaho?

Mr. COUZENS. I do.

Mr. BORAH. I desire to ask the Senator if he can advise us the nature of those obligations falling due to the extent, I believe the Senator said, of $34,000,000.

Mr. COUZENS. Thirty-four million dollars on May 1; $3,000,000 on March 1; $3,800,000 on February 1.

Mr. BORAH. What is the nature of the obligations? Are they securities which these bankers hold?

Mr. COUZENS. No one knows who holds the securities. The loans are for the purpose of paying the interest and maturities of the securities.

Mr. BORAH. But no one knows who holds them?

Mr. COUZENS. No one knows who holds them.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Kentucky?

Mr. COUZENS. I yield.

Mr. BARKLEY. Did the Senator say that the Reconstruction Finance Corporation has loaned about $14,000,000 to the railroads to date?

Mr. COUZENS. If my memory serves me correctly, that is the amount.

Mr. FLETCHER. To that one road?

Mr. COPELAND. That is merely to one road.

Mr. BARKLEY. That seems to me to be rather a small amount, considering the whole amount of credit available to the Reconstruction Finance Corporation. I had the impression that they had loaned more money than that.

Mr. COUZENS. I am afraid I did not understand the question of the Senator.

Mr. BARKLEY. I asked the Senator whether he stated a while ago that the Reconstruction Finance Corporation had made total loans of $14,000,000.

Mr. COUZENS. Oh, no; I was referring only to the Missouri Pacific. I was asked by one of the Senators how much the Missouri Pacific had borrowed, and I replied, some $14,000,000. The Reconstruction Finance Corporation has loaned in the aggregate somewhere between two hundred and fifty and three hundred million dollars to the railroads.

Mr. BARKLEY. About $280,000,000, I understand. Is this joint resolution directed at any particular loan?

Mr. COUZENS. Oh, no. There are other railroads that are going to apply from time to time; and, of course, there probably will be a greater inrush of applications for loans between now and July 1 than there ever has been, because that time is the time when these bonds usually mature.

Mr. BARKLEY. Will the Senator advise us the amount of applications by railroads now pending before the Reconstruction Finance Corporation?

Mr. COUZENS. I can not do that, because they first go to the Interstate Commerce Commission for approval and then are sent to the Reconstruction Finance Corporation. I have no information as to the amount of loans pending.

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from New York?

Mr. COUZENS. I yield.

Mr. COPELAND. When the previous loan of $14,000,000 was presented to the Interstate Commerce Commission, was there not a good deal of criticism regarding pressure which was brought to bear upon the Interstate Commerce Commission to approve that loan?

Mr. COUZENS. That is what the record shows, and that is what the dissenting opinion of Commissioner Eastman shows.

Mr. COPELAND. When they were before the Appropriations Committee last spring I asked the question whether or not the Interstate Commerce Commission had been coerced into approving the loan. Commissioner Eastman was on the stand. He said, "Frankly, I voted against the proposal, but I do not like the word 'coerced'"; so I followed it up by this question: "Would the commission have approved the loan except for the appeal which was made and the urging of the Reconstruction Finance Corporation?" and he said, "No."

Therefore, I reached the conclusion that the Interstate Commerce Commission was forced into a recommendation. Has it been forced into a similar recommendation as regards these further loans?

Mr. COUZENS. I am unable to say, because the Senator will recognize the difficulty of ascertaining what motives or what influences direct these conclusions. I perhaps would not like the word "coercion"; but certainly influence was used to secure these loans. Whether it was coercive influence or otherwise, I can not tell.

Mr. COPELAND. As I understand the matter, the Interstate Commerce Commission has not yet acted on this particular application.

Mr. COUZENS. I am not informed as to whether they have acted on any of these later applications from the Missouri Pacific. I know that they are pending, and some of them are pending before the Reconstruction Finance Corporation; and I assume that at least one or two of the applications have already been acted upon by the Interstate Commerce Commission.

Mr. COPELAND. What does the Senator recommend that we should do in the matter?

Mr. COUZENS. My recommendation is that we should suspend these loans until we have considered and taken action on a bill that is already pending in the House, H. R. 14359, known as the bill to amend the bankruptcy act. Perhaps if that bill is enacted it will act as a buffer until this situation can be straightened out. In the meantime I am unwilling, unless the Congress authorizes it, to have the Reconstruction Finance Corporation continue making these loans on the credit, at least, if not the ultimate payment, of the taxpayers of the United States.

Mr. KING. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Utah?

Mr. COUZENS. I yield.

Mr. KING. From the information which the Senator has, is he of the opinion that if the bankruptcy bill to which he refers shall be passed some of these railroads will avail themselves of the provisions of that measure and go into the courts and have a receiver appointed, or have the machinery that that bill provides put into operation, in order that they may suspend payments and continue operations until the skies shall be cleared a little of these clouds?

Mr. COUZENS. That is the information I have, Mr. President, that if this bill is passed some of the railroads will avail themselves of the privileges granted under it.

Mr. KING. May I ask another question—and I apologize to the Senator for asking this question. Does the Senator believe that the passage of that bill will be of advantage to the railroad companies and will obviate the necessity, if there shall be a necessity, of further applications to the Reconstruction Finance Corporation for loans?

Mr. COUZENS. My judgment is that there will be no necessity for further applications for loans from the Reconstruction Finance Corporation. I want to qualify that, however, by saying that while I have consulted with some of those who have been drafting this bill as it applies to the railroads I have not seen the final draft, nor do I know what they have finally concluded; but it seems to me that they are working in the right direction. Whether or not the bill when it comes to the Senate will meet my views I am unable to say, but I want to state that I am giving consideration to it as the bill has been drafted.

Mr. KING. Then, Mr. President, as I understand the Senator, he believes that a measure along the lines he has indicated—that is, a bankruptcy measure or a measure containing provisions similar to that which is now pending—would be of advantage in the railroad situation.

Mr. COUZENS. It seems to me it would be; yes.

Mr. KING. The Senator believes that the passage of the pending resolution would hold the matter in abeyance until such legislation was secured?

Mr. COUZENS. That is one of the purposes for introducing the resolution, because I can not say whether the measure proposing to amend the bankruptcy act will be approved at this session or not. But certainly I do not, as chairman of the Committee on Interstate Commerce, want to stand by and see what is going on without at least trying to enlighten the Senate as to the conditions as I see them and stop a rush for loans which might take place before the enactment of the measure.

Mr. KING. If the Senator will pardon me, may I say in conclusion that I think it would be wise to support any resolution or measure that would throw obstacles in the way of a policy which must eventuate in the Government of the United States owning a lot of bankrupt railroads? As far as I am concerned, I should be very sorry to see more money loaned to the railroads, fearing that we may have a lot of broken-down railroads on the hands of the Federal Government. If the bill which the Senator has in mind shall afford relief, and I believe that it will, I should be very glad to see that bill given some sort of precedence here in the Senate in order that it may be enacted into law as soon as possible.

Mr. DILL. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. DILL. I wanted to ask the Senator whether I correctly understood his statement about the Missouri Pacific. Is the loan now being asked to pay the interest on the bonds that will fall due in May?

Mr. COUZENS. No; the application now immediately pending for action is for the loan of $3,800,000.

Mr. DILL. To pay the interest on other bonds?

Mr. COUZENS. Yes.

Mr. DILL. But those bonds do not fall due in May?

Mr. COUZENS. No.

Mr. DILL. It is another set of bonds that fall due in May?

Mr. COUZENS. Another set; $34,000,000 of bonds fall due May 1.

Mr. DILL. Does the Senator know the selling price of the bonds on which this loan is to pay interest?

Mr. COUZENS. I have talked with a member of the Reconstruction Finance Corporation this morning, and, as I recall it, he said that they were selling for $25 and that they had been selling for as high as $95.

Mr. DILL. But they are now selling for $25?

Mr. COUZENS. Yes.

Mr. DILL. Which means that this interest would be 20 or 25 per cent upon the price for which they now can be purchased?

Mr. COUZENS. That is true.

Mr. DILL. I want to ask another question: Under the bankruptcy act that is proposed, will the Government come in on the same basis with other creditors in having its claims scaled down? Will the Reconstruction Finance Corporation come in on the same basis with private creditors?

Mr. COUZENS. I do not know whether there is any specific provision in the act covering that or not, but I want to point out the situation. If the Reconstruction Finance Corporation, for example, have a lot of junior securities—and I say that because I think perhaps the senior securities are good—if the Reconstruction Finance Corporation has a lot of junior securities, which they have for a number of loans, and these junior securities are scaled down under this process proposed in the legislation, of course, that security will be scaled down; but, inasmuch as in most cases they have an excess amount of the loan, it is possible that they will not be scaled down sufficiently to affect the Reconstruction Finance Corporation loan.

Mr. McKELLAR. Mr. President, will the Senator from Michigan yield to me?

Mr. COUZENS. I yield.

Mr. McKELLAR. Would the resolution of the Senator prohibit loans to all railroads hereafter?

Mr. COUZENS. Until further action of Congress.

Mr. McKELLAR. I was wondering whether it would not be better to confine the operations of the measure to those roads which are in the condition of the one of which the Senator has just spoken, the Missouri Pacific, I believe it was.

Mr. COUZENS. Mr. President, I hardly see how we can enact legislation applying to one railroad, or could specify a particular condition, because the conditions are changing from day to day.

Mr. McKELLAR. Yes; but it would seem to be very hard on those railroads which might need the money, and had good securities to offer, to be denied any privileges under the act because some railroads did not have securities. I am just wondering about it; I am not expressing an opinion.

Mr. COUZENS. I want to say this, that if the bankers of the country believe, as they claim to believe, that instead of inflation we need a better flow of money and a better flow of credit, then we will not get it if they do not themselves practice what they preach. The real difficulty is not the fact of inadequate currency but the trouble is with the velocity of the currency we have, which has slowed down to such a point that it is not working. In other words, if the velocity of the currency is stopped, merely adding to the currency does not help the situation. What is necessary is

that the currency that we have is speeded up; in other words, the velocity increased so that a dollar will be used ten or twelve times a year instead of only once a year.

Mr. MOSES. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. MOSES. The Senator has spoken of future action by Congress. Does he have in mind general legislation, or does he have in mind that each application should come to Congress and be passed on by Congress?

Mr. COUZENS. Oh, no; I mean that the whole question of loaning to railroads, or railroad receivers, would be stopped until Congress took some further action.

Mr. MOSES. I am trying to ascertain whether the Senator has in mind a piece of general legislation which should determine the matter in which the Reconstruction Finance Corporation should function in connection with these loans, or whether the Senator has in mind that every application shall be sent up to be passed upon by Congress.

Mr. COUZENS. Certainly not the latter. I only used the Missouri Pacific as an instance that was imminent at this time. I do not now ask the Senate to pass upon the Missouri Pacific loan, or any other loan. What I am trying to do is to suspend the making of such loans until Congress can determine how much farther, if at all, we shall go in making railroad loans.

Mr. KING. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. KING. I will ask the Senator if it is not a fact that at least $8,000,000 of the loan which was made by the Missouri Pacific a short time ago was immediately paid to J. P. Morgan & Co.?

Mr. COUZENS. If my memory serves me correctly, it was somewhere between five and six million dollars. In other words, as I understood it at the time—and it was some months ago, during the last session of Congress, in fact—the Reconstruction Finance Corporation made a loan to the Missouri Pacific, which paid off half of the loan to Morgan and Kuhn, Loeb & Co., and Kuhn, Loeb & Co. and the Morgans carried the other half.

Mr. KING. The amount required now to meet accruing interest would, in part at least, be paid to the same banking companies?

Mr. COUZENS. I do not want to make any statements not justified by the facts. I do not know who owns these securities. It may be that those companies own a lot of them, and it may be that they own none. But we do not know, as a rule, as a matter of fact, who owns the bonds, because they are most always bearer bonds.

Mr. WHEELER. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. WHEELER. Has the Senator introduced a resolution to stop all further loans by the Reconstruction Finance Corporation to the railroads?

Mr. COUZENS. I have.

Mr. WHEELER. I was wondering why the Senator did not have the resolution referred to the Committee on Interstate Commerce, of which he is chairman, and perhaps hold a hearing on it and get the actual facts as to just exactly what is likely to happen with reference to the matter. Then we would be in much better position, it seems to me, to determine what action we should take.

Mr. COUZENS. The resolution, if it is to go to a committee, properly belongs to the Committee on Banking and Currency, which passed upon the Reconstruction Finance Corporation act in the first instance.

Mr. WHEELER. I would not think so.

Mr. COUZENS. It is a banking matter; and if the Senate believes it should go to the Committee on Banking and Currency, I personally shall not resist such reference.

Mr. SMITH. Mr. President, will the Senator yield to me?

Mr. COUZENS. I yield.

Mr. SMITH. May I suggest to the Senator that this matter involves a proper knowledge as to who owns the securities, and what in all probability is the financial ability of the holders to still further carry them, because they are securities of the railroads; and, if rumor is true, or the fact should be, that heretofore when a loan was made by the Reconstruction Finance Corporation, which took these securities in lieu of the loan, the cash went to the banks that were holding the loans, it might be very instructive to some of us to know who owns these securities and in what financial condition they are, and whether we are justified in using the credit of the Government in holding certain securities when we are simply taking the risk that would be involved in connection with the securities and giving those who hold them the actual cash.

It seems to me that the Committee on Interstate Commerce, dealing with railroads and railroad securities and the financial conditions that arose, would be the proper committee for it to go to in order for us to ascertain the facts.

Mr. COUZENS. Mr. President, with all due respect to the Senator from South Carolina, I want to point out the difficulty of trying to find out the ownership of these bonds. As I pointed out previously, they are bearer bonds, and they are transferable at any time without any record in the hands of the trustee under the mortgage, or any other place. Let us take the Missouri Pacific loan. Perhaps there are a million separate institutions or individuals holding their bonds, and it would be impracticable to find out the financial condition of the individual owners of the bonds. It is quite probable that many of them are in the hands of insurance companies, and we would have to call in all the insurance companies to find out whether they held any, and so on down the line. While I know of the Senator's interest, I believe the suggestion that we should find out who owns these bonds is wholly impractical.

Mr. SMITH. While we might not find out the immediate owners of the bonds, we could at least find out the condition of the road, so as to know whether or not the loans which are asked for ought to be allowed.

Mr. President, it seems to me a rather curious thing that we reached the point just a few months ago where we passed an act affording a credit of $2,000,000,000, primarily to aid the railroads over the present crisis, and, of course, we included specifically railroads, insurance companies, banks, and trust companies; the last three being included undoubtedly because in the minds of those who drafted the legislation insurance companies and banks and trust companies were large holders of the securities of the railroads. Therefore, for all practical purposes, we allowed a credit, through the Reconstruction Finance Corporation, of approximately $2,000,000,000, to take care of the securities of railroads which might be in distress. Now, should we stop that, we might not be able to reach the purpose the Senator has in mind.

Mr. COUZENS. Mr. President, of course, nearly all of the authorization under the Reconstruction Finance Corporation has been absorbed. I am not assuming to take this action because of loans to banks or trust companies or insurance companies. I do not know whether a continuation of the loans to those institutions is justified or not. But as chairman of the Committee on Interstate Commerce I have felt some obligation in the matter, particularly because members of the Reconstruction Finance Corporation, during nearly all the time since we passed the act, have been conferring with me from time to time about loans to railroads. So in effect I have been much closer in touch with the railroad situation and with railroad loans than with any other loans. I am not trying to assume any responsibility for loans to other institutions than railroads, and if there is any other Member of Congress who believes, and has sufficient knowledge on which to base his belief, that the Reconstruction Finance Corporation should stop loans to other agencies, I would be very glad to listen. I am only asking the Senate to listen to me because of my familiarity with the railroad situation.. I want to say to the Senator from South Carolina that I am not one of those who do not change their minds. I am perfectly willing to change my mind if after a year's experience—and on February 2 it will be one year since we passed the Reconstruction

Finance Corporation act—if during that time I am convinced that we made an error in the first place.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from New York?

Mr. COUZENS. I yield.

Mr. COPELAND. There is no question, I take it, that what the Senator proposes is a reversal of our attitude as regards the functions of the Reconstruction Finance Corporation?

Mr. COUZENS. I would not say that. I would say it is a suspension of the activities which we authorized a year ago. I do not propose that we should not continue making the loans at some other time. It may be upon investigation and further study that we would reinstate the authority. My resolution only asks for its suspension and not for its revocation.

Mr. COPELAND. Perhaps it is wise—and I ask this opinion of the Senator to see if he agrees with me—having had a year's experience with the Reconstruction Finance Corporation, to have the appropriate committee of the Senate meet the officials of that body to exchange views as to whether the work has been successful, whether it has accomplished the purpose Congress had in mind, and whether it is wise to continue the operations and policies which have prevailed. Would the Senator think that a wise thing to do?

Mr. COUZENS. I should think that would be a very wise procedure, and I for one, as a member of the Banking and Currency Committee, would be glad to participate in any such inquiry.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Florida?

Mr. COUZENS. I yield.

Mr. FLETCHER. I have nothing against the Missouri Pacific Railroad.

Mr. COUZENS. Neither have I.

Mr. FLETCHER. I simply want to call attention to an article recently published entitled, "Leaders Show Keen Interest in Securities." In that article the common stock of the Missouri Pacific Railroad is quoted at $3 per share, while the peak in 1928 and 1929 was $101. Missouri Pacific preferred is quoted at $5 a share, whereas the peak in 1928 and 1929 was $149. That is the latest information I have on the subject as to their shares of stock.

Mr. COUZENS. Mr. President, in view of the discussion, perhaps it is proper to have the resolution referred to the Committee on Banking and Currency, because certainly I am not desirous of taking any precipitous action. I do believe, however, it should be prompt action. Therefore I ask that the resolution be referred to the Committee on Banking and Currency .

The VICE PRESIDENT. Without objection, that order will be made.

Mr. LEWIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Illinois?

Mr. COUZENS. I yield.

Mr. LEWIS. I would like the opinion of the able chairman of the Interstate Commerce Committee respecting loans to railroads. Are not they getting in a position where those large banking houses and concerns who sell such securities are holding out to the public the invitation to buy those securities on the theory that if the roads are not able to pay the interest the Government will do so?

Mr. COUZENS. I have no direct information, but I have no reason to doubt, in view of my knowledge of the methods of salesmanship indulged in by those houses, but that is true.

Mr. LEWIS. It seems to me there lies dormant a very serious evil and danger.

Mr. COUZENS. I think it is quite apparent, since we have had a year's experience since we enacted the law, that if we do not profit by that experience certainly Congress is not doing its duty. My understanding is that we do profit and should profit by experience. If the experience has not been sufficient to indicate the necessity of passing the resolution or taking some similar action, then we should not do so. But my observation is that the Government has gone about as far as it can to maintain the debt structure of these financial institutions which we took care of in February, 1932.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Montana?

Mr. COUZENS. I yield.

Mr. WHEELER. I hope when the resolution goes to the Committee on Banking and Currency they will ascertain just what securities the Reconstruction Finance Corporation have for the loans they have made. I think it would be very valuable to the Congress to determine that fact, because my information is—I am not sure how reliable it is, but it was given to me—to the effect that the securities which the Reconstruction Finance Corporation has taken for the loans have so dwindled in value that as a matter of fact the Government would at the present time lose a tremendous amount of money if it became necessary to realize on the securities.

Just how far, as a matter of fact, this legislation was helpful to the average debtor in the country must be apparent at the present time. The small debtor is getting no relief whatsoever, but concerns like Kuhn-Loeb and the house of Morgan and similar concerns now unload their securities on the Reconstruction Finance Corporation. It seems to me that the whole subject ought to be gone into very thoroughly, so that the Congress of the United States will be able to know whether it should continue this policy which we put into effect something like a year ago. I hope the Senator, as a member of the Banking and Currency Committee, will see to it that that is inquired into very thoroughly.

Mr. COUZENS. I shall be very glad to do so.

Mr. THOMAS of Oklahoma. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Oklahoma?

Mr. COUZENS. I yield.

Mr. THOMAS of Oklahoma. Is it not a fact that the Reconstruction Finance Corporation has made about 5,000 loans to banks?

Mr. COUZENS. That is true.

Mr. THOMAS of Oklahoma. Is it not a further fact that of these 5,000 banks some 500 have since failed, after the loans were granted?

Mr. COUZENS. I have no information as to that.

Mr. THOMAS of Oklahoma. I will state that that is true. Let me ask the Senator another question. Is it not a further fact that frequently the Reconstruction Finance Corporation makes a loan to a bank and that frequently on the same day the loan is granted and more frequently within a few days thereafter the bank receiving the loan fails? Does the Senator have any knowledge about that situation?

Mr. COUZENS. I have heard of cases of that sort. I understand there has been perhaps a very reprehensible case of a loan to a concern in New Orleans, which was brought about by certain influences, and as soon as they got the money or immediately thereafter they failed.

Mr. THOMAS of Oklahoma. If that policy prevails, is it not the opinion of the Senator that that defeats and damages irreparably the depositors and stockholders of the failed bank in that the Reconstruction Finance Corporation requires that their loans shall be amply secured? Their policy appears to be to require the borrowing bank to deposit its best collateral to get the loan, and the moment they make the loan the Reconstruction Finance Corporation has all of the good assets of the bank, the loan is made, and the money is paid to some larger bank oftentimes, so that when the borrowing bank closes the Reconstruction Finance Corporation has all of the good assets of the bank, some big bank has all the money covered by the loan, leaving the depositors and stockholders with nothing. Is not that true?

Mr. COUZENS. So far as I know the Senator is in part correct. The Senator, of course, will recognize that if a

little bank owes a big bank, the big bank is entitled to its money before the depositor is, because it usually has the collateral of the bank. It is quite true that when the Reconstruction Finance Corporation makes a loan to a bank it takes all of its best securities. Then if there is a failure of course the Reconstruction Finance Corporation is a preferred creditor and, because it holds the preferred securities, the depositors and other creditors are subordinate to the Reconstruction Finance Corporation.

Mr. THOMAS of Oklahoma. Does not the Senator think that instead of that policy operating to the benefit of the depositors of the locality and the stockholders, it works to their detriment?

Mr. COUZENS. When the bank fails; yes. The Senator is undoubtedly correct.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield further to the Senator from Montana?

Mr. COUZENS. I yield.

Mr. WHEELER. The Senator called attention to one instance in Louisiana. I would like to call attention to one in Nevada where, I understand, they loaned a group of chain banks something over $1,000,000, and within a very short time thereafter the banks closed. It seems to me that when the Reconstruction Finance Corporation loans money and then inside of a week or two weeks the borrowing institution closes its doors, there must be negligence some place on the part of the Reconstruction Finance Corporation.

I would also like to call attention to reports I am getting from my home State and from the entire Northwest with reference to money being loaned by the Reconstruction Finance Corporation to finance corporations. Representatives of the finance corporation go around with applications in their hands and see the farmers. If a farmer owes the chain bank some money, they get that farmer to take his loan from the Reconstruction Finance Corporation and thereby relieve the chain bank. That is a notorious situation out there, as I think the Senators from North Dakota and other Northwestern States will agree.

Mr. COUZENS. The information I have from the Senators from North Dakota is to the effect that the bankers, not particularly the finance companies but the bankers, go around and say to the farmer, "If you pay us we will let you borrow from the Reconstruction Finance Corporation." That is done through the fact that the bankers are the agents in those territories for the Reconstruction Finance Corporation.

Mr. President, before I take my seat I want to comment on another matter. When your special committee investigating the Reconstruction Finance Corporation made its report, we did not recommend that the loans made from February 2 to July 21, 1932, be made public, because under the act at that time they were not authorized to be made public. Since then, as a result of a resolution passed in the House of Representatives, the Reconstruction Finance Corporation has filed a report with the House and the House has made it public. That in my opinion justifies me in saying what I am going to say with respect to the information your committee received.

When the reports were filed with the committee, they were filed as of July 15, because that was about the time we adjourned and that was all we could ask for. The reports filed by the Reconstruction Finance Corporation at that time showed loans to the Central Bank & Trust Co., of Chicago, otherwise known as the Dawes bank. They had received an authorization for a loan of $90,000,000. The authorization was made as of June 25 and June 27. The report shows that at that time there was not disbursed $50,000,000, but that $40,000,000 had been disbursed; that of the $40,000,000 which had been disbursed $3,195,719 had been paid, leaving a net indebtedness to the Reconstruction Finance Corporation of $36,804,280.

In that connection I may say that the Reconstruction Finance Corporation officials assured me personally—I do not know whether they did any of the other members of the committee—that they had $120,000,000 of securities.

Now the report comes to the House of Representatives. I sent my secretary over to get the record. It has not been printed. It shows a divergence in the reports. I do this because press reports last night were not in line with the report your committee received. The report received as the result of a resolution introduced by Representative HOWARD shows that the amount disbursed was $90,000,000, that there has been a repayment of $23,576,238, and that there is outstanding at this time $66,423,761; while the report of the committee shows the amount outstanding at the time your committee made its report was only $36,804,000. I wanted to make that statement to the Senate because of the divergence in the reports made to the respective houses.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Wisconsin?

Mr. COUZENS. I yield.

Mr. BLAINE. Does the report disclose whether the securities held by the Reconstruction Finance Corporation embrace a very large amount of Insull securities?

Mr. COUZENS. In the report which your committee made it pointed out that because of no appropriation we had been unable to go into the securities placed to cover the loans. The securities themselves were in the different Federal reserve banks. If they had been in Washington the chairman of the committee would have been glad to have examined them, but he did not feel that he was justified in going around to the various Federal reserve banks to ascertain the kind of securities which were held in those banks for these loans. So he did not do it, and he had no funds with which to employ anybody else to do it.

Mr. BLAINE. May I ask the Senator another question?

The VICE PRESIDENT. Does the Senator from Michigan yield further to the Senator from Wisconsin?

Mr. COUZENS. Yes.

Mr. BLAINE. Why not broaden the provisions of the resolution so as to withdraw the loaning privilege from banks and insurance companies and other financial institutions, because it must become perfectly apparent and obvious that whatever loans they have made, generally speaking, have in fact not retired any part of their aggregate indebtedness but simply changed the main creditors. The result has been to pile up excess reserves in the banks and probably to furnish additional liquidity, all of which has had a tendency to contract the flow of credit with attendant falling prices. So it seems to me, as an economic movement, it is driving us into this depression much deeper and wider than we are now in it.

Mr. COUZENS. I agree with much of what the Senator from Wisconsin says, but, as I pointed out previously in my remarks, I do not pretend to be competent to pass upon the loans made by the Reconstruction Finance Corporation to banks and trust companies and insurance companies; I have not analyzed those; but, as chairman of the Interstate Commerce Committee, I felt a responsibility to do so with respect to the railroads. Therefore I have confined my resolution to the railroads. If some other Senator who has more information and feels justified in introducing a resolution to stop loans to other institutions, I shall not object.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Nebraska?

Mr. COUZENS. I yield.

Mr. NORRIS. I wish to ask the Senator about an apparent discrepancy between the report submitted by his committee and the disclosures made in the report submitted to the House of Representatives in regard to the so-called Dawes loan. It appears from the Senator's statement that the report made by his committee shows only a comparatively small part, less than half of the authorized loan, to have been actually loaned, while the report to the House shows that the entire authorization of $90,000,000 was loaned. I wish to ask the Senator if that is, in reality, a discrepancy or whether that might not be explained by the fact that the additional amount shown to have been loaned, according to the report to the House, was loaned after the

report was submitted to the Senator's committee, so that, as a matter of fact, there may be no discrepancy?

Mr. COUZENS. No. I want to say that at the reconvening of Congress in December I had a resolution adopted by the special committee asking the Reconstruction Finance Corporation to bring the report of its loans up to date from July 15 to July 21, which was the day when the secrecy provision ended.

Mr. NORRIS. Then there is a discrepancy, in reality?

Mr. COUZENS. I examined the report for the week of July 15 to July 21 and found that there is no record in that report of any loans to the Chicago bank referred to, and therefore there is a discrepancy.

Mr. NORRIS. There is a discrepancy. Let me ask the Senator another question as to a matter which I think he did not explain. He told us the amount of securities that the Reconstruction Finance Corporation held from the Dawes bank as shown by the report made to his committee. Is there anything additional by way of security which has come to the Reconstruction Finance Corporation according to the report submitted to the House of Representatives?

Mr. COUZENS. The Senator, perhaps, misunderstood me. I did not say that the report showed the amount of securities placed for the Dawes loan. What I said was that I had been informed by the director that the appraisers had estimated the value of the securities at $120,000,000. The report in hand does not show any specific amount of securities, and that is true of many other loans, because indorsements are relied upon in many cases as security. Where the actual securities deposited may seem inadequate or the Reconstruction Finance Corporation desire to have their loans further secured they obtain the indorsement of the person benefiting by the loan.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from New York?

Mr. COUZENS. I yield.

Mr. COPELAND. Did the Senator have occasion to compare any other loans than the Dawes loan to see if there was a similar discrepancy somewhere else?

Mr. COUZENS. No; I did not. I only took the press report of the loans this morning, and inasmuch as there was so much publicity given to the Dawes loan, I traced that particular one down. I do not know whether there are other discrepancies or not.

Mr. COPELAND. Is not this a further reason why the Committee on Banking and Currency might well call the directors of the corporation here and talk over the matter? I think it would be a wise thing to do.

Mr. COUZENS. I am very anxious to do it, and I will be glad to speak to the Senator from South Dakota [Mr. NORBECK], the chairman of the committee, and ask him to expedite the matter.

Mr. BROOKHART. Mr. President, in reference to the Dawes loan, which the Senator has just mentioned, let me say that I personally made an investigation of that. I went to the Reconstruction Finance Corporation Board itself and I was told the loan was $90,000,000 and I was told further that there was no security except the assets of the principal, the bank. I was also told that in the final settlement there would be a loss of from $25,000,000 to $30,000,000. That was the explanation which was made to me about it.

Mr. COUZENS. Mr. President——

Mr. BROOKHART. Their accounting would tally with the House report from which the Senator has just quoted.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Michigan?

Mr. BROOKHART. I yield.

Mr. COUZENS. I think the Senator, in all fairness not only to the Senate committee but to the Reconstruction Finance Corporation, should state what official made that statement.

Mr. BROOKHART. If the Senator wants to know, it was Gardner Cowles who told me.

Mr. COUZENS. Of course he came on the board——

Mr. BROOKHART. Shortly after this transaction.

Mr. COUZENS. Shortly after the loan was made. He was a member of the board when I was down there; but the appraiser or the two appraisers who appraised the securities and the other officials stated that the security was worth $120,000,000.

Mr. BROOKHART. He told me the appraisers made some such report as that, but that eventually there would be a loss of from $25,000,000 to $30,000,000.

Mr. COUZENS. Of course he does not know any more about it than do the appraisers, and perhaps not so much.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas [Mr. ROBINSON] that the Senator from Maryland [Mr. TYDINGS] be permitted to withdraw his motion to recommit, with instructions, the pending bill. [Putting the question.] The "ayes" have it, and permission is granted to the Senator from Maryland to withdraw his motion.

Mr. TYDINGS. Mr. President, I withdraw the motion, and offer a substitute for Senate Resolution 327, which I will call up at an appropriate time. I ask that the proposed substitute may be printed in the RECORD and lie on the table.

The VICE PRESIDENT. The Senator from Maryland withdraws his motion. The proposed substitute he now offers will be printed and lie on the table, and will also be printed in the RECORD.

The amendment intended to be proposed by Mr. TYDINGS to the resolution (S. Res. 327) instructing the Committee on Appropriations to reduce the aggregate amount of appropriations for 1934 to a sum not exceeding $2,949,100,000 is as follows:

Strike out all after the word "*Resolved*" and insert in lieu thereof the following:

"That it is the declared policy of the Senate that the appropriations in the aggregate shall be reduced at the earliest practicable time to a sum equal to that of the estimated revenue, and that the Committee on Appropriations is instructed to make a survey of all appropriation bills and to make reductions therein wherever possible without impairing the efficiency of the essential services and conforming to a policy of the strictest economy."

The VICE PRESIDENT. Let the pending amendment be reported.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. The Senator from Tennessee will be recognized just as soon as the pending amendment shall be stated.

The LEGISLATIVE CLERK. On page 10, line 5, after the words "in excess of," it is proposed to strike out "32½ cents" and insert "35 cents: *Provided further*, That in order to foster competition in the manufacture of distinctive paper for United States securities, the Secretary of the Treasury is authorized, in his discretion, to split the award for such paper for the fiscal year 1934 between the two bidders whose prices per pound are the lowest received after advertisement, but not in excess of the price fixed herein."

Mr. McKELLAR. Mr. President, in accordance with the rules I present in writing the notice to suspend the rules, which I send to the desk.

Mr. NORRIS. Mr. President, I should like to make a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORRIS. Is the amendment now pending a committee amendment?

The VICE PRESIDENT. It is a committee amendment.

Mr. NORRIS. Has there been a unanimous-consent agreement by which committee amendments shall be first considered?

The VICE PRESIDENT. Such an order was made yesterday. Without objection, the reading of the notice to

suspend the rules submitted by the Senator from Tennessee will be dispensed with and the notice will be printed in the RECORD.

Mr. NORRIS. I ask that the notice may be read.

The VICE PRESIDENT. Let it be read.

The legislative clerk read as follows:

NOTICE OF MOTION TO SUSPEND RULES

Pursuant to the provisions of Rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of Rule XVI for the purpose of proposing to the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes, the following amendment, viz: On page 16, line 16, after the word "each," to insert the following:

": *Provided further*, That no refund or credit of any income or profits, estate, or gift tax in excess of $20,000 shall be made after the enactment of this act until a report thereof giving the name of the individual, trust, estate, partnership, company, or corporation to whom the refund or credit is to be made, the amount of such refund or credit, and the facts in connection therewith, and all supporting papers are submitted by the Commissioner of Internal Revenue to the Comptroller General of the United States and approved by him, the papers to be returned to the Commissioner of Internal Revenue after final action on the proposed refund is taken by the said Comptroller General. This proviso shall not apply to refunds or credits made pursuant to a judgment of a court having jurisdiction of the subject matter, or a decision of the United States Board of Tax Appeals, which has become final."

The VICE PRESIDENT. The question is on agreeing to the committee amendment, which has just been read.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Customs," page 11, line 17, before the word "not," to insert the word "but," so as to read:

Collecting the revenue from customs: For collecting the revenue from customs, for the detection and prevention of frauds upon the customs revenue, and not to exceed $10,000 for the securing of evidence of violations of the customs laws, for expenses of transportation and transfer of customs receipts from points where there are no Government depositories, not to exceed $35,000 for allowances for living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (U. S. C., Supp. V, title 5, sec. 118a), but not to exceed $720 for any one person, not to exceed $5,000 for the hire of motor-propelled passenger-carrying vehicles, not to exceed $500 for subscriptions to newspapers.

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Engraving and Printing," on page 24, line 19, after the words "passenger-carrying," to strike out "vehicles," and insert "vehicles; ", so as to read:

For the director, two assistant directors, and other personal services in the District of Columbia, including wages of rotary press plate printers at per diem rates and all other plate printers at piece rates to be fixed by the Secretary of the Treasury, not to exceed the rates usually paid for such work; for engravers' and printers' materials and other materials, including distinctive and nondistinctive paper, except distinctive paper for United States currency, national-bank currency, and Federal reserve bank currency; equipment of, repairs to, and maintenance of buildings and grounds and for minor alterations to buildings; directories, technical books and periodicals, and books of reference, not exceeding $300; rent of warehouse in the District of Columbia; traveling expenses not to exceed $2,000; equipment, maintenance, and supplies for the emergency room for the use of all employees in the Bureau of Engraving and Printing who may be taken suddenly ill or receive injury while on duty; miscellaneous expenses, including not to exceed $1,500 for articles approved by the Secretary of the Treasury as being necessary for the protection of the person of employees; for transfer to the Bureau of Standards for scientific investigations in connection with the work of the Bureau of Engraving and Printing, not to exceed $15,000; and for the maintenance and driving of two motor-propelled passenger-carrying vehicles; $5,060,680, to be expended under the direction of the Secretary of the Treasury.

The amendment was agreed to.

The next amendment was, on page 27, line 9, before the word "not," to strike out the word "and" and insert the word "but," so as to read:

For freight, transportation, and traveling expenses, including allowances for living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (U. S. C., Supp. V, Title V, sec. 118a), not to exceed $7,635 but not to exceed $720 for any one person.

The amendment was agreed to.

The next amendment was, under the subhead "Mints and assay offices," on page 34, line 4, after the name "Colo.," to insert "Carson City, Nev.," and in line 6, after the name "N. Y.," to insert "Boise, Idaho, Helena, Mont., Salt Lake City, Utah," so as to read:

For compensation of officers and employees of the mints at Philadelphia, Pa., San Francisco, Calif., Denver, Colo., Carson City, Nev., and New Orleans, La., and assay offices at New York, N. Y., Boise, Idaho, Helena, Mont., Salt Lake City, Utah, and Seattle, Wash.

The amendment was agreed to.

The next amendment was, on page 34, in line 15, after the name "Philadelphia," to strike out "$1,250,000" and insert "$1,275,000," so as to make the paragraph read:

For compensation of officers and employees of the mints at Philadelphia, Pa., San Francisco, Calif., Denver, Colo., Carson City, Nev., and New Orleans, La., and assay offices at New York, N. Y., Boise, Idaho, Helena, Mont., Salt Lake City, Utah., and Seattle, Wash., and for incidental and contingent expenses, including traveling expenses, new machinery, and repairs, cases and enameling for medals manufactured, net wastage in melting and refining and in coining departments, loss on sale of sweeps arising from the treatment of bullion and the manufacture of coins, not to exceed $500 for the expenses of the annual assay commission, and not exceeding $1,000 in value of specimen coins and ores for the cabinet of the mint at Philadelphia, $1,275,000.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. ODDIE. I send to the desk an amendment and ask that it may be read.

The VICE PRESIDENT. Is it an amendment to the amendment?

Mr. ODDIE. It is another amendment.

Mr. McKELLAR. Mr. President, can we not get through with the committee amendments before other amendments are offered?

The VICE PRESIDENT. The Chair understood that the amendment submitted by the Senator from Nevada was an amendment to the committee amendment. Is that right?

Mr. ODDIE. No; it is not an amendment to the committee amendment.

The VICE PRESIDENT. Under the unanimous-consent agreement committee amendments must first be considered.

Mr. ODDIE. The amendment I submitted may lie on the table temporarily.

The VICE PRESIDENT. The amendment will lie on the table. The question is on agreeing to the amendment on page 34, line 15, striking out "$1,250,000" and inserting "$1,275,000."

Mr. KING. I inquire if the amendments in lines 4, 5, 6, and 7 justify the increase from $250,000 to $275,000?

Mr. ODDIE. Yes, Mr. President; the increase from $1,250,000 to $1,275,000 covers those four items.

Mr. KING. It seems to be rather a large sum for that purpose.

Mr. NORRIS. Mr. President, I should like to make an inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORRIS. Why are these additional places put in the bill? In other words, why were they omitted by the House?

Mr. ODDIE. For a number of years past the House has omitted these four items, and the Senate has replaced them in the bill each year. It is doing now what it has done for a number of years past, and there is a real reason for it, which I will be glad to explain if the Senator cares to have an explanation.

Mr. NORRIS. Mr. President, especially in view of the fact that we have an economical streak on, I should like to have that committee amendment reconsidered for the purpose of hearing the Senator's explanation.

The VICE PRESIDENT. The Chair had not announced that the last committee amendment had been agreed to. That is still pending.

Mr. NORRIS. But the reason for that increase came about on account of the amendments in line 4, line 6, and line 7, where the committee has put in several other places, for instance, Carson City, Nev.; Boise, Idaho; Helena, Mont.; and Salt Lake City, Utah. Those are the amendments which I ask unanimous consent to have reconsidered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The clerk will state the first one of the amendments.

The LEGISLATIVE CLERK. On page 34, line 4, after the word "Colorado," it is proposed to insert "Carson City, Nev."

The VICE PRESIDENT. The Senator from Nebraska desires an explanation of that amendment.

Mr. ODDIE. Mr. President, this item is for the assay office in Carson City, Nev. This assay office has a very important bearing on the welfare of the mining industry, which everybody knows has been in great distress for a number of years past.

Prospecting for gold is one of the most encouraging things that the mining industry has to look forward to for some time. There is at present a great deal of prospecting being done for gold. That business is increasing among the men of very small means. They have an opportunity, by having this office continued, of bringing small amounts of gold that they may find, or gold dust, into the mint and getting their money. They can have assays made there. The mining industry is of great importance; it is the next largest industry to the agricultural industry; it is of such great importance that these small offices should be maintained. A comparatively small amount of money is involved in this appropriation; but the prospectors are paving the way to better conditions in our western country, and we need those better conditions badly.

I send to the desk a telegram from the director of our mint and assay office in Carson City, E. T. Clyde, which shows the large increase in business at this office during the past year. I ask that this telegram be placed in the RECORD.

The VICE PRESIDENT. Without objection, that order will be made.

Mr. NORRIS. Let us hear it, Mr. President. I should like to know what it says.

Mr. ODDIE. I ask that the telegram be read.

Mr. NORRIS. Let it be read.

The VICE PRESIDENT. Without objection, the telegram will be read.

The legislative clerk read the telegram, as follows:

CARSON CITY, NEV., *January 4, 1933.*

United States Senator TASKER L. ODDIE,
Washington, D. C.:

Settled for 13 deposits first two working days this month. Average entire January business, 1920 to 1931, 12 deposits. December's record of 109 deposits probably largest month here in 20 or more years, much of that time with larger working force. Deposits July 1 to date, 582; same period last year, 285. These figures reflect increase in small operations in this territory and demand for public convenience of service rendered. Statements used last year apply even more, as number of men turning to small-scale mining to sustain selves and families on increase. Comparative statement of work of assay offices on page 18, mint directors' report, fiscal year 1932. Your efforts appreciated. Hopes for success.

E. T. CLYDE.

Mr. NORRIS. Mr. President, we must remember, now, that we are entering upon a program of economy. I wonder if the Senator from Nevada will tell me how much patronage is involved in the Carson City office? How many employees will this bring there, and who names them?

Mr. ODDIE. There are two, Mr. President—one director and an assistant. I named them before; and as I am leaving office on March 4, their successors will be named by a Democrat; but, Mr. President, I think too much of my State to allow any question of politics to prevent my earnest efforts to have this office continued.

Mr. NORRIS. Oh, I have not any doubt of that Mr. President. The Senator has answered my question very properly, and it is a proper question; but that makes it even, you see. The Senator named the fellow who is there now, and the Democrats will name the next fellow, so it evens up all right, and the taxpayers pay the bill.

We are yelling "Economy!" until we are hoarse; but when it comes to a few little offices like this we continue to support them and to uphold them, while the people all around are yelling "Economy!" and we are all saying "Amen" to it.

Why do we not practice what we preach? If the argument can be made and sustained that this office is necessary, and that the country and the State that has this patronage will sink into oblivion if we do not allow it to continue, I am willing to permit it to go; but the evidence to sustain it comes from a telegram from Carson City, signed by Mr. E. T. Clyde. I do not know the gentleman. Does the Senator from Nevada know him?

Mr. ODDIE. I know him well.

Mr. NORRIS. Is he not one of the men that the Senator appointed to the office down there?

Mr. ODDIE. Yes; and he is about to leave the office.

Mr. NORRIS. Exactly. He will leave it when the Democrats get in.

Mr. ODDIE. Yes.

Mr. NORRIS. But he has a little while to hold on, so that he pleads that this office be sustained. Why, that is natural. Economy is all right if it does not apply to you. As it applies to the other fellow, we are all economists.

Mr. President, if we are going to accomplish anything, we must all be willing to sacrifice something; and we never will accomplish anything unless we do. We shall have to give up some of this patronage. When the Senator from Nevada appointed Mr. Clyde to office, I do not suppose that he knew or even believed that the 4th of March was going to be the end of his term. He did not know then that he was going out and somebody else was coming in; so I presume he has no understanding that having held his office so long, and drawn the pay of it, the members of the other party now should get their opportunity to get some of this milk from the cow that everybody is milking.

This telegram says:

Settled for 13 deposits first two working days this month. Average entire January business, 1920 to 1931, 12 deposits. December's record of 109 deposits probably largest month here in 20 or more years.

I do not understand what all that means.

Mr. ODDIE. I do, Mr. President. I can explain it.

Mr. NORRIS. Let the Senator explain this, then:

Settled for 13 deposits—

What does that mean?

Mr. ODDIE. That he made settlement for 13 deposits of ore or gold that was brought in to him from prospectors.

Mr. NORRIS. There were 13 deposits in two working days this month. Do they not work more than two days a month out there?

Mr. ODDIE. He is speaking of these two days, to show that the business is increasing. He just mentioned the two days of the month which had already expired.

Mr. NORRIS. Oh! There were 13 deposits in two days. Does the Senator know how many deposits were made in the other 28 days?

Mr. ODDIE. The answer to that would be just about as wise as to ask how many times it will rain next January. [Laughter.]

Mr. NORRIS. Exactly; and if it does not rain next January, we get no consolation out of the fact that it did rain January 1 of last year. [Laughter.]

Now, here we are. We have a record of 13 deposits in 2 days, and 28 days without any deposits, probably; and we are going to keep these men there, drawing salaries from the Treasury of the United States, when everybody is yelling himself hoarse to economize and cut down expenses.

Mr. ODDIE. Mr. President, to abolish these offices would be the rankest kind of extravagance.

Mr. NORRIS. Exactly.

Mr. ODDIE. It would have a tendency to destroy one of the fundamental industries of our western country.

Mr. NORRIS. How about the next county, where some other town is the county seat? Why not have one there?

Mr. ODDIE. Because this office has been in existence for a great many years. It is the only one in the State. It has been so recognized by Congress for many years past,

and there is no sense in having more than one in Nevada. It would be extravagant.

Mr. NORRIS. But Nevada is a big State. Suppose some ore were found away up in the northwest corner of the State, nearer to Seattle, Wash. The man who found it would have to go clear down to Carson City.

Mr. ODDIE. But our people have intelligence enough to go to the nearest office.

Mr. NORRIS. Now, let me ask the Senator what the next clause means:

December's record of 109 deposits.

Does that mean that there were 109 deposits made in that one month?

Mr. ODDIE. It means in the period mentioned in that telegram.

Mr. NORRIS. I judge that is one month, because it says in the next sentence that it is the "largest month here in 20 or more years."

Mr. ODDIE. Yes.

Mr. NORRIS. What do those deposits amount to? Does the Senator know that?

Mr. ODDIE. I know that any one of those deposits is likely to amount to the creation of a great mining district which will employ possibly thousands of men and put money in circulation.

Mr. NORRIS. Yes; but, Mr. President, the mining district would go on just the same if that office were not there; and, indeed, the mining district might be nearer geographically to some other of these towns, where there is another assay office.

Mr. ODDIE. Mr. President, there is no other assay office in the State; and it is a plain statement of fact that a mining district does not exist until it is discovered and made.

Mr. NORRIS. Mr. President, I have not said that there were more offices in the State of Nevada; but I have said that probably on account of the size of Nevada, there are some deposits at places that would be nearer to some other assay office; and how do they take them? Do they send them by express, or do they carry them there in person?

Mr. ODDIE. It depends on the case itself. If the sample is to be sent a long distance it might be sent by express. Frequently the prospectors who are doing this work have no money to send these samples by express. They have to carry them themselves; and I have known of cases where they have traveled long distances over the desert and through the mountains in order to carry these little samples to the assay office.

Mr. NORRIS. "Little samples"?

Mr. ODDIE. Yes; to be assayed.

Mr. NORRIS. Mr. President, I supposed the man had a whole wheelbarrow full of gold; and if he was carrying it there, and having that much gold, it certainly would not be much of a drain on that kind of a man to pay the express on it. If it is just a little sample, he could send it by parcel post, could he not?

Mr. ODDIE. Mr. President, the Senator knows nothing whatever about the question he is discussing. I should be glad to enlighten him if he would give me an opportunity. I know it would be interesting to the Members of the Senate also.

Mr. NORRIS. I concede that I do not know much. I am inquiring of the Senator from Nevada to get information and I am having very poor success. I admit we are not getting it. Let me ask the Senator about another sentence here:

Deposits July 1 to date, 582; same period last year, 285.

I suppose the object of stating that is to show that the business is increasing.

Mr. ODDIE. Yes.

Mr. NORRIS. We agree on that.

These figures reflect increase in all operations in this territory and demand for public convenience of service rendered. Statements used last year apply even more as number of men turning to small-scale mining to sustain selves and families on increase. Comparative statement or work of assay offices on page 18, Mint Director's Report Fiscal Year 1932. Your efforts appreciated. Hopes for success.

Mr. President, these assay offices are a good deal like land offices, which may not be provided for in this bill, but they will be in another one, and there is one for my State. I have refused to put forth any efforts to save it if, under law, it ought to be discontinued, or if, under the showing, it is an expense to the Government to keep it open. It seems to me that Congress ought not to be here contending for the keeping open of offices for the purpose of giving people jobs, and that is the main purpose. If it is not, I want to see the evidence. I do not think there is any reason why we should maintain an assay office in Carson City, Nev., if we can get the work done more cheaply somewhere else. I do not believe there is any reason why we should keep an office in Boise, Idaho, or Helena, Mont., or Salt Lake City, Utah, unless it is absolutely necessary that it should be done. Now, when we are talking economy, and when we have pledged economy, let us commence at home.

It is proposed that we put these places in at this time, as we did last year, as we did the year before, as the Senator from Nevada says. They were taken out in the House last year, they were taken out by the House the year before, and were reinserted in the Senate, and it is proposed that we do it again. As far as I am concerned, I do not know that there is any use wasting time here trying to prevent their being put into the bill again, but unless there is some reason given for reinstating them, then the officials who have recommended that they be taken out, and the House of Representatives, which has stricken them out, are entitled to some credit for that action.

I want to ask the Senator now whether it is not true that the department concerned has recommended the omission of these towns?

Mr. ODDIE. No.

Mr. NORRIS. Have they recommended that they be put in?

Mr. ODDIE. They have recommended that they be put in the bill. The Bureau of the Mint of the Treasury Department has recommended it, and the Budget has recommended that these items be placed in the bill.

Mr. NORRIS. They are all recommended, then?

Mr. ODDIE. Yes.

Mr. NORRIS. Why did the House take them out?

Mr. ODDIE. Because it is a whim of one particular man in the House, who knows nothing whatever about the mining industry and cares less.

Mr. NORRIS. The House is composed of several Members. There are a great many more than one there. This matter had to go through the House committee.

Mr. ODDIE. It went through the House committee.

Mr. NORRIS. And it had to go through the House itself.

Mr. ODDIE. But the man to whom I have referred was able to convince certain members of the committee that these items should come out.

Mr. NORRIS. I suppose so; and in their judgment they took them out.

Mr. ODDIE. And the Senate in its judgment every year has put them back.

Mr. NORRIS. They have put them back, but not in their judgment.

Mr. ODDIE. Yes; in their judgment.

Mr. NORRIS. They just put them back by main force. They put them back perhaps without any reason.

Mr. ODDIE. They have been put back by the Senate because it has been explained to the Senate that it is extravagance to cut them out, and that there is a necessity for these offices. They help the small prospectors, and that western country needs more mining development, and the world needs more gold.

Mr. NORRIS. If putting in the bill provision for a large number of assay offices will bring in more gold, then we have an easy way to solve the present difficulty. All we will have to do will be to add four or five hundred more assay

offices, and the gold will come in until we stop it by main force.

Mr. ODDIE. Mr. President, I know from experience that the road of the prospector is a hard one. I have done that work myself, and I know that all is not gold that glitters. I have learned that through many bitter experiences, and I have learned that the investment of a very small amount of money in this industry will sometimes yield huge returns.

Mr. NORRIS. Does the value of the ore increase because it is assayed in an office that is near by where it is dug out of the ground?

Mr. ODDIE. That makes no difference, Mr. President.

Mr. NORRIS. Would not the same amount be assayed if Carson City did not assay it? Will not these other assay offices be able to do the work, without hiring additional men to do it?

Mr. ODDIE. The other assay offices are in far-off States, a long distance away. I could cite illustrations, if the Senator cared to hear them, which would convince him that the human equation comes into this problem very largely. Here are these men, anxious to work and make a living. They go through privations which very few other men in the world have to go through in searching these desert mountains for ore deposits, and they generally are without money in their pockets. A little necessary help and encouragement to them at critical times might mean the difference between success and failure.

Mr. NORRIS. Mr. President, I agree to all that; I have great sympathy for these men who are doing such work. I would not injure them for anything. But that is not the personal equation. The personal equation is shown in the telegram. The personal equation in this particular case is E. T. Clyde, the employee, and the other fellows who are going to have his job after he passes on.

Mr. WHEELER. Mr. President——

The PRESIDING OFFICER (Mr. DICKINSON in the chair). Does the Senator from Nebraska yield to the Senator from Montana?

Mr. NORRIS. I yield.

Mr. WHEELER. Let me say to the Senator that he is entirely wrong with reference to this matter. Take the case of Helena, Mont., for instance. I do not even know who the man in the mint is, and I am not the slightest bit interested in who is going to be or who has been director of the mint; but, in my judgment, it is perfectly silly and absurd for the Senator to stand on this floor and say that it is a question of patronage, because that does not enter into it in the slightest degree.

Mr. NORRIS. Mr. President, I will not permit any interruption further until I answer that statement.

When the Senator says that it is perfectly silly, I undertake to say to him that it is perfectly true, silly or not. It may not apply to this office, it may not apply to some other office; but I know, and we all know, that these little offices which are maintained, not only assay offices but land offices and others, are often maintained, often kept in existence, simply and solely and entirely as a matter of patronage. I know just as much about that as anybody else does. I have been through the mill myself. I have seen land offices disappear in my section of the country one at a time, and I have never seen one disappear without the man who held the office objecting to its disappearance.

Mr. WHEELER. The Senator is talking about an entirely different thing. A land office is one thing; an assay office is another. If the Senator will pardon me and let me explain it to him for a moment—at the present time, all through the West, by reason of the depression, literally thousands of people who can not find work are going into the hills and into the old mining districts to prospect. If those men have to ship every little bit of a sample clear back to New York City, or to some other distant point, it will take weeks and months before they can find out whether or not their prospect is worth anything or is not.

If the Senator knew the situation that existed out there in that section at the present time, I say that he would not be contending that it was just a matter of patronage. I have fought to keep these items in the bill when the patronage did not exist in connection with the matter in the slightest degree, because I had nothing to say about the patronage. I have stood here and fought for such things for 10 years, and it was not for the rich mining companies, because it does not make any difference to them, but it does make a tremendous lot of difference to the little prospector, to the fellow going out in the hills day after day and night after night trying to eke out a miserable existence, to get enough money to enable him to live.

It amounts to only a few thousand dollars to the Government of the United States, and it may mean the development of a great mining district; it has in times past. It is so infinitesimal it seems to me hardly worth while standing on the floor and fighting over it, and it would not be if it were not for the fact that it means so much to the individual prospector, who has to depend at the present time on getting a few dollars here and a few dollars there to keep his body and soul together.

Mr. NORRIS. Mr. President, it seems to me the Senator begs the question, and he is trying to put me evidently in the attitude of trying to increase the hardship of the poor fellow who goes out into the hills and prospects for gold, silver, or some other metal. I will not be put in that attitude. I am not taking that kind of a position. I do not believe the facts warrant any such imputation. I have sympathy for such a man, but I do not want the Government to establish an assay office for every man who goes out and hunts gold. I have to consider the necessities and the financial condition of the country, and that is what I am considering or trying to. I do not think it adds materially to the difficulties of any one of these poor men who are going out in the hills and suffering and hunting for gold to send his sample to some other place than Carson City or Helena, Mont. There are a good many other places left.

It is a question of the expense to the Government whether we should maintain an office in Carson City, Nev., in Salt Lake City, Utah, in Helena, Mont., or Boise, Idaho. I am not sure but that some of them ought to be kept in, but there is some reason in the fact that this bill comes over here every year from the House of Representatives with those items stricken out, and they go back in, because evidently there is a sufficient combination here between all these statesmen's interests which will put them back in the bill.

Mr. ODDIE. Mr. President, I know that there is no geographical distinction in this matter. The Senators from the Western States view these problems in a broad way. I know they have all helped as much as they could in passing legislation which would be of benefit to the State of Nebraska, for instance, and to other States. I know that, and the more the State of Nebraska prospers the gladder I shall be. I hope the Senator's people will all become wealthy; I should like to see that. But here is a great section of the West, an enormous area, with a very small population which needs some help. This is not a question of charity, it is a question of allowing an industry that has been in existence since the beginning of our country to continue.

The amount involved is small, and I know from experience that the appropriation will do great good and result in preventing much suffering and harm. I hope the amendment will be agreed to.

Mr. WALSH of Montana. Mr. President, there is no one who doubts in the slightest degree that the Senator from Nebraska is actuated by the very highest motives, and with a desire to promote the public good in his insistence upon a rejection of these amendments proposed by the Senate committee. But really he ought, it seems to me, give those of us who do not agree with him credit for being equally desirous of promoting the public good.

Mr. NORRIS. I want to do that. I have not said anything to the contrary, I hope.

Mr. WALSH of Montana. It seems to me the inference was the other way; that those who are urging the retention of the assay offices are simply actuated by a desire to hold some offices for somebody, which, of course, is scarcely consistent with a high desire to promote the public interest.

Likewise, when the House of Representatives takes one view about this matter and insists upon striking out the offices and the Senate takes another view and insists upon their remaining in the bill, as it has for the last 10 years every time the appropriation bill has been considered, it scarcely follows as a necessity at least that the House of Representatives is actuated by patriotic motives and that pure selfishness in the matter governs the action of this particular body.

Let me say likewise, as was said by others speaking in favor of these matters, that the matter of who shall be in charge of the assay office at Helena, Mont., is a matter of indifference with me. I wish I did not have anything at all to do with the selection of who shall be the assayer at Helena. I have stood here again and again for the past 10 years urging the retention of these assay offices, knowing at the time that I should have absolutely nothing whatever to say about who should be the assayer in charge getting a little salary, my recollection is, of something like $2,500 a year, an assistant getting $2,300, and a janitor $1,400. They comprise the total force of the office.

Let me say in this connection, as has been said heretofore, that it has been a matter of great gratification to all of us that the business of the prospector, having practically passed out of existence by reason of the depression from which we are all suffering, is being revived; that the unemployed are going into the hills and earning some of them possibly as little as a dollar a day washing gravel and getting some gold. Senators may have observed in the newspapers that an effort is being made to induce the unemployed in the congested cities of the country to go into the mountains and hills of the West and prospect, holding out to them the inducement that they will be able at least to make decent wages placer mining in a good many regions of the West.

That there is abundant room for that hope is clearly disclosed by returns from the Helena assay office for the last three years which I am able to give the Senate. In 1930 there were at that office 130 deposits, the aggregate value of which was $60,608. In 1931, although the number increased to 244, the aggregate value was only $58,657. But last year, 1932, there was a 100 per cent increase both in deposits and in value, the number of deposits being 556 and the value $137,434. That signifies a great deal to us people out West, although I dare say it does not mean anything at all to the Senator from Nebraska. It signifies a movement in that direction. It signifies a revival of the industry which has given to us the great gold mines of the West. At this time, when everybody is praying for an increase in our production of gold, why should we do anything to depress this movement?

Perhaps it would not signify very much, if anything, to the Senator from Nebraska if I should read a letter from the assayer in charge of the Helena office, but I dare say it might mean something to other Members of the Senate. I read briefly as follows:

TREASURY DEPARTMENT,
BUREAU OF THE MINT,
UNITED STATES ASSAY OFFICE,
Helena, Mont., December 30, 1932.

Hon. T. J. WALSH,
United States Senate, Washington, D. C.

DEAR SIR: Your letter of December 24, 1932, at hand. In regard to the continuance of the assay office here, I believe its presence to be more necessary now than at any time since its existence.

Let me say the assay office was constructed away back in the year 1870, over 60 years ago, and has been in continuous service all that time. For some reason or other the House of Representatives has been endeavoring for a long time to abolish these offices and leave in existence the great assay offices and branches of the mint in New York, Philadelphia, New Orleans, and San Francisco. Just exactly what the interest is back of that I do not know, if there is any particular interest, but the effort has been persistent.

The letter continues:

Since the first of May, 1932, and up to December 31, 1932 (last seven months of 1932), we have had 614 deposits amounting to $145,167.91 in value. We are now, and have been for the past seven months, serving from 75 to 80 miners and prospectors a month and probably over 50 per cent of these prospectors would have had to receive outside aid otherwise.

It is just to that extent a relief to the relief organizations in the various cities of my State.

Mr. REED. Mr. President, will the Senator permit a question?

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Montana yield to the Senator from Pennsylvania?

Mr. WALSH of Montana. I yield.

Mr. REED. Do these assay offices make a charge to prospectors for their services?

Mr. WALSH of Montana. No; they do not. It was conceived to be in the interest of the Government to promote the bringing of gold and silver into assay offices for monetary use.

The letter continues:

During the calendar year of 1931 we had 383 deposits with a value of $85,924.74, and during the present calendar year we have had 756 deposits with a value of $191,001.46. This shows a gain of over 100 per cent in 1932 over 1931 in value and practically the same in number of deposits.

Regarding the number of deposits which this office failed to obtain because of lack of help (I was left alone during the month of August, owing to the retirement on account of age of W. L. Hill, former assayer in charge), I can only estimate, because as soon as it became known that considerable delay would ensue in getting their returns, they sent the deposits to Denver and elsewhere. My guess would be that if we could have gotten out all the deposits on time, we would have had from 100 to 200 more than we now have.

The psychological effect of closing this office would be all out of proportion to the small saving effected. Prospective mining operators and investors would give this country a "wide berth," arguing that if the Government did not think there was enough gold here to pay to maintain the office, it was probably a pretty good country to leave alone for mining ventures.

Very respectfully,

W. H. WRIGHT, *Assayer in Charge.*

Mr. President, I do not know that there is anything else to be said about the matter. As has been suggested, it is a small matter so far as expense to the Government is concerned. If we are going in for economy, opportunities in abundance will be presented, instead of taking away these little assay offices which exist merely for the purpose of giving employment to most deserving men, who, in addition to making their own living out of the thing, bring to the attention of investors properties that may be of inestimable value to the whole country, and particularly at this time, when the desire to increase the amount of gold ought to be in the minds of every citizen.

Mr. COSTIGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Montana yield to the Senator from Colorado?

Mr. WALSH of Montana. I yield.

Mr. COSTIGAN. Without having the latest figures of gold production in the West before me, I rise merely to say that the statement of the Senator from Montana accurately reflects recent prospecting and mining conditions in the State of Colorado. There has been a marked increase in deposits of gold in the last year, and Government assay facilities have been of substantial use to western prospectors.

Mr. VANDENBERG. Mr. President, I want to supplement the colloquy which I had earlier in the afternoon with the able Senator from Maryland [Mr. TYDINGS]. I am sure he is in pursuit of a more effective formula than the one which the present substitute brings to the Senate, the pending proposal which now bears his name. I am sure if he could find a formula that is practicable and more in keeping with the objective to which he addressed himself yesterday, he would be happy to embrace it. It is in no spirit of controversy but in one of suggestion that I want to ask him to consider this proposal.

It occurs to me that it would be highly logical in a situation such as that in which we find ourselves if the executive in charge of a department were to be left with the final responsibility for finding the ultimate place in which that particular department can make its contribution to the

arbitrary and further reduction in the Budget for that department.

I am thinking of the fact, for example, that we are proposing to give to the President of the United States substantial authority to reorganize, consolidate, and so forth, in respect to the departments. We can not anticipate what those precise actions will produce by way of economy. Why would it not be possible to treat each department's total appropriation precisely as the Indian school appropriations are treated in the Interior Department appropriation bill? There is an exact precedent for the thing I am suggesting to the Senator from Maryland. As I understand it, though the suggestion comes originally from the able Senator from New Mexico [Mr. BRATTON], this is the only place in any of the appropriation bills where this method of procedure is followed.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Maryland?

Mr. VANDENBERG. Gladly.

Mr. TYDINGS. I concede that that would be the means of bringing about some economies, but it would not reach that large field of possible economies which might be effected if we could change some of the legislation upon which appropriations must be based. I will concede that that will do a part of the work, but it will not do the whole job.

Mr. VANDENBERG. I agree to that, Mr. President, but I am also suggesting that it will do a great deal more of a job than the substitute resolution which is now being submitted to the Senate on behalf of the Senator from Maryland.

Mr. BRATTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from New Mexico?

Mr. VANDENBERG. I am glad to yield.

Mr. BRATTON. The Senator from Nebraska [Mr. NORRIS] made an observation yesterday which in my opinion had much force, and that was that when we begin to tear these bills down as they come to us separately, we act on one perhaps a month before we act upon a subsequent one. Perhaps we do not tear them all alike. One is cut deeper than another. What would the Senator from Michigan think about the system of making annual appropriations for the several departments in one bill, letting Title I contain appropriations for the Department of Justice, Title II for the Department of the Interior, Title III for the Department of Commerce, and so forth?

Of course, it would require separate subcommittees to consider each title; but when we put the several titles together, we would have the whole picture. If we knew that our contemplated revenue was so much, then by looking at the one bill we could ascertain that the total appropriations exceeded by so much the contemplated revenue, and therefore there had to be so much in the way of reductions accomplished, that those reductions should be prorated, and they could be prorated in one bill before the committee.

Mr. VANDENBERG. Mr. President, the Senator will recall that I raised precisely the same question yesterday in the debate in a question addressed to him. I entirely concur that that is the logical way to proceed to do a completed job, if we want a completed job.

Mr. BRATTON. If the Senator made the suggestion yesterday, I overlooked it. His views and mine are in accord. I think we can obviate discrimination among the several departments in that way; we could treat them all alike.

Mr. VANDENBERG. Of course, we can not do that, apparently, at the present moment, except as all bills be recommitted and all brought back together. But now let me pursue and identify, at least for further survey, the idea I was submitting. I am referring now to page 41 of the pending Interior Department appropriation bill, being House bill 13710, where the total appropriations listed and actually made by the particular section of the bill are $3,857,135. But, then, after all those have been listed the bill finally says:

> In all, for the above-named nonreservation boarding schools, not to exceed $3,755,000.

I call the Senator's attention to what has happened. After listing the total appropriations, which ultimately merely serve as limitations, as the Senator will see, then the bill says that the final sum actually available shall be $102,000 less than the items themselves actually total. In other words, in respect to that particular section of the appropriation structure those administrators who are ultimately responsible for the administration of the bill are left not only with responsibility to find the place where the $102,000 shall be saved, but they are put under the actual compulsion to save it.

Suppose we were to translate that same theory to the pending Treasury bill. The pending Treasury bill appropriates $244,000,000. Suppose we were to say at the end of the bill that the actual total appropriation, for the sake of the argument, is $200,000,000 or $225,000,000, with the other provision attached which limits the method of transfer, then we would put upon the administrators of the Treasury Department, under the new set-up which contemplates certain departmental and bureau changes, the responsibility for finding the place where that ultimate and final saving of 10 per cent, let us say, might be obtained. That is the method that would be followed by a board of directors in a private business certainly, and I submit to the Senator that he consider whether or not that sort of a formula, worked out in some practical fashion and added to the end of each of the appropriation bills, would not more definitely accomplish the objective which he had in mind yesterday.

Mr. TYDINGS. If the Senator from Michigan will reduce that suggestion to writing, I shall be very glad to consider it; but I do not want to be caught in the same position twice in which I was caught this morning; and I would rather have a little time to review that suggestion, lest I might be forced to ask the Senate for permission to withdraw the amendment a second time.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment reported by the committee will be stated.

The LEGISLATIVE CLERK. On page 34, line 6, after the name "New York," it is proposed to insert "Boise, Idaho; Helena, Mont.; Salt Lake City, Utah."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The next amendment of the Committee on Appropriations was, on page 34, line 15, after the name "Philadelphia," to strike out "$1,250,000" and insert "$1,275,000."

The amendment was agreed to.

The next amendment was, under the heading "Title II—Post Office Department, office of the Second Assistant Postmaster General," on page 57, line 4, after the word "*Provided,*" to strike out "That no part of the money herein appropriated shall be paid on contract No. 56 to the Seatrain Co.: *Provided further,*" so as to read:

> For transportation of foreign mails by steamship, aircraft, or otherwise, including the cost of advertising in connection with the award of contracts authorized by the merchant marine act of 1928 (U. S. C., title 46, secs. 861–889; Supp. V, title 46, secs. 886–891), $35,500,000: *Provided,* That not to exceed $7,000,000 of this sum may be expended for carrying foreign mail by aircraft under contracts which will not create obligations for the fiscal year 1935 in excess of $7,000,000.

Mr. McKELLAR. Mr. President, the Senator from Florida [Mr. FLETCHER] wanted to be heard on that matter. So, in order that he may be present, I make the point of order that there is no quorum present.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Blaine	Caraway	Dale
Austin	Borah	Carey	Davis
Bailey	Bratton	Connally	Dickinson
Bankhead	Brookhart	Coolidge	Dill
Barbour	Bulkley	Copeland	Fess
Barkley	Bulow	Costigan	Fletcher
Bingham	Byrnes	Couzens	Frazier
Black	Capper	Cutting	George

Glass	Keyes	Pittman	Thomas, Idaho
Glenn	King	Reed	Thomas, Okla.
Goldsborough	La Follette	Reynolds	Townsend
Gore	Lewis	Robinson, Ark.	Trammell
Grammer	Logan	Robinson, Ind.	Tydings
Hale	McGill	Russell	Vandenberg
Harrison	McKellar	Schall	Wagner
Hastings	McNary	Schuyler	Walcott
Hatfield	Metcalf	Sheppard	Walsh, Mass.
Hawes	Moses	Shipstead	Walsh, Mont.
Hayden	Neely	Shortridge	Watson
Howell	Norbeck	Smith	Wheeler
Hull	Norris	Smoot	White
Johnson	Nye	Steiwer	
Kean	Oddie	Stephens	
Kendrick	Patterson	Swanson	

The VICE PRESIDENT. Ninety-three Senators have answered to their names. A quorum is present.

Mr. FLETCHER. Mr. President, the matter now before the Senate is a committee amendment on page 57, line 4, the committee seeking to amend the House text by striking out the language:

Provided, That no part of the money herein appropriated shall be paid on contract numbered 56 to the Seatrain Co: *Provided further*,

I feel that the House language should remain in the bill. If it were retained, it would mean a saving of $120,400. That would be the amount called for by the contract referred to if the House language should be stricken out. I think the committee made a mistake in attempting to strike out the House language.

I call attention to the report of the House committee, at page 18, in which the committee says:

In making the deduction in the Budget estimates the committee has also eliminated the amount of $124,400 for contract service with the Seatrain Co. about which there was considerable discussion at the last session. No compensation has been paid under this contract to date, the company foregoing pay voluntarily under the contract for mail service between New Orleans and Habana after entering the coastal business by operating car ferries between New York and Habana. So long as no payments are being made and the situation has been complicated by the coastal operations, the committee felt that deductions from the appropriation should be made.

I can not see how that statement can be answered. It sets forth the precise situation. The House committee said we ought not to make this appropriation because the Seatrain Co. have changed their original plan and purpose. Their application for this contract and the application for loans from the Shipping Board to build the two car ferries called seatrains were based upon the proposition that they were undertaking to do business between New Orleans and Habana. That would be foreign trade, of course. I insisted at the time, a year ago, when this proposition was up, that this concern could not live on the business between Habana and New Orleans.

That business has decreased. The traffic has decreased. There was not enough traffic there to justify the building of a single one of these ferries. There were at the time available ferries that had been operating between Key West and Habana that were out of business and asking to be allowed to operate between New Orleans and Habana, because the business between Key West and Habana had dropped off so that they could not live. They were attempting to operate those ferries from Habana to New Orleans, and they were ample to carry on that business. There was a mail contract already in existence between the Postmaster General and the United Fruit Co. to carry the mails from New Orleans to Habana. That was actually in operation at the time they made this application.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Tennessee?

Mr. FLETCHER. I do.

Mr. McKELLAR. There were two contracts. The Government had subsidized two contractors to carry the mails from New Orleans to Habana. Together, they carried about 1,500 pounds of mail a year. Now, this proposed subsidy to the Seatrain Co. will subsidize a third shipping company to carry the mails from New Orleans to Habana.

Mr. FLETCHER. At any rate, ample provision had been made for carrying the mail from New Orleans to Habana, and a contract was outstanding at the time. There was no occasion or need for making any new contract with any new concern for carrying that mail. There was no traffic justifying additional means of transportation between those two ports, because every needed facility for that business was already in existence.

Mr. BLACK. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Alabama?

Mr. FLETCHER. I do.

Mr. BLACK. I am not sure that I understood the Senator. Is it true that there is no Seatrain Co.?

Mr. FLETCHER. Oh, no; there is a Seatrain Co. There is a corporation by that name.

Mr. BLACK. In what business is it engaged now?

Mr. FLETCHER. That is what I am going to get to in just a minute.

I insisted that there was no occasion for making the original contract with these people, or responding to their application, because there was no need for additional service there to begin with. The service was already taken care of.

What did they do? They proceeded to organize the Seatrain Corporation. They obtained a loan from the Shipping Board to build two of these "seatrains." They are ferries carrying about 90 freight cars each. The company call them "seatrains." They load the loaded cars in these ferries—a very good arrangement for that purpose, I suppose—about 90 of them. They take a whole trainload of about 90 freight cars, put them into the holds of these vessels by machinery, and they are moved wherever they want to carry them. They call them "seatrains." They are really car ferries.

The company obtained loans from the Shipping Board to build two of these ferries. Of course, they had to build them here in the United States. About 75 per cent of their cost was furnished by the Government at a very low rate of interest. There was no justification, commercially or otherwise, for any such venture. I pointed that out last year.

Now, what has happened? The company borrowed the money from the Shipping Board and built the ferries, and now they are operating between New Orleans and New York, simply stopping at Habana on the way. They are not operating the service from New Orleans to Habana, a foreign port, alone; but they are operating those ferries, carrying freight from New Orleans to New York and New York to New Orleans, putting in at Habana, in order to get this $240,000 a year pay for carrying the mail from New Orleans to Habana. The contract had already been made for that; but in order to get that pay they operate this line of seatrains from New Orleans to Habana and on to New York and the same way back.

That, of course, is coastal business. It is coastwise traffic. It is not foreign traffic at all. The law never contemplated making loans to any concern that was engaged in coastwise business. There is plenty of competition along our coasts; there is no occasion to subsidize a concern operating ships on our coasts; and it never has been done.

Mr. REED. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Pennsylvania?

Mr. FLETCHER. I yield.

Mr. REED. The Senator says that it was not contemplated that these vessels engage in coastwise service. I note that section 19 of the law provides that during any period in which the vessel is operated exclusively in coastwise trade, or is inactive, the rate of interest shall be so-and-so, and that during any period in which the vessel is operated in foreign trade the rate shall be lower.

Mr. FLETCHER. That is with reference to the ship, and not with reference to the mail contracts.

Mr. REED. Obviously, as far as these construction loans went, it was contemplated that these vessels constructed in this way should be used in coastwise service.

Mr. FLETCHER. I am not complaining about the authority of the Shipping Board to make the loan; but the purpose of this whole thing to begin with, of course, was getting the mail contract; and that contract is only let to carriers in foreign business. It is not let to coastwise vessels at all. The Shipping Board may loan them money, but the purpose of these people all along has been to get the benefit of the ocean mail pay. They would not build seatrains to engage in the coastwise trade.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Tennessee?

Mr. FLETCHER. I do.

Mr. McKELLAR. I am afraid the Senator from Florida has left the wrong impression upon the mind of the Senator from Pennsylvania. Under the law, coastwise shipping can not obtain these subsidies. It must be foreign shipping with foreign countries.

Mr. FLETCHER. Yes.

Mr. McKELLAR. Now, if the route covered by this contract is extended—and the purpose of the department is to extend it, if they can, from New Orleans to Habana and then on to New York—if that is done, manifestly that will be an evasion of the law, and ought not to be allowed.

Mr. REED. No, no; the Senator has not understood me.

Mr. McKELLAR. Perhaps I did not.

Mr. REED. I do not think anybody has suggested that this company should have a mail contract for carrying mail from New York to New Orleans. Nobody suggested that. The present contracts do not provide for it.

Mr. McKELLAR. But the Postmaster General or his assistant does say that that is the intention.

Mr. SMOOT. Mr. President, this is what Postmaster General Brown said on page 116 of the hearings:

> We could pay them only for the voyage from New Orleans to Habana. That is as much as we could pay them for.
>
> Senator BROUSSARD. And that is what they are trying to fix right now?
>
> Postmaster General BROWN. Yes. They admit that if the ship is partly loaded with freight for New York, their operation then is not 100 per cent a foreign operation, but it is partly a domestic or coastwise operation; and they are willing to waive the proportion of their mail pay that their coastwise cargo bears to the total earnings of the voyage.

Mr. FLETCHER. Yes; I understand that. The Postmaster General rather reversed himself to some extent and took a different ground from that which he took before the House committee. I have the House hearings here. The chairman asked him (p. 22):

> What became of the Seatrain controversy?
>
> Mr. BROWN. It is still pending before the department.

And I may say at this point that if anything is done, such as is suggested in the statement just read by the Senator, it would mean a new contract. The old contract is off. They are seeking pay under the old contract.

> Mr. BROWN. It is still pending before the department. I think they have been asking us to modify their contract and permit them to call at Cuba and go on up to New York, and we have not been able to see the propriety of that.

This is his statement before the House committee.

> The two new ships are now in commission; they have started the service, but we have not yet begun to pay on their contract. The bottom has fallen out of the Cuban trade. They were to run between New Orleans and Cuba, and apparently the Cuban business has disappeared, temporarily at least, and they now want to run the vessels from New Orleans to New York, calling at Cuba.

I prophesied a year ago that that was going to be the termination of their whole undertaking, and they have come to it now. Instead of doing business between New Orleans and Habana, they want to do business between New York and New Orleans; and they make the stop at Cuba merely for the purpose of getting $240,000 a year out of the Government under pretense of carrying the mail from New Orleans to Cuba. The law does not permit giving these contracts to vessels for coastwise operations. It only permits giving the contracts to those carrying foreign mails, so they try to meet that by stopping at Habana and calling this a foreign business.

You see what the chairman says. The chairman then asks the Postmaster General:

> What advantage could be gained by that, Mr. Brown; I mean from the standpoint of public service?
>
> Mr. BROWN. It would enable New Orleans to have another coastwise service in carload lots; it would enable New York and New Orleans to exchange freight trains; and they would want us to pay them their subsidy for the part of the route between New Orleans and Habana.

That is the statement.

The chairman says:

> Of course, that would have a corresponding depressing effect on the railroads?
>
> Mr. BROWN. Yes. While the matter has not been definitely disposed of in the department, because they have asked for some further hearings and opportunity to present further briefs, as yet they have failed to convince us that the contract should be modified as they propose.

He goes on farther in these words. The chairman asks:

> While the railroads are in the trouble that they are now, I wondered how it would affect them.
>
> Mr. BROWN. The merchant marine act of 1928 contemplates commerce between the United States and foreign countries, and there is no authority for giving any subsidy to a coastwise line.

He further says:

> Well, we could not pay them a subsidy for moving their ships between New York and New Orleans, but their plan is to move between New Orleans and Habana, calling at Habana and going on to New York, then returning to New Orleans via Habana. They would use their mail pay between Habana and New Orleans to enable them to compete with other coastwise vessels that have no mail pay.

In other words, here is a concern proposing to do a coastwise business that proposes to compete with all our coastwise vessels and the railroads in moving freight between New Orleans and New York in carload lots, and at the same time be supported by Government aid to the extent of $240,000 a year—an unheard-of thing.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from New York?

Mr. FLETCHER. I yield.

Mr. COPELAND. May I ask the Senator whether there is a contract existing between the Seatrain Co. and the Government?

Mr. FLETCHER. Oh, yes. They have made the contract; but when they attempted to operate these vessels coastwise, they had to go to the Shipping Board and get permission. The Shipping Board, after hearings, granted permission but said, "We do it only on condition that you waive your subvention pay, your mail-contract pay."

Mr. COPELAND. Is that a matter of record?

Mr. FLETCHER. Yes. I will get to that. That is a matter of record. The Shipping Board afterward admitted that they really did not have anything to say about the mail pay; but that was their first resolution, that this permission was granted on condition that the Seatrain Co. waive their mail pay. Afterward the Shipping Board said, "That is a matter for the Postmaster General; but we will give you this permission for six months and see how you come out on it"; and the company themselves said, "We will waive the mail pay for six months." So that, although they began operation about October 1, no mail pay has been made, and none will be made until May 1. They have agreed themselves to waive all mail pay until May 1, 1933. So that part has been settled, and the question of whether they will be entitled to any mail pay or not is the question pending.

Mr. REED. Mr. President, will the Senator permit a question at that point?

Mr. FLETCHER. I yield.

Mr. REED. Was not the reason why they did away with the mail contract the fact that they were not going to be permitted to start their vessel out of New York Harbor until they promised the Shipping Board that they would yield? In other words, they were blackjacked into giving up their mail contract.



Mr. FLETCHER. I have here the statement about that. That is not quite the case. They did not have any authority to operate these seatrains coastwise until they got that permission from the Shipping Board, and the board had to consider that, and finally agreed to give them that permission, provided they did not claim the mail pay.

Now, I turn to page 141 of the House hearings, where Mr. Glover's statement appears in connection with what the Senator has just mentioned.

Mr. SMOOT. Mr. President, while the Senator is looking that up I would like to say to the Senator from New York that not only have they a contract but the Government of the United States advanced three-fourths of all the money to build the seatrain.

Mr. FLETCHER. That is true.

Mr. COPELAND. Mr. President, if the Senator will permit me, I am very jealous of these contracts because of my interest in the American merchant marine. I have no particular interest in the Seatrain Co., but I want to know whether or not there was a contract, or is in existence a contract, between the Seatrain Co. and the Postmaster General, a legal contract binding on the United States Government, and if there is such a contract, the burden of proof certainly is upon those who seek to abrogate it to show cause why that should be done.

Mr. FLETCHER. I see the Senator's point. The contract was made with them to carry the mail between New Orleans and Habana. Now they are operating between New Orleans and New York, and they are proposing now to change the contract. That is the subject now before the Postmaster General. They are endeavoring to change that contract, to modify the contract, as I have just read from the testimony, which means a completely new contract.

Mr. KING. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. KING. I just want to ask, if I may, did not the element of fraud enter into the contract between the Postmaster General and this company; that is to say, did not the company make representation for the purpose of inducing the Postmaster General to enter into this contract, the representation being to the effect that they were going to operate only between New Orleans and Habana, that it was to be a mail train, but back of it was the purpose to operate to New York, and then evade the law by stopping en route, so that there was the element of fraud?

Mr. McKELLAR. Mr. President, will the Senator yield to me for just a statement upon that point?

Mr. FLETCHER. I yield.

Mr. McKELLAR. In the very first place, when the advertisement was made, in August, 1931, for this contract, although the law required competitive bidding, the Postmaster General provided there should not be any competitive bidding by putting this provision in the invitation—a provision that the contractors should have constructed in American shipyards two new cargo vessels capable of carrying not less than 90 railroad cars. No other concern could comply with such a stipulation except this concern.

Mr. FLETCHER. I will take just a moment more. I want to make one more point. I read from the testimony of Mr. Glover, Assistant Postmaster General, as it appears on page 141 of the House hearings:

> The CHAIRMAN. We had last year a controversy in reference to the Seatrain. That comes under this item?
> Mr. GLOVER. Yes; that is the last one, I think.
> The CHAIRMAN. What about that?
> Mr. GLOVER. That is rather an involved question, Mr. Chairman and gentlemen, and I am sure the Postmaster General defends his right to make that contract. That was a good contract. There is nothing the matter with the Seatrain contract, the way the Postmaster General made it.

If the Senator from New York will do me the honor to listen, I am trying to reach the point he asked about. This is the testimony of the Assistant Postmaster General before the House committee. He tells about the contract and then says:

> But bear in mind that the operation of that line has changed very materially since the Postmaster General made that contract. They went into the intercoastal business, and the Postmaster General has never recognized that. If they had performed the service under the contract from New Orleans to Habana, they would have been entitled to their mail pay; and I am not certain that they are not entitled to their mail pay now, because they have, under the contract filled every requirement.
>
> But when they went into the question of taking loaded cars from New Orleans to Habana and then taking them to New York, they entered the intercoastal trade.
>
> I am not questioning the fact that that is not good service from your State, Tennessee, for instance, taking loaded cars to New Orleans, then taking them by water at greatly reduced rates and delivering them to New York, and then delivering the cars via the New York Central Railroad to Albany, and saving considerable freight charges. But that is not the question.
>
> The Shipping Board has advanced money for two seatrain boats, built in American yards. There is no question about the one built on the other side. The Comptroller General has already passed on the validity of that.
>
> The Shipping Board loaned them the money for these two boats, but when they started in on the coastal trade they had great objection from the local steamship companies which operate from New York to Habana and from New York to New Orleans and from New Orleans to Habana, and also from the eastern railroads, who were getting the haul from the interior points.
>
> So, to permit the Seatrain Co. to start their service—and they did not want to delay the operation of the two boats—they willingly agreed with the Shipping Board that as long as they were engaged in the intercoastal trade there was to be no mail pay.

Referring to the question raised by the Senator from Pennsylvania, I call his attention to the statement in the hearings on page 146:

> The CHAIRMAN. All three ships are in service?
> Mr. GLOVER. Yes. They had a vessel which was to sail on Thursday night at 3 o'clock, and the Shipping Board said, "Nothing doing. We will not pay you this additional amount of money you owe to the Sun Shipbuilding Co. in Wilmington."
>
> Then they drew up this letter and this agreement and they took it out of the hands of the Post Office Department. I question whether they had that right—that is, the Shipping Board. The Postmaster General was not consulted.
>
> They made this agreement and then they gave them a lift order, and the vessel sailed that night about 8 o'clock on the first trip, some time in September.
>
> To the best of my knowledge and belief that service is now in operation between New Orleans and Habana and from Habana to New York.
>
> The CHAIRMAN. So they are really operating between New Orleans and New York via Habana?
> Mr. GLOVER. Yes, sir.
> Their contract with the Post Office Department is to carry mail between New Orleans and Habana, and they are doing that without pay now.

Mr. REED. Mr. President, will the Senator permit an interruption there?

Mr. FLETCHER. Yes.

Mr. REED. Is it not a fact that the mail contract they had provided that the contract should be forfeited if they did not sail by May 31, 1932, and that the Shipping Board held them up to that very day before it would give them permission to sail? And, of course, the owners were desperate by that time; they saw themselves being forced to forfeit their contract with the Government because of what another arm of the Government was compelling them to do. Finally, in their desperation, they agreed to forego any compensation from their mail contract if the Shipping Board would let them get that ship out of the port before the deadline was reached. That is the reason why they did that. You might as well take a man by the throat and choke his confession out of him and then claim that you had not done it by duress.

Mr. FLETCHER. There has been a good deal of detail in this and we will not have time to go into that now, and the controversy relates to the contract and with reference to their plans and that sort of thing. The Shipping Board were within their rights. This mail-pay business is pledged, and the Shipping Board has a part of their security. Of course, if they were about to do something that would violate their contract, or under which they could not get their pay, the Shipping Board would be interested in that, and they would not allow them to move their ships and start the service until they were sufficiently protected, and they were protected by the agreement that they would not have their pay for six months.

Now, let me read just one more line:

Their contract with the Post Office Department is to carry mail between New Orleans and Habana, and they are doing that without pay now. They waived their right to that pay—

This is Mr. Glover speaking.

They waived their rights to that pay so they could perform this intercoastal service, and the Shipping Board is having hearings now with the idea of threshing out the question whether they are going to permit a Shipping Board loan, loaned exclusively for the building of vessels to be engaged in plying between an American port and a foreign port—whether they are going to give them the right to use it for a vessel plying between intercoastal ports.

Then the chairman asked the question, and Mr. Glover said:

We have threshed it out, the Postmaster General and myself, and I think they could beat us in a court of law. But I do not think the present Postmaster General will modify that contract so that they will be entitled to any mail pay if they insist on operating in the intercoastal service.

Mr. COPELAND. What was the statement about the court of law? I did not catch that. The Senator said something about the Postmaster General thinking that the Seatrain Co. could beat the Government in a court of law.

Mr. FLETCHER. He indicated that. Mr. Glover said:

I do not think the present Postmaster General will modify that contract so that they will be entitled to any mail pay if they insist on operating in the intercoastal service.

Mr. COPELAND. What does he say further about a court of law?

Mr. FLETCHER. He thinks they could sue on their contract, I assume; but they have applied for a modification of the contract. If they were suing on the contract and standing on the contract and operating between New Orleans and Habana, they could sue.

Mr. COPELAND. What was the date of that colloquy?

Mr. FLETCHER. It appears on page 146 of the House hearings.

Mr. COPELAND. Of this year?

Mr. FLETCHER. Yes; on this very bill. I am reading testimony with reference to the pending bill.

Mr. COPELAND. Is there a question in the mind of the Senator as to the pay they could get for carrying mail between New Orleans and Habana?

Mr. FLETCHER. I think they would have to make an entirely new contract.

Mr. COPELAND. The Senator thinks the whole contract has been vitiated by reason of the intercoastal service?

Mr. FLETCHER. Yes; because the contract provides for the carrying of mail between New Orleans and Habana, not for service between New Orleans and New York.

Mr. REED. They are not proposing to carry mail to New York, are they?

Mr. FLETCHER. I do not know whether they propose to carry it or not. They carry hardly any mail at all.

Mr. REED. They are performing their contract in every respect between New Orleans and Habana?

Mr. FLETCHER. We had a contract with the United Fruit Co. to carry the mail more quickly and better than this. This is a freight line; they ought not to carry any mail at all. I am not commenting about their contract between New Orleans and Habana. The same boat takes the mail to Habana and goes on to New York loaded with freight, and then comes back from New York to New Orleans. The voyage is from New Orleans to New York and not merely from New Orleans to Habana. They stop at Habana incidentally on the way to New York in order to get this $240,000 a year for carrying the mail.

Mr. ODDIE. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Florida yield to the Senator from Nevada?

Mr. FLETCHER. I yield.

Mr. ODDIE. I would like to have the clerk read a letter from the Postmaster General to the Seatrain Co., dated January 11, which I think will throw some light on this question, and I will also ask that there be printed in the RECORD immediately following it a letter from the Seatrain Co. to the Postmaster General.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the clerk will read as requested.

The legislative clerk read as follows:

JANUARY 11, 1933.

SEATRAIN LINES (INC.),
39 Broadway, New York, N. Y.

GENTLEMEN: Receipt is acknowledged of your letter of January 9, 1933, in which you state that, in consideration of the permission granted you by the Shipping Board in its resolutions of October 6 and December 21, 1932, to engage temporarily in coastwise trade between New Orleans and New York by way of Habana, you desire to request a modification of your contract on ocean mail route No. 56, between New Orleans and Habana, so that you shall be paid thereunder, during the period of said coastwise operation between the above-named points, only such proportion of the pay named in the contract as the revenue earned on outward voyages over the mail route from foreign traffic bears to the total revenue earned on such voyages, the revenue from other trade from New Orleans to Habana being taken as such proportion of the revenue on coastwise trade from New Orleans to New York as the distance from New Orleans to Habana bears to the total distance from New Orleans via Habana to New York.

In view of the premises and considerations stated in your letter, it would, in my opinion, be in the interest of the Government to accept your proposal, and I hereby agree to the modification of the contract on ocean mail route No. 56 accordingly.

Very truly yours,

WALTER F. BROWN.

The PRESIDENT pro tempore. The Senator from Nevada asks that a second letter be printed in the RECORD. Without objection, it is so ordered.

The letter is as follows:

JANUARY 9, 1933.

The POSTMASTER GENERAL,
Washington, D. C.

SIR: The contract for ocean mail service on route No. 56 made the 31st day of October, 1931, by the United States of America, represented by the Postmaster General, and the Seatrain Lines (Inc.), provides, inter alia, that the latter undertakes, covenants, and agrees with the United States of America, pursuant to the provisions of the merchant marine act, 1928, and the advertisement of the Postmaster General, as follows:

"1. (a) To carry all mails of the United States offered, whatever may be the size or weight thereof, or the increase therein during the term of this contract, in a safe and secure manner, free from wet or other injury, from New Orleans, La., to Habana, Cuba, on a schedule approved by the Postmaster General, that shall include not less than 50 trips per annum during the first two years and not more than 100 trips per annum during the remainder of the contract term (subject to other provisions of this contract for increase or decrease in frequency).

* * * * * * *

"(g) To provide and operate in the performance of this contract, cargo vessels of class 5, capable of carrying not less than 90 railroad cars and of maintaining a speed of 13 knots at sea in ordinary weather, and of a gross registered tonnage of not less than 6,500 tons.

"(h) To have constructed in American shipyards two new cargo vessels of class 5, capable of carrying not less than 90 railroad cars and of maintaining a speed of 14 knots at sea in ordinary weather and of a gross registered tonnage of not less than 6,500 tons, and place them in service in lieu of or in addition to vessels specified in paragraph (g) hereof, as soon as practicable, but not later than the end of the second year of the term of this contract.

* * * * * * *

"6. (a) That the term of this contract shall be 10 years, beginning at a date optional with the contractor but not earlier than January 1, 1932, or later than October 31, 1932."

Seatrain Lines (Inc.) has constructed in an American shipyard, in compliance with the terms of said contract, two new cargo vessels which have met the requirements referred to in paragraph 1 (h) above. One of said vessels was placed in service from New Orleans to Habana on the 13th day of October, 1932, and the second vessel on the 20th day of October, 1932. Since said dates said vessels have made regular sailings weekly from New Orleans to Habana and have been and now are ready, able, and willing to perform all of the services required of Seatrain Lines (Inc.) by said mail contract.

Said vessels were constructed with the aid of construction loans under and pursuant to agreements made the 3d day of December, 1931, between Seatrain Lines (Inc.) and the United States of America, represented by the United States Shipping Board. Said agreement contained, inter alia, the following provision:

"SEC. 33. The vessel will be operated in maintaining service on lines between New Orleans, La., and Habana, Cuba, and in other exclusive foreign service between Atlantic and/or Gulf ports and Cuba, or in such other service or services as the board may by resolution hereafter authorize, and not otherwise."

The United States Shipping Board, by a resolution adopted October 6, 1932, and subsequently amended by a resolution adopted December 21, 1932, has authorized Seatrain Lines (Inc.) to carry coastwise trade between the ports of New York and New Orleans

via Habana in the new Seatrain vessels for a period of six months from October 6.

Said vessels, ever since the adoption of said resolution on October 6, have been and now are engaged in foreign trade between New Orleans and Habana and New York, and vice versa, and at the same time in coastwise trade between New Orleans and New York via Habana, and vice versa. While thus simultaneously carrying foreign trade from New Orleans to Habana and coastwise trade from New Orleans via Habana to New York, said vessels have performed the full mail contract service between New Orleans and Habana and have transported all cargo offered in foreign trade between said ports, all in compliance with said mail contract and construction-loan agreements.

Inasmuch as the total mail compensation payable under said mail contract will, through the performance by said vessels of not less than 50 voyages per annum during the first two years and 100 voyages per annum during the remaining eight years of the term of said contract, being the schedule approved by the Postmaster General pursuant to section 1 (a) of said mail contract, amount to a sum which will be somewhat less than the excess costs of building said vessels in the United States and operating them under the American flag over what would have been the costs of their construction in foreign shipyards and of their operation under foreign flags; and as the mail compensation payable under and pursuant to the provisions of the merchant marine act, 1928, is designed to meet the amount of such differentials in costs so as to place the owner of an American vessel engaged in a foreign trade substantially on a parity with the owner of a similar foreign vessel in such trade as respects capital costs and costs of operation; and as Seatrain Lines (Inc.) is and will be benefited by reason of the authorization of the United States Shipping Board to carry coastwise trade between New Orleans and New York via Habana while fully performing said mail contract and maintaining its full foreign service under and pursuant to said construction-loan agreements, Seatrain Lines (Inc.) does not conceive it to be fair to the United States in the circumstances stated that it, Seatrain Lines (Inc.), should accept and retain the full mail compensation payable under said contract while it is simultaneously carrying foreign and coastwise trade in said vessels on said mail route between New Orleans and Habana.

Now, therefore, in consideration of the premises, Seatrain Lines (Inc.) hereby offers and undertakes, so long as it shall by reason of an authorization of the United States Shipping Board carry coastwise trade between New Orleans and New York via Habana while performing said mail contract on route No. 56, to relinquish to the United States, and to waive all claims to, such proportion of the full mail compensation which would be payable under and in accordance with the terms and conditions of said mail contract as the revenue earned on the outward voyages on said route No. 56 by Seatrain Lines (Inc.) with the vessels performing said mail contract from coastwise trade from New Orleans to Habana bears to the total revenue earned as aforesaid on both foreign and coastwise trade from New Orleans to Habana, the revenue from coastwise trade from New Orleans to Habana being taken as such part of the revenue on coastwise trade from New Orleans to New York as the distance from New Orleans to Habana bears to the total distance from New Orleans via Habana to New York.

SEATRAIN LINES (INC.),
By GRAHAM M. BRUSH,
President.

Witness:
G. S. AMORY.

Attest:
DONALD D. GRAVES,
Assistant Secretary.

Mr. FLETCHER. Mr. President, I want to call the attention of the Senate to Mr. Glover's testimony at page 142 of the hearings, where he said:

But if they had gone ahead with the service from New Orleans to Habana, that would have been all right. I do not question that. I have my own mind about the usefulness of that service.

The CHAIRMAN. Would not the Government get into hot water if it undertook to give them the service from Habana to New York in competition with other coastal lines?

Mr. GLOVER. I agree with you, sir. It would be paralleling some of the lines already under contract. Those contracts are covered somewhere in the list of foreign contracts.

The CHAIRMAN. You have not spent anything on the Seatrain this year?

Mr. GLOVER. No, sir.

The CHAIRMAN. You do not think you will spend any?

Mr. GLOVER. I think it is a safe bet.

In other words, they do not expect to spend this money that is asked for in the appropriation bill. They do not need it and they do not expect to spend it.

Mr. REED. They will spend it in the next fiscal year for which we are appropriating.

Mr. FLETCHER. He said he did not think they would spend anything.

Mr. COPELAND. Mr. President, if the Senator will permit me, I want to call the attention of the Senate to the hearings where the chairman inquired:

Suppose the Shipping Board were to decide they would permit that, which it seems to me ought not to be done, but suppose they should decide they would permit that—

Meaning to do this intercoastal work in addition to carrying the mail to Cuba—

would the Post Office Department contract apply under those circumstances?

This is the reply, and this is the thing I think we ought to ponder somewhat:

Mr. GLOVER. We think the Seatrain Co. could collect without any doubt. We have threshed it out, the Postmaster General and myself, and I think they could beat us in a court of law.

Mr. McKELLAR. Is Mr. Glover a lawyer?

Mr. COPELAND. I do not know.

Mr. FLETCHER. That is based on the idea that they have a legal right to engage in coastwise business; that they are not absolutely confined to the transfer of mails from New Orleans to Habana at all. Suppose they are given that right, then he says they can collect. Maybe he is right, but that is based on a change of conditions and a change of contract entirely.

Mr. McKELLAR. I want to ask a question about the situation in the House. The House voted on this bill, did it not?

Mr. FLETCHER. Yes.

Mr. McKELLAR. They had a yea-and-nay vote. We are talking about something that we have no more chance to put in the bill than to fly to heaven, in my judgment. The House will not change its view. Whatever we may do with it in the Senate, we would have to let the provision go to conference, and we know it will not be allowed to remain in the bill in conference.

URGENT DEFICIENCY APPROPRIATIONS

Mr. HALE. Mr. President, from the Committee on Appropriations I report back favorably, without amendment, the bill (H. R. 14436) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes. I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of the bill.

Mr. McKELLAR. Mr. President, I have no objection if it will not lead to debate.

Mr. HALE. I do not believe it will lead to any debate.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Maine that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of the deficiency appropriation bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. HALE. Mr. President, this is the deficiency bill which was recently vetoed by the President on account of a provision in the bill relating to income-tax refunds. The House has passed the bill exactly as it was formerly passed by the two bodies, but leaving out altogether an item of $28,000,000 for tax refunds. The Senate Appropriations Committee has approved the bill as passed by the House of Representatives and has so reported it without amendment. I ask that the formal reading of the bill be dispensed with.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered. The bill is open to amendment.

Mr. BINGHAM. Mr. President, as the chairman of the Appropriations Committee has stated, the House in sending the bill to the Senate left out a $28,000,000 item relating to that amount of money which we collected from the taxpayers due to their desire to get their income taxes paid and their hope that some day they might get an abatement in case the points in dispute should be settled in their favor. The Treasury Department has decided that we collected some $28,000,000 too much from these taxpayers and recommended the refund to them of the money.

It seems to me that in honesty and fairness to our creditors we ought to make provision to pay them the money. There-

fore I move that there be inserted in the proper place the item of $28,000,000 for refunds.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Connecticut.

Mr. McKELLAR. Mr. President, I want to state that I understood that we had an agreement that the bill should be passed without this item in it. I was advised that this would be so, and so I advised the chairman of the House Committee on Appropriations. The House took that view of it and the Appropriations Committee of the Senate has taken that view of it. I hope the amendment of the Senator from Connecticut will be voted down. The Senate Appropriations Committee overwhelmingly voted it down a while ago and I hope it will be voted down now by the Senate.

Mr. BINGHAM. Mr. President, the Senator from Tennessee implies that I have broken an agreement.

Mr. McKELLAR. Oh, no; not at all.

Mr. BINGHAM. I knew of no agreement that this money should not be paid. No such agreement was mentioned at the committee meeting which the Senator from Tennessee and I attended. The matter was brought before the committee and after a very brief discussion it is quite true that the motion which I made was voted down. That does not break on my part any agreement. I announced at the committee meeting that I would move to take it up on the floor of the Senate.

Mr. McKELLAR. I am making no charge of that kind against the Senator from Connecticut.

Mr. BINGHAM. Mr. President, where the United States owes money which it agrees it owes, and which has been carefully gone into by the Budget and by the House previously and approved by them, I feel very strongly that the payment of the money should be approved by the Senate, and we ought not to keep our creditors waiting any longer than is necessary.

I do not desire to prolong the debate at all and I shall not take advantage of any privilege of having the bill go over for a day. I do want to go on record as stating my belief that when the United States Government owes its creditors money and admits it the money ought to be paid, and paid promptly.

Mr. HALE. Mr. President, there is no question in any way of the Senator from Connecticut breaking faith or of anyone else breaking faith. It was thought that if we could get rid of the refund item for the time being, we could get the bill passed with the District of Columbia item in it. It is vitally essential that that item should go through to-day. The District Commissioners have a pay roll of some $23,000 which they must meet to-morrow. There are some 3,500 families dependent on getting the bill passed. The District is in debt some $45,000 and we must get this bill passed in order to enable the District Commissioners to carry on their work. I hope very much that we may have a vote on the Senator's amendment, and I hope the amendment will be defeated and the bill passed.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Connecticut.

Mr. COSTIGAN. Mr. President, if a vote is to be taken on this matter, I shall feel under obligation to suggest the absence of a quorum.

Mr. McKELLAR. Mr. President, I hope the Senator will not do that. Let us see if we can not vote the amendment down.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Connecticut. [Putting the question.] The Chair is in doubt. Those in favor of the amendment will rise and stand until counted.

Mr. McKELLAR. Mr. President, if it is proposed to vote in that way, I shall suggest the absence of a quorum.

Mr. McNARY. Mr. President, will the Senator withhold that a moment?

Mr. McKELLAR. I will withhold it a moment, but I am not going to let this amendment be adopted in any such way as that.

Mr. McNARY. Mr. President, a number of Senators have left the Chamber with the impression that there would be no vote to-night. I think it would be exceedingly unfair to bring them back to-night, as would be the case if there is to be a roll call.

Mr. McKELLAR. Unless this amendment is withdrawn, there will certainly be a roll call, and we might as well understand it.

Mr. McNARY. I suggest, in view of the situation, that we now recess until 12 o'clock noon to-morrow, and I make that motion.

Mr. COSTIGAN. Mr. President, will the Senator withhold his motion for a moment?

Mr. McNARY. Very well; I withhold the motion.

INFORMATION FROM TARIFF COMMISSION

Mr. COSTIGAN. Mr. President, I trust the able Senator from Oregon [Mr. McNARY] and the Senators in charge of the pending bill will permit me to call up for immediate consideration two resolutions reported from the Committee on Finance with the recommendation that they pass. One of them is urgent.

Mr. McKELLAR. Mr. President, will the Senator state what they are?

Mr. COSTIGAN. The resolution to which I refer as urgent calls for a report by the 1st of February from the Tariff Commission. The resolutions are designed to supply the Senate with information which may be helpful to the incoming administration in inaugurating a tariff bargaining policy.

Mr. McNARY. Asking the Tariff Commission for information?

Mr. COSTIGAN. Precisely.

Mr. McNARY. In the usual form of such resolutions offered here?

Mr. COSTIGAN. It is, in my judgment, in the usual form, and it is understood that it will necessitate no discussion. I have spoken this afternoon to the chairman of the Committee on Finance about it. He stated that he would offer no objection.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. REED. Mr. President, just a word of explanation before action shall be taken. The Senator from Oregon asked if the resolution was in the usual form. I think the resolution is in a most unusual form.

Mr. McNARY. I was going to ask to have it stated from the desk.

Mr. REED. It calls upon the Tariff Commission for its advice regarding the possibilities of fixing tariffs by collective bargaining with other countries. A majority of the Senate Finance Committee has voted for a favorable report, but a considerable number of us voted against it. I do not believe that we would have enough votes to defeat the resolution in the Senate, but I should be unwilling to have it go by without any comment and with the implication that everybody has agreed to it.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. BINGHAM. I object, Mr. President.

The PRESIDENT pro tempore. Objection is made.

RECESS

Mr. McNARY. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and (at 5 o'clock and 15 minutes p. m.) the Senate took a recess until to-morrow, Saturday, January 28, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

FRIDAY, JANUARY 27, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou, our everlasting portion, who hast inclosed us in an everlasting past of goodness and a future of endless glory, we praise in our hearts Thy holy name. Thy mercy is as constant as the stars that never set, as the mountains that never move, and as the tide that never forgets to flow. O Lord of all being, to each loving heart how very near Thou art. Day by day be present with this Congress. May we here realize the richness of life, its glorious opportunities with their vast outlook and their inexpressible joys. O God, journey with us as we pass through the gateway of this noonday hour. Amen.

The Journal of the proceedings of yesterday was read and approved.

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. WOODRUM, from the Committee on Appropriations, by direction of that committee, reported the bill (H. R. 14458, Rept. No. 1922) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, which was referred to the Union Calendar and ordered printed.

Mr. TABER reserved all points of order.

RECONSTRUCTION FINANCE CORPORATION

The SPEAKER laid before the House the following communication, which was placed in the archives of the House.

RECONSTRUCTION FINANCE CORPORATION,
Washington, January 26, 1933.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: In the report submitted by the Reconstruction Finance Corporation under date of January 25, 1933, pursuant to House Resolution 335, the loan made by the corporation to the Bronx County Trust Co., New York, N. Y., was reported as having an unpaid balance of $441,400 at the close of business January 6, 1933, whereas the loan was paid in full prior to that date. The column headed "Repayments on principal" should show repayments of $555,125 with respect to this loan, and the column headed "Balance outstanding" should show nothing outstanding.

Respectfully,

ATLEE POMERENE, *Chairman.*

Mr. HOWARD. Mr. Speaker, as the author of the resolution requesting a report of the doings of the Reconstruction Finance Corporation during the months of February, March, April, May, and June, 1932, and well aware of the great burden imposed upon the corporation in preparation of its doings during the designated months, and in such limited time, I trust the House may be pleased to look lightly and generously upon any slight errors which may have crept into the report. Indeed it would be akin to a miracle if the voluminous report, prepared in such haste as requested by the House, should be wholly free from error. I am confident that the corporation will be entitled to commendation because of the almost perfect compilation of such vast figures, rather than to condemnation because of one slight error, as noted in the communication of the corporation just now read to the House.

THE DEFICIENCY BILL

Mr. BYRNS, chairman of the Committee on Appropriations, by direction of that committee, reported the bill (H. R. 14436, Rept. No. 1923) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes, which was referred to the Union Calendar and ordered printed.

Mr. TABER reserved all points of order.

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the bill be taken up now for consideration and be considered in the House as in Committee of the Whole.

May I say that this bill is exactly the same bill which passed the House and the Senate and went to the President the other day, with the refund item of $28,000,000 eliminated.

Mr. SNELL. I think the gentleman's statement is proper, and the bill ought to be passed as soon as possible; but I am wondering why the refund item of $28,000,000 was left out. I understand that these have been determined and are judgments against the United States and that we will have to pay 6 per cent interest on them——

Mr. BYRNS. Four per cent.

Mr. STAFFORD. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. STAFFORD. It is 6 per cent on all claims that arose prior to the time of the adjudication, but those since July 1 carry 4 per cent.

Mr. BYRNS. Under the economy act I think it is 4 per cent. I will say this: I had this looked up and investigated and computed, and if no appropriation is made for this refund before the last of April, it will amount to less than $100,000. They have some on hand now. This item can be carried in the next deficiency bill, which will come along in a week or two.

Mr. SNELL. It makes an additional expenditure for the Government.

Mr. BYRNS. To that extent, but as I understand, we are confronted with a serious situation in the city involving the health and happiness and possibly the lives of a great many people.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. CHINDBLOM. With reference to the interest on the refunds I have given some attention to the matter, and figuring the difference in the interest to the taxpayers who are to receive the refund and credit and the interest to be paid by the Government on this $28,000,000 refund and credit will cost the Government and the taxpayers at the rate of $800,000 per annum.

Mr. LAGUARDIA. Reserving the right to object, Mr. Speaker, of course, there are two schools of thought on this question of refunding, particularly as to the rights of the legislative branch of the Government to control, without limitation or qualification, the expenditure of public funds. I rise to ask the gentleman whether we will have an opportunity when the matter comes up to put a proviso and limitation upon the appropriation if the committee does not do it.

Mr. BYRNS. I do not think that that could be denied the gentleman if we desired to do so. There will be no inclination upon my part, and I am sure upon the part of the committee, to deny the gentleman that opportunity.

Mr. BLANTON. Mr. Speaker, reserving the right to object, if this bill had been signed when it reached the White House last week, and it had not been vetoed, this money would have been paid by now and there would not have been any interest to be considered at all.

Mr. SNELL. That may be true, but there was a definite constitutional question involved, and the President gave attention to the highest authority we have on these matters, the Attorney General of the United States. He was right in doing what he did.

Mr. BLANTON. On a frivolous matter.

Mr. SNELL. No; it was not a frivolous matter, and the gentleman knows it.

Mr. BLANTON. I did not yield. On the contrary, I say it was frivolous for that big deficiency bill to be vetoed simply because it reserved to Congress its right to pass upon all refunds over $20,000.

The SPEAKER. The gentleman from Tennessee asks unanimous consent to consider the bill in the House as in Committee of the Whole. Is there objection?

There was no objection.

The Clerk proceeded to read the bill.

Mr. BYRNS (interrupting the reading). Mr. Speaker, I made the statement to the House that this bill is an exact copy of the bill as it passed both bodies, with the elimina-

tion of the tax fund. I ask unanimous consent that the further reading of the bill be dispensed with.

The SPEAKER. Is there objection to dispensing with further reading of the bill?

There was no objection.

The bill referred to is as follows:

H. R. 14436

A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes

Be it enacted, etc., That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes, namely:

TITLE I

LEGISLATIVE BRANCH

Senate

To pay to Anna R. Waterman, widow of Hon. Charles W. Waterman, late a Senator from the State of Colorado, $9,000.

To pay to Minda N. Jones, widow of Hon. Wesley L. Jones, late a Senator from the State of Washington, $9,000.

Office of Sergeant at Arms and Doorkeeper: For two telephone operators, at $1,560 each per annum, from March 1 to June 30, 1933, $1,040.

For miscellaneous items, exclusive of labor, fiscal year 1933, $20,000.

For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers of committees, at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding 25 cents per hundred words, fiscal year 1933, $40,000.

For repairs, improvements, equipment, and supplies for Senate kitchens and restaurants, Capitol Building and Senate Office Building, including personal and other services, to be expended from the contingent fund of the Senate under the supervision of the Committee on Rules, United States Senate, fiscal year 1933, $15,000.

House of Representatives

To pay the widow of Daniel E. Garrett, late a Representative from the State of Texas, $9,000.

To pay the widow of Charles A. Karch, late a Representative from the State of Illinois, $9,000.

To pay the widow of J. Charles Linthicum, late a Representative from the State of Maryland, $9,000.

To pay the widow of Henry St. George Tucker, late a Representative from the State of Virginia, $9,000.

The four foregoing appropriations to be disbursed by the Sergeant at Arms of the House.

Committee on Revision of the Laws: For the employment of competent persons to assist in continuing the work of compiling, codifying, and revising the laws and treaties of the United States, fiscal years 1933 and 1934, $3,000.

Joint Committee on Inaugural Ceremonies of 1933

To enable the Secretary of the Senate and the Clerk of the House of Representatives to pay the necessary expenses of the inaugural ceremonies of the President of the United States, March 4, 1933, in accordance with such program as may be adopted by the joint committee of the Senate and House of Representatives, appointed under a concurrent resolution of the two Houses, including the pay for extra police, fiscal year 1933, $35,000.

EXECUTIVE OFFICE AND INDEPENDENT ESTABLISHMENTS

Executive office

Protection of interests of the United States in matters affecting oil lands in former naval reserves: For an additional amount for expenses of special counsel and for all other expenses, including employment of experts and other assistants at such rates as may be authorized or approved by the President, in connection with carrying into effect the joint resolution directing the Secretary of the Interior to institute proceedings touching sections 16 and 36, township 30 south, range 23 east, Mount Diablo meridian, approved February 21, 1924, $5,000, to be expended by the President.

OFFICE OF PUBLIC BUILDINGS AND PUBLIC PARKS OF THE NATIONAL CAPITAL

Salaries: For an additional amount for personal services in the District of Columbia and elsewhere, including the same objects specified under this head in the independent offices appropriation act for the fiscal year 1933, $21,900.

General expenses: For an additional amount for general expenses in connection with the maintenance and care of public buildings, including the same objects specified under this head in the independent offices appropriation act for the fiscal year 1933, $9,415.

United States Geographic Board

Printing and binding: For an additional amount for printing and binding for the United States Geographic Board, fiscal year 1933, $1,700.

DISTRICT OF COLUMBIA

Public welfare

Emergecy relief of residents, District of Columbia: For the purpose of affording relief to residents of the District of Columbia who are unemployed or otherwise in distress because of the existing emergency, to be expended by the Board of Public Welfare of the District of Columbia, by loan, employment, and/or direct relief, under rules and regulations to be prescribed by the Board of Commissioners, and without regard to the provisions of any other law, payable from the revenues of the District of Columbia, fiscal year 1933, $625,000: *Provided*, That not to exceed $50,000 of this appropriation shall be available for administrative expenses including necessary personal services.

DEPARTMENT OF AGRICULTURE

Forest service

Salaries and expenses (fighting and preventing forest fires): For an additional amount for fighting and preventing forest fires, fiscal year 1933, including the same objects specified under this head in the agricultural appropriation act for the year 1933, $1,000,000.

For payment to Charles Lamkin, of Banning, Calif., as authorized by Private Act No. 159, Seventy-second Congress, entitled "An act for the relief of Charles Lamkin," approved July 13, 1932 (47 Stat., Pt. 2, 82), $66.

DEPARTMENT OF JUSTICE

Contingent expenses

For an additional amount for contingent expenses, Department of Justice, including the same objects specified under this head in the act making appropriations for the Department of Justice for the fiscal year 1930, $331.52.

Miscellaneous objects

Detection and prosecution of crimes: The amount which may be expended for personal services in the District of Columbia from the appropriation "Detection and prosecution of crimes, 1933," is hereby increased from $477,356 to $523,851.

Marshals, district attorneys, clerks, and other expenses of United States courts

Fees of commissioners: For additional amounts for fees of United States commissioners and justices of the peace acting under section 1014, Revised Statutes of the United States (U. S. C., title 18, sec. 591), for the fiscal years that follow:

For 1925, $138.50;

For 1930, $1,007.15;

For 1931, $3,275.80;

For 1932, $43,812.67.

Fees of jurors and witnesses: For an additional amount for fees of jurors and witnesses, United States courts, including the same objects specified under this head in the act making appropriations for the Department of Justice for the fiscal year 1931, $11,356.85.

Pay of bailiffs, etc.: For an additional amount of pay of bailiffs, etc., United States courts, including the same objects specified under this head in the act making appropriations for the Department of Justice for the fiscal year 1931, $1,261.07.

Miscellaneous expenses: For an additional amount for such miscellaneous expenses as may be authorized or approved by the Attorney General for the United States courts and their officers, including the same objects specified under this head in the act making appropriations for the Department of Justice for the fiscal year 1930, $244.55.

Penal and correctional institutions

United States Hospital for Defective Delinquents, construction: For an additional amount for United States Hospital for Defective Delinquents, construction, including the same objects specified under this head in the act making appropriations for the Department of Justice for the fiscal year 1933, $177,983, to remain available until expended.

Support of United States prisoners: The sum of $185,000 is hereby transferred from the appropriation "Federal jails, 1932," to the appropriation "Support of United States prisoners, 1932."

DEPARTMENT OF LABOR

Bureau of Immigration

Salaries and expenses: The amount authorized to be expended for personal services in the District of Columbia during the fiscal year 1933 from the appropriation for salaries and expenses, Bureau of Immigration, is hereby increased from $300,000 to $320,000.

Employment Service

For an additional amount for the Employment Service, including the same objects and under the same limitations specified under this head in the act making appropriations for the Department of Labor for the fiscal year 1933, $200,000.

NAVY DEPARTMENT

Secretary's office

Claim for damages by collision with naval vessels: To pay claims for damages adjusted and determined by the Secretary of the Navy under the provisions of the act entitled "An act to amend the act authorizing the Secretary of the Navy to settle claims for damages to private property arising from collisions with naval vessels," approved December 28, 1922 (U. S. C., title 34, sec. 599), as fully set forth in Senate Document No. 166 and House Document No. 503, Seventy-second Congress, $1,858.58.

Public works, Bureau of Yards and Docks

The limit of cost of the buildings, equipment, accessories, utilities, and appurtenances for the naval hospital at Philadelphia, Pa., authorized by the act approved February 12, 1931 (46 Stat. 1091), shall be as prescribed in such act, any provision in the act approved June 30, 1932 (47 Stat. 436), to the contrary notwithstanding: *Provided*, That section 320 of the act approved June 30, 1932 (47 Stat. 412), shall not be applicable to such project.

POST OFFICE DEPARTMENT

Out of the postal revenues—Office of the chief inspector

Payment of rewards: For an additional amount for payment of rewards, including the same objects specified under this head in the act making appropriations for the Post Office Department for the fiscal year 1932, $26,500.

Office of the Fourth Assistant Postmaster General

Not to exceed $3,000 of the appropriation "Rent, light, and fuel, 1933," may be expended for payment as a compromise settlement in connection with the cancellation of the lease at Highland, Ill., which expires September 30, 1937, and which cancellation is necessary because of the occupancy of a Federal building.

DEPARTMENT OF STATE

General disarmament conference, Geneva, Switzerland: For an additional amount for the expenses of participation by the United States in a general disarmament conference at Geneva, Switzerland, as authorized by Public Resolution No. 6, approved January 20, 1932, and for each and every purpose connected therewith, including per diem allowances in accordance with the subsistence expense act of 1926, as amended (U. S. C., Supp. VI, title 5, chap. 16), and other traveling expenses; personal services in the District of Columbia and elsewhere, without reference to the classification act of 1923, as amended; stenographic and other services by contract if deemed necessary without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5); rent of offices and rooms; purchase of necessary books, and documents; printing and binding; official cards; entertainment; hire, maintenance, and operation of motor-propelled passenger-carrying vehicles; and such other expenses as may be authorized by the Secretary of State, fiscal year 1933, to remain available until June 30, 1934, $150,000.

Mixed Claims Commission, United States and Germany: For an additional amount for expenses of determining the amounts of claims against Germany by the Mixed Claims Commission established under the agreement concluded between the United States and Germany on August 10, 1922, and subsequent agreement between those Governments, for the determination of the amount to be paid by Germany in satisfaction of the financial obligations of Germany under the treaty concluded between the Governments of the United States and Germany on August 25, 1921, including the expenses which under the terms of such agreement of August 10, 1922, are chargeable in part to the United States, and the preparation of a final report by the American commissioner and the orderly arrangement for preservation and disposition of the records of the commission; and the expenses of an agency of the United States to perform all necessary services in connection with the preparation of claims and the presentation thereof before said Mixed Claims Commission, and the preparation of a final report of the agent and the orderly arrangement for preservation of the records of the agency and the disposition of property jointly owned by the two Governments, including salaries of an agent and necessary counsel and other assistants and employees, rent in the District of Columbia, employment of special counsel, translators, and other technical experts, by contract, without regard to the provisions of any statute relative to employment, and for contract stenographic reporting services without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5), law books and books of reference, printing and binding, contingent expenses, traveling expenses, press-clipping service, and such other expenses in the United States and elsewhere as the President may deem proper, fiscal year 1933, $40,000: *Provided*, That the appropriation made for this commission for the fiscal years 1932 and 1933 by the first deficiency act, fiscal year 1932, shall be available for payments heretofore or hereafter made for press-clipping service.

WAR DEPARTMENT

Military activities—Quartermaster Corps

Acquisition of land, Fort Knox, Ky.: For the completion of the acquisition of approximately 75 acres of land at Saunders Spring, Ky., for the construction of a water-supply system for Fort Knox, Ky., authorized by the act approved July 3, 1926 (44 Stat., p. 877), fiscal year 1933, $250.

TITLE II

JUDGMENTS AND AUTHORIZED CLAIMS

Damage claims

SECTION 1. For the payment of claims for damages to or losses of privately owned property adjusted and determined by the following respective departments and independent establishments under the provisions of the act entitled "An act to provide for a method for the settlement of claims arising against the Government of the United States in sums not exceeding $1,000 in any one case," approved December 28, 1922 (U. S. C., title 31, secs. 215–217), as fully set forth in Senate Document No. 162 and House Document No. 509, Seventy-second Congress, as follows:

Veterans' Administration, $37.50;
Department of Agriculture, $106.80;
Department of Commerce, $1,086.20;
Department of the Interior, $1,246.08;
Department of Justice, $298.37;
Navy Department, $1,944.56;
Post Office Department (out of the postal revenues), $13,532.37;
Treasury Department, $1,456.56;
War Department, $3,948.23;
In all, $23,656.67.

Judgments, United States courts

SEC. 2. For payment of the final judgments and decrees, including costs of suits, which have been rendered under the provisions of the act of March 3, 1887, entitled "An act to provide for the bringing of suits against the Government of the United States," as amended by the Judicial Code, approved March 3, 1911 (U. S. C., title 28, sec. 41, par. 20; sec. 258; secs. 761–765), certified to the Seventy-second Congress in House Document No. 508, under the following departments and establishments, namely:

Department of Agriculture, $1,885.81;
Department of Commerce, $400;
Department of Labor, $1,000;
War Department, $3,991.46;
In all, $7,277.27, together with such additional sum as may be necessary to pay interest on the respective judgments at the rate of 4 per cent per annum from the date thereof until the time this appropriation is made.

For the payment of judgments, including costs of suits, rendered against the Government of the United States by United States district courts under the provisions of an act entitled "An act authorizing suits against the United States in admiralty for damages caused by and salvage services rendered to public vessels belonging to the United States, and for other purposes," approved March 3, 1925 (U. S. C., title 46, secs. 781–789), certified to the Seventy-second Congress in House Document No. 508, under the following departments, namely:

Navy Department, $2,793;
War Department, $190;
In all, $2,983, together with such additional sum as may be necessary to pay interest on any such judgment where specified therein and at the rate provided by law.

For the payment of the judgments, including costs of suits, rendered against the Government by United States district courts in special cases under the provisions of certain special acts and certified to the Seventy-second Congress in Senate Document No. 163 and House Document No. 508, under the following departments:

Navy Department, $150;
War Department, $74,812.79;
In all, $74,962.79, together with such additional sum as may be necessary to pay interest as and where specified in such judgments.

None of the judgments contained under this caption shall be paid until the right of appeal shall have expired except such as have become final and conclusive against the United States by failure of the parties to appeal or otherwise.

Payment of interest wherever provided for judgments contained in this act shall not in any case continue for more than 30 days after the date of approval of the act.

Section 319 of the act of June 30, 1932 (economy act) (47 Stat. 412), shall not apply to any judgment rendered against the United States prior to July 1, 1932. Appropriations for the payment of any such judgment and interest thereon shall be available for the payment of principal and interest in accordance with the terms of such judgment and the appropriation therefor, notwithstanding the provisions of sections 319 and 303 of such act.

Judgments, Court of Claims

SEC. 3. For payment of the judgments rendered by the Court of Claims and reported to the Seventy-second Congress in Senate Document No. 164 and House Document No. 504, under the following departments and establishments, namely:

United States Veterans' Administration, $6,335.21;
Navy Department, $675,565.68;
Treasury Department, $6,238.43;
War Department, $49,950; in all, $738,089.32, together with such additional sum as may be necessary to pay interest on certain of the judgments as and where specified in such judgments.

None of the judgments contained under this caption which have not been affirmed by the Supreme Court or otherwise become final and conclusive against the United States shall be paid until the expiration of the time within which application may be made for a writ of certiorari under subdivision (b), section 3, of the act entitled "An act to amend the Judicial Code, and to further define the jurisdiction of the circuit courts of appeals and of the Supreme Court, and for other purposes," approved February 13, 1925 (U. S. C., title 28, sec. 288).

Audited claims

SEC. 4. For the payment of the following claims, certified to be due by the General Accounting Office under appropriations the balances of which have been carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874 (U. S. C., title 31, sec. 713), and under appropriations heretofore treated as permanent, being for the service of the fiscal year 1930 and prior years, unless otherwise stated, and which have been certified to Congress under section 2 of the act of July 7, 1884 (U. S. C., title 5, sec. 266), as fully set forth in House Document No. 510, Seventy-second Congress, there is appropriated as follows:

Legislative

For Capitol, building and repairs, $21.

Independent offices

For Federal Trade Commission, $24.60.
For salaries and expenses, United States Shipping Board, $5.62.
For medical and hospital services, Veterans' Bureau, $36,011.30.
For military and naval compensation, Veterans' Administration, $2,169.48.
For salaries and expenses, Veterans' Bureau, $136.50.
For vocational rehabilitation, Veterans' Bureau, $123.72.
For hospital facilities and services, Veterans' Bureau, $428.82.
For Army pensions, $333.73.
For investigation of pension cases, Pension Office, $11.20.
For salaries and expenses, employees' retirement act, Bureau of Pensions, $2.

District of Columbia

For general expenses, public parks, District of Columbia, $450, payable from the revenues of the District of Columbia.

Department of Agriculture

For salaries and expenses, Extension Service, $4.80.
For salaries and expenses, Weather Bureau, $5.
For salaries and expenses, Bureau of Animal Industry, $366.15.
For salaries and expenses, Bureau of Plant Industry, 50 cents.
For general expenses, Forest Service, $1.80.
For salaries and expenses, Bureau of Entomology, $6.95.
For prevention of spread of European corn borer, $4.95.
For salaries and expenses, Bureau of Biological Survey, $1.
For salaries and expenses, Bureau of Agricultural Economics, $5.08.
For salaries and expenses, plant quarantine and control administration, $34.80.

Department of Commerce

For contingent expenses, Department of Commerce, $10.
For collecting statistics, Bureau of the Census, $4.
For scientific library, Patent Office, $9.32.
For salaries, keepers of lighthouses, $37.33.
For general expenses, Lighthouse Service, $13.
For protecting seal and salmon fisheries of Alaska, $2.85.
For investigating mine accidents, $1.
For aircraft in commerce, 75 cents.
For air navigation facilities, $23,761.98.

Department of the Interior

For Geological Survey, $17.
For National Park Service, $987.04.
For education of natives of Alaska, $425.12.
For medical relief in Alaska, $19.81.
For industry among Indians, $7.37.
For Indian agency buildings, $14.80.
For purchase and transportation of Indian supplies, $2.71.
For irrigation, San Carlos and Florence-Casa Grande projects, Arizona (reimbursable, $4.26.
For conservation of health among Indians, $118.73.
For Indian boarding schools, $157.97.
For Indian school support, $176.78.
For relieving distress and prevention, etc., of diseases among the Indians, $114.
For support and civilization of Indians, $11.85.
For support of Indians and administration of Indian property, $19.35.

Department of Justice

For contingent expenses, Department of Justice, $129.90.
For printing and binding, Department of Justice and courts, $205.50.
For detection and prosecution of crimes, $31.50.
For examination of judicial offices, $2.50.
For books for judicial officers, $782.
For salaries, fees, and expenses of marshals, United States courts, $1,860.27.
For salaries and expenses of district attorneys, United States courts, $2.12.
For fees of commissioners, United States courts, $1,607.35.
For fees of jurors, United States courts, $41.
For fees of witnesses, United States courts, $41.10.
For fees of jurors and witnesses, United States courts, $10.30.
For support of United States prisoners, $869.60.
For United States penitentiary, Atlanta, Ga., $39.58.

Department of Labor

For salaries and expenses, Commissioners of Conciliation, $1.50.
For expenses of regulating immigration, $52.55.
For miscellaneous expenses, Bureau of Naturalization, $28.95.

Navy Department

For pay, miscellaneous, $3.35.
For organizing the Naval Reserve, $53.63.
For engineering, Bureau of Engineering, $112.74.
For construction and repair, Bureau of Construction and Repair, $336.47.
For pay, subsistence, and transportation, Navy, $9,409.13.
For pay of the Navy, $5,562.68.
For transportation, Bureau of Navigation, $162.77.
For maintenance, Bureau of Supplies and Accounts, $389.01.
For maintenance, Bureau of Yards and Docks, $101.20.
For aviation, Navy, $37,536.37.
For pay, Marine Corps, $1,629.33.
For general expenses, Marine Corps, $137.50.
For maintenance, Quartermaster's Department, Marine Corps, $42.91.

Post Office Department—Postal Service

(Out of the postal revenues)

For balances due foreign countries, $138,631.13.
For car fare and bicycle allowance, $11.34.
For city delivery carriers, $1,466.40.
For clerks, first and second class post offices, $5,470.80.
For clerks, third-class post offices, $221.25.
For compensation to postmasters, $2,056.68.
For foreign-mail transportation, $10,493.36.
For freight, express, or motor transportation of equipment, etc., $26.78.
For indemnities, domestic mail, $1,271.56.
For indemnities, international mail, $673.69.
For miscellaneous items, first and second class post offices, $12.42.
For post office equipment and supplies, $25.40.
For railroad transportation and mail messenger service, $1,099.25.
For rent, light, and fuel, $2,593.96.
For separating mails, $7.50.
For special-delivery fees, $13.09.
For star-route service, $20.47.
For vehicle service, $28.80.
For village delivery service, $184.80.

Department of State

For contingent expenses, Department of State, $1,897.86.
For contingent expenses, foreign missions, $35.91.
For contingent expenses, United States consulates, $16.04.
For immigration of aliens, Department of State, $43.
For relief and protection of American seamen, $123.78.
For salaries, ambassadors and ministers, $1.94.
For salaries, consular service, $574.76.
For salaries, Foreign Service officers, $7.90.
For salaries, Foreign Service officers while receiving instructions and in transit, $861.11.
For transportation of Foreign Service officers, $4,666.69.

Treasury Department

For stationery, Treasury Department, $11.46.
For contingent expenses, public moneys, $2.87.
For collecting the revenue from customs, $221.17.
For collecting the internal revenue, $95.52.
For salaries and expenses of collectors, etc., of internal revenue, $39.83.
For enforcement of narcotic and national prohibition acts, internal revenue, $1,290.97.
For Coast Guard, $360.21.
For contingent expenses, Coast Guard, $36.17.
For pay and allowances, Coast Guard, $406.71.
For compensation of employees, Bureau of Engraving and Printing, $18.59.
For pay of other employees, Public Health Service, 85 cents.
For pay of personnel and maintenance of hospitals, Public Health Service, $141.
For interstate quarantine service, $3.75.
For quarantine service, $120.
For mileage, etc., Coast Guard, $4.
For furniture and repairs of same for public buildings, $178.65.
For general expenses of public buildings, $11.56.
For mechanical equipment for public buildings, $80.94.
For operating force for public buildings, $9.58.
For operating supplies for public buildings, $89.09.
For remodeling and enlarging public buildings, $1,591.75.
For repairs and preservation of public buildings, $10.11.

War Department

For contingencies, Military Intelligence Division, General Staff Corps, $1,233.16.
For civilian military training camps, $16.03.
For Organized Reserves, $118.13.
For Reserve Officers' Training Corps, $153.90.
For increase of compensation, Military Establishment, $7,625.91.
For increase of compensation, War Department, $480.
For pay, etc., of the Army, $64,727.02.
For pay of the Army, $7,389.98.
For mileage of the Army, $44.25.
For mileage to officers and contract surgeons, $121.34.
For arrears of pay, bounty, etc., $39.10.
For pay, etc., of the Army, war with Spain, $279.43.
For Army transportation, $2,877.88.
For barracks and quarters, $5.50.
For barracks and quarters, other buildings, and utilities, $3.40.
For clothing and equipage, $180.92.
For construction of buildings, utilities, and appurtenances at military posts, $1,491.32.
For incidental expenses of the Army, $50.
For subsistence of the Army, $37.57.
For general appropriations, Quartermaster Corps, $7,811.08.
For supplies, services, and transportation, Quartermaster Corps, $252.04.
For ordnance service and supplies, Army, $192.44.
For armament of fortifications, $17.38.
For manufacture of arms, $529.20.
For ordnance stores, ammunition, $92.76.
For proving grounds, Army, $638.32.
For replacing ordnance and ordnance stores, $593.94.
For seacoast defenses, Panama Canal, ordnance, $85.50

For medical and hospital department, $163.25.
For Signal Service of the Army, $230.
For Air Corps, Army, $80.
For arming, equipping, and training the National Guard, $1,370.56.
For pay of National Guard for armory drills, $557.38.
For arms, uniforms, equipment, etc., for field service, National Guard, 75 cents.
For headstones for graves of soldiers, $1.98.
For Shiloh National Military Park, $175.81.
For operating snag and dredge boats on upper Mississippi, Illinois, and Minnesota Rivers, $3.55.
Total, audited claims, section 4, $404,514.06, together with such additional sum due to increases in rates of exchange as may be necessary to pay claims in the foreign currency as specified in certain of the settlements of the General Accounting Office.

Audited claims

SEC. 5. That for the payment of the following claims, certified to be due by the General Accounting Office under appropriations the balances of which have been carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874 (U. S. C., title 31, sec. 713), and under appropriations heretofore treated as permanent, being for the service of the fiscal year 1930 and prior years, unless otherwise stated, and which have been certified to Congress under section 2 of the act of July 7, 1884 (U. S. C., title 5, sec. 266), as fully set forth in Senate Document No. 165, Seventy-second Congress, there is appropriated as follows:

Independent offices

For Interstate Commerce Commission, $180.
For medical and hospital services, Veterans' Bureau, $1,501.96.
For military and naval compensation, Veterans' Administration, $144.25.
For salaries and expenses, Veterans' Bureau, $5.30.
For vocational rehabilitation, Veterans' Bureau, $51.
For Army pensions, $7.14.

Department of Agriculture

For salaries and expenses, Bureau of Animal Industry, $33.33.
For dairying and soil improvement, experiment station, South Carolina, $6.25.
For loans to farmers in storm and flood stricken areas, Southwestern States, $2.

Department of Commerce

For party expenses, Coast and Geodetic Survey, $15.26.
For protecting seal and salmon fisheries of Alaska, $4.62.
For air navigation facilities, $1.25.

Department of the Interior

For relieving distress and prevention, etc., of diseases among Indians, $250.
For conservation of health among Indians, $83.

Department of Justice

For miscellaneous expenses, United States courts, 94 cents.

Navy Department

For pay, subsistence, and transportation, Navy, $381.49.
For pay of the Navy, $69.33.
For transportation, Bureau of Navigation, $4.60.
For maintenance, Bureau of Supplies and Accounts, $2.68.
For pay, Marine Corps, $154.30.

Post Office Department—Postal Service

(Out of the postal revenues)

For balances due foreign countries, $781.28.
For city delivery carriers, $82.56.
For indemnities, domestic mail, $123.75.
For indemnities, international mail, $22.89.
For miscellaneous items, first and second class post offices, $320.
For Railway Mail Service, salaries, $53.04.
For rent, light, and fuel, $32.
For Rural Delivery Service, $3.37.
For separating mails, $48.

Department of State

For contingent expenses, United States consulates, $3.12.
For transportation of Foreign Service officers, $40.76.

Treasury Department

For enforcement of narcotic and national prohibition acts, internal revenue, $385.05.
For Coast Guard, $60.
For pay and allowances, Coast Guard, $167.81.
For operating supplies for public buildings, $67.50.

War Department

For pay, etc., of the Army, $6,777.49.
For pay of the Army, $1,067.17.
For Reserve Officers' Training Corps, $79.50.
For increase of compensation, Military Establishment, $8.53.
For pay, etc., of the Army, war with Spain, $2.40.
For Army transportation, $142.24.
For general appropriations, Quartermaster Corps, $378.56.
For ordnance service and supplies, Army, 76 cents.
For arming, equipping, and training the National Guard, 32 cents.
For pay of National Guard for armory drills, $17.65.
Total, audited claims, section 5, $13,564.45, together with such additional sum due to increases in rates of exchange as may be necessary to pay claims in the foreign currency as specified in certain of the settlements of the General Accounting Office.

SEC. 6. For payment of interest on amounts withheld from claimants by the Comptroller General of the United States under the act of March 3, 1875 (U. S. C., title 31, sec. 227), as allowed by the General Accounting Office and certified to the Seventy-second Congress, in House Document No. 507, under the Treasury Department, $484.98.

For the payment of claims allowed by the General Accounting Office covering judgments rendered by United States district courts against collectors of customs, where certificates of probable cause have been issued as provided for under section 989, Revised Statutes (U. S. C., title 28, sec. 842), and certified to the Seventy-second Congress in House Document No. 507, under the Treasury Department, $1,669.93, together with such additional sum as may be necessary to pay interest as specified in the judgments.

For the payment of a claim allowed by the General Accounting Office covering a judgment rendered by a United States district court against a collector of internal revenue, where a certificate of probable cause has been issued as provided for under section 989, Revised Statutes (U. S. C., title 28, sec. 842), and certified to the Seventy-second Congress in House Document No. 507, under the Treasury Department, $139.85.

For the payment of the claim allowed by the General Accounting Office under the provisions of Private Act No. 524, approved March 2, 1929 (45 Stat., pt. 2, p. 2364), and certified to the Seventy-second Congress in House Document No. 507, under the War Department, $52.71.

Total audited claims, section 6, $2,347.47.

SHORT TITLE

This act may be cited as the "first deficiency act, fiscal year 1933."

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

DEPARTMENTS OF STATE, JUSTICE, COMMERCE, AND LABOR APPROPRIATION BILL, FISCAL YEAR 1934

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 14363) making appropriations for the Departments of State and Justice, and for the judiciary, and for the Departments of Commerce and Labor for the fiscal year ending June 30, 1934, and for other purposes. Pending that, there is one item in the bill which will provoke some controversy, and I think it should be discussed, since it involves a policy that Congress itself laid down, and which, if it is now being violated, Congress should know. In view of the fact that I feel amendments are to be offered in good faith, and that the Members offering such are possibly prompted by misinformation, I desire that there be time for discussion, so that Members of the House may know the facts. The matter I refer to relates to prison industries. Yesterday that item was passed with the understanding that we would agree on some reasonable time for discussion of it and all amendments thereto that might be offered. I ask unanimous consent, therefore, that after the expiration of the time fixed by the House for the discussion of the prohibition item, the committee be authorized to fix one hour for the discussion of the item in reference to prison industries and all amendments thereto, the time to be equally divided between the gentleman from Pennsylvania [Mr. SHREVE] and myself, and one-half of the time to be allotted to those in favor of such amendments as may be offered to that item.

Mr. SHREVE. Mr. Speaker, will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. SHREVE. Does the gentleman desire to go into a discussion of all of the various articles that are manufactured in the penitentiaries?

Mr. OLIVER of Alabama. I understand there may be amendments that may relate to different activities.

Mr. SHREVE. Affecting Atlanta?

Mr. OLIVER of Alabama. Affecting all of the prisons; and that is why I suggest that we fix the time. It will enable us to proceed in an orderly way, immediately after disposing of the prohibition item, and hasten the reading of the bill.

Mr. SHREVE. That is entirely satisfactory to this side of the House.

Mr. SABATH. I understand an agreement has been entered into about the time to be allotted to the prohibition item.

Mr. OLIVER of Alabama. Two hours.

The SPEAKER. The gentleman from Alabama asks unanimous consent that when the item on page 33 relating to prison-industries working-capital fund is reached there be one hour of debate on the paragraph and all amendments thereto, one-half of the time to be controlled by the gentleman from Alabama [Mr. OLIVER] and one-half by the gentleman from Pennsylvania [Mr. SHREVE], those two halves to be controlled one-half of the time by those in favor of the amendment and one-half by those opposed. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Alabama that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14363.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14363, with Mr. OLIVER of New York in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

BUREAU OF PROHIBITION

Salaries and expenses: For expenses to enforce and administer the applicable provisions of the national prohibition act, as amended and supplemented (U. S. C., title 27), and internal revenue laws, pursuant to the act of March 3, 1927 (U. S. C., Supp. V, title 5, secs. 281–281e), and the act of May 27, 1930 (U. S. C., Supp. V, title 27, secs. 144–192), including the employment of executive officers, attorneys, agents, inspectors, investigators, supervisors, clerks, messengers, and other personnel, in the District of Columbia and elsewhere, to be appointed as authorized by law; the securing of evidence of violations of the acts; the cost of chemical analysis made by other than employees of the United States and expenses incident to the giving of testimony in relation thereto; the purchase of stationery, supplies, equipment, mechanical devices, newspapers, and periodicals not to exceed $350, books, including law books and books of reference, and such other expenditures as may be necessary in the District of Columbia and the several field offices; costs incurred in the seizure, storage, and disposition of liquor and property seized under the national prohibition act, including seizures made under the internal revenue laws if a violation of the national prohibition act is involved and disposition is made under section 3460, Revised Statutes (U. S. C., title 26, sec. 1193); costs incurred in the seizure, storage, and disposition of any vehicle and team or automobile, boat, air or water craft, or any other conveyance, seized pursuant to section 26, Title II, of the national prohibition act, when the proceeds of sale are insufficient therefor or where there is no sale; purchase of passenger-carrying motor vehicles at a total cost of not to exceed $50,000, including the value of any vehicles exchanged, and the hire, maintenance, repair, and operation of motor-propelled or horse-drawn passenger-carrying vehicles for official use in field work; and for rental of quarters; in all, $9,120,000, of which amount not to exceed $336,453 may be expended for personal services in the District of Columbia.

Mr. BLANTON. Mr. Chairman, under the unanimous-consent agreement had yesterday in the House the disposition of the prohibition item and amendments thereto was to be made under two hours of debate, immediately after we went into the Committee of the Whole to-day.

Mr. OLIVER of Alabama. That is correct.

Mr. BLANTON. We are now in the Committee of the Whole.

The CHAIRMAN. The paragraph alluded to has just been read by the Clerk, and we are about to proceed to its consideration under the unanimous-consent agreement entered into yesterday. That agreement divides the time of two hours, one hour to the gentleman from Alabama [Mr. OLIVER], and one hour to the gentleman from Pennsylvania [Mr. SHREVE], and the gentleman from Alabama is to allot one-half of that time to the control of the gentleman from New York [Mr. GRIFFIN], and Mr. SHREVE to allot one-half of his time to the control of the gentleman from Massachusetts [Mr. TINKHAM].

Mr. GRIFFIN rose.

The CHAIRMAN. The gentleman from New York [Mr. GRIFFIN] is recognized for one-half hour.

Mr. GRIFFIN. Mr. Chairman, I offer an amendment.

Mr. TARVER. Mr. Chairman, if the gentleman will permit, if amendments to this paragraph are not offered now, we will have two hours' debate without having any idea of what amendments are to be considered by the committee, and then will be required to vote on the amendments without opportunity having been offered for an explanation of the amendments by their authors. I should like to know whether or not it would be permissible to have all amendments to the provision offered at this time, in order that they may be pending before the committee and discussion be had at the time argument is had.

Mr. OLIVER of Alabama. Mr. Chairman, I hope the gentlemen who expect to offer amendments will follow that course. The gentleman from Massachusetts [Mr. TINKHAM] told me on yesterday he had three amendments to offer, and I think they should be read. I therefore ask unanimous consent that all amendments may be read, Mr. Chairman, and considered as pending.

Mr. SABATH. Reserving the right to object, if I am not mistaken, the gentleman from New York [Mr. GRIFFIN] has been recognized and has offered his amendment.

Mr. GRIFFIN. I was about to make a statement.

The CHAIRMAN. The only amendment at the desk is the amendment offered by the gentleman from New York [Mr. GRIFFIN].

The gentleman from Alabama [Mr. OLIVER] asks unanimous consent that all amendments to be voted upon after two hours' debate be read by the Clerk for the information of the House now and be considered as pending. Is there objection?

Mr. STAFFORD. Reserving the right to object, that would not foreclose Members offering amendments during the two hours' general debate?

Mr. OLIVER of Alabama. The gentleman may propose that as an amendment to the unanimous-consent request, but let me say the amendments will not be voted on until the expiration of the two hours.

Mr. KUNZ. Reserving the right to object, that does not limit the 5-minute rule, does it, Mr. Chairman, after an amendment is offered?

The CHAIRMAN. There is no 5-minute rule now under the unanimous-consent agreement. The time is in control of the various parties in accordance with the agreement made on yesterday.

Mr. STAFFORD. Mr. Chairman, has the unanimous-consent request been submitted as modified?

The CHAIRMAN. The gentleman from Alabama [Mr. OLIVER] asks unanimous consent that the Clerk now report for the information of the committee all amendments sent to the desk which will be discussed during the two hours' debate, and that those amendments will be considered pending and will not be voted upon until the expiration of the two hours' debate, and that thereafter any amendment sent to the desk between this time and the close of the debate will be voted upon by the House. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read as follows:

Amendment proposed by Mr. TINKHAM: On page 24, line 26, after the period, insert the following proviso: "*Provided*, That no part of this appropriation shall be used for or in connection with wire tapping to procure evidence in violation of the national prohibition act, as amended and supplemented."

Amendment proposed by Mr. TINKHAM: On page 24, line 26, after the word "supplemented," insert the following proviso: "*Provided further*, That no part of this appropriation shall be used for the purchase, for use as evidence of violations of the national prohibition act, as amended and supplemented, of any intoxicating liquors the sale of which is prohibited by law."

Amendment proposed by Mr. TINKHAM: On page 24, line 26, after the period after the word "supplemented," insert the following proviso: "*Provided further*, That no part of this appropriation shall be expended for the hire of special employees under contract."

Amendment offered by Mr. GRIFFIN: On page 24, line 24, after the word "all," strike out "$9,120,000" and insert in lieu thereof "$7,199,986."

Amendment offered by Mr. O'CONNOR: On page 23, line 14, strike out all down to and including line 26 on page 24.

Amendment proposed by Mr. TARVER as a substitute for the Tinkham amendment: On page 24, line 26, strike out the period, insert a colon, and add the following proviso: "*Provided*, That no funds hereby appropriated shall be used for the purchase of intoxicating liquors nor to pay informers nor for the purchase of evidence."

Mr. DYER. Mr. Chairman, I ask unanimous consent that the amendment offered by the gentleman from New York [Mr. GRIFFIN] may again be reported.

There was no objection.

The Clerk again reported the amendment offered by Mr. GRIFFIN.

The CHAIRMAN. The gentleman from New York [Mr. GRIFFIN] is recognized for one-half hour.

Mr. GRIFFIN. Mr. Chairman, I ask to be notified when I have consumed five minutes.

Mr. Chairman, the amendment which I have proposed to this appropriation is intended to harmonize our appropriations with the economy bill. I hope my friends will not consider there is anything personal about this proposal or anything indicating my attitude on the prohibition question itself. The people spoke on the subject of prohibition in the election. Both parties stand for the repeal of the eighteenth amendment, and I feel that the Members of this House are, in large measure, committed to the proposition of conforming our appropriation bills to what is to be reasonably anticipated in the coming year.

Of course, I realize that the eighteenth amendment is not going to be repealed offhand, and probably not within the next year, but I want to call attention to this fact, that in all of our bills we have made reductions in the appropriations. My amendment proposes to take from the Budget figures 25 per cent, and from the figures as reported by our committee, 20 per cent.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. BRITTEN. Did I understand the gentleman to say that his committee had been informed that reductions had been made in various departmental appropriations of 20 per cent, but a lesser reduction was made for the Prohibition Unit?

Mr. GRIFFIN. Yes.

Mr. BRITTEN. Will the gentleman be good enough to state just what that was?

Mr. GRIFFIN. I am coming to that. The bill as reported by the committee takes 5 per cent from the Budget figures for the Prohibition Unit. My amendment proposes to take off 20 per cent additional, making a total reduction of 25 per cent, so as to conform to the economy program.

I feel I am justified in making this proposal, because the Bureau of Industrial Alcohol and the Bureau of Narcotics are no longer a part of the Prohibition Enforcement Bureau.

Now, I ask your attention to these figures: The Bureau of Industrial Alcohol receives an appropriation in the Treasury bill of $4,000,000.

The Bureau of Narcotics, likewise in the Treasury bill, receives an appropriation of $1,400,000. This makes a total of $5,400,000 for the carrying on of these two bureaus, which were formerly part of the Prohibition Enforcement Bureau.

For the fiscal year 1931 we gave to the Prohibition Enforcement Bureau, for the combined activities of industrial alcohol, narcotics and prohibition enforcement, $15,543,370.

In the fiscal year 1932 the Prohibition Enforcement Bureau was taken out of the Treasury Department. Contrary to expectations this change made practically no reduction whatever. Instead, it has actually increased the total cost of administration. In other words, we are increasing the expense of prohibition enforcement year by year at a time when the whole system is about to disintegrate.

Mr. BRITTEN. So that as a fact, where every other department of the Government is being reduced in its appropriations and in its expenditures, this one particular bureau is singled out for favoritism of practically $5,400,000. That is what the gentleman's figures resolve themselves to.

Mr. GRIFFIN. To be accurate, the increase is the difference between $14,500,000 and $9,120,000.

Mr. BRITTEN. Almost $5,400,000.

Mr. GRIFFIN. Yes.

Mr. BRITTEN. Five million four hundred thousand dollars. So that the present bill now before the House practically carries an increase in the appropriation for the prohibition unit of $5,400,000 rather than any decrease.

Mr. GRIFFIN. I would not say for the Prohibition Enforcement Unit, because $1,400,000 of that goes to the Bureau of Narcotics and $4,000,000 to the Bureau of Industrial Alcohol; but there is a relative increase in the appropriation for the carrying on of the work of this bureau, instead of a marked decrease, as might reasonably be expected.

Mr. SHREVE. Mr. Chairman, will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. SHREVE. Will the gentleman inform the House just how this $4,000,000 he mentions is made up? He has already mentioned narcotics. How does the rest come in? We appropriated nine millions and a few hundred thousands of dollars. That is our appropriation. The gentleman here puts it up to something over $14,000,000. Will the gentleman inform the committee how the difference between $9,000,000 and $14,000,000 is made up?

Mr. GRIFFIN. I have just stated that. We appropriated $9,120,000 for the Prohibition Enforcement Bureau. That does not include the Bureau of Industrial Alcohol, which has a separate appropriation of $4,000,000, while the Narcotic Bureau gets a separate appropriation of $1,400,000.

Mr. SHREVE. Then, the law enforcement item carries only the $9,000,000, the item for the enforcement of law by Mr. Woodcock's division receives about $9,000,000 or a little over. Is not that true?

Mr. GRIFFIN. No; I do not think it is.

Mr. SHREVE. Then we will look in the book and see.

Mr. BRITTEN. The gentleman [Mr. SHREVE] is correct.

Mr. GRIFFIN. I think we are talking about different things. I am simply trying to show that all three bureaus were included in the appropriation before the Enforcement Bureau was taken out of the Treasury Department.

Mr. SHREVE. We should differentiate between the amount of money we are paying for law enforcement and the amount of money that is paid by the Narcotic Division. That is not the same thing that we are discussing here to-day. We are discussing just one thing, and that is the appropriation for law enforcement; and the gentleman can not bring in the Narcotic Division classified as a division for enforcing the liquor law.

Mr. GRIFFIN. It is all part of the system.

Mr. SHREVE. I do not think so.

Mr. GRIFFIN. When we were appropriating for prohibition enforcement, we appropriated also for the Bureau of Industrial Alcohol, which used to be under the control of prohibition-enforcement officers. Permits had to be granted before any alcohol was made or sold.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. BRITTEN. Prior to last year the Industrial Alcohol Division was under the Bureau of Prohibition; now it is not. The gentleman has made it very clear that this work was taken out of the Prohibition Unit, thereby promoting a great reduction in expenditures of the Prohibition Unit.

Mr. GRIFFIN. It was.

Mr. BRITTEN. Therefore the amount carried in the bill should be reduced.

Mr. KUNZ. Mr. Chairman, will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. KUNZ. The increase of $4,000,000 added to the $9,000,000 would make $13,000,000. Is that on the recommendation of the Budget Bureau, or was the increase made by the committee?

Mr. GRIFFIN. It was made on the recommendation of the Budget Bureau.

Mr. KUNZ. And their recommendation was taken by the committee; is that true?

Mr. GRIFFIN. No; the Budget figures were reduced by about 5 per cent. In that connection I may say that there is a suggestion that the committee has been very liberal in deducting only 5 per cent from the Prohibition Enforcement Bureau; but when you compare the reduction of the Prohibition Enforcement Bureau with that of the other bureaus, 5 per cent will not be found to be a very liberal cut.

For instance, the Foreign Service of the Department of State received a reduction of 10 per cent. The entire State Department received a reduction of 10 per cent. The Department of Commerce and some of the other departments and bureaus of our Government have received reductions of as much as 18 per cent.

Mr. BRITTEN. Eighteen per cent from what, if you please?

Mr. GRIFFIN. From the Budget figures. So I think it would be perfectly fair and just to the prohibition unit to compel it to accept the economies which other bureaus are forced to take.

Mr. CLANCY. Will the gentleman state what the Department of Labor received?

Mr. GRIFFIN. I did not go into the Labor Department. I have not made that calculation.

Mr. WILLIAM E. HULL. What would be the total reduction you would make in this bill?

Mr. GRIFFIN. I propose to reduce the prohibition-enforcement item 25 per cent instead of 5 per cent now in the bill.

Mr. BRITTEN. So the amendment pending would reduce the amount covered in the bill 20 per cent?

Mr. GRIFFIN. Yes.

Mr. WILLIAM E. HULL. What would be the total?

Mr. GRIFFIN. Seven million one hundred and ninety-nine thousand nine hundred and eighty-six dollars.

Mr. SHREVE. Mr. Chairman, I yield five minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Chairman, I do not propose to discuss in detail any of the pending amendments. I should like to make this statement as a general proposition. There is no issue, or should be no issue raised here, between those who believe in the retention of the eighteenth amendment and those who are opposed to its retention. The question before the committee has nothing whatever to do with the merits of prohibition. We have before us the simple question, Shall we now do anything to obstruct the officials in the Department of Justice who are sworn to enforce existing law? I hope none of us takes the view that we ought to do anything here to obstruct the enforcement of law.

Presently the people of the Nation will vote on the merits of prohibition. They are certain to have this opportunity if the Congress in a repeal resolution shall live up to that plank which both parties agreed upon and incorporated in their platforms; namely, the proposal to submit the question of repeal to the people to be passed upon by them in constitutional conventions. This is the only way they ought to pass upon this question, because in this way and in this way alone shall we be able to isolate the liquor question from every other question.

The people have passed upon the liquor question in recent elections, some will tell you. But after the selections are over and the votes are counted, some have always insisted that it was not the liquor question which determined the result, and they will rightly insist that other questions were involved.

If ratification is attempted through legislatures, the prohibition question can not be separated from other issues. Members of State legislatures are elected not because of their views on prohibition alone. Many other considerations are involved. Members are and will be sent to the State legislatures on issues of local taxation. Regardless of his views on the eighteenth amendment many a man will be elected to a State legislature because of his general legislative experience or his general reputation for getting results for his constituents.

In the process of ratifying or rejecting a proposal for the repeal of the eighteenth amendment one issue and one alone should come to the people. There is only one way to bring this issue in clear-cut fashion to the people. The States should be given a chance to set up their constitutional conventions so that the people may vote for their candidates to such conventions with one question in mind, viz: Do they stand for or against the repeal of the eighteenth amendment?

When the people shall have passed upon this issue, then the Congress should conform to the will of the people in passing upon its appropriations; but I submit that as long as this law is on the statute books that discriminatory cuts in appropriations for law enforcement would amount to an unjustifiable attempt to forestall the popular will and encourage nullification. Whatever may be our views on this question, I assume that each of us believes in law and order. Therefore let us take no action here to-day which will hamper the officials in the Department of Justice charged with the enforcement of this law.

Mr. BRITTEN. Will the gentleman yield?

Mr. BEEDY. I am pleased to yield.

Mr. BRITTEN. I agree with practically every word the gentleman has uttered, but I disagree with his use of certain words. The gentleman suggests that we are aiming to obstruct law enforcement. I do not agree with the gentleman. It is merely a reduction of law enforcement such as will apply to every department of the Government in accordance with the Federal economy program. We have got to reduce the cost of law enforcement, generally, in every department of the Government, but not necessarily obstruct it. Aside from this, the gentleman and I are in complete accord in every statement the gentleman has made. The pending amendment is in the interest of true economy.

[Here the gavel fell.]

Mr. OLIVER of Alabama. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. WILLIAM E. HULL. Will the gentleman yield for a question?

Mr. BEEDY. I shall be pleased to yield if I have the time, but first let me answer the question just put to me.

We all wish to economize; and if we are going to make a flat reduction of 20 per cent all along the line, well and good. Let us not single out this particular item in the appropriation bill and cut it 20 per cent and pass over other items. Has the gentleman advocated the cutting of all the items which precede this item in the bill by 20 per cent, or does the gentleman propose to take the floor and advocate a flat cut of 20 per cent in all the appropriation items in this bill?

Mr. BRITTEN. Yes; I am for that and other general reductions. The Department of Commerce has been cut 18 per cent in this bill by its framers, and that cut is reflected in the bill.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BEEDY. I yield to the gentleman from Alabama.

Mr. OLIVER of Alabama. Many of the activities of the Department of Commerce have not been cut at all.

Mr. BLANTON. Will the gentleman yield?

Mr. BEEDY. Yes.

Mr. BLANTON. Is my friend the gentleman from Illinois [Mr. BRITTEN] in favor of cutting the Navy Department appropriation 20 per cent?

Mr. BRITTEN. Yes; when that kind of an amendment comes properly before the House.

Mr. BLANTON. Will the gentleman vote for it?

Mr. BRITTEN. Yes.

Mr. BLANTON. Well, we will see about that when the chance for him to so cut comes.

Mr. BEEDY. Then let us have it understood that we will not play any favorites; that our prejudices will not move us, and that we will not work any injustice upon any separate division of any branch of the Government in considering these appropriation bills. If we can wisely cut all the items in the pending bill 20 per cent, very well; but

I repeat that we ought not to lay for particular items and vent our prejudices by undue reductions of them.

[Here the gavel fell.]

Mr. GRIFFIN. Mr. Chairman, I yield four minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Chairman, I have offered an amendment as a substitute for the amendment offered by the gentleman from Massachusetts [Mr. TINKHAM], relating to the same subject matter, which proposes to add to this section a proviso limiting the expenditure of the funds appropriated under it, so that no portion of the funds may be used for the purpose of buying intoxicating liquors, paying informers, or purchasing evidence.

I offer this amendment as a friend of prohibition. I deny that in order for a Member of this House to be a friend of prohibition, it is necessary for him to indorse carte blanche all the methods which have been used by the Prohibition Bureau in its efforts to bring about enforcement of the law.

I submit that no law will be respected by the people unless it is enforced in a way and manner entitling it to respect; in other words, enforced in a respectable way. [Applause.] The sending of the agents of the Government into speakeasies to become tanked on intoxicating liquors and then turn around and arrest the men whom they incited to a violation of the law is contemptible, and the effect of such conduct is to bring the prohibition law into contempt. The same thing may be said of the practice of buying evidence from alley rats in the city of Washington and elsewhere. No self-respecting juror anywhere in this country would convict any man upon evidence of that character, and the expenditure of money for such purposes is a waste of public funds.

It is not necessary, Mr. Chairman, in order to enforce prohibition, to resort to despicable methods of this kind.

Last year near the city of Washington, at Chesapeake Beach, you had what was known as a Texas barbecue. Thousands of people went down there. I was one of them. It was fostered by the newspaper fraternity of the city. Down there truckloads of what were said to be kegs of beer were brought in and the beer rolled across an open platform into a large room where hundreds of men, including Members of this House, stood and drank it. Whether it was intoxicating or not I do not know of my own personal knowledge, except I observed the effect of that liquor upon those who drank it, and I know from my observation that it must have been intoxicating.

Why spend $5 to hire an alley rat in the city of Washington to buy some liquor and turn up some alleged violator of the law, when the law was being violated in the presence of thousands of people, including hundreds of the Members of this House, within 40 miles of the Capital of the Nation and nothing said about it.

I tell you the mistake made by the prohibition advocates in this country is that after having procured the law they were satisfied, and they failed to follow the law into the courts and into the administrative bureau where its enforcement must be brought about, in order to see that it was properly and decently enforced.

Men who stage a champagne party, as is said to have been done at a local hotel by prohibition agents not long ago, pay for intoxicating liquors from Government funds, have an evening of revelry, and then turn around and arrest those from whom they bought their liquor, are not enforcing the law; they are merely criminals themselves, prohibition agents or not.

Gentlemen have said that unless prohibition agents are permitted to spend money for purposes like these, the law can not be enforced. I challenge the correctness of that statement. For more than 10 years I served as judge of the superior courts in six counties in Georgia, trying thousands of liquor cases, in not one of which had any money been spent by officers to buy liquor, pay informers, or purchase evidence; and those who live in that judicial circuit know that the prohibition laws were enforced far better than is done by Federal authority. The same thing is true of other judicial circuits in my district and State. The State of Georgia does not appropriate any money to enable officers to buy liquor, pay informers, or purchase evidence; and yet, if it were not for these State officers and State courts, prohibition would indeed be practically a dead letter in my State.

I regret to say that in my judgment there has been no earnest, bona fide effort on the part of Federal authorities to enforce prohibition. I have many reasons for entertaining that belief which lack of time prevents my giving in detail. Those who believe in prohibition will not help their cause by undertaking to back up rotten and inefficient enforcement. If prohibition is to be maintained, and I pray God that it may be maintained, the Augean stables of rottenness that have existed in the Bureau of Prohibition must be cleansed, inefficient and corrupt agents must be gotten rid of, and methods of enforcement adopted such as we use in enforcing our State laws and which will be decent and entitled to the backing of decent people. It is in the interest of that character of enforcement and in the interest of the continuance of our prohibition laws that I offer this amendment.

[Here the gavel fell.]

Mr. TINKHAM. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. DYER].

Mr. DYER. Mr. Chairman, I am in favor of the amendment offered by the gentleman from New York [Mr. O'CONNOR] to strike from this bill all that pertains herein to prohibition.

One reason, Mr. Chairman, why I am in favor of this is that this money sought to be appropriated is not needed and is not to be used prior to July 1 of this year. That is some five months and more before the money will be needed. There is to be a session of the next Congress called in April, and if it is found that the Democratic Party is not going to carry out its mandate from the people to repeal the eighteenth amendment, then they with their great majority in this House can go ahead and appropriate money for the next fiscal year for prohibition enforcement—if this party is not to keep its word to the American people.

If this amendment is not agreed to by the committee, then I shall support the amendment of my colleague, Mr. TARVER, of Georgia, and some of the other amendments that have been offered, including the one offered by the gentleman from Massachusetts to prevent the tapping of private telephone wires that go into your home by these prohibition agents, for the purpose no doubt of obtaining testimony of violations of the prohibition law, but which results in obtaining the private conversation by you and your family, affecting your business and your own private affairs.

This appropriation of $9,120,000 for prohibition enforcement is not the whole story. It is not only the money that is appropriated directly for prohibition that affects the taxpayers of the country, but there are many items throughout the appropriation bills that could be saved to the people if they did not have this national prohibition.

Prohibition is what the people have condemned, the issue upon which the Democratic Party carried the November election, and which this party said to the people, "Elect us and we will put an end to it," yet this bill carries more than $9,000,000 to enforce it for the year July 1, 1933, to June 30, 1934. Do the Democrats intend to keep their word? Forty-four Democrats refused to carry out their platform pledge upon which they secured the national election when the resolution to repeal the eighteenth amendment was voted on recently.

There are other items, Mr. Chairman, costing the taxpayers money to try to enforce prohibition, and one of these that causes the expenditure of a lot of money has been the necessity of increasing the number of judges to try and dispose of prohibition cases. Since prohibition became a part of the Constitution the number of United States district judges has been increased from 97 to 145, and the number of circuit judges has been increased from 33 to 40. For what reason? They are giving most of their time to prohibition cases. Not only the salaries of the judges, but that

of clerks and marshals, court expenses, and so forth, have amounted to millions of dollars. Mr. Chairman, this is an opportunity for the House to get rid of something that is costing a lot of money, and also is harmful to the people and to the taxpayers of the country. [Applause.]

[Here the gavel fell.]

Mr. GRIFFIN. Mr. Chairman, I yield three minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman and members of the committee, I am of the opinion that we are now afforded a real opportunity to do a constructive job in connection with the reduction of governmental expenses. We can reduce this appropriation and be reasonable in our action. We can apply the same reduction in this case that has been applied in many of the major departments of the Government.

A number of appropriations have been reduced all the way from 5 to 20 per cent. We have already eliminated appropriations that were very important, surely more important than this appropriation for the enforcement of a repudiated law. We can at least reduce it by 25 per cent, as suggested by the amendment offered by my distinguished colleague from New York.

We must take into consideration in connection with this item the essential points we took into consideration in the case of other items. One of these points was, according to members of the Appropriations Committee, the reductions made possible by a reduction in prices. For illustration, the appropriation for food for the enlisted men of the Army could be reduced because of the reduction in the cost of such commodities. In that connection we anticipated a possible reduction, and we took advantage of these lower costs to reduce the appropriation.

Now, with regard to prohibition, we can with safety anticipate the changes that will be made in the Volstead Act—changes that will permit of a lower enforcement cost. Already a number of States have taken affirmative action in this matter. In the Senate an effort has been made to reduce Federal expenses by 25 per cent. Here is our opportunity to make a real reduction in the cost of enforcement of a law soon to be repealed. The President elect, Mr. Roosevelt, has stated that prohibition is doomed, and that he was in favor of a 25 per cent reduction in the expenses of the Government. Therefore, anticipating the demands of public opinion, taking into consideration the action the States have already taken, and the great need for a reduction in Federal expenditures, we can with safety adopt this amendment.

We reduced the appropriations for the Army. We cut to the danger point the appropriation for the Post Office Department. No doubt we will reduce the amount required by the Navy Department. So why continue to dole out millions in a futile effort to enforce a law we never could or never will enforce?

By the end of the next fiscal year the Volstead Act will have passed into oblivion and the eighteenth amendment will be well on its way to the graveyard. [Applause.]

Mr. SHREVE. Mr. Chairman, I yield five minutes to the gentleman from Kentucky [Mr. FINLEY].

Mr. FINLEY. Mr. Chairman, I have not been and I refuse to be hypnotized upon the subject of economy, important though it may be. There are some phases of our national life the expenses of which ought not to be reduced at all. They ought to be increased. I was glad the other day when this House by an overwhelming majority overrode the Committee on Appropriations on the Army appropriation bill and wrote into that measure $500,000 to continue the Reserve Officers' Training Corps at its present strength. I was also pleased when the same House, by the same action, overrode the committee and gave new life to the citizens' military training camps; and why? Because the first duty, the most imperative duty, the paramount duty of this Congress, is national defense; and when that question was raised on this floor the Members of the House rallied to the cause. National defense was uppermost, and no reduction was made on those features of our national need. Why did they do that? National defense against what? Against whom? Why, against a foreign enemy, of course; certainly not against our own people. That was not considered at all.

But, Mr. Chairman, are foreign enemies the only enemies this country has? Nay, nay, verily. There are in our own country, on our own soil, enemies ten times as dangerous to the future of this country and the perpetuity of this Government as any foreign enemy could possibly be, and yet in the face of such action only a few days ago Members of this House now propose a reduction, and one proposes the abolition, of an appropriation to strike down and paralyze the warfare we are trying to make against what I regard as one of the greatest enemies within our country, and that is lawlessness, which is threatening the very foundation of our Government.

Mr. Chairman, I sleep when I am at home in a house remote from any other dwelling, no one in the house but myself. I do not know when some strolling hobo, some convict, some criminal, will take it into his head to enter that house, rob it, and, if necessary, butcher me, and destroy the evidence of his crime by burning the house. I keep at the head of my bed a 10-gage shotgun. I have not had it outside the house in 10 years, but it is there, and I can put my hands upon it in a moment. I have five silver cups that I have won at trap shooting, and I am glad that I know how to use that gun. If the logic of these gentlemen is to prevail, these men who offer these amendments for the reduction of our law-enforcement forces, then according to them I ought to reduce the caliber of my shotgun or, at any rate, I should reduce the size of the shot and the amount of powder in its loads; but I am not going to do that. It seems to me, at a time like this, if we enter upon a policy proposing to reduce the appropriations for the enforcement of laws against lawlessness, we would take the same sort of action as it would be for me to pitch that shotgun out of the window, to reduce its caliber, to take the loads out of it, or to reduce the size of the shot and the amount of powder that is in them. [Applause.]

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I yield six minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, although I received an invitation, I did not attend the wet party mentioned by my friend from Georgia [Mr. TARVER]. It was not a press picnic and not a congressional party, although distinguished Texans had it given in their honor, and numerous Representatives and Senators were there. But there is nothing strange about arrests not being made there, even if the gentleman from Georgia did see some under the influence of liquor, for if there were 150 Congressmen there, as he says, they were all immune from arrest. I have been one of those who have been continually fighting to remove from all of us Members every immunity that we possess. I am not in favor of a Senator or a Representative having a single immunity by reason of his position. I think he ought to be treated just like every other citizen of the United States, but there is an immunity that is in the law, and it was in the law when I came here, and which I have never been able to help get out, for the Constitution provides that you can not arrest a Congressmen during sessions of Congress unless it is for a felony or a breach of the peace.

Mr. LaGUARDIA. Oh, the gentleman is in error.

Mr. BLANTON. No; I beg the gentleman's pardon; the Constitution provides that during sessions of Congress no Member may be arrested except for felony or a breach of the peace, and I say that there is not an officer in the city of Washington who would dare arrest a Congressman unless he was guilty of some felony or breach of the peace, when Congress is in session, or when he is coming to Congress from his home or when he is going back. He is immune from arrest. It ought not to be so, but it is so, and we ought to abolish all immunities.

Mr. TARVER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Just a moment, and I will.

Mr. TARVER. The gentleman has misconstrued my statement and that is the reason why I interrupt him.

Mr. BLANTON. I regret that my time is so limited that I can not yield. I want to mention the threat that has been made here on this floor against Members in an attempt to intimidate their votes on these various amendments. We are told that we are to be watched when we pass through the tellers on the various votes we are to register respecting these amendments, and that if we vote to uphold prohibition enforcement the wet forces are to punish us for it later. Such threats may intimidate some. Such threats do not scare me. I know that because of my votes here to-day I am incurring renewed displeasure of wet forces, and I know that they will oppose me politically and every other way in an attempt to punish me; but I had rather give up my position here than sacrifice my principle.

One of my good friends, who is an editor of a newspaper in my district, Mr. W. L. Garner, of Strawn, Tex., who is the owner and editor of the Strawn Tribune, has written me a letter dated January 18, 1933, inclosing a special newspaper release sending a special news item to all the leading newspapers in my district, specially written and designed to hurt me politically. It was sent from Austin, Tex., and headed: "Special to leading papers in the seventeenth congressional district—for immediate release." The seventeenth district is mine. Editor Garner tells me that—

The people here believe you have voted right on this issue; this district is almost solid for the eighteenth amendment.

My constituents now watch for these misleading, unjust, special news items that are sent specially to the newspapers of my district. They are no longer fooled by them. They check up such articles with the CONGRESSIONAL RECORD, and there learn the true facts.

As to whether we are carrying out our oaths or evading the Constitution which we are sworn to uphold when we vote for these amendments now pending that are designed to cripple and stop prohibition enforcement, I want to refer you to what six distinguished members of our Committee on Ways and Means said about the beer bill when it was before the House for passage. Here is what three of them said:

MINORITY VIEWS OF MESSRS. HAWLEY, TIMBERLAKE, AND CROWTHER

At the beginning of this session of Congress, in company with all my colleagues, I stood on the floor of the House and took the oath to support the Constitution of the United States, as required by Article VI of the Constitution. I quote from that oath:

"I do solemnly swear that I will support and defend the Constitution of the United States * * * bear true faith and allegiance to the same * * * without any mental reservation or purpose of evasion."

Article 18 of the amendment provides that—

"The manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all Territories subject to the jurisdiction thereof for beverage purposes is hereby prohibited."

I listened with careful attention to the evidence submitted to the committee during the hearings preceding the report of the pending bill—H. R. 13742. My observation covers a period prior to prohibition as well as under prohibition. I am convinced by the evidence submitted at the hearing and by observation and evidence extending over a period of a lifetime that beer and other liquors described in the bill are intoxicating. They were intoxicating prior to prohibition. A legislative declaration to the contrary does not overcome that fact, and if I were to support this legislation it would require a "mental reservation" on my part and a "purpose of evasion" of the eighteenth article of amendment to the Constitution.

On the part of the Federal Government this bill proposes that the country enter upon a new era in the manufacture, distribution, sale, and consumption of intoxicants. It provides for the reestablishment of 90 per cent in volume of the liquor traffic on the basis of the amount prior to prohibition.

The brewing interests, realizing the influence that the great fundamental law of the land and the strength of the purpose of the people for its observance, attempted to avert opposition to this bill by constant reiteration of the allegation that malt beverages of the strength proposed were not intoxicating in fact as the basis and justification of their sale.

The bill originally proposed that the alcoholic content should be 2.75 per cent by weight, or 3.4375 per cent by volume. The majority of the committee increased the alcoholic content to 3.2 per cent by weight, or 4 per cent by volume, on the ground that this would increase the attractiveness of the beverage and increase its sale.

The question of the influence of alcohol on the human system has an added importance, owing to the development by national, State, and local funds of great highways and other improved roads, over which are operated some 26,000,000 motor vehicles. An individual may not be visibly intoxicated to the extent that he may be identified as a "drunk," but his muscular reactions and mental activities may be so depressed that he is not able to respond as quickly as when normal. Detailed evidence of this fact was submitted to the committee. The lives and property of people who use the highways are subjected to constant risk, and the traffic problem is one of the most important in the United States, and anything that will increase its dangers is against the public interests. During the hearings the brewing interests indicated their desire to secure a widespread distribution and opportunity of sale for beer and other beverages provided in the bill. On the allegation that they were not intoxicating, it was suggested that beer be sold at soda fountains, drug stores, cafeterias, hotels, restaurants, clubs, and also at wayside eating places, filling stations, and other places along the highways, or, to put it in other words, it should be sold as freely as soda water, ginger ale, and other soft drinks. The wayside sales would become a direct and continuing menace to vehicular traffic. The sale in drug stores, soda fountains, and other places where soft drinks are dispensed to the multitude would bring beer within the reach of everyone, including the very young, and be a constant temptation to them to drink this toxic and habit-forming beverage. That which might not intoxicate people of mature years will certainly intoxicate the young. The motion to restrict the sale to clubs, restaurants, hotels, etc., was voted down in the committee.

If it should be argued that the matter of distribution can be controlled by the States, let me call your attention to the fact that this bill expresses the attitude of the Federal Government toward the matter and that the refusal of many of the States to participate in enforcement indicates that from them at least no help can be expected.

During the hearings the brewing interests stated they had no desire for the return of the saloon and referred to the planks in the party platforms; but a motion to prevent the return of the saloon, by refusing to permit beer to be sold in such places, was voted down in the committee.

According to an estimate called to the attention of the committee, the consumption of alcohol liquors in the United States is approximately but one-third of what it was prior to prohibition.

The public health under prohibition has materially improved and, according to the information furnished, reached a remarkable degree in the last fiscal year.

Some urged upon the committee that bootlegging, racketeering, speakeasies, blind tigers, illicit distilling and brewing were the result of prohibition. This can not be true because such operations were carried on for a long period of years before prohibition. Terms have been altered to some extent, but the operations are similar.

The estimates of reemployment submitted to the committee by proponents of the bill varied, but altogether were a comparatively small number, without taking into consideration the loss of labor to persons now working in other industries whose sales would diminish because the money theretofore expended in purchases of their products would go to the purchase of malt liquors.

The income of the people generally of the United States will not be increased by the sale of malt liquors. Purchases of such beverages must be paid for from the family income. Other purchases must be reduced in amount, since incomes can not be expended twice.

It is alleged that the revenue to be derived from this measure will tend to balance the Budget. The brewing interests indicated that at the end of two years they will be manufacturing 40,000,000 barrels of beer of 31 gallons each, if the taste for this beverage is re-created, which at $5 a barrel will bring $200,000,000 of revenue to the Government, to which they added an estimate of income from the so-called allied industries; but they failed to deduct therefrom the losses that will be incident to other businesses from which revenue is now being derived. This would materially reduce the supposed income. I do not believe the Government should obtain revenues through the violation of the Constitution and by legalization of beverages which produce intoxication. Beer was intoxicating before prohibition. Its constituent elements remain the same and will undoubtedly produce intoxication again. I believe the Budget should be balanced, but that legitimate sources of revenue legal under the Constitution should furnish the necessary amount.

From the above, as well as from many other factors I shall not take occasion to name, it appears that we are facing a wide-open situation in the matter of the dispensation of malt liquors. Some things were said during the hearings by the brewing interests concerning the protection of the dry States from the entrance of intoxicants within their borders from wet States. With our motor system of transportation, with tens of thousands of automobiles moving continually back and forth, with trucks on the highways carrying freight brought from many sources and distributed to many destinations, with increased traffic in the air, I came to the conclusion that a dry State surrounded by wet States or adjacent to one or more wet States would find itself subject to an impossible task in maintaining its dry status.

My feeling, after listening to many discussions and the recent hearings, is that the liquor interests are planning, by this measure to secure again the existence of 90 per cent by volume

of the liquor traffic, the repeal of the eighteenth amendment, and the return again of the sale of all intoxicating liquors with attendant and acknowledged evils. It seems to me that if we adopt the policy contained in this bill the return of the saloon is inevitable.

W. C. HAWLEY.

We concur in the above statement.

CHAS. B. TIMBERLAKE.
FRANK CROWTHER.

Here is what the other three said:

MINORITY VIEWS OF MESSRS. RAGON, SANDERS, AND COOPER

We have heard and read all of the testimony before the Ways and Means Committee relating to the proposed legislation on beer. Taking all of this testimony as a whole and duly considering same, we are of the opinion that the proposed bill is violative of the Constitution of the United States, which in this regard reads as follows:

"After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited."

As Members of Congress we took the following oath:

"I do solemnly swear that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I will take this obligation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God."

Therefore we can not under our oath support this legislation.

We further submit that the proposed bill is not only in violation of the Constitution of the United States but of the Democratic platform, which calls for the "sale of beer and other beverages of such alcoholic content as is permissible under the Constitution." The above quotation from the platform shows that it was not the intent of those framing the platform to declare for legislation which would be violative of the Constitution.

The very clear and definite proof before the Ways and Means Committee during the extended hearings on this bill shows conclusively that beer of alcoholic content of 3.2, which means beer of 4 per cent alcohol by volume, is intoxicating in fact and is the same type of beer which was generally produced and sold prior to the Volstead Act. The sale of such beer, because of its alcoholic content, is not permissible under the Constitution.

HEARTSILL RAGON.
MORGAN G. SANDERS.
JERE COOPER.

As to the amendments of the gentleman from Massachusetts [Mr. TINKHAM] and of the gentleman from Georgia [Mr. TARVER], which would prohibit Government enforcement officers from buying liquor, I wonder how many arrests could be made by the prohibition unit without their agents buying liquor, when in the jurisdiction of many courts, they require that the Government must prove a sale.

They have to go into court with evidence that there was a sale made. Let a prohibition officer go into a place and not buy something, but merely hang around there watching, and he would not live long in most of those joints.

Mr. TARVER. Will the gentleman yield?

Mr. BLANTON. In just a moment. I have but a few minutes. I am sorry, but my time is too limited on this important matter.

My friend the gentleman from Massachusetts [Mr. TINKHAM] whom we see here very active once in a while on a few subjects, is going to speak on trying to stop them from tapping wires. Just who is it that the gentleman has in mind who ought to be protected from wire tapping? I proved by the Attorney General there was not any danger of tapping his wires unless he violated the law. I proved by the Attorney General that he would not permit any Congressman's wire to be tapped, unless the Congressman was at the head of a big liquor machine that was violating the law over the United States. Then probably it would be necessary to tap his wire.

I want you to take these hearings. The gentleman from Massachusetts [Mr. TINKHAM] is a member of the subcommittee which brings in this bill for four departments. Four of them. The hearings on the State Department are printed in a separate document. The State Department hearings comprise 342 printed pages. I ask you to show me one question which the gentleman from Massachusetts asked concerning the State Department in all those 342 pages of printed hearings. The gentleman was not interested in the State Department. Not a question did he ask any of those splendid gentlemen who came before our committee, as far as the hearings disclose.

The printed hearings on the Department of Labor do not show any questions which the gentleman from Massachusetts [Mr. TINKHAM] saw fit to ask there. He did not seem to be interested about the Labor Department. The Department of Commerce, with its great document of printed hearings, 446 printed pages, does not show where the gentleman from Massachusetts [Mr. TINKHAM] asked any questions concerning the various bureaus and business of that department. No interest. The gentleman was not interested; but when it comes to the Department of Justice, oh, his pointed questions are all through the 446 printed pages. I wish you Members would take the hearings and read all of the questions which the gentleman from Massachusetts asked Colonel Woodcock and Attorney General Mitchell on prohibition, reading from his voluminous brief he had during all those days; and that shows where his interest was—to break down the national prohibition law. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. TINKHAM. Mr. Chairman, I yield five minutes of my time to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, I realize, as has been said, that this is not a prohibition question. It is one of ordinary, everyday common sense and should be so treated. The Prohibition Enforcement Unit is made up generally of clerks, snoopers, mattress friskers, men who obtain evidence by tapping telephone wires and buying liquor, and things like that, for evidence purposes. Nine million one hundred and twenty thousand dollars is carried in this bill. I maintain, after having talked with members of the Committee on Appropriations, that $9,120,000 appropriated for a department which, within a year from now, will be more or less defunct and out of business, is too much money, and the amendment now pending before the House aims to bring a reduction in that particular department in line with the policy of the Federal Government for a reduction of 25 per cent generally in all departments of the Government.

I have been told, and so have you, that up to the present moment the reduction made for the Prohibition Unit below the recommendation of the Director of the Budget has been 5 per cent. We have also been told that the reduction for the Department of Commerce is 18 per cent. Be that as it may, we are aiming, Mr. Chairman, to reduce appropriations in every department of the Government. In this particular department, controlling nothing but clerks—90 per cent of the money goes for that—I maintain that the $7,199,986, which will remain in this bill if the amendment offered by the gentleman from New York [Mr. GRIFFIN] is agreed to, is ample under any reasonable form of government, to carry this department through to its successful or unsuccessful conclusion. The amount carried in the bill is not available until July 1 of this year. By that time undoubtedly, we will agree, the manufacture and sale of beer will have been legalized.

Mr. BLANTON. No.

Mr. BRITTEN. The gentleman from Texas says "no," because the gentleman does not know what is going on, but everybody else does.

Beer will have been legalized, and the work now connected therewith will no longer be performed by the Prohibition Enforcement Unit. That work undoubtedly to-day is costing the bureau many millions of dollars. In the interest of the taxpayers, from whom the $9,120,000 that is carried in the bill comes, we are reducing salaries. Last year we reduced the salaries of the poor, underpaid postal employee who has a family of four or five to care for. We have piled income taxes and excise taxes upon the shoulders of the taxpayers until to-day they are a tremendous burden. This must come to an end. We are destroying business as well as initiative, and at the same time squandering the money we collect through taxation.

Let me call your attention to a few of the many nuisance taxes this Congress has imposed upon a weary public:



Increased postage from 2 cents to 3 cents. That is made necessary by amounts like the amount carried in this bill—$9,000,000—for an unpopular cause, to say the least.

Bank-check stamps, legal conveyances, electric energy that goes into almost every home in the United States are taxed in order to bring money for the Prohibition Department and other departments of the Government. Are we going to squander a great portion of that $9,000,000 or are we going to attempt to save some of it? That is the question before the House this afternoon.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. SHREVE. I yield the gentleman from Illinois one additional minute, Mr. Chairman.

Mr. BRITTEN. Small safe-deposit boxes and many other directions which have never in the history of this Government been taxed, are now being taxed in order to get money to pay for such activities as are carried in this bill. We tax telephone and telegraph messages, soft drinks in every drug store, candy, chewing gum, radios, cameras, tobacco, matches, movies and amusements of every sort, even baseball games. We have piled taxes upon the automobile and its accessories until now it is the most highly taxed piece of mechanical equipment in all the world. The voters of the country last November emphatically registered their disapproval of the eighteenth amendment as well as the now discredited Volstead Law, and this House has an opportunity to record its vote in favor of an economy which will meet with the popular accord of millions of people in every State of the Union. Prohibition as a national policy, is dead. The various States will soon regulate their own alcoholic-beverage traffic. Fanaticism, bigotry, and intolerance have played their complete part in the destruction of an ignoble experiment.

While millions of dissatisfied taxpayers are being taxed to put this $9,120,000 and other millions into the Federal Treasury, we should at least promote economies where they can so easily be made effective.

The amendment of the gentleman from New York [Mr. GRIFFIN] should be adopted. It is in the interest of good business. Surely they can reduce their clerical force; they can easily bring about such reorganization of the Prohibition Bureau as will be made necessary by this amendment.

[Here the gavel fell.]

Mr. SHREVE. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. MOORE].

Mr. MOORE of Ohio. Mr. Chairman, the gentleman from Illinois, who has just spoken, is still consistent. He was opposed to the eighteenth amendment in the beginning and he is still opposed to it. It may not be removed from the Constitution as soon as he thinks it will be. I venture to say it will be in the Constitution a year from now in spite of the prediction of the gentleman from Illinois.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Ohio. I yield.

Mr. BRITTEN. I said "legalized beer" and nothing about the eighteenth amendment.

Mr. MOORE of Ohio. Well, I do not know, of course, but since we did not get beer by Christmas, as promised by its advocates, we may not even have beer a year from now. As the dates are being advanced, I do not know when we shall have beer. At any rate, the eighteenth amendment is in the Constitution now and those who believe in law enforcement ought to be willing to support sufficient appropriations to enforce the law.

The gentleman from Illinois makes a very specious argument, as though all of the taxes for increased postage went into this particular item for prohibition enforcement. Those special taxes go into the Treasury of the United States for general taxation purposes. If the gentleman were consistent, he would advocate a 25 per cent reduction, or whatever it is, for the entire bill; but, of course, the animus of the gentleman is against prohibition and its enforcement. He continually speaks about that subject, but while it is in the Constitution he should insist upon an adequate amount of money to enforce it. Of course, the gentleman thinks that this is sufficient to carry on the work of the department. I imagine that Mr. Woodcock knows more about what it ought to take to enforce the prohibition laws than does the gentleman from Illinois. In fact, the Prohibition Department asked for more than the amount that is allowed here. It seems to me if we want to reduce expenditures and appropriations, and we all do, we ought to be fair enough not to aim at one particular branch of the Government. There is a group that claim to want to economize, but all their efforts are directed toward economy in the Department of Prohibition. All these years they have been giving comfort to those who have been violating the prohibition laws.

The one who has the responsibility of enforcing these laws frequently has said that the agitation and the attitude of men like the gentleman from Illinois have given encouragement to the lawbreakers, not only by what they say, but by their act in wanting to cut the appropriations. The gentleman evidently does not want to enforce the law even while it is in the Constitution.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Ohio. I yield.

Mr. BRITTEN. The gentleman has suggested that attitudes like mine have lent peace, comfort, and assistance to those who have violated the law. I rarely see the gentleman at a dinner around Washington, so he, consequently, does not know that there is drinking in practically every home in Washington almost every night by officials, almost from the highest official in the United States Government down to the gentleman himself, a Member of Congress—every day and every night of every year since prohibition went into effect. The gentleman, of course, does not know that, he is such a hidebound prohibitionist.

Mr. MOORE of Ohio. Evidently the gentleman from Illinois would like to leave the impression that simply because there is drinking in the homes where he goes there is drinking in every home in Washington. [Applause.]

Mr. BRITTEN. I applaud that statement. I agree with the gentleman; there is in nearly every home.

Mr. MOORE of Ohio. It is absolutely unfounded, and it shows the poor taste and the lack of information on the part of the gentleman from Illinois, because I have gone around a little myself in the last 14 years. There is no drinking in the homes where I go. [Applause.]

[Here the gavel fell.]

Mr. GRIFFIN. Mr. Chairman, I yield three minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, the gentleman from Ohio [Mr. MOORE] would have you believe that no Government agency is being cut except the Prohibition Bureau. Why, we have cut the Bureau of Foreign and Domestic Commerce, also in this bill, almost 35 per cent in two years, but when we take a couple of million dollars away from prohibition enforcement the cry goes up that those who favor reduction are only the Members who oppose prohibition. Such is not the case.

What has prohibition done? In 1932 there were 13,698 Government prisoners in penitentiaries and 12,000 in jails. Why do we not have over 50,000 in these institutions? Simply because Congress passed the probation law and the Federal judges of this country have placed upon probation since that law was enacted a few years ago over 25,000 citizens who violated the Volstead law. Had it not been for that law they too would be in jail.

When you put a man in the penitentiary, when you put a man in jail, you are only saddling additional expense upon the taxpayers of this country; the prisoners must be maintained; and fully 85 per cent of the taxpayers of this country told you on November 8 last that they no longer wanted this law in effect; they no longer wanted their money spent in this way.

I say that the Prohibition Department is receiving more than it actually deserves, because it can not enforce the law; any fair-minded person knows that you could appro-

priate $100,000,000 and still could not enforce prohibition in this country. You never will enforce it.

The gentleman from Ohio says he has been around. Well, if he goes around a little more he will see what exists in this country. I can take him around and show him in any city of the United States—and I have been around a little too—I will bet him $500 that within an hour's time in any big city he can get liquor if he has the money to buy it, and I do not exempt any one city—North, South, East, or West; I will take him into his own State of Ohio, because I have been in the city of Columbus, which is the seat of the Anti-Saloon League headquarters, where you can buy liquor just as fast as you like if you have the money to pay for it.

Colonel Woodcock is an excellent official. He has tried hard. There has been less scandal under his régime than prior to the time he took office. He tries to keep his men from violating one law to enforce another law, but with all his skill, with all his experience, the best we can say for him is that he has been a faithful public servant; he has performed his duty but the overwhelming sentiment throughout the Nation in opposition to the law he would enforce has prevented him from even making a little dent in the liquor traffic.

Colonel Youngquist likewise is an honest gentleman who will not tolerate the personnel of the enforcement agency's violating the regulations laid down by the Attorney General. He, too, fails because of the situation that confronts him. All the colonels in this land—and I might add generals and admirals—can not enforce this law, no matter what funds are placed at their disposal.

The amendments upon which we are soon to vote simply save the taxpayers money. Can you name any law other than the Harrison Narcotic Act and the revenue acts where we set up an individual enforcement agency? Look at the appropriation for enforcing the narcotic act! Why, Mr. Chairman, I would rather place 1 man back of the bars for selling dope than put 5,000 men in the penitentiary for selling liquor. Still the Congress gives the Narcotic Bureau a little over $1,000,000. The country is honeycombed with drug addicts; dangerous men and women. The great majority commit crime to buy the drug they must have. They are most unfortunate people—diseased people; but instead of going after those who dispense dope in a real way we give them a small sum. Why? Because there is no Anti-Saloon League with a big lobby threatening Members of Congress in support of the enforcement of that law.

The sentiment existing in this country in opposition to the eighteenth amendment and Volstead law prevents enforcement. Increase the agents to any number and the violations would still prevail.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. BLANTON. The gentleman is proving our case for the need of more money for enforcement. [Applause.]

Mr. COCHRAN of Missouri. We could appropriate $100,000,000 for enforcement, but this law would not be enforced. I will take the gentleman from Texas [Mr. BLANTON] to Texas, where I was in 1928, where you could get all you wanted, the Texas Rangers notwithstanding. [Applause.] No matter where you go—I do not care where it is in this country, the city of Washington or any other place—you can get all the liquor you want to buy; and everybody who has been around who is awake to conditions must admit it.

Frankly this bootlegging business is causing the people of this country a great deal of concern. The bootleggers who now support the drys—they do not want their source of living taken from them—have methods that enable them to deceive their customers. They not only print the labels but have identical bottles manufactured, printed wrappers, and even the corks have the name of some Canadian or other foreign brand of liquor blown in. They sell this to the public at high prices, making them believe that they are getting foreign-made goods. When it is opened it is found to be North Carolina, Virginia, Maryland, South Carolina, or some other kind of rye, a few weeks old, which you can buy in those States for as low as $3 or $4 a gallon, but which brings big prices when placed in bottles with labels and wrapped exactly like the product manufactured abroad and in Canada. It might be well to spend some of this money to protect the innocent investor.

I have been fair to the Prohibition Unit. I voted for the past appropriations, but in my last campaign I told my constituents I was through, that I would vote to hold the appropriations down to the minimum, and I propose to do so to-day.

Let the bureau use what it gets to try and stop some of the illicit manufacture of liquor. It can not do it, for as soon as they destroy one still another is put up.

The recent decision of the Supreme Court on entrapment spells the death of prohibition enforcement. How can a Federal agent make a case if he does not induce the bootlegger or proprietor of a speakeasy to violate the law. When he does that it is practically entrapment. It seems to me that the only field for enforcement now is the source of manufacture. Leave the fellow who sells a pint or a drink alone for a while and concentrate all efforts and use what money is appropriated to try and destroy the source.

Concluding, Mr. Chairman, let me say prohibition has failed; the people, knowing this noble experiment had had a fair trial, spoke last November. Why, then, should we spend the taxpayers' money in times such as we are now experiencing to try and enforce a law which all honest men and women who know conditions must admit is impossible.

[Here the gavel fell.]

Mr. TINKHAM. Mr. Chairman, I yield five minutes of my time to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER. Mr. Chairman and members of the committee, I was, indeed, gratified to hear the American speech of our heretofore dry Democratic colleague from Georgia [Mr. TARVER]. I do not agree, however, with his statement that there was drunkenness and high-power beer sold at the Texas barbecue. He perhaps observed a few of the disciples of Bishop Cannon down there drinking near beer. The bishop testified before the Committee on Ways and Means that several of his disciples claimed to have become intoxicated as a result of drinking a couple of bottles of one-half of 1 per cent near beer.

I almost agree with the statement of the gentleman from Ohio [Mr. MOORE] when he said a year will roll by and we will still have the eighteenth amendment. A year will roll by, and two years will roll by, and we will still have the eighteenth amendment, unless our Democratic colleagues who have control of the House take the bull by the horns and vote to submit a repeal resolution at this session.

If you wait until the next session of Congress, many of the State legislatures will have adjourned; and if action is to be taken by States through legislative action, you will not have this action. If action looking toward repeal is to be taken by State conventions, many of the State legislatures which must provide for the conventions will not be in session. I prophesy right now that unless you can convert six of the dry-voting Democrats and submit an eighteenth amendment repeal resolution at this session, you will find two years from now that the eighteenth amendment is still in the Constitution.

It is reasonable in these days of high cost of government to reduce the appropriations for prohibition enforcement 25 per cent in order to relieve the taxpayers. The Democratic Party promised to reduce all appropriations for the Government 25 per cent. We have to cut the cost of government. The excessive burdens of taxation are helping to crucify the American people and keep people who have money from putting it into industry and furnishing employment. We can also help these overburdened taxpayers by adopting the Tinkham amendment and stopping the expenditure of many thousands of dollars of the taxpayers' money to purchase booze to be consumed by prohibition agents and stool pigeons.

Look at the newspapers each day, and you will find that some of these agents admit before court commissioners and admit when testifying in court that they make 10 or 12

purchases of whisky and drink it before they make an arrest.

For goodness sake, let us give some relief to the overburdened American taxpayers, and let us commence to give that relief in this prohibition appropriation bill, particularly in view of the promise of the Democratic Party to reduce the expenditures of government 25 per cent and to also abolish prohibition.

I hope that you will also vote for the amendment to prevent wire tapping. We know that the sanctity of the home has been destroyed and the home life of the American people has been subjected to a despicable system of espionage under the wire-tapping practice. It is only fitting that the distinguished gentleman from the Commonwealth of Massachusetts [Mr. TINKHAM] should offer this amendment, because many years ago the citizens of that Commonwealth rose up and protested against the invasion of the home and the home life of the American people by the use of similar despicable means. If there is any doubt among any of you Democrats as to whether or not the anti-wire-tapping amendment should be adopted, I submit for your consideration the opinion of that sterling American, that noble Democrat, Justice Brandeis, in the wire-tapping case of Olmstead against United States, in which opinion he bitterly denounced this nefarious practice. I ask you Democrats to follow Justice Brandeis and not "Justice" BLANTON on this proposition. [Laughter and applause.]

Mr. TINKHAM. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. CLANCY].

Mr. CLANCY. Mr. Chairman, I rise to advocate, as I have done for many years in the House, prohibition reform. I rise now to support the amendments or curtail terrifically heavy prohibition-enforcement appropriations and the fanatical, terroristic practices of telephone wire tapping, appropriating money for the purchase and consumption of intoxicating liquor by prohibition agents, and for the payment of civilian snoopers outside the service.

For years I have fought these abuses and for some years I have had pending in Congress a bill to abolish wire tapping by prohibition agents.

The country is in a rage that the present session has not seen the passage of a beer bill or a bill for the repeal of the eighteenth amendment. It is also furious that appropriations have not been drastically cut down or abolished for the special enforcement of prohibition.

We have not even considered the repeal of the odious Jones 5-and-10 law nor the repeal of the law allowing the seizure and sale of automobiles owned by innocent persons. Auto sales dealers and the big manufacturing companies lose over a million dollars a year by the operation of this law.

We have had responsible leaders testifying before our committees that large groups of our people are meditating revolt or revolution unless they get relief from Congress.

I do not believe that all Members of Congress appreciate the terrific undercurrent of dissatisfaction prevalent among our people to-day. I talk to dozens of people every day, in every walk of life, and invariably the question is brought up about the way Congress is fiddling away its time in Washington.

We have been in session now about eight weeks, but little has been accomplished. You would be surprised to know of the radical ideas that some of the biggest and best business men are advocating. If ever there was a repetition of history, of Nero fiddling while Rome was burning, we have an instance now of Congress monkeying while the country is going to the dogs.

In past debates on prohibition-enforcement appropriations I called attention in the House to the fact that the Appropriations Committee of the House is packed with drys, consciously or unconsciously. This subcommittee on the Justice Department is packed 4 to 2. At least they were drys before the last election. Another subcommittee appropriates more money for prohibition enforcement than is appropriated in this bill. There are six drys and no wets on that subcommittee. Another subcommittee, which has occasionally handled prohibition-enforcement appropriations, has 10 drys and no wets.

In the next Congress, if justice is done to the country, the leaders of the House should appoint a larger proportion of wets on that committee. The committee should be controlled by the wets.

It can not be considered otherwise to-day than that prohibition is the sacred cow of the Appropriations Committee and is going to get the least cut of any items appropriated.

It can not be otherwise also than that the gentleman from Massachusetts [Mr. TINKHAM], who has been a fighting wet on that committee for years, is to-day the black sheep of that committee, and that is why he is denounced to-day. He is one of the most valuable Members of the House. The wets gain hundreds of millions of dollars in revenue and also will save millions in appropriations and taxes, all for the people.

It has been made clear by the gentleman from New York [Mr. GRIFFIN], a member of the subcommittee, that a department like the Department of Commerce has been cut 18 per cent and which has control of the life-saving maritime activities of the Government and has in charge the safety of the lives of millions of passengers on the water.

In the Commerce Department, the Bureau of Standards, which is for research and the advancement of industry, has been cut. The Bureau of Foreign and Domestic Commerce has taken a terrific cut. It is claimed on every hand that the country will never come back unless its trade is revived, and we are particularly anxious to see our foreign trade revived, and it is the business particularly of the Bureau of Foreign and Domestic Commerce to promote this trade. Yet it is heavily cut.

The gentleman from Maine [Mr. BEEDY], in effect, said, "Wait and let the people act on prohibition through their legislatures or through their conventions and see what the ultimatum is, or wait for action of the next House and Senate."

We got a flat wet ultimatum in the elections last fall. We got an ultimatum also last June, when both political parties went wet in their platforms. Why wait any further while the country suffers?

An official of the Department of Justice tells me that it costs $183 to bring a person charged with violating the prohibition laws to jail. Upon this tremendous cost is superimposed the cost of two juries, the grand jury, and the petit jury, the cost of the district attorney's office, and the cost of the judge's office and the marshal's office, as well as the maintenance in jail of the prisoner for whatever sentence he receives, and then also the cost of maintaining his wife and children or other dependents, which is usually done by the public welfare.

The wet amendments are not intended to destroy the administration of justice. In my city we have 3,300 policemen, deputies, and so forth, to enforce Federal and other laws, and Congress has been drastic enough also to send to Detroit about 600 border patrolmen, a large portion of whom are customs border officers, for the sole purpose of enforcing the prohibition law. The rest of them are immigration border patrolmen. Then you superimpose upon these officers prohibition agents, and the system of tiers of police upon one another is worse than in Russia, even in the days of the Czar.

If you had a Federal law against the use of tobacco or chewing gum, you would probably regard it as absurd to appropriate $9,000,000 in addition to the appropriations for all other law enforcement, for the enforcement of that particular law. It is just as silly to do so for beer or liquor.

One gentleman has said, "Do not worry about wire tapping; it is only being used to catch criminals."

In my State the telephone wire of the highest Federal official in the State was tapped, that of the collector of customs. He was an innocent man and was proved so. The Justice Department did it, and the Treasury Department did not know it. They tapped the wire of the collector of customs, not in his office, but in his home, and

listened to the conversations between his wife and himself of an intimate nature and other intimate conversations. He was thus made an easy prey to embarrassment or even blackmail. If the highest official of the Federal Government in Michigan was not immune from Federal wire tappers, how could a Congressman or Senator or even the President be regarded as immune?

Mr. SHREVE. Mr. Chairman, it seems to me that in all the discussion to-day we have lost sight of one thing. We have lost sight of one of the very fundamentals of this proposed legislation, in that we have lost sight of the revenue end of it.

Now, I have been told that the beer bill would bring in about $125,000,000. That bill is coming along soon, and I want to ask what useful purpose will the bill serve unless these men who pay $1,000 for a permit to manufacture beer and the others $1,000 for a permit to sell it unless they are protected from foreign invasion?

I want to read a portion of an article, and then I am through. It is from Ottawa, Canada, January 17:

> Domestic rum runners are preparing for an onslaught on the American market, it was revealed here to-day under a peculiar construction on Canada's criminal code, whereby the Dominion Government's ban on liquor exports to prohibition countries could be voided as regards the United States if the American Congress legalizes 3.2 beer.
>
> Liquor shipments are increasing to the French islands in the Gulf of St. Lawrence, outlet for wet cargoes to the United States, and a veritable flood of whisky, gin, beer, and wine is expected to be unleashed for destination across the border once the beer bill before Congress is passed.

What are you going to do about it? How will you raise $125,000,000 if you are going to allow a flood of liquor to come into the United States? How are you going to collect the revenue if you cut down the appropriation and tear down the law enforcement?

Mr. HORR. Will the gentleman yield?

Mr. SHREVE. Certainly.

Mr. HORR. I want to say that in my own State of Washington, at the last election, we repealed all the prohibition laws as far as the State is concerned. We have between seven and eight officials trying to keep out the flood that the gentleman is talking about which to-day is flooding the State of Washington and will continue.

Mr. CLANCY. Will the gentleman yield?

Mr. SHREVE. Yes.

Mr. CLANCY. I want to ask the gentleman if it is not true that we passed the Treasury Department appropriation bill with appropriations for customs patrol and border patrol to prevent the flood of these liquors from Canada?

Mr. SHREVE. That is true, but we know the situation there. I live on the shores of Lake Erie the same as does the gentleman, and we know that they are not going to stop the rush of liquor unless there are law-enforcement officers in his city and mine. I am talking about protecting the brewery men, the manufacturers of beer, and those who will sell it. Where are you going to get the $125,000,000 that you say the bill will bring in?

[Here the gavel fell.]

Mr. GRIFFIN. Mr. Chairman, I yield four minutes to the gentleman from Illinois [Mr. SABATH.]

Mr. SABATH. Mr. Chairman and gentlemen of the committee, whether we favor or oppose prohibition, I feel that we should support and adopt the amendment offered by the gentleman from New York [Mr. GRIFFIN]. If there were any chance of reducing it by 50 per cent, I, myself, would favor it and vote for it; in fact, I would even eliminate it altogether; but I realize there is no possible chance of that.

The country demands economy. We have been trying to economize, and have done so in some departments.

In view of conditions, I feel that a 20 per cent reduction in the Prohibition Bureau is a reasonable one. Hardly a day passes that we do not hear from all sections of the country and read in practically every newspaper of the clamor for balancing the Budget and rigid economies. I realize, and I know that you gentlemen realize, that it is propaganda carried on by the shrewdest of publicity men and lobbyists who have been engaged by the very men who brought about this prohibition, by such moralists as Stillman and Kresge, and by the gentlemen who, the evidence only yesterday disclosed, control about 1,147 directorships in the various banks, insurance companies, railroads, and large industrial companies. These are the men who are behind the movement and behind this lobby to balance the Budget. They know that the balancing of the Budget will not start the wheels of commerce going again. They know that; but they are trying to take advantage of the unfortunate situation which the country is in now in order to bring about the reduction of the salary of every employee, regardless of the small amount that he may earn, because they can point out in their own establishments that even the Government has reduced salaries by 15 or 20 per cent and that they, consequently, must do likewise.

It is high time that we demonstrate to the country that we are honest and sincere in our efforts to bring about economy, not because of any reaction to the propaganda, but because we recognize that conditions make it imperative that we economize. I am opposed to the cutting of wages and salaries of the low-paid men; but this apparently is the aim of those who advocate the balancing of the Budget, and who are shouting day in and day out for economy. If these railroad presidents who are drawing salaries of $100,000 to $120,000 a year—money which comes out of the proceeds of the revenues and from the stockholders—would reduce their salaries by one-half or by 75 per cent, they would be justified in criticising the House and in saying that we are not trying to bring about economy. It is these very men who are drawing $100,000 and $150,000 a year as officers of these corporations who are demanding the balancing of the Budget and who are disregarding the people of the United States every day in the year.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. SHREVE. Mr. Chairman, I yield nine minutes to the gentleman from Alabama [Mr. OLIVER] or his representative, Mr. GRIFFIN.

Mr. GRIFFIN. Mr. Chairman, I yield four minutes to the gentleman from Texas [Mr. BLANTON].

Mr. SABATH. Mr. Chairman, a parliamentary inquiry. The gentleman has spoken on this question before.

Mr. BLANTON. Mr. Chairman, I refuse to yield for a parliamentary inquiry.

The CHAIRMAN. The gentleman from Texas refuses to yield for that purpose.

Mr. BLANTON. Mr. Chairman, usually those who propose amendments speak for them so as to allow those who do not agree with them to answer in debate. I was in hopes of being able to use part of my time to answer the gentleman from Massachusetts [Mr. TINKHAM], who proposes some very drastic amendments. But he saves his speech until last, so I can not follow him.

It is impossible to ferret out and locate and identify the heads of big national and international liquor rings that violate our prohibition laws in the United States without some wire tapping under safeguards. Both the Attorney General and Colonel Woodcock state that emphatically. It is absolutely necessary, once in a while, to use wire tapping in locating the heads of these big rings. They manipulate in the dark, they manipulate under cover. Even their employees do not know who they are, sometimes. Why should we protect them? Who are they that they should receive congressional protection?

Mr. BEEDY. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I regret that I have not the time. My friend from Massachusetts [Mr. TINKHAM] would take that arm of enforcement away from our Department of Justice. He would destroy all enforcement if he could. I want you to get the printed hearings on the Department of Justice bill and turn to page 310, and there you will see that for several hours, going from one day to the next, and in 43 pages of printed hearings, the gentleman from Massachusetts, who is a shrewd lawyer, with a big brief, asked question after question of Mr. Woodcock, and every

question he asked Colonel Woodcock knocked his eye out with a definite, decisive, conclusive answer. Read it. He was not able to shake him in a single position. Finally, he gave up in disgust this year just as he did last year, as you will see if you will look also at the hearings on the bill last year.

What are we going to do? Are we going to cripple prohibition enforcement? If so, why? What is our purpose? My friend from Illinois [Mr. BRITTEN] says that in spite of the eighteenth amendment, even though it is not repealed, that there will be a beer bill passed into law. If there is, it will be because somebody violates his oath. My friend in the next Congress will have to take the oath and swear that he will support and defend the Constitution, without any evasion. That means that he will support every part of the Constitution, including the eighteenth amendment.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. And if the next Congress comes in here and votes for intoxicating beer to be sold right in the face of the Constitution, then I ask my friend from Illinois, whether they will not be violating their oath of office.

Mr. BRITTEN. The gentleman knows that his Commander in Chief, the President elect, has also to take that oath of office, and he is for the repeal of the eighteenth amendment.

Mr. BLANTON. If he signs that beer bill, with the eighteenth amendment not repealed, he will violate his oath also.

Mr. BRITTEN. He will sign it, if President Hoover does not.

Mr. BLANTON. I don't believe either will violate their oath.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. TINKHAM. Mr. Chairman, the honorable Representative from Texas, as is his wont, is continuing his attacks upon me. I have been used to attacks for about 30 years. I am absolutely indifferent to them, so the honorable Representative is wasting his time. In fact, I welcome attacks from certain sources.

The House knows as well as I do that there is something wrong with the honorable Representative from Texas [Mr BLANTON], and as I understand it, the consensus of his colleagues is that his habits are not so convivial after the Congress adjourns as they might well be, which perhaps accounts for his animosity against both things and individuals, and I might say against the world. [Laughter.]

Now, in relation to the three amendments I have offered, one is against the purchase of liquor with Government money, in violation of the prohibition law, often involving entrapment, which is implicit in this practice, a practice which has been denounced repeatedly during the last 12 years not only by the lower courts but by the upper courts as well, and recently by the Supreme Court of the United States.

The second amendment is in relation to the employment of stool pigeons. Think of a government employing the lowest class of people in the world, men who are criminals, and spending money to the extent of $50,000 a year in that practice. There is $50,000 in this bill for that purpose and $125,000 for the purpose of purchasing liquor illegally. These are unclean expenditures and discreditable to any government.

The third amendment is to prevent wire tapping.

Now, in relation to wire tapping, let me read one or two paragraphs from a decision by Mr. Justice Brandeis of the Supreme Court of the United States. In the case of Olmstead et al. *v.* United States (277 U. S. 438) he says:

> The evil incident to invasion of the privacy of the telephone is far greater than that involved in tampering with the mails. Whenever a telephone line is tapped, the privacy of the persons at both ends of the line is invaded and all conversations between them upon any subject, and although proper, confidential, and privileged, may be overheard. Moreover, the tapping of one man's telephone line involves the tapping of the telephone of every other person whom he may call or who may call him. As a means of espionage, writs of assistance and general warrants are but puny instruments of tyranny and oppression when compared with wire tapping.

Can this House, after an expression of that character by Mr. Justice Brandeis, an honored member of the Supreme Court of the United States, approve the practice of wire tapping? His language is flaming language. It is the language of the spirit of America against espionage, against violation of the privacy of the individual, and for the preservation of the integrity of the home.

Further, let me reply to the defense that is made for wire tapping that it is for the enforcement of law, that criminals must be apprehended, as Mr. Justice Brandeis states in the same case:

> And it is also immaterial that the intrusion was in aid of law enforcement. Experience should teach us to be most on our guard to protect liberty when the Government's purposes are beneficent. Men born to freedom are naturally alert to repel invasion of their liberty by evil-minded rulers. The greatest dangers to liberty lurk in insidious encroachment by men of zeal, well meaning but without understanding.

I might add that Justice Holmes denounced this practice in the same case, in the following language:

> It is desirable that criminals should be detected, and to that end that all available evidence should be used. It also is desirable that the Government should not itself foster and pay for other crimes, when they are the means by which the evidence is to be obtained. * * * We have to choose, and for my part I think it a less evil that some criminals should escape than that the Government should play an ignoble part.
>
> For those who agree with me, no distinction can be taken between the Government as prosecutor and the Government as judge. If the existing code does not permit district attorneys to have a hand in such dirty business it does not permit the judge to allow such iniquities to succeed. * * * It is true that a State can not make rules of evidence for courts of the United States, but the State has authority over the conduct in question, and I hardly think that the United States would appear to greater advantage when paying for an odious crime against State law than when inciting to the disregard of its own.

In relation to the purchase of liquor, here is an Associated Press dispatch from Chicago, May 24, 1932, less than a year ago:

> Federal Judge George A. Carpenter has ruled that a prohibition agent who admits taking nine drinks of liquor, which he himself describes as intoxicating, is in no position to testify at a later date regarding his purchases.

In other words, a prohibition agent takes nine drinks and then appears in court as an accusatory witness. That is not an isolated case, but it is typical of hundreds or thousands of cases during the 12 years of the tyranny of prohibition. Such a practice of policy of Government would descredit any law as it has prohibition.

Mr. KNUTSON. Will the gentleman yield?

Mr. TINKHAM. For a moment; yes.

Mr. KNUTSON. Has it not been the gentleman's observation that the Prohibition Department has confined itself to the small violator and has almost altogether ignored the big dealer in alcohol?

Mr. TINKHAM. Well, as far as purchasing drinks is concerned, I think that is true.

Mr. KNUTSON. No; I mean as far as enforcing the law is concerned.

Mr. TINKHAM. Well, I do not know whether that is true or not. The department alleges otherwise.

I have here another dispatch showing the effect of this policy and practice. It is from the Baltimore Sun, and it is headed "Arrested for Driving Drunk":

> Ival H. Hatton, a Baltimore prohibition agent, spending a 2-day annual leave near here, was arrested here early to-day on a charge of driving an automobile under the influence of liquor.
>
> After spending most of the day in the city jail, he was released upon posting $101.75 collateral, which he forfeited by failing to appear for trial several hours later. * * *
>
> The police said Hatton admitted having had several highballs. A woman riding in his car at the time of the arrest was not held.
>
> Hatton described himself as a Federal employee but did not state his duties.

These two cases illustrate what is occurring in every State in this Union by a practice which one of my amendments seeks to discontinue.

The scandals of attempted prohibition enforcement have not only discredited prohibition but have also been a large

contributor to the social chaos in which the American Republic is now plunged.

Mr. WILLIAM E. HULL. Will the gentleman yield?

Mr. TINKHAM. I yield.

Mr. WILLIAM E. HULL. Is it not also true that they are and have been employing women to do this work?

Mr. TINKHAM. They were recently forbidden to do that.

Here is another case:

DRY RAIDERS WHO USED EAGLES' CARDS SCORED

PHILADELPHIA, March 1.—Methods of prohibition agents whose raids led to padlocking of seven Eagle lodges in western Pennsylvania were denounced by judges of the United States Circuit Court of Appeals to-day in reversing a padlock order imposed by the Federal court at Pittsburgh last June.

Two prohibition agents used lodge membership cards bearing fictitious names to gain entry to the lodge rooms, where they allegedly bought beer and liquor, and later obtained search warrants on which raids were conducted.

As recently as December 19, 1932, the Supreme Court decided against the contentions of the Government (C. V. Sorrells *v.* The United States of America). I quote from the decision:

The substance of the testimony at the trial as to entrapment was as follows: For the Government, one Martin, a prohibition agent, testified that having resided for a time in Haywood County, N. C., where he posed as a tourist, he visited defendant's home, near Canton, on Sunday, July 13, 1930, accompanied by three residents of the county who knew the defendant well. He was introduced as a resident of Charlotte who was stopping for a time at Clyde. The witness ascertained that defendant was a veteran of the World War and a former member of the Thirtieth Division, American Expeditionary Force. Witness informed defendant that he was also an ex-service man and a former member of the same division, which was true. Witness asked defendant if he could get the witness some liquor, and defendant stated that he did not have any. Later there was a second request, without result. One of those present, one Jones, was also an ex-service man and a former member of the Thirtieth Division, and the conversation turned to the war experiences of the three. After this, witness asked defendant for a third time to get him some liquor, whereupon defendant left his home and after a few minutes came back with a half gallon of liquor, for which the witness paid defendant $5. Martin also testified that he was "the first and only person among those present at the time who said anything about securing some liquor," and that his purpose was to prosecute the defendant for procuring and selling it. The Government rested its case on Martin's testimony.

Further in this decision it is stated:

It is clear that the evidence was sufficient to warrant a finding that the act for which defendant was prosecuted was instigated by the prohibition agent; that it was the creature of his purpose; that defendant had no previous disposition to commit it, but was an industrious, law-abiding citizen; and that the agent lured defendant, otherwise innocent, to its commission by repeated and persistent solicitation, in which he succeeded by taking advantage of the sentiment aroused by reminiscences of their experiences as companions in arms in the World War. Such a gross abuse of authority given for the purpose of detecting and punishing crime and not for the making of criminals deserves the severest condemnation, but the question whether it precludes prosecution or affords a ground of defense, and, if so, upon what theory, has given rise to conflicting opinions.

I hope the committee will accept the amendment forbidding the use of Federal funds for the tapping of wires, a contemptible and nefarious practice.

I hope the committee will also accept the amendment to prevent the purchase of liquor with Federal funds. Its abuses, its iniquities, and its example are ruinous to ethical as well as to legal standards.

I hope further that the committee will accept the amendment to prevent the employment of stool pigeons, a despicable and vile policy.

[Here the gavel fell.]

Mr. GRIFFIN. Mr. Chairman, I yield four minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, my amendment strikes out the entire appropriation for enforcement. I offer it in good faith. I have always taken this position. I am shocked to-day to see some Members whom we used to include in our wet cause doing what I call pussyfooting on it and going only part of the way.

If the Democratic Party—and I will speak only for my own party—did have a mandate from the people it was to repeal the eighteenth amendment and to restore beer. The Democratic Party on November 8, last, was informed that the people of America were against enforcement. I have said before, and I will say it now, that the statement that "while it is a law we must enforce it as a law," is nothing less than demagogic claptrap, whoever utters it, because there is not a man or woman here who would go to the logical conclusion and enforce it. There may be one or two men here who have never seen the law violated.

If they saw the law against burglary or the law against rape violated, they would not condone it; they would see that it was enforced; but what man here seeing this law violated would go to the extreme limit and see that it was enforced? Why, if that were true, we would be a nation of informers.

When the votes are counted and the Members pass through that aisle a check will be made on everybody on the Democratic side who passes through there for or against these amendments, so we may know when we meet here in April who are the people who are abiding by the Democratic platform and who are those who pretend at one time to be wet and the next moment reverse to dry.

Now, if you are against wasting $9,000,000, why waste $7,000,000? There is not a human being I know of, and that includes everybody in the House, who wants this law enforced to the ultimate limit. Why waste even $7,000,000 when the Wickersham Committee has said it is not being enforced, when President Hoover says it is not being enforced, when everybody in America knows it is not being enforced?

The money is here in the Treasury until July 1. Wiping out this provision does not interfere with the Coast Guard or with the border patrol. There is plenty of money to carry out these activities. Why, by July 1 the beer bill will have been passed and a repeal amendment will have been submitted to the States. Do you say to me that you will go the limit and take the anomalous position that after the repeal amendment is submitted to the States with every expectancy that it will be adopted, you will still continue to appropriate for enforcement maybe for years until the machinery of the States get going? Is that what you think of the money of the taxpayers of America?

Now, let us see who walk through the aisle in support of these amendments.

Mr. BLANTON. Mr. Chairman, I make the point of order that this is not proper argument, undertaking to intimidate certain weak-kneed Members. [Laughter.]

[Here the gavel fell.]

Mr. KUNZ. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. The time for the special order has expired.

Mr. STAFFORD. I make the point of order that the gentleman's motion is not in order. We are proceeding under a special order of the House, which directed the committee to have two hours of general debate upon the various amendments to the paragraph, and at the termination thereof to vote upon the respective amendments. Until that order is fulfilled, the gentleman can not get recognition by a motion to strike out the enacting clause.

The CHAIRMAN. The point of order is overruled. The special order does not interfere with the general rules of the House, which permit the Member to move to strike out the enacting clause.

Mr. KUNZ. Mr. Chairman, it is rather unfair to ask a Member in five minutes to answer the eminent gentleman from Alabama [Mr. OLIVER], who just took his seat, upon the question of the appropriation and the eighteenth amendment. Vox populi vox dei. The voice of the people is the voice of God. Since the inception of the eighteenth amendment there has been hypocrisy until the present day. The American people have been fooled from time to time, and I think it is about time now that a halt be called, and since they issued their mandate of last November, not a party issue, but upon the promise of the man that you elected President of the United States, that prohibition was doomed, then I say let it stand doomed; and you gentlemen are here as Representatives in Congress, not representing

yourselves as individuals but you are here representing the constituency that sent you here to vote as they directed you to do.

I hear men on the floor of the House talk about beer. In the name of Heaven, settle the question once and for all and take away from them that bawling cry of beer so that they can not go back to their constituents and say, "I cried beer and I wanted beer, but I could not get it." If it were not for beer they would not be here, but they have their beer cry and they dote upon it, and that is all they know. The old saying is, "Where ignorance is bliss 'tis folly to be wise."

Ever since the enactment of the eighteenth amendment we have been spending millions of dollars, not to prohibit the sale of liquor but to enrich those who are violating the Constitution, as in the case of Capone, whose source of income was from liquor. It is a well-known fact that he made his money and derived his power from illicit traffic in alcohol, but I ask any of you gentlemen, Was Capone ever arrested and convicted for the sale of alcohol? No; it was necessary for the Department of Justice to get him for evasion of his income tax, and the money appropriated for the Treasury Department investigation forces of prohibition was either wasted in the effort, if any effort was ever made to bring such a criminal to the bar of justice.

Now, the law allows such criminals and their cohorts to come in and pay their income tax on money made from illicit industry. Again, the law protects such criminals in that outside of a committee in Congress no Member of this House can look into the internal-revenue cases, where it is notoriously known that the profits derived by certain individuals are acquired in violation of the law.

The statement has been made by the gentleman from Alabama relative to obeying the law and the Constitution of the country. May I be permitted to call the attention of the gentleman that those States who have passed such stringent prohibition laws are in the minority, and I quote to him figures of the Census Bureau, where, in April, 1930, the minority States had but 39,132,546 population, and 8,854,826 were negroes. On April 1 the same year the total population of the majority States, the North, East, and West was 83,642,500, and of that, 2,613,259 were negroes and those negroes were permitted to cast their votes in accordance with Article 15 of the Constitution of the United States. Articles 14 and 15 apply to the minority States as to the rest of the Nation; so, then, why the purity of the eighteenth amendment, when two-thirds of the people of the United States are demanding, not asking, for its repeal.

It is amusing for a person of intelligence to listen to remarks on this floor made by the gentleman from Wisconsin in berating the Democratic Party and its pledges on the question of beer and prohibition. I am reminded of the story of the dog that continually barks but never bites; he bawls beer but he barks rather queer to an intelligent ear. He promised beer for votes, but evidently his ideas did not coincide with his constituents.

The Democratic Party is pledged to repeal, and Mr. Roosevelt was elected almost unanimously after his declaration that if elected prohibition would be doomed. Are we the dictators or servants of those who elected us to represent them in Congress? Are we going to tell the country that Congress will do as we please? In Illinois two years ago the people elected members to the senate and legislature with a mandate to repeal the search and seizure act and the legislature passed the bill, but Governor Emerson vetoed it.

Now, upon the question of economy. Before the election of a Democratic Speaker the Budget was unbalanced. The Secretary of the Treasury, Mr. Mellon, in a communication to Congress, voiced the warning that it would only be a question of time when the expenditures of the Government would exceed the income derived from this great Nation. It was then the hue and cry that economy should be practiced. To-day we find Congress economizing upon whom? The poorly paid Government worker who, like the small taxpayer of the Nation, is paying their income tax into the Treasury Department of the United States to pay the interest on tax-exempt securities held by the wealthy, and who are protected by the law of the land and who do not have to pay any income tax to the Government if they do not want to by going into tax-exempt securities. If you want to economize, kill this appropriation of $13,000,000 to enforce a law which the mandate of the people in the last election demands it be repealed. Get down to the principle of Abraham Lincoln that this Government is of the people, for the people, and by the people. Jefferson and Jackson fought the good fight for the rights of the people, and they listened to the voice of the people. We were strong then, but to-day it is a different question.

The great Roman Empire functioned at its best when the will of the people was carried out, but it fell when the few in their gluttony for money and licentiousness predominated. The same was the course of Poland after Napoleon entered and vassalized her people. No nation, as Lincoln so ably stated, can exist half free and half slave. Is the will of the people to be obeyed? That is the question to settle.

Now, you come in here and quote the Constitution and the eighteenth amendment. When the veto of the late lamented President Wilson was brought in on the Volstead Act, those men who now cry beer were not here to defend beer. Now it is a live issue. A great many men have changed their coats. They wore red, and now they dress in white, and they are trying to administer to the people of this country a recipe of how to make beer and how they ought to drink beer. Turn back to your Sixty-sixth Congress, first session, and you will find that 198 Members of Congress did not vote. Barely a majority of Congress were present at that time to override the veto of the President of the United States. Fifty-five voted "nay" and 175 voted to pass it over his veto. One hundred and ninety-eight were sitting on the rights of their constituents, and yet they tell you that we ought to have beer, and that we ought to repeal the eighteenth amendment, and the voice of the people was for repeal. Former President Wilson's words are prophetic in his message to the Sixty-sixth Congress vetoing the Volstead Act when he wrote:

> In all matters having to do with the personal habits and customs of large numbers of our people we must be certain that the established processes of legal change are followed. In no other way can the salutary object sought to be accomplished by great reforms of this character be made satisfactory and permanent.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I ask for recognition, not to reply to the speech just made, because that might not be fair, but simply to give some information to the House that I feel it should know, because I think this body should consider correct facts in reaching its conclusion. Some allusion has been made to the fact that the appropriations for many departments carry a 20 per cent reduction for certain bureaus under Budget estimates. For that reason they insist this amendment carrying a like reduction in this appropriation is but following a consistent policy.

Mr. BRITTEN. Mr. Chairman, I make the point of order that the gentleman is not talking to the question before the House. He is making another speech in addition to the one he made a few minutes ago against the pending amendments.

The CHAIRMAN. The motion is to strike out the enacting clause, which covers the whole bill, and the gentleman is talking within his right.

Mr. OLIVER of Alabama. The only reduction made in any appropriation in the Department of Justice for any bureau charged with the duty of enforcing criminal statutes is in the Bureau of Investigation. That was made at the instance and with the approval of the Attorney General and the director, who said they felt that they could take the cut. They handle all kinds of violations other than violations of the prohibition law and have duties to perform in relation to the prohibition law. They took a reduction of $10,000, but in no bureau charged with the enforcement of a criminal statute will you find a single reduction, except what the

committee has recommended for the item now under consideration.

We felt that no complaint could be reasonably registered against such reduction, because even though under the reduction made last year there had been about 100 agents discharged, we found the bureau was very effectually enforcing with such limited force the national prohibition law, and that we would be justified in taking a 5 per cent reduction in this appropriation. We must recognize that if we desire to uphold the majesty of the law we can not weaken the enforcement agencies. You must first take from the Constitution the eighteenth amendment before you undertake to weaken or tie the hands of officers charged with the duty of enforcing it in a positive, decent, lawful way, and I trust the House will follow the course it has previously taken in reference to like amendments, all of the pending amendments being substantial copies of amendments previously introduced and disapproved by Congress not once but several times. I respectfully submit no reasons have or can be suggested to show why a different course should be taken at this time on the pending amendments.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. LAGUARDIA. Mr. Chairman, I rise in opposition to the motion of the gentleman from Illinois to strike out the enacting clause.

Mr. BLANTON. Mr. Chairman, I make the point of order that the gentleman from Alabama [Mr. OLIVER] has consumed that time in opposition, and that all time has been consumed upon that motion. Five minutes were consumed by the gentleman from Illinois [Mr. KUNZ] in favor of striking out the enacting clause of this 4-departments appropriation bill, and the gentleman from Alabama consumed the other five minutes.

Mr. LAGUARDIA. Mr. Chairman, I have the floor.

The CHAIRMAN. The point of order is well taken. The Chair sustains the point of order.

Mr. LAGUARDIA. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. BLANTON. Mr. Chairman, under the special order I shall not object to the gentleman from New York who has not spoken, but I shall object to further speeches.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LAGUARDIA. Mr. Chairman, I simply wanted to call the attention of the House to the statement made by the gentleman from Alabama [Mr. OLIVER], who is always so fair and who knows the facts, but I believe in this instance the gentleman inadvertently misstated the situation as to enforcement, provided the pending amendments are adopted. The gentleman must admit that there is a changed attitude on the question of prohibition and that the country will in a very short time pass upon that question. In the meantime, I submit that the limitation of appropriation, as carried by the amendment offered by the gentleman from New York [Mr. GRIFFIN], would not impair the enforcement of the law as to commercial wholesale violations as described by the gentleman from Alabama. The limitation on funds not to be used for the purchase of liquor affects only the retail trade of liquor. It is not necessary, Mr. Chairman, for an agent to have consumed liquor in order to establish a case. The mere possession of liquor is sufficient for a conviction, and the $7,000,000 which would remain under the amendment offered by the gentleman from New York would permit of the enforcement as to sources of supply, illicit stills, and the manufacture of illicit liquor. Surely it is sufficient to pursue, apprehend, and convict the real criminals if the officials would only go after the real crooks. It would not impair enforcement to that extent, and retail violations could well be left in the hands of local authorities.

The gentleman from Alabama [Mr. OLIVER], I am sure, did not intend to convey the idea that the amendment offered by the gentleman from New York [Mr. GRIFFIN] or the limitations as to the use of those funds for wire tapping and the purchase of liquor, would make impossible the proper enforcement of the law. Again I say if the enforcement officials really will go after the real big fellows—that is not a matter of appropriations—that is not a matter of buying a single drink. It has been contended by the leading drys of this country that the function of the Federal Government in the enforcement of this law is to locate and stop the sources of supply and take care of the wholesale violations of the law, commercial violations of the law.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. LAGUARDIA. Yes; I yield.

Mr. BLANTON. The gentleman could have a thousand barrels of whisky in a warehouse to-day and until a Federal agent could show that it was intoxicating, he could not even get a warrant to search the house. He has to make purchases in order to prove that the liquor is intoxicating liquor before he can even get a warrant.

Mr. LAGUARDIA. Not at all. The gentleman is in error. If one has a thousand barrels of liquor it is no longer a home and not entitled to the protection of a home in respect to search. The mere presence of a thousand barrels of whisky would destroy the identity of a home. A search warrant is required only for homes. If a man has a thousand barrels of liquor in a warehouse or any other building, knowledge of that fact is sufficient to obtain a search warrant or even a seizure. The possession of such liquor is sufficient to constitute the crime.

Mr. BLANTON. The courts, however, will turn that liquor back as soon as they get it unless the agent shows that he had proof of its being intoxicating. They do it every day unless there is proof of its being intoxicating.

Mr. LAGUARDIA. No; not at all. A chemical analysis would indicate the alcoholic content. The point I want to stress is that under the pending amendment $7,199,000 is left for enforcement of the prohibition law. The limitation on the expenditure of funds to buy liquor and tap wires will in no way impair the proper, decent, and lawful enforcement of that law. I urge the approval of the pending amendments.

The CHAIRMAN. The time of the gentleman from New York [Mr. LAGUARDIA] has expired.

Mr. KUNZ. Mr. Chairman, I ask unanimous consent to withdraw the motion I made.

Mr. BLANTON. Mr. Chairman, I object.

The CHAIRMAN. The question is on the motion made by the gentleman from Illinois [Mr. KUNZ] to strike the enacting clause.

The question was taken; and on a division (demanded by Mr. BLANTON) there were ayes 1 and noes 86.

So the motion was rejected.

Mr. DE PRIEST. Mr. Chairman, I ask unanimous consent that the amendment may again be reported.

The CHAIRMAN. Without objection, the Clerk will report the amendment offered by the gentleman from New York [Mr. GRIFFIN].

There was no objection.

Mr. GRIFFIN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GRIFFIN. In view of the fact that my amendment involves a reduction in the appropriation, and the opinions of the Members of the House may be influenced by the Tinkham amendments and the amendment offered by Mr. TARVER, I ask unanimous consent that the amendment covering the purchase of liquor and the purchase of evidence and wire tapping be considered first, because they would take out of the total appropriation several thousand dollars, if agreed to.

Mr. OLIVER of Alabama. Mr. Chairman, the regular order. I think they should be taken up in the order in which they were offered.

The CHAIRMAN. The gentleman from New York [Mr. GRIFFIN] asks unanimous consent that the Tinkham and Tarver amendments be voted upon first, and the amendment

offered by the gentleman from New York [Mr. GRIFFIN] be voted upon afterwards. Is there objection?

Mr. OLIVER of Alabama. I object to that.

The Clerk read as follows:

Amendment offered by Mr. GRIFFIN: On page 24, line 24, after the word "all," strike out "$9,120,000" and insert in lieu thereof "$7,199,986."

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from New York [Mr. GRIFFIN].

The question was taken; and on a division (demanded by Mr. GRIFFIN) there were ayes 104 and noes 120.

Mr. GRIFFIN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. GRIFFIN and Mr. OLIVER of Alabama as tellers.

The committee again divided; and the tellers reported there were ayes 113 and noes 128.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read the next Griffin amendment.

The Clerk read as follows:

Amendment offered by Mr. GRIFFIN: Page 24, line 24, after the word "all," strike out "$9,120,000" and insert "$8,440,000."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. GRIFFIN].

The question was taken; and the Chair being in doubt, the committee divided, and there were ayes 114 and noes 108.

Mr. OLIVER of Alabama. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. OLIVER of Alabama and Mr. GRIFFIN.

The committee again divided; and the tellers reported that there were—ayes 129, noes 118.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will report the first Tinkham amendment.

The Clerk read as follows:

Amendment offered by Mr. TINKHAM: On page 24, line 26, after the period, insert the following proviso: "*Provided*, That no part of this appropriation shall be used for or in connection with wire tapping to procure evidence of violations of the national prohibition act, as amended and supplemented."

The CHAIRMAN. The question is on the adoption of the amendment.

The question was taken; and, the Chair being in doubt, the committee divided; and there were—ayes 111, noes 103.

Mr. OLIVER of Alabama. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. OLIVER of Alabama and Mr. TINKHAM.

The committee again divided; and the tellers reported that there were—ayes 122, noes 107.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will report the next Tinkham amendment.

The Clerk read as follows:

Amendment offered by Mr. TINKHAM: On page 24, line 26, after the word "supplemented," insert the following proviso: "*Provided further*, That no part of this appropriation shall be used for the purchase, for use as evidence of violations of the national prohibition act as amended and supplemented, of any intoxicating liquors, the sale of which is prohibited by law."

Mr. DYER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DYER. Is there not a substitute for this amendment?

The CHAIRMAN. The Clerk was about to report the substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. TARVER as a substitute for the TINKHAM amendment: On page 24, line 26, strike out the period, insert a colon, and add the following proviso: "*Provided further*, That no funds hereby appropriated shall be used for the purchase of intoxicating liquors, nor to pay informers, nor for the purchase of evidence."

The CHAIRMAN. The question is on the substitute amendment of the gentleman from Georgia to the amendment of the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. OLIVER of Alabama) there were—ayes 132, noes 78.

So the substitute amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts as amended by the substitute.

The amendment as amended by the substitute was agreed to.

The CHAIRMAN. The Clerk will report the next TINKHAM amendment.

Mr. OLIVER of Alabama. Mr. Chairman, I think the amendment just adopted covers this amendment.

Mr. TINKHAM. Mr. Chairman, I ask unanimous consent to withdraw the amendment as the amendment just adopted covers it.

The CHAIRMAN. Is there objection?

Mr. LAGUARDIA. Mr. Chairman, a point of order. The amendment was originally read for the information of the House. Then, it should have been offered at this time. The gentleman from Massachusetts says he did not offer it.

Mr. BLANTON. No; it was considered as pending.

The CHAIRMAN. The amendment was to be considered as pending. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The CHAIRMAN. The Clerk will report the next amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 23, line 24, strike out all down to and including line 26 on page 24.

Mr. O'CONNOR. Mr. Chairman, in view of the votes already taken, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. PARKER of Georgia. Mr. Chairman, I object.

The CHAIRMAN. The question is on the amendment of the gentleman from New York [Mr. O'CONNOR].

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 74, noes 132.

So the amendment was rejected.

Mr. OLIVER of Alabama. Mr. Chairman, I think under the order of the House, following this comes the item with reference to prison industries working capital fund.

The CHAIRMAN. The Clerk will report the paragraph.

The Clerk read as follows:

Prison industries working capital fund: Prison industries working capital fund, 1933 and prior years, is reappropriated and made available for the fiscal year 1934, including payment of obligations incurred in prior years; and the said working capital fund and all receipts credited thereto may be used as a revolving fund for the fiscal year 1934, for the purposes authorized by the act entitled "An act to provide for the diversification of employment of Federal prisoners for their training and schooling in trades and occupations, and for other purposes," approved May 27, 1930 (U. S. C., Supp. V, title 18, secs. 744d, 744e, 744f).

The CHAIRMAN. For the information of the committee, the Chair will state there is to be debate for one hour on this paragraph, to be equally divided and controlled by the gentleman from Alabama [Mr. OLIVER] and the gentleman from Pennsylvania [Mr. SHREVE].

Mr. COOPER of Ohio. Mr. Chairman, I offer an amendment.

Mr. BLANTON. Mr. Chairman, I ask unanimous consent that all amendments may be submitted now, because some of them may be subject to a point of order and we would like to make the point of order as they are offered.

The CHAIRMAN. The Clerk will report the amendments for such action as the committee may take.

The Clerk read as follows:

Amendment offered by Mr. COOPER of Ohio: Page 34, line 10, after "744f)" strike out the period, insert a comma and the following: "*Provided*, That no part of this appropriation shall be used for the procurement and/or installation in any Federal correctional or penal institution of machinery for the manufacture of metal furniture and/or metal office equipment."

Mr. BLANTON. Mr. Chairman, I make the point of order that such a limitation upon the prison industries working

capital fund is legislation unauthorized on an appropriation bill.

Mr. MAPES. Mr. Chairman, I make the point of order that if the amendment is read merely for the information of the committee——

The CHAIRMAN. No; the Chair directed the Clerk to report the amendments for such action as the committee may see fit to take.

Mr. BLANTON. If it is subject to a point of order, there is no use of discussing the amendment. The point of order should be disposed of now, and in the event it is ruled the amendment is not in order, there is no need to have debate on it; otherwise we might be debating something that would not be up for a vote at all.

Mr. MAPES. Then the amendment must be offered for some other purpose than for the information of the committee.

The CHAIRMAN. The Chair has so stated.

Mr. BLANTON. Mr. Chairman, my point of order is that such a limitation upon the prison industries working capital fund appropriation, providing that no portion of that appropriation may be used to operate the specific industry named in the amendment, is subject to a point of order because it is legislation itself upon an appropriation bill that would nullify, in effect, the provision of the act of Congress approved May 27, 1930, because it would take this legislation to stop this particular industry under the present prison industry laws.

The act approved May 27, 1930, authorized and directed the Attorney General to provide employment for all physically fit inmates in the Federal institutions, and made available a revolving fund for this purpose. Any attempt to prevent the Attorney General from diversifying the labor of convicts, as this amendment would do by excepting some specific industry, is legislation, and on an appropriation bill is unauthorized by law.

Moreover, a limitation of this kind would not be germane because there is nothing in the appropriation to indicate that it is made for the operation of any specific industry. There is nothing in the limitation to indicate that it would result in a saving, because no amount is specifically appropriated by the language carried in the annual appropriation bill.

Further, it can not be ascertained by reference to the Budget and other documents that the operation of the prison industries results actually in producing revenue through the earnings accruing from the operation of the various prison industries, which earnings are annually returned to the Treasury and placed to the credit of the working capital fund. It is also apparent, Mr. Chairman, that the limitation would not necessarily result in a saving, because such a restriction would only drive the department head to invest funds available for this purpose in another line of activity. For example, if the limitation stated specifically that none of the funds were to be used for the establishment of any industry, and if the Chair pleases, this amendment mentions the metal furniture industry, then the department head would have the right to turn to other industries, and this amendment would not restrict the department from investing as much or more in the establishment of a factory to manufacture wood furniture as distinguished from metal furniture or to manufacture clothing or engage in some other industry.

Although in the guise of a limitation, I submit this is legislation and seeks to change existing law and is therefore unauthorized on an appropriation bill.

Mr. COOPER of Ohio. Mr. Chairman, the prison industries working capital fund is reappropriated in this bill.

In the act to which the gentleman from Texas just referred, section 6, we find these words:

> The prison industries working capital fund shall be administered and disbursed by and under the direction of the Attorney General and shall be available for the purchase, repair, or replacement of industrial machinery or equipment.

The amendment as offered is a limitation to prevent the Director of Federal Prisons from installing in the new Federal penitentiary at Lewisburg, Pa., high-speed machinery for the purpose of manufacturing metal office furniture and equipment. It seems to me it is purely a limitation on the expenditure.

Mr. Chairman, I have no desire to further discuss the point of order. I would like to yield to my friend, the gentleman from New York [Mr. LAGUARDIA.]

The CHAIRMAN (Mr. OLIVER of New York). The Chair is ready to rule.

The Chair holds this is a negative limitation on money reappropriated in the paragraph and therefore overrules the point of order of the gentleman from Texas [Mr. BLANTON].

Mr. OLIVER of Alabama. Mr. Chairman, under the agreement made in the House, it was understood that the gentleman from Pennsylvania [Mr. SHREVE] would yield one-half of his time and I would yield one-half of my time to those in favor of amendments offered to limit the activities of prison industries as now carried on. Since it appears that all are willing that the gentleman from Ohio [Mr. COOPER] shall have control of the time to be allotted to those who favor any or all amendments that may be offered limiting such activities, unless there is objection I yield the 15 minutes that I have promised to yield to the gentleman from Ohio to control.

Mr. SHREVE. Mr. Chairman, I will yield to the gentleman from Alabama 15 minutes of my time.

Mr. MAPES. I would like to suggest to the gentleman from Alabama that if he would accept the amendment we might save an hour's debate and hurry along the legislation.

Mr. OLIVER of Alabama. I will say to the gentleman that I know his suggestion is made as a pleasantry, because I think this is a very far-reaching amendment and should not be approved by the House.

Mr. MAPES. My thought was that the House was going to accept it.

Mr. COOPER of Ohio. Mr. Chairman, the amendment that I have offered provides that no part of this appropriation shall be used for the procurement or installation in any Federal penal institution of machinery for the manufacture of furniture or office equipment.

When the new Government penitentiary at Lewisburg, Pa., was constructed, there was erected a 3-story factory building, intended for the production of steel office furniture and equipment.

Mr. Sanford Bates, Director of Federal Prisons, recently made the statement:

> Unless steel furniture is made at Lewisburg they will have no industry at that prison.

To this statement I, for one, want to protest against the expenditure of public money for the construction and equipment of a prison work shop, suited to no other purpose than the manufacture of steel office furniture.

I believe it is highly important that work be found for the prisoners confined in our penal institutions. However, I doubt if there is any industry that is more highly specialized and consumes less man-hours per unit than that of metal office equipment. More than 80 per cent of the processing of metal office equipment is done by machine, leaving less than 20 per cent for actual man labor, and it seems to me that the selection of steel office equipment as a product of this Federal prison for the avowed purpose of creating the maximum of occupation for the prisoners confined in the Lewisburg prison is economically unsound.

As I have stated, I believe it is important that we find work for those confined in our penal institutions; but in doing so we should at all times select some work that requires the maximum number of man-hours, some which can be produced by hand labor. Steel office equipment is as far removed from this category as any commodity I can think of.

Installation of this machinery would permit the prison to produce the major share of certain office equipment for the Government, namely, the 4-door, legal-size filing cabinet and steel transfer cases, all sizes.

Again, let me say that I strenuously object to this proposal of Mr. Bates to install machinery in our Federal

prisons in order to give the criminal a job, when, by so doing, it will throw law-abiding citizens out of employment.

It is true that our laws prevent the sale of prison-made products except to the Government. At present, however, the Government is the chief customer for metal office equipment.

Mr. Bates, appearing before the Subcommittee on Appropriations, who have charge of the bill we are now considering, stated that unless he could install the machinery for the manufacture of metal office equipment at the Lewisburg Prison the 1,400 inmates would be unemployed. A little later he stated that the industry, if installed, would employ approximately 150 or 200 men. He did not say how the other 1,200 inmates would be employed.

Recently Mr. Bates, in a memorandum which he sent to the Members of Congress relative to the metal-furniture industry to be installed at the Federal penitentiary at Lewisburg, makes a statement which is misleading in many respects. He stated that the value of metal furniture for the past year, as reported by the Department of Commerce, is $64,722,417. This figure has no relation to steel office furniture, which is the commodity under discussion, and the production of which is an industry entirely separate from that of household and miscellaneous metal furniture, such as beds, kitchen cabinets, and so forth. The Bureau of the Census reports show that total shipments of steel furniture business group in 1931 were $15,287,486, and for the 11 months of 1932 for which figures are available were $7,490,393.

Mr. Bates further states that his efforts will be "to eliminate private profits and unfair competition." To eliminate private profit is to eliminate private ability to pay wages or to pay taxes. Is this desirable? When has prison competition with private industry, with its freedom from taxes, capital charges, and overhead, ever been anything except unfair competition?

During this time of economic depression we should not permit our Federal penal institutions to go into competition with legitimate industry and free labor. Thousands of law-abiding citizens are almost starving to-day, yet we to-day are taking the position that we provide work for our criminals in prison, which will take business and labor from private industry. [Applause.]

Mr. OLIVER of Alabama. Mr. Chairman, I yield four minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, no one is more in favor than I am of keeping the Government out of business, but I do not propose to assume the responsibility of taking away all the work from our prisoners in our penal institutions, especially at this time. We have had some experiences in the last few years with riots at penal institutions. We want no more of that. Prisoners to some extent must be kept at work. A great study has been made in an endeavor to find a way to keep prisoners busy, in diversified industries, so as not to particularly harm any industry. Congress has passed laws along this line. I also have received letters from manufacturers with reference to the duck that is made at the Atlanta Penitentiary. I say to you that the superintendent of prisons has been most fair in the last few years, or since this depression has been with us, about interfering with private business. I know, myself, where he has released to the trade several hundred thousand pairs of shoes that he could have manufactured in the Leavenworth Penitentiary. He realized the situation. Corporations in my city secured some of those contracts, and some of my constituents were employed in factories making shoes that could have been made in Leavenworth, if the superintendent of prisons had not voluntarily permitted the various departments of the Army and Navy to ask for bids.

He will be fair with you if you appeal to him. Remember that it was the Congress that ordered the superintendent of prisons to erect the factories, and it should be the Congress that should enact some laws that will change the present system if it is to be changed. True, people are out of employment, honest people who should be given work if possible and prior to furnishing work to men who have violated our laws, but recall, if you will, that we now have over 15,000 men in our penitentiaries. It is a man's job to keep order in those institutions. We want no more riots, and if we can only find some way to keep the men busy they will not go crazy. It is a real problem. We must look after our constituents who sent us here; we do not want to interfere with the little work they have, but we all must admit that when you house 5,000 men in a penitentiary constructed to take care of a maximum population of 2,500 you are placing a burden upon the officials in charge of the institutions. I only hope we can find some way to keep these men busy and at the same time not interfere with free labor. Confident that those in charge of the institutions, knowing that Congress wants them to hold down competition with private business just as much as possible, will make every effort to do so until we have found some better way to keep the prisoners busy and out of trouble, I can not join in the movement advanced by the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. I have said all I desire to say.

Mr. COOPER of Ohio. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, the last speaker, the distinguished gentleman from Missouri [Mr. COCHRAN], states that he is not willing to assume responsibility for supporting this amendment and depriving prisoners in penitentiaries from having employment. So far as I am personally concerned on the floor of this House I am perfectly willing to assume full responsibility of standing for free labor in my district and in your district as against the man who has proven himself an enemy to society and who now wants to be pampered by the superintendent of prisons. There is a city in my district that has developed the metal-furniture industry. I refer to Jamestown, N. Y.

The manufacture of metal furniture is more or less of an infant industry. The Government, through its legislation, has always been very jealous of the rights of an infant industry. Many laws have been enacted to this end. The working men employed in the manufacture of metal furniture have built up fine homes, reared their families, paid their taxes, and looked forward to a happy and prosperous old age. Conditions in Jamestown, N. Y., at this time are perhaps no different from conditions in your cities. Many of these men were deprived of work almost in the twinkling of an eye when the crash came in 1928 and 1929.

They have struggled along to pay their taxes. As the days have gone along some foreclosures have come and depressed them, and many of these men are walking the streets looking for work. They are law-abiding men. There have been no riots, and there has been no disturbance. They have done their full part. They have tried to find work elsewhere, and they want to live. The men in the penitentiaries are housed, clothed, and fed at the present time at the expense of the Government. Now, I know that the average superintendent of prisons is a well-meaning man. I have the highest regard for Mr. Bates, but it is a strange psychology, and perhaps after all it is a natural psychology, that the man who is superintendent of prisons in time comes to have more regard for the prisoners than he has for the rights of the people on the outside. Little by little he forgets who pays the taxes which support the prisoners. They become faddists and want to carry their ideas too far. In ordinary times I would not be standing here objecting quite so strongly, but when I find, from the investigation made by a committee of this House, that the Federal Government is now engaged in manufacturing to the extent of more than 200 different lines of industry, competing with free taxpayers on the outside, I think it is time to call a halt.

What is it proposed to do in this bill? It is proposed not only to give labor to prisoners but it is proposed to give them special machinery by which you add to the numerical manpower of the prisoners and make it possible under the prison

system and under that law to not employ 1,000 men but by special machinery to put under that roof the equivalent of several thousand men to compete with free industry on the outside.

Mr. SWICK. Will the gentleman yield?

Mr. REED of New York. I yield.

Mr. SWICK. Will this not defeat the very purpose of placing the men at work, especially those men who are confined? Would it not be better to give them work where they would be out in the air, cultivating the soil, or something like that?

Mr. REED of New York. I am heartily in favor of the men having work to do with their hands, but I am opposed to giving them high-speed machinery with which to multiply the numerical manpower of the prisoners and put the products so produced in competition with free labor.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, what does the gentleman from Ohio [Mr. COOPER] propose to have the convicts in penal institutions do to occupy their time? The gentleman must change the law of this country fundamentally if he passes such an amendment, because every time a Federal judge passes sentence on a prisoner, he sentences him to hard labor in a penal institution. How are you going to force convicts to perform hard labor if you do not provide some hard labor for them to do?

Mr. COOPER of Ohio. Will the gentleman yield for me to answer him?

Mr. BLANTON. Just a moment. I only have five minutes.

Mr. COOPER of Ohio. Eighty per cent of this is machinery and not hard labor.

Mr. BLANTON. No labor can be performed without some machinery. What would the gentleman have convicts do? In every penal institution we have a bunch of them farming, raising all kinds of truck stuffs.

Mr. REED of New York. Will the gentleman yield?

Mr. BLANTON. No; I regret that I have not the time.

You did not find the farmers complaining. They are willing for convicts to raise what they need to eat. They are not so selfish that they do not want these men to have something to do, but there must be something else besides farming to keep them busy.

Now we are going to put 1,200 convicts in the new Lewisburg Penitentiary. What are they going to do if they do not have this proposed work that is to be provided? The gentleman from Missouri [Mr. COCHRAN] was slightly mistaken in his figures when the gentleman called the attention of the gentleman from Ohio to what happened in his own State. It was not just 100 men who lost their lives. When that great riot took place in the Ohio Penitentiary at Columbus there were over 300 men killed.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. BLANTON. There were more than 300 men killed in the penitentiary at Columbus, Ohio. And in Joliet, Ill., when there was a riot there in the mess hall they did a million dollars' worth of damage to the Illinois penitentiary. There must be something for them to do. You must keep them busy. You must make them work, as the law says they must, when Federal judges sentence them to terms of penal servitude in our penitentiaries.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. COOPER of Ohio. The gentleman is all wrong on his figures about 300 being killed, and that had nothing to do with labor.

Mr. BLANTON. Well, I got that from the penitentiary authorities myself. If I am wrong, they are wrong. They gave me those figures as the correct, authentic figures, and I would rather take their figures than the figures of the gentleman from Ohio on the number killed, because I am sure the gentleman does not himself know about it.

Mr. COOPER of Ohio. What is Mr. Bates going to do with the other 1,200 up at Lewisburg? He says he is only going to employ 250 on this metal machinery. The gentleman asked me a question. What is he going to do with the other 1,200?

Mr. BLANTON. It is a hard matter to find work for convicts, simply because of just such fights as we now have on this floor. I want to see him find something for them to do and put them to work. I want to see the convicts who violate the law when they go to the Federal penitentiary not pampered and treated like they ought to have the distinguished-service cross and have the leading machine papers of the country play them up on the front page every day in big headlines as though they had done something remarkable by going to the penitentiary.

I want to see them punished, and the only way to punish them is to make them work. The only time that Al Capone ever did a hard day's work in his life was since he has been in the Atlanta Penitentiary.

Mr. DE PRIEST. Will the gentleman yield?

Mr. BLANTON. No. I can not yield. I regret I have not the time.

When the Hearst string of newspapers the other day had a front-page article asserting that Al Capone was being treated like a king at Atlanta, and that he was spending his time on the tennis courts, my friend, the gentleman from Alabama [Mr. OLIVER], put a statement in the RECORD here from the penitentiary warden day before yesterday, showing that there was not a word of truth in it; that Al Capone did not wear special shoes; that he did not wear special clothing; that he did not enjoy special privileges; that he worked just like other convicts, and not a Hearst paper that I have seen has given very much mention of that correction.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. COOPER of Ohio. Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, the wording of the amendment offered by the gentleman from Ohio will be to do the very thing the gentleman from Texas says he wants done in the penitentiaries. There is no criticism of Mr. Bates in this discussion. We all agree he is an excellent official. He has his job, and that is, for one thing, looking after the penitentiaries and the inmates. We have our duties. We must look at this proposition from every angle. It is not a question of criticizing Mr. Bates. I have always defended him, and now express the hope that his services will be retained by the next administration. Naturally, he wants to get the best conditions he possibly can; but the gentleman from Texas points out, and properly so, that these men are sentenced to hard labor. I agree with him. There is no hard labor when you take a small piece of metal, put it under a steam or hydraulic press, turn a valve, and the machine does the work.

Of course, we want to keep these men employed; but if there is any place in the world where there should not be any labor-saving machines, it is in a penitentiary. If there is one thing they have plenty of there, it is time and labor. Why the machines?

The gentleman from Texas asked what they would do for work.

Mr. BLANTON. Where, where?

Mr. LAGUARDIA. Give me a chance and I will state. If Mr. Bates wants the prisoners to make metal furniture, let him go out and buy the metal sheets, give the convicts a hand drill; let them make their holes by hand; let them rivet the pieces by hand; take away the pneumatic riveting machines; let them rivet them with muscle power; then let them piece the furniture by hand. That will keep them busy. That, indeed, would be better training and real hard labor.

Mr. Chairman, Mr. Bates is perfectly frank about this. He not only wants to keep his men busy but he admits he wants, by the use of this labor-saving machinery for the production of metal furniture, to make high-grade furniture in order to compete with free labor and sell this furniture to the Government buildings. I submit, Mr. Chairman, that even in times of prosperity, even if we did not have a single

unemployed worker in the country, I still would protest against the competition of convict labor with free labor, even though the products of convict labor were sold to the Government. Why, gentlemen, free labor is looking for work in order to get food for themselves and families—convicts are sure of three square meals a day.

Why, Mr. Chairman, this has nothing to do with Government operation. Let us not confuse the issue. This has nothing to do with the Government in business. This has to do with the competition of convict labor with free labor.

While we admit the necessity, under the modern system of treating criminals, to keep them occupied, they can not be kept occupied by the installation of high-pressure, labor-saving machinery. You must keep them occupied with hand work, even though it is tedious; you have got to keep them at work all of the time. The object is to keep the prisoners occupied—not the quality, and certainly not the quantity, of the product.

I want to point out to some of my friends that nobody is shocked because it is now attempted to appropriate for machinery for the occupation of convicts, yet when we come to appropriation for the Board of Vocational Training funds to assist free law-abiding men and women who have been handicapped by reason of misfortune, then we hear the cry of paternalism; then we hear the cry of economy; then we witness the attacks to reduce appropriations.

I am not criticizing any official or any system, but I say that in this day and age to come in here and put high-pressure machinery into a Federal penitentiary, thereby reducing the opportunity of giving all of the inmates work and putting this very project in competition with free labor—I say, Mr. Chairman, we should not need even an hour's discussion on that. This limitation ought to be adopted without any opposition.

The gentleman from Ohio and others of this House made a thorough study of penal institutions under the Federal Government. This is nothing new. This has been going on for a long time. The best thing we can do, as the gentleman from Texas says, is to keep the convicts busy at work, but to do that we do not need labor-saving, high-speed producing machines. Whatever we do, we must not permit the products of free labor to be reduced by reason of prison-made goods. [Applause.]

[Here the gavel fell.]

Mr. OLIVER of Alabama. Mr. Chairman, I yield three minutes to the gentleman from Georgia [Mr. RAMSPECK].

Mr. RAMSPECK. Mr. Chairman, I have very great admiration for the gentleman from New York, especially for his ability and his sincerity, but this is not the first time I have heard him raise his voice along this line.

In Georgia we use the State convicts on highways and he objects to that. I apprehend that no matter what Mr. Bates might propose to employ these prisoners on, the gentleman from New York [Mr. LAGUARDIA] would object to it, because anything you set a convict doing necessarily puts him to some extent in conflict with free labor.

I find myself in the position where I would like to sympathize with these gentlemen who are proposing these restrictions, but I see that this is only the opening wedge for what will come hereafter. Unfortunately, in some respects, my district contains one of these Federal institutions. Down there to-day is the most publicized prisoner of the Federal Government. What the gentleman from Texas said about his treatment is absolutely true. He does not get any special favors. As a matter of fact it is harder to see him than to see the President of the United States to-day. We have in the Atlanta Penitentiary, Mr. Chairman, a duck mill, and I am well satisfied in my own mind that this amendment is simply the forerunner of an effort from the duck manufacturers of the country to limit the production of the Atlanta mill. We have in that prison to-day over 3,000 prisoners, more than half of whom are unemployed. We have had as many as 3,900.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. COOPER of Ohio. This is a new undertaking; this is the installation of new machinery. They have not got it up there in the penitentiary yet.

Mr. RAMSPECK. I understand that, but the duck manufacturers are already in communication with Members of Congress advocating a limitation of the amount of duck that may be produced in the Atlanta Penitentiary.

I wish to ask you one question before you vote on this matter: Is it not better to let the Attorney General and the superintendent of prisons work this problem out than for Congress to try to legislate to protect a particular industry that may happen to be in some Member's district? This is what is going to be the outcome of this effort.

It seems to me, Mr. Chairman, that we should look at this matter from a broad viewpoint. I would like to help relieve the duck manufacturers, but what are we to do with our prisoners? Shall we maintain them in idleness at the expense of the taxpayers of America?

My opinion is that as long as the products of these industries produced in our prisons are used only by the Federal Government, and are not sold to the public in competition with free labor, it is the best policy to utilize their labor to keep them employed. To do otherwise will entail a greater burden upon the taxpayer who is now loaded beyond capacity to pay.

I have talked with the leaders of labor in my district about this problem and they agree with the view I have expressed above.

If we place the proposed restriction upon this appropriation, should we not in all fairness place a similar restriction in favor of all other industries affected by the products of our prisons?

The logical conclusion is that eventually we would have several thousand prisoners kept in idleness, well fed, clothed, given the best possible medical attention, at a cost of several millions of dollars to the taxpayers. They would produce nothing. I can not concur in such a policy.

At the Atlanta Prison there is a farm which in recent years has been improved with fine buildings, with steam tables in the kitchen, with all modern conveniences. The men are so plentiful that each does very little labor. The farmers living adjacent to this farm are complaining that these prisoners live in better circumstances and work less than do such farmers.

There is one other point I wish to bring out. The prisoners who work in our prison industries are paid a small compensation. This money can be sent home to their dependents or it may be held until they are released and then paid to them. This helps rehabilitate the prisoner or it helps prevent their dependents having to rely upon charity.

Here in the House we can not escape the interests of the districts we represent. It therefore seems to me that we should leave this matter to the Attorney General and the superintendent of prisons to work out so as to compete as little as possible with our manufacturing plants on the outside. We must have a general policy and I can not escape the conclusion that it is not fair to the people to maintain these prisoners in idleness. Their labor should be utilized to reduce the cost of government.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, the adoption of this amendment will express the opinion of the House whether the membership wishes convict labor to be employed in highly mechanized industry or whether they should be occupied as the State penitentiaries in every instance employs their prison labor where work is the major factor in the production of such industry. I challenge the committee or anyone here to cite an instance among all the State penal institutions where they are employing their labor in mechanized industry. In Michigan they are employing them in the manufacture of cement. In my State they are employing them in the manufacture of sisal, and in the local penal institutions they are employed in the manufacture of chairs and the like. This has been the endeavor ever since this question has been a problem before the Congress. The distinguished adviser of the President elect, Mr. Swagar Sher-

ley—and there was never a more brilliant man who occupied a seat in this House—recommended as a primal policy for this Congress to follow that prison labor should be occupied in industry where labor was the principal factor. Now we are expressing the opinion of Congress in this instance that it is ill-advised to have convict labor engage in an industry where machinery represents 50 per cent of the production. This line goes nowhere in training for a vocation.

No claim is made here that there is any monopoly whatsoever in private manufacture. If I had known that this act that was passed by the last Congress surrendered the absolute determination of this matter to a bureau officer with respect to the way in which he should employ the revolving fund, I would have strenuously opposed it. It is altogether too absolute a power to give to any bureaucrat, no matter how well-intentioned he may be, to have him determine a policy against the declared purpose of Congress heretofore expressed that convict labor should be utilized in those industries where labor is the principal factor.

Why, presently they will be engaged in the manufacture of automobile chassis. A great manufacturing institution in Milwaukee, the A. O. Smith Co., manufactures more chassis than any other concern in the country. They manufacture most of those required by the General Motors Corporation. They just put a piece of steel at one end of the machine and it comes out a completed chassis. I suppose Mr. Bates may wish to have this kind of manufacture for our convict labor.

There are many other ways in which this labor can be occupied. By this amendment we are checking the investment of Government funds before they have purchased any machinery for this purpose. I want this to be a test here and now of the policy of Congress as to whether we approve Mr. Bates's policy of going into mechanized industry for the employment of our convict labor.

Mr. Chairman, I yield back the balance of my time.

Mr. COOPER of Ohio. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. Mr. Chairman, the deduction to be made from the speeches of the gentlemen from Texas and Missouri is that if the millions of unemployed who are not in penal institutions wish to receive consideration, they should begin rioting. We are told that the only way to prevent rioting in prisons is to give the prisoners work. I disagree with those who say there is no criticism of the conduct of the business activities at these institutions. The Director of the Bureau of Prisons is a penologist who has gone mad on the subject of furnishing employment to those in prison at the expense of those on the outside who have committed no offense, and who must feed, clothe, and care for themselves.

I know of no better way of presenting the situation than to quote from the testimony of a representative of a large shoe-manufacturing concern of Boston, who testified before our special committee. He said:

> There is no doubt but that public sentiment favors the furnishing of some form of employment for inmates of penitentiaries. However, at this time, after some three years of acute depression, which may be in the future more or less protracted, most thinking Americans are more interested in providing employment to those outside of prisons who are striving to earn a livelihood than they are in providing employment to convicts. In fact, the policy of providing employment to Federal convicts while outside labor was allowed to remain idle has been the subject of severe and widespread criticism in the various shoe-manufacturing centers of our country.

He testified further:

> If the idea is to provide labor to the maximum number of prisoners, then the installation of labor-saving machinery, wherever possible, is productive of the opposite result. For instance, the installation of machinery to cut upper leather has reduced greatly the number of prisoners required to perform this work.

At the instance of railroad men who were either unemployed or employed only part time, I inquired of the Director of the Bureau of Prisons as to his authority for operating a Government bus line for the conveyance of prisoners in competition with private transportation companies. His reply was that Congress granted him that authority. And that is exactly what he will say again—that Congress gave him the right to proceed in this instance.

The Director of the Bureau of Prisons assured a member of our special committee, the gentleman from Pennsylvania [Mr. RICH], that he would not install this high-speed, labor-saving machinery in the new penal institution at Lewisburg to compete with private enterprise; but we are now informed that the director is preparing to do that very thing, and once the machinery is installed you will have a devil of a time getting it out.

The textile manufacturers have received a terrific blow through prison-labor competition. One textile man, from the State of Maryland, who testified before our special committee, said that his family had been engaged in the textile industry for 130 years, but that the practice of Mr. Sanford Bates in installing and operating cotton-weaving plants in Federal prisons would soon put his company out of existence.

This question is a most serious one. Shall this House, by its vote, say to this prison-labor enthusiast that it approves of and indorses his practices, which are so destructive of private business, and which deprives free labor of its legitimate employment?

Mr. BLANTON. Will the gentleman yield for a question?

Mr. SHANNON. Yes.

Mr. BLANTON. Every Member that I know of here who has known Mr. Bates for any length of time, or who is well acquainted with his work, has nothing but encomium to offer.

Mr. SHANNON. I differ with the gentleman. I have met him officially and I have discussed with him the question you are passing on to-day.

Mr. DYER. Will the gentleman yield?

Mr. SHANNON. Yes.

Mr. DYER. I think my colleague must admit that Mr. Bates has authority from Congress to do these things. We have put the discretion in the Attorney General, and Mr. Bates is acting accordingly in this matter. If Congress sees fit to limit this authority or to specify what can not be done, then there are orders that Mr. Bates will take; but I do not think there is any just cause for criticizing Mr. Bates about what he has done.

Mr. SHANNON. The gentleman blames Congress, then?

Mr. REED of New York. Will the gentleman yield?

Mr. SHANNON. I yield.

Mr. REED of New York. Is it not a fact that many of the civilized countries to-day are deeply concerned about the importation of Russian conscript-labor goods and that they are raising their eyes in holy horror at such injustice, and yet we are proposing to follow the Russian system in this respect?

Mr. SHANNON. Yes.

[Here the gavel fell.]

Mr. COOPER of Ohio. Mr. Chairman, I yield two minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Chairman, as has been pointed out during the debate, the adoption of the amendment offered by the gentleman from Ohio [Mr. COOPER] does not mean that the inmates of prisons are not going to be provided with work. There are a good many other things to do besides making metal furniture. The truth is that the same amount of money spent in almost any other way would furnish inmates of our prisons with more real work than this appropriation, a large part of which the Superintendent of Prisons will use to buy machinery to engage in a highly mechanized industry requiring little actual handwork.

I want to call attention to this fact: Those of us who come from the furniture centers know that the depression has hit those centers as hard, if not harder, than any other. The furniture factories the country over are closed, and people who ordinarily find employment in them are out of employment. It is proposed by this legislation to add to this unemployment of free labor in the furniture centers under the guise of providing something to do for convict labor, when as a matter of fact the convicts could be pro-

vided with something else to do to the advantage of everyone. The metal industry has not yet been established in this prison and we had better stop it before it gets a start. [Applause.]

The CHAIRMAN. The time of the gentleman from Michigan has expired. All time has expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. COOPER], which the Clerk will again report.

The Clerk again reported the amendment offered by Mr. COOPER of Ohio.

The question was taken; and on a division (demanded by Mr. BLANTON) there were ayes 84 and noes 43.

Mr. OLIVER of Alabama. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed Mr. COOPER of Ohio and Mr. OLIVER of Alabama to act as tellers.

The committee again divided; and the tellers reported there were ayes 99 and noes 36.

So the amendment was agreed to.

The CHAIRMAN. The Clerk will read the paragraph on page 29 which was passed over yesterday at the request of the gentleman from Alabama.

The Clerk read as follows:

Page 29, line 12: Salaries and expenses, clerks of courts: For salaries of clerks of United States circuit courts of appeals and United States district courts, their deputies, and other assistants, travel expenses pursuant to the subsistence expense act of 1926, as amended (U. S. C., Supp. VI, title 5, secs. 821–833), and other expenses of conducting their respective offices, $1,856,580.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent that this paragraph be passed over without prejudice so that we may return to it later for the purpose of offering an amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The Clerk will read the next paragraph passed over.

The Clerk read as follows:

Page 35, line 8: United States penitentiary, Atlanta, Ga.: For the United States penitentiary at Atlanta, Ga., including not to exceed $356,350 for salaries and wages of all officers and employees, $920,000.

Mr. RAMSPECK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK: On page 35, line 10, strike out "$356,350" and insert in lieu thereof "$376,350."

Mr. RAMSPECK. Mr. Chairman, this amendment does not increase the total appropriation.

Mr. OLIVER of Alabama. Mr. Chairman, to save time, the committee is entirely agreeable to the amendment and accepts it.

The CHAIRMAN. The question is on the amendment of the gentleman from Georgia.

The amendment was agreed to.

Mr. RAMSPECK. Mr. Chairman, I am grateful to the gentleman from Alabama [Mr. OLIVER] for accepting the amendment. It adds nothing to the total appropriation for the Atlanta Penitentiary, but it does permit the using of an additional $20,000 for salaries.

The guards at this institution are now working seven days each week. This must be stopped. With 12,000,000 persons out of employment, it is almost unbelievable that any Government employee should be required to work every day, having no rest at all. It is particularly hard in such an occupation, for a penitentiary guard works under tension at all times.

Last year the Atlanta prison failed to use all of its appropriation; but under the language of the bill none of this money could be used for additional guards. If some savings can be effected this year in other items, this amendment will permit the Bureau of Prisons to employ additional guards so as to give these men one day of rest in seven. That is the object and purpose I have in presenting the matter, and I trust that the result sought will be achieved.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent, in order that the prison at Leavenworth be given like treatment, that later this evening or to-morrow morning I be permitted to return to the paragraph for the purpose of offering the same amendment. The amendment would not increase the appropriation, but increases the allowance by $30,000, which would make it the same as Atlanta, which was increased $20,000.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read as follows:

General expenses: For supplies, including replacement of and necessary additions to existing equipment, repairs, maintenance, and incidental expenses of lighthouses and other lights, beacons, buoyage, fog signals, lighting of rivers heretofore authorized to be lighted, light vessels, other aids to navigation, and lighthouse tenders, including the establishment, repair, and improvement of beacons and day marks, and purchase of land for same; establishment of post lighs, buoys, submarine signals, and fog signals; establishment of oil or carbide houses, not to exceed $10,000: *Provided*, That any oil or carbide house erected hereunder shall not exceed $1,000 in cost; construction of necessary outbuildings at a cost not exceeding $1,000 at any one light station in any fiscal year; improvement of grounds and buildings connected with light stations and depots; restoring light stations and depots and buildings connected therewith: *Provided further*, That such restoration shall be limited to the original purpose of the structures; wages of persons attending post lights; temporary employees and field force while engaged on works of general repair and maintenance, and laborers and mechanics at lighthouse depots; rations and provisions or commutation thereof for working parties in the field, officers and crews of light vessels and tenders, and officials and other authorized persons of the Lighthouse Service on duty on board of such tenders or vessels, and money accruing from commutation for rations and provisions for the above-named persons on board of tenders and light vessels or in working parties in the field may be paid on proper vouchers to the person having charge of the mess of such vessel or party; not exceeding $2,000 for packing, crating, and transporting personal household effects of employees when transferred from one official station to another for permanent duty; purchase of rubber boots, oilskins, rubber gloves, and coats, caps, and aprons for stewards' departments on vessels; reimbursement under rules prescribed by the Secretary of Commerce of keepers of light stations and masters of light vessels and of lighthouse tenders for rations and provisions and clothing furnished shipwrecked persons who may be temporarily provided for by them, not exceeding in all $5,000 in any fiscal year; fuel, light, and rent of quarters where necessary for keepers of lighthouses; purchase of land sites for fog signals; rent of necessary ground for all such lights and beacons as are for temporary use or to mark changeable channels and which in consequence can not be made permanent; rent of offices, depots, and wharves; traveling expenses, including travel for the examinations authorized by the act entitled "An act to provide for retirement for disability in the Lighthouse Service," approved March 4, 1925 (U. S. C., title 33, sec. 765); mileage; library books for light stations and vessels, and technical books and periodicals not exceeding $1,000; traveling expenses of teachers while actually employed by States or private persons to instruct the children of keepers of lighthouses; all other contingent expenses of district offices and depots, including the purchase of provisions for sale to lighthouse keepers at isolated stations, and the appropriation reimbursed, purchase not to exceed $3,600, exchange, maintenance, operation, and repair of motor-propelled passenger-carrying vehicles for official use in field work; payment of rewards for the apprehension and conviction, or for information helpful to the apprehension and conviction of persons found interfering with aids to navigation maintained by the Lighthouse Service, in violation of section 6 of the act of May 14, 1908 (U. S. C., title 33, sec. 761), and not exceeding $8,500 for contingent expenses of the office of the Bureau of Lighthouses, in the District of Columbia; $4,009,000.

Mr. BRIGGS. Mr. Chairman, I move to strike out the last word.

I wish to ask the chairman of the committee if the amount carried in this bill for the Lighthouse Service is adequate to maintain the lights and aids to navigation essential for commerce.

Mr. OLIVER of Alabama. That is a difficult question for me to answer other than in this way: Our committee went into this very fully and felt we were quite liberal in granting appropriations for this important service. We took only a small amount off of the Budget estimates. In addition to that, the gentleman will recall that this is one of the bureaus of the Department of Commerce which had $3,800,000 given them by the emergency bill. That is a continuing fund and they have only a little more than half of this

amount allocated. That is for carrying on the very purpose the gentleman has in mind.

Mr. BRIGGS. What is the occasion for the difference between the estimates and the amount allowed by the committee in the bill?

Mr. OLIVER of Alabama. I think the gentleman will find that the amount they had as a continuing fund, plus the amount that had been recommended, was more than we felt was required. We have provided for the pay roll and for maintenance.

One item reduced was an amount which the head of this bureau felt might not be required, namely, $20,000 for installing lights on the Missouri.

Mr. BRIGGS. These reductions made from the estimates are not such as will preclude the maintenance of the lights and the aids to navigation which exist now under the Department of Commerce through the Lighthouse Service?

Mr. OLIVER of Alabama. In the judgment of the committee, they will not. This is probably the most liberal appropriation granted any bureau in the Department of Commerce.

Mr. BRIGGS. And the appropriation provided, in the opinion of the committee, is sufficient to maintain this service?

Mr. OLIVER of Alabama. We would not have so recommended had we not thought so.

Mr. BRIGGS. I did not want it to be such an undue economy as to endanger the lives of seamen and passengers.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

The report shows a rather drastic cut of four and a half millions of dollars under the appropriation of last year. As the gentleman has explained, a million or two of that amount is accountable——

Mr. OLIVER of Alabama. Not a million or two, but $3,800,000 of it.

Mr. STAFFORD. Three million eight hundred thousand dollars is accountable for appropriations carried in the emergency act.

Mr. OLIVER of Alabama. And, further, the gentleman will find that the appropriation carried last year was reduced and impounded to the amount of 8⅓ per cent. This year when the Budget prepared its estimates it took from all estimates the 8⅓ per cent. So that nothing will be taken in 1934 from this appropriation and impounded. There was taken from the 1933 appropriation, however, 8⅓ per cent and paid into the Treasury.

Mr. STAFFORD. I notice there has been a rather drastic reduction in the salaries of the keepers of lighthouses recommended by the budgetary officer, $321,000, to which the committee added $20,000 further reduction. So also with the salaries connected with the keepers of lighthouse vessels, $148,000.

Are these figures all within the 8⅓ per cent reduction that the Congress prescribed?

Mr. OLIVER of Alabama. The 8⅓ per cent was taken out of last year's appropriation, as explained; and when you take out the $3,800,000 carried in the emergency act, you will find the bureau has available for expenditure about the same amount they had last year, less the cut indicated by the gentleman from Texas [Mr. BRIGGS] who asked me a question a few minutes ago.

I may also say to the gentleman that they have been improving navigation aids by installing automatic aids and dispensing with some maintenance expense, involving some reduction of the bureau personnel.

Mr. STAFFORD. Including the installation of acetylene buoys, I presume?

Mr. OLIVER of Alabama. Yes.

The Clerk read as follows:

Pay, commissioned officers: For pay and allowances prescribed by law for commissioned officers on sea duty and other duty, holding relative rank with officers of the Navy, including 1 director with relative rank of captain, 6 hydrographic and geodetic engineers with relative rank of captain, 10 hydrographic and geodetic engineers with relative rank of commander, 17 hydrographic and geodetic engineers with relative rank of lieutenant commander, 47 hydrographic and geodetic engineers with relative rank of lieutenant, 61 junior hydrographic and geodetic engineers with relative rank of lieutenant (junior grade), 29 aides with relative rank of ensign, and including officers retired in accordance with existing law, $633,955: *Provided*, That the Secretary of Commerce may designate one of the hydrographic and geodetic engineers to act as assistant director.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

I have never looked with very much favor, since I entered Congress, upon this Hydrographic Service. I notice that the committee did not reduce the Budget estimate for the salaries in this service. This is one of the services that was recommended for merger under the President's plan. I would like to know why the committee did not see fit to make a reduction under the Budget estimate in this identic item.

Mr. OLIVER of Alabama. I may say that this happens to be one of the bureaus for which the emergency bill carried $1,250,000, which has kept the regular force very busy here in Washington handling the field reports. This emergency money, as the gentleman knows, is largely expended in the field. The data are sent here, which puts on the regular force the burden to examine, compile, and analyze the information thus obtained. This will continue; and while the committee did make some reductions, yet this is one reason why we felt we could not safely make further reductions. Congress had directed that certain additional work be done, and the regular officers and employees were required to direct, supervise, examine, and analyze the work and information thus made available.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Appropriations herein made for the field expenses of the Coast and Geodetic Survey shall be available for expenditures in the application of the airplane to the field work of the Coast and Geodetic Survey, and not to exceed a total of $25,000 of said appropriations shall be available for the purchase or construction of cameras and other photographic apparatus, for equipment, except airplanes, and for employment of personnel in the field and office in connection with such work.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word.

I notice in the report, and have it marked on the bill, that the committee places a limitation on the appropriation with respect to the amount that may be expended for certain equipment, including cameras and photographic supplies, other than airplanes. What is the purpose of this limitation?

Mr. OLIVER of Alabama. They are using airplanes in this survey, and the committee felt, with the approval of the director, that this would be a proper limitation to place on the amount to be expended for such purpose.

The pro forma amendment was withdrawn.

The Clerk read to and including line 4 on page 81 of the bill.

Mr. OLIVER of Alabama. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. OLIVER of New York, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 14363 and had come to no resolution thereon.

DESIGNATION OF SPEAKER PRO TEMPORE FOR THE EVENING SESSION

The SPEAKER. The Chair appoints the gentleman from Illinois [Mr. RAINEY] to preside at the evening session.

ORDER OF BUSINESS

Mr. WOODRUM. Mr. Speaker, it is obvious that the best part of the day to-morrow will be taken up in the completion of the bill under consideration. I have had many inquiries as to when we would consider the independent offices appropriation bill. I am wondering if it can not be understood that it will be taken up on next Tuesday morning?



Mr. RAINEY. I think that will be the understanding. We have 15 more pages of the pending bill to consider, and there will be several roll calls, and Monday will be occupied by unanimous consents and suspensions of the rules.

Mr. SNELL. Then it is understood there will be no business to-morrow except in connection with this bill?

Mr. RAINEY. Yes.

Mr. LaGUARDIA. Mr. Speaker, I would like to ask a question. I am wondering if there can not be some understanding that if separate votes are asked for on amendments to the pending bill adopted to-day they can not go over and be considered on Tuesday morning?

Mr. OLIVER of Alabama. In view of the fact that we are approaching so rapidly the end of the session, and that there are several important appropriation bills remaining undisposed of, and that there will be some important legislation in addition to that considered next week, I think it would be a mistake to let the votes go over.

Mr. RAINEY. I think they ought to be considered to-morrow and get through with the bill.

Mr. LaGUARDIA. Very well.

SENATE ENROLLED JOINT RESOLUTIONS SIGNED

The SPEAKER announced his signature to enrolled joint resolutions of the Senate of the following titles:

S. J. Res. 239. Joint resolution authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes; and

S. J. Res. 240. Joint resolution to provide for the quartering, in certain public buildings in the District of Columbia, of troops participating in the inaugural ceremonies.

RECESS

Mr. RAINEY. Mr. Speaker, I move that the House take a recess until 8 o'clock this evening.

The motion was agreed to; accordingly (at 5 o'clock and 19 minutes p. m.) the House stood in recess until 8 o'clock p. m.

EVENING SESSION

The recess having expired, the House was called to order at 8 o'clock p. m. by the Speaker pro tempore, Mr. RAINEY.

The SPEAKER pro tempore. The House is in session until 10.30 o'clock p. m. for the purpose of considering bills on the Private Calendar unobjected to in the House as in the Committee of the Whole House on the state of the Union. The Clerk will report the first bill, beginning at No. 536 on the calendar.

WILLIAM JOSEPH VIGNEAULT

The first business on the Private Calendar was the bill (H. R. 792) for the relief of William Joseph Vigneault.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon honorably discharged sailors William Joseph Vigneault, late of the United States Navy, shall be held and considered to have been honorably discharged from the naval service of the United States as seaman, first class, on December 11, 1918.

With the following committee amendments:

Line 6, strike out the word "honorably," and in line 7, after the word "discharged," insert the words "under honorable conditions," and in line 9, after the figures "1918," insert a colon and the words "*Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act."

The committee amendments were agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

PETER E. ANDERSON

The next business on the Private Calendar was the bill (H. R. 1177) for the relief of Peter E. Anderson.

The SPEAKER pro tempore. Is there objection?

Mr. EATON of Colorado. Mr. Speaker, I reserve the right to object. This bill ought to have an amendment to it to make it conform to the regular form. If the sponsor of the bill will agree to the amendment showing the date from which the pension shall run, I have no objection.

Mr. PALMISANO. Mr. Speaker, the proponent of this bill was our late colleague, Mr. Linthicum. I know nothing about the bill except that I saw this afternoon that it is on the calendar.

Mr. EATON of Colorado. The gentleman should have no objection to the amendment.

Mr. PALMISANO. I have no objection.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged sailors Peter E. Anderson, who was a member of U. S. S. *Vermont*, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

With the following committee amendments:

Line 7, strike out the word "honorably," and after the word "discharged" insert the words "under honorable conditions."

Mr. EATON of Colorado. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Line 8, after the word "States," insert "as a member of that organization on August 25, 1898."

The amendments were agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

SYDNEY THAYER, JR.

The next business on the Private Calendar was the bill (H. R. 1936) for the relief of Sydney Thayer, jr.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That Sydney Thayer, jr., who served as an officer of the Marine Corps of the United States during the World War, shall be deemed and considered to be entitled to the benefits and privileges of the emergency officers' retirement act, Public, No. 506, Seventieth Congress, notwithstanding the time limit for applicants for the benefits thereunder has expired: *Provided*, That such disability rating is sufficient and said Sydney Thayer, jr., is otherwise eligible for retirement under the terms and conditions of said act: *Provided further*, That said Sydney Thayer, jr., shall not be entitled to any back pay or allowances by the passage of this act, except as provided by said emergency officers' retirement act.

With the following committee amendment:

Page 2, line 2, after the word "*further*," strike out "That said Sydney Thayer, jr., shall not be entitled to any back pay or allowances by the passage of this act, except as provided by said emergency officers' retirement act"; and insert "That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act."

The committee amendment was agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

WALTER SAM YOUNG

The next business on the Private Calendar was the bill (H. R. 2907) for the relief of Walter Sam Young.

The SPEAKER pro tempore. Is there objection?

Mr. EATON of Colorado. Mr. Speaker, I object.

Mr. LAMNECK. Mr. Speaker, will the gentleman withhold his objection?

Mr. EATON of Colorado. Yes.

Mr. LAMNECK. I am interested in this bill. This boy served over three years in the Navy. He had two charges filed against him. One was for shooting craps and the other was for being absent without leave. In the testimony of the Navy representative assigned to the committee he said:

I have no information here, but at that time the commanding officer had authority to discharge not more than 2 per cent per quarter, per annum, as undesirable if they had records that showed them not to be material good for the Navy.

I contend that this man did nothing that should subject him to a dishonorable discharge. He shot craps once and then was absent without leave once.

Mr. EATON of Colorado. Does the gentleman from Ohio know this man?

Mr. LAMNECK. Yes; and he is working in Columbus and is a good respectable citizen.

Mr. EATON of Colorado. Mr. Speaker, on the recommendation of the gentleman from Ohio, I withdraw the objection.

Mr. LAMNECK. I thank the gentleman.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged sailors Walter Sam Young, late of the United States Navy, shall hereafter be held and considered to have been discharged honorably from the naval service of the United States as a member of that organization on the 16th day of July, 1920: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

With the following committee amendment:

Line 7, strike out the word "honorably" and insert "under honorable conditions."

The committee amendment was agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

GEORGE BRACKETT CARGILL

The Clerk called the next bill, H. R. 5548, for the relief of George Brackett Cargill, deceased.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Navy, their widows, children, and dependent relatives, George Brackett Cargill, deceased, shall be held and considered to have been honorably discharged as a seaman, second class, United States Navy, on July 22, 1918: *Provided*, That no pay or bounty shall be held to have accrued prior to the date of this act.

SEC. 2. The Secretary of the Navy is authorized and directed to issue to Addie Cargill, mother of George Brackett Cargill, deceased, a discharge certificate showing that he is held and considered to have been honorably discharged as of such date.

With the following committee amendments:

Page 1, line 5, after the word "Navy," strike out "their widows, children, and dependent relatives"; page 1, line 7, strike out the word "honorably" and, after the word "discharged," insert the words "under honorable conditions"; in line 9, after the word "no," strike out the words "pay or bounty" and insert in lieu thereof "bounty, back pay, pension, or allowance"; page 2, strike out all of section 2.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time; was read the third time, and passed.

A motion to reconsider was laid on the table.

WILLIAM JOSEPH LACARTE

The Clerk called the next bill, H. R. 6409, for the relief of William Joseph LaCarte.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers William Joseph LaCarte, who was a member of the United States Naval Auxiliary Service and United States Naval Reserve Force, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States as a member of that organization on the 18th day of April, 1917: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

With the following committee amendment:

Page 1, line 8, strike out the word "honorably," and after the word "discharged" insert "under honorable conditions."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

FELIX MAUPIN

The Clerk called the next bill, H. R. 7263, for the relief of Felix Maupin.

Mr. EATON of Colorado. Mr. Speaker, I object.

Mr. BARTON. Will the gentleman reserve his objection?

Mr. EATON of Colorado. I will reserve the objection for the gentleman to make an explanation.

Mr. BARTON. Mr. Speaker, I desire to make a statement about this. This is a man who served in the Navy about nine years. He enlisted in 1913 and during his first 4-year enlistment he had but one charge against him, a petty offense; that is, the charge was that he attempted to smuggle some liquor onto the boat. At the end of the 4-year period he was honorably discharged. Then he reenlisted and served through the war, without a single mark against him.

Mr. BLANTON. Will the gentleman yield?

Mr. BARTON. I yield.

Mr. BLANTON. That is not quite the report from the Navy Department. The Navy Department says that in addition to the charge about the liquor there were three charges against him for being absent without leave, and for those charges he was fined $191.

Mr. BARTON. I will come to that presently.

Mr. BLANTON. The Navy Department recommends against the passage of this bill. I just wanted those facts before the House.

Mr. BARTON. Exactly so. He served his first 4-year term with a single charge, which I have mentioned, and then he reenlisted.

Mr. MILLIGAN. Will the gentleman yield?

Mr. BARTON. I yield.

Mr. MILLIGAN. He was honorably discharged and then allowed to reenlist?

Mr. BARTON. Yes, sir.

Mr. BARTON. After the liquor charge he was permitted to reenlist. Then, on his second enlistment he served throughout the war and until some time in 1919. At that time he was entitled to an honorable discharge. As I understand it, he reenlisted, but they claim he changed his reenlistment to a 4-year period from that time. In 1920 he was absent over leave, and according to his explanation he drank something that he ought not have taken, and it had something in it that he did not think it had. At any rate, he was absent three times without leave in nearly three years. The first time was in 1920 and the last time was in 1922. For each of those offenses he was fined, and there was taken from his pay $191. Then he was put on probation and before the probationary period expired he went ashore on leave and, as he explains, there came up a storm; not exactly a storm but at any rate a high wind, and they pushed off before he expected them to go, and when he came back he could not hire one of the smaller vessels to take him out to the vessel on account of the waves, and he was absent until the next day. For that he was given a dishonorable discharge.

Mr. WOODRUFF. Will the gentleman yield?

Mr. BARTON. I yield.

Mr. WOODRUFF. Will the gentleman tell us how long he was absent without leave?

Mr. BARTON. He was absent less than 48 hours at any time.

Mr. WOODRUFF. Does the gentleman not believe he was punished adequately when he was fined $191 for being absent less than 48 hours without leave on three different occasions?

Mr. BARTON. I certainly think that is so.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BARTON. I yield.

Mr. COCHRAN of Missouri. The report shows that this man served in the war from start to finish. Forty-eight hours was the longest he was ever absent from his command.

Mr. KNUTSON. How many times was he absent?

Mr. COCHRAN of Missouri. Three times. The Secretary of the Navy, in his report, which shows how far they will

go in cases of this character, says that in 1922 the United States was technically in a state of war.

Mr. WOODRUFF. With whom?

Mr. COCHRAN of Missouri. The United States was technically in a state of war. Are we not going to give some consideration to him who served in the war from start to finish? Some Members are absent from this House for weeks at a time and they were never fined $191. [Laughter.]

Mr. EATON of Colorado. It appears by this record that this man's superior officer time after time forgave him for willful violations. At the end they gave him a six months' probationary period, and during that probationary period he could not conform to whatever rules and regulations were deemed to be necessary. Of all the cases that are here tonight, no man had more consideration by his superior officers than the man covered by this bill. There is another statement in connection with it, notwithstanding the mention that this occurred during the time when we were "technically" at war.

A portion of these offenses occurred during the time when we were actually at war. The offenses go back to July, 1919.

Mr. BARTON. No; I do not think so.

Mr. STAFFORD. That was after the armistice.

Mr. EATON of Colorado. He enlisted June 1, 1917.

Mr. BARTON. He reenlisted then.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. EATON of Colorado. I yield.

Mr. STAFFORD. I believe the report shows that he was in service during the entire period of the war. He enlisted on the day following June 11, 1917, when he was honorably discharged. We were right at the beginning of the war. On July 26, 1919, Maupin changed his 4-year enlistment to a duration of the war enlistment. We were then out of the war, really.

I do not see any real serious offense that occurred during the war period.

We have been very jealous of granting relief to those who were guilty of serious offenses during the actual war period, but this soldier, apparently, from just a reading of the letter of the Secretary of the Navy, was doing service during the entire period of hostilities.

Mr. EATON of Colorado. Mr. Speaker, I will withdraw my objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Felix Maupin, who was a machinist's mate, first class, United States Navy, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States as a machinist's mate, first class, on the 23d day of August, 1922: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

With the following committee amendment:

Line 7, strike out the word "honorably" and, after the word "discharged," insert "under honorable conditions."

The committee amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

RUTH M'CARN

The Clerk called the next bill, H. R. 7548, granting six months' pay to Ruth McCarn.

The SPEAKER pro tempore. Is there objection?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sum as may be necessary to pay to Ruth McCarn, dependent mother of the late John Bush Watson, seaman, United States Navy, an amount equal to six months' pay at the rate said John Bush Watson was receiving at the date of his death.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GEORGE OCCHIONERO

The Clerk called the next bill, H. R. 9231, for the relief of George Occhionero.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I object.

Mr. KNUTSON. Mr. Speaker, will the gentleman withhold his objection?

Mr. STAFFORD. Yes.

Mr. KNUTSON. Would the gentleman from Pennsylvania like to give us an explanation of this bill?

Mr. COYLE. Yes. I investigated this case very fully and very carefully. If the gentleman from Wisconsin will note——

Mr. STAFFORD. Mr. Speaker, I reserve the objection.

Mr. COYLE. I was under the impression the gentleman had reserved his objection.

Mr. STAFFORD. No. I objected, and then when the gentleman from Minnesota and the gentleman from Pennsylvania appeared on the scene I reserved it.

Mr. COYLE. If the gentleman will note, the department makes a supplemental report in this case.

Mr. STAFFORD. I have not the supplemental report.

Mr. BLACK. Mr. Speaker, I demand the regular order.

Mr. KNUTSON. I hope we will not be taken off our feet like that.

Mr. STAFFORD. If the regular order is demanded, I object, but I believe, knowing——

Mr. BLACK. Mr. Speaker, the reason I demanded the regular order was in order to expedite this calendar. I withdraw it. Members ought to be able to make up their minds whether they object or not.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, the gentleman from New York, I think facetiously, certainly unwittingly, demanded the regular order.

Mr. BLACK. I demanded the regular order in the interest of expediting business on the calendar. I think these conscientious objectors ought to make up their minds whether they are objecting, reserving objection, or intentionally making a speech.

Mr. BLANTON. The gentleman from New York will get more business transacted if he will adopt a policy of patience. Impatience will clog up the machinery.

Mr. COYLE. Mr. Speaker, in this particular case the supplemental report from the Navy Department withdraws its objection filed with its original report on this bill. They withdraw the objection because they state in a supplemental report to the committee that they had in the first place thought that there was a provision in the pension laws as they existed to take care of this worthy case. When they found they were mistaken in that fact and that there was no provision under the law without the enactment of this bill they recommended in favor of its passage.

Mr. PATTERSON. Does the gentleman from Pennsylvania have a copy of the supplemental report?

Mr. COYLE. I have a supplemental report in my hand. I will be very glad to read it to the gentleman, or file it.

Mr. PATTERSON. I suggest the gentleman read it.

Mr. COYLE. In the supplemental report, quoting from a letter from the Navy Department, the following statement is made:

It now appears that the unfavorable recommendation of the Navy Department on the bill (H. R. 9231) for the relief of George Occhionero was based upon an erroneous idea that he was entitled to receive a pension under the provisions of the United States Code, title 38, section 229, above referred to. In view of all the circumstances in this case, I now have the honor to inform you that the Navy Department would favorably recommend the enactment of the bill (H. R. 9231) for the relief of this man or a similar bill subsequently introduced for his relief.

This is signed "C. F. Adams, Secretary of the Navy."

Mr. PATTERSON. What is the date of that letter?

Mr. COYLE. January 20, 1933, and is printed in the supplemental report by unanimous consent.

Mr. STAFFORD. What is intended by the statement of the Secretary of the Navy that they would favor some other bill for his relief?

Mr. COYLE. The committee had in the meantime amended the bill that they reported out, putting him on the retired list as a marine gunner instead of a first lieutenant, and I have no doubt that this is what the Secretary had in mind, or else a subsequent bill in case this particular bill failed of passage.

Mr. STAFFORD. Mr. Speaker, I was much influenced in my conclusion that this bill is objectionable by the statement carried in the original report and found in the letter of the Secretary of the Navy that this claimant would be entitled to $690 a year. The Secretary of the Navy in a supplemental report states this is an error, and I therefore withdraw my objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the President of the United States be, and he is hereby, authorized to appoint George Occhionero, former first lieutenant, United States Marine Corps, in which grade he served honorably during the World War, now a gunnery sergeant in the United States Marine Corps, and to retire him and place him on the retired list of the United States Marine Corps as a first lieutenant with retired pay of that grade, in accordance with the provisions of existing law for the retirement of officers of the Marine Corps, in case a retiring board should find him incapacitated for active service, and that his incapacity is the result of an incident of service.

With the following committee amendment:

Page 1, line 9, strike out the words "first lieutenant" and insert "marine gunner."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOHN E. DAVIDSON

The Clerk called the next bill, H. R. 9326, for the relief of John E. Davidson.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the pension laws and of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers and sailors, their widows and dependent relatives, John E. Davidson, seaman, second class, United States Navy, shall hereafter be held and considered to have been discharged under honorable conditions from the naval service of the United States at St. Elizabeths Hospital, Washington, D. C., on the 16th day of July, 1918: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

DAVID SCHWARTZ

The Clerk called the next bill, H. R. 9355, for the relief of David Schwartz.

Mr. EATON of Colorado. Mr. Speaker, I object to the passage of this bill.

Mr. BLOOM. Will the gentleman reserve his objection?

Mr. EATON of Colorado. Mr. Speaker, I reserve the objection if the gentleman wishes to make a statement.

Mr. BLOOM. The report of the Acting Secretary of the Navy speaks for itself. This is the ordinary case that comes in here.

Mr. EATON of Colorado. The report of the Secretary of the Navy is a recommendation against the enactment of this bill.

Mr. BLOOM. No; not this particular bill. The Secretary says this is the usual bill, and ordinarily they have to object to such bills.

Mr. EATON of Colorado. In this case, Mr. Speaker, the veteran applied for and obtained compensation to the extent of several thousand dollars. Upon later examination of the case it was determined that his mental incapacity was not due to his service in the war or connected with the war and the compensation was withdrawn. This applicant asked to have the payment reinstated and continued from that time to the present.

The bill has been amended, however, to prevent any bounty, back pay, or allowance commencing prior to the passage of the act. Nevertheless, it seems that the recommendation of the Secretary of the Navy ought to be followed unless the gentleman has some facts to indicate that the report is erroneous.

Mr. BLOOM. The report speaks for itself, and I have nothing outside of the matter contained in the report.

Mr. EATON of Colorado. My attention has been directed to the facts that these offenses were committed during the war period and therefore I withdraw my objection.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers David Schwartz, who served in the United States Navy, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States as a member of that organization on or about the 30th day of October, 1917: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

With the following committee amendment:

Line 6, strike out the word "honorably," and after the word "discharged," in line 7, insert "under honorable conditions."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HENRY STANLEY WOOD

The Clerk called the next bill, H. R. 1264, for the relief of Henry Stanley Wood.

Mr. BLANTON. Mr. Speaker, this bill would pay $7,690.67 out of the Treasury and the Treasury Department has always opposed bills of this character. There are thousands of similar claims barred by the statute of limitations and we ought not to pay out this $7,690.67, and I therefore object.

PETE JELOVAC

The Clerk called the next bill, H. R. 1767, for the relief of Pete Jelovac.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. PITTENGER. Will the gentleman withhold his objection for a moment?

Mr. STAFFORD. I may say that this Congress has virtually established the policy of not recognizing payment of claims for injuries occurring as far back as 1906. I do not question that, perhaps, this individual was injured, but there are many similar bills for the relief of persons employed by the Government for injuries occurring way back, and objection has been raised to their consideration.

Mr. PITTENGER. If the gentleman will permit, is it not a fact that Congress has gone back quite a ways in respect of claims of this character?

Mr. STAFFORD. Not at this term of Congress.

Mr. KNUTSON. Will the gentleman yield for a question?

Mr. PITTENGER. I yield.

Mr. KNUTSON. Is it true that this man is absolutely blind?

Mr. PITTENGER. Yes, Mr. Speaker; this is a very pathetic case. This is a very old man, I think around 70, who has an aged wife and he maintains himself and wife by selling shoe strings on the street.

Mr. BLANTON. And he is completely blind?

Mr. PITTENGER. There is no doubt about that. The facts are in the report here, and our late colleague the gentleman from Oregon, Mr. Butler, gave careful consideration to this case.

I do not want to start any bad precedents, but here is a case where the files will show, as I know from having gone over them, that this was a case of negligence on the part of other employees. When the matter was called to my attention I felt it was a meritorious case.

I am under the impression that the date does not bar a claim if Congress feels it is meritorious, and certainly no one would say that the Government was doing all it ought to do if through the negligence of the Government agent the man was rendered totally blind and received only $1,460.

Mr. BLANTON. This was in the Sixty-third Congress. Did that act provide that it would be in full settlement of all claims?

Mr. PITTENGER. I think probably it did.

Mr. BLANTON. Nowadays we put it in the bill that it shall be in full settlement of all claims against the United States Government. Has the gentleman looked the matter up?

Mr. PITTENGER. No; I have not.

Mr. BLANTON. Then, Mr. Speaker, until the gentleman makes an examination of that, I ask unanimous consent that the bill be passed over without prejudice, because in the Sixty-third Congress he received $1,460, and if it provided that it was in full settlement of all claims against the Government, we ought not to set a precedent by going behind it.

Mr. KVALE. Is it not true that Congress is not a continuing body, and that we consider all these things de novo?

Mr. PITTENGER. That is true.

Mr. BLANTON. While that is true theoretically, each Congress does what it wants to do. I assure my friend that he will find very few instances in the history of the Government where one Congress has gone behind and undone what another Congress has done with reference to paying claims, where the claimant was given a sum of money "in full settlement of all claims against the Government."

Mr. KVALE. I think the gentleman is correct in that.

Mr. PITTENGER. I want to say that subsequent Congresses have provided that that law was not a humane law. They have created a compensation commission that have given payments in excess of this pitiful amount. I feel that this man ought to have an adequate compensation. He was an employee of the Government.

Mr. BLANTON. I agree with the gentleman; if it were not a final and conclusive settlement, $1,460 is an inadequate payment for a man losing his eyesight, but I want time to look into the matter. I ask that this go over without prejudice.

Mr. BLACK. I think the gentleman from Texas is too broadminded to object to this. What difference does it make whether the money was received in full payment if this man received $1,460, and it was not an adequate compensation for a man blinded for life?

Mr. BLANTON. We will have another private bill day, and let this bill retain its place on the calendar and go over without prejudice.

The SPEAKER pro tempore. The gentleman from Texas asks unanimous consent that the bill go over without prejudice. Is there objection?

There was no objection.

PRIMO TIBURZIO

The next business on the Private Calendar was the bill (H. R. 2917) for the relief of Primo Tiburzio.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I suggest the advisability of having the customary attorney's clause appended to the bill.

Mr. BLANTON. Mr. Speaker, with the understanding that the action of the committee reducing this bill from $5,000 to $2,500 will be adhered to and that it will be protected from any increase in the other body, I shall not object. There will be no such attempt?

Mr. LAMNECK. No.

Mr. BLANTON. And the $2,500 will be accepted?

Mr. LAMNECK. Yes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Primo Tiburzio, of Columbus, Ohio, the sum of $5,000, in full settlement against the Government, as compensation for the death of his daughter, Mary Tiburzio, who was killed when struck by a United States mail truck on September 18, 1930.

With the following committee amendment:

Line 6, strike out "$5,000" and insert "$2,500."

Mr. STAFFORD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

R. S. HOWARD CO. (INC.)

The next business on the Private Calendar was the bill (H. R. 3321) for the relief of R. S. Howard Co. (Inc.).

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, this bill would pay out of the Treasury $32,827.51. I object. I have an adverse report against the bill. It is too large a sum to pass here under unanimous consent.

Mr. KNUTSON. Mr. Speaker, will the gentleman withhold his objection?

Mr. BLANTON. I shall, but I am going to object.

Mr. KNUTSON. Mr. Speaker, this claim was submitted to the Court of Claims and the court found there was a legal liability of $20,827. I happen to have been a member of the subcommittee that considered this claim, and as I recall we held hearings several forenoons upon it. We had members of the department before us and others.

As the result of the action taken by the Government in forcing this company to vacate its quarters over at the Bush Terminal Building in Brooklyn, the company was thrown out of its stride and is to-day virtually bankrupt as a result of the Government's action in compelling them to vacate those quarters. It seems to me that a company situated such as this one is should have its day in court. The Court of Claims has found that there is a legal liability of $20,000, and because some clerk in the department writes an adverse letter is no sign that there is no merit to the claim.

Mr. BLANTON. If the Court of Claims found only $20,000 to be due, why is the gentleman asking by this bill that the Government pay $32,827.51?

Mr. KNUTSON. The Court of Claims also found that there was an equitable of $61,000 and odd.

Mr. BLANTON. Mr. Speaker, this is too important a matter to be passed by unanimous consent, and I object.

DAVID A. WRIGHT

The next business on the Private Calendar was the bill (H. R. 6424) granting jurisdiction to the Court of Claims to hear the case of David A. Wright.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I object.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman from Wisconsin permit a statement to be made?

Mr. STAFFORD. Certainly.

Mr. CHINDBLOM. Mr. Speaker, this is a case which was once heard in the Court of Claims under the so-called Dent Act. The Court of Claims, in its opinion, of which I have a complete copy, sets forth very clearly the reasons for its refusal to grant relief. We all remember that under the Dent Act an informal contract could be made the basis for a suit in the Court of Claims, provided the informal contract had been made with officers who were authorized to act on behalf of the department. In this particular case, at the time Mr. Wright, the claimant, began his negotiations and made his arrangements with the War Department, the Ordnance Department was operating under what was known as the commodity system, there being one section handling a particular commodity contracted for, produced,

inspected, and received by the department. Immediately after he had concluded his negotiations with the department, the department changed its plan of action and transferred its operations from the so-called commodity system to the functional system, under which a single division of the Ordnance Department contracted for and procured all articles, another division produced all articles, and another division inspected and received all articles. The Court of Claims in its opinion said, and it will be found on page 3 of the report:

The kaleidoscopic changes and reorganization of the Ordnance Bureau going on at the time plaintiff conducted his transactions precludes a recovery in this case.

Immediately after Mr. Wright had finished his negotiations the department returned to the commodity system. From that time on they were operating under that system. It is simply because for a very brief time the department changed its method of operation that this officer was unable to conduct his arrangements with the proper officers of the department. The Court of Claims said in its opinion:

The plaintiff, it is true, was never advised by any one of this fact, and in this connection it is proper here to observe that within a very short time after his transaction with the department the functional organization was abandoned and the former commodity plan readopted.

Mr. STAFFORD. Will the gentleman yield?

Mr. CHINDBLOM. Certainly.

Mr. STAFFORD. It appears that this claimant was negotiating with the officers of the Ordnance Department to secure a contract for the manufacture of a certain character of ordnance. The claimants not being in position to go ahead to manufacture that character of ordnance, the Ordnance Department awarded the contract to another contractor. Then later those same officers entered into a verbal arrangement with this man to give him a contract for some other character of ordnance and the war closed. Here is the War Department adversely reporting on this bill for the last several years.

I can not bring myself to the opinion that this man should have relief in the Court of Claims, based upon a statement virtually foreclosing the Court of Claims to find other than in favor of the claimant. True, he went ahead and perhaps secured machinery for getting the contract. Any number of manufacturers did that and did not get any relief.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. CHINDBLOM. This claimant, Mr. David A. Wright, was a tool manufacturer in Chicago. He attended a general conference at Atlantic City which had been called by the Secretary of War for the purpose of getting manufacturers in the United States to assist in the production of ordnance material. They were urged by Colonel Tripp, who was present there, representing the War Department, to set their establishments in order so as to produce war material. Mr. Wright came directly to Washington from Atlantic City. He conferred with Colonel Tripp, and Colonel Tripp turned him over to Maj. Charles D. Wescott and Mr. Howard Abbott.

Mr. Wright told them his plant was not large enough to make the machinery which they wanted, namely, sixteen 88-inch heavy-duty lathes at $75,000 each, which were to be used in the relining of guns in France. He told them, however, that the Allis-Chalmers Co. had a plant in Chicago which he could purchase and which he could make available and suitable for that purpose. They told him to go back and get that plant and they would stand by him and they would give him the contract. He purchased the plant for $155,000. He proceeded to arrange to produce these sixteen 88-inch heavy-duty lathes. Meantime the War Department found another manufacturer who was able immediately to produce those particular lathes, so they notified Mr. Wright that instead of the contract which they had offered him for those lathes, they would give him another contract for forty-three 42-inch lathes at $17,671.56 each. Mr. Wright went ahead and prepared for the manufacture of those lathes. He had already bought the plant for $155,000. He had procured material and he was installing the machinery when the armistice came.

I will say that Mr. Wright was a highly respected and reputed citizen and business man in my district. To-day he is living on a few acres of land in southern Missouri in the Ozarks. I have no doubt he enjoys the climate and the surroundings, but he has lost everything he had by reason of this arrangement. He is a patriotic citizen. He is not complaining, but he is asking for his day in court.

The only reason the Court of Claims did not act upon his suit when he brought it last time was that they said they could not bring it within the Dent Act, which required that he should have had his negotiations with officers who were specifically authorized to act for the department in this particular enterprise. I have shown how it was that the officers with whom he started negotiations, while the department was operating under the commodity plan, were authorized to negotiate with him, and before the thing was concluded the department changed its plan and went over to the so-called functional system, and without notice to him. In the meantime he had spent his money. He had bought the plant. He was ready to proceed with the manufacturing, and he lost practically all he had. I submit to the gentleman from Wisconsin that you can not get a clearer case for an exception from the general act.

Mr. STAFFORD. To my certain knowledge I know of some manufacturers who equipped their plants in expectation of securing war orders. When the war closed the orders were cancelled and they did not have any claim against the Government under the Dent Act or any other act.

I object, Mr. Speaker.

JAMES WALLACE

The Clerk called the next bill, H. R. 3627, for the relief of James Wallace.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers James Wallace, who was a member of Troop K, Sixth United States Cavalry, and who was honorably discharged therefrom on January 17, 1902, and reenlisted April 8, 1902, in said organization, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a private of that organization on June 22, 1902: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

With the following committee amendments:

Page 1, line 8, strike out "said organization" and insert "Troop K, Fourth United States Cavalry."

Page 2, line 1, after the figures "1902," insert "and notwithstanding any provisions to the contrary in the act relating to pensions approved April 26, 1898, as amended by the act approved May 11, 1908."

The committee amendments were agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FREDERICK S. ROLLO

The Clerk called the next bill, H. R. 7326, for the relief of Frederick S. Rollo.

Mr. BLANTON. Mr. Speaker, this bill as introduced was for $10,000. The committee has reduced it to $1,500. May we have an understanding with the chairman of the committee, who will be a conferee, that he will not in the closing hours of Congress permit this to be raised above the $1,500?

Mr. BLACK. I will promise the gentleman that all the pressure of the United States Senate will not permit this bill to be raised one cent.

Mr. BLANTON. Mr. Speaker, I want to raise one other question: Why is it there is no report from the department on this bill incorporated in the committee's report? The committee usually prints the department report on such bills.

Mr. BLACK. The chairman of the committee, who drew this report, probably did it hurriedly, and all that, but he was satisfied with the situation.

Mr. BLANTON. Is there an adverse report?

Mr. BLACK. I find this true, Mr. Speaker, that if I draw a 1-page report I get one objection. If I draw a 2-page report, I get two objections. I am trying to condense these reports. We can not get any place anyway, and what is the use of writing a novel on these things?

Mr. BLANTON. I have not yet objected to any bill unless there was against it some adverse report.

Mr. BLACK. I am not criticizing the gentleman.

Mr. BLANTON. Is there any adverse report against this bill?

Mr. BLACK. I have here a letter in which it is stated while the department very much regrets the injury to Mr. Rollo, you are informed no appropriation has been furnished the department for the disposition of claims of this character in cases where injuries are sustained by those working on public buildings or the site thereof. The only relief afforded is by act of Congress. This department, however, does not take the initiative in obtaining such legislation.

Mr. BLANTON. With the understanding that the amount will not be raised beyond $1,500, I shall not object.

Mr. BACHMANN. Mr. Speaker, reserving the right to object, I notice there is no affidavit filed by anybody as to the injuries this man sustained, or what expense he was put to.

Mr. BLANTON. That is in the report.

Mr. BACHMANN. You can take the committee report ordinarily and tell what expense a man was put to or what injury he sustained, but there is no statement from the doctor or anything to show. I am going to object to every one of these bills where there is no report or letter from the department and where there is no affidavit or statement by some witness or the doctor, giving us some idea of the extent of the injuries.

In this instance this bill was introduced for $10,000, and they have cut it down to $1,500. If the injuries necessitated this man being paid $10,000, and the amount has now been cut to $1,500, certainly inquiry is proper as to the extent of the injuries.

Mr. PITTENGER. Mr. Speaker, will the gentleman withhold his objection?

Mr. BACHMANN. I will withhold it to permit the gentleman to make a statement.

Mr. PITTENGER. I may say to the gentleman, as a member of the Committee on Claims, all bills before it have been fully considered. The committee always considers the question of the extent of the injuries. That is based on affidavits and doctors' statements.

If we undertook to incorporate in our reports these affidavits and statements we would have an enormous bill for printing. We cut these things down, and we cut them down where they belong. That was done in this case. Your committee does not go haphazard into these matters. Your committee sits around that table and fights over these matters. The gentleman from Wisconsin [Mr. SCHAFER], is a member of the Committee on Claims and holds the championship record for checking into the reasons and I suspect he is responsible for the amount being cut to $1,500 in this case.

I want the RECORD to show that the committee gives careful attention to all these matters.

Mr. BACHMANN. I may say in answer to the gentleman that I have been on this Private Calendar for some time, not only at this session of Congress. Very rarely does the committee make a report without incorporating a letter from one of the departments.

Mr. BLACK. If that is so—and it is so—why all the high excitement because there does not happen to be a report with this bill? The Committee on Claims is getting highly incensed at the attitude taken by these highly conscionable objectors. I do not see why there should be all this excitement because there happened to be an oversight. Notwithstanding the fact that there was $8,500 cut off this bill the gentleman from West Virginia thinks he is doing his high duty to Congress and the rest of the world by calling attention to the fact that for once the committee forgot to put the affidavit or letter in the report.

Mr. BACHMANN. The committee forgot in the next bill, too, Calendar No. 554. They have no report in that case.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. BLACK. I yield.

Mr. BLANTON. The gentleman from New York need not get so excited.

Mr. BLACK. I am not excited.

Mr. BLANTON. The people of the United States within the last three months, through a talking movie, have been given to understand that on certain nights here the House meets and the Speaker takes up a big lot of bills, some carrying $100,000,000, and without any consideration whatever by the House, the Speaker will say "This bill will be considered as read, engrossed, passed, and a motion to reconsider laid on the table."

That is not so. There are men in this Congress who watch these bills, and who object when they are unmeritorious, and the American public is given the wrong impression; lots of bills are passed that ought not to be passed, but the unmeritorious bills carrying large amounts are stopped.

The gentleman from New York is impatient whenever any Member gets up here and raises an objection; and he calls the gentleman from West Virginia [Mr. BACHMANN] and the rest of us conscientious objectors; but it is a mighty good thing that the people of the United States have a few of them here in this Congress.

Mr. BLACK. Mr. Speaker, the chairman of the Committee on Claims is highly satisfied with his work, and he is not excited at all. The chairman of this committee is doing his best to save some money for the Treasury. The chairman of the committee was really a conscientious objector then in high and exalted standing and I wish the other objectors had gone along with him.

Mr. MOUSER. Mr. Speaker, reserving the right to object, along the line of what has just been stated by the gentleman from West Virginia and the gentleman from Texas, I may say that in going over the bill pertaining to claims for damages against the Government I found five bills without any Government report. I want to serve notice on the chairman of the Claims Committee that I am going to ask unanimous consent that all of these bills go over until this House gets information upon which it can act and I shall object to consideration of the bills if such unanimous consent is not given.

Mr. BLACK. That is not going to break the heart of the chairman of the Claims Committee. The gentleman should take that up with the Members who introduced the bills.

Mr. BACHMANN. Mr. Speaker, I want to say to the chairman of the Claims Committee that nobody wants to come in here and object to these bills as they come before the House, but the men who are objecting to the bills on this calendar are selected for that purpose. There are a great many tort actions that come before the gentleman's Committee and lots of times claims reach the House that have no reason to be passed.

Mr. BLANTON. And some that have already been passed.

Mr. BACHMANN. Yes.

Mr. BLACK. They are the only ones that get by the objectors.

Mr. SCHAFER. Mr. Speaker, I think we might as well adjourn to-night and let the members of the Claims Committee resign. After a subcommittee has spent 8 or 9 hours or even as much as 24 hours considering one of these bills and after the entire Committee on Claims fights over one of these bills, if they are not to be considered by the House, they might as well resign and let the conscientious objectors form a new Claims Committee and transact the business.

Mr. BACHMANN. Mr. Speaker, I object.

DAVID A. WRIGHT

Mr. STAFFORD. Mr. Speaker, a moment ago I objected to a bill (Private Calendar No. 551). I ask unanimous consent that we return to that bill (H. R. 6424).

Mr. BLANTON. Mr. Speaker, it is too early to begin returning to bills now. We have too many bills on the calendar that we have not reached. I object.

JOHN J. MORAN

The clerk called the next bill (H. R. 8136) for the relief of John J. Moran.

Mr. BACHMANN. Mr. Speaker, reserving the right to object, since we have been discussing the work of the Claims Committee, I know there are a good many bills before that committee and I do not want to criticize them, but here is a bill that has passed the Claims Committee and is on the floor of this House providing for the payment of $296.42 because some postmaster made a mistake in promoting a clerk which he was not authorized to do. You have passed that bill out making the Government of the United States pay the claimant 4 per cent interest since 1918.

Mr. BLACK. He ought to get 6 per cent. We were too reasonable about it. Sometimes the cost of printing the reports would cost more than the amount of the claim.

Mr. BACHMANN. There should certainly be a letter from the Post Office Department explaining what this is all about and saying whether it is proper or not.

Mr. BLACK. In some cases it would cost more to print all that information than to pay the claim.

Mr. STAFFORD. Mr. Speaker, will the gentleman from West Virginia withhold his objection?

Mr. BACHMANN. I withhold it.

Mr. STAFFORD. Would the author of the bill be willing to have this bill passed without the charge of interest included?

Mr. LONERGAN. Yes.

Mr. BACHMANN. There is another amendment that ought to be adopted. This claim was not denied by the Post Office Department, although the bill states that it was. It was denied by the General Accounting Office, and the bill certainly ought to be corrected in that respect.

Mr. STAFFORD. We can correct that by an amendment.

Mr. BACHMANN. This is another one of those cases where there is no report from the Post Office Department as to whether or not this claim is correct, and, in addition to that, this matter has been pending since 1918.

Mr. Speaker, I object.

Mr. LONERGAN. Will the gentleman withhold his objection a moment?

Mr. BACHMANN. I will be glad to withhold it.

Mr. LONERGAN. Mr. Speaker, during the war, one of the young men in the Post Office Department, as I remember it, left, and the postmaster had to act promptly. He transferred a carrier to the position of clerk and took a substitute carrier and named him carrier, and, awaiting authority from the Post Office Department, the postmaster paid both of these men out of his own funds. This was in a munitions manufacturing community in part, and the postmaster exercised business judgment in filling the vacancy. I think the case is one of merit and the bill ought to be passed.

Mr. BACHMANN. The Government got the service, did it not?

Mr. LONERGAN. Yes; and the postmaster paid for the service.

Mr. BACHMANN. And it was in 1918, was it not?

Mr. LONERGAN. That is true.

Mr. BACHMANN. Has the gentleman taken it up with the Post Office Department?

Mr. LONERGAN. I have not, but the claimant has, so he reports to me.

Mr. BACHMANN. Does the gentleman have a report from the Post Office Department that is not adverse to the payment of this claim?

Mr. LONERGAN. The Post Office Department said that the way to get the money was to apply to the Congress.

Mr. BACHMANN. May I ask the chairman whether he has in his files a letter from the Post Office Department about this claim?

Mr. BLACK. We have already wasted about $250 worth of time on this matter.

Mr. BACHMANN. Does the gentleman have a letter from the Post Office Department about this?

Mr. PATTERSON. I think the gentleman from New York must have that document somewhere. I think this is a meritorious claim. We can pass over this, and when the gentleman finds his document we can go back to it.

Mr. BLACK. It seems to me that the Claims Committee ought to have some standing here. We have already spent $500 worth of time.

Mr. BACHMANN. Does the gentleman say that there was no adverse report from the Post Office Department?

Mr. BLACK. I have the document here now. It says that in view of the fact that the services were performed by Mr. Keating and Mr. Welch, and each of them was paid the sum claimed by the postmaster, favorable action on the bill is recommended.

Mr. BACHMANN. Mr. Speaker, I withdraw the reservation of objection.

Mr. MOUSER. Mr. Speaker, I want to say that if the chairman had put that report of the department in we would not have required the time that we have wasted on this bill. Of course, a report could not be made on all items, but the committee could have put this document in its report.

Mr. ALLGOOD. I want to state to the gentleman that No. 550 on the Private Calendar had a favorable report, but it was objected to.

Mr. MOUSER. That was up to the individual.

Mr. ALLGOOD. The individual said there was a report against it. That is not true.

Mr. MOUSER. Well, I did not object to it; why ask me about it?

[Cries of "Regular order!"]

The SPEAKER pro tempore. Objection is withdrawn; the Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, and paid to John J. Moran the sum of $296.42, being the amount paid by Mr. Moran as postmaster at Southington, Conn., to Raymond F. Keating and Keron R. Welch, employees at the post office, for the period August 16 to September 30, 1918, which amount was not allowed by the Post Office Department, plus interest at the rate of 4 per cent.

Mr. STAFFORD. Mr. Speaker, I move to strike out all after the figures "1918."

The Clerk read as follows:

Beginning with the comma, after the figures "1918," on line 9, strike out the remainder of the bill.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

M. J. HARBINSON

The next business on the Private Calendar was the bill (H. R. 9008) providing compensation to M. J. Harbinson for injuries sustained while in the Government service at and on the Belknap Reservation, Mont., engaged as a moundsman.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, this bill has been reduced from $4,500 to $1,080. May I have the assurance of the gentleman from New York that another body will not raise it from that sum?

Mr. BLACK. I think the chairman of the committee ought to give bond for everything he does and be provided with counsel. [Laughter.]

Mr. BLANTON. Reserving the right to object, Mr. Speaker, the men who sit on this floor night after night and try to protect the Treasury of the United States do not get a single cent more than other Members. If the gentleman from New York is going to take that stand, if he can not assure us that when the bill is sent to another body they will not raise it, I shall object to it, but if he will assure us that he will protect it for this reduced sum, I will not object. If we do not have such a reasonable assurance

I will object to every one of these bills that are proposed to be reduced to proper allowances.

Mr. KVALE. The gentleman has that assurance.

Mr. EATON of Colorado. Mr. Speaker, I object.

Mr. KVALE. Will not the gentleman tell us upon what ground he objects? If the gentleman has read the report and is not satisfied, I think I can satisfy the gentleman. My colleague is unavoidably absent this evening, but I am convinced of the merits of this bill.

Mr. EATON of Colorado. I have read the report over carefully. There is nothing in the report to show that the man when he was injured was in the employ of the United States, there is not a word to show that he was performing any duty for or on behalf of the United States.

Mr. KVALE. There is an affidavit in the report.

Mr. BLACK. It says here in the report that he was in the employ of the United States.

Mr. EATON of Colorado. The Department of the Interior has a long report and it does not so state.

Mr. BLACK. It says so in the first paragraph.

Mr. EATON of Colorado. This class of bills is generally handled under the Compensation Commission class of bills.

Mr. KVALE. The Compensation Commission has also a report.

Mr. EATON of Colorado. In all of the bills for injuries arising prior to 1916 no relief has been granted in this Congress. Many claims just as meritorious as this have been denied. With the exception of one bill, one of the first passed, none for injuries that arose prior to September 7, 1916, have been allowed. I therefore object.

Mr. KVALE. I wish the gentleman would reconsider his decision, for the reason, carried in the report of the Department of the Interior, also in the report of the United States Compensation Commission, which is carried in the report of the committee, also in the affidavit of the claimant and in the statement of the doctor who attended him, and then again in the statement of the gentleman who was a companion of his at the time of the accident, clearly he was in the Government employ, contradicting the statement of the gentleman at the outset of his remarks. Clearly he was injured while on Government service. Let me read the statement from the gentleman concerned. The bill has been cut from $4,500 to $1,080. I can not see why we can not do justice to this injured man. He says:

Despite the fact, I think the bill as introduced was fair without any cut, as they allowed nothing for doctor or hotel or board during the two years I was laid up.

Mr. KNUTSON. How much did the committee cut the bill?

Mr. KVALE. Practically 80 per cent.

Mr. PITTENGER. That covers the disability during the period of two years.

Mr. EATON of Colorado. In the statement of facts to which my attention was directed it merely states that this man was at one time for a certain period employed by the Government, but that at the time of the accident he took a team and wagon, which was in bad shape, and went away and never returned to his employment. There is nothing to show that he was doing any work for the Government or was performing any duty on behalf of the Government at the time of the accident.

Mr. KVALE. The affidavits contained in the report show clearly the opposite.

Mr. EATON of Colorado. I am reading from the report. Under the circumstances we may pass the bill without prejudice and let it stay on the calendar, and I shall withdraw my objection.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I object.

EMILY ADDISON

The next business on the Private Calendar was the bill (H. R. 9336) for the relief of Emily Addison.

Mr. MOUSER. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice, pending a report from the department.

Mr. BLACK. I have a report here. It is a long report.

Mr. MOUSER. Is it favorable?

Mr. BLACK. It is. I read from the report:

It would appear from the record that as a matter of equity and justice the beneficiary under H. R. 9336 is entitled to some relief, and the War Department recommends it be granted in such amount as Congress may determine to be proper under the circumstances.

Mr. MOUSER. Mr. Speaker, reserving my objection further, there were three people injured and three killed in this case. Here we are asked to pass on a bill, and I call attention of the chairman respectfully to the fact that it will immediately involve the Government in five further claims. Yet we are asked to consider it without any department report. It seems to me that the chairman of this committee, with all due respect, can save the time of this House and expedite the business under this Private Calendar if his committee will attach the governmental report as being favorable or unfavorable.

Mr. PALMISANO. I wish to say that the Seventy-first Congress paid compensation to the parent of the three children who were killed in this accident.

Mr. MOUSER. And the gentleman will understand that there will be further claims. I withdraw the reservation in view of the favorable report.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I think this amount is rather high for a person now enjoying fair health, and to pay $2,000 to one injured in a minor way is more than liberal.

If the gentleman is willing to cut that down to a modest sum I will withdraw my objection.

Mr. PALMISANO. Mr. Speaker, I will offer an amendment at the proper time. I suggest it be made $1,500, so that there will be no objection.

The SPEAKER per tempore. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That there is hereby appropriated, and the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the United States Treasury not otherwise appropriated, the sum of $2,000 to Emily Addison in full for all claims she may have against the Government on account of injuries received by her on the 14th day of August, 1919, by being struck by a falling airplane, then and there owned and operated by the Government of the United States.

Mr. PALMISANO. Mr. Speaker, I offer an amendment which I have sent to the desk.

The Clerk read as follows:

Amendment by Mr. PALMISANO: In line 6, strike out "$2,000" and insert in lieu thereof "$1,500."

The amendment was agreed to.

Mr. PATTERSON. Mr. Speaker, I offer the usual attorney's-fee amendment.

The Clerk read as follows:

Amendment by Mr. PATTERSON: In line 11, after the words "United States," strike out the period, insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

SPERRY GYROSCOPE CO. (INC.), OF NEW YORK

The Clerk called the next bill, H. R. 9457, for the relief of Sperry Gyroscope Co. (Inc.), of New York.

Mr. MOUSER. Mr. Speaker, I object to this bill.

Mr. CELLER. Will the gentleman reserve his objection?

Mr. MOUSER. I will reserve the objection, but I may save time by saying that I intend to object to this bill unless the departmental report is furnished.

Mr. CELLER. I have a copy of it right here. May I read the letter to the gentleman?

Mr. MOUSER. Secondly, I will object unless the amount is reduced in proportion to the recommendation of the department, whatever that may be. Upon private investigation, I find that the department has disallowed part of this claim and recommended the other part.

Mr. CELLER. That is not accurate. If the gentleman will allow me to read the letter from the Secretary of the Navy, I think he will have his mind cleared on the subject. Incidentally, this was a claim presented by the Sperry Gyroscope Co. (Inc.), of New York, for $2,833.70 refused them by the Comptroller General's office on a strict legal interpretation of a contract, claiming that the Sperry Gyroscope Co. delayed delivery of the goods a certain number of days and therefore there could be invoked against them a penalty clause of 10 per cent of the amount of the contract. Ninety per cent of the total amount of the contract has been paid. The Comptroller General says the 10 per cent should not be paid. The Secretary of the Navy in his letter says as follows:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, March 2, 1932.

The Hon. EMANUEL CELLER,
House of Representatives, Washington, D. C.

MY DEAR CONGRESSMAN CELLER: Receipt is acknowledged of your letter dated February 18, 1932, addressed to Rear Admiral Joseph J. Cheatham (Supply Corps), United States Navy, Chief of the Bureau of Supplies and Accounts, wherein you state you have introduced bill H. R. 9457, for the relief of the Sperry Gyroscope Co. (Inc.), in which letter you request opinion as to the merits of said bill.

The sum of $2,833.77, provided by said bill, represents $1,480.30 disallowed by the Comptroller General of the United States in settlement A-39464, dated November 20, 1931, as liquidated damages due to delay in delivery under contract No. NOs-12737 and $1,353.47 disallowed by the Comptroller General in settlement A-40399, dated January 29, 1932, as liquidated damages due to delay in delivery under contract No. NOs-11163.

The material covered by the above-mentioned contracts was navigational apparatus and was largely experimental. Considerable delay was experienced by the contractor due to development work, to change in design, and making improvements found to be necessary to meet the exacting needs of the naval service.

The improvements made were instrumental in furnishing the Navy with apparatus of greater precision and accuracy, and the delays caused no additional expense to the Government. Much of the material furnished under said contracts has little application outside the naval service as the accuracy requirements exceed those called for in the commercial field.

Failure to remit liquidated damages where delays are incurred for the reasons hereinbefore set forth, and when the Government suffered no damage by the delays, is apt to discourage manufacturers from undertaking development work or improvement of standard instruments, which would militate against the best interests of the Navy.

The Navy Department recommends that bill H. R. 9457 be enacted.

Sincerely yours,

CHARLES F. ADAMS,
Secretary of the Navy.

Mr. MOUSER. That letter is addressed to yourself?

Mr. CELLER. It is a part of the record. This is a copy. The original is in the record.

Mr. MOUSER. But it is not in the report.

Mr. BLACK. We had a hearing on this bill, and the letter was submitted to the committee.

Mr. CELLER. The gentleman does not doubt my word, does he?

Mr. MOUSER. I do not refer to the gentleman. I want to know if the chairman of the committee had gotten that report?

Mr. BLACK. This is the report. We had a hearing on this bill, and that letter was submitted to the committee.

Mr. MOUSER. Why do we not have that before us? The only information I had was that the Comptroller General had disallowed both claims. I am talking about the information I have. The Comptroller General disallowed both claims, as the gentleman has just read from the letter from the Navy Department.

Mr. STAFFORD. Will the gentleman yield?

Mr. MOUSER. I yield.

Mr. STAFFORD. I was desirous of knowing the Secretary of the Navy's report referred to in the report, under date of March 2. The gentleman has just offered it. It would have saved a great deal of time in the consideration of these bills if we had been furnished the information which to me seems satisfactory, because it is a repayment of liquidated damages, whereby the Government has not suffered any loss, and therefore I think this bill should pass.

Mr. MOUSER. The gentleman, of course, realizes that the taxpayers will have to expend that much money, even though it is liquidated damages?

Mr. STAFFORD. Oh, yes; but I have never recognized the repayment of liquidated damages where the Government has suffered any loss. However, in this case, the Government has not suffered any loss by reason of the failure to furnish these supplies on time.

Mr. MOUSER. I will say to the gentleman if he will reduce that amount to $2,000 I will have no objection. There are two conflicting reports.

Mr. CELLER. Where is the conflict?

Mr. MOUSER. The Comptroller General disallowed both claims. Now the Secretary of the Navy comes along in a recent letter, received by the zealous gentleman from New York in behalf of his clients——

Mr. PATTERSON. Will the gentleman yield to me?

Mr. MOUSER. I yield.

Mr. PATTERSON. I have made an investigation of that matter, and I find that the exact amount was disallowed without any interest. It is the same amount that the Navy now recommends. I feel that if it is the exact amount they have approved, without any interest, in all probability it would not be the proper thing to reduce it.

Mr. MOUSER. Well, I do not like this way of doing business, and unless the gentleman will reduce it to $2,000 I will object.

Mr. CELLER. I do not think the gentleman should insist upon that.

Mr. BLACK. I make the suggestion to the gentleman from New York that he might accept the proposition of the gentleman from Ohio and reduce this to $2,000.

Mr. MOUSER. There are two conflicting reports from governmental authorities. It certainly ought to be reduced if there is any doubt about the matter.

Mr. BLACK. The gentleman from New York [Mr. CELLER] is a practical gentleman. Two thousand dollars is better than nothing.

Mr. MOUSER. The gentleman from New York [Mr. CELLER] is an earnest advocate, but he can not change my mind altogether, when the Comptroller General has turned this matter down.

Mr. CELLER. The Comptroller General has to decide it this way. He must take a legalistic view of this proposition, and that is why we have come here for this remedy. Under the contract I would say that the Sperry Gyroscope Co. have inflicted against them the Shylock attitude of somebody demanding the pound of flesh, certainly without justice, and they could not get their remedy.

If you are going to existing organizations of this character for the development of these specific instruments that must be developed with the greatest accuracy, instruments which go into our national defense, which go into airplanes and go into the very lifeblood of the Nation for purposes of defense they must be treated properly or they can not be expected to continue.

Mr. MOUSER. I do not want to be unreasonable, but the gentleman has already conceded in his statement that the contracts are illegal. Therefore there is no legal obligation on the part of the Government.

Mr. CELLER. No; I did not say that.

Mr. MOUSER. It is simply a so-called moral obligation; there can not be legal liquidated damages if it is not a legal obligation. Therefore I think the gentleman should accept the suggestion.

Mr. CELLER. I will accept it.

Mr. MOUSER. Mr. Speaker, I will, at the proper time, offer an amendment in conformity with the suggestion.

Mr. CELLER. I will accept it. That makes it $2,000.

Mr. MOUSER. That is right.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $2,833.77 to the Sperry Gyroscope Co. (Inc), on remission of liquidated damages under contracts covering self-synchronous gyro compass course recorders and for alidades furnished the Brooklyn Navy Yard.

Mr. MOUSER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOUSER: In line 5, strike out "$2,833.77" and insert in lieu thereof "$2,000."

Mr. BLANTON. Mr. Speaker, I offer an amendment to the amendment of the gentleman from Ohio.

The Clerk read as follows:

Amendment offered by Mr. BLANTON to the amendment offered by Mr. MOUSER: After the figures "$2,000" insert the words "in full settlement of all claims against the United States."

The SPEAKER pro tempore. The question is on the amendment of the gentleman from Texas to the amendment of the gentleman from Ohio.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. MOUSER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOUSER: Line 9, after the word "Yard," insert: "*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time and passed; and a motion to reconsider laid on the table.

NAVAL AMMUNITION DEPOT, LAKE DENMARK, N. J.

The Clerk called the next bill, H. R. 9581, to provide an additional appropriation as the result of a reinvestigation, pursuant to the act of February 2, 1929 (45 Stat. 2047, pt. 2), for the payment of claims of persons who suffered property damage, death, or personal injury due to the explosions at the Naval Ammunition Depot, Lake Denmark, N. J., July 10, 1926.

Mr. BLANTON. Mr. Speaker, this bill carries $14,409.09, but it comes to us from the committee with a favorable report from the Navy Department and a favorable report from the Comptroller General. With this state of facts, I do not object.

Mr. SCHAFER. Mr. Speaker, reserving the right to object, as a member of the Committee on Claims, I voted against reporting this bill out. The gentleman from Texas [Mr. BLANTON] perhaps overlooked the fact that legislation had been enacted providing for the determination of the amount of damages by the Navy Department and appropriations made for those allowances. Now we come in and find that a certain few of the beneficiaries of that legislation did not desire to accept the amounts originally determined by the Navy Department. Thereupon the Navy Department reopened and reviewed these few claims and recommended an additional amount of $14,409.09. I do not believe that the Treasury should be dipped into for this amount. One of the claimants herein will receive $9,000, a claimant who, according to the committee report, has already received $29,756.99.

In view of these facts, and in view of the fact I voted against the bill in committee, and in view of the fact that the watchdog of the Treasury [Mr. BLANTON] is willing for the Treasury to be raided to this extent, I object.

Mr. BLANTON. The Comptroller General says it is a just claim and ought to be paid.

LAURA ROUSH

The Clerk called the next bill, H. R. 10377, authorizing the payment of compensation to Laura Roush for the death of her husband, William C. Roush.

The SPEAKER pro tempore. Is there objection?

Mr. EATON of Colorado. Mr. Speaker, I object.

GEORGE T. JOHNSON & SONS

The Clerk called the next bill, S. 563, for the relief of George T. Johnson & Sons.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to George T. Johnson & Sons, of Cambridge, Md., out of any money in the Treasury not otherwise appropriated, the sum of $180 in full settlement of claim for repairs ordered by the collector of customs at Baltimore, Md., to wharf and boats of H. F. Brannock (Inc.) due to damages done by seized power boats *Hiawatha* and *Whippoorwill* in charge of United States customs officers.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

ANNA POKORNY

The Clerk called the next bill, S. 3147, for the relief of Anna Pokorny.

Mr. MOUSER. Mr. Speaker, reserving the right to object, I notice frequently we get bills from the Senate which provide for monthly payments over a period of years. My thought is solely that this amount should be paid by the Government in a lump sum. It figures out for a period of 167 months, which is 13 years and 11 months, to a total of $5,010. I think the universal custom in death claims is to allow $5,000.

I therefore urge that an amendment providing for payment in a lump sum be adopted and urged upon the Senate conferees. In its present form it means bookkeeping over years, possible litigation between the heirs and the Government, and a lot of red tape and technicality.

I think the claim is worthy, I will say to the chairman of the Committee on Claims; but I do respectfully urge that he accept the suggestion that the amount be paid in a lump sum.

Mr. BLACK. I have no particular objection to its being paid in a lump sum. If the gentleman wishes such an amendment, I shall be pleased to accept a lump-sum amendment and insist on it in conference.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. MOUSER. I yield.

Mr. STAFFORD. There have been some cases where there has been a very meritorious presentation of grounds for voting a monthly allowance on the theory that the claimant, if voted a lump sum, might dissipate the total amount very quickly.

I do not recall all the facts of this case. I know it is a meritorious claim. It might be provided that she be paid $30 per month during her lifetime only. Of course, then she would be assured of getting this amount every month during her lifetime—or for 167 months—whereas if she received the $5,000 she might squander it and in a few years become an object of charity.

Mr. MOUSER. I may say to the gentleman that we can not set the Government up as a guardian of these people. In that case we would have to go into the personality of the beneficiary. If she is entitled to relief, she should have it, and it should be paid in a lump sum.

Mr. STAFFORD. Then the amount should be made a flat $5,000.

Mr. MOUSER. Yes. That is in conformity with our usual policy.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Anna Pokorny, of New York City, the sum of $30 per month for a period not to exceed 167 months, in full satisfaction of her claim against the United States on

account of the death of her husband, William Pokorny, who was killed by a stray bullet fired by a member of the United States Army in target practice near Sandy Hook, N. J.

Mr. MOUSER. Mr. Speaker, I offer the following amendment:

In line 6, strike out all after the word "of" down to and including the word "months," in line 7, and insert in lieu thereof "$5,000" and the usual attorney's fee provision.

The Clerk read as follows:

Amendment offered by Mr. MOUSER: Page 1, line 6, after the word "of," strike out "$30 per month for a period not to exceed 167 months," and insert "$5,000."

The amendment was agreed to.

The Clerk read as follows:

Amendment offered by Mr. MOUSER: At the end of the bill insert the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

JOHN L. DUNN

The Clerk called the next bill, H. R. 973, for the relief of John L. Dunn.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to John L. Dunn, out of any money in the Treasury not otherwise appropriated, the sum of $2,000 in full settlement against the Government of his claim for injuries received when he was run down by an automobile driven by M. C. Northrup, special agent of the Treasury Department attached to the Customs Service.

Mr. MOUSER. Mr. Speaker, I offer the usual attorney's fee amendment.

The Clerk read as follows:

Amendment offered by Mr. MOUSER: At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

ANTHONY HOGUE

The Clerk called the next bill, H. R. 3044, for the relief of Anthony Hogue.

There being no objection, the clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $600 to Anthony Hogue, formerly finance clerk of the Fox Creek Post Office Station, Detroit, Mich. Said sum represents the amount paid by said Anthony Hogue to the United States Government to make up the deficit in the accounts of the Fox Creek Station, which deficit was caused by robbery or burglary of said post office.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment: At the end of the bill insert "on or about July 30, 1927."

Mr. CLANCY. Mr. Speaker, I am pleased to accept the amendment.

The clerk read as follows:

Amendment offered by Mr. STAFFORD: At the end of the bill insert "on or about July 30, 1927."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the usual attorney's fee amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD. At the end of the bill insert the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed; and a motion to reconsider laid on the table.

GUSTAV WELHOELTER

The Clerk called the next bill, H. R. 3045, for the relief of Gustav Welhoelter.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $900 to Gustav Welhoelter, assistant superintendent of the Fox Creek post-office station, Detroit, Mich. Said sum represents the amount paid by said Gustav Welhoelter to the United States Government to make up the deficit in the accounts of the Fox Creek station, which deficit was caused by robbery or burglary of said post office.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment: At the end of the bill insert "on or about July 30, 1927," and the customary attorney's fee amendment.

Mr. CLANCY. Mr. Speaker, I am pleased to indorse the amendment with respect to the date of the robbery.

Mr. KUNZ. Mr. Speaker, do I understand that in all of these cases attorneys' fees are allowed? I do not see why attorneys' fees should be allowed in case of a robbery.

Mr. STAFFORD. Mr. Speaker, for the information of the gentleman from Illinois, I ask that the attorney's fees amendment may be reported in full.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 1, line 11, after the word "office," insert "on or about July 30, 1927," and the customary attorney's fee provision, as follows:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MESSRS. SHORT, ROSS, SHAW, AND MAYHOOD

The next business on the Private Calendar was the bill (S. 212) for the relief of Messrs. Short, Ross, Shaw, and Mayhood.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $60 to Messrs. Short, Ross, Shaw, and Mayhood, of Calgary, Alberta, Canada, for services performed in connection with the extradition

of one Emmett A. Busby, who had been indicted in the United States District Court for the Southern District of California on a charge of concealment of assets of a bankrupt estate.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

KENNETH CARPENTER

The next business on the Private Calendar was the bill (S. 213) authorizing adjustment of the claim of Kenneth Carpenter.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claim of Kenneth Carpenter for blood furnished August 29, 1930, for transfusion to Clarence C. Watson, a patient in a Government hospital, and to allow in full and final settlement of said claim an amount not in excess of $30. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $30, or so much thereof as may be necessary, for the payment of such claim.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

OREM WHEATLEY, KENNETH BLAINE, AND JOSEPH R. BALL

The next business on the Private Calendar was the bill (S. 219) authorizing adjustment of the claims of Orem Wheatley, Kenneth Blaine, and Joseph R. Ball.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, That the Comptroller General of the United States is hereby authorized and directed to adjust and settle the claims of Orem Wheatley for blood furnished April 15, 1931, and Kenneth Blaine for blood furnished April 22, 1931, for transfusions to Edwin Grinnell, a patient in a Government hospital, in amounts not in excess of $30 and $20, respectively; and, also, the claim of Joseph R. Ball for blood furnished June 30, 1931, for transfusion to Harry Blair, also a patient in a Government hospital, in an amount not in excess of $42, and to allow in full and final settlement of said claims amounts not in excess of the amounts herein stated. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $92, or so much thereof as may be necessary for the payment of said claims.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

JOHNSON & HIGGINS

The next business on the Private Calendar was the bill (S. 252) authorizing adjustment of the claim of Johnson & Higgins.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized to settle and adjust the claim of Johnson & Higgins in a sum not exceeding $115.12 for a general average adjustment requested by the War Department to be made in August, 1922, and report of which was made in 1927. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $115.12 for payment of the claim.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WILLIAM B. THOMPSON

The next business on the Private Calendar was the bill (S. 284) for the relief of William B. Thompson.

The SPEAKER. Is there objection?

Mr. STAFFORD. Reserving the right to object, I do not like to take the time in pointing out overcharges as the basis of claims; but it seems to me from the itemization on page 3 that this claimant is working the Government to the extent of a few hundred dollars. Why should we pay for cementing the cellar and pay for 91 hours for pumping water?

Mr. PITTENGER. Let me say to the gentleman that I prepared the report, and I did it after carefully going through the report of the Secretary of War and other records submitted. They had their engineer and men on the job to investigate, and they say that the claim is reasonable. I concurred in their conclusions.

Mr. STAFFORD. Why should the Government pay for laying the cement in a person's cellar?

Mr. PITTENGER. Because of the change in the water level due to the digging of the canal, this man's cellar, which was not cemented, and which had been a good dry cellar, suitable to his purpose before, was flooded.

Mr. STAFFORD. Oh, on occasions the water would seep through.

Mr. PITTENGER. Oh, no, no.

Mr. BACHMANN. Mr. Speaker, I believe the gentleman from Minnesota states the correct situation, as I understand the report. There was no water in this man's cellar prior to the time the War Department went in there and started to dredge that canal.

Mr. STAFFORD. I agree.

Mr. BACHMANN. And after that he started to have this trouble.

Mr. STAFFORD. I agree.

Mr. BACHMANN. And he had to cement his cellar to keep the water from coming in.

Mr. STAFFORD. Oh, no. The report says that in order to prevent it he had to install an electric pump, and before that he used a hand pump.

Mr. BACHMANN. But the cost of that pump was only $30.

Mr. STAFFORD. I withdraw the objection, although I think the claimant is working the Government.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to William B. Thompson, out of any money in the Treasury of the United States not otherwise appropriated, the sum of $562.80 by reason of damages to his property caused by the dumping of spoil dredged from the Chesapeake and Delaware Canal in the lowering of the water level of the said canal at the town of Summit Bridge, New Castle County, in the State of Delaware.

Mr. PATTERSON. Mr. Speaker, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment by Mr. Patterson: Page 1, line 6, after the figures "$562.80" insert "in full settlement of all claims against the Government."

The amendment was agreed to, and the bill as amended was ordered to be read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

HERBERT G. BLACK

The next business on the Private Calendar was the bill (S. 487) for the relief of Herbert G. Black, owner of the schooner *Oakwoods*, and Clark Coal Co., owner of the cargo of coal on board said schooner.

The SPEAKER pro tempore. Is there objection?

Mr. MOUSER. Mr. Speaker, I object.

Mr. NELSON of Maine. Mr. Speaker, will the gentleman withhold his objection for a brief statement?

Mr. MOUSER. I reserve it for the moment, but I say to the gentleman frankly that my ground of objection is that there is absolutely no negligence here. The schooner went beyond the buoys, and the submarine hit it. That is the report of the department.

Mr. NELSON of Maine. Mr. Speaker, I think the gentleman has not read the report fully. This man, Herbert G. Black, I am interested in, because he is a constituent of mine. He is an old-time Maine sea captain. He has had long experience and is fully acquainted with all of the requirements of navigation and has a splendid record. At the time of this accident he had practically his life savings invested in this schooner. In this bill he is asking not for any appropriation but simply for the right to go into the United States court and prove his case.

Mr. MOUSER. That is correct.

Mr. NELSON of Maine. On the evening of November 24, 1919, his schooner came into collision with a United States submarine. Immediately after that the Navy Department held an ex parte hearing, in which no member of the crew or captain of this schooner was present.

The Navy Department made a sort of finding that the lights on the schooner did not conform to the requirements of navigation or the rules of the road, and that he was in an improper place at the time. That was an ex parte hearing. If the captain had been allowed to be present, he would have testified that these lights had been recently purchased by him, that he had personally lighted and trimmed and placed those lights, and that they were giving the usual amount of visibility on that night. The evidence of these men on the submarine, who, of course, were protecting their own interests, was that they did not see this schooner until they were within 50 yards of the ship.

Up to 1928 the Navy Department had always claimed that a submarine was not subject to the same requirements of navigation and rules of the road as required of ordinary shipping, and a case in the United States court at that time held it was.

Mr. MOUSER. Was that decision of the United States court subsequent to that claim?

Mr. NELSON of Maine. Yes; in 1928.

Mr. MOUSER. If that is true, I have no objection.

Mr. NELSON of Maine. And after that the Navy changed their system of lights.

Mr. MOUSER. I have no objection to this gentleman's going into the admiralty court if there is a decision such as the gentleman refers to.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, as I understand the rule of the admiralty court—and I wish the gentleman to correct me if I am in error—it is that where there is fault on both sides, and the gentleman makes the contention that there was negligence on both sides——

Mr. NELSON of Maine. Oh, I did not make that contention.

Mr. STAFFORD. Assuming then that there is negligence on the part of both the owner of the schooner, because the lights on his ship on the port side were not of sufficient visibility, and assuming that in the operation of the submarine the Government was negligent because their lookout was back maybe 5 or 10 feet, then, where the court finds negligence on the part of both, the rule is that it will assess the damages in favor of that person who sustained the greatest damage.

If that is a correct statement of the law, I am not willing, from my acquaintance with this case, to allow the owner of this schooner to go into the admiralty court and get a return of $18,000, or whatever the value of his schooner is.

Mr. NELSON of Maine. Will the gentleman yield?

Mr. STAFFORD. Certainly.

Mr. NELSON of Maine. In 1925, as illustrative of the position which the Government takes in these cases, we passed a law called the "public vessels act," allowing claimants in all such cases as this, and evidently intending to cover all outstanding cases at the time, to bring a libel against the United States Government in the United States Court, in all cases arising subsequent to April 6, 1920. If they had simply set that date back three or four months it would have covered this case. This case was in the latter part of November, 1919, and when they fixed the limitations in the law they put it April, 1920. I believe there is no evidence that there was any negligence on the part of this captain as regards the lights.

Mr. STAFFORD. Oh, I think there is more evidence of negligence on the part of the owner than on the part of the operators of the submarine.

Mr. NELSON of Maine. They had an ex parte hearing before a board of naval inquiry, and the owner of this boat was there and the captain says was ready to prove that these were new lights, trimmed and placed and going in perfect shape that night. All he wants is an opportunity to prove it.

Mr. MOUSER. I think the gentleman from Wisconsin would be interested—in view of what he says about the admiralty law, in case there was equal negligence the party being most damaged would be compensated—to have a statement of the decision which the gentleman called to my attention, which would remove the negligence of the captain.

Mr. STAFFORD. I am acquainted with that decision, as I have examined it myself.

Mr. NELSON of Maine. The gentleman will note that the Navy Department in 1924 were adverse to this claim. In their later report, made when Senator WHITE introduced this in the Senate, they do not recommend against it and say it is up to Congress to determine. The policy of Congress, as evidenced by our public vessels act, is to give claimants an opportunity to prove an honest case and not hide behind the statement that the state can do no wrong.

Mr. STAFFORD. Oh, I am not in sympathy with that idea.

Mr. NELSON of Maine. We are not asking for any appropriation. We are simply asking for a citizen who has lost his means of livelihood to come into court and prove his case. If he was negligent or if he has no case, he can not recover. I think the least we can do to an honest citizen of the United States is to give him an opportunity to prove an honest claim.

Mr. STAFFORD. Would the gentleman be agreeable to an amendment providing "under the same terms as provided by the act of March 5, 1925"?

Mr. NELSON of Maine. Yes; I would be very glad to. That is all I want.

Mr. STAFFORD. Because I am influenced by the fact that if this accident had occurred immediately after the date of this enabling act, the owner would have had his day in court.

Mr. NELSON of Maine. That is true.

Mr. STAFFORD. Mr. Speaker, I will offer that amendment and therefore withdraw my objection.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the claims of Herbert G. Black, owner of the schooner *Oakwoods*, and Clark Coal Co., owner of the cargo of coal on board said schooner, for damages arising out of a collision between such schooner and the United States submarine *R–3* off the southern end of Cape Cod Canal on November 24, 1919, may be sued for by the said owners in the United States District Court for the District of Maine, sitting as a court of admiralty and acting under the rules governing such court; and said court shall have jurisdiction to hear and determine such suit and to enter a judgment or decree for the amount of such damages and costs, if any, as shall be found to be due against the United States in favor of the owner of the said schooner *Oakwoods* and the owner of the cargo of coal on board said schooner, or against the owner of the said schooner *Oakwoods* and the owner of the cargo of coal on board said schooner in favor of the United States upon the same principles and measures of liability as in like cases in admiralty between private parties and with the same right of appeal: *Provided*, That such notice of the suit shall be given to the Attorney General of the United States as may be provided by order of the said court, and it shall be the duty of the Attorney General to cause the United States in such district to appear and defend for the United States: *Provided further*, That said suit shall be brought and commenced within four months of the date of the passage of this act.

Mr. STAFFORD. Mr. Speaker, I offer an amendment which I have sent to the desk.

The Clerk read as follows:

Amendment by Mr. STAFFORD: Page 2, line 10, after the word "admiralty," insert the words "under the terms and conditions of the public vessels act of March 3, 1925, chapter 22, United States Code."

The amendment was agreed to.

Mr. STAFFORD. I offer the following amendment, Mr. Speaker.

The Clerk read as follows:

Amendment by Mr. STAFFORD: In line 16, after the words "United States," insert "district attorney."

The amendment was agreed to.

The bill as amended was ordered to be read the third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

STANDARD DREDGING CO.

The Clerk called the next bill, S. 1274, for the relief of the Standard Dredging Co.

Mr. PATTERSON. Mr. Speaker, reserving the right to object, in looking over the report and the different items charged for I think this bill should be amended to reduce the amount to $2,000. I note interest charges and other charges are put in to make up the $2,500-plus, and I believe it would be well for the company, and they could well afford to accept an amendment, to make it $2,000.

Mr. PITTENGER. Will the gentleman yield?

Mr. PATTERSON. I yield.

Mr. PITTENGER. I wish to say for the information of the gentleman from Alabama [Mr. PATTERSON] that the amount was arrived at by the Secretary of War after full investigation, and I have accepted his figures.

Mr. PATTERSON. I understand that. It is less than they originally submitted.

Mr. BACHMANN. Will the gentleman yield?

Mr. PATTERSON. I yield.

Mr. BACHMANN. How much does the gentleman suggest it should be amended?

Mr. PATTERSON. I suggest it should be amended to make it $2,000 instead of $2,531.25.

Mr. BACHMANN. I wish to direct the gentleman's attention to page 2. I notice there is an interest charge of 6 per cent, based on a 300 work-day year, at $45 a day.

There is an amount of $200; then there is a profit.

Mr. PATTERSON. A profit of 20 per cent?

Mr. BACHMANN. A profit of 20 per cent based on the $200.

Mr. PATTERSON. There is a profit. At least, I disagree there with the profit of 20 per cent; and I think, in view of some other items which are not there, they could well afford to accept $2,000, especially in view of the condition of the Treasury to-day, and in view of the purchasing power of the dollar to-day as compared to what it was some time ago. I may say to my colleague the gentleman from Minnesota that I think the claimant could well afford to accept $2,000.

Mr. PITTENGER. I suggest that the gentleman offer his amendment.

Mr. BLACK. Mr. Speaker, this suit has been passed on by the Court of Claims. The Court of Claims wanted a greater judgment than the bill calls for. It has been reduced in the bill by $700. They have had to go to the Court of Claims once and now they have to come to Congress again and Congress has cut the judgment rendered by the Court of Claims.

Mr. BACHMANN. If the Court of Claims rendered a judgment, why was it not paid?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, here is a claimant, rather intelligent of their rights, who came before Congress once and got a private relief act from Congress for the repair of the dredge.

Mr. PATTERSON. Yes; and it was quite a big repair.

Mr. STAFFORD. Now they are seeking demurrage, and there was no negligence on the part of the Government in the operation of this dredge; it was merely the result of an accident suffered by reason of the dredge being caught in the current. I do not think it is a very conscientious claim.

Why did not this dredge company include this item when they were here before and secured relief for the amount of the repair? At that time they made no claim for demurrage.

Mr. PITTENGER. This is a large company.

Mr. STAFFORD. Oh, yes. The Standard Dredging Co., seeing how easy it was to get money out of the Government for the repair of the dredge, thought they would come again and try it.

Mr. BLACK. The biggest dredging company in the world could not get anything out of the Government if the gentleman from Wisconsin was around.

Mr. STAFFORD. I was not around when this came up, unfortunately for the Government.

Mr. PITTENGER. I will accept the amendment.

Mr. BLACK. We will take $500 off and go to the next bill.

Mr. BACHMANN. No. I think it is a serious claim and I think we are entitled to know the details of the claim. As I have stated heretofore, I would like to know why we should reimburse them for $7.50 a day for taxes? What kind of taxes are they? Why should the Government pay them $7.50 a day for taxes? I do not understand why we should pay that.

Mr. BLACK. We can not go into such a detailed itemization of every claim submitted as the gentleman may wish. We have got to have some respect for the Department of War, which investigated this claim. They report that it is a worthy claim.

Mr. PATTERSON. I think if we strike out the profit and make the amount $2,000 it will be fair.

Mr. BLACK. The Senate committee has investigated it.

Mr. BACHMANN. That does not change the situation. We are entitled to know what the claim is based on.

Mr. BLACK. It is all set forth in the report.

Mr. BACHMANN. Can the gentleman tell me why we should reimburse them for an item of $7.50 a day for taxes?

Mr. PITTENGER. Mr. Speaker, the operation of this dredge was stopped for a period of 5⅝ days, and the loss sustained has been worked out by the Secretary of War. It consists of these items that are included in this report.

Mr. PATTERSON. I may say to my distinguished colleague from Minnesota, who is very sincere in working on his bills, that some of these things overlap and do not seem justified.

Mr. PITTENGER. I will accept the amendment.

Mr. BACHMANN. Here is a statement showing interest at 6 per cent, based on a 300-day working year, $45; profit at 20 per cent of value, based on a 300-day working year, $150; overhead, including insurance at $15 per day, $55; and taxes in 1916, at $1 per 100, $7.50.

Mr. PATTERSON. I propose to strike all that out.

Mr. BLACK. I take it the War Department has found that these taxes were paid, the overhead was paid, and the insurance was paid. This is a reimbursement proposition. Of course, the profits were not paid.

Mr. BACHMANN. The main item in this claim is rental charge of $142.50. I think this is just and they ought to receive this amount; but without some further explanation as to why we should pay interest at 6 per cent and overhead, including interest at $15 a day and also taxes, I am disposed to oppose that part of the bill. I have no objection to the rental charge amounting to $142.50.

Mr. PITTENGER. That does not cover all the loss or all the damage.

Mr. BACHMANN. What other claim have they got here?

Mr. PITTENGER. Every item is set forth here.

Mr. BLACK. Interest at 6 per cent means interest at 6 per cent, and taxes means taxes, whether they are State, county, or Federal taxes, and the War Department says that these taxes were paid.

Mr. BACHMANN. As the gentleman from Wisconsin has said, the principal part of this claim has already been paid by legislation, and now they are back a second time, wanting interest and taxes and insurance and profits.

Mr. BLACK. In the absence of any more particular information than the War Department gives us, if the gentleman insists on his position, the sensible thing to do, I presume, is to compromise.

Mr. BACHMANN. What amendment does the gentleman from Alabama suggest?

Mr. PATTERSON. I objected particularly to the profits, and that is the matter that called it to my attention.

Mr. BACHMANN. That is based on 20 per cent of value and amounts to $150 for five days.

Mr. PATTERSON. I thought they would be entitled to some profits, however, and I proposed to reduce the entire claim to $2,000. If the gentleman is not satisfied, however——

Mr. PITTENGER. Profit is a legitimate element of damage.

Mr. PATTERSON. But 20 per cent is too high.

Mr. PITTENGER. The War Department found that this was the amount of profit they lost.

Mr. BLACK. That was their contractual profit. Whether it was too high or too low, in the gentleman's opinion, that was the actual loss.

Mr. BACHMANN. In view of the discussion, what amendment does the gentleman think ought to be made here?

Mr. PATTERSON. In view of the discussion, the bill may stand a good deal more cut than I thought, but I wanted to be generous in the matter.

Mr. BACHMANN. Would the gentleman accept an amendment of $1,500?

Mr. BLACK. I do not know anything about this except what is in the report. No one has been before the committee and I am anxious to get the work of the committee done because I do not want all these matters to go over until the next session. I shall accept any reasonable compromise, but I can not assure the gentleman I shall try to defend the position of the House in conference because the Senate conferees may have important information that would make me think otherwise.

Mr. BACHMANN. Then I shall be compelled to object.

The SPEAKER pro tempore. Is there objection?

Mr. BACHMANN. Mr. Speaker, I object.

C. A. CATES

The Clerk called the next bill, H. R. 2294, for the relief of C. A. Cates.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, from my reading of the report this was an unavoidable accident.

Mr. PITTENGER. Oh, no.

Mr. FIESINGER. This is a perfect case of negligence, as I read the report.

Mr. STAFFORD. There is no real, permanent injury here.

Mr. PITTENGER. There is a sacroiliac injury.

Mr. STAFFORD. Where does that appear in the report?

Mr. FIESINGER. On page 2 of the report the doctor makes a statement as of August 13, 1929, and on November 21, 1931, he makes a report of the injury and says the condition is not yet remedied and still persists.

Mr. STAFFORD. Five hundred dollars would be a very liberal amount to be allowed in this case.

Mr. FIESINGER. He had $163.50 of damage to his truck.

Mr. BACHMANN. He got that. The War Department paid for the damage to his car.

Mr. PITTENGER. No; they offered to pay it.

Mr. FIESINGER. Yes; they offered to pay that, but did not do it, and this man is still suffering from his injury.

Mr. STAFFORD. Where is there any evidence of that?

Mr. FIESINGER. On page 2 of the report the doctor states as of November 21, 1931, "In my opinion this condition might persist through an indefinite time."

Mr. STAFFORD. "Might," from an interested doctor. I have had some acquaintance with doctors testifying as experts in cases, and that does not influence me very much.

Mr. BACHMANN. Let us see if we can straighten this out. There is a claim of $163.50 for damage to this man's car; and the board of Army officers that investigated the accident recommended that this be paid, and the Secretary of War certified it to the Comptroller General for payment. He is only claiming in this bill for personal injury.

Mr. FIESINGER. I do not so understand it.

Mr. PITTENGER. They offered to pay for the damages to his car, but he would not accept it.

Mr. BACHMANN. Read your bill. He is asking for reimbursement only for personal injuries in this bill. The other part is out of it, and now it is a question of what his injuries are and what he is entitled to by way of compensation for such injuries. I think the man is entitled to some compensation.

Mr. PITTENGER. There is no doubt about that.

Mr. FIESINGER. I am informed he never got the $163.50.

Mr. BACHMANN. The trouble with us is that we can not find out from the committee's report or from the report of the War Department the extent of this man's injury, except the two statements made by the doctor about the injury to this man's back.

Mr. PITTENGER. That was the best information we could get.

Mr. BACHMANN. If it is a permanent injury, he is entitled to more money. If it is not a permanent injury, he is not entitled to so much.

Mr. FIESINGER. He suffered for two years after this accident, according to the statement of the doctor.

Mr. BACHMANN. There is no competent statement here from the doctor as to how much time the man was confined in the hospital, for instance.

Mr. FIESINGER. He lost two months from his work.

Mr. BACHMANN. I accept the gentleman's statement as a fact; but I say the trouble is we can not tell how long he was in the hospital or how serious the injury was, and yet the bill has been reduced by the committee from $5,000 to $1,500.

Mr. PITTENGER. And that was done because the committee agreed that that was a reasonable amount.

Mr. FIESINGER. The bill was put in for $5,000 and the committee reduced it to $1,500.

Mr. STAFFORD. That is altogether too much. What is the gentleman's wish in the matter?

Mr. FIESINGER. We will take a thousand dollars.

The Clerk read the bill, as follows:

Be it enacted etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,500 to C. A. Cates, who sustained injuries when struck by a truck operated by a private soldier then acting in the course of the performance of his duties as an employee of the Government.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Strike out the figures "$1,500" and insert "$1,000."

The amendment was agreed to.

Mr. BLANTON. I offer the following amendment.

The Clerk read as follows:

In line 6, after the figures "$1,000," insert "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

Line 6, after the word "injuries," insert "on or about February 5, 1929, at Dayton, Ohio."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

On line 7, after the word "by," where it occurs the first time, strike out the word "a" and insert "an Army."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DAVID A. WRIGHT

Mr. STAFFORD. Mr. Speaker, early in the evening, Calendar No. 551, H. R. 6424, granting jurisdiction to the Court of Claims to hear the case of David A. Wright, I objected to it, after an explanation by the gentleman from Illinois [Mr. CHINDBLOM]. Since then the gentleman has shown me some decisions not included in the report and I have changed my opinion. I ask unanimous consent to go back to that bill.

The SPEAKER. Is there objection to returning to the bill?

There was no objection.

The Clerk read the title of the bill.

The SPEAKER. Is there objection?

Mr. GRISWOLD. Reserving the right to object, this gives the court an order to hear certain evidence based on intent.

Mr. CHINDBLOM. It sets up the ground on which the court held that it did not have jurisdiction and, of course,



it is an exception from the Dent Act. I think it particularizes so much that it in fact makes it harder for the proof to be made. It provides that the evidence must relate to the particular officers who are mentioned in the report and in the previous decision of the Court of Claims. I think this feature improves the bill.

Mr. GRISWOLD. It not only sets aside the statute of limitations but provides that the court shall accept certain evidence based on intent. I object.

GOTTLEIB STOCK

The next business on the Private Calendar was the bill (H. R. 6851) to reimburse Gottleib Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I reserve the right to object. I am of the opinion that the amount of damages is rather high when you consider the fact that the cause of the fire is somewhat conjectural. It is not certain that it arose by reason of a spark from a bush fire that was started and virtually extinguished more than 18 to 20 hours before.

Mr. MOUSER. If the gentleman will yield, it is a fact that Colonel Woodcock personally made the investigation.

Mr. HORR. Yes. He went out there with me.

Mr. MOUSER. And he found that they were negligent, and on the basis of his investigation suspended these agents as a punishment for negligence, and recommended the compensation.

Mr. STAFFORD. I am yielding my opinion as to the conjectural origin of the fire, but I am basing my present inquiry on the amount of damages.

Mr. HORR. I call the attention of the gentleman to the report of the committee. That matter was gone into very thoroughly by the Committee. Mr. Woodcock was out there and made this investigation personally with me.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. HORR. Yes.

Mr. BLANTON. Colonel Woodcock says that the claim is just, but he wants Congress to fix the amount. The committee has cut the claim down from $6,000 to $4,000. Will the chairman protect the House in lowering that amount?

Mr. STAFFORD. One moment. Investigator Shirley, as stated by Mr. Woodcock, in his report of January 12, 1932,

> It is my opinion from the above facts that the assessed value of the Stock house was unreasonably low, primarily to avoid the payment of taxes, but, from the insurance value, from $1,800 to $2,000 would be a reasonable value for the house and furniture.

Mr. BLANTON. If the gentleman would accept $2,500.

Mr. HORR. God knows I will accept anything that you give me, that you compel me to accept, but it looks as if we had gone into the business here of bargaining, and we might just as well set up three balls. It is easy enough to bargain, when I think the bargaining is fair. I want you to turn to page 4 of that report and read the latter part, in the last paragraph, of the statement by Mr. Woodcock:

> I have assured the representatives of these claimants that I believe their general claim to be just, without expressing any opinion as to the amount.

Why hold it up to an opinion of Agent Shirley, who went out on the grounds after the place had been burned down and there was nothing there but ashes, to make his determination.

Mr. BLANTON. He was the only one representing the Government, who knew anything about it.

Mr. HORR. No. After the committee made a request in respect to the amount of stuff that was burned, we then presented to the committee, and they investigated it, an itemized statement of the actual stuff. We were the only people who knew what was burned. Shirley merely went out and looked at it after the house was nothing but a mass of ashes.

Mr. BLANTON. The ones who have reserved the right to object have agreed to allow the bill to pass for $2,500. Why does not the gentleman accept it?

Mr. HORR. I have to meet my constituents out there, who know this man was burned out, and who has lived in a chicken house ever since waiting for the action of this Congress.

Mr. BLANTON. They will appreciate it lots more if you bring him back $2,500 than if you bring back nothing.

Mr. MOUSER. Why not give the man a reasonable amount with which to build a house.

Mr. HORR. Suppose for a moment that the gentleman were an innocent bystander and a man built a still within a mile and a half of his place, and an agent came along and set fire to it, and the fire comes through and burns his house, would you want to compromise for an amount which you think is unjust?

Mr. MOUSER. Make it $2,500.

Mr. HORR. I shall be compelled to take whatever is given me, but I know that we are entitled to $4,000.

Mr. BACHMANN. Did the man have any insurance?

Mr. HORR. We wrote to the man about his insurance.

Mr. BLACK. The suggestion is made that the amount should be $2,500. That is equally acceptable to me.

Mr. BACHMANN. Was there any insurance?

Mr. HORR. We have a letter showing that he did not have any insurance. I must take whatever you give me.

Mr. BLANTON. Mr. Speaker, regular order.

Mr. HORR. I will take whatever you give me.

Mr. BLANTON. With the understanding that has been had with the gentleman from New York [Mr. BLACK] as to reducing the bill to $2,500, I shall not object.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read as follows:

> *Be it enacted, etc.*, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, and in full settlement against the Government, the sum of $6,573.25 to Gottleib Stock as compensation for the total destruction of his home and personal property therein and trees and vines on the premises and other property during a fire set by the negligence of two prohibition agents in the employ of the Federal Bureau of Prohibition.

With the following committee amendment:

> Page 1, line 6, strike out "$6,573.25" and insert in lieu thereof "$4,000."

Mr. BLACK. Mr. Speaker, I offer a substitute for the committee amendment.

The Clerk read as follows:

> Substitute amendment offered by Mr. BLACK to the committee amendment: Page 1, line 6, strike out "$4,000" and insert in lieu thereof "$2,500."

The substitute amendment to the committee amendment was agreed to.

The Clerk read as follows:

> Further committee amendment: Page 2, line 2, insert the following: "*Provided*, That no part of the amount appropriated in this act, in excess of 10 per centum thereof, shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per centum thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BOSTON STORE CO.

The Clerk read the next bill, H. R. 7198, for the relief of the Boston Store Co., a corporation, Chicago, Ill.

Mr. MOUSER. Reserving the right to object, I will not object to a reasonable amount, but just how is that damage arrived at? I have read the report.

Mr. SABATH. That has been recommended and paid twice by the Government, and, due to technicalities, it still remains due. This has been recommended twice, and the

Secretary of the Treasury recommends it, and through some technicalities the check has been sent back and forth twice or three times. This is for merchandise paid for and not received in order as it should have been.

Mr. MOUSER. Who determines as to the condition of the merchandise, whether it was rusty or old or not?

Mr. SABATH. The Government inspectors and everyone concerned with it came to the conclusion that that was the correct amount.

Mr. MOUSER. And that was agreed upon?

Mr. SABATH. Yes; and the report from the Secretary of War is here. In fact, it has been paid twice and the checks were returned.

Mr. MOUSER. The Secretary of War said the goods were in damaged condition?

Mr. BLANTON. Mr. Speaker, the regular order. It is 10.30.

Mr. MOUSER. I do not want to object to this claim.

Mr. STAFFORD. Well, reserving the right to object, I do not understand the paragraph before the last in the letter of the Secretary of War, which says the amount has been heretofore allowed.

Mr. SABATH. They paid it and returned the money and asked for a voucher and it was returned again, and the amount is due.

Mr. PITTENGER. I will say to the gentleman from Wisconsin that this is certainly a fair bill.

Mr. STAFFORD. The money has not been paid heretofore?

Mr. PITTENGER. No.

Mr. STAFFORD. I will withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $6,246 to the Boston Store Co., a corporation of Chicago, Ill., such sum representing a loss incurred because of misrepresentation in the purchase of cots from the quartermaster supply officer of the surplus property branch at Chicago, Ill., August 16, 1921, which claim had at one time been allowed and paid, but subsequently, because of some technicality, now cured, returned to the Treasury upon request.

Mr. BLANTON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. BLANTON: At the end of the bill strike out the period, insert a colon, and add the following: "in full settlement of all claims against the Government of the United States."

The amendment was agreed to.

Mr. BLANTON. Mr. Speaker, I also offer, at the end of the bill the usual attorney's fee clause as an amendment.

The Clerk read as follows:

At the end of the bill insert the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorneys or attorneys, to exact, collect, withold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ADJOURNMENT

Mr. BLACK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 30 minutes p. m.) the House adjourned until to-morrow, Saturday, January 28, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Saturday, January 28, 1933, as reported to the floor leader:

WAYS AND MEANS

(10 a. m.)

Continue hearings on depreciated currency.

MILITARY AFFAIRS

(10.30 a. m.)

Hearings before subcommittee on private bills.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

891. A communication from the President of the United States, transmitting an amendment of the estimate of appropriation for the legislative establishment for public printing and binding, Government Printing Office, contained in the Budget for the fiscal year 1934, page 18, increasing the total amount from $2,500,000 to $2,750,000 (H. Doc. No. 532); to the Committee on Appropriations and ordered to be printed.

892. A communication from the President of the United States, transmitting supplemental estimates of appropriations pertaining to the legislative establishment, House of Representatives, in the sum of $6,150 (H. Doc. No. 533); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. WOODRUM: Committee on Appropriations. H. R. 14458. A bill making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes; without amendment (Rept. No. 1922). Referred to the Committee of the Whole House on the state of the Union.

Mr. BYRNS: Committee on Appropriations. H. R. 14436. A bill making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes; without amendment (Rept. No. 1923). Referred to the Committee of the Whole House on the state of the Union.

Mr. GILBERT: Committee on the District of Columbia. H. R. 12678. A bill to license and register master electricians, master fixture hangers, journeymen electricians, and journeymen fixture hangers engaged in the business of installing, repairing, or maintaining electric wiring, fixtures, apparatus, and appliances for light, heat, or power in the District of Columbia, and for other purposes; with amendment (Rept. No. 1924). Referred to the Committee of the Whole House on the state of the Union.

Mr. PALMISANO: Committee on the District of Columbia. House Joint Resolution 565. A joint resolution to provide for the maintenance of public order and the protection of life and property in connection with the presidential inaugural ceremonies in 1933; without amendment (Rept. No. 1925). Referred to the Committee of the Whole House on the state of the Union.

Mr. DICKSTEIN: Committee on Immigration and Naturalization. House Joint Resolution 577. A joint resolution to provide for the return to the Philippine Islands of unemployed Filipinos resident in the continental United States, to authorize appropriations to accomplish that result, and for other purposes; without amendment (Rept. No. 1926). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILLIAMS of Texas: Committee on the Territories. S. 4374. An act to empower the superintendent of the Hawaii National Park to perform the functions now performed by the United States commissioner for the said

national park, and for other purposes; with amendment (Rept. No. 1927). Referred to the House Calendar.

Mr. STEAGALL: Committee on Banking and Currency. H. R. 14252. A bill to extend the time during which certain provisions of the act of February 27, 1932, relating to improving the facilities of the Federal reserve system to meet the needs of member banks in exceptional circumstances, shall be effective; without amendment (Rept. No. 1928). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims. H. R. 1769. A bill for the relief of Joseph Watkins; with an amendment (Rept. No. 1929). Referred to the Committee of the Whole House.

Mr. BRUMM: Committee on Claims. H. R. 2462. A bill for the relief of Thelma Lucy Rounds; without amendment (Rept. No. 1930). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 12436. A bill for the relief of Giuglio Zarella; without amendment (Rept. No. 1931). Referred to the Committee of the Whole House.

Mr. SMITH of Virginia: Committee on Claims. S. 465. An act for the relief of William H. Holmes; without amendment (Rept. No. 1932). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. S. 3477. An act for the relief of the Playa de Flor Land & Improvement Co.; without amendment (Rept. No. 1933). Referred to the Committee of the Whole House.

Mr. THOMASON: Committee on Military Affairs. S. J. Res. 48. A joint resolution to authorize the acceptance on behalf of the United States of the bequest of the late William F. Edgar, of Los Angeles County, State of California, for the benefit of the museum and library connected with the office of the Surgeon General of the United States Army; without amendment (Rept. No. 1934). Referred to the Committee of the Whole House on the state of the Union.

Mr. LOOFBOUROW: Committee on Indian Affairs. S. 4578. An act conferring jurisdiction on the Court of Claims to adjudicate the rights of the Otoe and Missouria Tribes of Indians to compensation on a basis of guardian and ward; with amendment (Rept. No. 1935). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 14442) for the relief of Harvey Mincher, and the same was referred to the Committee on Military Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BACON: A bill (H. R. 14457) to amend the act of March 2, 1929 (45 Stat. 1512); to the Committee on Immigration and Naturalization.

By Mr. WOODRUM: A bill (H. R. 14458) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes; committed to the Committee of the Whole House on the state of the Union.

By Mr. DAVIS of Pennsylvania: A bill (H. R. 14459) to impose a tax on each sale in the United States of foreign securities; to the Committee on Ways and Means.

By Mr. KEMP: A bill (H. R. 14460) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Baton Rouge, La.; to the Committee on Interstate and Foreign Commerce.

By Mr. LANHAM: A bill (H. R. 14461) to provide for placing the jurisdiction, custody, and control of the Washington City Post Office in the Secretary of the Treasury; to the Committee on Public Buildings and Grounds.

By Mr. HOGG of West Virginia: A bill (H. R. 14462) to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Sistersville, Tyler County, W. Va.; to the Committee on Interstate and Foreign Commerce.

By Mr. GILCHRIST: A bill (H. R. 14463) to convey to Iowa, Wisconsin, and Illinois the beds and submerged lands of all nonnavigable meandered bodies of water within the borders thereof, respectively; to the Committee on Interstate and Foreign Commerce.

By Mr. VINSON of Georgia: A bill (H. R. 14464) to authorize the Secretary of the Navy to enter into contract with the Annapolis Metropolitan Sewerage Commission for the disposal of sewage of the United States Naval Academy, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H. R. 14465) to amend the act of June 10, 1926, entitled "An act to provide for the equalization of promotion of officers of the Staff Corps of the Navy with officers of the line" (44 Stat. 717; U. S. C., title 34, Supp. VI, sec. 348); to the Committee on Naval Affairs.

By Mr. HARE: Joint resolution (H. J. Res. 578) to prohibit the restriction of civil-service appointments to residents within areas less than a State, and for other purposes; to the Committee on the Civil Service.

By Mr. TREADWAY: Joint resolution (H. J. Res. 579) authorizing free postage on mail matter sent by Grace Coolidge; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DARROW (by request): A bill (H. R. 14466) granting a pension to D. Marion Geis; to the Committee on Pensions.

By Mr. DE PRIEST: A bill (H. R. 14467) granting a pension to Mary T. Gunn; to the Committee on Invalid Pensions.

By Mr. FISH: A bill (H. R. 14468) granting a pension to Anna McNamara; to the Committee on Pensions.

By Mr. HESS: A bill (H. R. 14469) granting a pension to Mary Yeager; to the Committee on Pensions.

By Mr. HORR: A bill (H. R. 14470) for the relief of Sarah E. Thompson; to the Committee on Pensions.

By Mr. HOUSTON of Delaware: A bill (H. R. 14471) granting an increase of pension to Eliza A. Carey; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Missouri: A bill (H. R. 14472) for the relief of Margaret E. Gordon; to the Committee on Claims.

By Mr. PRATT: A bill (H. R. 14473) granting a pension to Lottie Smith; to the Committee on Invalid Pensions.

By Mr. STALKER: A bill (H. R. 14474) granting a pension to Mary M. Thomas; to the Committee on Invalid Pensions.

By Mr. SWICK: A bill (H. R. 14475) granting an increase of pension to Kate Smith; to the Committee on Invalid Pensions.

By Mr. TARVER: A bill (H. R. 14476) for the relief of Fred Epps; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9953. By Mr. ANDREW of Massachusetts: Telegram from Hon. Arthur Guy, State commissioner of banks, Boston, Mass., protesting against publication of loans made by Reconstruction Finance Corporation as called for by the Howard resolution; to the Committee on Banking and Currency.

9954. By Mr. BOEHNE: Petition of North Side Business Men's Association, of Evansville, Ind., protesting against cancellation of foreign debts to the United States; to the Committee on Foreign Affairs.

9955. By Mr. BLOOM: Petition of the Senate of the State of New York, urging the enactment of Senate bill 5336; to the Committee on Banking and Currency.

9956. By Mr. CROWTHER: Petition of citizens of the thirtieth congressional district of New York, urging passage of the stop-alien representation amendment to the United States Constitution; to the Committee on the Judiciary.

9957. By Mr. CARTER of California: Petition of E. C. Thomas, Mary E. Thomas, J. A. Butterfield, and 25 other residents of Oakland, Calif., urging the passage of the stop-alien representative amendment to the Constitution; to the Committee on the Judiciary.

9958. By Mr. CROWTHER: Petition of citizens of Schenectady, N. Y., opposing any reduction in the enlisted strength of the United States Marine Corps; to the Committee on Appropriations.

9959. By Mr. GARBER: Petition urging support of the railway pension bills, S. 4646 and H. R. 9891; to the Committee on Interstate and Foreign Commerce.

9960. Also, petition of the Mount Vernon National Farm Loan Association, Alva, Okla., urging the enactment of the allotment plan or some plan that will restore the price of farm products; the reduction of interest rates on farm mortgages; the retention of the cooperative features and farmer control, in the event the Federal land-bank system is amended; and the removal of the Federal land-bank system from politics; to the Committee on Banking and Currency.

9961. Also, petition of the board of directors of the Cincinnati (Ohio) Chamber of Commerce, indorsing House bill 11642, relating to the policy of rate making, the recapture clause, and the valuation section of the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

9962. Also, petition of J. W. Cavin, proprietor Thornwood Farm, Mutual, and Irl R. Gaston, Chester, Okla., urging the imperative necessity of enacting emergency relief measures to save the homes on the farm; to the Committee on Banking and Currency.

9963. By Mr. HANCOCK of New York: Petition of Mary E. Posthill and other residents of Syracuse, N. Y., favoring the stop-alien amendment to the Constitution; to the Committee on the Judiciary.

9964. By Mr. GARBER: Petition urging support of the railway pension bills, Senate bill 4646 and House bill 9891; to the Committee on Interstate and Foreign Commerce.

9965. Also, petition of the Ministerial Alliance of Grant County, of the State of Oklahoma, urging continued opposition to modification or repeal of the prohibition laws; to the Committee on the Judiciary.

9966. Also, petition of the Colorado Springs Chamber of Commerce, Colorado Springs, Colo., urging enactment of House bill 11642; to the Committee on Interstate and Foreign Commerce.

9967. Also, petition of a union temperance meeting of the five churches of Beaver, Okla., urging opposition to legislation intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act, and urging support of adequate appropriations for law enforcement and a campaign of education in law observance; to the Committee on the Judiciary.

9968. By Mr. GIBSON: Petition of the Woman's Christian Temperance Union of Newport, Vt., opposing repeal of the eighteenth amendment; to the Committee on the Judiciary.

9969. By Mr. LUDLOW: Petition of citizens of Indianapolis, Ind., protesting against the legalization of beer, and favoring the upholding of the eighteenth amendment; to the Committee on the Judiciary.

9970. By Mr. MAPES: Petition of Dan Henry and 37 other residents of Grand Rapids, Mich., favoring the decentralization of wealth by revaluation of the gold ounce upward at least 100 per cent, issuance of new money to reduce the national debt instead of by the issuance of interest-bearing bonds, including immediate payment of the veterans' adjusted compensation in that manner, etc.; to the Committee on Ways and Means.

9971. By Mr. MEAD: Petition of Down Town Post, No. 64, American Legion, Buffalo, N. Y., opposing elimination of citizens' military training camps next year or any reduction in Federal appropriations for same; to the Committee on Appropriations.

9972. By Mr. MILLARD (by request): Petition signed by Clyde Blaylock and other residents in Westchester County, urging support of the proposal to revalue the gold ounce; to the Committee on Coinage, Weights, and Measures.

9973. By Mr. RUDD: Petition of Remington, Meek, Twitchell & Till, New York City, referring to the pending bankruptcy amendatory bill; to the Committee on the Judiciary.

9974. By the SPEAKER: Petition of E. M. Baker and others, urging Congress to give the President authority to lay embargoes on the shipment of arms to areas where armed conflict exists or is threatened; to the Committee on Foreign Affairs.

9975. By Mr. SPENCE: Petition of Mr. and Mrs. M. Schlosser, of Fort Thomas; Phil E. Steffen and others, of Covington; W. H. Ueberschlag and others, of Bellevue; and John F. McCabe and others, of Newport, Ky., urging revaluation of gold ounce, correction of financial abuses, and abuses growing out of mass production; to the Committee on Banking and Currency.

9976. Also, petition of Harriet E. Key and others, of Dayton; Bernard A. Klumper and others, of Covington; Francis H. Schweer and others, of Newport; and Frank Rickling and wife, of Bellevue, Ky., concerning the revaluation of gold ounce; to the Committee on Banking and Currency.

9977. By Mr. STALKER: Petition of Clayton I. Swayze and 250 other citizens of Ithaca, N. Y., opposing legalization of alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9978. Also, petition of citizens of Painted Post, N. Y., opposing legalization of alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9979. Also, petition of Annie N. Sloane and 50 other citizens of Montour Falls, N. Y., opposing legalization of alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9980. Also, petition of Minnie L. Young, president Woman's Christian Temperance Union, and 25 other members of West Danby, N. Y., opposing legalization of alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9981. Also, petition of Stella Hanford and 25 other citizens of Dryden, N. Y., opposing legalization of alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

9982. By Mr. SWICK: Petition of Mrs. T. A. Preston, president, Mrs. Merle D. Allen, secretary, and members of the Frances Willard Woman's Christian Temperance Union, Union Township, New Castle, Lawrence County, Pa., urging the establishment of a Federal motion-picture commission for the purpose of regulating trade and distribution of motion pictures; to the Committee on Interstate and Foreign Commerce.

9983. Also, petition of Ella Rose, president; Mrs. J. L. Brown, secretary; and members of the Woman's Christian Temperance Union of New Wilmington, Lawrence County, Pa., urging the establishment of a Federal motion-picture commission for the purpose of regulating the trade and distribution of motion pictures; to the Committee on Interstate and Foreign Commerce.

9984. By Mr. THURSTON: Petition signed by Mrs. George Myers and 42 other citizens of Clarke County, Iowa, protesting against the modification or repeal of existing Federal laws in relation to prohibition; to the Committee on the Judiciary.

9985. Also, petition signed by Kate Bates and 492 other citizens of Lucas County, Iowa, protesting against the modification or repeal of existing Federal laws in relation to prohibition; to the Committee on the Judiciary.

SENATE

SATURDAY, JANUARY 28, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 212. An act for the relief of Messrs. Short, Ross, Shaw, and Mayhood;

S. 213. An act authorizing adjustment of the claim of Kenneth Carpenter;

S. 219. An act authorizing adjustment of the claims of Orem Wheatley, Kenneth Blaine, and Joseph R. Ball;

S. 252. An act authorizing adjustment of the claim of Johnson & Higgins; and

S. 563. An act for the relief of George T. Johnson & Sons.

The message also announced that the House had passed the bill (S. 284) for the relief of William B. Thompson, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 487. An act for the relief of Herbert G. Black, owner of the schooner *Oakwoods*, and Clark Coal Co., owner of the cargo of coal on board said schooner; and

S. 3147. An act for the relief of Anna Pokorny.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 792. An act for the relief of William Joseph Vigneault;

H. R. 973. An act for the relief of John L. Dunn;

H. R. 1177. An act for the relief of Peter E. Anderson;

H. R. 1936. An act for the relief of Sydney Thayer, jr.;

H. R. 2294. An act for the relief of C. A. Cates;

H. R. 2907. An act for the relief of Walter Sam Young;

H. R. 2917. An act for the relief of Primo Tiburzio;

H. R. 3044. An act for the relief of Anthony Hogue;

H. R. 3045. An act for the relief of Gustav Welhoelter.

H. R. 3627. An act for the relief of James Wallace;

H. R. 5548. An act for the relief of George Brackett Cargill, deceased;

H. R. 6409. An act for the relief of William Joseph LaCarte;

H. R. 6851. An act to reimburse Gottleib Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents;

H. R. 7198. An act for the relief of the Boston Store Co., a corporation, Chicago, Ill;

H. R. 7263. An act for the relief of Felix Maupin;

H. R. 7548. An act granting six months' pay to Ruth McCarn;

H. R. 8136. An act for the relief of John J. Moran;

H. R. 9231. An act for the relief of George Occhionero;

H. R. 9326. An act for the relief of John E. Davidson;

H. R. 9336. An act for the relief of Emily Addison;

H. R. 9355. An act for the relief of David Schwartz; and

H. R. 9457. An act for the relief of Sperry Gyroscope Co. (Inc.), of New York.

ENROLLED JOINT RESOLUTIONS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled joint resolutions, and they were signed by the Vice President:

S. J. Res. 239. Joint resolution authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes; and

S. J. Res. 240. Joint resolution to provide for the quartering in certain public buildings in the District of Columbia of troops participating in the inaugural ceremonies.

WITHDRAWAL OF AMENDMENT TO DEFICIENCY BILL

Mr. BINGHAM. Mr. President, last evening I offered an amendment to the deficiency appropriation bill. I thought it was possible for the District Commissioners to borrow the money needed for the relief of the poor and unemployed. I find to-day that it is against the law for them to borrow this money, and that if the bill is not passed to-day there will be real suffering. Therefore, although I still believe, as I said last night, that the United States Government ought to pay its debts promptly and I am in hopes that this may be done without too great delay through another deficiency bill which will come before the Senate soon, I withdraw the amendment which I have offered. I hope the deficiency bill may promptly be passed in order that it may become a law to-day if possible.

The VICE PRESIDENT. The Senator from Connecticut withdraws his amendment.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Johnson	Robinson, Ark.
Austin	Cutting	Kean	Robinson, Ind.
Bailey	Dale	Kendrick	Russell
Bankhead	Davis	Keyes	Schall
Barkley	Dickinson	King	Schuyler
Bingham	Dill	La Follette	Sheppard
Black	Fess	Lewis	Smith
Blaine	Fletcher	Logan	Smoot
Borah	Frazier	Long	Steiwer
Bratton	George	McGill	Stephens
Brookhart	Glass	McKellar	Swanson
Broussard	Glenn	McNary	Thomas, Idaho
Bulkley	Goldsborough	Metcalf	Thomas, Okla.
Bulow	Gore	Moses	Townsend
Byrnes	Grammer	Neely	Trammell
Capper	Hale	Norbeck	Vandenberg
Caraway	Harrison	Norris	Wagner
Carey	Hastings	Nye	Walsh, Mass.
Connally	Hatfield	Oddie	Walsh, Mont.
Coolidge	Hayden	Pittman	Watson
Copeland	Howell	Reed	Wheeler
Costigan	Hull	Reynolds	White

Mr. FESS. I wish to announce that the Senator from Missouri [Mr. PATTERSON] is detained from the Senate by reason of a death in his family.

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

PERSONAL EXPLANATION—SENATE BARBER SHOP

Mr. LONG. Mr. President, I have never risen in the Senate for any matter of personal privilege until to-day, and I hope I shall not burden the Senate longer than a moment.

There has been a very widely circulated line of propaganda about privileges and immunities being granted to and indulged in by Members of the Senate. I have paid no attention to this kind of polecat publicity because it never has involved me until now. I see, however, that all over the United States a special press report is being circulated that it costs the United States Government $60 a year to give me a daily shave in the Senate barber shop.

Until a day or so ago I did not know we have a Senate barber shop. I have never been in the barber shop, but I have found out that there is such an institution now that it has received notice in the press.

In order that the gentlemen of the press may get the matter straight I wish it to be understood that while I have never been shaved in the Senate barber shop, Abraham Lincoln was shaved in it, Daniel Webster was shaved in it, John C. Calhoun was shaved in it, Grover Cleveland was shaved in it, as were other gentlemen from 80 years ago down until the present time.

ANNUAL REPORT OF WAR FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, transmitting, pursuant

to law, a report on the War Finance Corporation (in liquidation) for the calendar year ended December 31, 1932; which, with the accompanying report, was referred to the Committee on Finance.

USELESS PAPERS IN WAR DEPARTMENT

The VICE PRESIDENT laid before the Senate a letter from the Secretary of War, transmitting, pursuant to law, a report of papers and documents on the files of the War Department, which are not needed in the transaction of current business and have no permanent value or historical interest, which, with the accompanying papers was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. REED and Mr. FLETCHER members of the committee on the part of the Senate.

CHANGE IN DATE OF INAUGURATION

The VICE PRESIDENT laid before the Senate the following joint resolution adopted by the Legislature of the State of South Dakota, which was ordered to lie on the table:

House joint resolution (introduced by Mr. Painter) relating to the ratification of the lame-duck constitutional amendment

Be it resolved by the Legislature of the State of South Dakota:

Whereas both Houses of the Seventy-second Congress of the United States of America, by a constitutional majority of two-thirds thereof, proposed an amendment to the Constitution of the United States of America, which should be valid to all intents and purposes as a part of the Constitution of the United States when ratified by the legislatures of three-fourths of the States, which resolution is in words and figures following, to-wit:

SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

SEC. 5. Sections 1 and 2 shall take effect on the 15th of October following the ratification of this article.

SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission: Be it

Resolved by the House of Representatives (the Senate concurring), That said proposed amendment to the Constitution of the United States of America be hereby ratified by the Legislature of the State of South Dakota: Be it further

Resolved, That copies of the resolution be forwarded by the governor of this State, to the Secretary of State at Washington, D. C., to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Washington, which was referred to the Committee on Finance:

HOUSE OF REPRESENTATIVES,
STATE OF WASHINGTON,
Olympia, January 23, 1933.

To the VICE PRESIDENT OF THE UNITED STATES,
Washington, D. C.

SIR: I have the honor to transmit herewith certified copy of House Joint Memorial No. 2, memorializing Congress in regard to the condition created by depreciated foreign currency.

Respectfully,

GEO. F. YANTIS,
Speaker of the House.

House Joint Memorial No. 2

To the Honorable the Senate and House of Representatives of the United States of America in Congress assembled:

We, your memorialists, the Senate and House of Representatives of the State of Washington, in legislative session assembled, most respectfully present and petition your honorable body as follows:

Whereas the immediate and greatest need of this Nation is to establish a fully employed citizenship, and normally functioning private industry offers the most desirable employment opportunities, and the primary and largest market for American produce and manufactures is found in meeting the wants of the American people, and the necessary employment in supplying these wants belongs first to American workmen; and

Whereas without the free flow of gold, the common medium of international values, the exchange rates of many nations' currencies have, by application of the law of supply and demand, become divorced from the actual values of those currencies as measured in buying power within the bounds of the nation issuing the currency; and

Whereas depreciated currency is seriously handicapping American industry, and our foreign markets are stifled, and our domestic industries face destruction by increased imports from depreciated-currency nations; and

Whereas the economic life of the State of Washington is derived from basic industries, such as lumber, fish, pulp, wheat, fruits, coal, cement, and their allied industries, and the very existence of capital, industry, employment, wages, and our standards of living are based on the profitable operation of these basic industries; and

Whereas the Nation faces an emergency and the differences in money levels have existed for a long period and have not become adjusted; and

Whereas nations whose currencies are depreciated are able to ship merchandise into the United States, pay the existing tariffs, accept American currency in payment, and to make a greater profit on their merchandise than if sold in their own markets; and

Whereas such importations from more than 40 nations of the world into the United States under the existing depreciated-currency conditions has the effect of not only eliminating all tariff structures but of enabling such merchandise to be sold at such a low price in the markets of the United States as to handicap and paralyze American industry and increase unemployment, and the industries of the United States are facing bankruptcy and destruction; and

Whereas we believe that unless this legislation is immediately passed, chaos and ruin threaten the financial and governmental structure of the United States; and

Whereas Congressman SAMUEL B. HILL, of the State of Washington has introduced in the present session of Congress H. R. 13999, the official title of which is: A bill "To prevent loss of revenue, to provide employment for American labor, and to maintain the industries and agriculture of the United States against the effects of depreciation in foreign currencies"; and

Whereas the delay in enacting this bill into law at the present session of Congress is causing continued and alarming increase in unemployment in our industries, American industry and agriculture are being seriously harmed, and in many instances ruined, by this disastrous new form of competition, which is forcing hundreds of thousands of workmen to sacrifice their jobs; and

Whereas the Government of the United States is being deprived of vast customs revenue under existing conditions; and

Whereas equalization measures must be adopted to preserve American jobs for American workmen: Now therefore be it

Resolved, That the Senate and House of Representatives of the State of Washington respectfully urge the present Congress now in session, and the President of the United States, to promptly enact into law H. R. 13999: And be it further

Resolved, That this memorial be immediately transmitted to the proper offices and committees of the United States Senate and House of Representatives, and a copy sent to each of the Representatives and Senators representing the State of Washington in the United States Congress; and be it further

Resolved, That this memorial be immediately forwarded to the legislatures of all the States of the United States requesting that they pass and present similar memorials to Congress:

And your memorialists will ever pray.

Passed the house January 18, 1933.

GEO. F. YANTIS,
Speaker of the House.

Passed the senate January 19, 1933.

VICTOR A. MEYERS,
President of the Senate.

The VICE PRESIDENT also laid before the Senate the following concurrent memorial of the Legislature of the State of Utah, which was referred to the Committee on Post Offices and Post Roads:

THE STATE OF UTAH,
OFFICE OF THE SECRETARY OF STATE,
Salt Lake City, January 21, 1933.

Hon. CHARLES CURTIS,
Vice President of the United States,
Senate Chamber, Washington, D. C.

MY DEAR MR. CURTIS: I have the honor to transmit to you herewith copy of Senate Concurrent Memorial No. 1, memorializing

the Congress of the United States to pass—and the President to approve—a bill authorizing an appropriation of $125,000,000 for highway construction.

Very respectfully yours,

M. H. WELLING, *Secretary of State.*

STATE OF UTAH,
OFFICE OF SECRETARY OF STATE.

I, M. H. Welling, secretary of state of the State of Utah, do hereby certify that the following is a full, true, and correct copy of Senate Concurrent Memorial No. 1, by Mr. Booth, entitled "Memorializing Congress to appropriate to Federal aid for highways," as passed by the Legislature of the State of Utah on January 18, 1933, and approved by Governor Henry H. Blood on January 19, 1933, as appears on file in my office.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Utah at Salt Lake City this 20th day of January, 1933.

[SEAL.]

M. H. WELLING,
Secretary of State.

Memorializing the Congress of the United States to pass, and the President to approve, Senator Oddie's (of Nevada) bill authorizing appropriation of $125,000,000 for highways.

Be it resolved by the Legislature of the State of Utah (the governor concurring therein), That—

Whereas the Oddie bill authorizing the appropriation of $125,000,000 for Federal aid for highways, which has recently passed the Senate, will aid materially toward the completion of the at present incomplete Federal highway system in this and other States, and will make possible creating work for large numbers of our citizens now unemployed, we therefore respectfully urge the House of Representatives to pass, and the President to approve said bill that the provisions thereof may become effective at an early date; be it further

Resolved, That the secretary of state forward certified copies of this memorial to the President of the United States and Speaker of the House of Representatives, and to Utah's delegation in Congress.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the Men's Bible Class of the Presbyterian Church of White Plains, N. Y., favoring the passage of the bill (H. R. 12044) for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Merchant Tailors Society of the City of New York, N. Y., favoring the balancing of the Budget, reductions in governmental expenditures, elimination of hospitalization or medical attention to war veterans with non service-connected disabilities, the taxation of the incomes of Government officials, a fair and equitable foreign-debt settlement, and the repeal of the prohibition laws, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by Sangamon Post, No. 32, the American Legion, Department of Illinois, of Springfield, Ill., favoring the maintenance of national defenses upon the same standard at least as now existing, and urging a continuation of citizens' military training camps, which was referred to the Committee on Appropriations.

Mr. BLAINE presented a paper in the nature of a petition of the Milwaukee City (Wis.) Council of Parent-Teacher Associations, praying for the passage of the so-called George bill, being Senate bill 5263, to amend the powers of the Reconstruction Finance Corporation so as to enable States, counties, municipalities, and school boards to borrow funds for the maintenance of the public schools, which was referred to the Committee on Banking and Currency.

Mr. DAVIS presented a resolution adopted by the Lackawanna Railroad Veterans Association, in meeting assembled at Scranton, Pa., representing members in the States of New Jersey, New York, and Pennsylvania, opposing the ratification of the Great Lakes-St. Lawrence deep-waterway treaty, which was referred to the Committee on Foreign Relations.

Mr. HULL presented a memorial, numerously signed, of sundry citizens of the State of Tennessee, remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, and favoring the making of necessary appropriations for the enforcement of the eighteenth amendment, which was ordered to lie on the table.

Mr. CAPPER presented petitions of sundry citizens of Kansas City and Wellington, all in the State of Kansas, remonstrating against the repeal of the eighteenth amendment to the Constitution, or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

He also presented resolutions adopted by the Woman's Home Missionary Society of Manhattan; the Young Woman's Christian Association of Kansas City; and local chapters of the Woman's Christian Temperance Union of Bird City, Burns, Climax, Caldwell, Hugoton, Manhattan, Morland, Natoma, Uniontown, and Woodston, all in the State of Kansas, favoring the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

Mr. GRAMMER presented the petition of the North End Woman's Christian Temperance Union of Tacoma, Wash., praying for the prompt ratification of the World Court protocols, which was ordered to lie on the table.

He also presented the petition of the North End Woman's Christian Temperance Union of Tacoma, Wash., praying for the passage of legislation to regulate and supervise the motion-picture industry, which was ordered to lie on the table.

He also presented a resolution adopted at a community meeting of citizens of Kennewick, Wash., protesting against the repeal of the eighteenth amendment of the Constitution, or the modification of the national prohibition law, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by Down Town Post, No. 64, American Legion, of Buffalo, N. Y., remonstrating against the elimination or reduction of appropriations for the citizens' military training camps, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the National Guard Association of the State of New York, at Troy, N. Y., remonstrating against proposed reductions in appropriations for the National Guard, which was referred to the Committee on Appropriations.

He also presented a memorial of citizens of Fulton, N. Y., remonstrating against any reduction in the personnel of the Marine Corps, which was referred to the Committee on Appropriations.

He also presented a petition of citizens of Utica, N. Y., praying for the enactment of legislation effecting economies in governmental expenditures except for the national defense, and also the imposition of a sales tax, and remonstrating against the enactment of legislation proposing currency inflation; which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Dairymen's League Cooperative Association, of Le Roy, N. Y., favoring the revaluation of the dollar to a level more in keeping with that at which most debts were contracted, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the board of trustees of the village of Scotia, N. Y., favoring the enactment of legislation providing for the issuance of national currency to municipalities on the pledge of their bonds, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by Harry B. Bentley Post, No. 443, American Legion, of Elmira, N. Y., favoring the use of American materials, labor, and contractors on the Boulder Dam project, which was referred to the Committee on Irrigation and Reclamation.

He also presented a resolution adopted by the New York Government Workers' Council and members and friends of the National Woman's Party, of New York City, N. Y., favoring the adoption of a measure providing equal rights to men and women, which was referred to the Committee on the Judiciary.

He also presented a resolution of the Council of the city of Rochester, N. Y., favoring the removal of restrictions applying to municipalities in the construction of Federal highways, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution adopted by the Brotherhood of Locomotive Firemen and Enginemen, Lodge No. 316, of Omega, N. Y., favoring the passage of Senate bill 5125, to

provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, which was ordered to lie on the table.

He also presented memorials of sundry citizens and organizations of the State of New York, remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law, which were ordered to lie on the table.

THE APPLE INDUSTRY AND TRADE BARRIERS

Mr. COPELAND. Mr. President, the apple growers of this country are in great distress. This morning I received a telegram from Mr. R. G. Phillips, secretary of the International Apple Association. I understand a number of other Senators, including the Senator from Idaho [Mr. BORAH], have received similar communications; and to save the time of the Senate, I ask that this telegram may be printed in the RECORD and referred to the Committee on Finance.

There being no objection, the telegram was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

ROCHESTER, N. Y., *January 28, 1933.*

Hon. ROYAL S. COPELAND,
Senate Office Building, Washington, D. C.:

Apple industry United States vitally dependent on maintaining foreign outlets, otherwise means laying ax to thousands of trees. Our exports have ranged up to over 4,000,000 barrels and nearly 11,000,000 boxes, constituting 19 to 21 per cent of our strictly commercial crop. Apple exports rank third among unmanufactured agricultural commodities, being exceeded only by wheat and raw cotton, and sixteenth among all exports. We were never confronted with so great trade barriers as to-day, which are paralyzing apple industry this country. This continuation international economic warfare is suicide, hence we emphatically object to House bill 13999 and all similar measures which in effect raise our tariffs against our best customers. We can not constantly slap rest of world in face and survive. We must be willing to receive in order to sell. It is fervently to be hoped that the absolutely vital question of war debts, world monetary situation, and trade barriers will be settled by friendly agreement rather than add to present disaster by raising tariffs and creating further economic warfare. It is time to call a halt on economic follies, otherwise United States producers, geared to world markets for a century, will suffer staggering capital losses. This association is composed leading apple shippers, cooperative associations, outstanding growers, wholesalers, and distributers from coast to coast, and located in all important United States producing and distributing sections.

INTERNATIONAL APPLE ASSOCIATION,
R. G. PHILLIPS, *Secretary.*

PROHIBITION AND LAW ENFORCEMENT

Mr. SHEPPARD. Mr. President, I present a number of telegrams and other communications in the nature of memorials remonstrating against the repeal of the eighteenth amendment and the Volstead law. I also submit a typewritten summary of these documents, which I ask the privilege of having printed in the RECORD, and that the summary and accompanying memorials lie on the table, the joint resolution reported from the Committee on the Judiciary being on the calendar.

The VICE PRESIDENT. Without objection, the order will be entered.

The summary, telegrams, and communications in the nature of memorials were ordered to lie on the table, and the summary was ordered to be printed in the RECORD, as follows:

1. From O. C. Crow, secretary mass meeting held Sunday, December 18, 1932, at San Benito, Tex., representing 7,000 members, Methodist, Baptist, Presbyterian, and Christian Churches of Cameron County, Tex.

2. From W. W. Lee, C. P. Owen, and C. W. Harrison, committee representing union meeting pastors of Protestant churches from four counties comprising lower Rio Grande Valley, held December 19, 1932.

3. From H. E. Draper, presiding elder Brownsville District, Methodist Episcopal Church, South, in behalf of Methodist ministers, Brownsville (Tex.) District, in session December 20, 1932, representing all Methodist churches and their constituency in the Rio Grande Valley.

4. From Rev. J. W. Hassell, president, and Mr. S. L. Cole, secretary, the United Forces for Prohibition, Guadalupe County, Tex., representing mass meeting at Seguin, Tex., December 18, 1932, of citizens of Seguin and Guadalupe County.

5. From Mrs. O. A. Mills, chairman, and Mrs. N. C. King, secretary, presenting resolutions adopted by the fourth quarterly zone meeting of the Uvalde Zone, Uvalde District, Woman's Missionary Society, Methodist Episcopal Church, South, at Uvalde, Tex.

6. From Rev. Marcus M. Chunn, pastor Herring Avenue Methodist Church, Waco, Tex., representing Methodist Orphan Home at Waco.

7. From W. H. Carder, W. J. Earles, and J. A. Dekle, representing Medina River Baptist Association, consisting of Kerr, Kemble, Bandera, and Gillespie Counties, Tex.

8. From Rev. Frank Eddy, Madden, pastor First Methodist Episcopal Church; Rev. Phil E. Chappell, pastor Asbury Methodist Episcopal Church; Rev. I. L. Yearly, pastor First Baptist Church; Rev. H. A. Bassett, pastor Orchard Park Methodist Episcopal Church; Rev. Westor R. Smith, pastor First Presbyterian Church; Rev. Arthur C. Hyde, pastor First Christian Church; Rev. R. L. Evans, pastor Trinity Methodist Church; Rev. Marshall Dawson, pastor First Congregational Church; Rev. Albert H. Schuake, pastor St. Paul's Lutheran Church; Rev. J. H. Walker, pastor Fort Boulevard Methodist Church; Rev. J. Fred Cole, pastor Grandview Baptist Church; Rev. A. G. Becker, pastor Altura Presbyterian Church, U. S. A.; Mr. J. N. Hooey; Mr. W. B. Gray; and Mr. Alfred Heininger; all of El Paso, Tex.

9. From Mrs. George W. Jones, legislative chairman Protestant Women's Association of San Antonio, Tex., representing regular meeting of that association on November 18, 1932.

10. From Rev. W. W. Jewell, pastor First Christian Church; Rev. Ed. Reeve, chairman of committee, First Baptist Church; and Rev. W. A. Hitchcock, pastor First Methodist Church, all of Stratford, Tex., representing their respective churches in that city.

11. From J. L. Taylor and Mrs. Naomi Huguelet, representing the Anti-Alcoholic League of Forreston, Tex.

12. From Miss Lois Pinson, Miss Virginia R. Williamson, and Mr. Lon Oakley, representing Methodist young people of the Greenville district, north Texas conference, in session at Mesquite, Tex., November 20, 1932.

13. From Rev. Warren T. Whiteside, chairman, and Arthur L. Losby, secretary, representing ministers and district stewards of Southern Methodist Churches of Greenville district, north Texas conference.

14. From Rev. W. E. B. Lockridge, chairman of mass meeting of church people and citizens of Terrell, Tex., held December 4, 1932.

15. From R. T. Ellis, secretary Texas State Teachers Association, assembled in convention at Fort Worth, Tex., November 26, 1932.

RESOLUTIONS OF TEXAS SHEEP & GOAT RAISERS ASSOCIATION

Mr. SHEPPARD. Mr. President, I present for publication in the RECORD and for appropriate reference resolutions adopted by the Sheep & Goat Raisers Association of Texas at their recent annual meeting at Del Rio, Tex., December 16, 1932.

There being no objection, the resolutions were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

Resolutions adopted by Sheep and Goat Raisers' Association of Texas at recent annual meeting at Del Rio, Tex., December 16, 1932

FEDERAL LAND BANKS

Whereas the joint-stock land banks of the country have been unable to make any new loans for over two years past for reasons more or less generally known; and

Whereas this condition has resulted in making the Federal land banks the only source of credit for new land loans; and

Whereas the stipulation in the law limiting the maximum amount of any loan permitted by the Federal land banks to any one individual to $25,000 works a distinct hardship on landowners needing assistance; and

Whereas the law also provides that the combined aggregate amount of money loaned to any individual by the Federal land banks and the joint-stock land banks shall not exceed $50,000, which results in the fact that no borrower owing $50,000 to the joint-stock land bank can borrow anything at all from the Federal land banks regardless of security offered: Therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That we petition Congress to amend the law to enable the Federal land banks to make loans regardless of the amount of the borrower's debt to the joint-stock land bank, and that the maximum limit of loans permitted to be made by the Federal land banks to any individual be increased to $100,000, providing the security offered is acceptable.

IMPORTING LIVESTOCK UNDER BOND

Whereas it has been brought to our attention that large numbers of livestock are being brought into the United States from Mexico under bond and without paying any import duty thereon, representation being made that such livestock will be reexported; and

Whereas it is our belief that the intention of the importers of said stock is by some manner to be released from the payment of import duties on said stock, or that some future modification of the tariff law will become retroactive, thereby releasing said stock duty free: Therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That we most emphatically condemn such practice; that we urge the collector of customs to be most cautious in seeing that

proper duties are assessed against all such livestock and collected before any bonds are released; and be it further

Resolved, That we petition the Congress to amend the tariff act to prevent in the future any livestock from being admitted to this country under bond, but that payment of all duties be made when livestock is crossed over the border.

GOVERNMENT AID LIMITED TO DOMESTIC LIVESTOCK

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That, whether or not it has been done in the past, or whether or not it is being contemplated at present, we heartily disapprove of money being loaned by any governmental institution, or any institution receiving direct aid from the Government, to any person, firm, or corporation on imported livestock or for the purpose of buying livestock imported into this country either before or after said stock might be imported, it being our view that all financial aid extended by the Government would be confined to the purchase and/or carrying of domestic livestock; and be it further

Resolved, That laws be passed or amended by Congress, or regulations be issued by the heads of all such governmental institutions embodying the idea herein expressed.

REDUCTION OF CHARGES

Whereas livestock prices have been extraordinarily reduced in the last three years, and all ranchmen are making supreme efforts to reduce expenses to an absolute minimum: Therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That we respectfully and urgently request the various stockyards companies and commission firms at the central markets to reduce their charges for handling and selling our livestock in proportion to which our income has been reduced; and be it further

Resolved, That we petition the railroad companies to reestablish the privilege, recently withdrawn, of allowing buyers of livestock at central markets to reship livestock bought at the through rate from point of origin to point of destination, this privilege being commonly known as the change-of-ownership rule; and be it further

Resolved, That the railroads reduce their charge for bedding cars to a cost commensurate with the services rendered and that they make no charge whatsoever for cars that are not freshly rebedded.

STATE RANGERS

Whereas the livestock men of west Texas have for years carried on a battle against stock thieves, which activity, we believe, belongs to the police authorities of the State; and

Whereas this association includes among its members sheep and goat raisers from over 100 counties of the State: Therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That we petition the Governor of the State of Texas to grant commissions of sergeants in the State rangers force to two men to be selected by the president of this association, said rangers to be paid by the State but to be subject only to orders of the president of this association, their entire duties being to work for the prevention of and the detection of the theft of sheep and goats.

DUES

Whereas the activities of the Texas Sheep and Goat Raisers' Association have in the 17 years of its existence proven the worth of this association in preventing losses and making savings for its members in ways already well known; and

Whereas the association is dependent entirely for its income upon dues voluntarily paid by its members; and

Whereas this source of income has been reduced to the point where the association's activities are nearly paralyzed because of the inability of most of its members to continue paying said dues: Therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That we respectfully urge the Federal intermediate-credit bank, the regional agricultural-credit corporation, commercial and private banks and loan companies to recognize dues to this association as a legitimate item of expense, and that borrowers from these institutions be permitted to include said dues in their allowances or budgets which are being allowed said borrowers for their running expenses.

BURNS AND POISON WEEDS

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we hereby petition our State legislature to pass the necessary laws compelling the highway commission, counties, railroad companies, pipe-line companies, and all other persons or concerns owning fenced right of way, to keep it free and clear of all cockle burrs, grass burrs, sand burrs, bitterweed, beggar lice, hoarhound, loco, and all other poisonous or obnoxious vegetation that might be harmful to ranch and/or farm land.

BLOWFLIES

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we petition our State legislature to pass laws providing for the cleaning up of this State of the worst known pest to the livestock men, viz, the blowfly; and be it further

Resolved, That the president of this association appoint a special committee which shall have for its sole purpose the framing and furthering the above-mentioned legislation.

AD VALOREM TAX

Whereas land has always been the prime source of governmental revenue from taxation; and

Whereas this policy has materially contributed to the burden which is now bearing down the landowner unto annihilation: therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we recommend that a sales tax be levied in place of the State ad valorem tax on property, but that neither sales nor income tax be levied unless the State ad valorem on land be removed; that only county and lesser governments place a tax on land and that these governments see to it that all personal property, especially investments such as notes, stocks, bonds, etc., bear its just share of taxation; and be it further

Resolved, That no State or other boards, commission or body of any kind be established which will displace or usurp the tax valuing, assessing or levying powers of the county commissioners.

STATE GASOLINE TAX LAW

Whereas it has come to our attention that there is a movement on foot to repeal that portion of the State gasoline tax law which exempts from said tax all gasoline not used for propelling vehicles over the highways: Therefore be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we strenuously oppose the repeal of that section of the law.

ADDRESS OF ROGER GILLIS

Be it Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That Judge Roger Gillis, of Del Rio, Tex., is hereby requested to reduce to writing the very excellent address which he made at the opening session of our convention and that such writing be either an abstract or an extension of his remarks, as he so desires.

AGRICULTURAL MARKETING ACT

Whereas as a result of the passage of the agricultural marketing act of 1929, numerous marketing and financing agencies have been set up which have been and are at the present time rendering a distinct service to the livestock interests of the country, and

Whereas the repeal of this act would most likely result in the immediate liquidation of these various agencies, and

Whereas such liquidation would work undue hardships, not only upon the direct borrowers from these agencies, but would be reflected to the entire livestock industry: Therefore, be it

Resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we distinctly oppose the repeal of this act, but on the contrary we commend the act and believe it to be the most constructive piece of agricultural legislation ever enacted by Congress. We recommend its continuance in its present form, except in such instances, such as the stabilization clause, where experience has demonstrated its failure to obtain appropriate results beneficial to agriculture. We maintain that any and all amendments to this act should be made by its friends rather than by its enemies.

APPRECIATION

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That our sincere appreciation and thanks go forth to the people of Del Rio, the Del Rio Chamber of Commerce, the Roswell Hotel, and to all contributing organizations and persons for their efforts in making our seventeenth annual convention a most enjoyable and successful one, and

Be it further resolved, That our sincere thanks are also extended to our president, T. A. Kincaid, and to our secretary, E. B. Baggett, for their work, not only during the convention, but throughout the past 18 months.

ILLNESS OF SAM H. HILL

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we are extremely grieved over the illness of our worthy member and friend, Sam H. Hill, and that we hereby extend to him our most earnest wishes for his speedy recovery, Mr. Hill being our only life member.

JUDGE JAMES CORNELL

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we extend our heartfelt thanks and appreciation to our worthy and esteemed member and friend, Judge James Cornell, for his untiring efforts and faithfulness in behalf of this association and livestock men generally.

PRICKLY PEAR

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention, at Del Rio, Tex., on December 16, 1932, That we commend the activities of the committee appointed to act on the control of prickly pear, and that we urge that they redouble their efforts along this line, and if necessary, to secure the assistance of the agricultural and mechanical college.

RESOLUTIONS PASSED BY NATIONAL WOOL GROWERS ASSOCIATION

Be it resolved by the Sheep and Goat Raisers' Association of Texas, assembled in annual convention at Del Rio, Tex., on December 16, 1932, That we approve and adopt as our own the following resolutions adopted by the National Wool Growers Association at their sixty-eighth annual convention, held in Portland, Oreg., December 10, 1932:

The tariff

Consideration of the question of import duties upon foreign products must always recognize and be based upon the fostering and encouragement of promotion of all lines of agricultural production. This is essential not only in the interest of our rural population, but because of the great dependence of factory industry, transportation, and all lines of commerce upon the purchasing ability of those engaged in agriculture and livestock production.

We consider that the effectiveness of present import duties upon foreign agricultural products imported into the United States has largely contributed to the maintenance of a somewhat better economic business condition in the United States than has prevailed in many other countries.

The leaders of the incoming administration have assured the American farmer and livestock producer of their belief in the necessity of continuing import duties upon agricultural products. We urge upon President-elect Roosevelt, his official family, and the Seventy-third Congress that import duties on agricultural products be maintained upon a level no lower than that of the rates now prevailing.

We urge that these rates be maintained upon all livestock and meat products and upon wools (and mohair) imported in the raw or manufactured condition. It is also our belief that the raw wool (and mohair) duty should continue to be levied as a specific duty upon the clean content basis.

In consideration of tariffs as a source of revenue we suggest that duties might be levied upon wools (and mohair) imported for use in the making of carpets and floor coverings. We also suggest that examination be made of the probability of our domestic wools (and mohair) being used in carpet making and the inclusion of carpet wools (and mohair) under similar rates of duty as provided for clothing wools (and mohair).

Finance

Reconstruction Finance Corporation: We most heartily commend the Seventy-second Congress for having established the Reconstruction Finance Corporation. The acceptance and carrying by this corporation of a large amount of livestock and agricultural loans has been of untold value to those industries and to the whole country.

The further financial service of carrying such loans through regional agricultural-credit corporations and the Reconstruction Finance Corporation has given most timely support in some districts that could not have been furnished by any other agencies.

In other districts the policy of making it very difficult to obtain loans has not been in accord with what we believe to be the intent of the law by which these corporations were created.

We ask for a definition in the law as to what shall be accepted as "full and adequate security" and for a more liberal and reasonable attitude on this point on the part of the credit corporations and the Reconstruction Finance Corporation.

Intermediate-credit banks: Less than $100,000,000 of livestock loan paper was being held on December 31, 1931, by the nine Federal intermediate-credit banks in operation in the Western and Southwestern States. The fact that this comparatively small proportion of the total of this class of paper was so securely held protected livestock credits until the resources of the Reconstruction Finance Corporation were made available.

It is painfully apparent, as it also was in 1920, that the livestock industry can not safely rely upon ordinary commercial banks of deposit handling only 90-day paper for the financial service essential to protection. Future safety depends upon the handling of the main part of our livestock paper by agencies not subject to withdrawal of deposits and the necessary calling of loans. To provide this financial security a large increase is necessary in the capital structure of livestock-loan companies and agricultural-credit corporations that discount with intermediate-credit banks. This requirement is temporarily provided under the Steiwer-Carey amendment to the emergency relief and construction act of 1932, approved July 21, 1932.

We favor the enactment of such legislation as may be required for the continuation of this large-scale service which, in the public interest, is essential to efficient agricultural and livestock production under normal conditions.

Interest rates

Considering the present level of commodity prices and their relation to cost of sheep production, we find that the highest fixed charges to-day, other than taxation, are interest rates. Taxes of the Federal, State, and county governments are being reduced 25 to 50 per cent. We emphatically urge reduction in interest charges on the same basis.

Taxation

In the spirit of fairness, we realize that in order to contribute to the general movement toward tax reduction not only agriculture but all lines of business, and all persons generally must be willing to accept their proportionate share in cuts of Federal and State appropriations affecting them. We subscribe to this theory and are willing to accept our pro rata share of such cuts, but demand consideration for agriculture to the extent that Federal and State appropriations for agricultural purposes be not reduced in greater proportion than appropriations for all other purposes—that agriculture be not forced to stand all or the greater part of reduced appropriations.

Legislation

We instruct our officers to carefully investigate all new ideas proposed for legislation affecting agriculture, such as the so-called domestic-allotment plan and others, and take such steps as they deem necessary to fully protect the interests of the sheep and goat industry.

Commission merchants

We instruct our national officers to seek the enactment of a Federal law requiring wool (and mohair) merchants doing a commission business to be licensed and bonded under rules and regulations prescribed by the Department of Agriculture.

WATER RESOURCES OF THE SAN PEDRO RIVER

Mr. ASHURST presented a resolution adopted by the Douglas (Ariz.) Chamber of Commerce and Mines, which was referred to the Committee on Irrigation and Reclamation and ordered to be printed in the RECORD, as follows:

Whereas Senator HENRY F. ASHURST has introduced Senate Resolution 292 on December 7, 1932, providing for a subcommittee of the Senate Committee on Irrigation and Reclamation to come to Arizona and investigate the practicability of utilizing the water resources of the San Pedro River; and

Whereas we believe the said committee will find that the United States is justified in building a flood-control dam in said river near the Charleston station to the end that the agricultural resources of said river valley may be conserved and increased, and for the purpose of providing relief work for the citizens of this county not now employed; and

Whereas this organization, representing the business interests of Douglas and vicinity, welcomes any aid given the people of said valley, though outside of the immediate district: Now, therefore, be it

Resolved, That we commend the action of Senator ASHURST, thank him for his solicitude, and urge him and our congressional delegation to secure the adoption of said resolution; that a copy hereof be transmitted to each of the Arizona delegation.

DOUGLAS CHAMBER OF COMMERCE AND MINES,
[SEAL.] H. A. WIMBERLEY, *President,*
E. W. BROWDER, *Secretary.*

Adopted January 18, 1933.

PROHIBITION AND THE EIGHTEENTH AMENDMENT

Mr. WALSH of Massachusetts. Mr. President, I present and ask to be printed in the CONGRESSIONAL RECORD memorials from the American Temperance Society of Seventh-day Adventists of Worcester, Mass.; the Southern New England Conference of South Lancaster, Mass.; and from the Plymouth County Neighborhood Convention of Churches in federated meeting with the Woman's Christian Temperance Union of Middleboro, Mass., in opposition to the modification of the Volstead Act or the repeal of the eighteenth amendment to the Constitution.

There being no objection, the memorials and papers were ordered to lie on the table and to be printed in the RECORD, as follows:

AMERICAN TEMPERANCE SOCIETY
OF SEVENTH-DAY ADVENTISTS,
Takoma Park, Washington, D. C., January 26, 1933.

The Hon. DAVID I. WALSH,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: I am inclosing in this a petition to Congress which was passed in a meeting at Worcester, Mass., on January 17, and also the signatures of a number of citizens of Massachusetts, protesting against the repeal of the eighteenth amendment. We

are requested to send these to you. Will you please note them in the CONGRESSIONAL RECORD and refer them to the proper committee for consideration.

Sincerely yours,

C. S. LONGACRE.

PETITION TO CONGRESS

To the honorable the Senate of the United States:

We, the citizens of Worcester, Mass., in a mass meeting held January 17, 1933, do hereby petition your honorable body—

1. To enact no legislation changing the per cent of alcohol contained in legalized beverages as specified in the Volstead Act.

2. Not to enact the present beer bill, H. R. 13742.

3. Not to pass any act favoring the repeal of the eighteenth amendment.

The reasons we offer for said petition are:

a. Alcohol is a narcotic. It poisons the system, disqualifying the user for business; it paralyzes industries by unfitting the users thereof for the regular performance of work.

b. It impoverishes the families of the ordinary workmen, leaving in its wake sorrow, poverty, shame, and often complete ruin.

c. It endangers life. Twenty-six million automobiles and automobile trucks carrying millions of our people at high rates of speed make it imperative that only people should drive who do not use alcohol in any degree. What affects one driver seriously might not affect another, but the one affected is a menace to life and property.

Why should a great country like America stoop to raising revenue for the maintenance of its Government from the sale of alcoholic beverages which have in their use all the elements of waste, crime, and death?

In the name of humanity, social justice, and the general welfare, we beseech your honorable body not to give your support to this measure that would legalize the sale of intoxicating beverages.

S. LUNDSTROM, *Chairman.*
HELFRED J. JORGENSEN, *Secretary.*

PETITION OPPOSING BEER BILL

To the honorable the Senate of the United States, Greetings:

Believing (1) that the eighteenth amendment is the best solution to the liquor question yet advocated.

(2) That beer, as authorized in bill H. R. 13742, with 4 per cent alcoholic content according to volume, is intoxicating and therefore unconstitutional.

(3) That the free use of this beer would greatly endanger the public safety and general welfare in this speed age of travel.

(4) That it is to the best interest of the public to keep this Nation saloonless and sober, which will be impossible if this bill is enacted.

Therefore, we, the undersigned adult residents of Worcester, etc., State of Massachusetts, earnestly petition your honorable body not to pass H. R. 13742, or any other measure that would override the eighteenth amendment of the Federal Constitution, but, instead, employ means to make national prohibition more effective.

Helfred Jorgensen, Trinity Avenue, Worcester, Mass.; Seth Forsberg, 19 Arnold Road, Worcester, Mass.; A. K. Johnson, 19 North Street, Worcester, Mass.; B. G. Lundquist, 1 Breck Street, Worcester, Mass.; E. Norilborg, 30 Walnut Street, Auburn, Mass.; G. H. Anderson, 53 Trinity Avenue, Worcester, Mass.; Mrs. H. Anderson, 53 Trinity Avenue, Worcester, Mass.; S. Jorgensen, 53 Trinity Avenue, Worcester, Mass.; Mrs. H. Jorgensen, Trinity Avenue, Worcester, Mass.; Conrad J. Hagstrom, 15 Colby Avenue, Worcester, Mass.; Mrs. Lora Westerman, 237 Turnpike Road, Shrewsbury, Mass.; C. W. Westerman, 237 Turnpike Road, Shrewsbury, Mass.; Elder J. P. Johnson, 36 Bailey Road, Shrewsbury, Mass.; Mrs. J. P. Johnson, 36 Bailey Road, Shrewsbury, Mass.; Mrs. C. A. Johnson, 9 Tatman Street, Worcester, Mass.; Carl A. Johnson, 9 Tatman Street, Worcester, Mass.; Lennart Johnson, 9 Tatman Street, Worcester, Mass.; Karl Johansen, 63 Belmont Street, Worcester, Mass.; Alma Carlson, 1 Lund Street, Worcester, Mass.; Mrs. H. Wallman, 1 Lund Street, Worcester, Mass.; Miss Anna K. Johnson, 19 North Street, Worcester, Mass.; Mrs. Axel Glandt, 14 Kosta Street, Worcester, Mass.; Axel Glandt, 14 Kosta Street, Worcester, Mass.; August Andeberg, 233 Wachcuret Street, Holden, Mass.; Mrs. Nellie Anderberg, 233 Wachcuret Street, Holden, Mass.; Mrs. Hanna Carlson, 487 Burncoat Street, Worcester, Mass.; Mrs. Ellen Johansen, 63 Belmont Street, Worcester, Mass.

SOUTHERN NEW ENGLAND CONFERENCE,
South Lancaster, Mass., January 24, 1933.

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

DEAR SENATOR WALSH: May I register my protest against the present attempt in Congress to again legalize alcoholic drinks?

There may be a question as to which is the wisest road back to prosperity, but the liquor route surely is not one of them, for it always leads downward, never upward.

Our infallible guidebook reminds us: "Wine is a mocker, strong drink is raging, and whosoever is deceived thereby is not wise."

Also, "Woe unto him that giveth his neighbor drink and maketh him drunken." And again: "Woe unto him that buildeth his house by unrighteousness."

The Scripture pictures the work of those who manufacture and who sell intoxicating liquor. Their business means robbery. For the money they receive no equivalent is returned. Every dollar they add to their gains has brought a curse to the spender.

For the sake of gain the liquor seller deals out to his victims that which corrupts and destroys mind and body. He entails on the drunkard's family poverty and wretchedness. Keep it outlawed.

The inclosed leaflets furnish many additional reasons.

Respectfully yours,

F. BOHNER,
Home Missionary Secretary.

MIDDLEBORO, MASS., *January 11, 1933.*

The Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

DEAR SENATOR: Whereas there is pending in Congress an act to legalize the sale of beer; and

Whereas this Commonwealth in the year 1870 did legalize such sales and subsequently repealed the same because of an increase of drunkenness: Therefore be it

Resolved, That we, the members of the Plymouth County Neighborhood Convention of Churches and the local Woman's Christian Temperance Union in a federated meeting do most urgently call upon our Senators at Washington to vote against the proposed measure and would call attention to the words of the Hon. Robert C. Pittman, for so many years a judge in our superior court, when he said, we quote: "It is clear that the governor was amply justified in declaring in his message that the so-called beer shop has come to mean a place where all kinds of intoxicating liquors are sold."

Very respectfully submitted.

KENELM WINSLOW.
JOSEPHINE L. KELLEY,
Secretary Woman's Christian Temperance Union, Middleboro, Mass.
DAVID B. HOWARD,
Secretary Plymouth County Neighborhood Convention.

PETITION OPPOSING BEER BILL

To the honorable the Senate of the United States, Greetings:

Believing (1) that the eighteenth amendment is the best solution to the liquor question yet advocated; (2) that beer as authorized in bill H. R. 13742, with 4 per cent alcoholic content according to volume, is intoxicating and therefore unconstitutional; (3) that the free use of this beer would greatly endanger the public safety and general welfare in this speed age of travel; and (4) that it is to the best interest of the public to keep this Nation saloonless and sober, which will be impossible if this bill is enacted. Therefore we, the undersigned adult residents of the State of Massachusetts, earnestly petition your honorable body not to pass H. R. 13742 or any other measure that would override the eighteenth amendment of the Federal Constitution, but, instead, employ means to make national prohibition more effective.

Mrs. Edith M. Wilkinson, Main Street, South Lancaster; Carl Kennedy, Main Street, Clinton; E. Grace Soper, Prescott Street, South Lancaster; R. C. Silvers, Main Street, South Lancaster; L. W. French, South Street, Westminster; R. H. Libby, Prescott Street, South Lancaster; Letha B. Wendell, Kilbourn Street, South Lancaster; C. A. Cutting, Pratts Junction Road, South Lancaster; Dora Smith, Narrow Lane, South Lancaster.

ENROLLED JOINT RESOLUTIONS PRESENTED

Mr. VANDENBERG, from the Committee on Enrolled Bills, reported that on to-day, January 28, 1933, that committee presented to the President of the United States the following enrolled joint resolutions:

S. J. Res. 239. Joint resolution authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes; and

S. J. Res. 240. Joint resolution to provide for the quartering, in certain public buildings in the District of Columbia, of troops participating in the inaugural ceremonies.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH of Montana:

A bill (S. 5544) authorizing the Secretary of Agriculture to adjust debts arising from loans made to farmers for seed, feed, and crop production, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. DILL:

A bill (S. 5545) granting a pension to Margaret Keefe (with accompanying papers); to the Committee on Pensions.

By Mr. GOLDSBOROUGH:

A bill (S. 5546) granting a pension to Milton Carroll Merryman; to the Committee on Pensions.

By Mr. HOWELL:

A bill (S. 5547) granting an increase of pension to Mary S. Miller; to the Committee on Pensions.

By Mr. BRATTON:

A bill (S. 5548) relating to livestock loans made by the Reconstruction Finance Corporation through its regional agricultural credit corporations; to the Committee on Banking and Currency.

By Mr. REED:

A bill (S. 5550) to provide for the removal of the monument to Casimir Pulaski from the triangle at Pennsylvania Avenue, Thirteenth Street, and E Street NW. to the east end of the triangle formed by Pennsylvania Avenue, E Street, and Fifteenth Street, in the city of Washington, D. C., and to authorize the appropriation therefor; to the Committee on Public Buildings and Grounds.

By Mr. HASTINGS:

A bill (S. 5551) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

By Mr. DICKINSON:

A bill (S. 5552) to provide for the liquidation of joint-stock land banks, and for other purposes; to the Committee on Banking and Currency.

DATE OF MEETING OF SECOND SESSION OF THE CONGRESS

Mr. DILL. Mr. President, I desire to introduce a bill for reference to the Judiciary Committee, but before doing so I want to say a word about it.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. DILL. The bill is to fix the date of meeting of the second session of the Congress. With the adoption of the "lame-duck" amendment to the Constitution Congress will meet on January 3 of each year, unless Congress by law fixes another date. That will probably mean that we shall be in session every summer. It seems to me that we ought to provide by law that the second session shall begin some time in the fall. The bill which I introduce provides that the second session shall begin on the first Monday in October.

The bill (S. 5549) to fix the date of meeting for the second session of Congress was read twice by its title and referred to the Committee on the Judiciary.

CHANGES OF REFERENCE

On motion of Mr. THOMAS of Oklahoma, the Committee on Public Lands and Surveys was discharged from the further consideration of the bill (S. 5427) authorizing the Secretary of the Interior to purchase certain lands in Ottawa County, Okla., and it was referred to the Committee on Indian Affairs.

On motion of Mr. COPELAND, the Committee on Military Affairs was discharged from the further consideration of the bill (S. 5535) for the relief of certain Army officers whose household and other effects were damaged on Government property, and it was referred to the Committee on Claims.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 792. An act for the relief of William Joseph Vigneault;

H. R. 1177. An act for the relief of Peter E. Anderson;

H. R. 1936. An act for the relief of Sydney Thayer, jr.;

H. R. 2907. An act for the relief of Walter Sam Young;

H. R. 5548. An act for the relief of George Brackett Cargill, deceased;

H. R. 6409. An act for the relief of William Joseph LaCarte;

H. R. 7263. An act for the relief of Felix Maupin;

H. R. 7548. An act granting six months' pay to Ruth McCarn;

H. R. 9231. An act for the relief of George Occhionero;

H. R. 9326. An act for the relief of John E. Davidson; and

H. R. 9355. An act for the relief of David Schwartz; to the Committee on Naval Affairs.

H. R. 973. An act for the relief of John L. Dunn;

H. R. 2294. An act for the relief of C. A. Cates;

H. R. 2917. An act for the relief of Primo Tiburzio;

H. R. 3044. An act for the relief of Anthony Hogue;

H. R. 3045. An act for the relief of Gustav Welhoelter;

H. R. 6851. An act to reimburse Gottleib Stock for losses of real and personal property by fire caused by the negligence of two prohibition agents;

H. R. 7198. An act for the relief of the Boston Store Co., a corporation, Chicago, Ill.;

H. R. 8136. An act for the relief of John J. Moran;

H. R. 9336. An act for the relief of Emily Addison; and

H. R. 9457. An act for the relief of Sperry Gyroscope Co. (Inc.), of New York; to the Committee on Claims.

H. R. 3627. An act for the relief of James Wallace; to the Committee on Military Affairs.

AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. ODDIE submitted an amendment intended to be proposed by him to House bill 13710, the Interior Department appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 45, line 21, after the semicolon, to insert the following:

"For construction of power transmission line and distribution system, Fallon Subagency, Walker River Agency, Nev., fiscal year 1934, $800."

AMENDMENT TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. HASTINGS (for Mr. HEBERT) submitted an amendment intended to be proposed by Mr. HEBERT to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 79, line 18, after the figures "16," to insert "(a)."

On page 80, beginning with line 8, to strike out through line 8 on page 82, and in lieu thereof to insert the following:

"(b) Section 319 of Part II of the legislative appropriation act, fiscal year 1933, shall not apply to any refund or credit allowed by the Commissioner of Internal Revenue prior to July 1, 1932, on account of an overpayment in respect of any internal-revenue tax. Appropriations for the payment of any such refund, as well as for the payment of interest upon any such refund or credit, shall be available for the payment of principal and interest computed in accordance with the laws with respect to interest in force at the time of the allowance of such refund or credit: *Provided, however,* That where such laws have been repealed by section 614 of the revenue act of 1928, interest shall be computed in accordance with the provisions of said section 614 of the revenue act of 1928.

"(c) Interest shall be allowed and paid upon any refund or credit allowed by the Commissioner of Internal Revenue subsequent to June 30, 1932, in respect of any overpayment of internal-revenue tax for any period prior to July 1, 1932, in accordance with the provisions of section 614 of the revenue act of 1928; and for any period after June 30, 1932, shall be allowed and paid in accordance with the provisions of section 319 of Part II of the legislative appropriation act, fiscal year 1933, approved June 30, 1932."

URGENT DEFICIENCY APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 14436) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

Mr. BINGHAM. Mr. President, I hope we may proceed to the passage of the deficiency bill at the earliest possible moment. As I have previously stated, I withdraw my amendment in order that the bill may be passed promptly.

Mr. McKELLAR. Mr. President, it seems to me we ought to have a vote on it immediately.

The VICE PRESIDENT. The bill is open to amendment. If there be no amendment, the question is, Shall the bill be read a third time?

The bill was read the third time.

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. NORRIS. The deficiency bill is before the Senate?

The VICE PRESIDENT. It is, by unanimous consent.

Mr. NORRIS. Was the Treasury and Post Office appropriation bill laid aside?

The VICE PRESIDENT. It was laid aside last evening by unanimous consent.

Mr. NORRIS. Is the deficiency bill subject to amendment?

The VICE PRESIDENT. The third reading of the bill has been ordered, the bill has been read a third time, and therefore an amendment is not now in order.

Mr. KING. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. I presume by unanimous consent or motion to reconsider the third reading an amendment might be tendered?

The VICE PRESIDENT. Certainly; by unanimous consent or motion to reconsider that might be done. The question is, Shall the bill pass?

The bill was passed.

POEM ENTITLED "FARM WOMAN TO THE EARTH"

Mrs. CARAWAY. Mr. President, I ask leave to have published in the RECORD a poem written by Mrs. Anna Flournoy Bassett, of Pine Bluff, Ark., entitled "Farm Woman to the Earth."

There being no objection, the poem was ordered to be printed in the RECORD, and it is as follows:

FARM WOMAN TO THE EARTH

My bondage years to you will soon be past,
They'll fold my hardened hands upon my breast,
And I shall lie within your arms at last,
In that still state men call eternal rest.
You have been a strange lover, Earth, to me—
You have asked all in time and strength and art;
And in return you have but let me see
A fleeting glimpse of what is in your heart.

I have not had the things that women crave—
The touch of silks, perfumes, and jewels bright;
But in the years when I have been your slave
I have seen dewdrops in the morning light,
And I have felt your warm, sweet breath arise
And with your changing under changing skies,
Earth, I was wedded to you, mind and soul.

Now when death makes you take me to your heart,
And I become at last a part of you,
Let cool, green leaves and fragrant blossoms start,
From my poor clay, and let their brilliant hue
Draw butterflies to me who served you well;
And as they greet the blossoms with a kiss,
Let me be living in the buds that swell.
This is my prayer; O Earth, you owe me this.

—Anna Flournoy Bassett.

RADIO ADDRESS BY JOHN A. SIMPSON ON FARM PROBLEMS

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered to-day over the National Broadcasting Co.'s network by John A. Simpson, president of the National Farmers' Union.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

GREETINGS

While conditions are no better, even worse than they were a month ago, there is a ray of hope that March 4 big business will have to move out of the National Capitol and turn the keys to the departments of government over to the common people of this country.

The position taken by the President elect on a number of questions justifies this statement.

Big business and its controlled press was railroading a general sales tax through Congress. The President elect, in no uncertain terms, publicly announced that he was against a general sales tax. That announcement killed the sales tax.

The fight has been on ever since the war as to what disposition should be made of Muscle Shoals. Big business, on one side, was demanding the Government to turn it over to it. Senator George NORRIS, of Nebraska, leader of the opposition in all these years, has prevented that thing being done. The other day the President elect and Senator NORRIS visited Muscle Shoals, after which the President elect announced this project would be completed by the Government and that it would be his policy that all undeveloped natural power should be taken over by the Government.

These, and other indications of a better day, cause me to greet you at this hour with a smile in my voice, I hope.

TRIP WEST

The 12th of this month wife, daughter, and I motored to Oklahoma City to attend the annual State convention of the Farmers' Union, held in that place the 16th, 17th, and 18th.

For many months it has been the usual thing to see passenger trains speeding by with empty coaches and empty Pullmans. On this trip we met and passed a number of big transcontinental busses with not a passenger in them.

Likewise, we found a noticeable decrease in the number of cars on the road. In the whole 1,500 miles there was no traffic interference.

The only method of transportation on the increase is hitch hiking. We never before saw so many men, women, and children with their worldly possessions in a ragged suit case or in a bundle on a stick as we did on the trip this month.

On this 3,000-mile round trip visiting at the filling stations, the hotels, and with farmers at meetings we held, I was impressed with two things.

First. The revolutions over the country are increasing in numbers, in size, and in quality. There are many States now where the courts have revolted. In a meeting I addressed in the auditorium of the Central High School, Oklahoma City, two district judges voluntarily came to the stage and announced there would be no more foreclosures in their courts until the prices of farm crops were reasonable. Such revolutions on the part of the courts are occurring all over the country. I found legislatures in open revolution passing moratorium laws that violate the terms of contracts. I found the farmers organizing by counties for the purpose of preventing sales of mortgaged property. In some instances these farmers have prevented these sales by force. In most instances by persuasion. However, in both instances it is revolution.

Second. I found more, bigger, and better organizations using their own medium of exchange. All over the United States the people are being forced for lack of a medium of exchange to organize trading associations in which they use their own scrip. One of the largest of these organizations it has been my pleasure to visit is the Natural Development Association of Salt Lake City, Utah. They have more than 40,000 members, with a number of large stores in Salt Lake and other cities not only in Utah, but several other States. I found in one of these stores in Salt Lake that you could buy anything from pins to pianos. I found that with their scrip you could have operations from a shave to removal of your appendix. They have their own coal mines with a fleet of trucks that deliver. They have their own refineries that furnish them gas and lubricants. They have put to work many unemployed on a scale of wages much higher than the laborers who are paid in United States money. The farmers who deal with them are paid about double for their products what purchasers pay who pay in United States money. In a way, this is also revolution. No one has a right to issue a medium of exchange except Congress or by authority of Congress.

Oh, what an indictment this is of what our Government is doing. The people without work, hungry and cold because big bankers have had the power transferred to them of issuing money, and which they refuse to furnish.

When these organizations can put idle men to work, paying them bigger wages and increasing the price of farm products, it is conclusive evidence that what this Nation lacks is a volume of currency with which to do business.

The Cincinnati Enquirer says, "Congress is busy passing bills for Hoover to veto, and Hoover is sending over recommendations for Congress to throw into the wastebasket."

GRAFT DISCLOSURES

Since last month's talk over NBC there have been disclosures of graft here in Washington that stinks to high heaven. Congressman LOZIER, of Missouri, in a speech found in the CONGRESSIONAL RECORD of December 30, discloses grafting under the merchant marine act.

In all the history of the United States down to the present administration mail carried by ships has been paid for on a pound basis. The price has run on an average of 80 cents a pound. Under President Hoover's administration the steamship companies have secured contracts on a mileage basis. Under this plan some steamship companies, for carrying a pound of mail, have been paid $10,000. Remember, these same steamship companies borrow large sums of money of the Government, sometimes at less than 1 per cent interest.

The following are a few instances of the way the Post Office Department has allowed the taxpayers of this Nation to be robbed:

The Grace Steamship Line operates over ocean mail route 38, between Tacoma and Valparaiso, Chile. In the fiscal year 1931 this company, under contract made by the Post Office Department, was paid $238,500 for carrying 2,892 pounds of mail, which, under the weight system and standard rates would have cost the Government only $458.88.

The Lykes Bros. Steamship Co. (Inc.) operates steamers over ocean mail route 23, from Galveston to Santo Domingo, Haiti. In the fiscal year of 1931, under contract made by the Post Office

Department, this company was paid $317,916.50 for transporting 741 pounds of mail, which under the weight system and standard rates would have cost the Government only $194.64.

Under a contract with the Post Office Department the American West African Line operates over ocean mail route 47, between New Orleans and the West Coast of Africa. It made five voyages in the fiscal year of 1931, carrying only 133 pounds of mail. On a weight basis this service would have cost the Government only $42.32, but this subsidized shipping concern was paid $87,862.50 for transporting an armful of mail that weighed less than 2½ bushels of wheat.

The United States Lines has a contract with the Post Office Department for carrying mails over ocean mail route 44, between New York and London, a distance of 3,369 miles. Under this contract, and without regard to the amount of mail carried, this company is paid $20,214 for each voyage, or at the rate of $6 per mile for each outbound trip. On June 12, 1931, one of its steamers, *American Merchant*, sailed from New York with only 2 pounds of letters. Under the weight basis that prevailed before the enactment of the merchant marine act the cost of carrying 2 pounds of mail would have been only $1.60, but for transporting less than a handful of letters this subsidized shipping corporation was paid $20,214, or twelve thousand six hundred and thirty-three times the standard rates. Also, remember the United States Lines last year borrowed over $15,000,000 at less than 1 per cent interest.

One of the interesting features of this graft disclosure is the fact that Kermit Roosevelt is an officer in the Roosevelt Steamship Co., that participated beyond the dreams of avarice in this wholesale looting of the taxpayers of the Nation. It will be remembered that this is the family of ex-President Theodore Roosevelt, and members of which fought valiantly for the present administration in the last campaign. They were also overcareful to let it be known that the relation between their family and Franklin D. Roosevelt's was very distant.

THE FARMER COMPLAINS

The farmer complains because he does not get as fair treatment from his Government as other groups get. The steamship companies that we have been talking about get loans from the Government in large sums, millions of dollars on 20 years' time and some of it at less than 1 per cent interest. The Dollar Steamship Co. about a year ago obtained a loan of over $5,000,000, 20 years' time, at less than 1 per cent interest. By the way, Mr. Dollar is on of those fellows on top the mountain shouting, "Buy American." It has just recently been developed that some of his ships are manned entirely by Chinese working at very low wages, even as low as $7 a month.

The Government loans farmers, but usually at from 6 to 9 per cent interest.

The Government lends a billion five hundred million dollars to the railroads, insurance companies, and banks. While they are so generous with these institutions they hand out just a few millions to farmers.

The facts are, based on value of the industry, agriculture should have had half of the Reconstruction Finance Corporation's funds. They did not get 10 per cent.

For 26 years the marketing of transportation has been Government regulated on a basis of rates that cover cost of production, including interest on investment. Farmers can not secure the same treatment from the Government. That is the reason they complain.

THE FRAZIER BILL

For two years the Frazier bill has been pending before Congress. You should write to one of your United States Senators and ask for a copy of this bill. It is S. 1197. This bill provides that the Government shall refinance farm mortgages at 1½ per cent interest and 1½ per cent on the principal each year until the debt is paid. Legislatures of the following States have passed resolutions memorializing Congress to enact the Frazier bill into law: Montana, North Dakota, South Dakota, Minnesota, Nevada, Nebraska, Tennessee, Illinois, and Wisconsin. Copies of the bill have been sent to every member of the house and senate in every State where the legislature is in session.

To all of you listening in who would like to see this bill become a law, write to your members of the legislature demanding they vote to memorialize Congress.

If we could get 20 State legislatures to do this it would be almost certain Congress would pass the bill.

THE WHEELER BILL

Senator BURTON K. WHEELER has introduced a bill known as S. 2487. This bill provides for the remonetization of silver at the present ratio of 16 to 1. If the bill should become a law, it means that silver has the same privilege at the United States mints that gold now enjoys.

You should write your Congressmen and Senators to support and vote for this bill.

A little later in this program I shall discuss the Wheeler bill more fully.

JOIN THE FARMER'S UNION

At this particular time, I want to call your attention just as forcibly as I know how to the fact that the Farmers' Union is the only farm organization working for and supporting the Frazier bill, the Wheeler bill, and working for a farm bill that will give farmers cost of production for that portion of their crops consumed in this country.

If you can get another farm organization leader here in Washington to write you that their organization in national convention has indorsed the Wheeler bill, has indorsed the Frazier bill, or that they are supporting them or are supporting any bill that provides for getting farmers cost of production for their products, I will make the first one sending me such a letter a present of a $20 bill.

What I want you all to know is that the Farmers' Union organization is the only farm organization in the United States working for these measures. These measures are called radical and the Farmers' Union is a radical organization.

If you farmers listening in who are not members of the Farmers' Union want these bills to become laws, then join the organization that sponsored these bills and is working for their passage here in Washington. There is no other way for you to help put them over. If you are real conservative and think along the lines of international bankers that remonetization of silver is too radical, you have no business joining the Farmers' Union. You do not belong with us. If you feel like the Wheeler bill is a good thing there is just one way for you to help put it through Congress and get it signed by the President, and that is to join the Farmers' Union. If you believe like the big bankers, big insurance companies that 1½ per cent interest is too low a rate for farmers and that the Frazier bill is too radical a measure, then you have no business joining the Farmers' Union. If you feel like farmers are entitled to as much as railroads, power companies, and telephone institutions, that farmers are entitled to cost of production just like they receive in their rates, then you ought to join the Farmers' Union because it is the only way you can help to get such legislation. If you feel like farmers are not entitled to get cost of production as the big interests that handle grain, cotton, livestock, and other farm products think, if you feel that such legislation would be too radical for you to support, then you should not join the Farmers' Union. Farmers listening in, what I mean is that you have the opportunity of getting these things if you will only place yourselves in position by joining the Farmers' Union where you can ask for them. If you sit back at home refusing to join and such legislation is not passed you are the one to blame.

I talked along these lines in November and again the day before Christmas over National Broadcasting Co. Our national secretary, Mr. E. E. Kennedy, Kankakee, Ill., tells me we are beginning to get results. Those of you interested in organizing a local of the Farmers' Union in your neighborhood or become a member at large, write to our national secretary, E. E. Kennedy, Kankakee, Ill., for instructions. He will also tell you how Farmers' Union members are making their organization pay in dollars and cents by placing themselves in position where they can do collective bargaining. A Farmers' Union membership card is as much a part of farm equipment as the plow or the cultivator. Write to Mr. Kennedy and get your card now.

REMONETIZATION OF SILVER

Returning to the subject involved in the Wheeler bill, the remonetization of silver.

Silver and gold have been used as money from time immemorial. There is evidence of the use of silver and gold as far back as 3,000 years before Christ. On down through time the two metals worked side by side like a team of horses until 1816, when through deception and fraud the English Parliament was induced to demonetize silver.

The demonetization of silver in this country is known as the Crime of 1873.

Congressman Bright, who was a Member of the House of Representatives at that time, declared: "It passed by fraud, never having been printed in advance, being a substitute for the printed bill; never having been read at the Clerk's desk. It was passed without discussion. It was passed under such circumstances as escaped the attention of the ablest statesmen in Congress at that time. It is a fraud that will stink in the nose of posterity, and for which some persons must give an account in the day of retribution."

President Garfield, who was Congressman at the time, said: "Perhaps I ought to be ashamed to say so, but it is the truth to say that, I at that time being chairman of the Committee on Appropriations, and having my hands overfull during all that time with work, I never read the bill. I took it upon the faith of a prominent Democrat and a prominent Republican, and I do not know that I voted at all. There was no call of the yeas and nays, and nobody opposed the bill that I know of. It was put through as dozens of bills are, as my friend and I know, in Congress on the faith of the report of the chairman of the committees. Therefore I tell you, because it is the truth, that I have no knowledge about it."

General Grant, who was President at the time, afterwards declared, "I did not know that the act of 1873 demonetized silver. I was deceived in the matter."

It was indeed a crime. It turned the control of the basic money of the country completely into the hands of a few big bankers.

President Garfield also said, "Whoever controls the volume of money of any country is absolute master of all industry and commerce."

A study of the world supply of gold and silver reveals the fact that for the last 400 years production of these two metals has been at a ratio of about 14 to 1. This fact completely destroys the often-made statement that there is too much silver for the purposes of using all of it for money.

Another startling revelation is the fact that in all the world there is only $11,000,000,000 of gold money. It is utterly impossible for the world to pay its debts and do the business of the world with only $11,000,000,000 of basic money. Certainly everyone agrees that with rapid transportation of 1933, with the vast production of both raw and manufactured articles in 1933, and with the increased demand for a higher standard of living on the part of the peoples of every nation there should be a rapidly increasing volume of basic money. A search of records show a steadily decreasing production of gold ever since 1915.

The following editorial from the Philadelphia Evening Ledger in March, 1930, is in point: "Economists and statesmen have been worrying in recent years about the possibility of a shortage of gold. Last September the gold delegation of the financial committee of the League of Nations reported that the supply of new gold for monetary purposes will be inadequate by 1934 unless measures are taken in time to prevent the disaster. It was informally suggested this month that the use of gold in the arts be prohibited so that the amount available for use in trade might be increased.

"It has been argued that the decline in prices since the World War is due to the shortage of gold."

Economists everywhere agree that to take care of the increased business of the world gold production should increase each year at least 3 per cent. In the period between 1913 and 1930 under this estimate gold production should have increased 51 per cent. The facts are, that in that period of time it actually decreased 10 per cent.

In the last 12 months we have seen our Government try one plan after another to relieve the terrible depression that has covered the whole country. In every instance the result has been utter failure. We were told the moratorium would bring prosperity. It failed. We were told the Reconstruction Finance Corporation loans would bring prosperity. Complete failure again. Then we listened to the beautiful song entitled, "Anti-Hoarding." The results were nil. The last popular piece of music is entitled, "Buy American." It is just as silly as the song "Anti-Hoarding." We have tried taxing ourselves into prosperity. We have tried borrowing prosperity. We have tried singing prosperity. A year ago the Republicans and Democrats alike were blaming the high tariffs contained in the Hawley-Smoot bill. To-day the papers are claiming the tariffs are too low.

When will these statesmen learn the truth? When will they inform themselves why Canada can ship poultry and dairy products into this country to-day that she could not ship two years ago? When will they learn why Japan makes a large portion of the American flags used in the United States? When will they know why every nation on the face of the earth is paying the high tariff and then selling their goods to our people? There is just one reason. Our ignorant, criminal, big bankers, blinded by greed and avarice, refuse to concede that a nation with a high-priced dollar can purchase the products of other nations that have low-priced money, but can not sell their products to those nations with the low-priced money.

We boast about our high-priced gold dollar when it is the biggest enemy the people of this Nation have. It is the cause of many of these big fellows jumping out of the windows of tall buildings. It is the cause of nine-tenths of the murders and other crimes committed in this country. It is the cause of millions of people being idle, hungry, and cold. It is the cause of millions of farmers forced onto the highways, homeless, and without bread.

The Israelites in their most heathenish days never approached in degree the worship of gold as have the people of this Nation.

Remonetize silver to-morrow and China can buy of us, more than half the countries of the world can buy of us that now are barred from buying here. Remonetize silver to-morrow in order that we may trade with other nations, let this Government issue the paper money used in this country instead of giving that privilege to a handful of bankers and in 30 days we will be a happy people, knowing that prosperity is not just around the corner, but in our midst.

PRODUCERS OF RAW MATERIALS

Let me again remind you, as I have in former talks, that the producers of raw materials have a common interest. The producers of raw materials are the ones crushed in a time like this. If the producers of raw materials of this country, our agricultural products, lumber, coal, copper, and oil were receiving proper protection from their Government and profitable prices, there would be no such thing as unemployment.

The big interests of the country, the billionaires of our Nation, are the ones who prevent proper protection of our independent producers of this country. These billionaires own oil fields, forests, and coal mines in other countries and produce them with labor that costs in many places 10 cents a day and with low ocean freight rates made low by crooked mail contracts bring their cheap products in and crush our independents.

STATE LEGISLATION

Many of our State legislatures are in session. You should be watching all bills on taxation. You should be watching all appropriations. You should be watching the efforts of the railroads to legislate against the use of trucks, busses, and automobiles.

MOTOR LEGISLATION

A month ago I gave advance warning of the flood of bills that would be introduced in the various State legislatures designed to restrict and interfere with motor-vehicle transportation and to divert gasoline-tax funds to nonroad purposes. A brief review of the hundreds of bills of this kind that have been introduced in the past few weeks in the 43 State legislatures now in session confirms my worst fears. In nearly every State bills are now pending which, unless defeated by farm forces and and other users of motor vehicles, will not only increase the cost of operating or using automobiles, trucks, and busses but will actually drive many of the commercial carriers off the highways.

We must remember that farmers not only own approximately 900,000 trucks but each year as they seek more distant markets they must rely more and more on the larger commercial trucks.

So important is this matter of guarding in the various States against adverse legislation intended to hamper motor transportation that the heads of the three leading national farm organizations held a conference here a few days ago and issued a joint statement urging the State farm leaders as well as other users of motor vehicles to take active steps to oppose such legislation in their State legislatures.

Our statement was directed particularly against the so-called "model" bill developed by railroad interests as adopted by the National Association of Railroad Utilities Commissioners and urged for enactment in each State.

To bring as many private operators as possible under the iron hand of the law, the bill provides that where goods are transported for more than one consignor or to more than three consignees this shall be considered prima facie evidence of operation as a common carrier. A farmer could not carry a load for hire for two of his neighbors or deliver to more than three consignees without being forced to qualify as a common carrier, pay the fee, and undertake to get a certificate of convenience and necessity.

BE ENCOURAGED

As I come to the close of this hour I want to insist again that you farmers who agree with the Farmers' Union program, and who are not members of our organization, write our nationaal secretary, E. E. Kennedy, Kankakee, Ill., for full information how you may become a member and organize a local of the Farmers' Union in your community. To all of you listening in let me ask you not to be discouraged. Relief is a thing of slow process.

About 12 years ago Senator GEORGE NORRIS offered a proposed constitutional amendment known as the lame-duck amendment. It provided that after a presidential election in November the President elected should be inaugurated January 20 instead of March 4. It also provided that a regular session of Congress should begin in January instead of a short session in December. Senator NORRIS was successful in getting this proposed amendment through the Senate a number of times, but he was never able to get it through the House of Representatives until about a year ago. In less than a year after submitting this proposed amendment to the various State legislatures it was ratified by the necessary 36 States. Not a legislature that has been in session since then has turned it down. In the last few days several more States have ratified it. It looks like it is so popular that every State will ratify it. Of course, it is a part of the Constitution now, but it continues to get ratification by State legislatures.

If Senator NORRIS could keep up this untiring fight for 12 years and then see his efforts adopted unanimously by the whole United States, it ought to encourage those of us working for the Wheeler bill, the Frazier bill, and the cost of production for farm products to continue our efforts until these measures become laws and prosperity and happiness the priceless possession of every family in the United States.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The VICE PRESIDENT. The pending amendment will be stated.

The LEGISLATIVE CLERK. On page 57, line 4, after the word "*Provided,*" the Committee on Appropriations report, to strike out—

That no part of the money herein appropriated shall be paid on contract No. 56 to the Seatrain Co.: *Provided further,*

Mr. ODDIE. Mr. President, last night when the Senate recessed the Senator from Florida [Mr. FLETCHER] had the floor, and it was the understanding that he would complete his statement this morning. When he has completed it I would like to make a very brief statement regarding the validity of ocean mail contracts.

Mr. FLETCHER. Mr. President, I discussed this subject just before we adjourned last evening, and I wish to add only a few words with regard to certain points involved. I propose to limit so far as I can what I have to submit further, very largely because of the assurance, or the statement at least, of the Senator from Tennessee to the effect that if this amendment shall be agreed to it will not stay in the bill; that if the amendment goes to conference, the conferees will eliminate it. I hope that will prove to be true. I protest against this amendment reported by the committee. I think the provision of the House bill ought to remain, and

I hope the Senate will disagree to the committee amendment.

I wish to refer now to two points. When application is made for a mail contract the applicant sets out the services and routes and all the conditions which make the applicant eligible for such contract. The Shipping Board certifies to the Postmaster General the kind of service that is needed. This procedure applies, of course, to foreign trade. The purpose of the particular provision of the law was to encourage commerce between the United States and foreign countries, to make available the facilities necessary to handle that trade and that commerce. It is the whole purpose of this provision to help shipping.

So the Seatrain Corporation makes application for a mail contract. The service proposed was the operation of the so-called seatrains on a route between New Orleans and Habana. Habana being a foreign port, the applicant was eligible for this kind of a contract, and it took the usual course, but the whole purpose was to develop trade and commerce and afford facilities by the operation of these vessels between New Orleans and Habana.

The same representation was made to the Shipping Board when the Seatrain Corporation applied for a loan to build these two seatrain ships. The application was granted, supposing that that contract was perfectly valid and legal and that the corporation would stand by the contract as it was made. What has happened? The trade between New Orleans and Habana did not measure up to the expectations of this corporation. It has decreased, so that 20 per cent of their capacity only is needed to do the business between New Orleans and Habana, while 80 per cent of their capacity is required to carry on their business between New Orleans and New York, which is a coastwise operation, an altogether different operation from that originally undertaken. So now they are actually operating their ships between New Orleans and New York, carrying freight cars. That is their main business. They carry the mail from New Orleans to Habana, it is true, but Habana, instead of being the terminus is merely a port of call, and the Habana business, instead of being the main and primary and major portion of their enterprise is inconsequential and incidental. They are, I repeat, making Habana merely a port of call. Their business is coastwise, which is an altogether different kind of business from that originally contemplated and on which the contract was based.

It is said that when this condition developed they applied to the Shipping Board for permission to operate their seatrains coastwise, and that the Shipping Board, by means of force and compulsion and a club, as it were, obliged them to waive their mail pay for six months. The facts about that are these:

There is not the remotest dispute, Mr. President, that the Seatrain coastwise operations were not permitted by the loan contract with the Shipping Board and were not contemplated by the mail contract with the Postmaster General. While it is now plain that the Seatrain Co. had for many months intended to enter the coastwise trade, it failed to request the board's permission until September 23, 1932, about 10 days before their first sailing from New York. They delayed requesting the Shipping Board for a permit to change the character of their operations, and the insistance that they could not sail until this matter was passed upon was due to their own fault.

The board called a public hearing on September 29, at which it received abundant evidence that such coastwise operations, in connection with a subsidy, would be greatly damaging to other shipping operators and to the railroads. There can be no question about that. It is an unheard of proposition that vessels operating along the coast, doing a coastwise business, are entitled to a subvention because they happen to make a foreign port a port of call, and, therefore, call it a foreign operation. In other words, this concern is being given a subvention in the way of a mail contract amounting to $240,000 a year, running for 10 years, involving in the aggregate of $2,400,000, when their business is mainly coastwise, thus giving them an advantage over all ships operating along the coast and over the railroads and all carriers engaged in that kind of commerce. I do not see that that is defensible at all.

So, after these hearings, and after weighing the evidence, the board decided that it would not grant coastwise permission unless the Seatrain Corporation waived their mail subsidy, especially as they had told the board that 80 per cent of their business would be coastwise and 20 per cent or less would be foreign trade to Cuba. That is their own statement.

The chairman of the Shipping Board took it up with the Acting Postmaster General and got the written approval of the Post Office Department to the proposal that no mail pay be granted. The board itself then adopted a resolution granting a coastwise permit but object to the Seatrain's waiving mail pay. I have a communication from the board to that effect, setting out the resolution, and I ask to have it inserted in the RECORD as a part of my remarks at this point.

The VICE PRESIDENT. Without objection, that order will be made.

The communication referred to is as follows:

UNITED STATES SHIPPING BOARD,
Washington, January 5, 1933.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

DEAR SENATOR FLETCHER: Acknowledgment is made of the receipt of your letter of January 4, 1933, in which you request advice as to what action the Shipping Board has taken as relates to mail-contract payments to the Seatrain Lines (Inc.).

The board, in its discretion on October 6, 1932, passed the following resolution:

"*Resolved*, That the Seatrain Lines (Inc.) be authorized to carry on coastwise trade between the ports of New York and New Orleans via Habana in the new Seatrain vessels for a period of six months from this date: *Provided, however*, That during said period said Seatrain Lines (Inc.) shall relinquish all mail compensation which may be payable under their mail contract No. 56 for services rendered during said six months' period, and all mail money which might otherwise be due during said six months' period shall be withheld and shall not be paid to the Seatrain Lines (Inc.) by the Postmaster General: *And provided further*, That this resolution shall become effective only upon the written consent and agreement of the said Seatrain Lines (Inc.), nor shall this temporary approval of said proposed service in any wise change or amend existing contracts between the Seatrain Lines (Inc.) and the United States, except so far as is hereinabove set forth, nor shall anything herein contained affect in any way the validity of said mail contract."

On December 21, 1932, the board, upon reconsideration and for the purpose of leaving to the Postmaster General the exercise of his authority with respect to mail pay, passed the following resolution:

"Whereas the United States Shipping Board, at a meeting on October 6, 1932, adopted a resolution, a copy whereof is hereto attached; and

"Whereas it has been brought to the attention of the United States Shipping Board that the requirement of the said resolution that Seatrain Lines (Inc.) shall relinquish all mail compensation which may be payable under their mail contract No. 56 for services rendered during said six months' period, and all mail money which might otherwise be due during said six months' period should be withheld and should not be paid to the Seatrain Lines (Inc.) by the Postmaster General, concerns only the Post Office Department of the Government: Be it

"*Resolved*, That said United States Shipping Board now declare that said requirement for the relinquishment of mail compensation and for the withholding of the same be, and the same is hereby, removed from the said resolution of October 6, 1932, and that the said resolution of October 6, 1932, in all other respects shall remain in full force and effect."

Should you desire any further information we will be pleased to respond to your requests:

Very truly yours, T. V. O'CONNOR, *Chairman.*

Mr. FLETCHER. The resolution was signed and accepted by the Seatrain people, and several weeks later ratified by their board of directors. Second Assistant Postmaster General Glover told the House committee, at page 142 of the hearings, as follows:

They waived the claim, and the Shipping Board put it into a resolution, and the resolution was sent to the Comptroller General, so it would be impossible for the Post Office Department to make the payment.

That is the situation, and yet an effort is being made to have this appropriation made according to the original arrangement and undertaking.



With reference to the question raised by the Senator from New York, admitting the original contract was valid, saying nothing about that, they come now and ask to change and modify that contract so that they may do a coastwise business, which was never contemplated originally. I submit that they can not modify that contract; they can not change the contract so as to engage in the field of coastwise business, which would be a departure from their original undertaking entirely, without giving the public the right to bid on such contracts. In other words, the advertisements originally specified that the service was to be between New Orleans and Habana, and the contract was based upon that. They now admit that it was, but that they are actually operating between New York and New Orleans and making Habana merely a port of call. They changed their original purpose, and the only reason they give for it is that the business between Habana and New Orleans has decreased.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from New York?

Mr. FLETCHER. I yield.

Mr. COPELAND. I call the attention of the Senator from Florida to the fact that on the 11th of January of this year the Postmaster General, according to a letter which was put in the RECORD last night by the Senator from Nevada [Mr. ODDIE], which is found on page 2674, says—I will not attempt to read all the letter, but merely the last paragraph—

> In view of the premises and considerations stated in your letter, it would, in my opinion, be in the interest of the Government to accept your proposal, and I hereby agree to the modification of the contract on ocean mail route No. 56 accordingly.

So there is a contract.

Mr. FLETCHER. There was a contract, I admit.

Mr. COPELAND. Yes; but speaking about the act of June 5, 1921, whereby the General Accounting Office was established, section 618 expressly provides that the Comptroller General shall specifically report to the Congress every expenditure or contract made by any department or establishment in any year in violation of law. If there is a valid contract, certainly the Senator from Florida does not wish to set that aside. If this contract is not valid and the fact that it is not valid is the belief of the Comptroller General, it is his duty under the law to proceed in the matter.

As I said last night to the Senator, I have no particular interest in the Seatrain matter; I have much greater interest in many other lines; but I should dislike to see the Senate take any action which seems to be in the direction of abrogating a contract. My judgment is, I may say to the Senator, that there is a contract. Whether it was a wise contract I am not discussing; but there is a contract, and certainly the Senator would not wish, if there is such a contract, to set it aside. Am I right in that?

Mr. FLETCHER. The Senator is quite right; I do not want to violate any contract or set aside a valid contract. My contention is that when these people themselves agreed that they would not ask for this pay on condition that they should be allowed to operate their ships in the coastwise trade, they changed the contract; they abandoned their original contract; they destroyed that contract. They have proposed a new contract upon new conditions and a new consideration, and that is the matter that is pending now with the Postmaster General. I did not know he had decided it; I do not think he can decide it.

Mr. COPELAND. Mr. President, will the Senator yield further?

Mr. FLETCHER. Yes.

Mr. COPELAND. I heard the story for the first time from what the Senator from Pennsylvania [Mr. REED] said yesterday, that in a sense this line was coerced.

Mr. FLETCHER. I just made a statement with reference to that.

Mr. COPELAND. Oh, the Senator explained the matter?

Mr. FLETCHER. Yes. There was no coercion whatever. That is absurd. They never applied until 10 days before their first sailing. I gave the date here. That was the first time they asked the Shipping Board for permission to operate coastwise. Then the Shipping Board gave hearings on the matter; and the Shipping Board said, "We will not permit you to engage in this trade, contrary to your original undertaking, unless you waive mail pay"; and the company agreed to that.

Mr. COPELAND. So far as I am concerned, I do not believe in an arrangement which has a dual service—a foreign and a coastal service both. We must protect our coastal service; but, at the same time, as I view it, we have entered into a solemn contract with this company through the agency set up by the Congress.

Mr. FLETCHER. To operate a service between New Orleans and Habana.

Mr. COPELAND. But through an agency set up by the Congress, the Postmaster General, there has been made a new contract, in which the Postmaster General has sought to protect the country by subtracting from the total amount which the Seatrain Co. could receive under the original contract such earnings as it gets from this modification of that contract.

Mr. FLETCHER. How has that contract been made—by a communication, by letters from these people? There has been no new contract made. There has been no new document signed, no agreement made. It is simply suggested in that letter that the Postmaster General has written to the Seatrain people that he would do so-and-so. He has not any authority to do anything of the kind. Let me call the Senator's attention to this fact:

The Post Office officials are required by law to let these contracts subject to competitive bidding. They are required to advertise to the public what they propose to do, and call for bids. The whole public is entitled to submit bids. The advertisement in this case was for operating a service between New Orleans and Habana. That was the bid; and the department went so far as to specify boats that would be operated in such a way that only the Seatrain Co. could bid. But, assume that other people were allowed to bid, that was the bidding they were required to make, with reference to a service between New Orleans and Habana.

It is a different proposition altogether where the contract is proposed to be made with a concern that proposes to operate their ships coastwise and make Habana merely a port of call. It is altogether a different proposal, and the public is entitled to bid upon that proposal. The Postmaster General, under the law, must advertise for bids for carrying the mail between Habana and New Orleans by ships that only make Habana a port of call and are operating between New York and New Orleans. If that advertisement were inserted and the public had an opportunity to bid upon that service, we would get an entirely different bid from the bid that was obtained on the service from New Orleans and Habana.

There are plenty of ships engaged in the coastwise trade that would not mind making a little triangle off to Habana. Habana is only 96 miles from the coast of Florida. It is practically all coastwise trade; but Habana is in a foreign country, and therefore, technically, we call it foreign trade. The purpose was to build up the business between New Orleans and Habana.

This company proceeded to operate the ships between New York and New Orleans. Eighty per cent of their enterprise is devoted to that service and only 20 per cent of their enterprise to carrying business between New Orleans and Habana. Instead of Habana being the terminus of that service and the main thing to be served, now it is New York, coastwise business, and Habana is merely a port of call. So that that is a different proposition; and I submit that before the Postmaster General could let a contract for that kind of service, he must advertise it; he must offer it to the public and give the public the right to bid. There are plenty of ships owned by other companies that would have bid. His duty is to let this contract to the lowest and best bidder. There are plenty of shipping companies that would like to bid on a contract of that sort, much more than if they were required

to establish a service simply between New Orleans and Habana.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield to the Senator from New York.

Mr. COPELAND. No one in the Senate is more anxious to do the right and just thing than the Senator from Florida. I know that; but the Senator recites certain facts and the law, and if he is right the country is protected, because the Comptroller General has ample authority to deal with the problem.

I want to point out to the Senator, however, that, regardless of whether or not the Senator from Pennsylvania [Mr. REED] was right, the fact remains that the matter became in controversy and the parties appeared before the Shipping Board; and the Shipping Board, by a resolution adopted on the 6th of October last, amended a resolution adopted in December.

Mr. FLETCHER. Simply by striking out that part of the resolution with reference to the pay. That, of course, is a matter for the Postmaster General.

Mr. COPELAND. Well, the Shipping Board—and I think the Senator will agree with me that the Shipping Board has always sought to protect intercoastal shipping—the Shipping Board by resolution determined that it was a proper thing and a wise thing to modify this contract with the Seatrain Co. Then, as I have already indicated, on the 11th of January the Postmaster General, acting under the law, did modify the contract.

Mr. FLETCHER. If he could.

Mr. COPELAND. If he could. He did it, anyhow, as far as he could. Now, if he did it in violation of law, we have ample protection in that the Comptroller General must pass upon it.

Mr. FLETCHER. Yes.

Mr. COPELAND. But it is a fact, of course, that the Seatrain Co. has a smaller return by reason of this modification. We are paying the Seatrain Co. less money than we did before.

We have an interest in the Seatrain ships, in that we have a mortgage on those ships, have we not?

Mr. FLETCHER. Yes; and the Sun Shipbuilding Co. and these other people that built the ships have an interest in them, and they are the ones that are wanting this mail pay.

Mr. COPELAND. Regardless of who wants the mail pay, unless this line can be made to succeed, unless it is preserved from bankruptcy and destruction, the ships will come back on our hands. That is what is going to happen.

As I have frequently said, I am not particularly interested in this Seatrain business. I am much more interested in the coastwise service from New York; but the thing that impressed me in the first place about the Seatrain service was that it was represented to us that these ships would be useful in time of war as airplane carriers. Am I not right in that?

Mr. FLETCHER. There is some claim of that sort, but a good many people think that is buncombe.

Mr. COPELAND. Anyhow, the Government has a mortgage upon the ships?

Mr. FLETCHER. Yes.

Mr. COPELAND. And if the company is not permitted to operate—and in this time of economic depression it is doubtful if it could operate if it did not receive this assistance—probably the ships will come back on our hands. If we want them, that is all right; but my judgment is that we had better let the Comptroller General fight out the matter with this company; and if the contract has been made in violation of law, justice will be done to the United States.

Mr. FLETCHER. Of course, the Senator or anybody can build ships and operate them coastwise at any time. Nobody denies the right of this company to operate the ships in the coastwise business; but they are not entitled to a subsidy from the Government when they go into that business in competition with all other coastwise shipping and the railroads that also carry freight in the same direction. That is what the Shipping Board said: "You can go on; we will give you permission to operate coastwise, but you must waive your mail pay."

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. FLETCHER. I yield.

Mr. REED. Is it not true that the people who are complaining of the mail contract of the Seatrain Co. themselves have mail contracts and always have had?

Mr. FLETCHER. I do not know anything about that. I do not know what people the Senator has in mind.

Mr. REED. The Senator knows that the Florida East Coast Railroad Co. and the Southern Pacific Railroad Co. both have mail contracts, have they not?

Mr. FLETCHER. They probably have. I do not know. I never inquired.

Mr. REED. Why do they find fault with the Seatrain Co., then, because it has a mail contract?

Mr. FLETCHER. I never inquired about that. I know that an American citizen, Henry M. Flagler, solely and alone, without asking anything from the Government from the day he was born to the day he died, put up the money to build three car-ferry ships to operate between Key West and Habana. He operated those ships at his own expense, at his own cost, at his own risk. He built them at his own risk. He never asked the Government for a single cent. These ferries were operating between Key West and Habana. Some people thought Mr. Flagler was wild, that it was a mere dream to think about building three ferryboats to carry freight between Key West and Habana; but I never will forget what he said to me on the subject when I happened to be invited to ride with him from St. Augustine to Jacksonville. This was before this road was completed to Key West, before the Overseas Railroad was built at all. The railroad then terminated in Miami. He said: "I hope to see the day when we can load a freight car in Chicago and unload it in Santiago."

I thought it was a perfectly wild idea; but he did live to see that day. He built that road to Key West at his own expense. He built these ferryboats—first, one, and then the business grew until he built another, and it continued to grow until he built a third at his own expense. He operated them, and the cars were loaded in Chicago, carried on the ferry from Key West to Habana, and from there by railroad to Santiago. He lived to see that time.

Later that business fell off. Those ferries became a tax, a burden, a liability on Mr. Flagler's hands—two of them, at least. He was willing to put those ferries into the business between New Orleans and Habana, because the trade from Habana to New Orleans had developed very largely, and Key West was somewhat eliminated from it. He was willing to put the car ferries on that route. He applied to the Interstate Commerce Commission for permission to operate these car ferries from New Orleans to Habana, and these other people came in and said, "We have a much better, bigger boat. Your boats carry only 30 cars each. We have an outfit that will carry 90 cars, and we want this business ourselves." So they proceeded to apply for a loan, for a contract, representing that they were going to do that business between New Orleans and Habana. That was their representation. While the petition of the car ferry company from Key West was pending before the Interstate Commerce Commission, these people stepped in and got this contract.

All right. That shut out the car ferry between Key West and Habana. Those car ferries are still idle, I presume; but they were ample to do that business. I contended when this contract was made that the business between New Orleans and Habana did not warrant this tremendous investment in these tremendous seatrains.

Now, you see what has happened. They do not intend to operate between New Orleans and Habana, as they undertook to do. They are engaged in the coastwise trade from New York to New Orleans, with Habana merely a port of call. It is not foreign commerce; it is coastwise trade in which they are engaged. That is the point I am making.

Mr. KING. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield to the Senator.

Mr. KING. I ask the Senator if the evidence appearing in all of the records up to date, and the hearings, do not justify and, indeed, compel the conclusion that the Seatrain Co. obtained this contract from the Postmaster General fraudulently by the concealment of their purposes and of their plans?

Mr. FLETCHER. I do not care to go into all that. That is ancient history, in a way. I simply say they got the contract. I am not questioning the validity of that contract originally, but I am questioning the power of the Postmaster General or anybody else who so changed that contract as to destroy its substance and its characteristics. It was based upon the idea of foreign commerce. That was the only consideration upon which they had a right to let the contract. It was called foreign commerce because it passed from an American port to a port in Cuba. I am not questioning that. But now they are not doing what the contract calls for; they are not making Habana a terminus of their service at all. They are not making Cuban business the main part or a large part of the service. They testified that the Cuban business amounted to only 20 per cent of their capacity, that their main business, 80 per cent of it, was coastwise business. That never was contemplated in the beginning, and nothing was said about it until they got the loan from the Shipping Board to build the ships and had them built. Then they decided they were going to operate them coastwise. Whether they intended that originally or not I am not saying, but they did not so represent it, and it was not included in the advertisement or the call for bids for this contract.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. CUTTING in the chair). Does the Senator from Florida yield to the Senator from Nebraska?

Mr. FLETCHER. I yield.

Mr. NORRIS. I have no knowledge about this contract, and I want to get the facts correctly in my mind if I can. I want to assume that they did what the Senator said and that they used Habana as a port of call only. What injury would result to anybody, assuming all of that to be true? Who was hurt by it? Was the Government injured in any way by that?

Mr. FLETCHER. In the first place, they are getting a Government subsidy, and they are competing with all vessels engaged in the coastwise trade of the United States.

Mr. NORRIS. Again I am uninformed, and I am inquiring for information only when I ask whether those other vessels which compete are also getting a subsidy in the coastwise trade?

Mr. FLETCHER. No; not one.

Mr. KING. They could not get it.

Mr. NORRIS. Why not?

Mr. FLETCHER. Because this mail contract applies only to vessels engaged in foreign commerce.

Mr. NORRIS. And they get their contract on the basis of going to Cuba?

Mr. FLETCHER. Yes.

Mr. NORRIS. And use that as a means by which they engage in coastwise trade?

Mr. FLETCHER. Yes; and get $240,000 a year advantage over every American vessel engaged in the coastwise business.

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. FLETCHER. I yield.

Mr. SMOOT. The Seatrain Co. admits that if the ships are partly loaded with freight for New York their operation then is not 100 per cent a foreign operation but is partly a domestic or coastwise operation, and they are willing to waive the proportion of their mail pay their coastwise cargo bears to the total earnings of the voyage. That is how it is connected with the coastwise trade and the contract of the Seatrain Co.

Mr. FLETCHER. In other words, they made a proposition for service between New Orleans and Habana, which is foreign service. They qualified in that way; they got a contract based on that service between New Orleans and Habana and nowhere else. Now they propose to change their service from New Orleans to New York, with a stopping place at Habana. That is the proposition.

I contend, in the first place, that the Postmaster General has not any right to change that advertisement and that classification and that contract, which was made for service between New Orleans and Habana, so as to let the contractor operate to New York in the regular coastwise trade, and merely make Habana a port of call. I say that if that had been the original proposition, if it is to-day the proposition—and that seems to be what they want—then it is the duty of the Postmaster General, under the law, to call for competitive bids and give all American vessels which are engaged in the coastwise business an opportunity to bid on the contract, advising them that they might be awarded the contract because they stop on their way from New Orleans to New York at Galveston, Mobile, Houston, or any other port on the Gulf. Let this opportunity be given to the public to bid on such a contract. Nobody else has had any chance to do that, because the only offer of service was between New Orleans and Habana. If the service is to be coastwise service, with a stop at Habana, let it be open to the public, and let other companies operating ships which are engaged in the coastwise business have an opportunity to bid.

It seems to me there can be no escape from my contention, because the law requires that the Postmaster General shall advertise for bids, and that the public shall be given the opportunity, and then the Postmaster General must accept the lowest and best bid.

Regarding the Comptroller General, I want to read from his statement to the Postmaster General with reference to this contract. He said:

> No charges against appropriated funds will be approved for payment to the Over-Seas Railways (Inc.), under the contract you report as having been awarded until there have been presented the facts requested in my letter of October 24, 1931, and such facts are shown to bring the contract within the terms of the statute.

It is doubtful whether the Comptroller General will allow any payment at all under the original contract. That is his holding. The facts he has requested have not been presented to him, and I am quite sure he would not approve of payment based upon a modification of a contract made by correspondence between the parties.

I beg pardon for taking so much time, and I shall not discuss the matter any longer. I submit it to the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had insisted upon its amendment to the bill (S. 4509) to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain," disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. EVANS of Montana, Mr. YON, and Mr. COLTON were appointed managers on the part of the House at the conference.

THE FIVE-DAY WEEK

Mr. BLACK. Mr. President, I do not desire to divert the attention of the Senate for any length of time from the subject under discussion, but there seems to be in some places a misapprehension as to the reason for holding hearings at the present time on a bill providing for a 5-day week and a 6-hour day. I wish to call the Senate's attention at this time to an article appearing in this morning's Washington Herald containing a statement attributed to Mr. Henry Ford, in which he is reported to have said:

> My competitors are trying to stop another Ford car from being made. They have succeeded for a few hours, but I will fight them.
>
> The truth is that certain bankers, in cooperation with certain of my competitors, are trying to obtain control of this concern and their effort is to prevent the new Ford from leaving the factory.

At the very time that statement was being made a witness was testifying before a subcommittee of the Senate

Committee on the Judiciary considering the measure providing for a 5-day week and a 6-hour day. That witness was calling attention to the fact that a very small group of banks in the city of New York had practically obtained complete control of the financial affairs of this Nation. It is quite a coincidence that Mr. Ford, who can certainly not be said to be opposed to the money interests of this country, should have given out this statement at the present time.

Our attention was called in the committee to the fact that 8 New York commercial banks hold 3,741 directorships in other banks and businesses in this country. Among the companies in which these banks hold directorships are automobile manufacturing companies competing with Mr. Ford.

It was shown in the hearing that the Chase National Bank, of New York, holds directorships in 855 different industrial and manufacturing and banking institutions. It was shown that one man holds 125 different directorships in the large business institutions of this country. Of course, it is impossible for him to perform his duties as a director in 125 large institutions, but it does show the immense extent to which these large banking interests have taken control of the money affairs of this Nation and have spread their tentacles to every nook and hamlet in America.

I mention this matter in connection with the pending bill for this reason: We are holding hearings on a measure providing for a 5-day week and a 6-hour day. If there are those here who think those hearings are simply being conducted so as to collect evidence, without the idea of passing the measure before us, I want to let them know that they can abandon any such conception.

What connection is there between the control of the affairs of this Nation by these banking institutions and a 5-day week and a 6-hour day? In the current issue of the National City Bank Bulletin, published in January of this year, appears an argument against just such a movement. The argument is made that wages must be further deflated in order to bring about prosperity to the United States.

It is also stated in the same bulletin, showing the humane attitude taken, that the dairy interests of New York are suffering by reason of a surplus of dairy products, and it is stated in the bulletin that they are suffering from the surplus on account of the fact that the consumers, the men, women, and children of New York, are no longer able to buy milk.

They do not suggest as a remedy that the purchasing power of those who buy the milk be increased, but their remedy is further to deflate their wages and bring about, if possible, a decrease in the production of milk to be supplied to the hungry men, women, and children of New York City.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. THOMAS of Oklahoma. A study of the submitted records shows that the three largest banks in New York have combined resources of slightly less than $6,000,000,000. If those banks can exert the power the Senator indicates they are exerting, with their present resources, what might be the result of a chain banking system, under which the banking facilities of the country might ultimately be centered in New York?

Mr. BLACK. I will state to the Senator that as the evidence is developing before the subcommittee, it is indicated that they have almost all the power they could have under any conditions. I agree with the Senator fully with reference to his objection to chain banks and to branch banking, but the evidence is developing before the committee that the eight banks which were named have extended their control to every business activity in America, that they have demanded that wages be reduced, that they have opposed keeping men on pay rolls, that they have coerced the business enterprises of the country into adopting the policy which this small group of banks desire to be adopted.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from Alabama yield further to the Senator from Oklahoma?

Mr. BLACK. I yield.

Mr. THOMAS of Oklahoma. If these few banks, with their small resources of a few billion dollars, can exert the power they exert now, under the chain system or branch bank system, I think the Senator will agree that very soon the entire banking resources of the United States, amounting to something like $60,000,000,000, would be centered in them. Then if they can exercise this power with so small a resource power as $6,000,000,000, what could they not do throughout the world with a $60,000,000,000 of resource power?

Mr. BLACK. The evidence tends to indicate that they have the $60,000,000,000 resource power now through their control of business activities—automobile manufactures, chemical enterprises, public utilities, and railroads. One of the strange things is that the evidence has already shown that some of the railroads which have borrowed money from the Reconstruction Finance Corporation have sitting on their boards of directors members of the board of directors of the Chase National Bank, of New York, and of the other banks in New York.

Mr. President, it is not my intention this morning to discuss this matter at any length. I expect early next week to give to the Senate a résumé of some of the evidence which has been brought before the Senate committee on the 5-day week and the 6-hour day. But at this time I wish to invite the attention of the Senate to the fact that there have been few matters proposed in this body, very few, which strike at the fundamentals of the widespread distress which exists in America to-day. There has been an attempt, of course, to give employment by lending money through the Reconstruction Finance Corporation to various business enterprises, some of which are tottering. That has not increased employment. There have been various other methods suggested, such as the moratorium on foreign debts, and other plans. It has even been suggested that all that is needed is to balance the Budget and everybody will be put to work.

Mr. President, the 5-day-week and 6-hour-day plan is one of the few measures that have been proposed which strike at the fundamentals of unemployment in the United States. I do not know whether we can bring in a report at this regular session or not. I hope we can. I believe the shorter work week and the shorter work day are inevitably going to help business recovery in this Nation. I have no question as to the Supreme Court sustaining the constitutionality of the bill which I have offered. I intend to bring before the Senate from time to time from now on, in an effort to get this remedy before the Senate and before the people of the country, the imperative necessity for taking action quickly in order to relieve the widespread distress, misery, human suffering, and poverty which exist all over the Nation.

I invite those Senators who may be interested in the form of the bill, who may be interested with reference to different phases of the bill which will come before the body, if they have constituents who have objections to the measure and who wish to suggest amendments or exceptions to make it work in a more satisfactory way, to have them come before the committee. We do not want any claim made after the bill is reported back to the Senate that there was not ample opportunity for hearing. We have let everyone come for or against the measure who desired to appear before the committee. We shall meet again next Tuesday morning, and it is our intention to remain in session long enough to give all who are interested a chance to appear before the committee. But we do not want anyone, after the bill has been returned to the Senate, to come here and make an effort to delay the consideration of one of the few measures which have been offered to give employment to the people of the country, by saying they did not have an opportunity for a hearing before the committee.

Mr. BROUSSARD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Louisiana?

Mr. BLACK. I yield.

Mr. BROUSSARD. Has there been evidence produced before the committee as to certain corporations dealing with securities who have borrowed money from the Reconstruction Finance Corporation and within a month afterward have gone into the hands of receivers, after paying to certain banks large loans which they had secured?

Mr. BLACK. That is not within the scope of the activities of the committee. The only reason why the committee has had before it anything in connection with the consolidation of the huge power in the banking interests in New York is because Mr. Frey stated to the committee that he had found that it is no longer possible for the laboring men, through their organizations, to deal with the managers of business enterprises. They have discovered that the business enterprises are subject to the orders and to the coercion of bankers, who in turn are controlled by a small group of banks in New York. For that reason we have been going into the question of that power, and we intend to go into it just as fully as the scope of our power will permit.

Mr. COSTIGAN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Colorado?

Mr. BLACK. I yield.

Mr. COSTIGAN. The Senator's forceful remarks on the measure introduced by him might well have been made in connection with section 11, page 76, of the pending bill, which provides, in part, that any employees of the Veterans' Administration homes, hospitals, or combined facilities are to be, in the discretion of the Veterans' Affairs Administrator, subject to orders to work for seven hours on Saturday. The section as drafted further provides that the work of such employees in excess of four hours on Saturdays shall not entitle such employees to an equal shortening of the work day on some other day or to additional compensation therefor. While the Senator is properly urging the Senate to recognize the merits and great importance of his general measure, I wish to inquire whether he does not think the Senate should carefully scrutinize any such provisions in pending legislation?

Mr. BLACK. May I state to the Senator from Colorado that I have in my office a letter from a veteran who sought a position with the Veterans' Bureau until he learned about the hours he would be compelled to work. He discovered they were so long in a certain hospital that he did not feel he could perform labor for the long period of time that would be required of him, and for that reason withdrew his application for the position. I certainly think the Senator is correct in connection with the suggestion that has been made.

Mr. President, I shall not longer detain the Senate at this time, because it is my intention to bring before the Senate next week a résumé of some of the evidence which has been brought to bear in connection with this bill and the imperative necessity for the Senate to begin to realize that, however important it may be to balance the Budget, the paramount question before the American people to-day is what we are going to do with the 12,000,000 who are wholly and completely out of work and perhaps 12,000,000 more who are working on half time.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. TRAMMELL. Mr. President, I hope the action of the committee in regard to the so-called Seatrain item in the appropriation bill will not be sustained and that, to the contrary, the action of the House in writing the provision in the pending measure shall prevail. At the time the House specified that no part of the appropriation for foreign mail service should be paid to the Seatrain Co., even the Postmaster General had not agreed to any part of the funds being used for that purpose, but, on the contrary, the Assistant Postmaster General, as appears from the hearings before the House committee, had stated that he did not believe the Postmaster General would make a payment to the Seatrain Co. under its old contract, considering the character of service in which it is now engaged.

The question now resolves itself into whether or not this branch of the Congress desires to go on record in favor of authorizing—or encouraging at least—the Postmaster General to make a modified contract under all the circumstances. As I said, according to the evidence of Mr. Glover, the Assistant Postmaster General, at the time the House took action, the Postmaster General had not made any modification whatever of the contract with this company.

I take it that any Senator knows full well that under a contract which provides for mail service from New Orleans to Habana, Cuba, under the subsidy provision of the law, the contractors are not entitled to any pay when they do not comply with the terms of their contract. Certainly they are not complying with the terms of that contract when they engage their vessels primarily in coastwise trade as they are doing at the present time.

Mr. LONG. Mr. President, will the Senator permit me to ask him a question?

Mr. TRAMMELL. Certainly.

Mr. LONG. What is the Senator's view about what we ought to do? We all know these contracts are merely mail subsidies, but I think we know too that if we are to keep the American merchant marine in operation there will have to be some help granted. What position does the Senator take on that question?

Mr. TRAMMELL. I think they will have to have considerable help if they keep on building ships which are not needed and are not required for maintenance of the merchant marine, but help to drive existing merchant-marine facilities out of business. Of course, that is a matter of decision for the Shipping Board in regard to the financing.

Mr. LONG. I am taking an absolutely disinterested view. The seatrain runs through my town; that is, it loads and unloads principally in New Orleans. I am taking no view at all. Ought we to continue, if necessary to keep up the merchant marine, to subsidize it? Is it necessary? If it is, I think we ought to try to keep the merchant marine. If it is not, then I am in favor of abolishing it.

Mr. TRAMMELL. I think at the time of the enactment of the subsidy provision of the law that it was necessary to encourage our merchant marine, and, of course, where we have legal, binding contracts, free of any fraud, it is the duty of the Government to maintain such contracts. I feel that way about it.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to his colleague?

Mr. TRAMMELL. I yield.

Mr. FLETCHER. May I suggest, relative to the inquiry of the Senator from Louisiana, that I am cordially in favor of continuing the Government mail contracts as a benefit to the American merchant marine. There is a necessity for doing that; but that is a different question from this. The question here is as to a specific contract, not affecting the general policy. I am for the law and policy as they stand; but where an agency of the Government is given power to enter into contracts there may be instances in the case of a particular contract where a mistake has been made and where the contract itself is seriously objectionable, without affecting the general policy and principle of ocean mail contracts.

Mr. LONG. I do not know but that this particular subsidy is doing as much harm as it is doing good. The Seatrain subsidy is doing this much harm: We have built considerable port facilities that are used for carrying on commerce. The Seatrain Co. just runs freight cars from the rails on the docks to the rails on the ships; and no benefit is derived from the subsidy that is paid by the Government.

Mr. TRAMMELL. Mr. President, I think it was a very serious mistake on the part of the Shipping Board and on the part of the Postmaster General to enter into the contract

originally, and that it was in contravention, at least, of the spirit of the law which authorizes the Shipping Board to assist in financing the construction of ships. It was certainly a violation of the spirit of the law, and now it would be doubly so for the Postmaster General to extend and enlarge that subsidy to a coastwise operation, which comprises about 80 per cent of the activities of the Seatrain Co.

Mr. LONG. We might just as well subsidize the passenger traffic.

Mr. TRAMMELL. We might just as well grant a subsidy to all ships which operate from New Orleans up the east coast to New York and which make Habana a port of call.

Ever since I was a boy in Florida I can recall that ships have been operating from New Orleans to New York by Florida ports and by Habana, making that a trade route. That is all the Seatrain ships are doing; primarily they are engaged in a coastal business, and they merely make Habana a port of call, Habana being some ninety-odd miles from the Florida coast.

The question plainly confronts this branch of Congress as to whether or not it is going on record in favor of permitting the Postmaster General to change the terms of that contract in such a way as will be violative of the spirit of the Shipping Board act and the merchant marine act, and violative of the spirit if not the letter—and I rather think the letter—of the law authorizing the Postmaster General to pay subsidies.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Massachusetts?

Mr. TRAMMELL. I yield.

Mr. WALSH of Massachusetts. I understand the Senator from Florida to be in favor of the House provision?

Mr. TRAMMELL. I am in favor of the action of the House of Representatives whereby a proviso was inserted to the effect that no part of the appropriation should be used for the purpose of paying the Seatrain contract.

Mr. WALSH of Massachusetts. In other words, the Senator is opposed to the Senate committee amendment striking out the House provision?

Mr. TRAMMELL. That is my position, yes; I am opposed to that.

Mr. WALSH of Massachusetts. May I inquire if the House provision is a new provision in Post Office appropriation bills?

Mr. TRAMMELL. No; it is not a new one. The House inserted a similar provision last year.

Mr. WALSH of Massachusetts. How long has this provision been in the appropriation bill?

Mr. TRAMMELL. Last year was the first time, because the controversy did not arise until last year. What moved the House to its action last year was the manner in which the contract was made and the manipulations and scheming which clearly, from the evidence in the case, were carried on by the Post Office Department and the Shipping Board in connection with the initial steps in providing a subsidy, and so on.

Mr. WALSH of Massachusetts. The Senator from Maine [Mr. WHITE] tells me that this provision was in the House bill last year.

Mr. TRAMMELL. It was; that is what I say.

Mr. WALSH of Massachusetts. But that it was stricken out in the Senate, and in conference was eliminated from the bill as it was finally enacted. Is that true?

Mr. TRAMMELL. That is true; and I think, of course, the Senate made a mistake at that time. However, the view of the majority of the Senate was otherwise. But now we have a different situation.

Mr. WALSH of Massachusetts. Will the Senator state concisely and briefly just what change will be made in the mail contract of the Post Office Department if this proviso shall be eliminated from the bill?

Mr. FLETCHER. None.

Mr. TRAMMELL. I do not know. We can not tell. It has been stated here that the Postmaster General has agreed or will agree to a modification of the contract with the company. They themselves admit they are not entitled to any pay unless they can get a modification of the contract. They admit that by their own petition to the Postmaster General.

Mr. WALSH of Massachusetts. In other words, this provision is inserted in the bill in order to prevent the Postmaster General from making a contract with the Seatrain Co.?

Mr. TRAMMELL. It is to prevent him from modifying an existing contract.

Mr. WALSH of Massachusetts. With the Seatrain Co.?

Mr. TRAMMELL. Certainly, to modify the contract originally entered into for carrying the mail from New Orleans to Habana, Cuba. Now the company asks permission of the Shipping Board to let their ships sail from New Orleans via Habana to New York, admitting that they are engaged largely in the coastal business, and they ask the Shipping Board to permit that to be done.

Mr. WALSH of Massachusetts. What additional expense would be involved if such a mail contract were entered into as is contemplated and as the Postmaster General favors?

Mr. TRAMMELL. There would not be any additional expense involved; probably they would not get any more of a subsidy than they would for carrying the mail just to Cuba; but such a modification would be violative of the spirit of the law, violative of the policy of the Congress in the enactment of the merchant marine act and in providing that subsidies may be paid by the Postmaster General.

Mr. WALSH of Massachusetts. What effect would entering into this contract by the Postmaster General have upon the efficient transportation of the mail?

Mr. TRAMMELL. It would not add anything to the facilities by increasing the speed of the mail or otherwise, or be of any benefit whatever to the Government in the handling of the mail.

Mr. WALSH of Massachusetts. Would it tend to deteriorate or injure the expeditious transportation of the mail?

Mr. TRAMMELL. I think that it would be detrimental, in that it would subsidize ships on trade routes where there are now ample vessels, some of the best we have on the coast, and where ample service is afforded. It would not increase or enlarge the service.

Mr. WALSH of Massachusetts. Would this proviso, if adopted, lessen the amount of money the Government would have to pay out of the Federal Treasury for transporting this mail?

Mr. TRAMMELL. If this proviso were adopted, we would not have to pay anything; it would save the Government the amount now paid, unless the contract were modified or changed.

Mr. WALSH of Massachusetts. Under a new contract that might be entered into by the Postmaster General, would the amount be less?

Mr. TRAMMELL. I do not know whether it would be less than on the route from New Orleans to Habana or not. It probably would be somewhat less.

Mr. WALSH of Massachusetts. If the Senator will permit me to interrupt him further, I have not had an opportunity to hear the full discussion of this important amendment, and that is why I have made these inquiries. I infer from what the Senator says that so far as increasing or decreasing the appropriation of funds from the public Treasury there is no question involved, and that his objection is based entirely upon the fact that this proposed contract would be a violation of what he describes as the policy of the shipping laws of the country.

Mr. TRAMMELL. It would be violative of the policy of the shipping laws and of the post-office subsidy, and would not be in keeping with the intention of Congress; but, in effect, it would be in contravention of the intention of Congress. The purpose of Congress was to try to build up the American merchant marine.

Mr. WALSH of Massachusetts. The Senator says it would be a departure from our established policy dealing with sea-mail contracts? Is that true?

Mr. TRAMMELL. It would be absolutely a departure from it; and I myself do not feel that the Congress should go on record approving any such perversion of the law.

Mr. WALSH of Massachusetts. I confess that it is difficult for me to determine what loss or benefit is involved in the acceptance or rejection of this amendment.

Mr. TRAMMELL. So far as the purpose of the law is concerned, it is just contrary to the spirit of the law in the first instance. We are not now presenting the argument along the lines we did previously on the ground of fraud in the original contract. The whole contract, from its very inception, was carried on in the height of favoritism, the height of discrimination, and with no regard whatever for the question of building up the merchant marine or the United States mail service.

The record will disclose that upon that basis we opposed the contract from its inception. Now, however, we are opposing it upon the question of the old contract not being performed and the contractors asking for a modification. This question presents itself squarely to the Congress: Is the Congress going to agree to a modification under these circumstances? We think that to modify the contract in the way they wish it to be modified would be all wrong under the spirit of the law, so far as the merchant marine act is concerned.

Mr. FLETCHER. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to his colleague?

Mr. TRAMMELL. I yield.

Mr. FLETCHER. Mr. President, the Senator from Massachusetts seemed to ask a direct question about the effect on the Treasury. If the House provision should stand, the Treasury would not have to pay out $120,400 a year to the Seatrain Co., whereas if the Senate amendment prevails and we disagree to the House amendment, then the Government will have to make that payment.

Mr. WALSH of Massachusetts. That is very important.

Mr. WHITE. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Maine?

Mr. TRAMMELL. I yield for a question.

Mr. WHITE. Is it not a fact that, if the contract between the Government and the Seatrain Co. is a subsisting, legal contract, the Government will have to pay whether this appropriation shall be provided or not? If we strike the appropriation out, and a contractual obligation—assuming that there is a legal contract—continues, then at some time the Government will have to meet its obligation.

The real question at issue here is whether the Congress is going to pass upon the legality of contracts entered into by competent authority, or whether it is going to leave that determination to the proper legal and accounting officers of the Government. That is the real issue here.

Mr. TRAMMELL. Mr. President, the Senator would surrender much more of the prerogatives and the duties of a Senator to some of the department heads than I would surrender. If I see that a department in the administration of a law, commendable and wholesome in its purpose, acting in such a way as to violate the purpose and object and the spirit of the law, I think it is the duty of Congress to correct them instead of encouraging them in that character of administration.

If we give too much latitude to, and permit too much laxity on the part of, those administering law, they go ahead, and we get results contrary to those that were contemplated and intended under the original law.

Here is an instance where I feel that it is proper for the Senate, as the House has done, to assert itself, and put those in authority on notice that the intention and the purpose of law means something, and that the enactment is not for their own manipulation just as they see fit to administer it in favoritism, in discrimination, and in total disregard for the interests of the American merchant marine in this instance and of the Postal Service of this country.

Mr. WALSH of Massachusetts. Mr. President, will the Senator from Florida permit me to ask the Senator from Maine a question?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Massachusetts?

Mr. TRAMMELL. I do.

Mr. WALSH of Massachusetts. I thank the Senator. May I inquire from the Senator from Maine whether the Postmaster General has made a contract such as is described in this proviso?

Mr. WHITE. Oh, yes.

Mr. WALSH of Massachusetts. And is it in force now?

Mr. WHITE. This contract No. 56 was entered into; and the very purpose of this amendment put into the bill by the House was to avoid the effect of that contract.

Mr. WALSH of Massachusetts. How can we avoid the effect of it after it has been entered into? I can understand that we would have power to take action here to prevent the renewal of a contract; but how can we, by legislative act, cancel a contract that the Government has entered into, without subjecting ourselves to damages?

Mr. WHITE. Mr. President, if the Senator will yield further, that is precisely the point. If this was a legal contract at the time it was entered into—and it has something like eight years more to run—we can not, by withholding in a particular year an appropriation designed to meet the payments called for by that contract, avoid the obligations under that contract; but, ultimately, we must meet them.

The real question at issue is whether this is or is not a legal contract, and the Senate is asked to pass upon that question—that is the real effect of what we are asked to do—and to take from the legal department of the Government and from the Comptroller General's office the authority which the law imposes upon them to pass upon the legality of contracts, and the appropriateness and propriety of payments under them.

Mr. WALSH of Massachusetts. I thank the Senator. In other words, what we are proposing to do here is to cancel a contract made and entered into by the Post Office Department and in force at the present time?

Mr. WHITE. To cancel a particular payment called for under that contract.

Mr. WALSH of Massachusetts. That is the same thing as canceling the contract.

Mr. WHITE. Yes.

Mr. TRAMMELL. Mr. President, I differ from that attitude. It is not a matter of canceling a contract. The Seatrain Co. have forfeited their rights under the contract. They have confessed that by going to the Postmaster General and asking for a modification. They have confessed that by going to the Shipping Board and asking for a modification. So it is not a matter of the Government canceling the contract; it is a matter of the Government, through Congress, saying: "We do not think it is advisable under the law that you permit this modification, even if you have a right to do it."

Certainly that is within the prerogative of Congress, and a legislative question, when we are called upon to make an appropriation to meet a certain condition. These people are not entitled to one dollar, according to their own petition—in substance, that is what it means—unless the Postmaster General attempts to modify the contract.

Senators talk about the sanctity of a contract on the part of the Government. I believe in keeping Government contracts; but those arguing in behalf of this company have not said one word about the agreement of the company with the Shipping Board which provided that they would not ask for their subsidy on the mail contract if the Shipping Board permitted them to modify their original route and run from New Orleans via Habana to New York.

Somebody has intimated that there was some coercion about that. No coercion whatever has been established. It is absurd and ridiculous to talk about coercion. These people were in a very desperate plight. They were in a situation where disaster was hanging over them. They either had

to have their ships idle, engaged in unprofitable trade, or else they had to get some modification through the Shipping Board that would permit them to operate on to New York and establish a business which, according to their own statement, is 80 per cent coastwise trade. So they go to the Shipping Board, asking them to modify the contract; and I will say that the Shipping Board are to be commended for their action. They say, "If you are going to divert your route, if you are going to change the situation completely, if you are going to enter into competition with all these ships that we have engaged in the coastal trade, many of which have to be tied up to the docks at the present time, we are not going to permit that change unless you will agree to let your subsidy go. You obtained that subsidy upon the basis of the idea that you would operate from New Orleans to Habana, a foreign port. You are carrying on a foreign mail service. You did not intimate to us that you wanted to operate 80 per cent in the coastal trade. Your presentation of this case to us was that you wanted to engage in foreign trade. Therefore, if you are going to change the whole situation, the whole character of your enterprise and your operations, you must not ask a continuation of this Government subsidy through the mail service."

I imagine at that time they were very willing to say, "Oh, we surrender that. We expect to surrender that, because if we do not get some change here we have no business whatever in which we can engage." It was absolutely unprofitable to run from New Orleans to Habana, so they readily surrendered their right to the mail subsidy. I do not think they were coerced at all. Yet there are some who want to go ahead and pay them for it when they surrendered it in their own agreement and under the resolution of the Shipping Board, because, forsooth, for some reason it appears possible now that they can get the Postmaster General to agree to this modification, although in December the First Assistant Postmaster General stated to the House that he did not think they were entitled to it.

I should like to have Senators say what they think of the statement of the Assistant Postmaster General, who has largely been in charge of this matter, when he stated to the House committee that he did not think the Seatrain Co. were entitled to the pay; he did not think they were entitled to a modification of the contract; he did not think the Postmaster General would agree to a modification. That was the position of the First Assistant Postmaster General before the House committee in December.

Mr. COPELAND. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from New York?

Mr. TRAMMELL. I yield.

Mr. COPELAND. Assuming that the Senator is entirely right, and that that was the attitude of the Assistant Postmaster General, in spite of that, on January 11 the Postmaster General wrote to the Seatrain Co., as follows:

> In view of the premises and considerations stated in your letter, it would, in my opinion, be in the interest of the Government to accept your proposal, and I hereby agree to the modification of the contract on ocean mail route No. 56 accordingly.

So, regardless of what the Assistant Postmaster General said in December, or whenever it was, on the 11th of this month the Postmaster General entered into an agreement to modify the contract.

Mr. TRAMMELL. Mr. President, my position is that those who come into courts of equity should come with clean hands. We hope there is some equity left in the Senate. If these people have obtained any such modification as that, then they went before the Shipping Board and by deception and by fraud, in substance, persuaded the Shipping Board to agree to a modification of their contract upon the specific promise that they would not ask for a continuation of the subsidy. I stand by the Shipping Board. They have two contracts. I stand by the contract which they made with the Shipping Board and not an act of favoritism and the height of discrimination by the Postmaster General, against the policy of the law.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from New York?

Mr. TRAMMELL. I do. I hope, however, that the Senator will not make a speech in my time. I shall be through in a few minutes, and then the Senator can take the floor. If he desires to ask a question, however, I yield to the Senator.

Mr. COPELAND. I do not want to make a speech, but I want the Senator to be accurate. I ask him if he knows that the Shipping Board, by a resolution, has authorized the Seatrain Lines to carry coastwise trade between the ports of New York and New Orleans by way of the new Seatrain vessels for a period of six months from October 6?

Mr. TRAMMELL. Why, certainly. They authorized it upon the representation to the Shipping Board and upon the agreement by the company that the company would surrender the mail subsidy and not ask for a continuation of it. They obtained that authorization upon a false representation or false pretenses then, if they are going to be permitted to draw pay for it now during that time. That is what the Shipping Board states. The letter was placed in the RECORD this morning by my colleague [Mr. FLETCHER].

I had not intended to make any reference to the early history of this Seatrain contract; but in view of the fact that some Senators seem so persistent now in their contention that we should not preserve the policy of the law, that we should not refuse to fall in line and march step and step with an administrative officer who is violating the spirit, if not the letter, of the law, I desire just briefly to say that this entire contract from its very inception was exceedingly suspicious, to say the least.

It has been said here before, but I may repeat it, that a certain company decided that they would obtain a subsidy and obtain some money from the Shipping Board. They went before the Shipping Board with a peculiar type of vessel and asked for loans, asked for a subsidy; and the advertisements for bids prescribed specifications that no one else could comply with within the time that was fixed. It was an absolute absurdity and a farce even to have advertised at all, and I am sure they would not have advertised had not the law required it, for three weeks. For three weeks they advertised under the law that they wanted bids on a ship that would carry 90 railroad cars, and certain other specifications. In this country there never had been a ship of that type before, or rather of that capacity. They probably got the idea from boats of that type that were operating between Key West, Fla., and Habana, Cuba, but the specifications in this case called for a ship of 90 railroad-car capacity and certain other specifications. Other people who were interested were unable to get any information whatever as to what was going on. Then they come out all at once, on a bright, sunshiny day, with specifications saying, "We invite bids on a ship that will carry 90 railroad cars," and certain other specifications.

They knew the whole stage had been set for the contract to be given to this company, for the subsidy, and for them to obtain a loan from the Shipping Board.

Mr. BROUSSARD. Mr. President, will the Senator yield to me?

Mr. TRAMMELL. I yield.

Mr. BROUSSARD. Is it not a fact that they extended the time one full year so as to give a chance to the Florida company to decide whether or not they would bid?

Mr. TRAMMELL. The Senator is wrong on the record entirely. There were delays, because this company was trying to keep other people out of the field by having them denied the right of entering New Orleans. They were trying to keep them out of the field by filing an application before the Interstate Commerce Commission for this company. Then there was considerable other delay, because the Navy Department and the Shipping Board did not work quite as freely in the transaction as did the Post Office Department from the beginning. The Navy Department first disapproved the contract, would not give the approval that was required under the law. Then of all the logrolling and

manipulation! Talk about force and coercion; they were used on the Navy Department to get an approval finally of a modified and changed character of vessel. Then they gave their approval reluctantly, half-hearted approval, as far as the vessel's availability or value as a naval ship was concerned, and as to being of any value in time of war was concerned.

Mr. BROUSSARD. Mr. President, will the Senator yield again?

Mr. TRAMMELL. Wait a moment. There were other delays, because the committee which had the jurisdiction of passing upon the proposition at the Shipping Board, and the Shipping Board itself, first disapproved of it. There was no approval of this transaction except in the Post Office Department to begin with. We never heard of such logrolling and manipulating, such star-chamber sessions, and such keeping of what was going on from other probable competitors. They did not want any other competitors. They wanted to drive everybody else out of the business, and give the contract to the company which finally got it.

Mr. BROUSSARD. Mr. President, will the Senator yield now?

Mr. TRAMMELL. I yield; yes

Mr. BROUSSARD. Is it not a fact that the Florida company applied to the Interstate Commerce Commission for the right to run their boats to New Orleans, that the Postmaster General extended the time for the bidding one full year, and that it was awarded to the Seatrain Co., not for old ships, but for new ships, to be constructed under the law which the senior Senator from Florida, as chairman of the Committee on Commerce, wrote into the United States statutes. Had not a whole year's delay been granted, when they were not proposing to build the ships which the Seatrain Co. built, two of them?

Mr. TRAMMELL. They did not delay on account of giving anybody an opportunity to bid. The attitude was the reverse, one of a closed door against other bidders and competitors. They delayed on account of this matter not being approved by authorities required to approve it, to begin with.

If they had wanted to give the competitors an opportunity, why did they not let the competitors know in time as to the specifications? One probable competitor, not for Government subsidy, but for the privilege of using the route, being willing to undertake it without a Government subsidy, in the nature of a mail subsidy, or in the nature of a loan from the Shipping Board, was trying to keep up with the situation, trying to ascertain what was going on, and they could not get information. The desire was that they should not have information as to what was going on.

Mr. BROUSSARD. Mr. President, is it not a fact that the mail subsidies are not granted to ships already built, but to ships that are to be built with the approval of the Shipping Board, the Navy Department, and the Post Office Department?

Mr. TRAMMELL. That is a fact, and it is also a fact that whenever the law has been so misadministered and so administered as to give a subsidy to ships that were unneeded, ships that were unnecessary to assist in the building of the American merchant marine, there has been a flagrant violation of the law, the spirit of the law at least.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. TRAMMELL. I yield.

Mr. McKELLAR. I wish to call attention to the fact that no competitor had a chance to bid on these ships.

Mr. TRAMMELL. That is what I said, that no competitor even had notice long enough in advance to enable it to bid.

Mr. McKELLAR. I have before me the advertisement, and it did not permit the contractor to bid unless the contractor proposed to build, and would build, a ship of capacity sufficient to carry 90 cars. The mail amounted to about 1,500 pounds. Two other companies subsidized by our Government are already carrying mails between New Orleans and Habana, and this was a third subsidized company. The Postmaster General required in his advertisement that the contractor must build a ship capable of carrying not less than 90 cars, and the Seatrain Co. was the only company on the seas that had such a ship or that proposed to build such a ship. Necessarily, the law was violated in doing away with competition, and so, in my judgment, the contract is certainly fraudulent in law, and even worse might be said of it.

Mr. TRAMMELL. It was a flagrant violation of the spirit and purpose of the law, if not a violation of its letter, in my opinion.

Mr. BROUSSARD. Mr. President——

Mr. TRAMMELL. Does the Senator want to ask a question?

Mr. BROUSSARD. I want to ask the Senator from Tennessee a question.

Mr. TRAMMELL. Very well; but I want to get through.

Mr. BROUSSARD. How does the Senator from Tennessee expect to apply the law and build up a merchant marine unless new ships are built? Would the Senator think that the law was intended to give mail contracts and subsidies to ships that already belong under the American flag, or to new ships to be built for service under the American flag?

Mr. McKELLAR. Of course, the Post Office Department has made no rule about that. They give subsidies to ships already built, or subsidies to ships which may be built, if the contractor is "right," if he "stands in."

Mr. BROUSSARD. To ships the Shipping Board sold, yes; but not to other ships of private lines.

Mr. McKELLAR. While I am on my feet, let me call the attention of the Senator from Florida to the fact that the first requisite of the act of 1928, under which this contract was let, was that there should be competition, and competition was absolutely excluded by the advertisement. And let me call attention to the fact that at that time the Seatrain Co. was a British company, with a ship of the kind specified carrying the British flag, when the first application was made, and then an effort was made to favor the particular manager of this company, who in some marvelous way seems to have the whole country at his back. I am referring to Mr. Brush, the president of the old British company, the president of the new American company. He seems to have all the powers-that-be at his back, and can get any kind of a contract, or get any contract changed whenever he desires to do so. He obtained this contract under terms that certainly make it fraudulent in law.

Mr. TRAMMELL. And under terms the average person, without a lot of influence behind him, could not have obtained.

Mr. McKELLAR. No one in the United States could have obtained them except this man, because they did not allow anybody else to bid on the contract.

Mr. TRAMMELL. I do not blame him, but I blame the officials representing the United States Government whose duty it was to see to the carrying out of the spirit of the law, and to the conservation of the rights of the American people, and of other people engaged in this industry. They are entitled to some consideration.

I did not really care to refer to all this first chapter in connection with this transaction, which, to me, seems to have been very one-sided, and a transaction in which sight of the interests of the Government seems to have been entirely lost, and to have been given no consideration whatever.

The matter concerns Congress. The House has said we must not pay any money on account of a modification of this contract. The argument in regard to the contract being legal, when we had the question up a year ago, might have had a little semblance of force and merit in it, dealing with the original contract, but now we have a different situation, we have a situation of the company not having complied with its original contract, and coming and asking the Government for a modification of its contract, a modification which would in every respect violate the spirit and the purpose of the American merchant marine act, and be vio-

lative of the authority for the granting of a subsidy through the Post Office Department.

As far as I am concerned, I think Congress, in both branches, should act as the House did, and approve the proviso that would prohibit the Comptroller General approving of the item of $140,000 for this purpose.

Mr. BROUSSARD. Mr. President, we had the same proposition to deal with the last time a similar appropriation bill was before us. The amendment then was known as the Davis amendment. I suppose Representative DAVIS inserted it again in the House.

The amendment is to be found on page 57, line 4, and would strike out the words, "That no part of the money herein appropriated shall be paid on contract No. 56 to the Seatrain Co."

I heard the remarks of the senior Senator from Florida [Mr. FLETCHER], who was the chairman of the Committee on Commerce, I think, at the time when we tried to restore and revive and to give this Nation a merchant marine. Of course, many of us on this side do not like the word "subsidy," but everybody knows that that law was intended to subsidize lines to other nations in the world, and to encompass the entire earth. My friend the senior Senator from Tennessee [Mr. MCKELLAR] has been fighting this proposition because he realizes that it is a subsidy, and is very much opposed to it.

Mr. President, so far as the Senators from Florida are concerned, if the company operating the boat from Key West to Habana had gotten this contract, they would be standing here defending the contract. But they did not get it, and they did not get it for several reasons. First, the law provides that one can not get a mail subsidy by offering an old boat which is already built and under the American flag. But the Seatrain Co. offered to build two boats, with a capacity of 90 loaded freight cars, to run from New Orleans to Habana. Their plans were all drawn up, and after being submitted to the Navy Department, it appeared that that department wanted airplane carriers which could be used in case of emergency. They even provided that the pilot house should be put on the left side of the ship, and rearranged the whole structure of the ship.

The Seatrain Co. put in a bid for two ships that would carry 90 loaded freight cars. The Florida company was not excluded. As I recall the hearing—and I attended the hearings for three or four weeks last year, when a provision similar to the one under discussion was before the committee—they applied to the Interstate Commerce Commission to be given the right to go into the city of New Orleans, and to sail from New Orleans to Habana. For some reason this application was not acted upon promptly. I do not know what insinuations the Senators from Florida have to make about it. I never heard of it until the hearings after the contract had been duly executed between the Post Office Department and the Seatrain Co.

Before the contract was awarded, the Postmaster General extended the time for one year, in order to give a chance to any competing company to decide whether or not it was willing to undertake the construction of two boats that would carry 90 loaded freight cars from New Orleans to Habana and back. There was no response. When the contract was executed the Florida company had not yet obtained from the Interstate Commerce Commission, and I doubt if they have it now, a license to enter the port of New Orleans. The contract was executed. No one challenges the contract.

The amendment is intended to strike out the language providing that no part of this money shall be paid on contract No. 56. That is an admission that there is a contract. I do not care what anybody thinks about the contract. We are not sitting here to set aside contracts. We are here to pay whatever amount is stipulated in the contract, and it is up to the courts to set aside any duly executed contract entered into by the Government of the United States.

Mr. President, the two boats have been completed. They were constructed with the money borrowed largely from the Shipping Board and which is due the Shipping Board and, indirectly, the Treasury of the United States. Now that the boats are built, we find Senators who would deny the annual payment under the contract instead of offering a resolution to direct the Attorney General of the United States to move to declare the contracts illegal and void.

Mr. MCKELLAR. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Louisiana yield to the Senator from Tennessee?

Mr. BROUSSARD. I yield.

Mr. MCKELLAR. Will the Senator agree to vote for such a resolution, leaving it to the courts to determine?

Mr. BROUSSARD. I think the contract is valid. I have sat in the committee with the Senator from Tennessee for several years and he thinks that all of the contracts are invalid.

Mr. MCKELLAR. Oh, no. I think all of them except five are invalid. I think the courts ought to pass on them. If the Senator is willing for the courts to pass on them, I shall be very glad to vote for a resolution providing that that be done.

Mr. BROUSSARD. How many contracts does the Senator challenge?

Mr. MCKELLAR. Thirty-nine.

Mr. BROUSSARD. Did the Senator vote for the bill which permitted the payment of these subsidies?

Mr. MCKELLAR. I did not.

Mr. BROUSSARD. The Congress passed the bill, however,

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from New York?

Mr. BROUSSARD. I yield.

Mr. COPELAND. I was quite surprised to have brought up again in the Senate the original contract of the Seatrain Co. We have argued that here year after year and the Senate has always taken the view that it is all right. But now comes the further argument that this is an invasion of the intercoastal rights of our country.

Mr. BROUSSARD. It is no invasion at all. For the Senator's information I ask to have inserted in the RECORD at this point a communication from the Seatrain Co. to the Postmaster General and his acceptance of a modification which would deprive him of any right to claim anything under that contract because of the sailing from Habana to New York. That, I think, will dispose of the suggestion made by the Senator from New York.

The PRESIDING OFFICER. Without objection, it is so ordered.

The communication is as follows:

JANUARY 9, 1933.

THE POSTMASTER GENERAL,
Washington, D. C.

SIR: The contract for ocean mail service on route No. 56, made the 31st day of October, 1931, by the United States of America, represented by the Postmaster General and Seatrain Lines (Inc.), provides, inter alia, that the latter undertakes, covenants, and agrees with the United States of America, pursuant to the provisions of the merchant marine act, 1928, and the advertisement of the Postmaster General, as follows:

"1. (a) To carry all mails of the United States offered, whatever may be the size or weight thereof, or the increase therein during the term of this contract, in a safe and secure manner, free from wet or other injury, from New Orleans, La., to Habana, Cuba, on a schedule approved by the Postmaster General, that shall include not less than 50 trips per annum during the first two years and not more than 100 trips per annum during the remainder of the contract term (subject to other provisions of this contract for increase or decrease in frequency);

* * * * * * *

"(g) To provide and operate in the performance of this contract, cargo vessels of class 5, capable of carrying not less than 90 railroad cars and of maintaining a speed of 13 knots at sea in ordinary weather, and of a gross registered tonnage of not less than 6,500 tons;

"(h) To have constructed in American shipyards two (2) new cargo vessels of class 5, capable of carrying not less than ninety (90) railroad cars and of maintaining a speed of fourteen (14) knots at sea in ordinary weather, and of a gross registered tonnage of not less than six thousand five hundred (6,500) tons, and place them in service in lieu of or in addition to vessels specified in paragraph (g) hereof, as soon as practicable, but not later than the end of the second year of the term of this contract.

* * * * * * *

"6. (a) That the term of this contract shall be ten (10) years, beginning at a date optional with the contractor, but not earlier than January 1, 1932, or later than October 31, 1932."

Seatrain Lines (Inc.) has constructed in an American shipyard in compliance with the terms of said contract two new cargo vessels which have met the requirements referred to in paragraph 1 (h) above. One of said vessels was placed in service from New Orleans to Habana on the 13th day of October, 1932, and the second vessel on the 20th day of October, 1932. Since said dates said vessels have made regular sailings weekly from New Orleans to Habana, and have been and now are ready, able, and willing to perform all of the services required of Seatrain Lines (Inc.) by said mail contract.

Said vessels were constructed with the aid of construction loans under and pursuant to agreements the 3d day of December, 1931, between Seatrain Lines (Inc.) and the United States of America, represented by the United States Shipping Board. Said agreements contained, inter alia, the following provision:

"SEC. 38. The vessel will be operated in maintaining service on lines between New Orleans, La., and Habana, Cuba, and in other exclusive foreign service between Atlantic and/or Gulf ports and Cuba, or in such other service or services as the board may by resolution hereafter authorize, and not otherwise."

The United States Shipping Board, by a resolution adopted October 6, 1932, and subsequently amended by a resolution adopted December 21, 1932, has authorized Seatrain Lines (Inc.) to carry coastwise trade between the ports of New York and New Orleans via Habana in the new Seatrain vessels for a period of six months from October 6.

Said vessels, ever since the adoption of said resolution on October 6, have been and now are engaged in foreign trade between New Orleans and Habana and New York, and vice versa, and at the same time in coastwise trade between New Orleans and New York via Habana, and vice versa. While thus simultaneously carrying foreign trade from New Orleans to Habana and coastwise trade from New Orleans via Habana to New York, said vessels have performed the full mail contract service between New Orleans and Habana and have transported all cargo offered in foreign trade between said ports, all in compliance with said mail-contract and construction-loan agreements.

Inasmuch as the total mail compensation payable under said mail contract will through the performance by said vessels of not less than 50 voyages per annum during the first two years and 100 voyages per annum during the remaining eight years of said contract, being the schedule approved by the Postmaster General pursuant to section 1 (a) of said mail contract, amount to a sum which will be somewhat less than the excess cost of building said vessels in the United States and operating them under the American flag over what would have been the costs of their construction in foreign shipyards and of their operation under foreign flags; and as the mail compensation payable under and pursuant to the provisions of the merchant marine act, 1928, is designed to meet the amount of such differentials in cost so as to place the owner of an American vessel engaged in a foreign trade substantially on a parity with the owner of a similar foreign vessel in such trade as respects capital cost and cost of operation; and as Seatrain Lines (Inc.) is and will be benefited by reason of the authorization of the United States Shipping Board to carry coastwise trade between New Orleans and New York via Habana while fully performing said mail contract and maintaining its full foreign service under and pursuant to said construction-loan agreements; Seatrain Lines (Inc.) does not conceive it to be fair to the United States in the circumstances stated that it, Seatrain Lines (Inc.), should accept and retain the full mail compensation payable under said contract while it is simultaneously carrying foreign and coastwise trade in said vessels on said mail route between New Orleans and Habana.

Now, therefore, in consideration of the premises, Seatrain Lines (Inc.) hereby offers and undertakes, so long as it shall by reason of an authorization of the United States Shipping Board carry coastwise trade between New Orleans and New York via Habana, while performing said mail contract on route No. 56 to relinquish to the United States and to waive all claims to such proportion of the full mail compensation which would be payable under and in accordance with the terms and conditions of said mail contract as the revenue earned on the outward voyages on said route No. 56 by Seatrain Lines (Inc.) with the vessels performing said mail contract from coastwise trade from New Orleans to Habana bears to the total revenue earned as aforesaid on both foreign and coastwise trade from New Orleans to Habana, the revenue from coastwise trade from New Orleans to Habana being taken as such part of the revenue on coastwise trade from New Orleans to New York as the distance from New Orleans to Habana bears to the total distance from New Orleans via Habana to New York.

SEATRAIN LINES (INC.),
By GRAHAM M. BRUSH, *President*.

Witness:

G. S. AMORY.

Attest:

DONALD D. GRAVES,
Assistant Secretary.

JANUARY 11, 1933.

SEATRAIN LINES (INC.),
39 Broadway, New York, N. Y.

GENTLEMEN: Receipt is acknowledged of your letter of January 9, 1933, in which you state that, in consideration of the permission granted you by the Shipping Board in its resolutions of October 6 and December 21, 1932, to engage temporarily in coastwise trade between New Orleans and New York by way of Habana, you desire to request a modification of your contract on ocean mail route No. 56, between New Orleans and Habana, so that you shall be paid thereunder, during the period of said coastwise operation between the above-named points, only such proportion of the pay named in the contract as the revenue earned on outward voyages over the mail route from foreign traffic bears to the total revenue earned on such voyages, the revenue from other trade from New Orleans to Habana being taken as such proportion of the revenue on coastwise trade from New Orleans to New York as the distance from New Orleans to Habana bears to the total distance from New Orleans via Habana to New York.

In view of the premises and considerations stated in your letter, it would, in my opinion, be in the interest of the Government to accept your proposal, and I hereby agree to the modification of the contract on ocean mail route No. 56 accordingly.

Very truly yours,

WALTER F. BROWN.

Mr. BROUSSARD. The Senator from Tennessee, as he has just admitted, believes there are only five valid contracts. Of course, he lives away up at Memphis. If he lived on the coast we would have more, I suppose. Some are satisfied that the other 39 contracts are invalid. Therefore, without committing myself, I have subscribed to the subsidy. The Senator from Tennessee has not. The Senators from Florida have done so, and have voted for the bill. I would not promise the Senator from Tennessee to vote for a resolution to refer the matter of the contracts to the Attorney General. I think a resolution should be introduced to have them investigated, if that is his desire. But the contracts are valid. These people have spent more than $2,000,000 each on the two ships, and they are there for use of the Navy whenever emergency requires.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Tennessee?

Mr. BROUSSARD. Certainly.

Mr. McKELLAR. Can the Senator tell us whether or not they are in arrears in their payments to the Government on account of this contract?

Mr. BROUSSARD. I do not know. I am sure the Senator knows.

Mr. McKELLAR. I am told that the payments on practically all of the vessels for which money was borrowed at such remarkable rates of interest—one-fourth of 1 per cent, three-eighths of 1 per cent, one-half of 1 per cent, and other per cents which the favored companies were required to pay—are all in arrears, even with that small rate of interest. It seems to me they are in no position to come here and ask for favors.

Mr. BROUSSARD. I am not surprised that they are in arrears with the attacks made upon their contracts by men on the floor of the United States Senate who are desirous that we delegate the power to the Shipping Board and the Postmaster General to do these things. If we abrogate the law, I do not find it strange that they can not meet even the one-eighth of 1 per cent interest. That is my complaint about those who are seeking all the time to abrogate the contracts. Why not abrogate the law?

Mr. McKELLAR. If the Senator will vote for it——

Mr. BROUSSARD. No; I will not vote for it. Why does not the Senator abrogate the law?

Mr. McKELLAR. Because a majority of the Senate will not do it. That is one reason.

Mr. BROUSSARD. That is the way the Senator attacks their integrity and their credit by his annual assault upon these appropriations. That is not anything singular. The Senator will remember that I made an assault against the Philippine independence bill, when this body would not vote for it, by asking that a tax be applied. I did not want a tax, but I thought I would bring about some result. I did that in 1929.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from New York?

Mr. BROUSSARD. I yield.

Mr. COPELAND. I do not like to let pass unchallenged the statement the Senator from Tennessee made about the standing of these various shipping lines with the Govern-

ment. The Shipping Board advises me that on December 31, 1932, the total cost of new ships built or reconditioned, receiving aid of construction loans, had reached the total of $210,000,000. That is, these private lines have expended with the aid of the Government $210,000,000. The total of loans outstanding at this time amounts to $123,000,000. In other words, the shipowners themselves have already paid in cash upon the cost of these ships more than 41 per cent. If they are given encouragement a little while longer, it will not be long before their equity is even greater than ours.

To my mind it would be a great mistake to let the country get the impression that we are giving this money to the shipowners. As a matter of fact, they have of their own money, as I have indicated, about $80,000,000 which they have invested, and from time to time they are making their payments. In addition, we have chosen to encourage the shipowners by reason of the fact that it costs more to build in our shipyards than it does abroad.

Mr. BROUSSARD. Yes; 50 per cent more.

Mr. COPELAND. It costs more to operate under our shipping laws than under foreign laws. We have chosen to assist our American merchant marine by these mail subventions. Here is one which was entered into in good faith. It has been modified in good faith. The Comptroller General refused to pass upon it and to make the payment a few months ago, but after adjustments and readjustments had been made and provision was made for a material saving in the annual outlay of the Government, the Postmaster General then entered into a new contract, a legal contract. I agree fully with the Senator from Louisiana that the Senate should not consider the thought of abrogating a solemn contract of the Government. It is unthinkable, as I see it.

Mr. BROUSSARD. I recall, and the Senator from New York will recall, that when we sat in the hearings there appeared the president of a shipping company which was asked to run a line of steamships to West Africa. The Senator from Tennessee asked how much mail he carried. He said, "I do not carry a hatful down to the African ports that I visit." The Senator from Tennessee thought that was a fine illustration of the basis for his opposition to mail contracts. That steamship line would not have been established, nor would the Shipping Board have been able to sell these ships unless it gave a subvention to carry mail. The Senator from Tennessee asked if he had not had one of these canceled and he said, "Yes. I forgot to write myself a letter, and there was no letter at that port, and therefore the Post Office Department canceled that port."

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BROUSSARD. I yield.

Mr. McKELLAR. I understand the one about which the Senator speaks, who bought the Government ships and are carrying Government mail with this subsidy, have not even paid a single solitary installment on their ship. They got it on 20 yearly installments. They bought the ship for about one-tenth of what it cost and paid one-twentieth of the price, and since that time have not paid anything, but are getting the Government subsidy every month for the benefit of their stockholders.

Mr. BROUSSARD. Would we have such a line if we had not given them such a subsidy?

Mr. McKELLAR. I do not think it helps our foreign trade in the slightest. Indeed, it has been suggested on the floor of the Senate that the only purpose and the only reason why the line is running is to draw the subsidy. They do not have enough business to justify the operation of the line, and the only purpose in running it is to draw the Government subsidy.

Mr. BROUSSARD. How were we fixed during the World War?

Mr. McKELLAR. That is 14 years ago and we need not bother about that now. We have not one-third of the shipping we had when this act went into effect. Our merchant marine is going down annually since we have adopted the plan of granting these subsidies.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from New York?

Mr. BROUSSARD. Certainly.

Mr. COPELAND. I want to invite the attention of the Senator from Tennessee to this fact. This is said in response to what he said about the West African Line. Is that the line?

Mr. McKELLAR. I believe that is the name of it.

Mr. COPELAND. I think that was the American-West African Line.

Mr. McKELLAR. It is the Herbermann Line, a prime favorite of the Shipping Board, its special pet, its special subsidy obtainer at large.

Mr. COPELAND. That is the American Export Line, I think.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. BROUSSARD. I think I hold the floor.

Mr. McKELLAR. I beg the Senator's pardon.

Mr. COPELAND. Mr. President——

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Louisiana yield, and, if so, to whom?

Mr. BROUSSARD. I yield first to the Senator from New York.

Mr. COPELAND. Mr. President, I wish to call the attention of the Senator from Tennessee to the fact that after the war when we found ourselves in possession of an enormous amount of shipping, we established various lines and operated them, and we did so with an operating deficit of from $40,000,000 to $50,000,000 a year. The Senator remembers the enormous appropriations we made. We determined under the Jones-White Act to get rid of these ships as fast as possible, to get them into private hands and let private citizens lose all this money; and now, instead of losing $40,000,000 or $50,000,000 a year, through mail subventions, in payment for services as well as to help the lines, we pay about $18,000,000 a year.

Mr. McKELLAR. Mr. President, we pay in subsidies to ocean-going vessels $28,500,000 a year. That is just what we pay to them. I have forgotten the exact number of millions we pay for the Shipping Board; but, as a matter of fact, we are paying out just as much in subsidies and in appropriations for the Shipping Board as we did in "the good old days" when we were losing $50,000,000 a year, and we are not getting anything like the service.

Mr. BROUSSARD. Of course, the service is not worth anything at all.

Mr. McKELLAR. I say we are not getting the service because we have not now as large a merchant marine in private hands by one-third as we had at that time.

Mr. COPELAND. If the Senator from Louisiana will permit me further, I know that my friend from Tennessee wants to be entirely accurate.

Mr. McKELLAR. I do; and if the Senator can give me facts showing that I have, in the slightest degree even, enlarged upon the figures, I shall be glad to take my statement back.

Mr. COPELAND. I have not imagination enough on my part to follow the Senator when he says that we are now paying in subsidies as much as we paid "in the good old days," as the Senator puts it, when we were operating the lines.

Mr. McKELLAR. We are paying $28,500,000.

Mr. COPELAND. I challenge those figures.

Mr. McKELLAR. If the Senator challenges them, then I can not read, because that is what is appropriated in this bill.

Mr. COPELAND. We are now paying for mail aid $18,000,000 a year to 44 lines, whereas we were operating 38 lines "in the good old days," at a deficit of from $40,000,000 to $50,000,000 a year.

Mr. McKELLAR. Mr. President, if the Senator from Louisiana will yield for a moment longer to allow me to

answer the Senator from New York, let me say that of course I may not be able to read, I sometimes wonder whether I am or not; but I am going to attempt to read from this bill the item at the bottom of page 56, as follows:

For transportation of foreign mails by steamship, aircraft, or otherwise, including the cost of advertising in connection with the award of contracts authorized by the merchant marine act of 1928 (U. S. C., title 46, secs. 861–889; Supp. V, title 46, secs. 886–891x), $35,500,000: *Provided*, That not to exceed $7,000,000 of this sum may be expended for carrying foreign mail by aircraft under contracts which will not create obligations for the fiscal year 1935 in excess of $7,000,000.

Seven from fifteen leaves eight, as I remember my arithmetic. So, $7,000,000 deducted from $35,500,000 leaves $28,500,000 appropriated for the shipping companies by this bill. The Senator may explain that if he can.

Mr. COPELAND. If the Senator from Louisiana will permit me, let me ask, Do we pay any money to any foreign ships to carry our mail?

Mr. McKELLAR. The Senator has asked a very pertinent question, and I shall be delighted to answer it. A number of these ships, notably those of the International Mercantile Marine, are owned, in large part, or controlled in large part, by foreigners, and that particular company, drawing, as I remember, something like $1,200,000 a year from our Government, is under contract with the British Government to turn its ships over to Great Britain in the event Great Britain should become involved in war, and that includes war with the United States. Yet this Government is furnishing the subsidy indicated to that very company.

Mr. WHITE. Mr. President, will the Senator from Louisiana yield to me?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Maine?

Mr. BROUSSARD. I yield.

Mr. WHITE. Mr. President, it is rather difficult to know where to begin correcting the Senator from Tennessee in his statement of facts. He referred to the American-West African line. That is not the Herbermann Line. The Herbermann Line is the American Export Line, running to the Mediterranean area. The truth about the American-West African Line is that it——

Mr. McKELLAR. Does not Africa border on the Mediterranean? If it does not, I have lost all remembrance of my geography.

Mr. WHITE. Yes; it does; but that is not this line. The American-West African Line runs down toward the Cape of Good Hope. That line purchased ships of the Shipping Board and paid, or obligated itself to pay, $2,300,000 for those ships.

Mr. McKELLAR. What did they cost?

Mr. WHITE. I do not know what they cost. The line obligated itself under its contract to build new ships or to recondition old ships at an estimated expense of about $4,800,000, and that is a subsisting obligation.

Speaking of West Africa and of our trade there, back in those "good old days" there was not a single American ship going from the coast of the United States to Africa. Since 1927 there have been approximately 20 American ships operating in the service of that trade, and the trade of the United States, export and import, has increased approximately 325 per cent in that span of time.

If I am not trespassing unduly on the Senator from Louisiana, let me advert to what has been said about the expense of the merchant-marine legislation in comparison with the expenditures "in the good old days." I can illustrate the difference by citing figures as to the money that has been spent in various ways. In 1931 we paid, under our postal contracts, $18,818,000. The mail, if carried on a poundage rate under the provisions of the old law, would have cost something like $2,710,000. I am speaking from recollection, and there may be some inaccuracy, but what I am saying is substantially correct. In other words, in one year, 1931, the cost under our postal contracts was $16,108,000.

Go back to the period from 1921 to 1926—and 1926 was the last full year before serious consideration was begun of the merchant-marine legislation—and it will be found that the operating losses of the Fleet Corporation and the administrative expenses of the Shipping Board averaged $40,400,000 a year. In the year 1931, to which I have alluded, those operating losses and those administrative expenses had been cut to $6,900,000, a saving of approximately $33,500,000; and that is a saving of more than twice what the merchant-marine legislation cost us in the year 1931.

I could go on illustrating the point in various other ways if I were not trespassing on the time of the Senator from Louisiana.

Mr. BROUSSARD. Mr. President, I do not care to retain the floor longer. This matter has been threshed out on the floor. We had, as I recall, over three weeks of hearings in the Appropriations Committee last year and came to the conclusion that we should reinstate the item stricken out by the House that is known as the Davis amendment. I hope the Senate will now refuse to join the House; that it will stand with the committee upon this proposition and eliminate the provision inserted by the House.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

CHAIN STORES—REPORT OF FEDERAL TRADE COMMISSION

Mr. CAPPER. Mr. President, I hold in my hand the announcement made recently by the Federal Trade Commission of the transmittal of the ninth in the series of its reports under Senate Resolution 224.

The facts disclosed in this latest report in the chain-store inquiry are indicated by the captions of the commission's official announcements, which read:

Trade Commission studies short weights and overweights in chain stores. Latest report shows one-half of items bought in stores of four selected cities as lacking in weight.

This report provides conclusive proof of the methods by which the great chain organizations rob the unsuspecting public to recoup their price lure losses on popular, well-known articles.

The Senator from New York [Mr. COPELAND], the Senator from Iowa [Mr. BROOKHART], and I have called attention to evidence of the practice of those corporations in mulcting the consumer by extortionate prices on what they call "blind" or unidentifiable bulk goods. This report shows that they not only "long price" the buyer but also that they "short weight" him. This is the evil which we are seeking to eliminate by Senate bill 97, which is known as the fair trade bill and which I earnestly ask every Senator to consider in connection with this report from the commission.

I send to the desk and ask to have printed in the RECORD the commission's announcement and letter of transmittal to the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

FEDERAL TRADE COMMISSION,
Washington.

TRADE COMMISSION STUDIES SHORT WEIGHTS AND OVERWEIGHTS IN CHAIN STORES—LATEST REPORT SHOWS ONE-HALF OF ITEMS BOUGHT IN STORES OF FOUR SELECTED CITIES AS LACKING IN WEIGHT

(This is a summary of the ninth of a series of reports on chain-store practices. The complete report is to be printed.)

The Federal Trade Commission sends to the Senate to-day its latest report on chain-store practices showing, among other things, that out of all purchases of a selected list of commodities made especially for this investigation in chain stores in four widely separated cities, about one-half or 50.3 per cent of the items were short in weight.

The report is entitled "Short Weighing and Overweighing in Chain and Independent Grocery Stores."

On all purchases made for the commission from independent and cooperative chain-store retailers in the four cities, the short-weight items amounted to slightly less than half, or 47.8 per cent.

Overweights were obtained on only 34.1 per cent of the total purchases from chain stores as compared with 43.8 per cent of

the purchases from independent and cooperative chains combined.

Total net shortage (difference between total quantities short weight and overweight) on all items purchased from chain stores was slightly more than three-tenths of 1 per cent of the total quantity bought, as compared with a net overage for independents of .143 of 1 per cent. The overages and shortages from cooperatives exactly balanced. Combining the cooperative and independent dealer purchases the result is a net overage of .096 of 1 per cent.

While the size of the shortage for chains may seem insignificant to many, it would amount to 3.41 per cent on the investment in these bulk commodities, figured on the basis of the average stock turn of grocery and meat chains of 10.61 times per annum.

GOODS WEIGHED IN ADVANCE ARE OFTEN SHORT IN WEIGHT

The buyer of merchandise which is weighed and packaged in advance of sale stands about two chances out of three that he will get short weights from either the independent dealer or the cooperative chain and only a slightly better chance in the chain store.

A total of 795 items, or 12 per cent of the total purchases made for this report in the four cities, were preweighed and almost two-thirds of these were obtained from chain stores.

"As has been often alleged, short weights occurred more frequently on these preweighed items than on items weighed at the time of sale."

For the chains, the proportion of preweighed items which were short in weight was 59 per cent as compared with 50.3 per cent on both preweighed and other items.

For independents and cooperatives combined the difference was much more striking. The proportion of shortages on preweighed items was 65 per cent as against only 47.8 per cent on the total items purchased from those dealers.

The commission's report is based on the weights given on five bulk commodities bought in chain and independent stores and was undertaken to answer a charge frequently made that chain grocery stores obtain an advantage over independent stores through short-weighing of bulk commodities.

The commodities purchased were navy beans, dried prunes, lima beans, light-weight sweetened crackers, and sugar, the quantities varying from one-half pound to 4 pounds. They were obtained in a total of 1,691 stores situated in 4 cities, each having more than 100,000 population—1 situated in New England, 1 in the Middle Atlantic States, 1 in the South, and 1 in the Middle West.

Full text of the commission's letter of submittal of the report to the Senate is as follows:

LETTER OF SUBMITTAL

FEDERAL TRADE COMMISSION,
Washington, D. C., December 15, 1932.

TO THE SENATE OF THE UNITED STATES:

Under Senate Resolution 224, Seventieth Congress, first session, the commission was directed to make an inquiry into the chain-store system of marketing and distribution, including, among other things, "the advantages or disadvantages of chain-store distribution in comparison with those of other types of distribution." This report on short weighing and overweighing in chain and independent grocery stores deals with the subject of weights given on five bulk commodities purchased in chain and independent stores, and was undertaken to answer a charge frequently made that chain grocery stores obtain an advantage over independent stores through short weighing of bulk commodities.

It is often stated that in weighing out bulk commodities exact net weight can not be achieved in a large percentage of cases but that over a long period the shortages and overages will balance each other. Both shortages and overages are likely to occur when clerks weigh out bulk merchandise hurriedly while other customers are waiting to be served, or when the weight of a unit of the article sold is comparatively large.

SCOPE OF INVESTIGATION

To determine the extent to which the chain stores short weight commodities sold in bulk and also to determine whether this practice occurs more often in chain than in independent stores, five bulk articles were purchased for weighing from both kinds of stores without disclosing by whom and for what purpose such purchases were being made. The commodities purchased were navy beans, dried prunes, Lima beans, light-weight sweetened crackers, and sugar. The quantities of the commodities bought varied from one-half pound to 4 pounds.

The purchases were made in four cities, each having a population of over 100,000. To make the study representative the cities selected were located in different sections of the country; one in New England, one in the Middle Atlantic States, one in the South, and one in the Middle West. In each of these cities there were one or more of the six largest chain-store systems and also one or more local chains, as well as one or more cooperative chains with their membership of independent grocers. Practically all stores in the four cities were shopped, hence all types of stores in all types of neighborhoods are represented. In the four cities a total of 1,691 stores was shopped for the five bulk commodities.

Of the total number of stores shopped, 702, or 41.5 per cent, belonged to 11 different grocery or grocery and meat chains; 320, or 18.9 per cent, were independent stores affiliated with 11 cooperative chains; and 669, or 39.6 per cent, were independent stores without cooperative affiliations. As certain of the 11 chains operated stores in more than one of the four cities, the city comparisons are for 14 groups of chain stores.

PROPORTION OF SHORT, OVER, AND EXACT WEIGHT PURCHASES

On all purchases from chains in the four cities 50.3 per cent of the items were short in weight. On all purchases from independent and cooperative retailers 47.8 per cent were short weight. Overweights were obtained on only 34.1 per cent of the total purchases from chain stores as compared with 43.8 per cent of the purchases from independents and cooperative chains combined. Exact weights, however, were given on 15.6 per cent of the items purchased from chains but on only 8.4 per cent of those bought from cooperatives and independents combined.

AMOUNTS OF TOTAL SHORT OR OVERWEIGHT

The short weights (not including overweights) on total purchases from chains (0.987 of 1 per cent) were substantially below those of independents and cooperative chains combined (1.265 per cent).

However, the total net shortage (the difference between total quantities short weight and overweight) on all items purchased from chain stores was slightly over three-tenths of 1 per cent (0.321 of 1 per cent) of the total quantity bought, as compared with a net average for independents of 0.143 of 1 per cent. The overages and shortages from cooperatives exactly balanced. Combining the cooperative and independent dealer purchases the result is a net overage of 0.096 of 1 per cent.

While the size of the shortage for chains may seem insignificant to many, it would amount to 3.41 per cent on the investment in these bulk commodities, figured on the basis of the average stock turn of grocery and meat chains of 10.61 times per annum.

The turnover of certain other bulk commodities such as fresh meats and produce is probably much higher than the average, and these commodities constitute a substantial proportion of the total business of most chains selling groceries. A shortage of weight of the size found in this test, if it were applicable to all bulk commodities weighed by the chains, would obviously result in an increase in the rate of return on the investment in such commodities, and probably, because of their large volume, on total investment as well.

VARIATIONS IN CHAIN AND INDEPENDENT WEIGHTS BY CITIES

It should not be inferred that all chain stores gave short net weights or that all independent stores gave net overweights. In city No. 1 the chains gave short weights less frequently than either the cooperatives or independents. In the other three cities the former were more frequently short than the latter. In no one of the four cities did the chains give overages more frequently than shortages, although the cooperatives did so in one city, the independents in two, and the cooperatives and independents combined in two.

In city No. 1 the chains had a net overage in the total quantities purchased, but gave net shortages in the other three. The cooperatives likewise gave a net overage in only one city (No. 4) and were short in the other three.

The independents, excluding cooperatives, on the other hand, had a net shortage in total weight purchased in only one city and a net overage in three. Cooperatives and independents combined had net shortages in two cities and net overages in two.

Short weighing was found to be much more prevalent in city No. 2 for every group of distributors than it was in any other city. That city was the only one of the four in which every one of the three groups of distributors had a net shortage. The combined chain distributors in that city, with a net shortage of over 1 per cent (1.044 per cent) and 61.7 per cent of the total items purchased underweight, were responsible for a higher proportion of short-weight purchases and a higher net shortage than any other group of distributors tabulated in any of the four cities.

VARIATIONS IN WEIGHTS BETWEEN CHAINS

The proportion of purchases from the several chains which were short weight exceeded the proportion of purchases which were overweight in all but 2 of the 14 separate chain comparisons. For any chain the lowest proportion of short weights was 38.6 per cent of the total purchases made from it; the highest was 69.5. In most cases, overweights for the chains ranged from 30 to 40 per cent of the total items purchased. Eleven chains, or nearly 80 per cent of them, gave net shortages on the total quantities bought and in two cities, none of the chains had a net overage.

Of the 14 chain groups shopped in the 4 cities, there were only 3 which had net overages, the highest of which was 0.212 of 1 per cent of the total weight purchased. The range of net shortages for the different chain groups was from 0.036 of 1 per cent to 1.730 per cent.

VARIATIONS IN WEIGHTS BETWEEN COOPERATIVE CHAINS

The proportion of short weights given by cooperative chains exceeded the proportion of overweights in 5 of the 8 cooperative groups as compared with 12 out of 14 chain groups. The smallest proportion of short weights given by any cooperative was 37.8 per cent of the total number of items purchased from it, and the largest was 61.5 per cent. The proportion of overweight purchases from the various cooperatives ranged from 32.2 per cent to 63.2 per cent of the total number of purchases. The total quantities bought from each of 5 of the 8 cooperative groups of stores showed a net shortage in weight, while those from each of the remaining 3 showed a net overage. The largest net

shortage in weight for any one of these cooperative groups was 0.722 of 1 per cent of the quantity purchased; the largest net overage, 1.047 per cent.

SHORT WEIGHTS AND OVERWEIGHTS BY COMMODITIES

The chain stores were more frequently short weight than either the independent stores or cooperatives on two of the five items, navy beans and sweetened crackers, and were more frequently short than their independent competitors on dried prunes as well. On sugar and Lima beans the reverse was found, the chains giving short weights less frequently than their independent or cooperative competitors. Except on Lima beans, however, where the difference is very slight, the proportion of chain purchases which were short weight always exceeded the proportion which was overweight. The showing for the independents and cooperatives was slightly better, both of these types of distributors giving more overages than shortages on prunes and Lima beans. On sweetened crackers and sugar, however, the independents and cooperatives as well as the chains had substantially lower proportions of overages than shortages.

In actual net weight each type of distributor gave net overages on prune and Lima-bean purchases and set short weights on sweetened crackers. On navy beans the chains gave a net short weight, and the other type of distributors a net overweight, the reverse being true on sugar, where the chains had a slight net overage, and the other types of distributors were net short. Except in the case of sugar, where the chains had a slight overage, the overweights given by the chains were less and the shortages greater than was true of cooperative and independent distributors combined. The general and comparatively high shortages on sweetened crackers are possibly explained in part by the fact that this was relatively the most expensive article purchased in the various stores and also the one which was perhaps at the same time the least susceptible of accurate weighing.

EFFECT OF WEIGHING AND PACKAGING BY DISTRIBUTORS ON WEIGHING RESULTS

Since it is sometimes contended that preweighed bulk purchases reflect more clearly the attitude of grocery stores in the matter of accurate weights, considerable interest attached to the weight of such bulk items—that is, those items weighed by employees in advance of sale. A total of 795 items, or 12 per cent of total purchases (6,640 items) made, were preweighed and nearly two-thirds (64.4 per cent) of these were obtained from chains. As has been often alleged, short weights occurred more frequently on these preweighed items than on items weighed at the time of sale. For the chains, the proportion of preweighed items which were short in weight was 59 per cent, as compared with 50.3 per cent on both preweighed and other items. For independents and cooperatives combined, the difference was much more striking, the proportion of shortages on preweighed items being 65 per cent as against only 47.8 per cent on the total items purchased from those dealers. The chains therefore had a considerably smaller proportion of short weights on preweighed items than the independents or cooperatives separately or combined. They also gave exact weights on a larger proportion of items.

The buyer of commodities weighed and packaged in advance of sale stands about two chances out of three that he will get short weights from either the independent dealer or the cooperative, and only a slightly better chance in the chain store. Furthermore, the net shortage on these preweighed items is much greater, on the average, than is the case with items weighed at the time of purchase. On preweighed items the net shortage represented slightly over eight-tenths (0.813) of 1 per cent of the quantity purchased as compared with less than one-tenth of 1 per cent (0.091) on total quantities of all goods bought. Between chains and independent and cooperative chain dealers the difference in the size of the shortages on preweighed items was markedly in favor of the chains. The chains were net short 0.719 per cent of the total weight of the preweighed items bought, as compared with 1.005 per cent for the independents and cooperatives combined.

SHORT WEIGHTS AND OVERWEIGHTS, EXCLUDING PREWEIGHED COMMODITIES

Even after the exclusion of the preweighed items, the chains show, as they did in the case of total purchases, an appreciably higher proportion of exact weights, a somewhat higher proportion of short weights, and an appreciably lower proportion of overweights than do the other types of distributors.

Similarly, a comparison of the amounts of net overages and shortages for all purchases, excluding those preweighed, with the amounts of such net overages and shortages for all commodities purchased, showed a net shortage for the chains of two-tenths of 1 per cent, while the net overage for the cooperatives and independents combined was slightly over two-tenths of 1 per cent, the net difference amounting to about four-tenths of 1 per cent in favor of the independent stores.

FEDERAL RECLAMATION PROJECTS

Mr. STEIWER. Mr. President, my attention has been invited to a statement recently made before the joint meeting of the Senate and House Committees on Irrigation and Reclamation by the Hon. Marshall N. Dana. It is a very interesting statement, and I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF MARSHALL N. DANA, PRESIDENT OF NATIONAL RECLAMATION ASSOCIATION, PORTLAND, OREG., JANUARY 11, 1933

The business, industrial, transportation, and, I might say, publication interests of the West have become aware that an emergency confronts Federal reclamation. We share with the direct representatives of Federal reclamation projects an understanding of the plight of settlers upon the reclamation projects under conditions entirely beyond their control which have been created by the present depression. We are in sympathy with the proposal for time extensions on settler repayments of construction charges, but we realize that if these extensions are granted there will be a loss of revenue to the reclamation fund and that this loss will prevent the continuance of construction on authorized projects.

It is imperative that we maintain reclamation as a national policy in order to conserve the basic values of the West. It is also imperative that a balance be struck between the arrangements for so-called moratoriums and a Treasury loan that will provide for the continuance of necessary construction. If construction is suspended on July 1, 2,500 to 3,500 men will be thrown out of employment. They with their families represent at least 10,000 persons, who will be subjected to severe distress, and their loss of earning and buying power will be felt in all other channels. The situation of these workers will approximate the plight of project settlers who have been unable under existing conditions to make any return.

As to whether Reconstruction Finance Corporation funds could be made available to irrigation districts, Dr. W. L. Powers, secretary of the Oregon Reclamation Congress, took up this question in Oregon, and was told that such loans would not be possible, the reason being that these projects could not be considered self-liquidating projects, since they were maintained by taxation.

I have come here to Washington authorized to say in behalf of the National Reclamation Association that all of the interests of the West are standing together in support of the Bureau of Reclamation and in behalf of legislation at this session of Congress that will meet the emergencies of the projects and of continued construction.

The National Reclamation Association asks that the Senators and Representatives from the arid-land States undertake a concert of action on legislation at the present session of Congress that will meet the emergencies of settlers upon established Federal irrigation projects and maintain the continuity of authorized construction.

We ask at this time the inclusion of no new lands for reclamation and no new projects of construction.

To salvage the values already created and to preserve the solvency of established projects is, we believe, a sufficient duty to ask of Congress under existing economic conditions.

It is our considered view that reasonable time extensions on payments due from settlers should be granted and that revenues thereby lost but imperatively required for authorized construction shall be supplemented by loans from the Federal Treasury. We believe it to be merely correct procedure to maintain a balance between the time extensions of settler repayments and the period to be allowed for in Treasury loans for construction.

We are informed by the Reclamation Bureau, and wish to repeat as evidence of the urgent need for effective immediate action, that unless suitable measures are adopted by Congress, all construction must stop July 1 of this year.

The National Reclamation Association also wishes to call upon the congressional delegation of Western States, as it has already called upon the western governors' conference, for leadership:

First. To maintain and to reestablish reclamation as a continuing national policy of the Federal Government. Second. To maintain unimpaired the efficiency and organization of the Bureau of Reclamation as a division of the Department of the Interior.

To the foregoing the National Reclamation Association, able to speak for the first time with the united voice and the unanimous sentiment of the West, pledges its unremitting endeavors and cooperation.

May I say that the National Reclamation Association was formed December 5, 1932, at Salt Lake by the National Reclamation Conference, composed of delegates who had been appointed by their respective governors or other proper State authorities, from Arizona, California, Colorado, Idaho, Montana, Nebraska, Nevada, New Mexico, Oregon, Texas, Utah, Washington, Wyoming, Illinois, and Minnesota. The reclamation conference was held one day in advance of the western governors' conference, which by resolutions, unanimously adopted, supported the conclusions of the reclamation conference and pledged support to the National Reclamation Association.

From the constitution of the National Reclamation Association I quote that * * * "The purpose of the association shall be to promote the cause of reclamation by irrigation, and to exert its efforts for the continuation of the services of the Federal Bureau of Reclamation and to cooperate with and assist it in bringing about the speedy completion of various Federal reclamation projects and to promote the adoption of such legislation affecting reclamation as shall meet the approval of the board of directors."

From declarations adopted by the association in the form of resolutions, I quote the following:

"We believe that the broad principle of Federal aid to reclamation should be extended to economically sound projects of regional

and national importance too costly for local or community effort; we hold that the immediate construction activity of the Bureau of Reclamation should be mainly confined to providing supplemental water supplies and completing or reconstructing works on existing Federal and non-Federal projects which are economically sound and on which such aid is urgently needed.

"We recognize further that, due to several conditions, payments accruing to the revolving funds have been materially decreased. Under the principles heretofore set forth, the activities of the Reclamation Bureau will contribute materially to the recovery of now existing agricultural areas in the Western States and therefore assist in farm relief.

"We indorse the principle of further advances to the revolving fund of the Bureau of Reclamation, to be repaid at definite and stated periods.

"While seeking to bring support to a continuing and effective policy of Federal reclamation, consistent with the general economic situation, we can not fail to recognize that an emergency exists on reclamation projects comparable with that existing in all agricultural districts, as well as in other lines of industry, and due to the same causes. This condition makes necessary some provision for an extension in the repayments of construction charges commensurate with existing needs.

"We commend this problem to the sympathetic consideration of the Congress in the belief that it can and should be met in such a way as to maintain the ultimate integrity of the revolving reclamation fund.

"We deem the existence and continuance of the Bureau of Reclamation of vital importance to the West and the entire Nation.

"It has been the policy of every administration to appoint a western man as Secretary of the Interior, and selections have been able men with an intimate knowledge of western problems.

"We urge the Bureau of Reclamation be maintained as a part of the Interior Department, which alone has acquaintance with the problems of water administration and conservation."

A provision was made on recommendation of the committee on legislation that a program of education be carried on showing the benefits of reclamation and irrigation to the West and to the Nation, and how necessary it is to continue the work of the Bureau of Reclamation to prevent a great loss to the Nation and to the West in the investments already made and to continue the proper growth and development of the West.

The active direction of the National Reclamation Association was given to a board of directors consisting of one director from each of the States having Federal reclamation projects, Messrs. Thomas Maddock, Arizona; Arthur B. Tarpey, California; E. B. Debler, Colorado; N. V. Sharp, Idaho; Sam Stephenson, Montana; R. A. Smith, Nebraska; George W. Malone, Nevada; Marshall N. Dana, Oregon; Roland Harwell, Texas; William R. Wallace, Utah; A. E. Larson, Washington; Perry W. Jenkins, Wyoming.

The National Reclamation Association does not take a position as between States or Federal reclamation projects in support of one to the detriment or prejudice of others. But we do wish to urge in the strongest terms the necessity to support reclamation as a policy and to free it from hostile, sinister, and inaccurate propaganda.

The purpose of the reclamation act passed by Congress in 1902 was to make water for irrigation available for tracts of arid land owned by the Federal Government in the West. Such an act was most proper in view of the fact that the Federal Government is the largest landowner in the so-called public-land States, having the ownership of 52 per cent of their area. The original purpose has been widened to include the supply of irrigation water for tracts in private ownership when necessitated by the character of irrigation development undertaken.

In order that western resources might to an equitable extent be used to stimulate reasonable western progress by reclamation, a revolving fund was created by provision that 95 per cent of the receipts from the sale of public lands and 52½ per cent of royalties derived from the leasing of mineral lands should be used for this purpose. All repayments of construction charges to the revolving fund were to be used in the development of other projects. In the year 1930, the reclamation revolving fund received 7 per cent of its income from public-land sales, 26 per cent from royalties, and 67 per cent from project collections. From the Federal Treasury two loans totaling $25,000,000 have been made to the reclamation fund and $10,000,000 of this amount has been repaid. It was provided that retirement of these loans should be at the rate of $1,000,000. This rate was continued for 10 years. By amendatory legislation extensions in repayment were granted until July 1, 1934, when the rate will be $2,000,000 a year for five years. Thereafter the balance is repayable at the rate of $1,000,000 a year until fully repaid.

A little less than 3,000,000 acres, or four-tenths of 1 per cent of the national crop acreage, have been irrigated. Homes have been provided for more than 41,000 families of country-minded people of small means who dwell upon irrigated lands and continue in healthful, productive employment.

While the value of crops grown on irrigated land represents but three-fourths of 1 per cent of the total crop value of the Nation, the activity has been of the first value in balancing other agricultural and industrial pursuits of the West, including grazing and livestock, mining, manufacturing, transportation, commerce, and municipal development. It may be conservatively stated that of every dollar of irrigation investment now in the balance and dependent for solvency largely on measures now to be enacted, four other dollars of investment are involved. We are dealing with basic security and the stake is stability and, almost, the solvency of the West.

Although we are told that the industrial East is antagonistic to reclamation, we are scarcely able to believe that other than prejudiced individuals are playing this rôle, since Federal irrigation projects afford an ever-expanding market for the sale each year of approximately 100,000 carloads, valued at more than $100,000,000, of manufactured products. Incident to the Federal projects, some 13,000,000 acre-feet of water are stored in some of the greatest reservoirs of the world, built with no major defects. These storage reservoirs, part of an ultimately comprehensive program, conserve run-off and tend to prevent soil erosion and floods.

Under the present reclamation law and policy no projects are constructed until their feasibility has been definitely determined from all standpoints, and no new projects, as said before, are now being advanced in the program sponsored by this association, the Reclamation Bureau being engaged chiefly in completing projects heretofore authorized by Congress or in furnishing supplemental water to projects whose supply has been found inadequate to meet their needs.

Irrigation districts are in need of replacements or supplemental construction to save existing values and relieve settlers. This can best be accomplished by extending the services of the Federal Reclamation Bureau organization to aid in irrigation-district rehabilitation.

On Federal irrigation projects, since adoption of the act of 1902, some $280,000,000 have been spent by the Reclamation Bureau; values aggregating some $2,000,000,000 have been produced, largely of foods represented in the deficiency crops, of which, prior to the present depression, we were importing some $2,000,000,000 worth a year. Reclamation does not have any material effect upon alleged crop surpluses. I wish to call attention to an impressive statement made by John W. Haw, agricultural director of the Northern Pacific Railroad, before the National Reclamation Conference at Salt Lake:

"Now the argument in general use against Federal reclamation is that the production of lands reclaimed aggregates an agricultural surplus which is alleged to be chiefly responsible for present low prices.

"It has been conclusively and repeatedly shown that products on irrigated projects are almost entirely those in which domestic consumption far exceeds production; that in the aggregate project agricultural production is but an infinitesimal part of our total production and could not possibly have a controlling effect. It would not seem necessary here to enlarge upon these points. Rather, we should concern ourselves with the refutation of the major premise of this argument, namely, that surplus production generally is in any major extent responsible for the level of low agricultural prices prevailing in this depression. We should be in a position to say, both, that reclamation does not contribute appreciably to the surplus; but, if it did, so far as the present situation is concerned, what of it?

"The anthem of surplus-production responsibility for present ruinously low prices, sung by most farm-distress diagnosticians, will not stand either analysis or test. We propose to discuss this question here in some detail, as it is the foundation of the present agitation against reclamation; in fact, against any further land development. In fact, it is commonly used to show that lands and farms now in production should be allowed to slip out of production under the stress of present economic conditions. The price of agricultural products produced in surplus, or those produced at a balance between consumption and production, or, again, those produced in a quantity far less than normal consumption, are all about equally low in price. Wheat and cotton, both surplus crops, are miserably low in price; but no lower than potatoes or hay—crops produced about in balance—nor are they lower than flax, sugar, and wool, which are produced domestically in but a fraction of our requirement.

"We are not here saying that the law of supply and demand has been repealed or that it is suddenly inoperative. We contend that demand has suddenly and drastically been curtailed and that to shrink supply to the proportions of present demand would depopulate 25 per cent of the farming areas of this country; that with recovery from the depression demand will again return and fair prices will obtain for even our present production. We contend that it is unsound economics and poor national policy to urge correction of the present price situation from the supply side—rather, attention should be focused on a correction of the demand side. Flax, sugar, and wool are crops now flowing in large quantities over what we thought heretofore was a satisfactory tariff wall, yet the price comparatively is as low as on the so-called surplus crops. Further, the present argument falls flat when we consider the situation as to wheat. In the world, and in this country, wheat acreage in 1932 was nearly 15 per cent under predepression years; yet the price has not raised, it has declined. In 1929 this country produced 812,000,000 bushels of wheat on 62,000,000 acres. The average price that year was $1.03 a bushel. Three years later, in 1932, wheat acreage had shrunk to 55,000,000 acres and the crop, principally by reason of poorer growing conditions, amounted to only 712,000,000 bushels; but the price this year is around 50 cents a bushel. A drastic acreage and production shrinkage had absolutely no effect in checking price declines.



"What is true of wheat is likewise true of many other farm products. Certainly it is difficult, in view of statistics showing reduced production, yet declining prices, to arrive at the conclusion that either acreage or actual production has any direct correlation with price levels in a major depression such as we are now experiencing. In view of the fact that with 200,000,000 less bushels of wheat produced in this country this year as compared with 1928, and with the price 50 per cent lower, it is flatly absurd to be alarmed over the 1932 production of two and a half million bushels of wheat on 100,000 acres on Federal irrigation projects."

In 1926 the Reclamation Bureau began the 10-year program to complete unfinished works and works authorized by Congress. The program was based upon anticipated revenues to the reclamation fund of from ten to fifteen million dollars a year. The revenues have shrunk under the effect of world-wide conditions; the extension of payments to afford a merited relief to settlers who struggle as do other farms against conditions beyond their control create still further shrinkage, and the emergency of reclamation is at its crisis now.

The miserable and malicious sectional propaganda from which the West suffers is nowhere better exampled than in the article by A. Newton Edward in the May Atlantic Monthly.

This author, addressing himself to the citizens of Wyoming, Montana, Utah, Nevada, Colorado, New Mexico, Arizona, and Idaho and perhaps several other backward States, says:

"Either relinquish your privilege of selecting two Senators each year or get out of the Union. You may, if you elected to stay in, have among you one Senator, provided he promises to be seen but not often heard. The idea that a group of six so-called States, with a population of only 2,700,000, the least populous area in the whole civilized world, should each of them speak with as much authority as the great States of New York, Pennsylvania, Massachusetts, Illinois, and others is ridiculous. What good are they—to themselves or anyone else? What do they produce? What taxes do they pay? * * * These miserable Western States have nothing, and they are a drain upon the entire country."

While we recognize this as the work of a geographic moron, it nevertheless has its effect, and certainly it has its answer. Carried to logical conclusions, it would mean the maintenance of congested populations as human breeding warrens without expansion area. It would mean the cutting off of all but the heavily industrialized areas, turning over to others the markets offered by western irrigated areas for $100,000,000 of manufactured products. It would mean a premium on narrow homes, narrow jobs, narrow outlooks, and narrow graves. It would mean that the older sections of the country, with longer opportunity for development and growth, would now exclude the newer sections in which the forward steps of the Nation are being taken. It would mean that no longer is value placed upon inexhaustible resources in lumber, mines, range, and the superior qualities of fruit and dairy products. It would mean an America whose citizens no longer would be exalted by mountain heights, no longer intrigued by the sweep of endless plains, no longer thrilled by that adventuring into new lands that produced the resolute and stalwart American type, no longer led onward by the determination to carve homes and wealth out of the wilderness, and no longer claimed by the lure of lure of the shores of the setting sun. If the gauntlet is thrown down challenging our right to exist and to make progress, we take it up. These magnificent enterprises that quicken the pulse of every builder are creating no vacuum, but are the projection of the heroic present into a splendid future. These Federal reclamation projects are in the understanding of the individual settler and his family, the Nation's dare and Uncle Sam's partnership to building outpost homes on civilization's frontiers. In these people the pioneer spirit still is to be found at its height of exertion and independence. They no more classify as subsidy the advances from the reclamation revolving fund, which they know they will and must repay, than they thus consider the national administration or measures of national defense. In fact, they look upon the balanced development of the West as a measure of national defense in which reclamation is an integral and essential part and the Government's commitment in fostering it as firm a contract and certainly a more productive financial enterprise than the maintenance of the Army and Navy. To leave these settlers defenseless at this moment of emergency would be criminal.

A recent arrival in the National Capital, like myself, is bound to be impressed by the amazing amount of construction going on here at the expense and under the direction of the Federal Government. Beautiful buildings of marble and stone, of steel and brass, are going up on every hand. These are being prepared to meet the expanding administrative needs of a confident Nation that fears no backward step. Their construction at this time means very large employment relief. Such buildings awaken our pride in a country able to build so expensively and so permanently. We are told that these are structures intended to serve for the next 1,000 years. No suspension of construction has been allowed, we are further told, because authorization was granted and appropriations were made "when there was plenty of money."

I speak not for criticism, but only for contrast, when I say that we from the West speak for those who are building their castles not of marble and bronze, but from out of the soil—their castles, their homes. They also are engaged in carrying on as best they can with authorizations previously granted. Nor will we hear it said by anyone that these people who build at the very mudsills of the foundation of our national integrity are less deserving, their distress less a subject of governmental concern.

Reclamation justifies itself by its production of deficiency crops and avoidance of farm surpluses. It establishes a balanced relationship between the western farm and town and is contributive to every other form of productive activity. It has created a desirable and expanding market for manufactured products. When emergency necessity for production arises, as it is sure to do as a consequence of present repression, the reclaimed areas will help supply the need, particularly of western towns and of the ports and terminal cities of the Pacific coast. And reclamation helps the Nation take and maintain a strong front toward the problems of the Pacific. Farming by means of irrigation is not politics, is not propaganda, is not speculation and inflation, but is merely the method of farming made necessary by the character of the country. The Federal Government's cooperation is a solemnly assumed responsibility. Its relief of reclamation settlers and the continuance of projects should be undertaken through the established channel of the Reclamation Service.

And I am aware as these words are uttered of thousands of families of the best and most dependable people we have in America, who are waiting with strained attention and anxious hearts for the outcome of this conference and the action of Congress. Their homes, their families, their futures, are at stake. Their confidence rests in the business responsibility of their Government. It is an economic problem we present, but it is also a human problem. The cost is small compared with the vast sums made available to others no more meritorious. But the relief is imperative. When the National Reclamation Association asks that moderate Treasury loans be made for continuance of authorized construction and in amount corresponding to the loss of revenues by extension of settler payments, we speak in no narrow or provincial manner, but with a true nationalism, and we present an emergency. For its solution we look with confidence to the elected leadership of the West.

I have received this morning a letter from Charles E. Stricklin, State engineer of Oregon, in which he says that hundreds of men will be thrown out of work if authorized construction is suspended because of exhaustion of funds with which to continue, due to a moratorium. On the Owyhee project in Oregon alone, probably 1,000 men would be thrown out of work. While applications are being made for relief of the needy in Oregon through the Reconstruction Finance Corporation, those applications do not contemplate this additional number, together with their families, and it would seem absurd to place upon Federal charity those who under every consideration of good faith and contracted obligation expect to secure employment on these Government projects. I asked Dr. Elwood Mead, United States Commissioner of Reclamation, exactly what would be the situation confronted by the Reclamation Bureau at the beginning of the next fiscal year, July 1, 1933. I wish to present his answer to that question:

If a moratorium is granted on construction payments by the present Congress, a loan to the reclamation fund to replace the money thus withheld should be made. Without this, construction work will practically cease for lack of money by next July. The following facts show this.

On July 1, 1932, when the 1933 appropriation act went into effect, the balance in the fund was $3,700,000. Against that were appropriations amounting to $5,200,000. Six months later, on January 1, 1933, this balance had fallen to $2,000,000. Of this balance, $1,200,000 must be reserved to pay current debts, for labor and construction work for which the money is obligated under contracts, for material and supplies, and charges for transportation. This would leave on January 1, 1933, an unexpended balance of $800,000. Against this there are the obligations to meet payments on construction work in progress under contracts required to be completed before July 1, 1933, which will require $1,000,000, or $200,000 more than the balance in the fund available for construction January 1, 1933.

But there are other obligations in addition to this contract work. Construction work is in progress by the United States, mainly day-labor forces, which will require $600,000. Work authorized by Congress for which appropriations have been made but where the contracts have not been let, will require $850,000 more, making a total of obligations against the fund between now and July 1, 1933, of $2,450,000. In this 6-month period from January 1 to June 30, 1933, there will be an estimated income, outside of construction payments by settlers, of $1,250,000. This income plus the unexpended $800,000 in the fund, would make approximately $2,050,000 to meet obligations of $2,450,000, or a shortage of $400,000.

But that is not the only financial difficulty the bureau faces. The Treasury requires the bureau to maintain a working balance. All this money therefore can not be spent. Some of it must be held to protect the Treasury against unforeseen or unexpected demands, such as a flood to destroy canal banks. We will therefore face interruption in construction unless payments from settlers continue uninterrupted or a loan is given us.

There is another uncertainty regarding the money available for construction. There are certain cases where the bureau maintains and operates the works and later collects these expenses from the settlers. This is done where the settlers have not taken over the works. In the above we have assumed that these operation and maintenance payments will be made and that they will carry the cost of this operation. If, however, any project defaults in the payment of current operation and maintenance charges, there will be another reduction in the fund. Present conditions

indicate that some such defaults will occur, thus lessening the amount of construction money.

Construction work proposed in the bill now before Congress will require $3,000,000, which equals the entire estimated income, without settlers' payments, but that $3,000,000 appropriation will face a deficit on July 1, and the appropriation contains nothing for completing the reservoir needed at Vale, estimated at $1,100,000; nothing for completing the Salt Lake Basin project, estimated at $650,000; and nothing for the Stanfield project, estimated at $100,000.

This will mean, therefore, that in 1934 progress on work already begun, and where the water which these works would make available is sorely needed, will have to be at a standstill.

The estimates submitted to Congress under which the appropriation of $3,000,000 has been approved by the lower House were based on the assumption that the construction payments due from water users for one-half of 1932 and all those for 1933 would be made. If a moratorium is granted it will reduce these payments, and hence the money in the fund available to meet appropriations. A knowledge of this fact may cause Congress to yet withhold appropriations to carry on construction work in 1934 unless provision to make payments is made. If a moratorium is granted, this means a loan.

DEMANDS ON TIME OF SENATORS—INTERVIEW WITH SENATOR TYDINGS

Mr. GLENN. Mr. President, I notice a very timely statement in an interview with the senior Senator from Maryland [Mr. TYDINGS], which appeared recently in the newspapers. I ask that it may be made a part of the RECORD.

There being no objection, the article was ordered printed in the RECORD, as follows:

Economic conditions and a session of Congress have compelled Senator MILLARD E. TYDINGS to call for help in bringing about two reductions—in demands for personal interviews and in correspondence.

"During these days of stress," he said, "my correspondence approximates 300 letters daily. Assuming that only one minute—an impossible supposition—is given to reading each of these communications and making reply thereto, 300 minutes, or 5 hours, would be consumed.

"An average of 60 persons each day request personal interviews. Three minutes to a person would consume 180 minutes, or 3 more hours. Thus, to answer the mail and see the persons requesting appointments would require eight hours out of the day.

"I serve on five Senate committees, including the Committee on Appropriations, which has to deal with each dollar spent by the Government—about four billions a year. This committee meets practically every morning from 10 to 12 o'clock.

"Congress meets every day at 12 o'clock and soon will remain in continuous session every day until about 10 o'clock at night. There are hundreds of important measures with which a Senator must familiarize himself.

"It must be perfectly obvious to any reasonable person that no man can answer this vast correspondence, see personally all of those who wish to talk with him, attend the committee meetings, and attend the sessions of the Senate.

"In these times when 12,000,000 people are out of work, 5,000 banks have failed, and upward of a million farms have been sold under mortgage foreclosure, the first duty of a representative in Congress is to devote himself to legislation which, it is hoped, will at least bring about a partial cure of the depression.

"I say this so my constituency may understand that, with Maryland abutting the congressional district, it is humanly impossible—even if I were three men—to afford each of those asking a personal interview.

"The time I give to these individual interviews and individual matters, while important in themselves, particularly to those interested, is taking my attention from matters of grave importance to all of the people of Maryland as well as to the country as a whole. I have severed every personal indulgence which I can, both in the day and in the evening, with the hope of finding time to keep up with the tremendous demands now upon me.

"I am, therefore, making this appeal to the people of Maryland. If the matter they have in mind is a position, compensation, or some other matter with which the Federal Government has to deal, it will be of the greatest help to me if they will write me as briefly as possible and not ask for personal interviews unless the matter is of such grave importance that it can not be handled in any other manner.

"I realize that in some quarters this may be misunderstood, but, after having tried to see personally everyone requesting an interview, to give prompt attention to my correspondence, to attend the committee meetings and the meetings of the Senate, and to study and give my attention to the important legislation before the Congress, I find that even with working far into the night it can not be done.

"I like the job. This is no complaint. All I ask is helpfulness."

ANALYSIS OF IMPORT AND EXPORT TRADE—TARIFF BARGAINING

Mr. COSTIGAN. Mr. President, yesterday I asked unanimous consent for the consideration of two resolutions which had been reported favorably from the Committee on Finance. I desire at this time to renew my request for the consideration of those resolutions.

Mr. SMOOT. Mr. President, if they will lead to any discussion whatever, I shall have to object. I should like to get this appropriation bill through to-night.

Mr. COSTIGAN. I have spoken to the Senators in charge of the bill, and they have no objection to the immediate consideration of the resolutions.

Mr. SMOOT. With the understanding that they will not lead to any discussion, I have no objection.

The PRESIDING OFFICER. Are the resolutions on the calendar?

Mr. COSTIGAN. The resolutions are on the calendar, and I do not think they will require any discussion.

The PRESIDING OFFICER. The Senator from Colorado asks unanimous consent for the consideration of a resolution, which will be read.

Mr. SMOOT. I have no objection unless it leads to discussion. If it does, I shall object.

Mr. REED. Mr. President, what is the request for unanimous consent?

The PRESIDING OFFICER. The clerk will read the resolution for the information of the Senate.

The legislative clerk read Senate Resolution 334, submitted by Mr. COSTIGAN on the 18th instant, calling for an analysis of the import and export trade with certain foreign countries, and for other information concerning tariff problems, as follows:

Resolved, That the United States Tariff Commission is hereby directed under section 332 (g) of the tariff act of 1930, and for the purposes of that section, to investigate, particularly by resort to available files and records, and to report thereon to the Senate assembled data, furnishing the Senate completed portions thereof as promptly as conditions permit, on the following subjects:

(1) An analysis of the composition of the import and export trade of the United States with each of the foreign countries with which the United States has important commercial relations, accompanied, where feasible, by a list of the tariff and other trade restrictions imposed since January 1, 1922, by each such foreign country on articles now or formerly imported from the United States, a discussion of alternative sources of such articles, an analysis of the invisible items entering into the balance of trade with each such country, and other significant economic and competitive facts affecting trade therewith.

(2) Early revisions of the summaries of tariff information heretofore compiled by the United States Tariff Commission, which will particularly indicate (a) the character of production, of imports and of exports of the United States, and the production in foreign countries of articles or types and grades of articles not exported to the United States or so exported only in minor quantities, with the reasons therefor; (b) advantages and disadvantages affecting the sale of domestic and foreign products in the markets of the United States and in important foreign markets; (c) concentration of control in foreign and domestic industries; and (d) other tariff problems, including those arising from the use of substitute articles, presented by industries selected for specified and significant reasons by the United States Tariff Commission.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

Mr. REED. Mr. President, reserving the right to object, I had not intended to speak on this matter, but I should like the RECORD to show that I am opposed to the passage of both of these resolutions. I have no objection to their further consideration.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution just read? The Chair hears none.

The resolution was considered by the Senate and agreed to.

The PRESIDING OFFICER. The clerk will read the second resolution referred to by the Senator from Colorado.

The legislative clerk read Senate Resolution 325, submitted by Mr. COSTIGAN on the 13th instant, calling for a report from the Tariff Commission of relative imports of certain commodities for designated years, and for certain other information concerning imports and exports.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution? The Chair hears none.

The Senate proceeded to consider the resolution, which had been reported from the Committee on Finance with amendments, on page 2, line 4, after "1933," to strike out "(giving precedence to this resolution, so far as may be required, over other resolutions heretofore adopted by the Senate directing the United States Tariff Commission to make reports to the Senate)"; in line 12, after the word "in," to strike out "1920" and insert "1919"; on page 3, line 5, after "1928," to strike out "and 1929, the first half of 1930, the latter half of 1930, and the calendar year", and insert "1929, and"; and on page 4, line 10, after the word "from," to strike out "1919" and insert "1929"; so as to make the resolution read:

Resolved, That the United States Tariff Commission (as provided under sec. 334 of the tariff act of 1930, and so far as deemed advisable by said Tariff Commission, with the cooperation of the Departments of State, Commerce, Agriculture, Labor, and other departments or independent establishments of the Government, as and when requested by the United States Tariff Commission to cooperate) is hereby directed under section 332 (g) of the tariff act of 1930, and for the purposes of that section, to investigate, particularly by resort to available files and records, and to report thereon to the Senate assembled data (including tariff rates, foreign-trade statistics, production statistics, and other pertinent facts) successively on or before February 1, 1933, February 15, 1933, and, finally, March 1, 1933, on the following subjects:

(1) Any and all tariff classifications (including, when practicable, grades and styles thereof and articles included in basket clauses) with respect to which there were substantial imports from abroad in 1919 and/or 1929, and as to which imports have since substantially lessened or have ceased, with the approximate dates of such lessening or cessation of imports, together with relevant facts concerning domestic production.

(2) Any and all dutiable articles of which imports in either 1927, 1929, or 1931 have represented less than 5 per cent of the domestic production of similar articles, giving the percentages of imports to domestic production in each of said years and the tariff changes in 1930, together with a description of the grades, varieties, and quantities of the said respective dutiable articles and a description of the grades, varieties, and quantities of said respective similar articles produced in the United States.

(3) Any and all articles on which the tariff rates exceed 50 per cent ad valorem, arranged by schedules in order of height of said rates in 1931, including the ad valorem equivalent of specific and compound rates, based, respectively, on prices of the calendar years 1928, 1929, and 1931; together with quantities and values imported in the same periods and the domestic production for 1929 and 1931, where practicable, of the respective articles covered by said rates, and separate lists showing, for all agricultural products and agricultural raw materials carrying tariff rates exceeding 50 per cent ad valorem in 1931, the equivalent ad valorem of present rates based on average prices from 1920 to 1929, both inclusive.

(4) Dutiable articles the imports of which have increased in quantity or value since 1929, with amounts and values of increases.

(5) Statistics, arranged by tariff paragraphs and schedules, of all articles important in export trade, the exports of which have decreased in quantity or in value since 1929, with information on the extent of the resulting unemployment in domestic export business.

(6) The extent of exports of capital from the United States to foreign countries to build or buy factories and employ labor in such foreign countries, together with the number of employees in such American-owned foreign factories.

(7) The range and variety of costs of production related to the quantities produced in each cost range in the United States and in competing foreign countries for each industry investigated by the Tariff Commission since 1920 (so far as can be given without disclosing the costs of individual concerns).

(8) The value and, where available, the quantity during each year from 1929 to 1932 of articles or special grades of articles which are produced in the United States with advantages, including trade and market conditions, which were factors in causing such articles and grades to be exported in substantial quantities to foreign markets, together with a statement regarding the nature of such advantages.

(9) The value and, where available, the quantity of the imports during each year from 1929 to 1932 of dutiable articles (distinguishing so far as practicable grades and styles of such articles and separate items included in basket clauses) which are more or less noncompetitive with articles produced in the United States and in which foreign countries possess advantages in production, including seasonal advantages, or as to which the foreign product has some unusual appeal to purchasers in the United States, including articles produced abroad by the use of relatively large quantities of hand labor as well as so-called foreign specialties not adapted to mass production or other conditions of efficient and economic production in the United States, and with particular reference to articles produced in Canada, Great Britain, Germany, France, Spain, Belgium, Italy, Czechoslovakia, Mexico, Argentina, Russia, China, and Japan, and in such other foreign countries as may provide commercially important illustrations.

(10) The extent to which existing conditional and unconditional most-favored-nation clauses in commercial treaties, listed for convenient reference, may affect tariff bargaining with foreign countries, having in view early and reciprocal reductions in tariff rates in the United States and foreign countries and increased trade and commerce between the United States and foreign countries.

(11) Generally to advise such ways and means for tariff bargaining as may appear relevant for most advantageously promoting expanded trade between the United States and foreign countries, with the purpose of increasing employment in the United States and markets abroad for products of farms and factories of the United States.

The amendments were agreed to.

The resolution as amended was agreed to.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. ODDIE. Mr. President, I have been informed that a number of Members of the Senate will not be able to be here this afternoon, and that they would like the privilege of voting on the pending amendment. I, therefore, am going to ask the Senator from Tennessee [Mr. McKELLAR]—who, I understand, has some further remarks to make regarding it—whether he would be agreeable to a vote on Monday shortly after the Senate convenes.

Mr. McKELLAR. Mr. President, I think we should make more haste on this bill; but if requests of that sort have been made of the Senator, and the Senator wants to have the bill go over, that will be satisfactory to me.

Mr. SMOOT. Do I understand that the Senator's request is that we shall not continue the consideration of the bill to-night, but shall recess at this time until Monday?

Mr. ODDIE. Yes; that was the suggestion.

Mr. KING. We would require a quorum if we took a vote, I suppose.

Mr. SMOOT. If there is objection to it.

Mr. McKELLAR. Does the Senator mean if there is objection to agreeing to this amendment?

Mr. SMOOT. No; I do not mean that, but as to whether or not the Senate will take a recess.

Mr. ODDIE. Does the Senator from Tennessee think we could get a vote on this amendment by 1 o'clock Monday if we should recess until 12?

Mr. McKELLAR. I see no reason why we can not. We certainly can, so far as I am concerned; but I do not think we ought to make an agreement about it. Other Senators might want to say something on the subject. As far as I know we could vote at that time, but I should not want to bind other Senators.

Mr. SMOOT. I know of no one else who desires to speak.

Mr. McKELLAR. Does the Senator want a vote now?

Mr. SMOOT. Yes; I would just as soon have a vote now, although we have not a quorum.

The PRESIDING OFFICER. Has the Senator from Nevada submitted a request?

Mr. ODDIE. I ask unanimous consent that we vote on this amendment on Monday at 1 o'clock.

Mr. McKELLAR. It would require a quorum to make an agreement of that kind, would it not?

The PRESIDING OFFICER. No; only for a final vote. Is there objection to the request of the Senator from Nevada? The Chair hears none, and it is so ordered.

The agreement was reduced to writing, as follows:

Ordered, by unanimous consent, that a 1 o'clock p. m., on Monday, January 30, 1933, a vote be taken on the so-called Seatrain Co. amendment to H. R. 13520, the Treasury and Post Office appropriation bill.

RECESS

Mr. ODDIE. I now move that the Senate take a recess until 12 o'clock noon on Monday.

The motion was agreed to; and (at 2 o'clock and 33 minutes p. m.) the Senate took a recess until Monday, January 30, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

SATURDAY, JANUARY 28, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Lord God of the Ages, the eyes of whose glory can not look upon iniquity, be merciful unto us. Increase our faith that we may have rest and quiet in the discipline of life. May its light never fade into darkness, nor its goodness lose its vitality. O, may we magnify the grace of our God in the spirit of the deepest gratitude. With self-restraint and with true hearts may we bend ourselves to our country's need; live in fellowship with our people and in the service of this day. Bless the Congress with unity of purpose, vision, and motive. Stir our whole land with a great awakening; bring it to a realization that impoverishment, social suffering, and bereavement will pass by and that our Republic shall not be caught in the iron mesh of some remorseless fate. Through Jesus Christ, our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 14436. An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S. J. Res. 243. Joint resolution authorizing the President of the United States to extend a welcome to the Pan American Medical Association which holds its convention in the United States in March, 1933.

MINING ON THE PUBLIC DOMAIN

Mr. EVANS of Montana. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 4509) to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain," with House amendments, insist upon the House amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The SPEAKER. The Chair appoints the following conferees: Messrs. EVANS of Montana, YON, and COLTON.

COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that the bill (S. 636), to convey certain land in the county of Los Angeles, State of California, be rereferred to the Committee on Military Affairs.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

CONSPIRACY TO CONTINUE DEPRESSION

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, I believe that the depression will continue until certain parties like the Mellons and Morgans can secure desirable properties at their own prices, if they continue to have their way. It represents a deliberate conspiracy to defraud the American people. Andrew W. Mellon is still running this country. He and his brother own and control $8,000,000,000 in money and property, which is several billion dollars more than the amount of money in circulation in the entire Nation. The Department of Justice has had several pillow fights with the Mellon companies.

TAX EVASIONS AND BANKRUPTCY SALES

One of the Mellon companies, in order to evade income taxes, accumulated a reserve of more than $600,000,000 during Andrew W. Mellon's tenure in office; this reserve was on hand when the depression started; two-thirds of it has already been used to purchase the distressed properties of competitors and other properties and now although it has a reserve of more than $200,000,000, it has recently passed a dividend payment so additional distress properties may be secured at bankruptcy prices.

NO APPOINTMENT OF MELLON-MORGAN GROUP

I hope the incoming administration does not have an official in it who is in any way directly or indirectly connected with this Mellon-Morgan group. Our Nation is being destroyed by them.

INVESTIGATION OF TREASURY DEPARTMENT AND MONETARY SYSTEM

During the first session of the Seventy-second Congress I introduced a resolution to have a committee of the House investigate the Treasury Department, Federal Reserve Board, the monetary, banking, currency, and fiscal affairs of the United States in their entirety. This resolution was considered by the Rules Committee but favorable action was denied; the committee after considering the matter had a tie vote on its adoption. At this session favorable action can not be expected because the committee, if appointed before the expiration of this session, could not function after March 4, 1933, since the terms of office for all Members of the House expire at that time. I expect to urge favorable consideration of such a resolution at the coming special session of Congress.

FREE USE OF MONEY FOR A FEW

I believe that such an investigation will show that a few powerful bankers are using free of charge the money issued by the Government; that this money has a coverage of from 2 cents to 40 cents on the dollar, and that the people are charged from 5 per cent to 30 per cent annual interest for its use. The money represents a mortgage on all the homes and other property of all the people in the Nation. The credit of the Government should not be farmed out to private bankers; but if it is, certainly a reasonable charge should be made for the use of it.

BILLIONS TO LARGE TAXPAYERS

Such an investigation will show further that billions of dollars have been refunded to large income-tax payers during the last 12 years, and that a substantial part of this money has been illegally refunded; that tens of millions of dollars were refunded by Mr. Mellon, the Secretary of the Treasury, to himself, the private citizen Mr. Mellon, and to his wealthy corporations. These refunds can not be investigated by a Member of Congress; the records are secret. Secrecy is a badge of fraud. No honest man should desire the privilege of secretly administering the tax laws of our country, and no dishonest man should be allowed that privilege.

PUBLICITY OF TAX RETURNS

I doubt that the Budget would be unbalanced if all tax returns had been subject to public inspection. When a proper investigation is made I believe it will cause the collection of hundreds of millions of dollars.

EXTENSION OF REMARKS

Mr. CULLEN. Mr. Speaker, I ask unanimous consent to have inserted in the RECORD a telegram from the mayor of the city of New York dealing with the bankruptcy bill.

Mr. UNDERHILL. Mr. Speaker, I object.

DEPARTMENTS OF STATE, JUSTICE, COMMERCE, AND LABOR APPROPRIATION BILL, FISCAL YEAR 1934

Mr. OLIVER of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 14363) making appropriations for the Departments of State and Justice, and for the judiciary, and for

the Departments of Commerce and Labor for the fiscal year ending June 30, 1934, and for other purposes. Pending that, for the information of the House, I may say that so far as I know, we should finish reading the bill in a short time, there being no other items in the bill which are likely to provoke lengthy discussion, and there are but a few pages remaining.

Mr. DYER. Mr. Speaker, will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. DYER. Can the gentleman tell the House now whether or not he expects to ask for separate votes on the amendments that have been adopted in the committee?

Mr. BLANTON. Why not?

Mr. OLIVER of Alabama. Just as soon as we finish reading the bill I will make a statement.

The SPEAKER. The question is on the motion of the gentleman from Alabama that the House resolve itself into the Committee of the Whole House on the state of the Union for further consideration of the bill H. R. 14363.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14363, with Mr. OLIVER of New York in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

For the Commissioner of Patents and other personal services in the District of Columbia, $3,176,250: *Provided*, That of the amount herein appropriated not to exceed $25,000 may be used for special and temporary services of typists certified by the Civil Service Commission, who may be employed in such numbers, at $4 per diem, as may, in the judgment of the Commissioner of Patents, be necessary to keep current the work of furnishing manuscript copies of records.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent that we may return to page 35, line 1, for the purpose of offering an amendment so as to make this appropriation conform to what was done in reference to the Atlanta Prison as to funds that might be expended for salaries.

Mr. GOSS. Mr. Chairman, reserving the right to object, I would like to hear a statement from the gentleman from Alabama as to the proposed amendment.

Mr. OLIVER of Alabama. The gentleman from Georgia yesterday submitted an amendment which sought to increase the amount that might be paid for salaries of employees at the prison in Atlanta, without increasing in any way the appropriation, the need for it being that it was probable they might find it necessary to employ a few additional guards. So I consented that the amount should be increased by $20,000.

In order that we might place Leavenworth, which has a like request, on the same basis, I am now asking unanimous consent to return to page 35, so as to increase, without increasing the appropriation, the amount that may be expended for this purpose, $30,000. The population of the Atlanta prison is about 3,000, while that in the two prisons at Leavenworth is now approximately 4,800.

Mr. STAFFORD. Does the same situation exist in reference to other penitentiaries?

Mr. OLIVER of Alabama. No; only at these two at present.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. LAGUARDIA. Lest it might be misunderstood, this money is not required to complete, repair, or add to any existing institution?

Mr. OLIVER of Alabama. No; it is not.

Mr. LAGUARDIA. It is surplus, and it would be utilized for another item.

Mr. OLIVER of Alabama. In other words, if they find they can make savings from funds already approved, the savings may be used for this very helpful purpose of providing some relief to the guards that are now employed.

Mr. GOSS. Can the gentleman assure us there will be no other amendment to this amendment?

Mr. OLIVER of Alabama. I have heard of none.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. OLIVER of Alabama. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. OLIVER of Alabama: Page 35, line 1, strike out "$591,500" and insert in lieu thereof "$623,500."

The CHAIRMAN. The question is on the amendment of the gentleman from Alabama.

The amendment was agreed to.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent to return to page 41 of the bill.

The CHAIRMAN. May the Chair call the gentleman's attention to the fact that we passed over a paragraph on page 29, dealing with the subject of salaries of clerks of court.

Mr. OLIVER of Alabama. Mr. Chairman, I think as soon as the proposed amendment on page 41 is disposed of disposition of the other paragraphs may follow.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to return to page 41, line 3, for the purpose of offering an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. OLIVER of Alabama: On page 41, after line 3, insert a new paragraph, as follows:

"In addition to the appropriations herein made for 'salaries and expenses, clerks of courts, salaries and expenses of district attorneys, and so forth,' and 'enforcement of antitrust laws,' the sum of $175,000 of the unexpended balance of the appropriation 'Federal jails, construction,' contained in the act making appropriations for the Department of Justice for the fiscal year 1932, is hereby made available for the fiscal year 1934, for the purposes enumerated in such appropriations and in such amounts as the Attorney General, in writing, may designate."

Mr. STAFFORD. Mr. Chairman, I reserve the right to object so as to give the gentleman an opportunity to explain the purpose of the amendment.

Mr. OLIVER of Alabama. Mr. Chairman, this amendment was shown to gentlemen on both sides of the aisle who had expressed interest in the amounts recommended by the committee for the payment of clerks, district attorneys, and for the enforcement of the antitrust laws.

I stated in my opening remarks that some of the amounts recommended for the Department of Justice were mere estimates and could not be more than that. Sometimes the business before the courts is much heavier than can be anticipated, and out of abundant precaution I stated I would offer later, with the consent of the committee, an amendment that would make possible an increase in these appropriations, if, in the judgment of the Attorney General, it was found necessary. Some years ago the House appropriated $1,500,000 for the purpose of building Federal jails. Your committee has tried to hold this construction down. This year we have refused to recommend to the House any new construction for 1934 and have already taken from this continuing appropriation, with your approval, a sum sufficient to complete the prison at Springfield, Mo.

There is left in this jail fund, which is a continuing appropriation, about the amount we now are making available for the payment of clerks, for the enforcement of antitrust laws, and for the payment of the salaries of district attorneys and assistant district attorneys with the written approval of the Attorney General, if such money is found necessary.

We will thus take from the department any temptation to spend more money in the construction of prisons at this time, and thereby will make available what doubtless will be required in 1934 because of increased business before the courts.

Mr. BRIGGS. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. BRIGGS. This is merely a reappropriation of funds?

Mr. OLIVER of Alabama. No; it does not have to be reappropriated. It is authority for the Attorney General to use a continuing appropriation for another purpose.

Mr. BRIGGS. This is to be taken from a continuing appropriation?

Mr. OLIVER of Alabama. Yes.

Mr. DYER. Will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. DYER. The gentleman does not want it understood that by taking some of the funds away from the Springfield institution that this is an abandonment in any way of the intention of Congress to carry out that plan?

Mr. OLIVER of Alabama. The gentleman misunderstood me. I have already added to the amount that may be expended at Springfield by taking money from this jail fund, which the House approved. There now remains unexpended in that fund an amount which, as the gentleman from New York [Mr. LAGUARDIA] has said, ought not to be used, and I agree with him, for further prison construction, and we are now making it available on the written approval of the Attorney General for another purpose.

Mr. GOSS. Is it not unusual to appropriate in this manner?

Mr. OLIVER of Alabama. I will not say it is unusual. We have already approved, not only in this bill but other bills, a like course. Where there is a continuing appropriation, in order that the appropriation may not be used in such way that the House would not now approve, we have sought to restrain those who had control over such appropriation by taking it from them for other purposes.

Mr. KETCHAM. Will the gentleman yield for a brief question?

Mr. OLIVER of Alabama. Yes.

Mr. KETCHAM. Having mentioned the Springfield construction proposition, has the gentleman at hand data that would enable him to inform the House what is the present condition of that project, both as to appropriation and construction?

Mr. OLIVER of Alabama. Yes. The Springfield plant will be ready for occupancy by July 1.

Mr. KETCHAM. Of this year?

Mr. OLIVER of Alabama. Yes. This is the prison hospital, the gentleman understands; and we have taken from this jail fund an amount sufficient to build quarters for the officers in charge, for the nurses' home, and for putting a fence around the prison, placing definite limitations on completed projects; and in 1934, out of funds now already appropriated, this hospital will be completed, and no further construction is contemplated.

Mr. STAFFORD. Mr. Chairman, I withdraw the reservation of objection and shall ask for recognition.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. STAFFORD. Mr. Chairman, when the paragraph on page 29, providing for salaries and expenses of clerks of courts, was under consideration, I thought the committee had made too drastic a cut under the Budget estimate.

I have examined the hearings, which show that after the reduction of 8⅓ per cent there is required for this service an appropriation of $1,906,000. Of this amount $1,851,000 was for personal services. It is my information that the gentleman's amendment will give to the Attorney General a reserve fund on which he may call in case the appropriation in the three items referred to have been shaved too greatly. As far as the two or three items referred to, namely, payment for United States district attorneys and enforcement of the antitrust act, the committee did not go under the Budget estimate. So I think there is a leeway of more than fifty or sixty thousand dollars where the Attorney General may have access in case of need. So I think it is advisable to agree to the amendment.

Mr. EATON of Colorado. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

At the end of the amendment offered by Mr. OLIVER, insert the following: "*Provided further*, That no part thereof shall be expended in connection with the manufacture of canvas-made goods at the Atlanta penitentiary."

Mr. STAFFORD. Mr. Chairman, I make the point of order that the amendment is not germane.

Mr. EATON of Colorado. Mr. Chairman, as I read the amendment as offered it is in this language:

In addition to the appropriations herein made for "salaries and expenses, clerks of courts, salaries and expenses of district attorneys, etc.," and "enforcement of antitrust laws," the sum of $175,000 of the unexpended balance of the appropriation "Federal jails, construction," contained in the act making appropriations for the Department of Justice for the fiscal year 1932, is hereby made available for the fiscal year 1934, for the purposes enumerated in such appropriations and in such amounts as the Attorney General, in writing, may designate.

I do not know how wide this language is, but if the language is too narrow to permit of this amendment, then, of course, it is not in order. I offer the amendment in good faith for the purpose of having a restriction made on the Atlanta Penitentiary in connection with the manufacture of canvas-made goods.

Mr. LAGUARDIA. It has nothing to do with this appropriation. One is for construction, and the other is for the manufacture of goods.

Mr. STAFFORD. You might as well take the money out of the Treasury of the United States.

The CHAIRMAN. The Chair is ready to rule. The Chair sustains the point of order. The gentleman's amendment applies to manufacture, and there is no appropriation in this paragraph for manufacture. The amendment is not germane. The question is on the amendment offered by the gentleman from Alabama.

The question was taken, and the amendment was agreed to.

Mr. OLIVER of Alabama. Mr. Chairman, I ask the Clerk to turn to page 29 and read the paragraph beginning with line 12.

The Clerk read as follows:

Salaries and expenses, clerks of courts: For salaries of clerks of United States circuit courts of appeals and United States district courts, their deputies and other assistants, travel expenses pursuant to the subsistence expense act of 1926, as amended (U. S. C., Supp. VI, title 5, secs. 821–833), and other expenses of conducting their respective offices, $1,856,580.

The CHAIRMAN. The Clerk will continue the reading of the bill.

The Clerk read as follows:

For investigating the question of public use or sale of inventions for two years or more prior to filing applications for patents, and such other questions arising in connection with applications for patents and the prior art as may be deemed necessary by the Commissioner of Patents; for expense attending defense of suits instituted against the Commissioner of Patents, $700; and for expenses of attendance at meetings concerned with the work of the Patent Office when incurred on the written authority of the Secretary of Commerce.

Mr. BLANTON. Mr. Chairman, I offer the following amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: Page 82, line 12, strike out the words "defense of."

Mr. BLANTON. Mr. Chairman, in defense of the Members who dared, in spite of threats, to go through the tellers here yesterday in opposition to the various emasculating amendments that would tend to tear down prohibition enforcement, I want to say a few words.

Mr. BOYLAN. Mr. Chairman, I make the point of order that the gentleman is not speaking to anything germane to the section.

The CHAIRMAN. The gentleman from Texas will proceed in order.

Mr. BLANTON. I am speaking "in defense" of those Members. I moved to strike out the words "defense of" in my amendment, which is rather a broad subject.

Mr. BOYLAN. Mr. Chairman, the language is not pertinent to the section.

Mr. BLANTON. My subject is "defense of," and I shall stick to my subject.

Mr. BOYLAN. Defense of what?

Mr. BLANTON. Defense of those Members who dared.

The CHAIRMAN. The gentleman from Texas must realize that the paragraph deals with the Commissioner of Patents, and he must confine his remarks to that sentence even though the words "defense of" are in the paragraph.

Mr. BLANTON. Mr. Chairman, I realize full well the limitations. In defense of the patent laws of the United States embraced in that paragraph, I want to speak a few words. A patent means nothing in the world but a personal right that is assured and guaranteed to an individual. Yesterday, when in behalf of our prohibition laws, we were exercising personal rights, we did not have a patent for them, but we had a constitutional authority for what we did.

Mr. BOYLAN. Mr. Chairman, I make the point of order that the gentleman from Texas is not speaking to his amendment.

The CHAIRMAN. The gentleman will proceed in order.

Mr. BLANTON. I know the rules, Mr. Chairman, and I am proceeding in order.

Mr. BOYLAN. There is no constitutional amendment involved here.

Mr. BLANTON. I am speaking about the inherent rights of individuals, whether patented or not.

Mr. BOYLAN. There are no inherent rights involved in this section.

Mr. BLANTON. Some are patented and some are not. Yesterday the gentleman from New York [Mr. O'CONNOR] made this statement, which I quote from the RECORD——

Mr. BOYLAN. Mr. Chairman, I object. The gentleman is not speaking of anything that is germane to the section.

Mr. BLANTON. The gentleman can not tell until he hears me complete my sentence.

Mr. BOYLAN. Of course I can, because I can read the gentleman's mind.

Mr. BLANTON. Mr. Chairman, I ask that these interruptions be not taken out of my time, otherwise they would deprive me of my right to make the remarks I desire to make.

Mr. BOYLAN. Mr. Chairman, the gentleman should proceed in order. The gentleman from Texas is a stickler for proper parliamentary procedure, and why not have it now?

Mr. BLANTON. The Chair has ruled that the gentleman from Texas is in order.

Mr. BOYLAN. The Chair has not so ruled.

The CHAIRMAN. The gentleman from Texas will proceed in order, and the Chair asks the gentleman from New York to withhold any objection until the gentleman from Texas has completed his sentence.

Mr. BLANTON. Mr. Chairman, as to the rights of Members, whether patented or not, and to show whether their rights were infringed upon yesterday, I want to read what the gentleman from New York [Mr. O'CONNOR] said.

Mr. BOYLAN. I object. The gentleman is not speaking to the section.

Mr. BLANTON. The gentleman may object as much as he pleases, but he can not keep me from discussing in order my subject.

Mr. BOYLAN. I insist that the gentleman proceed in order.

The CHAIRMAN. The Chair directs the gentleman from Texas to proceed in order under the rule.

Mr. BLANTON. Proceeding, Mr. Chairman, in order, under the ruling of the Chair, the gentleman from New York [Mr. O'CONNOR] said yesterday:

> When the votes are counted and the Members pass through that aisle a check will be made on everybody on the Democratic side who passes through there for or against these amendments, so we may know when we meet here in April who are the people who are abiding by the Democratic platform and who are those who pretend at one time to be wet and the next moment reverse to dry.

I have quoted the above from the RECORD of yesterday's proceedings.

Mr. BOYLAN. Mr. Chairman, the gentleman's language does not pertain to the section, and I ask that it be stricken out.

Mr. BLANTON. Mr. Chairman, there is some latitude allowed in debate.

The CHAIRMAN. The gentleman will proceed in order or take his seat. The section under consideration to which the gentleman's amendment is offered deals with the Commissioner of Patents. The gentleman from Texas is now alluding to an address made yesterday by one of the Members of the House upon the subject of prohibition. The Chair asks the gentleman to proceed in order under the rules. The Chair sustains the point of order.

Mr. O'CONNOR rose.

Mr. BLANTON. If the gentleman from New York [Mr. BOYLAN] does not object to my yielding, I yield.

Mr. BOYLAN. The gentleman from New York is utterly unable to control you, sir. You are subject to no rules. You follow no rules except your own.

Mr. BLANTON. Mr. Chairman, I ask that this be not taken out out of my time. I ask that these objections, Mr. Chairman, be not taken out of my time, because I am going to proceed in order, although I have about concluded what I wanted to say.

Mr. O'CONNOR. Will the gentleman yield?

Mr. BLANTON. Before I yield I wish to say that a patent right, as embraced within this paragraph of the bill, means nothing in the world but a guaranty to the American citizen that his rights shall be protected by the laws of the United States. I want to assure my friends in this House that whether patented or not they have a right to go through that aisle between the tellers and vote just as they please, regardless of the threat of the gentleman from New York [Mr. O'CONNOR].

Mr. BOYLAN. Mr. Chairman, the gentleman is clearly out of order.

Mr. STAFFORD. Mr. Chairman, I reserve a point of order.

Mr. BLANTON. That is all I want to say to the Members.

The CHAIRMAN. Does the gentleman withdraw the pro forma amendment?

Mr. BLANTON. I just wanted to say what I have said to the gentleman from New York [Mr. O'CONNOR]. I withdraw the pro forma amendment.

Mr. Chairman, having obtained unanimous consent from the House to extend my remarks, I will discuss briefly the amendments we are to vote upon before the final passage of this bill. Before doing that, however, for the benefit of our friends in the various States who daily read this RECORD, I want them not to gather the impression that the gentleman from New York [Mr. BOYLAN] and I are unfriendly toward each other, for such is not the case. He is a fundamental, uncompromising wet who conscientiously believes in and zealously fights for his cause. On the other hand, I am a fundamental, uncompromising dry who conscientiously believes in and zealously fights for my cause. We respect each other's views, and we each accord to the other the inherent right of carrying on the fight without giving quarter.

I have for the gentleman from New York [Mr. BOYLAN] not only great respect and warm friendship, but deep affection as well. I sit with him much in the House and greatly enjoy his companionship. No man in Congress is wittier or more entertaining. When I attempt to further the interests of prohibition I do not blame him when he exhausts his parliamentary skill in trying to stop me. We take it on the chin from each other and then still remain friends.

The Tinkham amendment, which seeks to prevent our prohibition-enforcement officers from resorting to wire tapping, is the first one we will vote on to-day. Both Attorney General Mitchell and Colonel Woodcock assured our committee that without resorting to wire tapping in extreme cases it would be impossible for them to apprehend the master minds and leaders of the big liquor rings who operate secretly in the United States and from abroad. They are known to very few of their many employees. They keep their identity concealed even from their gang members. They are notorious criminal leaders outranking the Al Capones of gangdom. It is easy enough to catch the smaller criminals without wire tapping, but it requires the use of wire tapping to catch the master minds.

It simply resolves itself into the question of whether or not we want the master minds caught. Do we? Or do we not? If we do not, why not? Just what is our interest in the master minds that we do not want them caught? Have we such an interest in them? Do we want to protect them? Do we want to give them aid and comfort? Do we want to place safeguards around them? Do we want to make it very difficult for our enforcement officers to apprehend them? If we do, we ought to pass this Tinkham amendment, which prohibits our law-enforcement officers from resorting to wire tapping to catch criminal leaders.

We must keep in mind the fact that both Attorney General Mitchell and Colonel Woodcock testified before our committee that in no case did they allow any wire tapping unless and until the special agent made a full report of the facts and situation, showing the necessity and urgency, and each particular case had to be approved and authorized both by Colonel Woodcock and Attorney General Mitchell, or the Assistant Attorney General.

We ought to have a record vote on this Tinkham amendment, and each and every Member here ought to be willing to go down on record as to whether he is more interested in protecting criminal master minds from apprehension than he is in enforcing the laws of his country. To get a record vote it will require one-fifth of the Members present to stand up and demand the "yeas and nays." If you are willing to deprive our enforcement officers of this needed weapon, without which they can not apprehend criminal leaders, are you not willing to let your constituents know how you stand by having a record vote? I am.

Now, as to the Tarver amendment, which will follow the Tinkham amendment, it would stop all enforcement whatsoever in several States, if it passes; for the courts in several States have held that before there can be a conviction, there must be direct evidence of specific sales, and without proving sales, there can be no conviction.

Do we want to withdraw all enforcement efforts from such States? Do we want to leave them wholly without any enforcement? If we do, all that is necessary is to pass the Tarver amendment. For if it becomes law, then all enforcement in several States will stop.

If we want States like New York, New Jersey, Maryland, Pennsylvania, Illinois, and Missouri to run wide open, in the face of the Constitution, then we want to pass the Tarver amendment. If we want the Nation's Capital to be dripping wet, with dives and clubs in every block, with no chance to convict bootleggers, then we want to pass the Tarver amendment. It is absolutely necessary to make purchases in order to prove sales; and without proving sales, there will be no convictions. It is simply a question of whether we want to give our enforcement officers a chance to enforce the law in all States, or of whether we are in favor of not having any enforcement whatever in those States where it is necessary to prove sales to warrant a conviction. We ought to have a roll-call vote on the Tarver amendment.

Mr. BOYLAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I do not think the time has come when, in speaking about appropriations for the Commissioner of Patents, any Member of the House of Representatives should endeavor to rehash matters that the House has already passed upon. If we permit this course, we will get nowhere. I believe that proper courtesy is due to every Member and that he should be given due credit for his opinions.

Mr. BLANTON. A point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state it.

Mr. BLANTON. I make the point of order that the remarks of the gentleman from New York are no more based upon the paragraph in the bill with reference to patents than my own remarks, but I do not object to the gentleman saying anything he wants to.

Mr. BOYLAN. That is very kind of the gentleman from Texas to extend to me that privilege. I thank him. Of course, the mere fact that he transgresses the rules is no reason why I should. But I think it is unfair, in the gentleman's zeal, to try to make personal applications that are not altogether in conformity with the rules of the House. Of course, I know the gentleman's zeal for his cause, and I respect him for it. I find no fault with that; but, on the other hand, the gentleman should not find any fault with the opposition if they, too, adopt the same course.

Of course, I know it is extremely disagreeable, after riding in the saddle for 12 years, to be unhorsed. I know how it feels to lose. I know that it is not pleasant; but, of course, that is the way of all things human. Things go along slowly and then they rise to the peak and, after reaching the summit, they gradually decline and fade away and die. That is the fate of all causes. History has repeated itself thousands of times. While to-day we may bask in the sunshine of public approval, yet to-morrow thumbs may be turned down on us; but we must accept it. In the vernacular of the day, let us be good sports and take it on the chin and not get too much heated up about it.

This is a cause that the gentleman has espoused for several years very successfully. We wets have opposed it. The gentleman has basked in the sun of victory. Now it is our turn; we must push him into the shadow and take his seat in the golden approval of public confidence. So let us not lose our equilibrium, because, after all, what does it matter, the little things we are doing here to-day? This hour will pass and this day will pass, and others will say, "How foolish they were to get so excited about transient things that were of only minor benefit to the country." So let us proceed in decorum and charity, even if the tides are against us, and with a high regard for the opinions of others as well as for our own cherished and valued views.

With those few words, Mr. Chairman, I withdraw my objection to the amendment.

The pro forma amendment was withdrawn.

Mr. McGUGIN. Mr. Chairman, I move to strike out the enacting clause.

Mr. Chairman, in keeping with my idea that none of the appropriation bills should be passed in this session of Congress, I am rising to move to strike out the enacting clause of this appropriation bill.

This session of Congress, composed of this Membership, passes out of the picture on March 4, but here we are going on passing appropriation bills which determine the expenses of this Government for the fiscal year beginning July 1, 1933, and ending June 30, 1934. At the same time the House leadership has declared to the country it will not provide a revenue bill to meet those expenses. That is wrong from the standpoint of business. No business institution can survive, no individual can survive, going on spending money without taking into consideration where the money is coming from to meet the expenses. We should not do it. We are invading upon the next Congress when we do it. We are trying to tie the hands of the next Congress and say "Here is the money which must be spent by the next Congress and the next administration," but not having the courage to furnish the revenue to meet them.

Not only is the Budget unbalanced, not only is the Government spending more than it is taking in, but in another respect the Congress and the Government is practicing deceit upon the country. We will look at the money brought in since July 1 and the expenses since then and we say we are running a deficit of a particular amount. That is only a part of it. The Reconstruction Finance Corporation is spending money right along, and it is obtaining that money from the Federal Treasury, and we are not counting that in the Budget.

It is not right. If we were fair about it we would have made appropriation for every dollar for the Reconstruction Finance Corporation, and had we done it the Secretary of the Treasury would merely have gone out and sold some more short-term bonds or notes and obtained the money. That would be an honest, open obligation of the Government and would appear in our unbalanced Budget for this current year. Now, the Reconstruction Finance Corporation is selling its bonds to the Treasury Department. Where is the Treasury Department getting the money? The same

place it is getting the money to meet the appropriations for which we did not provide sufficient revenue. In the end the Government must bear that responsibility.

Our present policy of making appropriations without regard for the revenue to meet them is just as devoid of wisdom as the policy of the Osage Indian who dissipated his royalties and his income during the days of prosperity. We are following Osage Indian business methods when we create debts by passing these appropriations and not taking into consideration where the money is coming from. It is not right. We owe a greater consideration to our country.

Here is a bill where economy should be practiced. The next Congress and the next administration has pledged economy, and every one of us knows that when we get economy in government we are going to get more of it in the Department of Commerce than in probably any other department of the Government. For this reason we should not be making these appropriations for the Department of Commerce, because there is where the economy must come from more than from any other branch of the Government.

Another thing, our Democratic friends have pledged the beer bill. Certainly, when in the next Congress they modify the liquor laws they will not need as much money to enforce them, yet we are going ahead here and making appropriations for the enforcement of the liquor laws. Yesterday we were called upon by the wets not to make any appropriations for prohibition enforcement, but this is still the law, and it should be enforced, if we are to have any respect for constitutional law or government; but assuming that the next Congress passes the beer bill, assuming that the eighteenth amendment is repealed—and I do not think it can be under any circumstances during the next two years—this much is certain: There will not be so much need for these appropriations, but we are going ahead and appropriating money to perform a service which the incoming administration has pledged it is going to abandon. Therefore, that is another reason why this appropriation bill, which includes the appropriations for the Department of Justice, of all appropriation bills should be defeated.

[Here the gavel fell.]

Mr. OLIVER of Alabama. Mr. Chairman, I move that all debate on the pending motion do now close.

The motion was agreed to.

The CHAIRMAN. Does the gentleman from Kansas ask unanimous consent to withdraw his amendment?

Mr. McGUGIN. No. I ask that it be voted on. I would like to vote on it, at least.

The CHAIRMAN. The question is on the motion of the gentleman from Kansas to strike out the enacting clause.

Mr. BLANTON. Mr. Chairman, I demand a division.

Mr. McGUGIN. Mr. Chairman, I join in the request.

The question was taken; and on a division (demanded by Mr. BLANTON and Mr. McGUGIN) there were—ayes 5, noes 36.

Mr. HASTINGS. Mr. Chairman, I think this matter is of sufficient importance to have tellers on it. I demand tellers.

Tellers were refused.

So the motion was rejected.

Mr. OLIVER of Alabama. Mr. Chairman, I hesitate to do so, but in keeping a promise made to the Members before this bill was taken up that if some Member who had been prevented, because of official duties, from taking advantage of the general debate would make known to me that he had any important statement to make to the committee and would state what it was, I would ask unanimous consent that he be allowed to speak out of order.

The gentleman from Texas [Mr. JONES], the chairman of the Committee on Agriculture, who has been very busy with the duties of that committee, advises me that he has a statement to make which will take not over two minutes and which he thinks the House will be interested to hear. He wishes to call attention to an exhibit prepared by the gentleman from New York [Mr. LAGUARDIA].

Mr. Chairman, I therefore ask unanimous consent that the gentleman from Texas [Mr. JONES] may address the committee for two minutes out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. JONES. Mr. Chairman, I merely wish to call attention of the Members to a display of garments in the meeting room of the Committee on Agriculture.

The garments on exhibition are the product of the cotton given by Congress to the American National Red Cross. The raw cotton was allocated to the States in accordance with their population.

In New York City, from whence these exhibits came, the cotton was delivered to the American Red Cross who, in conjunction with the Emergency Unemployment Relief Committee, negotiated for its exchange for all cotton textiles.

The Emergency Unemployment Relief Committee, in conjunction with the Association for Improving the Condition of the Poor, then arranged for its manufacture. Only unemployed needleworkers were used in the manufacture of these garments.

Full and complete cooperation was given by the needleworkers' unions of New York City.

There are some thirty different garments manufactured, each garment in all the necessary standard sizes, and several hundred thousand of each garment manufactured. Distribution is made in New York City by the various charitable and social organizations.

The cost of manufacture was $174,000, which was contributed from the funds of the Emergency Unemployment Relief Committee. This entailed no additional cost for the reason that only needleworkers who otherwise would have received relief were used and paid from these funds.

These garments were obtained by Representative F. H. LAGUARDIA through the courtesy of the New York Chapter of the American Red Cross, the Emergency Unemployment Relief Committee, and the Association for Improving the Condition of the Poor.

The Clerk read as follows:

For printing the weekly issue of patents, designs, trade-marks, prints, and labels, exclusive of illustrations; and for printing, engraving illustrations, and binding the Official Gazette, including weekly and annual indices, $900,000; for miscellaneous printing and binding, $50,000; in all, $950,000.

Mr. CELLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CELLER: Page 82, line 21, after the semicolon, insert: "Whenever savings may be effected thereby all such printing may be contracted for through public bidding and performed under the direction of the Commissioner of Patents under such limitations and conditions as the general Committee on Printing may from time to time prescribe.

Mr. LAGUARDIA. Mr. Chairman, I reserve a point of order on the amendment.

Mr. CELLER. Mr. Chairman, I admit the point of order is well taken and I shall withdraw the amendment if the point of order is pressed, but I should like an opportunity to make a brief statement with reference to the amendment I have offered.

If the gentleman will look at the report of the subcommittee he will find this very significant language on page 30 with reference to the printing done in the Printing Office:

The Budget estimate of $1,100,000 for printing and binding has been reduced to $950,000. The sum of $1,050,000 of the estimate is for the printing of the Official Gazette and specifications. The present cost of printing patents is over $6 per page. In 1921 it was $3.77 per page. We invite the attention of Congress to the interesting statement made by the Commissioner of Patents relative to the cost of printing. It will be noted that he takes the position that large savings can be effected by letting this printing to outside bidders.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield.

Mr. BLANTON. The gentleman knows that many bureaus are trying to break away from the Government Printing Office and have the privilege of letting their printing out by private contract.

It would lead to many abuses. What we want to do is to force a proper reduction in the expense of the Printing Office, and meet it in that way.

Ultimately I shall be compelled to make the point of order if the gentleman from New York [Mr. LAGUARDIA] does not; but if the gentleman wants to continue I will withhold it.

Mr. CELLER. Yes. I agree with the gentleman from Texas [Mr. BLANTON] that there is something wrong with the Government Printing Office, if we can believe what the Commissioner of Patents says. He testified on page 333 of the hearings that the cost in the Government Printing Office to print a page relative to the specifications is $6; whereas he has received estimates from reputable printers and publishers that this same work under union labor and with proper safeguards can be done for $4 a page. When you consider that the number of pages printed involves 195,000 pages, as the Commissioner of Patents testified, and multiply that by two, you have a saving of——

Mr. LAGUARDIA. Why $2 instead of $4?

Mr. CELLER. The difference is $2 a page. As a matter of fact, I was told the total possible saving would be $405,000. Now, we certainly should not avoid or ignore taking into consideration what the Commissioner of Patents says in that regard.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. LAGUARDIA. There is a reduction here of $300,000.

Mr. CELLER. Yes; I am coming to that. I believe that as a result of the testimony given by the Commissioner of Patents and the Government Printer a reduction in the appropriations was made of $300,000. I believe if this could be let under public bidding, with the usual safeguards of public bidding, under bonds and with union-labor requirements, the saving would be effected. Furthermore, the Government Printer could bid just like anybody else, and he could get the contract if he bids lowest.

Mr. LAGUARDIA. The gentleman is not getting the Shannon-Rich complex, is he?

Mr. CELLER. No; I do not wish to bring in the Shannon idea at all. It has nothing to do with this. The Secretary of Commerce took this matter up, and I shall ask permission to put into the RECORD correspondence that passed between the Public Printer, Mr. Carter, and the Secretary of Commerce, Roy D. Chapin. There are three brief letters which I shall ask unanimous consent to put into the RECORD, and I shall only read three paragraphs now. If authority were given the Public Printer so that he would do this work as cheaply as it may be done outside, he should do it, or in lieu thereof he should avail himself of the powers that he now has and give that work outside.

He has the power, subject to the approval of the Joint Committee on Printing, to do this work under public bidding, with the safeguards as to union labor and a bond for completion of the work, and so forth.

[Here the gavel fell.]

Mr. Chairman, I ask unanimous consent to proceed for two minutes, and I shall then withdraw the amendment.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CELLER. The Public Printer, in a letter to the Commissioner of Patents under date of June 14, 1932, said:

> Thanking you for this information at your earliest convenience, inasmuch as I intend to give serious consideration to having the work done by contract if any substantial saving can be made thereby other than a possible saving resulting from the better preparation of copy by the Patent Office.

Then the Secretary of Commerce investigated the matter, and he had this to say in a letter to the Public Printer under date of September 16, 1932:

> An investigation made before the receipt of your letter of June 14 indicated that at least $200,000 per year could be saved if the Patent Office printing were done by private contract. An investigation made since the receipt of said letter shows that the saving will be much greater, probably double that amount.

Under date of November 25, 1932, the Secretary of Commerce, Mr. Chapin, in a letter to the Public Printer said:

> You have written the commissioner that you have the power under the present law and will be willing to award the contract to a private contractor if we can show a substantial saving. We have shown this. In our views, $400,000 is a substantial saving. It is therefore believed that you should either perform the work at a reasonable price compared with private printers or make good your offer to have the work done privately, since your condition that a substantial saving be effected has been completely met.

I think I have made my point clear, and I withdraw my amendment.

I herewith insert the correspondence in question:

UNITED STATES GOVERNMENT PRINTING OFFICE,
Washington, D. C., June 14, 1932.

MY DEAR MR. COMMISSIONER: I have your letter of June 9, refusing to furnish this office any information concerning the investigation which you say has convinced you that the Patent Office could save at least $200,000 a year out of its appropriation by having its printing done under private contract instead of at the Government Printing Office. In view of the law (act of February 28, 1929, 45 Stat. 1400) authorizing the Public Printer to have printing produced elsewhere under contracts made by him, I believe I am entitled to the information which you say is in your possession in order that the best interests of the Government may be protected.

In any event I would like to know whether the estimated saving of $200,000 contemplates furnishing better copy to the private contractor than has been supplied to the Government Printing Office by the Patent Office for many years. You may recall that about two years ago I offered to make a reduction of approximately $50,000 annually in the charges for Patent Office printing if your office would prepare copy for specifications so that it could be handled in the same manner as copy furnished to this office by other establishments of the Government.

I would also like to be advised, in order to determine if it is practical to have Patent Office printing done by contract, whether it would be agreeable to the Patent Office to have the printing of patent specifications or the Gazette done elsewhere than in the city of Washington. Do you deem it essential that this work shall be done in or near Washington and would you be agreeable to having it awarded to the lowest bidder capable of doing the work, wherever his printing establishment might be located?

Thanking you for this information at your earliest convenience, inasmuch as I intend to give serious consideration to having the work done by contract if any substantial saving can be made thereby other than a possible saving resulting from the better preparation of copy by the Patent Office.

Respectfully yours,

GEORGE H. CARTER,
Public Printer.

Hon. THOMAS E. ROBERTSON,
The Commissioner of Patents, Washington, D. C.

DEPARTMENT OF COMMERCE,
OFFICE OF THE SECRETARY,
Washington, September 16, 1932.

Hon. GEORGE H. CARTER,
Public Printer, Washington, D. C.

MY DEAR MR. CARTER: Your letters of June 14 and August 16, directed to the Commissioner of Patents and referring to printing for the Patent Office, have been referred to me.

An investigation made before the receipt of your letter of June 14 indicated that at least $200,000 per year could be saved if the Patent Office printing were done by private contract. An investigation made since the receipt of said letter shows that the saving will be much greater, probably double that amount.

In this connection I am transmitting a photostatic copy of a proposition in writing made by the Polygraphic Co. of America to print patent specifications at a cost not to exceed $4.25 per page and the Official Gazette at a cost of $10 per page. This, based upon the number of pages (191,933) printed in the fiscal year ending June 30, 1932, would effect a saving of $330,700 for printing the specifications and $71,500 for printing the Official Gazette; a total saving of at least $400,000.

In view of the fact that your letter states that you are now authorized to have the printing done under private contract instead of at the Government Printing Office (act of February 28, 1929, 45 Stat. 1400), and in view of the last paragraph of your letter where you state you will give "serious consideration to having the work done by contract if any substantial saving can be made thereby other than a possible saving resulting from the better preparation of copy of the Patent Office," I am transmitting this offer of the Polygraphic Co. for your consideration.

Incidentally, I might add that the Polygraphic Co. agrees to effect this saving without the necessity of the Patent Office "furnishing better copy to the private contractor than has been supplied to the Government Printing Office by the Patent Office for many years," as suggested in the second paragraph of your letter. In other words, the Polygraphic Co. would relieve the Patent Office of the necessity of specially preparing "copy," thus effecting a further saving of $30,000. In addition, the president of the Polygraphic Co. advises the commissioner orally that he has no doubt that he will be able to make a further reduction after the first year's operation.

As I understand it, the Polygraphic Co. would, and any other company to whom the contract might be awarded should, guarantee their fulfillment of the contract even to the extent of fur-

nishing an indemnifying bond. The photolithographing contract of the Patent Office with the Polygraphic Co. last year amounted to $140,000. The work was uniformly delivered on time and the quality was excellent.

Sincerely yours,

ROY W. CHAPIN.

NOVEMBER 25, 1932.

Hon. GEORGE H. CARTER,
Public Printer, Washington, D. C.

MY DEAR MR. CARTER: Receipt is acknowledged of your letter of November 15 relative to the Patent Office printing.

1. Your letter suggests that the Commissioner of Patents has not submitted to you the facts and figures which would reply to your letter requesting the same. While it is true the Commissioner of Patents has not directly given you the facts, it was the intention that my letter of September 16 was to be considered as a reply to your letter to the commissioner, and, in fact, my letter specifically referred to your letters of June 14 and August 16.

2. My letter of September 16 gives you full information regarding the question of printing. The Commissioner of Patents does not know to what you have reference when you mention the "new methods of printing" or the "new methods of procedure" which will enable the Polygraphic Co. to effect a saving of $400,000 referred to. In fact, the commissioner has had no "negotiations" with the Polygraphic Co. concerning the matter under discussion other than what has been frankly set forth in the information conveyed either in or with my letter of September 16.

3. Before the Polygraphic Co. had submitted its offer of August 1, this office authorized the Commissioner of Patents to have printed two of the patents already printed by your office, such work being done from the same files as were used by your office. (The work was not done by the Polygraphic Co.) When the work was done the commissioner was furnished with an itemized statement showing the cost of the composition, the cost of proof reading, the cost of correction, the cost of type metal, the cost of paper, etc. It was manifest from this that there would be a saving of over $300,000 on your charges for last year.

4. The offer of the Polygraphic Co. was not submitted by me to you as one to be necessarily accepted, but merely for the purpose of showing that the work could be done by an outside contractor for at least $400,000 less than you were doing it. In fact, the last paragraph of my letter of September 16 made it very evident that if the work were done by a private contractor the contract might be awarded to some other contractor than the Polygraphic Co. This department (including the Patent Office) was and is still willing to accept the offer in your letter of June 14 wherein you stated that you would give "serious consideration to having the work done by contract if any substantial saving can be made thereby other than a possible saving resulting from the better preparation of copy of the Patent Office." In other words, if in your judgment you decided to take advantage of the fact that the Patent Office could save at least $400,000 by having the printing done by private contract and should advertise for proposals, the contract would as a matter of course go to the lowest responsible bidder. Certainly the Polygraphic Co. could get the bid only if it were the lowest responsible bidder and would furnish the bond referred to in the last paragraph of my letter of September 16.

5. You are entirely correct in your belief that the Patent Office does not wish its original records to leave the city, and therefore agrees with your conclusion that it would be better not to accept the trial offer of the Polygraphic Co. Nevertheless you are under a misapprehension in believing that the Patent Office does not now permit private contractors to use its secret records in advance of the printing of the patent. Every drawing as soon as it is filed is sent out of the Patent Office to a private photographer to be photographed. Moreover, for years there have been two or three private contractors who are permitted to withdraw our original specifications and drawings, while the applications are still pending, to make copies. There would, therefore, be no objection to awarding the printing contract to a private printer, since he would be under bond for the faithful performance of his duties and would be required to make the same arrangements for secrecy as are now made in your office. In any event, it is to be noted that the Polygraphic Co. agrees to perform the work in this city.

6. Your letter states that in making this estimated saving of $400,000 we utterly ignored the fact that your letter of August 16 advised that the total charges for printing would be reduced by at least $50,000, and possibly by another $50,000, or $100,000 in all. This was not ignored but was given full consideration. Even if it is assumed that your charges for the first four months of the present fiscal year have reflected this saving, two factors must not be overlooked, to wit: (1) That the saving is made at a cost of $30,000 extra expense within the Patent Office; and (2) that even if your bills for the last four months having shown a saving of $50,000, or even $100,000, there would still remain a saving of at least $400,000 on your charges, as nearly as we can estimate from your bills as rendered for July, August, September, and October of the present year, this saving being based upon the offer of $4.25 per page of specification and $10 per page of Official Gazette.

7. It would seem appropriate to mention at this time that it is difficult for the department or the Patent Office to ascertain definitely what your charges are, except as to totals. Would it not be feasible for you to indicate in your future bills the number of pages printed and the rate per page?

You have written the commissioner that you have the power under the present law and will be willing to award the contract to a private contractor if we can show a substantial saving. We have shown this. In our views, $400,000 is a substantial saving. It is therefore believed that you should either perform the work at a reasonable price compared with private printers or make good your offer to have the work done privately, since your condition that a substantial saving be effected has been completely met.

Sincerely yours,

ROY D. CHAPIN,
Secretary of Commerce.

Mr. OLIVER of Alabama. Mr. Chairman, it is interesting to read the hearings relative to this matter. It was first called to the attention of the committee by the Secretary of Commerce. After a hearing with the Director of the Bureau of Patents in respect to the same subject, the committee felt it was but fair to send for the Public Printer, and after the hearings were closed we had a very interesting hearing with the Public Printer, and in justice to him, I should say that he seemed very willing to cooperate fully with the Director of the Bureau of Patents to effect savings in this item. When we called his attention to what the Budget had estimated for 1934, even after the director had made the reductions he thought were proper, the Public Printer said to the committee in effect, "I think you would be safe in taking $150,000 more from that appropriation, since we can do the work for that amount." Based on what the Public Printer stated, the committee reduced the estimate submitted by the Budget $150,000. So, really, the conferences led to a saving of approximately $400,000.

Mr. CELLER. Will the gentleman yield for a question?

Mr. OLIVER of Alabama. Yes.

Mr. CELLER. I believe the Commissioner of Patents will tell you that unless something is done in this regard and along the lines I have suggested, they may not be able to come within the appropriation you have made, since you have made deductions of almost $400,000.

Mr. OLIVER of Alabama. As I have just stated to the gentleman, the Public Printer, who knows what this printing should cost, estimates that we are safe in making the reduction recommended.

The amendment was withdrawn.

The Clerk read as follows:

Government fuel yards: For the purchase and transportation of fuel; storing and handling of fuel in yards; maintenance and operation of yards and equipment, including two motor-propelled passenger-carrying vehicles for inspectors, purchase of equipment, rentals, and all other expenses requisite for and incident thereto, including personal services in the District of Columbia, the unexpended balance of the appropriations heretofore made for these purposes is reappropriated and made available for such purposes for the fiscal year 1934, and for payment of obligations for such purposes of prior years, and of such sum not exceeding $500 shall be available to settle claims for damages caused to private property by motor vehicles used in delivering fuel: *Provided*, That all moneys received from the sales of fuel shall be credited to this appropriation and be available for the purposes of this paragraph: *Provided further*, That the term "fuel" wherever used in this appropriation shall be understood to include fuel oil: *Provided further*, That the requirements of sections 3711 and 3713 of the Revised Statutes (U. S. C., title 40, sec. 109) relative to the weighing of coal and wood and the separate certificate as to the weight, measurement, or quantity of coal and wood purchased shall not apply to purchases by the Government fuel yards at free-on-board destinations outside of the District of Columbia;

Mr. GOSS. Mr. Chairman, I reserve a point of order on the proviso beginning in line 16, in order to get an explanation of the provision from the gentleman from Alabama.

Mr. OLIVER of Alabama. Mr. Chairman, this is a proviso that has been carried in the bill for a number of years.

Mr. GOSS. This proviso seems to exempt the weighing of coal and wood purchased by the Government fuel yards at free-on-board destinations outside of the District of Columbia. Why should we do this?

Mr. OLIVER of Alabama. Inasmuch as they buy fuel in such large quantities, it has been found feasible to do this, since the Director of Mines is charged with the duty of supervising all purchases and making all tests.

Mr. GOSS. There is no chance of the Government's being short weighted?

Mr. OLIVER of Alabama. We understand it is watched very carefully and that this is an economical and efficient way of conducting the large purchases of the Government through this agency.

Mr. BRIGGS. Will the gentleman yield?

Mr. OLIVER of Alabama. Yes.

Mr. BRIGGS. Does the Bureau of Mines engage in any particular investigational work here with reference to coal? I notice a vast movement of fuel, it seems to me, in wagons of the Bureau of Mines through the streets of Washington.

Mr. OLIVER of Alabama. That is the delivery of coal to the various departments.

Mr. BRIGGS. They simply use the wagons of the Bureau of Mines for that purpose?

Mr. OLIVER of Alabama. They purchase the coal for the different departments and deliver it as the departments may need it.

Mr. GOSS. I would ask the gentleman to look into this item at some time, because we may easily get short weighted.

Mr. OLIVER of Alabama. We have gone very fully into the matter with the Director of Mines, and he believes that this fund is economically expended. We took some money from the revolving fund, because we did not feel the full amount was required for another year. We did this in order to require the departments to pay more promptly for fuel when delivered, since appropriations are carried for that purpose.

The Clerk read as follows:

Helium plants: For helium production and conservation, including acquisition of helium-bearing gas land or wells by purchase, exchange, lease, or condemnation, or interest in such land or wells, the purchase, lease, construction, or modification of plants, pipe lines and accessories, compressor stations, camp buildings, and other facilities for the production, transportation, storage, and purification of helium and helium-bearing gas, including acquisition of sites and rights of way therefor, by purchase, lease, or condemnation, and including supplies and equipment, expenses of travel and subsistence, maintenance and operation of motor-propelled, passenger-carrying vehicles for official use in field work, and all other necessary expenses, including not to exceed $6,560 for personal services in the District of Columbia, and including the payment of obligations incurred under the contract authorization carried under this heading in the Department of Commerce appropriation act for the fiscal year 1932, the unexpended balances in the appropriation "Helium Plants, Bureau of Mines, 1933," less the sum of $50,000, are hereby continued available for the fiscal year 1934: *Provided*, That no part of the appropriation herein made may be expended except with the approval of the President: *Provided further*, That the acquirement of leases, sites, and rights of way under terms customary in the oil and gas industry, including obligations to pay rental in advance and to pay damages to lands, crops, or structures arising out of the Government's operations is authorized: *Provided further*, That should valuable products other than helium-bearing gas to be discovered in wells acquired or drilled for helium-bearing gas under this appropriation the Secretary of Commerce is authorized to provide for the disposal of said wells or the products therefrom, by the contracts under which the property is acquired, or otherwise, in accordance with the interests of the Government therein and in the manner which, in his opinion, is most advantageous to the Government.

Mr. BRIGGS. Mr. Chairman, I move to strike out the last word.

Is the Government now getting from its own plants all the helium that it requires for the Army and Navy?

Mr. OLIVER of Alabama. Yes.

Mr. BRIGGS. And the Government does not get any helium from any other source?

Mr. OLIVER of Alabama. No.

Mr. BRIGGS. Is there any other helium production on a commercial scale, other than what the Government produces?

Mr. OLIVER of Alabama. Not to my knowledge.

The Clerk read as follows:

Total, Bureau of Mines, $1,464,300.

Mr. GRIFFIN. Mr. Chairman, I move to strike out the period in the last line. Mr. Chairman, we have reached the conclusion of the bill for the Department of Commerce. I think it might be well to review the growth of that department briefly. I have prepared a tabulation showing its personnel and its appropriations for the years 1913, 1922, and 1932.

For instance, in 1913, in the beginning of the activity of this department, the personnel was 8,783 and the appropriation was $11,345,088.

In 1922 the department had grown to the extent that it employed a personnel of 11,355 and the appropriation was $20,012,907.

In 1932 the personnel had risen to 20,912 and the appropriation was $54,716,230, a jump of nearly nine times in the personnel and an increase in the appropriation of five times over 1913.

Now, the appropriations from that point have dropped—1932 was the peak. The appropriations for 1933 dropped to $44,784,408. The appropriations recommended in this bill for the next fiscal year are down to $36,605,465.

I think it is interesting for the House to know that with respect to that department the committee has shown a disposition to work in harmony with the economy plan.

Mr. STAFFORD. Will the gentleman yield?

Mr. GRIFFIN. I will.

Mr. STAFFORD. In the gentleman's study, has he been able to ascertain in which bureau of the Department of Commerce there has been any marked increase, or is the increase general to all the bureaus? The gentleman's figures are rather startling. The increase from 1913 to 1922 might have been expected, because of the war activities, and that is only $9,000,000, but from 1922 to 1932 they increase nearly 200 per cent.

In the consideration of the bill, I recently pointed out that the appropriations for the Bureau of Standards might be decreased without doing violence to that bureau by a cut of four or five hundred thousand dollars. In what bureaus have the exceptional increases been made?

Mr. GRIFFIN. I have made an analysis of the various bureaus, and I will put it in my remarks in answer to the gentleman.

In connection with this, I want to point out to Members that in the RECORD of January 23, page 2329, I published an analysis for the Department of State for the same years, showing the growth of that department and its personnel.

In 1913, the personnel for the Department of State was 213 and the appropriation $325,960. In 1922 the personnel had jumped to 644 and the appropriations to $1,002,675. In 1932 the personnel was 851, and the appropriation was $2,094,200.

Mr. DYER. Will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. DYER. Whose fault was it that these increases were made? Was it not the fault of the Committee on Appropriations? It gave them these additional appropriations from year to year.

Mr. GRIFFIN. The Appropriations Committee has tried to follow the law.

Mr. DYER. But sometimes the Committee on Appropriations appropriates for things not authorized.

The following is the table referred to by Mr. GRIFFIN:

Department of Commerce—Appropriations and personnel for years 1913, 1922, 1932

Bureau	1913		1922		1932	
	Personnel	Appropriations	Personnel	Appropriations	Personnel	Appropriations
Office of Secretary	139	$730,830	183	$690,300	170	$1,477,160
Foreign and Domestic Commerce	108	176,242	595	1,228,510	1,902	5,334,122
Census	1,376	1,251,886	1,664	1,000,000	4,043	6,270,580
Steamboat Inspection Service	262	534,740	366	990,790	420	1,395,120
Navigation	95	163,060	230	316,922	192	496,280
Standards	312	689,410	968	1,507,360	1,035	2,874,570
Lighthouses	5,624	5,563,910	5,909	8,856,790	7,814	12,082,410
Coast and Geodetic Survey	347	1,036,020	978	2,129,690	1,279	3,075,933
Fisheries	398	944,790	462	1,244,180	1,193	2,905,540
Bureau of Corporations	127	254,200				
Aeronautics Branch					272	10,362,300
Radio division					189	646,700
Patent Office					1,425	5,516,750
Mines					978	2,278,765
Increase of compensation				2,043,365		
Total	8,788	11,345,088	11,355	20,012,907	20,912	54,716,230

Appropriations for 1933	$44,784,408
Appropriations recommended in fiscal year 1934	36,605,465

The Clerk read as follows:

Printing and binding: For printing and binding for the Department of Labor, including all its bureaus, offices, institutions, and services located in Washington, D. C., and elsewhere, $225,000.

Mr. GARBER. Mr. Chairman, I move to strike out the last word.

The report of the subcommittee of the House Appropriations Committee on the pending bill making appropriations for the Departments of State, Justice, Commerce, and Labor for the fiscal year 1934 reflects a conscientious performance of duty by each Member and a determined effort to reduce the cost of Government, as far as it is possible to do so without serious injury to the service.

I am sure the members of this committee appreciate the services of the distinguished chairman and senior ranking member on this committee in being always willing to explain fully in detail the considerations determining their conclusions reached. In its report upon this bill, however, the following reference without clarifying statement is vague and indefinite.

Referring to the Court of Claims:

We are persuaded that the next Congress might well consider limiting the authority of the court as to some of the cases referred to them for trial to a finding of and a report on the facts.

The Court of Claims is not a court of reference. Its jurisdiction is not that of a referee or master in chancery. The Court of Claims is a court of original jurisdiction. Cases are not referred to the Court of Claims for trial, but are initiated and filed in that court by petition and procedure similar to the other civil courts. It is true that neither the ward of the Government nor the citizen can sue the Government without its permission, but that consent or permission of a sovereign is not a matter of favor, but is embedded in the morality of the duty of the Government to recognize the obligation of contract in the same degree that it requires the recognition of such obligation from the ward or citizen. In other words, it is just as much the duty of the Government to fulfill its obligations as it is the duty of the citizen.

Before the establishment of the Court of Claims those having claims against the Government could only be heard by Congress itself. This was recognized as most inefficient and cumbersome machinery to administer justice, even to the point of being almost a denial of such administration to the citizen.

For the purpose of relieving Congress of such grave responsibility and affording the citizen and the Government with a judicial agency, the Court of Claims was established by Congress in 1855 and by subsequent acts given a wide and varied jurisdiction, including all claims against the United States Government, with the exception of tort and pension claims. It has jurisdiction to hear and determine any claim against the Government founded upon any law of Congress or upon any regulation of an executive department or upon any contract, express or implied, or upon any treaty with the Government of the United States.

Originally it was a court merely in name, for its power extended only to the preparation of bills to be submitted to Congress. In 1863 the number of judges was increased from three to five. Its jurisdiction was enlarged, and instead of being required to prepare bills for Congress it was authorized to render final judgment, subject to appeal to the Supreme Court and to an estimate by the Secretary of the Treasury of the amount required to pay each claim. The Supreme Court, however, held that the provision of an estimate was inconsistent with the finality essential to judicial decisions, and Congress repealed that provision, since which time the Court of Claims has exercised all the functions of a court as exercised by the other inferior courts authorized by Congress.

The suggestion of our committee that—

We are persuaded that the next Congress might well consider limiting the authority of the court as to some of the cases referred to them for trial to a finding of and a report on the facts—

is not supported by any facts in the hearing or stated in the report. No reasons are given, no consideration is stated which persuaded the committee to make such suggestion, and we do not believe that mature consideration will justify any such action.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. GARBER. Mr. Chairman, I ask unanimous consent to continue for five minutes.

The CHAIRMAN. Is there objection?

Mr. STAFFORD. Mr. Chairman, there will be several roll calls this afternoon, and this is Saturday afternoon. I think we ought to get along with the bill.

Mr. DYER. Mr. Chairman, I ask unanimous consent that the gentleman may have three minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. GARBER. Yes.

Mr. DYER. In the cases that the gentleman speaks of, why could not the Congress authorize the district courts to try them? We are going to have a surplus of district judges in this country very shortly, due to the fact that prohibition is going to be repealed. Why not give those district judges something to do and transfer jurisdiction to them, instead of creating so many other courts?

Mr. GARBER. Mr. Chairman, that is entirely within the jurisdiction of Congress.

The court was established to relieve Congress, to protect the Government by regular investigation, and to protect claimants by affording them a certain mode of examining and adjudicating their claims.

When the court has ascertained and determined what valid claims a plaintiff may have against the defendant, its function and power is ended. It can issue no execution to enforce the payment of the amount so ascertained. Plaintiffs must then appeal to the sovereign for an appropriation to pay the claim ascertained by the court to be due. This appeal must be made to the legislative department of the Government. It rests with the legislative branch of the Government; and if Congress refuses to appropriate the money to pay the judicially ascertained claim, the power does not reside in any court to enforce the payment thereof, and there is no other forum in which the plaintiffs can seek redress.

In commenting upon the court, the distinguished chairman took occasion to say that the aggregate of the pending claims, including interest and principal, amounted to $4,055,312,696.59, as shown in the following table:

Tax cases:		
675 actual claims	$66,097,106.65	
Estimated interest	14,688,245.92	
		$80,785,352.57
Patent cases:		
41 actual claims	238,347,640.08	
Estimated interest	52,966,142.24	
		291,313,782.32
Indian cases:		
58 actual claims	1,072,006,278.34	
25 estimated claims	354,000,000.00	
Estimated interest	2,112,449,581.39	
		3,538,455,859.73
General and special jurisdictional cases: 777 actual claims		144,757,701.97
		4,055,312,696.59

The implication, especially to the average layman, is that the court was being resorted to for the collection of claims against the Government which were unwarranted and unjustifiable in the jurisdiction which it exercises.

The distinguished chairman should have accompanied such statement with the percentage of results in judgments rendered and collections made, and the aggregate amount of claims pending would not be so terrifying. In his annual report for the fiscal year ending June 30, 1932, the Attorney General stated:

The total amount of judgments rendered against the Government during the year was $5,503,534.84 in cases in which the recovery sought was $470,513,986.48. The percentage of recovery for the current year was approximately 1 per cent of the amount claimed.

This means that the stupendous aggregate amount of claims pending in the Court of Claims in excess of $4,000,-

000,000, so far as practical results in the form of judgments are concerned, would amount to $40,000,000, and these claims include claims pending over a period of 10 years. The records of the court show that in all the suits filed in the court from 1920 to 1932, the aggregate amount claimed was $12,678,687,341, while the net amount on all of such claims during said period of 12 years is $75,190,563.

RECORD IN SUPREME COURT

From October, 1925, to November 1, 1932, inclusive, there were filed in the Supreme Court of the United States 332 petitions for writs of certiorari to review the judgments of the Court of Claims. The Supreme Court denied certiorari in 246 cases and granted 83. There are 3 cases pending, upon which no action has been taken. Of the 83 cases in which writs were granted, 17 are now pending in the Supreme Court, 43 were affirmed by the Supreme Court, and 33 have been reversed. In the 43 cases in which the Court of Claims was affirmed, 36 were decided by the Court of Claims in favor of the Government and 7 in favor of the plaintiff. In the 33 cases reversed by the Supreme Court, 23 had been decided by the Court of Claims against the plaintiffs and 7 had been decided by the Court of Claims against the Government. The 3 remaining cases which were reversed by the Supreme Court represent judgments in the Court of Claims for the plaintiff in which the Supreme Court increased the judgments for plaintiff. It will be seen from the above that the great majority of cases in which the Court of Claims is reversed, it had decided in favor of the United States and that over a period of seven years the Court of Claims has been reversed only seven times in cases which it decided against the United States.

* * * * * * *

We have 559 tax cases, 9 ship cases, 31 patent cases, 45 cotton linter cases, 5 railroad cases, 84 Indian cases under special jurisdictional acts, 27 cases for dependency allowances, 189 miscellaneous, and 416 congressional cases, for a total of 1,554.

Mr. OLIVER. Can you follow that with a statement of the cases disposed of during the last fiscal year?

Chief Justice BOOTH. Number of cases disposed of by the court from July 1, 1931, to June 30, 1932, 698.

* * * * * * *

In accordance with the annual report to Congress, dated December 5, 1932, it appears that for the year ended December 3, 1932, there were 463 cases disposed of, either by dismissal, judgments for plaintiffs or judgments for defendant.

Amount claimed	$51,071,743.46
Judgments for plaintiffs	4,635,526.41
Judgments for defendant (cost of printing)	8,763.34
Judgments on counterclaims	2,090,274.58

We submit that this record of judicial service by the Court of Claims will favorably compare with that of any of the other inferior courts established by Congress.

The Clerk read as follows:

EMPLOYMENT SERVICE

To enable the Secretary of Labor to foster, promote, and develop the welfare of the wage earners of the United States, including juniors legally employed, to improve their working conditions, to advance their opportunities for profitable employment by regularly collecting, furnishing, and publishing employment information as to opportunities for employment; maintaining a system for clearing labor between the several States; cooperating with the Veterans' Administration to secure employment for veterans; cooperating with and coordinating the public employment offices throughout the country, including personal services in the District of Columbia and elsewhere; traveling expenses, including expenses of attendance at meetings concerned with the work of the employment service when specifically authorized by the Secretary of Labor; supplies and equipment, telegraph and telephone service, and miscellaneous expenses; $734,865, of which amount not to exceed $46,750 may be expended for personal services in the District of Columbia: *Provided*, That no part of this appropriation shall be expended for the establishment or maintenance of any employment office unless suitable space therefor can be found in a Federal building or is furnished free of rent by State, county, or local authority, or by individuals or organizations: *Provided further*, That no part of this appropriation shall be used to pay any salary in any field employment office at an annual rate in excess of $2,000, except one director in each State whose salary shall not exceed $3,500, and 23 managers of the veterans' employment service whose salary shall not exceed $2,400 each.

Mr. CONNERY. Mr. Chairman, I move to strike out the last word to ask a question in reference to the Employment Service. I read the concluding proviso under Employment Service:

That no part of this appropriation shall be used to pay any salary in any field employment office at an annual rate in excess of $2,000, except one director in each State whose salary shall not exceed $3,500, and 23 managers of the veterans' employment service whose salaries shall not exceed $2,400 each.

Does this take care of all the offices that are now open in the employment service?

Mr. OLIVER of Alabama. I can not say that it does. This is the Budget estimate as submitted to us. The gentleman will recall that the House only recently approved a supplemental estimate sent up by the President, and it may be that some of these offices can not be kept open with the amount included in the original estimate; and that if it is important to keep them open in 1934, the next President would have to send up what has been done this year, namely, a supplemental estimate.

The Clerk read as follows:

UNITED STATES HOUSING CORPORATION

Salaries and expenses: For officers, clerks, and other employees, and for contingent and miscellaneous expenses, in the District of Columbia and elsewhere, including blank books, maps, stationery, file cases, towels, ice, brooms, soap, freight and express charges, communication service, travel expense, printing and binding not to exceed $150, and all other miscellaneous items and expenses not included in the foregoing and necessary to collect and account for the receipts from the sale of properties and the receipts from the operation of unsold properties of the United States Housing Corporation, the Bureau of Industrial Housing and Transportation, property commandeered by the United States through the Secretary of Labor, and to collect the amounts advanced to transportation facilities and others; for payment of special assessments and other utility, municipal, State, and county charges or assessments unpaid by purchasers, and which have been assessed against property in which the United States Housing Corporation has an interest, and to defray expenses incident to foreclosing mortgages, conducting sales under deeds of trusts, or reacquiring title or possession of real property under default proceeding, including attorney fees, witness fees, court costs, charges, and other miscellaneous expenses; for the maintenance and repair of houses, buildings, and improvements which are unsold; in all, $13,195: *Provided*, That no person shall be employed hereunder at a rate of compensation exceeding $4,000 per annum, and only one person may be employed at that rate: *Provided further*, That no part of the appropriations heretofore made and available for expenditure by the United States Housing Corporation shall be expended for the purposes for which appropriations are made herein.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. OLIVER of Alabama. Mr. Chairman, I wish to express to the Members of the House, on behalf of the committee having this bill in charge, our deep appreciation for their splendid cooperation, which alone made possible the expeditious consideration of the bill. It has been my purpose to ascertain in advance as far as possible what items the Members of the House were interested in discussing; and recognizing the value of intelligent discussion, I have sought to secure adequate time therefor as to such items. I know the House will understand that what I may state as my individual opinion in relation to the action taken on certain amendments is not intended as a criticism of the membership of the House but simply to submit for their further consideration my views relating thereto. Take the vote yesterday on the amendment offered by the distinguished gentleman from Ohio [Mr. COOPER] relating to the Federal prison in Pennsylvania. While time will not permit an oral discussion, I ask leave to insert as a part of and at the close of my remarks a prepared written statement, which the Members of the House are urgently requested to read.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. OLIVER of Alabama. You will conclude, I believe, after reading the facts respectfully submitted, that the committee has departed, perhaps unconsciously, from a well-defined and widely approved policy only recently adopted by almost a unanimous vote of the Senate and House in reference to prison industries. Unwittingly you are discriminating in favor of one single class of industry and against other industries equally if not more deserving, and which the original act, passed in May, 1930, very wisely and properly warned against. The gentleman from Missouri [Mr. DYER] inserted in last Thursday's RECORD a splendid statement by the Director of the Bureau of Prisons, in which will be found a very convincing and in-

forming discussion of our Federal industrial system now in vogue at our penal institutions in strict conformity to the express mandates of Congress. It is my hope that the House may correct this mistake of the committee.

The other two matters of which I wish to speak are the two amendments that were adopted by the committee and which, in my judgment, will seriously impair, if not prevent, any effective enforcement of the national prohibition law. I recognize how sharp differences may exist between Members as to the amount of the appropriation that should be now carried, and as to that I will not further complain; but I respectfully submit that when you have fixed the appropriation for this service, you should not make ineffective the enforcement of the law by imposing limitations which you have repeatedly heretofore rejected and disapproved. I concede absolute sincerity of opinion to those who entertain strong convictions against national prohibition; but, as I argued yesterday, so long as it remains in the Constitution, it should be enforced, and certainly those charged with the solemn and difficult duty of enforcement should not have limitations imposed on them which for years your committee has been informed will seriously interfere with the effective enforcement of the law.

As to the two amendments, one offered by the gentleman from Massachusetts [Mr. TINKHAM], the other by the gentleman from Georgia [Mr. TARVER], I feel that many Members have not had the benefit of the information supplied to the committee by the officials charged with the enforcement of the law in question. They have uniformly opposed these limitations as unwise, and Congress has previously given approval to the views thus expressed by our officials.

The amendment offered by the gentleman from Massachusetts [Mr. TINKHAM], which seeks to prevent any part of the appropriation being used for wire tapping, has been before the House a number of times. After exhaustive discussion the House has regularly voted it down. You have wisely, I think, heretofore vested broad discretion in those charged with the duty of administering this fund. I make bold to assert that if you have had occasion to inquire as to how during the past few years the funds have been administered by the Department of Justice, I am confident you have found no just ground for criticism.

You know the members of the Committee on Expenditures. They differ widely on the question of national prohibition; and one of the members of this committee had strongly favored the Tinkham limitation, up to about two years ago, but after the Attorney General appeared before the committee and submitted in executive session a full and complete report of the cases in which wire tapping had been employed and gave assurance of further definite regulations he would impose to prevent abuses, the full committee were deeply impressed thereby, and little, if any, objection has been heard since from that committee about the matter so long as they felt it was carefully guarded by strict regulations.

Mr. CONNERY. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. CONNERY. Regardless of how any Member of the House may feel on the question of prohibition, is it not the general opinion throughout the country that wire tapping is a bad practice; it is unconstitutional, aside from the prohibition side of it? I mean with reference to other offenses.

Mr. OLIVER of Alabama. I am very glad the gentleman asked that question because I hope he will permit me to place before him full information as to cases in which it has been resorted to; if so, it is my firm conviction that the gentleman will be convinced that it has only been resorted to in extreme cases against the worst type of criminals that this country has ever known, and who could never probably have been detected otherwise.

Mr. DYER. Will the gentleman yield?

Mr. OLIVER of Alabama. Yes; I yield.

Mr. DYER. They have resorted to this in States where the people have expressly legislatively prohibited it in the prosecution of State offenses.

Mr. OLIVER of Alabama. And in those States where the question has come before the courts of last resort I can show the gentleman opinions of such courts, to the effect that the statute of a State prohibiting wire tapping is not to be construed as making it unlawful for an official who may wire tap for the purpose of preventing the unlawful use of a public wire. I called attention to that some time since.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. JOHNSON of Texas. Has the Supreme Court passed upon the question of wire tapping?

Mr. OLIVER of Alabama. It has, and, by a majority vote, upheld it.

Mr. BECK. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. BECK. Did the Supreme Court uphold wire tapping, or was not the decision of the Supreme Court merely that testimony acquired in that way could not be excluded because of the method whereby it was acquired?

Mr. OLIVER of Alabama. The gentleman is correct.

Mr. BLANTON. Well, that upholds it.

Mr. OLIVER of Alabama. I thought that was really what the gentleman from Texas [Mr. JOHNSON] had in mind, in asking the question, namely, whether evidence thus procured could be offered in court.

Mr. BECK. That is a somewhat different question than stating that wire tapping was legal.

Mr. OLIVER of Alabama. The gentleman from Pennsylvania has correctly interpreted the decision of the court to which reference was made, and I am glad to correct my statement so as to make it conform to his.

The Attorney General, who will soon retire, who appeared before the Committee on Expenditures and made a statement to which I have referred, and you will find statements from him in the last two hearings before our committee about this practice, and it is his opinion that you might seriously interfere in some cases with the proper enforcement of law against dangerous criminals by imposing a limitation like this on the appropriation.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

Mr. DYER. Mr. Chairman, reserving the right to object——

Mr. LAGUARDIA. Reserving the right to object——

Mr. DYER. I couple with that the request that the gentleman from Pennsylvania [Mr. BECK] may proceed for 10 minutes after the gentleman from Alabama has finished.

Mr. OLIVER of Alabama. Mr. Chairman, I will withdraw my request.

Mr. LAGUARDIA. Mr. Chairman, I ask for recognition. I move to strike out the last word.

Mr. DYER. Mr. Chairman, the remarks of the gentleman from Alabama [Mr. OLIVER] are very instructive. I do hope that he may be able to proceed for five minutes. The gentleman has withdrawn his request under the circumstances.

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that the gentleman from Alabama may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. OLIVER of Alabama. I hope the House understands that I will interpose no objection to others speaking.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. COCHRAN of Missouri. I am glad the gentleman has referred to the hearings before the committee of which I am chairman and at which the Attorney General appeared with his assistant. There is another phase to wire tapping that was not brought out at that hearing. I, too, agree with the gentleman from Alabama that the Attorney General does not want any abuse as far as wire tapping is

concerned; but I may say to the gentleman from Alabama that when this matter is analyzed carefully it will be found that the wires of reputable citizens are tapped in connection with the tapping of the criminals' wires, and there might be listening-in upon conversations that might be held between a client and his attorney. The gentleman would not approve of that.

Mr. OLIVER of Alabama. No. Under the very stringent rules and regulations laid down by the Attorney General following the hearing before the gentleman's committee it is impossible for anyone now to wire tap until it has been approved first by the chief of the field forces in Washington, next by the Director of the Bureau of Prohibition, and then only after the Attorney General or the Assistant Attorney General has given approval thereto.

Mr. COCHRAN of Missouri. That was the agreement the Attorney General made with the committee.

Mr. OLIVER of Alabama. And it has been carried out in letter and spirit, the committee is informed. After the committee suggested it, the Attorney General made the regulations referred to, and so far as our committee knows there have been no grounds for complaint since.

Further answering the gentleman from Massachusetts, there is no prohibition against wire tapping by other investigating units of the Government; and the gentleman will find they have had to resort to it in some important cases.

For instance, in cases of abduction, if this offense is not broken up in the future, wire tapping may have to be often resorted to. Otherwise you will never be able to locate the parties directly responsible for such offenses, which everyone condemns, and the punishment for which should be death, certainly in the Lindbergh case if the culprit is ever found. The development of rapid communication by radio, telephone, telegraph, has placed these instrumentalities in the hands of very dangerous criminal groups, to whom no Member of this House would consciously lend the slightest aid or support. Often, however, they are located far from the scenes of operation. They use the code system transmitted by radio, telegraph, and telephone and paid agents carry out orders thus sent, while keeping in constant contact with those far away. Sometimes such conspirators make their base of operations in foreign countries, sometimes far out at sea. No one who will take time to read the history of the exceptional cases where wire tapping has been resorted to will disapprove any action taken within the last 18 months.

In conclusion, as to these two amendments, my thought is that since you have repeatedly and wisely, I think, refused to impose these limitations on officials now in office, you can at least repose a like confidence on others who soon are to come into office. [Applause.]

[Here the gavel fell.]

Mr. OLIVER of Alabama. The following is the prepared statement which the committee authorized to be added at the conclusion of and as part of my oral remarks:

The Federal prison labor program has been the outgrowth of years of study and investigation. In its present form it is in conformity with the most progressive thought on the subject. The prison law providing for the diversification of employment of Federal prisoners was enacted as a direct outgrowth of the recommendations of a special committee appointed by the House of Representatives to investigate Federal penal affairs. This committee consisted of the Hon. JOHN G. COOPER of Ohio, chairman; WILLIAM F. KOPP, of Iowa; JOHN TABER, of New York; JOHN J. BOYLAN, of New York; and Thomas M. Bell, of Georgia. This committee recommended that additional opportunities be provided for the employment of Federal prisoners in the following words:

"EMPLOYMENT

"The committee believes that every effort should be made to provide increased opportunity for employment of Federal prisoners.

"It is the committee's judgment that immediate steps should be taken to establish additional shops in the penitentiaries and other Federal penal institutions to make additional goods and articles which could be utilized by the United States Government. There is no doubt but that there is an ample market in the Federal Government for a sufficient quantity and variety of goods to keep all Federal prisoners employed."

In conformity with the recommendations of this committee, a bill (Public No. 271, 71st Cong.) providing for the diversification of employment of Federal prisoners, was presented to the Judiciary Committee of the House and enacted into law without serious objection by the House of Representatives, was indorsed unanimously by the Senate, and approved by the President on May 27, 1930.

This bill had the indorsement not only of all students of the problem but also was specifically approved by the American Federation of Labor. The principles upon which this bill was founded were:

(1) To restrict the market for the products made in Federal prisons to tax-supported institutions and agencies of the Government, thus eliminating any possibility that the labor of Federal prisoners might come into direct competition with free labor and free industry. Not one single dollar's worth of goods made in Federal prisons is sold in the open market—a policy which has so far been adopted by only four or five of the States.

(2) To diversify to the maximum types of employment upon which Federal prisoners were engaged so that no single industry could have just ground for complaint that it had to bear an unfair share of the burden of what little competition resulted from the methods adopted by the Federal Government.

(3) To permit the use of as large a number of Federal prisoners as possible on manual labor in the construction and repair of roads and other public ways and works.

(4) To permit the executive branch of the Government to consider the problem as a whole and determine the specific industry which should be installed in the Federal prisons, thus eliminating political influences, logrolling, and selfish interests.

In carrying out the mandate of the Congress the Department of Justice has gone even farther and adopted the policy of not monopolizing even the Federal market for any one type of commodity and has endeavored so to regulate the output of its industries that no single group of manufacturers could have just ground to complain. It has also attempted to spread the work of its prisoners to the maximum. It has adopted the 5-day week and a 7-hour day. During the present period of unemployment the Department of Justice has decided that it would not install any additional industries if there are already in the institution any means whatever for providing employment. It does not use high-speed, automatic, or labor-saving machinery. It uses machinery only where necessary to produce a satisfactory product. No person or individual has ever suggested a practical means of employment for prisoners which has not been adopted by the Federal Government.

At the present time the following industrial activities are carried on at the various Federal prisons.

Industrial activities at Federal prisons June 30, 1932

Institution	Name of industry	Institution population	Number of prisoners employed
Atlanta	Cotton textiles		851
Do	Canvas, baskets, and mail bags.		50
Do	Print shop		15
Do	Clothing		73
Do		3,281	989
Leavenworth	Shoes		477
Do	Brooms		52
Do	Wood furniture		55
Do		3,537	584
Fort Leavenworth	Brushes		127
Do	Print shop		53
Do	Laundry		105
Do	Dry-cleaning plant.		16
Do	Ice plant		18
Do		1,835	319
Chillicothe	Foundry		19
Do	Brick plant		98
Do		1,534	117
Alderson	Garments	470	70
Fort Eustis	Salvage, bakery	640	70
Camp Lee	Sawmill, wood, furniture.	635	60
Total			1,809
All institutions	Farming		2,000
Camps	Road work and manual labor.		800
Total population in all Federal institutions		13,698	

From the foregoing it can be seen that only about 15 per cent of the Federal prisoners are engaged in industries and only about 10 per cent are engaged in activities which supply goods to other Government departments and agencies.

The adoption of an amendment providing that the prison industries working capital fund can not be used to purchase machinery for the manufacture of metal furniture is a direct reversal of the policies heretofore adopted by the Congress and approved by all of those interested in the question. It discriminates in favor of a particular industry and will compel the Government and the Congress to repudiate their solemn promises to other industries that the activities of prisoners will be diversified and the burden



of competition spread equitably. It means, moreover, that there will be absolutely no means of employing those prisoners who must be kept within the walls of the new institution in Pennsylvania unless the machinery is purchased prior to July 1, 1933, with funds now available. Stripped of its camouflage, the proposal that no machinery may be used in the manufacture of metal furniture means that this industry can not after July 1, 1934, and during that year be established. No man can cut a $\frac{1}{4}$-inch steel plate with hand tools or bend accurately a 12-gage sheet of metal without the help of machines. To eliminate machines in an industry such as metal furniture strikes a death blow at its establishment.

It may deprive the inmates of this prison of the right to work at productive labor. It means that those who have been placed in this institution in order to protect society may be released no better trained to work than when they entered and inevitably they might leave the prison worse than when they were received. Idleness in a prison vitiates all efforts to reform the inmate. It complicates discipline and increases maintenance costs. It makes of the prisoner a parasite rather than a producer. An idle man is a charge upon the whole community and the unemployment problem does not stop at the prison wall. Most appalling, however, is the thought that human beings are condemned by the law of the Federal Government to idleness.

Experience shows that wherever men have been crowded into an institution with no means of occupying their hands and minds, depravity, bloodshed, and riots have followed inevitably. The responsibility will not rest only upon the prison officials for the safekeeping of 1,200 men caged up within the small compass of a prison if means of occupying their time is to be denied or curtailed. Recent riots in prisons have focussed the attention of the public on this question and most of the States have been seeking a solution to this baffling problem.

In their attempts to find a remedy the States have adopted various means of employing their convicts. In Wisconsin, for example, their largest industry is a hosiery shop, employing something over 300 men on the contract-labor plan; another 125 are employed in making binder twine; and the remainder of the approximately 1,000 inmates are on maintenance tasks. In Michigan the prisoners make textiles, cement, metal furniture, brushes, and chairs. Of the Ohio prisons the Handbook of American Prisons says:

"The second striking characteristic of the prison is idleness. From 1,200 to 2,000 men are on the idle list, which is made more conspicuous by the use of the 'idle room,' in which hundreds of men spend their days sitting on benches in absolute idleness."

In New York the prison employment situation is acute and such industries as are in operation compete with private industry in substantially the same manner and to the same extent as do the Federal prisons. Everywhere the situation is critical.

The Federal Government does not now seek a complete solution of this situation. It does not hope to be able to provide employment during the present crisis for all of the inmates of the institutions. It seeks merely to stop the relative reduction in employment opportunities. The population of the Federal prisons has increased by 6,000 in the past four years and industrial employment opportunities have decreased. Since June 30, 1932, to the present date, for example, the number of men employed in Atlanta has decreased 40 per cent. Substantial reduction has also been made at Leavenworth. At the new prison at Lewisburg, Pa., the Department of Justice has suggested that employment opportunities be provided for only 12 per cent of the inmates and this only because it is vitally necessary to the safety of the institution. The investment in machinery will approximate $25,000, and the value of the 1934 production will approximate $40,000, which represents about one-tenth of the Government's annual purchases of such metal furniture.

Mr. LaGUARDIA. Mr. Chairman, I move to strike out the last two words.

As is always the case in the question of the prohibition appropriation, every class of criminals, and the enforcement of all criminal laws are brought in to reinforce the argument. Criminals did not create prohibition, but prohibition has made criminals. There is no comparison or analogy between the apprehension, prosecution, and punishment of a crime involving moral turpitude, a malum per se, and a strictly statutory artificially created offense, a malum prohibitum. There is nothing in the amendments before the House which would in any way disturb the practice and the efficient administration of the criminal laws of the United States Government. The detection and enforcement of the criminal laws of the United States Government are placed in the charge of the Bureau of Investigation, the head of which is Mr. J. Edgar Hoover, an excellent and efficient official. Under his administration there have been no abuses, and no commission of crime in the enforcement of the criminal laws under its jurisdiction. The trouble with the enforcement of prohibition laws, we have had as much violation of other laws on the part of officials as violations of the law itself.

I may remind the gentleman from Alabama that eight years ago I brought to the attention of this House, when one Bruce Bielaski was in charge of the undercover system of the Prohibition Bureau, the fact that several extortion cases occurred from information obtained as a result of wire tapping ostensibly for the purpose of enforcing law. It is the abuse of wire tapping in connection with the prohibition enforcement that has created the repulsion against this system of detection and has caused a storm of protest throughout the United States.

The gentleman from Alabama must admit that the House has cooperated with him, and always does in passing appropriations or enabling acts for the proper enforcement of the criminal laws, but the gentleman from Alabama has not yet realized that there is an entire change of attitude on the part of the American people on the question of prohibition. The funds which he asks, all of the money without the reduction, will not result in enforcement of the law, as we have learned from 12 years of experience. The amendments he seeks to defeat will not impair the proper lawful enforcement of the law. The practices he would continue will not aid one bit in enforcement but only place in the hands of irresponsible, petty officials a weapon of extortion and oppression.

Is there anyone here who would doubt for a minute that when the protest in New England against the practice of writs and seizures took place, which was one of the incentives which created the thought of liberation from the mother country, that had the telegraph been in existence wire tapping would have been included? Mr. Chairman, the leading case in the United States Supreme Court, the citation of which escapes me at this time, is one where Government agents broke into a home and took incriminating papers; and, although the very conviction depended upon the use of those incriminating papers, they were not admissible in evidence. Now, because we have a new means of communication, would the gentleman destroy what has taken centuries to acquire, what has taken the sacrifices of thousands and thousands of human lives to obtain, the protection of the individual only for the sake of continuing a fanatical law which has proved a failure? It is time the sponsors of prohibition realize that by their stubbornness and extreme methods they are jeopardizing the enforcement of all criminal laws. All this would not have happened, Mr. Chairman, had it not been for the attempt here to create and to make criminal something that in and of itself is not wrong. The entire enforcement of prohibition has broken down, a change of national policy on this question is soon to be brought about. We must therefore adjust ourselves to the coming change. The first thing we may properly do is to stop unlawful tactics and entrapment in the enforcement of the law. The second thing to do is to limit enforcement to sources of supply, importations, and unlawful manufacture of liquor. The retail and petty violations may be left, for the remaining period of prohibition, to the local communities. I trust the House will retain all of the amendments.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that the gentleman from New York be allowed to proceed for five additional minutes.

Mr. OLIVER of Alabama. Mr. Chairman, reserving the right to object, I move that all discussion on this paragraph close in 10 minutes.

Mr. LaGUARDIA. Why not close it now?

Mr. OLIVER of Alabama. Then, Mr. Chairman, I move that all debate on this paragraph do now close.

The motion was agreed to.

Mr. OLIVER of Alabama. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. OLIVER of New York, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under considera-

tion the bill H. R. 14363, the State, Justice, Commerce, and Labor Departments, and the judiciary appropriation bill, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to, and that the bill as amended do pass.

Mr. OLIVER of Alabama. Mr. Speaker, I move the previous question on the bill and all amendments thereto to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. OLIVER of Alabama. Mr. Speaker, I demand a separate vote on the amendment offered by the gentleman from Massachusetts [Mr. TINKHAM] and the amendment offered by the gentleman from Georgia [Mr. TARVER].

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put the amendments in gross.

The amendments were agreed to.

The SPEAKER. The Clerk will report the first amendment on which a separate vote is asked.

The Clerk read as follows:

Tinkham amendment: On page 24, line 26, after the period, insert the following proviso: *"Provided,* That no part of this appropriation shall be used for or in connection with wire tapping to procure evidence of violations of the national prohibition act, as amended and supplemented."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken, and the Speaker announced that the ayes seemed to have it.

Mr. OLIVER of Alabama. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

So the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment on which a separate vote has been asked.

The Clerk read as follows:

Tarver amendment: On page 24, line 26, strike out the period, insert a colon, and add the following: *"Provided further,* That no funds hereby appropriated shall be used for the purchase of intoxicating liquors, nor to pay informers, nor for the purchase of evidence."

The question was taken; and on a division (demanded by Mr. OLIVER of Alabama) there were—ayes 121, noes 78.

Mr. OLIVER of Alabama. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] Two hundred and thirty-one gentlemen present, a quorum.

Mr. BLANTON. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 174, nays 165, not voting 87, as follows:

[Roll No. 152]

YEAS—174

Amlie	Cary	Drane	Hull, William E.
Andrew, Mass.	Celler	Dyer	Jacobsen
Andrews, N. Y.	Chapman	Englebright	Johnson, Mo.
Arnold	Chavez	Erk	Johnson, S. Dak.
Auf der Heide	Chindblom	Estep	Kading
Bachmann	Clancy	Evans, Mont.	Kahn
Bacon	Cochran, Mo.	Fernandes	Kelly, Ill.
Baldrige	Cole, Md.	Fiesinger	Kemp
Beck	Condon	Fitzpatrick	Kennedy, N. Y.
Black	Connery	Foss	Kleberg
Bloom	Cox	Fulmer	Kniffin
Boehne	Cross	Gambrill	Knutson
Bohn	Crosser	Gasque	Kunz
Bolleau	Crowe	Gavagan	Kvale
Boland	Crump	Gifford	LaGuardia
Bolton	Cullen	Gillen	Lamneck
Boylan	Curry	Goss	Larrabee
Britten	Darrow	Griffin	Lewis
Brumm	Davis, Tenn.	Griswold	Lichtenwalner
Brunner	Delaney	Hadley	Lindsay
Buchanan	De Priest	Hart	Lonergan
Burch	DeRouen	Hastings	Lovette
Burdick	Dickinson	Hess	Lozier
Byrns	Dickstein	Holmes	McClintic, Okla.
Campbell, Pa.	Dies	Horr	McCormack
Carden	Disney	Howard	McDuffie
Carter, Calif.	Douglass, Mass.	Hull, Morton D.	McKeown
McMillan	O'Connor	Reilly	Turpin
Maas	Oliver, N. Y.	Rogers, Mass.	Vinson, Ga.
Major	Overton	Rogers, N. H.	Warren
Maloney	Palmisano	Sabath	Watson
Mansfield	Parker, Ga.	Schafer	Welch
Martin, Mass.	Parsons	Schneider	West
Martin, Oreg.	Peavey	Schuetz	Whitley
May	Perkins	Smith, Va.	Whittington
Mead	Person	Somers, N. Y.	Wigglesworth
Millard	Pittenger	Spence	Williams, Mo.
Milligan	Polk	Stafford	Withrow
Mobley	Pou	Stokes	Wolcott
Montague	Prall	Sutphin	Wood, Ga.
Montet	Pratt, Ruth	Tarver	Woodrum
Nelson, Mo.	Ragon	Thomason	Yon
Niedringhaus	Rainey	Tinkham	
Norton, N. J.	Ransley	Treadway	

NAYS—165

Adkins	Eaton, Colo.	Kopp	Sanders, N. Y.
Aldrich	Elsey	Lambertson	Sanders, Tex.
Allen	Eslick	Lambeth	Sandlin
Allgood	Evans, Calif.	Lanham	Seiberling
Almon	Finley	Lankford, Ga.	Selvig
Andresen	Fish	Leavitt	Shallenberger
Arentz	Frear	Loofbourow	Shott
Ayres	French	Luce	Shreve
Bankhead	Garber	Ludlow	Simmons
Barbour	Gibson	McClintock, Ohio	Sinclair
Barton	Gilchrist	McFadden	Smith, Idaho
Biddle	Glover	McGugin	Snell
Blanton	Greenwood	McReynolds	Snow
Bowman	Gregory	McSwain	Steagall
Brand, Ohio	Guyer	Magrady	Stevenson
Briggs	Hall, Ill.	Mapes	Strong, Kans.
Browning	Hall, N. Dak.	Michener	Strong, Pa.
Bulwinkle	Hancock, N. Y.	Miller	Summers, Wash.
Burtness	Hardy	Mitchell	Sumners, Tex.
Busby	Haugen	Moore, Ky.	Swank
Cable	Hawley	Moore, Ohio	Swanson
Campbell, Iowa	Hill, Ala.	Morehead	Swick
Canfield	Hill, Wash.	Mouser	Swing
Cannon	Hoch	Murphy	Taber
Cartwright	Hogg, Ind.	Nelson, Me.	Taylor, Colo.
Castellow	Hogg, W. Va.	Nelson, Wis.	Taylor, Tenn.
Christgau	Holaday	Nolan	Temple
Christopherson	Hollister	Norton, Nebr.	Thatcher
Clague	Hooper	Oliver, Ala.	Thurston
Clark, N. C.	Hope	Parker, N. Y.	Timberlake
Clarke, N. Y.	Hopkins	Parks	Underhill
Collins	Houston, Del.	Partridge	Vinson, Ky.
Colton	Huddleston	Patman	Wason
Cooper, Ohio	Jeffers	Patterson	Weeks
Cooper, Tenn.	Johnson, Ill.	Pratt, Harcourt J.	Williamson
Coyle	Johnson, Okla.	Purnell	Wilson
Crail	Johnson, Tex.	Ramseyer	Wingo
Crowther	Jones	Ramspeck	Woodruff
Davenport	Keller	Rankin	Wright
Doughton	Kelly, Pa.	Rayburn	
Dowell	Ketcham	Reed, N. Y.	
Driver	Kinzer	Robinson	

NOT VOTING—87

Abernethy	Douglas, Ariz.	Harlan	Seger
Bacharach	Doutrich	Hartley	Shannon
Beam	Doxey	Hornor	Sirovich
Beedy	Drewry	Igoe	Smith, W. Va.
Bland	Eaton, N. J.	James	Sparks
Brand, Ga.	Fishburne	Jenkins	Stalker
Buckbee	Flannagan	Johnson, Wash.	Stewart
Carley	Flood	Kennedy, Md.	Stull
Carter, Wyo.	Free	Kerr	Sullivan, N. Y.
Cavicchia	Freeman	Kurtz	Sullivan, Pa.
Chase	Fulbright	Lankford, Va.	Sweeney
Chiperfield	Fuller	Larsen	Tierney
Cochran, Pa.	Gilbert	Lea	Underwood
Cole, Iowa	Golder	Lehlbach	Weaver
Collier	Goldsborough	McLeod	White
Connolly	Goodwin	Manlove	Williams, Tex.
Cooke	Granfield	Owen	Wolfenden
Corning	Green	Pettengill	Wolverton
Culkin	Haines	Reid, Ill.	Wood, Ind.
Davis, Pa.	Hall, Miss.	Rich	Wyant
Dieterich	Hancock, N. C.	Romjue	Yates
Dominick	Hare	Rudd	

So the amendment was agreed to.

The following pairs were announced:

On this vote:

Mr. Rudd (for) with Mr. Rich (against).
Mr. Carley (for) with Mr. Kurtz (against).
Mr. Corning (for) with Mr. Jenkins (against).
Mr. Sullivan of New York (for) with Mr. Goldsborough (against).
Mr. Douglas of Arizona (for) with Mr. Stull (against).
Mr. Buckbee (for) with Mr. Goodwin (against).
Mr. Wolfenden (for) with Mr. Fuller (against).
Mr. Bacharach (for) with Mr. Stalker (against).
Mr. Granfield (for) with Mr. Cochran of Pennsylvania (against).
Mr. Cooke (for) with Mr. Culkin (against).
Mr. Connolly (for) with Mr. Green (against).

Until further notice:

Mr. Bland with Mr. Wood of Indiana.
Mr. Lea with Mr. Hartley.
Mr. Brand of Georgia with Mr. Free.

Mrs. Owen with Mr. Davis of Pennsylvania.
Mr. Pettengill with Mr. Chiperfield.
Mr. Romjue with Mr. Manlove.
Mr. Weaver with Mr. Lehlbach.
Mr. Hare with Mr. Johnson of Washington.
Mr. Gilbert with Mr. Beedy.
Mr. Flannagan with Mr. Carter of Wyoming.
Mr. Drewry with Mr. Reid of Illinois.
Mr. Collier with Mr. Cavicchia.
Mr. Kerr with Mr. McLeod.
Mr. Larsen with Mr. Chase.
Mr. Dominick with Mr. Seger.
Mr. Underwood with Mr. Doutrich.
Mr. Williams of Texas with Mr. Eaton of New Jersey.
Mr. Hancock of North Carolina with Mr. Sullivan of Pennsylvania.
Mr. Flood with Mr. White.
Mr. Doxey with Mr. Wolverton.
Mr. Haines with Mr. James.
Mr. Fishburne with Mr. Wyant.
Mr. Hall of Mississippi with Mr. Yates.
Mr. Abernethy with Mr. Cole of Iowa.

Mr. BACHMANN. Mr. Speaker, the following Members, if present, would have voted "aye": Mr. GOLDER, Mr. MCLEOD, Mr. LANKFORD of Virginia, and Mr. FREEMAN.

Mr. RAINEY. Mr. Speaker, the following Members, if present, would vote "aye": Mr. SIROVICH, Mr. SMITH of West Virginia, Mr. BEAM, Mr. HORNOR, Mr. HARLAN, Mr. TIERNEY, Mr. STEWART, Mr. KENNEDY of Maryland, Mr. IGOE, Mr. DIETERICH, and Mr. SHANNON.

Mr. BUSBY. Mr. Speaker, the gentleman from Maryland, Mr. GOLDSBOROUGH, is unavoidably absent. If present, he would vote "no."

Mr. PALMISANO. Mr. Speaker, the gentleman from Maryland, Mr. KENNEDY, is unavoidably absent at a funeral. If he were present, he would vote "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. OLIVER of Alabama, a motion to reconsider the vote whereby the bill was passed was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SHANNON, for to-day, on account of important business.

To Mr. HARE (at the request of Mr. MCMILLAN), indefinitely, on account of important business.

To Mr. RUDD, indefinitely, on account of illness.

To Mr. SULLIVAN of New York, indefinitely, on account of illness.

To Mr. HANCOCK of North Carolina, until Thursday, February 2, on account of illness in his family.

RATIFICATIONS OF THE TWENTIETH AMENDMENT

The SPEAKER laid before the House a communication from Guy B. Park, Governor of the State of Missouri, announcing that the legislature of that State had ratified the proposed amendment to the Constitution of the United States fixing commencement of the term of President, Vice President, and Members of Congress, and fixing the time of the assembling of Congress.

The SPEAKER also laid before the House a communication from C. D. Buck, Governor of Delaware, announcing that the General Assembly of Delaware had ratified the proposed amendment to the Constitution fixing the term of commencement of the President, Vice President, and Members of Congress, and fixing the time of the assembling of Congress.

The SPEAKER also laid before the House a communication from Clarence D. Martin, Governor of the State of Washington, announcing that the legislature of that State had ratified the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President, Vice President, and Members of Congress, and fixing the time of the assembling of Congress.

THE BANKRUPTCY BILL

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks by inserting in the RECORD a memorandum prepared by the Solicitor General on the bill, H. R. 14359, the so-called McKeown-LaGuardia bankruptcy bill.

The SPEAKER. Is there objection?

Mr. BANKHEAD. Reserving the right to object, what is this, a criticism of the bill; what is the nature of it?

Mr. MICHENER. There was no opportunity given the Solicitor General to come before the committee to suggest amendments. This suggests amendments which we hope to offer to the bill. Many Members of the House are making inquiries about the matter, and I know of no way that we can get it before the House except to publish it in this way. It will be in to-morrow's RECORD, so that there will be some opportunity to present the matter, which we can not do if it is passed under suspension of the rules.

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object, though I shall not do so, in order to say that the gentleman from Michigan is slightly in error when he says that there was no opportunity for the Solicitor General to present his views. The matter under discussion has been under consideration by a joint committee of the House and Senate for several months. The Solicitor General presented his views repeatedly. He made his recommendations. He conferred with members of the committee, and he has had every opportunity to present his views.

Mr. BANKHEAD. Mr. Speaker, I withdraw my reservation of objection.

Mr. MICHENER. Mr. Speaker, in answer to the gentleman from New York, let me say that the Solicitor General did not appear before the Committee on the Judiciary of the House.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MICHENER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following memorandum prepared by the Solicitor General on the bill H. R. 14359, the so-called McKeown-LaGuardia bankruptcy bill:

JANUARY 26, 1933.

MEMORANDUM RE H. R. 14359

(House Calendar No. 300; Rept. No. 1897)

This bill proposes to amend the bankruptcy act by repealing sections 12 and 13 and adding a new chapter—Chapter VIII. Provisions for the relief of debtors.

The bill extends to debtors unable to pay their debts in due course and to their estates the protection of the court pending negotiations with their creditors for the extension or composition of their debts, in the case of individuals, and the readjustment of their debts, in the case of corporations, through the adoption of plans of reorganization. When approved by requisite majorities of the creditors and confirmed by the court these arrangements are made binding upon dissenting minorities under conditions which are intended to afford protection to minority interests. Relief is afforded under a process which does not carry the stigma of adjudication in bankruptcy. Adjudication may follow the debtor's failure to reach agreement with his creditors; but if the arrangement is approved and confirmed there can be no adjudication, and the debtor may obtain relief without reproach and be restored to gainful pursuits of benefit to himself and his creditors.

The process designed to accomplish these general purposes is set forth in three main sections of the new Chapter VIII proposed to be added to the present bankruptcy act, section 74 providing for compositions and extensions and being applicable to individual debtors, section 75 providing for corporate reorganizations, and section 76 providing for the reorganization of railroads engaged in interstate commerce.

As reported, the bill seems to require certain amendments of a more or less formal or technical character, which will be treated in a separate memorandum. The following comments are believed to present matters of more fundamental importance:

SECTION 74. COMPOSITIONS AND EXTENSIONS

In brief, this section is intended to provide a process for the voluntary readjustment, either by composition or by extension of the time of payment, of the indebtedness of the individual debtor who appears in court and makes such a proposal to his creditors.

In subsection (e) clause (1) the debtor may apply for the confirmation of his proposal after it has been accepted in writing by a majority in number of all creditors whose claims are affected by an extension proposal, which number must represent a majority in number and amount of such claims; and in clause (2) there is a further provision that failing to obtain the acceptance of a majority in number of all creditors, as required in clause (1), the debtor may nevertheless file a proposal for an extension, which after hearing as provided in subsection (f) the court may confirm as provided in subsection (g) if satisfied that (1) it includes an

equitable and feasible method of liquidation for secured creditors whose claims are affected and for the financial rehabilitation of the debtor; (2) it is for the best interests of all creditors; (3) that the debtor has not been guilty of any of the acts, or failed to perform any of the duties, which will be a ground for denying his discharge; and (4) that the offer and its acceptance are in good faith, and have not been made or procured except as herein provided, or by any means, promises, or acts herein prohibited. The proposal, when confirmed, becomes binding upon the debtor and his secured and unsecured creditors "provided that such extension or composition shall not impair the lien of any secured creditor but shall affect only the time and method of its liquidation."

Such process as this is open to the objection that a secured creditor may not be delayed in the enforcement of his security without his consent, or (as in the case of negotiable bonds secured by a trust indenture) without the consent of a majority of those entitled to participate with him in the enforcement of the security. The Supreme Court, in Isaacs *v.* Hobbs (282 U. S. 734) and in Stratton *v.* New (283 U. S. 318), has recognized the right of a bankruptcy court to enjoin foreclosure proceedings in other courts affecting property within its jurisdiction—upon the principle, however, that the court is engaged in an orderly liquidation of the debtor's property, and may itself provide for the enforcement of the rights of the secured creditors. But the proceeding here in question is intended to avoid liquidation by a process of composition or agreement between the debtor and his creditors. Clause (2) of subsection (e) dispenses with the necessity of any agreement and permits the court to stay all creditors in the enforcement of their claims and liens without the consent of any of them, provided the extension shall not impair the lien and shall affect only the time and method of its liquidation.

This is a drastic extension of the power of a bankruptcy court, which under subsection (p) will be exercised by referees, receiving purely nominal compensation, appointed to administer the provisions of the statute in each county of the United States. The exercise of such power without the consent of creditors would be susceptible of grave abuse and injustice in its administration. If clause (2), commencing in line 1 on page 5 and continuing to include the words "are affected," in line 10 on the same page, is stricken out, the confirmation of the debtor's proposal will depend upon the assent of a majority in number and amount of his creditors. Questions which have not before been presented in the court may arise under this section involving the rights of secured creditors who do not agree to postpone the enforcement of their liens, but these novel questions involving the extent of the bankruptcy power may well be left for determination when they arise in the courts.

The compensation to be paid to referees in proceedings under this section, as provided in subsection (o), appears to be entirely inadequate either to fairly compensate the referees who are now serving or to make possible the appointment of qualified referees as contemplated in subsection (p). The referees are given broad powers, in the exercise of which minority creditors will be prevented from enforcing contractual rights. Persons who are not qualified to perform their duties with intelligence, independence, and courage should not be intrusted with such responsibility. Lines 5 to 15 on page 9 should therefore be stricken out.

SECTION 75. CORPORATE REORGANIZATIONS

This section, with modifications considered desirable, follows very closely the provisions of a bill introduced on June 15, 1932, by Senator HASTINGS (S. 4921), which was drafted in this department. Several minor and formal amendments are necessary and will be suggested in a separate memorandum.

There has been included in subsection (m) the provision:

"Whenever in this act the words 'receiver' or 'trustee' are used, the same shall mean a natural person; excepting, however, upon good cause affirmatively shown by any interested party or parties that it is for the best interests of the debtor or the plan generally, the court may appoint a corporation, but such corporation shall not be appointed in a multiplicity of cases."

It is not clear whether this provision was intended to have application to all estates administered in bankruptcy or merely to proceedings under section 75 of this bill. It should, in any event, be limited in its application to proceedings under this section, and if so limited there is no reason for referring to "receivers" because receivers are not appointed under section 75.

Unless limited to reorganization proceedings, this section will disrupt the administration of bankrupt estates by corporate trustees in some of our larger cities, notably New York, Detroit, and Chicago, and will restore conditions which previously resulted in grave abuses. The whole subject is dealt with in the report of the Attorney General to the President under date of December 8, 1931 (S. Doc. 65, 72d Cong., 1st sess.), and proposals were there made which are still under consideration by Congress designed to secure much-needed improvement in the administration of bankrupt estates by trustees and receivers qualified through experience to conduct the business of estates in bankruptcy. Reference is made to pages 31 to 36 and 107 to 123 of the Report of the Attorney General, which proposed fundamental changes in the qualification and selection of trustees and receivers, and to the President's statement in his message of February 20, 1932:

"The choice of the liquidating personnel should be limited to competent individuals or organizations after careful consideration by the courts of their qualifications and ability to maintain an efficient and permanent staff for the conduct of the business. The compensation for such services should be upon a scale which will attract trained business organizations."

Until these proposals, and the facts upon which they are predicated, have been given consideration by Congress, and conclusions have been reached as to the best methods for procuring the employment of a trained personnel in the administration of bankrupt estates, there should be no interference with the efforts of the judges to procure, through the employment of responsible corporate receivers and trustees, an efficient administration of estates in bankruptcy. A return to the haphazard selection of individuals untrained in such business, and having no permanent organization or staff at their command for its conduct, would lead to serious abuses. Certainly, without hearing the judges charged with the responsibility for the administration of the law, Congress would not be justified in yielding to the suggestions of lawyers that a law be passed preventing the judges from exercising their discretion in the appointment of receivers or of trustees where the statute imposes the responsibility of selection upon them. Section 45 of the bankruptcy act expressly authorizes the employment of corporate trustees.

The whole question is one which should be dealt with when Congress comes to consider bills now pending for the general revision of the bankruptcy act. Subsection (m) of section 75 should be omitted from this bill. If this provision is applicable to all proceedings in bankruptcy, it limits the creditors as well as the courts in their selection of trustees.

Aside from formal amendments to be included in a separate memorandum, and the elimination of subsection (m), section 75 provides for a process of reorganization in the bankruptcy courts which will vastly improve the existing process in equality and will greatly facilitate the voluntary readjustment of corporate debts.

SECTION 76. REORGANIZATION OF RAILROADS ENGAGED IN INTERSTATE COMMERCE

This section, a revision of the provisions of section 75 relating to corporations generally, has been changed substantially so as to give the Interstate Commerce Commission broad powers in the initiation, formulation, and approval of any plan for the reorganization of a railroad corporation which is engaged in interstate commerce.

In subsection (c) the court, in its selection of trustees, temporary or permanent, is limited to those persons recommended by the Interstate Commerce Commission. By clause (8) of subsection (c) the court, on its own motion or at the request of the Interstate Commerce Commission, may refer matters for consideration and report to special referees who are to be appointed by the President, by and with the advice and consent of the Senate. In determining and fixing the compensation of these referees the court may act only with the approval of the Interstate Commerce Commission.

In subsection (d) the commission is given power to formulate the plan of reorganization, and creditors and stockholders may not be asked to accept any plan of reorganization until the commission, after a hearing, has proposed a plan which has its approval. The plan thus evolved and approved by the commission is not transmitted to the court until it has been accepted in writing by the requisite majorities of creditors and stockholders, and until after the commission has reopened the proceeding and determined under subsection (f) all of the matters recited therein. Many of these matters require judicial determination, after hearing before a judge who has not already determined the questions presented for decision. It will be noted that under the corresponding subsection (f) of section 75 all of these matters are determined by the judge. Comparison of these corresponding sections will show that functions of the court to have been bodily transferred to the commission.

Upon decision of all these judicial questions by the commission, subsection (g) confines the court to a consideration of the plan accepted by the majority and approved by the commission, upon the findings of the commission and the record of the proceedings before it. In the report of the committee it is stated:

"Subsection (g) provides for the necessary court of review, but the commission transmits the approved plan, its findings, and the record to the court. The court's review must be based upon the record made before the commission. This is specifically so provided to avoid new hearings or a commencement of the proceedings de novo by the court upon the plan."

It thus appears that the Interstate Commerce Commission, having itself determined in advance that the plan which it proposes is fair and equitable, shall thereafter hear and determine the rights of individual security holders who are entitled to come into a court and be heard upon a question already determined by the commission in their absence, and before any opportunity has been afforded them to consider the provisions of the plan proposed and approved by the commission. (Compare subsections (d) and (f).)

This situation presents a fatal objection to the provisions of subsections (f) and (g) of section 76.

Furthermore, there are questions to be determined by the court which will not be included in the record of the proceedings before the commission, but which must be considered by the court in concluding whether the plan proposed and approved by the commission may be confirmed over the objection of dissenting security holders whose interests will be affected. For instance: Under clause (4) of subsection (c) questions affecting the validity of claims and liens, the division of creditors and stockholders into classes for the purposes of the plan; the determination of priorities, and many other matters affecting the equities as between groups of contending security holders, will undoubtedly arise for determination by the court. Another matter directly related to the rights of security holders to approve and participate in the

plan is the solvency or insolvency of the corporation, which the judge must determine under subsection (e).

These questions, having been decided by the court, must be considered in their bearing upon the confirmation of the plan, but under the provisions of subsection (g) are all excluded from the consideration of the court unless they have been made part of the record before the commission.

The very purpose of subsection (d) is that the commission shall take the lead in formulating a plan acceptable to two-thirds of the security holders of each class whose rights are to be affected by it. This is perhaps the most important function the commission will have to perform. It is nonjudicial because the action of the commission, to be effective, must, under the terms of the statute, be approved by two-thirds of the security holders of each class. The process is one of conciliation, not of adjudication. The commission will inevitably be required to consider the demands of the various groups of security holders and will not be in a position to resolve their conflicting claims unless agreement results from a process of trading over the provisions of the plan which is to be finally approved by the commission and accepted by the security holders. It being the function of the commission to formulate and approve the plan and to control the negotiations which lead to its acceptance by the security holders, it is obviously improper to give the commission the power to pass judgment upon questions directly affecting the property interests of the security holders whom it must conciliate. The two functions should not be exercised by the commission.

The creation of an impartial, disinterested, responsible agency which may lead and control the negotiations by which the requisite majorities of security holders may be brought into agreement upon the acceptance of a railroad reorganization plan approved by the commission will go very far toward solving the abuses which have been incident to railroad reorganizations in the past. The commission should have this power and in its exercise should have the widest powers of inquiry. It should be free to consider whether the plan is fair and equitable from the standpoint of the security holders and financially sound and desirable in the public interest.

In exercising its judgment upon a plan the commission should be fully informed regarding all fees, costs, and allowances, and should be free to condition its approval of the plan upon such expenses being kept within limits which it deems to be reasonable and in the public interest. Unless upon consideration of all these matters the commission shall affirmatively approve the plan, no court should be authorized to make it effective. But when the plan has thus been approved by the commission there must be a full judicial hearing before the court for those security holders whose interests will be affected by the confirmation of the plan and who have not accepted it.

A hearing before the commission, which has approved and recommended the plan, will not suffice, even though its conclusions may be subject to review in the court. It is important, in the interests of fair play and due process in the administration of justice, that the Interstate Commerce Commission should not be required to sit in judgment upon its own acts. Subsection (f), as presently drawn, requires it to do so, and subsection (g) confines the review of its determination to the record before the commission, which, as heretofore pointed out, may be entirely inadequate.

The inconvenience to security holders (particularly those in the minority) of traveling to Washington in order to appear before the commission in opposition to the plan which the commission has already formulated and approved should be considered in this connection.

Fortunately, section 76, having been predicated upon the provisions of section 75, may be easily amended so as to fully accomplish the important purposes of this legislation, as follows:

Leaving subsection (d) as it is, the commission will have full power to initiate and control negotiations leading to the formulation of the plan.

A merely formal amendment of subsection (e) is required, changing the word "transmitted," in line 15, to the word "approved," and striking out, in line 16, the words "to the court." Thus all the powers specified in subsections (d) and (e) are retained.

There should then be inserted a new subsection (f), defining with precision the powers of the commission, reading as follows:

"(f) A plan of reorganization, upon acceptance, shall be submitted to the Interstate Commerce Commission, which shall hear all interested parties upon such notice and subject to such rules and regulations as it shall prescribe. If after such hearing the commission determines (1) that the plan is equitable and does not discriminate unfairly in favor of any class of creditors or stockholders; (2) that all amounts to be paid by the debtor, or by any corporation or corporations acquiring the debtor's assets, for services or expenses incident to the reorganization and cost of financing have been fully disclosed and are in its opinion reasonable; and (3) that in respect of the financial advisability of the plan and the issue of securities pursuant thereto the consummation thereof is in all respects compatible with the public interest, the commission shall thereupon certify to the court its approval of the plan, with a report of the proceedings before it and its findings and conclusions thereon. The commission shall also fix the maximum compensation which may be allowed by the court pursuant to clause (7) of subsection (c) of this section, provided that unless good and sufficient reasons appear therefor no allowance for fees or compensation shall be made to officers of corporations who have acted as managers or in any capacity in connection with the reorganization when such corporation had an interest in the matter. No plan of reorganization shall be confirmed in any proceeding under this section except upon the approval of the Interstate Commerce Commission thus certified to the court. If the commission shall decline to issue such a certificate it shall file in the proceedings before it its decision, specifying the particular grounds upon which it bases its disapproval of the plan."

Subsection (f) then becomes (g) and should be amended as follows: Strike out lines 11 to 15, inclusive, and the first two words in line 16, on page 33, and substitute in lieu thereof:

"(g) Upon such approval by the Interstate Commerce Commission, and after hearing such objections as may be made to the approved plan, the judges shall confirm the plan if satisfied (1)."

On page 35, line 3, insert after the word "charter" "or under applicable State or Federal laws," and strike out the words "and should be granted for that" and all that follows up to and including line 5, on page 36, these provisions having already been covered by the new subsection (f) above quoted, with such modifications as are disclosed in the quotation.

Subsection (g) then becomes (h) and should be amended by striking out lines 6, 7, 8, and 9 and the first word in line 10, and inserting in lieu thereof:

"(h) Upon confirmation by the judge, the provisions of the plan shall be binding upon (1)."

Substitute "confirmation" for "approval," in line 20, on page 36; strike out the sentence commencing in line 22 and add the following, at line 22, page 36:

"Upon confirmation of the plan by the judge, the debtor and other corporations affected by the plan, or organized or to be organized for the purpose of carrying out the plan, shall have full power and authority to put into effect and carry out the plan and the orders of the judge relative thereto, the law of any State or the decision or order of any State authority to the contrary notwithstanding; and they shall be, and they are hereby, relieved from the operation of the 'antitrust laws,' as designated in section 1 of the act entitled 'An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes,' approved October 15, 1914, and of all other restraints or prohibitions by law, State or Federal, in so far as may be necessary to enable them to do anything authorized or required by the plan or by any order made under and pursuant to the provisions of this section."

Subsections to be relettered accordingly and cross references corrected to conform.

These rather simple amendments will eliminate all confusion in regard to the functions to be exercised by the commission and by the court, and will, it is thought, remove the most fundamental objections to the bill in its present form.

Clause (8) of subsection (c), page 29, contains a provision that the President shall appoint special referees by and with the advice and consent of the Senate, to whom the court may, on its own motion or at the request of the Interstate Commerce Commission, refer matters for consideration and report, either generally or upon specified issues. It is expressly provided that these special referees shall sit in Washington, D. C., and in such other places as may be designated in any instance by the judge referring the matter to them. In allowing compensation for services to these special referees the action of the judge is made subject to the approval of the Interstate Commerce Commission.

These provisions seem to ignore the fact that the principal questions required to be determined by special referees will undoubtedly require the hearing of witnesses and the determination of questions of law relating to the validity of claims against the corporation; the priority, validity, and extent of the liens of secured creditors; the title to property in the possession of the trustee claimed by third parties; and a host of other questions affecting the rights of creditors and security holders against the corporation and among themselves, as well as all of the legal questions which may arise out of the operation of the railroad during the pendency of the proceeding, and to which the trustee will be a party.

In the settlement of such controversies the special referee will necessarily be required to spend most of his time in the jurisdiction where the court is sitting rather than in Washington. No specialist in the law is required to sit in all cases. The questions which will arise are of general application, affecting the rights of creditors and security holders, and the interpretation of agreements, mortgages, and trust indentures. It would be inconvenient to have such special referees living in Washington, where few, if any, such proceedings will be instituted, and it is thought desirable that such referees should be immediately available to the court, and that their selection should be uninfluenced by any considerations except their qualifications for the tasks which may be assigned to them. It is believed that a number of lawyers qualified to act as special referees in such proceedings should be designated by the judges of the circuit courts of appeal in each circuit.

Political appointment of judicial officers for short and temporary terms is contrary to American tradition. Life appointment is of course out of the question. The circuit judges in each circuit may be counted upon to choose those lawyers who are best qualified: First, because they are in a position to know the qualifications of the lawyers appearing before them, and, second, because they are themselves concerned that the work of the special referees be well done, for they themselves will be required in case of appeal to review their decisions. Accordingly, the following amendment is proposed:

Strike out all of lines 17 to 25, on page 29, and lines 1 to 13, inclusive, on page 30, and substitute the following:

"(8) may on his own motion or at the request of the Interstate Commerce Commission refer any matters for consideration and report, either generally or upon specified issues, to one of several special masters who shall have been previously designated to act as special masters in any proceedings under this section by the judges of the circuit court of appeals for the circuit in which the proceedings are pending, and may allow such master a reasonable compensation for his services. The circuit judges in each circuit shall designate three or more members of the bar as such special masters whom they deem qualified for such services, and shall from time to time revise such designations by changing the persons designated or reducing or adding to their number, as the public interest may require: *Provided, however,* That there shall always be three of such special masters qualified for appointment in each circuit. For all purposes of this section 76, claims against."

Subsection (m) of section 76 obviously does not have application to a railroad corporation which can not be liquidated or adjudicated bankrupt. The following amendment is therefore suggested:

"(m) In proceedings under this section 76, except as otherwise provided therein, the jurisdiction and powers of the court, the duties of the debtor, and the rights and liabilities of creditors, and of all persons with respect to the property of the debtor, shall be the same as if a voluntary petition for adjudication had been filed and a decree of adjudication had been entered on the day when the debtor's petition was filed."

Aside from more or less formal and technical amendments, which will be included in a separate memorandum, the foregoing are believed to include the changes fundamentally necessary in section 76.

THOMAS D. THACHER, *Solicitor General.*

EXTENSION OF REMARKS—DEPARTMENTS OF STATE, JUSTICE, COMMERCE, AND LABOR APPROPRIATION BILL, FISCAL YEAR 1934

Mr. OLIVER of Alabama. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days within which to extend their own remarks on the appropriation bill just passed.

The SPEAKER. Is there objection?

There was no objection.

Mr. KERR. Mr. Speaker and Members of the House, since I have been in Congress I have on many occasions made close contact with the commodity divisions of the Bureau of Foreign and Domestic Commerce; I have gotten the most efficient service possible, and I want to add my commendation and go upon record in deep appreciation of the effectiveness of this service in the promotion of the export trade of the United States and the clear, concise understanding manifested by those who have charge of these matters in our domestic problems, as well as their accurate understanding of world conditions; this information and this service are especially useful at this time.

I have had occasion many times to refer matters to the commodity divisions of the Department of Commerce in my endeavor to take care of legislation which affected the vital welfare of the peanut and tobacco growers of the Nation; the splendid service which I have received has enabled me to have accurate knowledge of all facts which would be useful in the consideration of legislation involving these great agricultural industries, and I think the information which I have gotten through this governmental service has enabled me to render most useful service in my effort to vouchsafe the interests of my own constituents as well as many million farmers throughout the United States.

I have every reason to believe that the commodity divisions of the Department of Commerce are staffed with intelligent and industrious men drawn from business and trades and advised by those who have had large experience in our industrial activities as well as the industrial activities of other nations. If you want information about imports, exports, or tariff regulation and embargo restrictions, you can get it and feel perfectly safe in asserting it. This is a great comfort to those who like to confine themselves to facts when they are engaged in controversial matters.

I have been informed that through the commodity divisions and foreign offices of the Department of Commerce more than $47,000,000 of American business has been secured through foreign sales and savings during the last fiscal year. This department serves continuously over 24,000 export firms, and more than 50,000 business organizations make use of the bureau's domestic-trade service. It appears that the demands made upon the commodity divisions are increasing each year. I am informed that letters to the lumber division have doubled since 1929, and that curtailment of private sources of business information because of economic conditions, as well as the faith in the accuracy of this department of our Government, has compelled business to turn to this department for information it can not acquire through any other source. And I refer to both domestic and foreign business.

The service of the tobacco division in fortifying our exporters and cooperative associations with timely and accurate information regarding demands, competition of foreign tobaccos, trends in consumption and trade, tariff changes, credit risks, and so forth, is playing an important part in promoting our foreign trade. The tobacco trade is about the only foreign trade we can boast of now. During the past 10 years about 40 per cent of our total production of leaf tobacco has been exported to more than 100 countries, and it is an economic necessity to more than 500,000 tobacco growers that every agency be kept active to promote demands for our surplus production. To destroy the tobacco industry or even neglect it would imperil the greatest tax-producing commodity of this Nation.

Mr. LEA. Mr. Speaker, the action of the House in reducing appropriations carried in this bill for prohibition enforcement deals with only one superficial phase of this problem. The country hopefully awaits the action of Congress on many serious and important problems, of which prohibition repeal is one. This is the most controversial and the most concrete and definitely understood of all the important problems pressing for action by Congress. The issue is a simple one. There is no other problem that consumes our attention whose elimination from Congress and national politics would do more to clear the way for intelligent thinking and acting on the other great problems of the country.

The public sentiment of the Nation is fairly well crystallized on one general proposition, and that is that the will of the people of the country, constitutionally expressed, must determine what shall be done with the eighteenth amendment. The duty now clearly rests upon Congress to determine how the people of the country shall exercise this right to decide whether or not the eighteenth amendment shall be repealed.

Shall Congress keep faith with its duty on this question?

The proposal that the question be referred to the legislatures of the States was, in effect, repudiated in the platforms of both major parties in the last campaign. Each of these platforms promised State conventions. The substance of this promise was that the people themselves, through the election of delegates to conventions in the States, would be given the power to decide what should be done with the eighteenth amendment.

Three main steps must be considered in any plan of repeal by popular action. In any event, the first step is the submission of the question by two-thirds vote in each House of Congress.

The second step to be considered is as to what, if any, action must be taken by the State legislatures to authorize or provide for conventions, or for a popular vote on the question. Is it legally necessary that the legislature must authorize or call a State convention to comply with the Constitution? If it be not necessary for the legislature to authorize the convention, would it be a practical method of procedure for the Federal Government to ignore the State legislatures, authorize the convention, fix the manner of electing delegates thereto, the date of the convention, and other necessary details? These are the two main questions as to procedure that Congress must answer in adopting its policy of submission.

If it is unnecessary for the State legislatures to intervene in the matter, their omission can greatly facilitate prompt action upon the question of ratification in the States. Congress can call the conventions, fix the date, thereof, and make all other provisions necessary to conduct the election of delegates and hold the convention. Under this method of procedure all the States of the country can act upon ratifi-

cation within a very few months after the question is submitted.

The proposal of action in the State through conventions without State approval is a new and somewhat uncharted route. The details of the plan are not insuperable. The main problems are only whether or not there is constitutional authority for such procedure and whether or not it be a practical method.

The practicability of the plan is a question of public policy. From the standpoint of the proponents of repeal, it is a practical method of procedure unless the degree of opposition it incurs, due to the conduct of elections and the holding of conventions in the States without approval of the legal authorities thereof, would menace the success of the effort for reasons not going directly to the merits of the problem involved.

Without attempting to add anything to what has already been said in this controversy as to the rights of the Federal Government in acting through conventions without the consent of the States, let us consider a procedure for popular repeal which is free from the question of Federal conventions without State approval.

This brings us to the third step that must be considered, and that is as to the kind of election that shall be held by which the will of the people of the United States on this question shall be registered and made effective.

A DIRECT VOTE ON REPEAL

Under the convention plan the election of delegates and the holding of conventions are incidental to the main purpose of securing a vote of the people upon the question. The injection of the election of delegates and the holding of conventions are necessary only to comply with the technical provisions of the Constitution. They serve no other useful purpose. Otherwise, undoubtedly, it would be perferable to dispense with the delegates as well as the convention and let the people decide the question by a direct vote on the main question of repeal. The entire substance of the promise to refer the problem to State conventions can be kept by submitting to the State legislatures an amendment authorizing a direct vote for and against the repeal of the eighteenth amendment. That would afford the State legislature a chance to block action by this procedure, but that is improbable, because it is unlikely any, or any considerable number of legislatures, would refuse the people the simple right to vote on the question.

With this purpose in mind, I have filed House Joint Resolution 534, which provides for the submission to the State legislatures of an amendment authorizing a direct nation-wide controlling vote on the repeal of the eighteenth amendment.

This method of procedure requires, of course, the submission of the amendment to the State legislatures. In the second place it requires action by three-fourths of the legislatures to ratify the amendment, authorizing a referendum vote on repeal. The vote would follow automatically, be directly on the question of repeal, the election would be conducted by the State, and the question as to the constitutionality of the method of procedure as well as to the rights of the States are thus eliminated from this plan of procedure.

If three-fourths of the States by popular vote concurred in favor of repeal, the eighteenth amendment would thereby cease to be part of the Constitution.

As I view the matter, this proposal can secure the maximum number of votes in Congress and in our State legislatures. It does not require a committal by Congress or by the State legislatures on the question of repeal, but simply gives the people themselves the right to repeal the eighteenth amendment by their direct votes on that question.

A direct vote on the question appeals to the average man.

The plan is more understandable and free from complications that require explanation.

It eliminates all uncertainty as to the date when the election shall be held and as to what authority shall conduct the election.

It would permit the Federal Government to bear the expense and thus avoid the delay incident to any plan that leaves it optional with the State as to when or whether it shall act.

This proposed plan provides for repeal and conforms to the present practice of amending the Constitution by requiring concurrence of three-fourths of the States. A majority vote would be required in each of three-fourths of the States.

If a sufficient concurrence of States was not secured on the first nation-wide vote, States that voted in the affirmative would be counted as having ratified, and States which voted in the negative would have the privilege of holding another election within five years. This is analogous to the present practice of ratification by State legislatures.

LEGISLATURES NOW IN SESSION

The legislatures of most of the States are now in session. Their sessions are limited in some States to 40 days, with more extended, and no limits in other States.

These legislatures unless called in special session will not meet again for a long time. Within a few weeks their opportunity to provide for an election on the repeal of the eighteenth amendment without delay and without the expense of a special session will have gone.

In view of this situation and the universal recognition that the disposal of this Federal prohibition question is one of the things that should be gotten behind us for the good of the Nation at the earliest possible date, is it not possible that Congress can function on this question? Why can not the Judiciary Committee, the committee having jurisdiction of this subject in the House, report out a measure that will give the House the chance to do the useful thing of clarifying this subject and now advising the States so they can prepare while the legislatures are in session to handle the problem of the election effectively before adjourning? It is important to get the earliest possible action.

Legislatures can now provide in advance for taking care of conventions, and thus avoid delays and special sessions if they desire. It is improbable that any considerable number of State legislatures will do this unless Congress definitely determines what the method of ratification shall be before these legislatures adjourn. Those who insist on action by State legislatures to authorize the State vote should not now stand in the way of prompt action by Congress. If Congress would immediately decide on the method of submission, it would greatly encourage and facilitate prompt action by the States and do a good service to the Nation.

The direct referendum method involves a minimum of expense in conducting the election, because the questions as to the method of nominating candidates for delegates as well as their election are all eliminated.

A direct vote on constitutional amendments has become practically a fundamental of American government. Forty-seven of the forty-eight States permit the people to vote on amendments to their State constitutions. This practice of direct voting has grown up since the original Constitution was adopted. I believe the people of the country would welcome this practice of the States in acting upon this Federal amendment, preserving the old requirement that three-fourths of the States must concur to change the Constitution. This plan would preserve the relative importance of the smallest State as it now exists so far as the amendment to the Constitution is concerned.

The recent election clearly revealed that the eighteenth amendment is without the prestige of popular support. It has lost its vitality. It is dead timber on the constitutional tree. Its enforcement is impracticable. Nullification of the eighteenth amendment is demoralizing. An unenforceable eighteenth amendment in the Constitution is demoralizing. Public welfare demands prompt action on the question of repeal.

It will be a regrettable neglect for Congress to permit this large number of legislative sessions to adjourn without giving them an opportunity to provide intelligently for prompt action on the question of repeal.

THE SENATE PROPOSALS

What question shall be submitted? A Senate committee has reported a proposed form of amendment to be submitted to the State legislatures. It provides for the repeal of the

eighteenth amendment, and that the transportation of intoxicating liquors into a State in violation of its laws is "prohibited."

It is further provided that Congress shall have "concurrent" power to regulate or prohibit the sale of intoxicating liquors to be drunk on the premises where sold.

In submitting this amendment to the legislatures, instead of conventions, this proposal flies in the teeth of the platforms of both parties. It ignores public sentiment of the country, which is determined that the people themselves shall have a right to settle this question. No other method of settlement will command equal respect.

In view of the fact that Congress has authority, regardless of the eighteenth amendment, to prevent the interstate shipment of intoxicating liquor in violation of State laws, the provision of the Senate amendment "prohibiting" such shipment is perhaps not of great consequence. Congress properly exercises this power and it should not be handicapped by an inflexible rule of the Constitution. There is little reason to anticipate that Congress will ever desire to authorize State shipments in violation of State laws, or that Congress will repeal the existing laws preventing such interstate shipments.

The proposal to prohibit importations to the States in violation of their laws is illogical, even though unimportant in its practical effects. It is theoretically unsound to propose that each State in the country shall have the right to compel the Federal Government, without any discretion of Congress, to support whatever statutory liquor laws the State legislatures see fit to write, however unwise or improvident. It is for the legislature of the Federal Government, not for the legislature of a single State, to determine under what circumstances the Federal Government shall assume the unusual responsibility of enforcing State laws. Under this color of constitutional sanction a State might pass a law to interfere with legitimate interstate shipments. No one could measure the responsibility the Federal Government would thus assume. No one could anticipate the many varied, and perhaps unwise, provisions that might be written by the various States of the country. In this way their mere legislative action would compel this action of the Federal Government without the approval and even against the will of Congress.

That proposal, on principle, is the extreme of State rights.

CONCURRENT POWER

The proposal that Congress shall have concurrent power with the States to regulate and prohibit the sale of intoxicating liquors to be drunk on the premises where sold, is the extreme of centralized power or Federal interference in State affairs. This provision would give the Congress power to enforce prohibition on a State against its will and also to provide regulatory provisions in favor of the liquor traffic in opposition to the laws of dry or semidry States. The wildest friend of centralized government could scarcely approve of Congress enforcing the sale of liquors on dry States over the opposition of their laws and perhaps of their Constitution. I do not anticipate that this provision, if enacted, would in practice be so applied. The fact that such a power is seriously proposed to be placed in the Constitution should excite the opposition of all.

One of the weaknesses of Federal prohibition is the dual responsibility and irresponsibility of the State and Federal Governments. Concurrent power to enforce prohibition is quite different from concurrent power to regulate or prohibit the sale of intoxicating liquors. One government might want to prohibit the sale of liquor and the other might prefer to regulate it. The plan is simply impracticable of application. Two separate governments can not successfully regulate the same thing any more than can two separate heads of one business or any other enterprise. In division of responsibility there is weakness, not strength. Concurrent regulation might provoke more conflicts, more ill, more corruption, and more annoying details of administration than does prohibition. Prohibition is a unified policy even though enforcement responsibility is divided. Regulation assumes diversified policies between the regulatory authorities.

A sinister influence designing to harass and bedevil the Federal Government with the prohibition question for a generation to come could scarcely suggest a constitutional provision more calculated to accomplish that purpose than the regulatory provision of the Senate resolution. It seems especially designed to preserve the obnoxious and unworkable features of Federal prohibition.

If there is anything to be learned from our experiences with Federal prohibition, it is the unwisdom of the Federal Government interfering in State affairs and forcing on unwilling States obnoxious sumptuary legislation.

The Senate amendment in effect proposes to continue Federal interference with State affairs, injects new questions of Federal regulation, and retains the liquor problem in national politics for a generation to come.

Rather than authorize the Federal Government to go into the States to regulate their liquor affairs, I would prefer that Federal prohibition be maintained.

I never expect to see the States of this country, with their different viewpoints and customs, reconciled to a uniform system of regulation prescribed by Washington and generated under the constant bedevilment of Congress with the liquor problem as a national political question. The varied conditions of our separated States does not permit of one uniform rule or regulation that can be satisfactorily applied to all. If we are to have a happy administration of the affairs of this Nation, no State in this Union should be regarded as too unworthy to be trusted with the regulation of its own liquor problem. All States should have enough pride in the right of local State government and enough respect for the right and good will of their sister States to refrain from using any power they may have to force their power upon their unwilling neighbors. These same States that invoke their powers to impose obnoxious legislation upon their neighbors to-day may find themselves victims of the same bad philosophy to-morrow.

PREVENTING THE SALOON

If it is desired to use the power of the Federal Government only to prevent the maintenance of saloons, it is unnecessary to give the Federal Government regulatory powers to accomplish that result. A provision in the repealing amendment simply denying the States power to authorize or permit the conduct of a saloon, would be sufficient for that purpose. Such a provision would simply withhold from the State the power to legalize the saloon without forcing on the Federal Government the duty of interfering in the State affairs to regulate their liquor business. The saloon being made impossible of legalization could not survive under a State regulated system of liquor control. In that way, if it is desired to prohibit the saloon by the Federal Constitution, that purpose could be accomplished without the obnoxious regulatory provisions of the Senate amendment.

The substantial purposes of the Senate amendment could thus be accomplished without its unwarranted provisions. An amendment thus modified might afford a basis of compromise and agreement between the two Houses of Congress.

The good of the Nation requires prompt action on the question of Federal prohibition repeal. Congress should promptly adopt its plan of procedure. If possible, cooperation of the State legislatures should be secured. The question should be submitted to the people of the United States for their decision at the earliest date possible under constitutional methods of procedure.

Mr. GIBSON. Mr. Speaker, that portion of the appropriation for the Labor Department covering the Bureau of Immigration carries with it some items for the immigration service larger than for the present year.

A deficit for the current year was caused in part by the extra cost for the deportation of several thousand aliens at an expense greater than estimated. The zealous employees have helped to cover this deficit through furloughs without pay. The items of the bill were entirely proper in view of the situation. The employees have been indirectly penalized

for their zeal in enforcing the law. This situation should be taken into consideration by the President when he submits to the House of Representatives the recommendation of an additional sum to cover the cost of deportations, as suggested would be done, by the gentleman from Alabama [Mr. OLIVER].

Vermont has a hundred miles of border along the Canadian line. A network of roads makes the enforcement of immigration laws and regulations very difficult. The immigration and customs officers are high-grade men and women. They have been performing a splendid service for their country. They are faithful and patriotic.

As evidence of this fact, the employees along the Vermont border have voluntarily signed joint letters directed to the Commissioner General of Immigration calling his attention to the fact that because of the lay-off of employees without pay the work of the service can not properly be done; that as a result many aliens are obtaining entry in violation of law who later must be deported at a final cost far in excess of keeping the full staff on duty. The employees in these joint letters advise the Commissioner General of Immigration that they are willing to remain on duty during the 5-day-per-month furlough and the sixth day of each week without pay in order that the law may be enforced.

I am glad of the opportunity to publicly congratulate these employees and to commend their patriotic action to other employees of the Government and to the people as a whole. Let the word go out to the country that these men are loyal to their country in this period of difficulty.

SAN FRANCISCO BANK OF AMERICA

Mrs. KAHN. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. Is there objection?

There was no objection.

Mrs. KAHN. Mr. Speaker and Members of the House, in an Associated Press report yesterday I was very much surprised to read certain remarks of the gentleman from Nebraska [Mr. HOWARD]. As a rule, he is both fair and well informed, but in this instance I fear that he was neither. He remarks that he looks askance at the $64,000,000 loan that went to the San Francisco Bank of America. Said he to the newspapermen, quoting from the Associated Press dispatch:

> It seems strange that the corporation should make a $64,000,000 loan to a syndicate of foreigners.

I presume that he made this criticism because the head of the Bank of America is Mr. A. P. Gianini, and because the Bank of America is a successor to the Bank of Italy. Mr. Gianini was born in California and has lived there all of his life. He was educated in the public schools of California. He became a commission merchant, and in 1904 he founded the Bank of Italy. From that bank grew this great Bank of America which has now in the neighborhood of 500 branches in the State of California. Subsequently Mr. Gianini acquired the ownership of the Bank of America in New York City and changed the name of the Bank of Italy of California to the Bank of America. The stock of the former Bank of Italy of California and the Bank of America is owned by the Trans-America Corporation, and it is not an exaggeration to say that 80 per cent of that stock is owned by residents of the State of California.

Mr. Gianini retired from the bank about 1929, and upon retiring gave one million and a half dollars to the University of California to establish an agricultural department foundation.

In 1929 the management of the Bank of Italy passed to Elisha Walker, of New York. Just about a year ago, I think it was February, 1932, the management of the bank passed again into the hands of Mr. Gianini.

If the gentleman from Nebraska will make further inquiry, he will find that the loan of which he complains and concerning which he indulged in criticism is practically paid off. On January 6 of this year the status of that loan was as follows: $64,900,000 was granted as a loan to the corporation by the Reconstruction Finance Corporation. Of that, $64,488,644.61 was paid to them, and by January 6 of this year they had repaid $57,650,774.83, leaving a balance of $6,337,689.78 still owing the corporation on that loan. [Applause.]

The SPEAKER. The time of the gentlewoman from California has expired.

Mrs. KAHN. Mr. Speaker, I ask unanimous consent to proceed for one minute more.

The SPEAKER. Is there objection?

There was no objection.

Mrs. KAHN. Since Mr. Gianini resumed the control of the Bank of America the deposits have increased over $90,000,000. [Applause.] The Bank of America probably does a larger business with the farmers of California than any other bank, and its solvency and security are as important to the farming and mercantile interests of California as those of any other bank, on account of its great ramifications and the branch banks all over the State.

Mr. Speaker, I have felt compelled to make these remarks because criticism such as this is apt to work tremendous injury, not only to the Bank of America but to the entire State of California. [Applause.]

Mr. HOWARD. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOWARD. Mr. Speaker, first of all, I thank the gentlewoman from California [Mrs. KAHN] for her commendation of my usual sense of fairness and of goodness. And next I want to relieve the newspaper boys from any charge of falsely reporting my interview with them. As a rule, the newspaper boys are always right. I can see readily how the one to whom I gave that interview may have misinterpreted my remarks. I did use the term "foreigners," but I did not use it in the sense as reported. I referred to this loan as going to a syndicate largely composed of foreigners, as I was informed. For years the bank in question has borne a foreign name. I did not know that the name had recently been changed from Italian to American, as stated by the gentlewoman from California.

I do not know the gentleman of whom the lady from California speaks so beautifully. I take it for granted that he is the high-type gentleman the lady from California pictures him, because if he were not the lady would not so describe him.

Mr. Speaker, as long as this subject is before us, I deem it appropriate now to give the House my own story of the origin and passage of my resolution to lift the blanket of concealment from the doings of the Reconstruction Finance Corporation during the dark months of February, March, April, May, and June, 1932. Nobody urged me to draft that resolution. Good or bad, it was my own legislative child. It is true that after the resolution had been drawn it was submitted by me to Senator GEORGE NORRIS, my magnificent Senator from Nebraska. Why did I submit it to Senator NORRIS? Because I was inspired to draft the resolution after reading his remarks on the day when he caused the Flynn article on the subject of Reconstruction Finance Corporation loans and commitments to be inserted in the CONGRESSIONAL RECORD just as Flynn had written his article for that staid and conservative old magazine, Harpers. I felt that the better mind of NORRIS might suggest improvement of my resolution by amendment. However, he approved it as written.

On the day when my resolution was introduced I was told frankly by many colleagues that it could never be passed by the House. Next day it came very directly to me that the resolution was regarded by those to whom it was directed in the light of a joke. At the end of seven legislative days the resolution became privileged under the rules of the House. I called for consideration the first moment possible under the rules. All of my colleagues will recall how gladly the legislation was received by the House, and how it went

through to passage like a sweet girl high-school graduate through a box of chocolates.

Then came the deluge. It came in form of more than one hundred personal friends, each telling me that he had no personal interest in the matter, but that he came in the name of some bank which he feared might be closed if the corporation loan to that bank should be made public.

Mr. Speaker, the mighty men of money, who are represented on the Reconstruction Finance Corporation Board, are keen students of humanity. It has been written that every man has one certain weakness. Those keen manipulators quickly discovered my pet weakness. They discovered that perhaps I might be purchased with the coin of friendship. For 10 days and nights the friends who appealed to me in behalf of the big interests, for which they spoke, made one general plea. They told me what a big man I would be in the eye of the country if I should arise in my place in the House and ask that my own resolution be crucified by so modifying it as to give the report for which the resolution called only to the eyes of Members of the Congress, withholding public inspection. It was a hard battle between real friends on the one side and a great principle on the other side. To refuse the requests for crucifixion of my resolution would distress my friends. To grant their requests would be to stab to the heart a principle long espoused by me, a principle which runs against the transaction of any manner of the public business in secret. I admit frankly that at times, in presence of some very dear, pleading friend I felt myself slipping, but in the end, thank God, loyalty to principle prevailed. Somehow every time a special plea would come to me to crucify my resolution and shield the borrowings of the big banks and trust companies from the public eye would also come a mental picture of some American farmer who had secured a puny feed or seed loan from Federal funds, only to find his name posted in all the neighboring elevators, giving notice to the grain buyers that the farmer had given a chattel mortgage to the Government, virtually warning the grain buyer to be careful about purchasing grain from that particular farmer. Such discrimination inflamed me, and made me strong to resist the arguments and the blandishments of those who believe that it is right on the part of the Federal Government to regard a farmer who contracts a Federal seed or feed loan as a loathsome carp in the family of fishes, while regarding the banker who borrows millions as a gaudy plumaged fowl.

I feel I should not leave this subject before paying credit where credit is mostly due for the lifting of the blanket of concealment from the loans and commitments made by the Reconstruction Finance Corporation during the dark days in the early months of 1932. My colleagues will recall that it was the Speaker of this House who was responsible for publicity of the corporation loans, beginning last July. That splendid Speaker has long been the implacable foe of secret transaction of the public business. Last July he lifted the blanket of concealment from all future doings of the corporation. My own little part has been only to throw off the blanket and let the light of publicity shine full and fair upon every loan and commitment made by the corporation prior to the good day in which Speaker Garner lifted the blanket partially. I felt when I presented my resolution that I was simply building upon the fine foundation firmly laid by my Speaker. And always when carrying on in harmony with the teachings of that greatest and best loved one among us here I go gladly, confidently, and always unafraid.

The SPEAKER. The time of the gentleman from Nebraska has expired.

PRIVATE CALENDAR

Mr. RAINEY. Mr. Speaker, I ask unanimous consent to proceed for one minute in order to make an announcement.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. RAINEY. Mr. Speaker, after consultation with the gentleman from New York [Mr. SNELL] and with others, it has been determined to devote one night each week to the call of the Private Calendar, possibly Thursday night of each week until the end of the session, if nothing should interfere with selecting Thursday. If not Thursday, some other night. Next week the Private Calendar will be called on Thursday, and I move the adoption of the resolution that I now send to the desk.

The Clerk read as follows:

House Resolution 366

Resolved, That on Thursday, February 2, 1933, it shall be in order to move that the House take a recess until 8 o'clock p. m., and that at the evening session until 10.30 o'clock p. m. it shall be in order to consider bills on the Private Calendar unobjected to in the House as in Committee of the Whole, the call of bills on said calendar to begin at No. 575.

The resolution was agreed to.

LEE AND JACKSON

Mr. WHITTINGTON. Mr. Speaker, I ask unanimous consent to extend my remarks by including an address which I delivered before the Stonewall Jackson Chapter of the United Daughters of the Confederacy on January 21.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTINGTON. Mr. Speaker, under leave to extend my remarks, I am inserting an address I delivered before Stonewall Jackson Chapter, No. 20, United Daughters of the Confederacy, at Confederate Memorial Hall, Washington, D. C., January 21, 1933.

The address is as follows:

LEE AND JACKSON

A civilization should be judged by the character of the men it produces. "The true test of civilization," says Emerson, "is not the census nor the size of the cities nor the crops; no; but it is the kind of men the country turns out."

A country without heroic traditions is a country without liberty. A nation's place in history is determined by its leaders, and a people carve their own images in the monuments they erect to their heroes.

Robert E. Lee, the son of Gen. Henry Lee, known in history as Light Horse Harry Lee, was born in Westmoreland County, Virginia, January 19, 1807, and died in Lexington, Virginia, October 12, 1870, at the age of 63.

Thomas Jonathan Jackson, known as Stonewall Jackson, the son of Jonathan Jackson, a successful lawyer, was born January 21, 1824, in Clarksburg, Virginia, now West Virginia, and died at Guinea's Station on the Fredericksburg railroad, near Chancellorsville, Virginia, May 10, 1863, at the age of 39.

Lee, like Washington, was of English descent, and came from the aristocracy of colonial days. He married Mary Custis, the daughter of Washington's adopted son.

Jackson was the product of the American middle classes and descended from the Scotch Irish, who contributed much to the success of the Revolution.

Both were graduates of West Point. Lee finished second in his class and was assigned to the Corps of Engineers. Jackson was graduated seventeenth in his class and received a commission in the Artillery. Both saw active service, and had brilliant careers in the Mexican War. Lee continued in the Army and was the outstanding officer in the service when Virginia seceded from the Union. Jackson resigned his commission in the Army a few years after the Mexican War and became an instructor in Artillery Tactics and Philosophy at Virginia Military Institute in 1851, where he continued until Virginia joined the Confederacy in 1861.

Jackson, after two years in the Confederate Army, fell at the hands of his own men. Col. G. F. R. Henderson, of the British Army, who wrote an admirable life of him, said: "Stonewall Jackson was the greatest lieutenant general in all history."

Lee was in the Confederate Army the full four years and became the greatest soldier of his or any other age. For five years after the close of the war between the States he was probably greater in peace than in war.

THE MEN

Lee and Jackson were men of unusual personalities. They were both slightly under six feet in height and each had a military bearing. There was a striking difference in their personal appearances. Lee was graceful and handsome. His eyes were brown and his head was well proportioned. He was a man whom to see once was always to remember. Thomas Nelson Page, one of the foremost literary men of America, a student at Washington College under Robert E. Lee, says, "He was one of the handsomest men I ever knew and easily the most impressive figure." Mounted on the battlefield or seated in the classroom, he was an inspiration. His voice was calm. His presence was compelling. He was majestic and magnetic. Lee always presented a superb figure.

Jackson was erect and soldierly in bearing, with fair complexion, but his appearance generally was not prepossessing. His eyes were remarkable. All who came within their reach felt the force of his presence. "When I looked into his face," said a Federal prisoner, "my heart sank within me."

Lee was always careful in his dress and in his appearance. Jackson was indifferent as to both. The faded gray on both of them always appeared grander than the royal purple.

Lee possessed a greater intellect and more ability than Jackson. His thought covered a wider range and his accomplishments were more varied. He was familiar with the arts and sciences. Jackson knew philosophy. He was familiar with fewer subjects but of these he was the consummate master. Jackson cultivated the powers of concentration. He was a man of few words and when he reached a decision he was as immovable as the rock of Gibraltar.

If Lee had ability, Jackson had mastery. Many of the generals who fought with and against Jackson surpassed him in talent. He was not as widely accomplished as McClellan. He was not as scientific as Beauregard. He did not have the mental scope of Early, nor did he possess the intellectual powers of Joseph E. Johnston. But Jackson had qualities none of these possessed. He combined more than any of them cool audacity and determined resolution. His earnestness was unprecedented and it inspired his own soldiers, making them invincible, and at the same time it struck terror into the hearts of the enemy.

The northern soldiers regarded Stonewall Jackson as their most daring foe. In battle he seemed transformed if not transfigured. He was at his best when leading a charge or an attack. He was a soldier of the Oliver Cromwell type. The resolution of Stonewall Jackson has never been surpassed. His will has never been excelled. The enemy was half conquered before the battle was begun. He barely passed the initial examination for admission to West Point, but by persistence and determination he was graduated seventeenth in his class. His fellow cadets said of him, "If we had to stay here another year old Jack would be at the head of his class." At the basis of Jackson's achievements "there was the will to do, the soul to dare."

Lee was grand, Jackson was daring. Lee was preeminently the soldier, Jackson was preeminently the conqueror. Lee calculated, Jackson ventured. He was like an avalanche from some hidden or unexpected quarter. To the enemy he was like a thunderbolt from a clear sky. When the Union armies heard the ominous words, "Jackson is moving," they retired to their fortifications. The enemy feared him as the fox fears the bloodhound. His very name was synonymous with victory. He never really lost a battle. He never really suffered defeat. He and his troops went into battle with a moral power that was unconquerable. As he rode at the head of his columns, his hands were uplifted, and over and over again he would cry, "Forward, men; forward; press forward!" He always followed up his battles to the fruits of victory. When President Davis reached the battlefield of Manassas, as he crossed a stream, thinking that the Confederates were in retreat, he stood in his saddle and exclaimed with much agitation, "I am President Davis; follow me, soldiers!" as he advanced toward the enemy. Jackson, standing near, calmly replied, "We have beaten them to a frazzle. Mr. President, if you will give me 10,000 troops, I will be in Washington city by to-morrow night."

Great men must have other qualities than unusual personality and great ability. Moral virtues are essential. Men can not really be great without great characters. Honesty, bravery, kindness, and modesty must obtain. Lee and Jackson possessed all of these qualities.

Nature made Robert E. Lee both good and great. Jackson had the most marvelous individuality of any man of his time. He is unique in military annals. Each was the idol of his troops. Their soldiers followed because Lee and Jackson always led.

Neither Lee nor Jackson had the vices or imperfections of many other great men. They both abhorred profanity and seldom took wine or strong drink. They were preeminently Christian gentlemen. No historian would think of writing The True Lee or The True Jackson. They were always the same whether in the home or on the battlefield, whether in peace or war.

The army and the people had confidence in Lee and Jackson. Never were soldiers more devoted to commanders; never were people more loyal to generals.

After the second battle of Manassas General Jackson advanced into Maryland. An amusing story was told of him as he was on this march. He and his staff found themselves behind the troops, artillery, and supply wagons. The road was narrow and it was impossible to get to the front. General Jackson said it was absolutely necessary to reach a point ahead at a certain time, and he ordered his staff to throw down the fence, and rode along the edge of the field. The field was in oats, and when they reached the far end, they were in front of the owner's house, who came forward and asked them, in not very conventional language, what they were doing riding in his oats. He said, "You are nothing but commissaries or quartermasters, for no good soldiers would destroy private property." Addressing himself to Jackson, he asked his name. The general replied that his name was Jackson. "What Jackson? What is your full name? I am going to report you to General Jackson."

"Well," said the general, "they call me Stonewall Jackson."

The staff had all gathered around, much amused, and the owner, suspecting something, asked General Jackson "if he was Stonewall Jackson from the valley?"

"Yes, sir; I commanded in the valley."

The man immediately took off his hat, exclaiming:

"Hurrah for Stonewall Jackson! Hurrah for Stonewall Jackson! Ride all over the damned old oats, general. Trample them into the ground. Do anything you like here, but get off and take a drink with me."

After a great deal of persuasion, the general dismounted and took a drink with him—of buttermilk.

A story is told of General Grant when directing operations in the Wilderness in 1864. It was said Grant was riding behind his lines and, observing a young fellow plowing in the field, he reined in his horse and asked him his name. The young man told him. The general then asked what he was doing. The man replied, "Trying to raise some corn to feed our family, myself, and my horse next winter." General Grant was riding off when the young man asked him, "You have asked my name; can I know yours?"

Grant replied, "They call me Grant."

"What Grant?"

"General Grant."

"Are you the general commanding that army over there?"

"Yes, sir; I am the man."

"Well, General, I would like to ask you a question; where are you going?"

"Well," replied the general, "That would be hard to tell. I may be going to Richmond; I may be going to Petersburg; I may be going above," pointing with his hand, "or I may be going the other way."

"You can't go to Richmond," said the young man, "because General Lee is down there; you can't go to Petersburg, because General Beauregard is there; I know you can't go to heaven, because Stonewall Jackson is up there; you may go below, for I never heard of a Confederate officer or soldier being in hell."

The friendship between Lee and Jackson was close. Their relationship was intimate. Their attitude toward each other was a halo of glory around them both. Jackson said of Lee: "Lee is a phenomenon. I would follow him blindfold." Lee said of Jackson when wounded: "Jackson has lost his left arm. I have lost my right arm." He wrote to Jackson: "Could I have dictated events, I should have chosen for the good of the country to have been disabled in your stead." "Far better for the Confederacy," exclaimed Jackson when he read the note, "that ten Jacksons should have fallen than one Lee." Sometimes they differed, together they were invincible. If Lee commanded, Jackson executed. They spent the night before the Battle of Chancellorsville together. Capt. James P. Smith, on the staff of Jackson, relates that some time after midnight he was awakened in the chill of the morning. He says that he caught a glimpse of a little flame on the slope above him. Sitting up, he saw bending over a scant fire of twigs two men seated on cracker boxes, warming their hands over the fire. He recognized the figures of Robert E. Lee and Stonewall Jackson. They planned while their men slept. The scene is one for a master painter. It should be immortalized on canvas. The story of that last council of war is told in the victory of the following day.

No nobler general ever lived than Robert E. Lee; no braver soldier ever fought than Stonewall Jackson.

Lee was the supreme gentleman. The knightliest and the gentlest in Virginia's civilization found its flower in Robert E. Lee. Jackson was the ideal soldier. The bravery of Virginia found its full fruition in Stonewall Jackson.

Lee and Jackson shared the hardships of their soldiers. In his campaign between the Rappahannock and the James, with colonial mansions at his command, Lee slept in his tent among his soldiers. Jackson often slept in his saddle and frequently rested at the foot of a tree. Neither demanded more for themselves than they asked for their soldiers. General Lee's own son was captured. The Federals offered to exchange him for an officer of equal rank. Lee declined. He said that he could do no more for his own son than for any other soldier.

Lee and Jackson were kind and thoughtful. On the march to the First Battle of Manassas, Jackson was informed that the soldiers of his brigade, worn out from the march, had fallen asleep on the ground and there was no guard about the camp. He replied, "Let them sleep; I will watch." He rode around the camp, a lone sentinel for his brigade, while his men slept.

Lee and Jackson were ever ready to lead their men. Frequently they exposed themselves to danger. Jackson was never happy unless at the head of his troops. "General Lee, go back and we will advance," his soldiers often said, and then they would go forward into battle and into death. His soldiers loved Lee as soldiers never loved another general. His soldiers believed in Jackson as soldiers never believed in another general.

An army surgeon relates that while the Battle of the Crater raged, General Lee rode to the rear of the line where the wounded lay, and, dismounting, moved amongst them. "Doctor, why are you not doing something for this man?" he said, pointing to one sorely stricken. The doctor raised his gray jacket and pointed to the ghastly wound which made life hopeless. General Lee bent tenderly over the wounded man, and then, in a voice tremulous with emotion, exclaimed: "Alas! poor soldier! May God make soft his dying pillow."

At Gettysburg, Lee, who had sent his men into a hundred charges and watched them cut their way to victory, after Pickett's charge, was in retreat. A Union soldier badly wounded lay in his path. The soldier relates that he shouted "Hurrah for the Union," as Lee came near. The general dismounted and approached the wounded enemy. "I thought he meant to kill me," the soldier reported later. "But he looked at me with a sad expression and grasped my hand."

"My son," said Lee to the wounded man, "I hope you will soon be well."

The wounded Yankee wrote, "I cried myself to sleep there on the bloody ground."

Lee was noble in retreat as he was grand in victory. General Grant, after the war, said that the sentence, "It is all my fault," uttered by Lee after Gettysburg, was the greatest speech made by any general during the war.

The personal characters of Robert E. Lee and Stonewall Jackson far surpass other generals of history. Their influence and their example were felt by both students and soldiers. Jackson had taught for ten years before the war and probably Lee's greatest contribution came after the war when he taught the youth in peace as he had led them in war.

THE PATRIOTS

Lee, like his father, the friend of Washington, loved Virginia first. Light Horse Harry Lee said: "Virginia is my country. Her will I obey, however lamentable a fate it may subject me to." His son said: "I look upon secession as anarchy. If I owned the 4,000,000 slaves of the South, I would sacrifice them all for the Union; but I can not draw my sword against Virginia."

Lee favored the Union. He opposed secession. Lee would no sooner draw his sword against Virginia than Douglas would have drawn his sword against his native Scotland.

Never since the temptation of the Son of Man upon the Mount, when He saw all the kingdoms of the world and the glory of them, to turn away to the agony of Gethsemane and the Cross of Calvary, has a man been subjected to such temptation and such an ordeal as Robert E. Lee, when he was offered the command of the Union Army by Abraham Lincoln. I often pass by the building in the city of Washington in which Lincoln's offer was submitted by Francis Preston Blair. Lee's life had been spent in the Army. On the one hand was the realization of his ambition to be the commander in chief of the Army. His home was just across the Potomac from Washington. He thought of the command of the Union armies, with unlimited men and money; he thought of his own beloved Arlington. On the other hand, there was Virginia, the land of his fathers. He thought of the misery of his own people.

Winfield Scott and George H. Thomas were Virginians, but Robert E. Lee was a different Virginian. He was of the Washington mold. His first duty was to his native State. He declined the offer of Abraham Lincoln to accept the sword of Virginia. He exchanged ambition for service, glory for immortality.

Gen. Winfield Scott, commander in chief of the armies of the United States in the Mexican War, and for many years thereafter, had said of him: "He is the greatest soldier now living, and if he ever gets the opportunity he will prove himself the greatest captain of history."

For ten years before the war Stonewall Jackson mingled with the people. He knew the sentiments of the South. He was an intense advocate of State rights. He saw the approaching conflict. He believed in the Confederacy. He was animated by the conviction that he had been raised up to defend the Southland. No man in the South took a keener interest in the approaching strife than Jackson. He said: "As a Christian I abhor war, but as a soldier I love war."

Duty was the guiding star in Lee's career. He wrote to his son in 1852: "Duty is the sublimest word in the English language." Conviction was the controlling influence in the life of Jackson. If Lee fought from duty, Jackson fought from conviction.

Preeminent as patriots, Lee and Jackson became foremost as generals.

THE GENERALS

Lee and Jackson were trained soldiers. For years before the War between the States they were students of the campaigns of Napoleon. They were thoroughly familiar with his tactics and his battles. They regarded him as among the greatest of military commanders. Unconsciously by training, by experience, and by study each was being prepared for leadership in the inevitable conflict between the North and South.

The fame of Robert E. Lee rests upon his battles in the defense of Richmond. His most famous campaign and his most effective victories were in 1864, as he engaged Grant from the Rappahannock to the James. The armies met on May 4, 1864. Grant had 222,000 men, Lee had but 70,000. From June 3 to June 10 Grant had lost 117,000 men, while Lee had lost but 19,000. On this campaign alone Lee's eternal fame as a general is secure. He demonstrated his ability, and he is entitled to a place above Marlborough, Wellington, or Napoleon.

Theodore Roosevelt, in speaking of Lee, said: "He was the greatest of all the great captains that the English-speaking people have brought forth. As a mere military man Washington himself can not rank with the wonderful war chief who for four years led the Army of Northern Virginia."

Lord Wolseley said of General Lee in 1862, when he visited the Confederate Army: "Lee was the ablest general and to me seemed the greatest man I ever conversed with, and yet I have had the privilege of meeting von Moltke and Prince Bismarck. General Lee was one of the few men who ever seriously impressed and awed me with their natural and inherent greatness."

The fame of Stonewall Jackson rests upon the First Battle of Manassas, his celebrated valley campaign, and the glorious victory at Chancellorsville. He turned the tide and won the battle at Manassas July 21, 1861. When the Confederates were falling back, Gen. Bernard E. Bee met Jackson and found him cool and composed. General Bee said, "They are beating us back." Jackson replied: "Then, sir, we will give them the bayonet." Jackson's bravery and determined bearing inspired Bee. He turned in his saddle and rallied his officers. Riding in the midst of his troops he pointed with his sword toward the Virginians. "Look," he shouted, "there is Jackson standing like a stone wall. Rally behind the Virginians." The men took up the cry and a glorious victory was won.

Napoleon said of his faithful lieutenant Ney: "His presence on the battlefield alone was worth 20,000 men." But Jackson was superior to Ney. He could not only plan but he could execute. This was beyond the power of the great French marshal.

Jackson fell at the very noontide of his glory. The bullets of the enemy had left him unscathed on many a battlefield and in many a charge. At the very climax of his brilliant career, when he had won the admiration of friend and foe, the confidence of his superiors, the adoration of his own troops, and the applause of the world, he was wounded by his own soldiers by mistake. He was pressing the victory at Chancellorsville to the limit. He was riding long after the sun had set to crush the enemy. About 8 o'clock on the night of May 3, by his own men through mistake in the dark, General Jackson received three wounds at the same time. One bullet went through the palm of his right hand, a second passed around the wrist of his left hand, and a third passed through the left arm halfway between the shoulder and the elbow. It splintered the bone to the elbow joint and severed the artery. He was carried to the home of a friend at Guinea's Station, where pneumonia set in and he died on Sunday, May 10. Dr. Hunter H. McGuire, medical director of Jackson's corps, who attended Jackson said: "Modern surgery would have saved the life of Stonewall Jackson."

The greatest blow that befell the Confederacy was the death of Jackson. He was largely responsible for the victory at Chancellorsville. Lee accorded him the glory. Jackson knew the country and was familiar with the battlefields. He had studied the regions around Chancellorsville carefully the preceding winter, as Wellington had familiarized himself with the battlefield of Waterloo.

When it was announced that Jackson could not live there was universal sorrow in the army and throughout the Southland. A little girl said: "I wish that God would let me die in his stead, because then only my mother would cry, but if Jackson died all the people of the country would cry." When he fell all the people did weep, from the humblest child of the Southland to the commander in chief of the armies and the president of the Confederacy, both of whom wept as only brave and strong men could weep. There was universal sorrow from the sea captain who had never seen his face to the English lord whose name is a familiar word on both sides of the Atlantic, who remarked when the sad news came to him, "Jackson was in some respects the greatest man America ever produced."

Brave in life, Jackson was brave in death. Like Wolfe at Quebec, Jackson "was content to die," and the light of his marvelous life and brilliant career went out as he said: "No, no; let us cross over the river and rest under the shade of the trees."

Jackson's valley campaign has been studied in the textbooks and leading war colleges of both the Old World and the new. When General Ewell was asked as to Jackson in the valley campaign, he replied in his impetuous manner, "Well, sir, when he commenced it, I thought him crazy; before he ended it, I thought him inspired." It is said by military critics that Jackson's campaign in the valley was the finest example of strategy of which the world has any record. It is studied as a model in the military schools of England and Germany. Von Moltke, perhaps the greatest of modern masters of strategy, is reported as saying that Jackson's campaign in the Virginia Valley is without a rival in the world's history.

The brilliant strokes of the army of northern Virginia, after Lee assumed command, had been executed by Jackson. Except at Gettysburg, and as Mr. Swinton has observed "Lee ventured upon no strokes of audacity after Jackson passed away."

Jackson was at his best on the battlefield. He may not have possessed a versatile or a comprehensive mind, but he was the most successful commander that ever led an army. Lee often made the statement, "If I had had Stonewall Jackson with me, I could have won the Battle of Gettysburg, so far as man can see."

There are acts of bravery and deeds of heroism in peace as well as in war. It frequently takes more bravery to do one's duty in the quiet walks of life than on the field of carnage. It takes greater courage to do one's duty when alone or away from one's fellows, than when urged on by one's companions or followers. The fine spirit of heroism is exemplified by Cambronne when he exclaimed, "The guard dies, but never surrenders." The soldier discovered in the ruins of Pompeii, as he stands there buried at his post, amid the hot waves of lava that overwhelmed him, tells the story of Roman valor in grander language than the ruins of the Forum or the Coliseum. The brave Captain Herndon, the last on deck, thinking first of his passengers, deliberately chose death before dishonor with calm courage as he went down in the ocean's depth, is a truer picture of heroism than Cæsar leading his legions or Napoleon at the Bridge of Lodi.

There are heroes in defeat as well as in victory. Lee endured the shafts of criticisms without complaint. He was denied the privileges of citizenship accorded to his former slaves, although he advised loyalty and allegiance to the Union after the war. In defeat he exemplified his own statement, "Human virtue should be equal to human calamity."

The cause for which Jackson died and Lee fought was lost, but they are honored as no other military chieftains in history. As General Lee rode from Appomattox to Richmond on his favorite horse, Traveler, he was applauded by the remnant of his soldiers and by the people.

It takes a great general and a great army to win a great victory. The soldiers of the Army of Northern Virginia were the best

trained and the bravest soldiers who ever fought. Lee was grander in defeat than in victory. He had surrendered to overwhelming numbers, but his soldiers loved him still. The people worshiped him. They cheered him as he entered Richmond from Appomattox. Unions and Confederates alike bared their heads and applauded Robert E. Lee as he entered and rode along the streets of Richmond, the fallen capital of the Confederacy. Gen. Sir Frederick Maurice, of Great Britain, remarked: "This is the one instance in history in which people flocked to cheer a defeated general."

After the war the word of Lee carried greater weight among the people than the proclamations of governors or orations of senators. His advice was regarded as final in the tragic days of reconstruction.

Lee and Jackson both had ambition, but their ambition was unselfish, the one to do his duty, to defend his beloved Virginia, the other to defend the Southland. Lee and Jackson, preeminently soldiers, were ambitious to conquer in a righteous cause.

Great in war, Lee is noble in peace. He is the ideal man. We might well paraphrase the language of his father, Light Horse Harry Lee, in his eulogy on Washington, "Robert E. Lee was first in war, first in peace, and first in the hearts of his countrymen." Whether declining the command of the Federal armies, whether turning away from his beloved Arlington to fight the battles and share the miseries of his own people, whether proclaiming on the heights of Gettysburg that the fault of the disaster was all his own, or whether refusing the offer of a commercial post, carrying a salary of $50,000 a year, to accept the presidency of Washington College at a salary of $1,500 annually, to teach the youth of the Southland in the arts of peace as he had led the flower of the young manhood of the South in war, he is always the same grand and heroic spirit.

Lee and Jackson are together in death as they were in life. In their last moments they thought of their soldiers and of their battles. Jackson whispered, "Order A. P. Hill to prepare for action." Lee murmured, "Tell Hill he must come up."

They are both buried in Lexington, Virginia, in the valley where Jackson made himself famous in less than two years, and in the State on whose battlefields for four years Lee wrote his name among the immortals.

On this memorial occasion, in honor of the anniversary of the birth of Stonewall Jackson, January 21, we are reminded that the anniversary of the birth of Robert E. Lee is January 19. We recall their noble qualities and their splendid characters rather than their military victories. We are thinking of their greatness and nobility as men rather than as commanders. Lee and Jackson were among the greatest generals, but they were both superior as men. Great men are like the wind, small men are like the grass. The grass, when the wind passes over it, bends. Lee, the soldier, was great, but Lee, the man, was greater. His St. Helena at Lexington was more splendid and more glorious than his Austerlitz in the Wilderness. Robert E. Lee, the general, stands among the greatest captains of all times, and while greater as a man, he was not superior as a general to Stonewall Jackson.

The twin heroes of the Confederacy, Lee and Jackson, the Virginians, as Lee and Jackson, the Americans, are the noblest legacy of the War between the States.

H. R. 14363

Mr. BRIGGS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating some remarks I made before the Appropriations Committee on the Commerce Department bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. BRIGGS. Mr. Speaker, at no time have the people of the United States been more concerned with revival and development of foreign and domestic trade than at present; and it is of the greatest importance that the agencies which materially contribute to that result be preserved to the people. Feeling that information presented by me to the Committee on Appropriations will be of general interest, I am, with the permission of the House, incorporating it in my remarks.

STATEMENT OF HON. CLAY STONE BRIGGS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. OLIVER. Mr. BRIGGS has a matter that he wishes to present to the committee. Will you proceed, Mr. BRIGGS?

Mr. BRIGGS. Gentlemen, I am appearing here this morning in behalf of the appropriation for the Bureau of Foreign and Domestic Commerce with respect to the district offices which obtain in that department.

It is not necessary for me to bring to your attention the fact that the Department of Commerce has organized throughout the United States a number of district offices so as to promote, through the facilities which they have, the commerce of the United States and to encourage and develop trade. I am also appearing in behalf of the offices which they have established abroad.

Among the district offices are several in Texas, one of which is located at Galveston. The chairman indicated a while ago that he and the committee were interested particularly in the dollars and cents return to the people from that activity.

The expenditure which the Government makes for the support of the Galveston office has been about $8,000 a year. It is not that much now, Mr. Chairman, because under the economy program in the Department of Commerce one of the employees in that office was released. It probably is somewhere between $5,000 and $6,000 a year. They have now, I think, only the district manager and a stenographer in that office. That has handicapped its activities materially; but just the same, even if we have to work with these forces largely skeletonized, I feel that as long as we keep the directional force and the power there of carrying on that work, you are contributing very materially to the progress of American foreign and domestic trade.

VALUE OF GALVESTON OFFICE

Year before last the records show that the activities of the Galveston office resulted in an increase of trade to various citizens and business firms of this country amounting to nearly a million dollars; it was nine hundred and some odd thousand dollars, I think. Well, as everybody knows, the national depression has been felt even more acutely in the past year than it was the year before; but in spite of that fact, this office at Galveston aided the business firms of Texas and in my locality to obtain business amounting to $1,687,285.05.

Now, that is concrete information. It is not speculative. When I was home this summer I made a special point of ascertaining from business men what they thought about the service of this organization and of the district office there, and they told me that its value to them was constantly growing.

I would like to cite a few instances.

I would like to read a short letter first, which tells very concretely how valuable this agency has been. It is a letter from Mr. E. W. Rhodes, the general soliciting agent of the Galveston Wharf Co., dated July 19, 1932.

"During the fiscal year ended June 30, exports in a number of major items, such as sulphur, flour, and metals, suffered large decreases because of world-wide economic conditions. Commodity values also declined. But by forming new contracts we enjoyed large increases in exports of grains, cotton, rice, packing-house products, and a few less important commodities. We consider $1,200,000 a conservative estimate of the value of this new business combined with savings effected through the operation of your department.

"Also, we congratulate you upon the efficient manner in which your department has functioned."

This letter was directed to the district manager at Galveston of the Bureau of Foreign and Domestic Commerce.

Now, that is not a platitude. That is a statement of concrete facts given to the people of the United States in regard to the result of the expenditure of their money.

There is another concern in Galveston that operates on a very large scale; that is the Texas Star Flour Mills. These mills testify:

"The amount of this [new] business which we believe should be credited to the services of your bureau during the past 12 months was approximately $210,000."

That is signed by Mr. J. Haviland, president and general manager of the Texas Star Flour Mills.

At Galveston there are several large packing concerns that pack shellfish—shrimp particularly. They are all out for development of markets, and as everybody knows, again, the difficulty of obtaining markets anywhere is extremely great. One of these concerns, the Food Products Co., state in their letter:

"There is directly chargeable to your offices a total business available to us of $60,500, which we feel under present conditions is very flattering."

They closed a contract recently with Japan for 30 tons of frozen shrimp at a valuation of $6,000. They continue:

"We are also negotiating for another contract which will amount to $20,000, and have already made shipment of some 15 tons approximating $4,500. There is pending still another contract which will approximate $30,000."

There is another concern, a tractor concern, Atlas Trailers & Water Mufflers (Inc.), that credits to the Galveston office of the Department of Commerce business to the amount of $20,000.

Here is the Galveston Fisheries, another fish-packing concern, which testifies that through the good offices of the Bureau of Foreign and Domestic Commerce it was able to adjust claims abroad that they otherwise would have lost, amounting to $15,000.

Let me show you the variety of the service rendered—and I shall not attempt to go into any great detail, because I know you are not concerned in that; you are concerned in the general value of the services. Here is one concern that had some very extensive litigation in France over large shipments of cotton that they had made to that country. One of the first things it encountered there was the exorbitant character of the bond in carrying on some necessary litigation. The French required it to make a bond of 500,000 francs. Through its counsel it got it reduced to 250,000 francs. Finally it called on the good offices of the Department of Commerce—the office right there at Galveston of the Bureau of Foreign and Domestic Commerce—and they got it reduced to 20,000 francs.

Mr. CANNON. That was quite a drop from 500,000 francs.

Mr. BRIGGS. From 500,000 down to 20,000.

I want to call your attention to another instance. Last summer the representative of one of the largest grain importing concerns in the United States, the Continental Grain Co., came to me and said, "We are in quite a predicament, Congressman, and I wonder if you can help us." I said, "What is it?" He said, "Last year we developed quite a nice business from Texas and some portions

of the Southwest in the export of milo maize and kafir corn. We shipped about 7,000,000 bushels to Germany, but Germany now, by a new order in council, or whatever they call it over there, has embraced those two commodities in what is known as the corn monopoly. Germany conducts a corn monopoly, and that is ruining that export business. The farmers in Texas had no export market at all for kafir corn and milo maize until this time. We shipped out for the first time last year 7,000,000 bushels. We want to continue to do that business this year, and we do not know how we are going to do it, and we want to know if you can help us."

I said, "Why don't you gentlemen step across the hall here and consult the district manager of the Department of Commerce?" "Well," he said, "we call on him for a great deal of service. This last year he gave us benefits amounting to about $200,000 in the service he rendered in establishing contacts with Mexico, and that business may run up to $2,000,000, but it had not occurred to us to deal with them on this proposition." I said, "Suppose you do it," and he said, "I will."

The Department of Commerce took that matter up for them. Germany came into the market and bought a hundred thousand tons of corn to supply the corn monopoly in Germany, but when that came in she was going to buy corn alone, not including milo maize and kafir corn. As a result of the representations of the Department of Commerce, through the Galveston office, she allowed kafir corn and milo maize to go in with it, as well, which saved markets for those people that otherwise could not possibly have been saved. As you know, Germany has a system of rationing or prorating the materials that go into certain things, like wheat flour. She makes a large percentage of potato flour of German origin to go into the imported wheat flour, in combinations. The breads and things of that kind over in Europe, from the experience I have had with them, are usually atrocious, but they are sustaining, and the people buy them, and they consume a considerable amount of our commodities. If we do not have agencies like these district and foreign offices to deal with these things, we do not get anywhere.

Let me give you another illustration. The present year China undertook to impose visa regulations upon shipments and documents, manifests and things of that kind abroad. She levied an import tax of a certain character which needed consular representation in the United States. Now, China only has in the United States, or did at that time, about six consuls. She regarded them as very important, and she did not have a great number of consuls scattered throughout this country. It was very essential that the commerce moving through Galveston to China in such large volume should have consular representation. Texas had none whatever. The nearest was nearly 500 miles away, at New Orleans, and the next at Chicago.

We took that matter up. They took it up with me. I took it up both with the State Department and with the Department of Commerce. The Department of Commerce got particularly busy. I took it up, of course, with the Chinese minister here in Washington as well. It needed every agency. I found that the service that the Department of Commerce rendered through their far eastern representative here was invaluable in that matter, both at home and through the commercial attaché or trade commissioner in China, in bringing home to the Chinese Government the essential character of consular representation at Galveston. For instance, to expedite that business, so that shipments would not lay over for three or four weeks, possibly, with the chance that the shipment might be lost entirely, by reason of not having some one there to visa these documents at the time when they were needed.

Now, China did a business of something like $18,000,000 through Galveston last year in the purchase of cotton, and it was a very material thing to China, therefore, to have that business expedited, and it was worth a good deal to our people. The Department of Commerce also secured the cooperation of the State Department in an active and efficient way, and between them the consular representation was adopted and provided.

If you gentlemen will permit me, I would like to put in the record a statement of the business handled through the Galveston office and other Texas offices, which was compiled for me by the Department of Commerce. It shows the Galveston office, the Houston office, the Dallas office, and the El Paso office—Representative THOMASON will be here and appear for some of these items—and it puts it in a concrete way.

I do not know whether you gentlemen would like to have in the record all these dollar-and-cents results reported from the various district offices in the United States. I have them here, if you would like them.

Mr. CANNON. For the entire United States?

Mr. BRIGGS. For the entire United States; the various offices in the United States.

Mr. OLIVER. That may go in the record.

The matter referred to is as follows:

Dollars and cents results reported by Texas offices, fiscal year 1931-32

District office	Firms served	Firms reporting	Amount reported	Average benefit per firm reporting	1932-33 office budget
Galveston	36	12	$1,687,285.05	$140,607	$5,302
Houston	253	57	1,111,908.50	19,507	10,256
Dallas	142	34	482,557.69	14,193	12,066
El Paso	84	50	139,451.00	2,789	4,953

"A Galveston shipping concern reports: 'We consider $1,200,000 a conservative estimate of the value of this new business combined with savings effected through the operation of your department.'

"A flour-milling company writes: 'The amount of this business which we believe should be credited to the services of your bureau during the past 12 months was approximately $210,000. Through information your office furnished us last year on foreign tariffs, exchange regulations, etc., we estimate we were saved approximately $1,500. Then you personally rendered us an additional service by putting us in contact with a near-by casting manufacturer who could replace a casting that smashed up and caused a complete shutdown of the mill last July. We were enabled to resume operatives five days sooner and effected a saving in transportion costs on the part, all of which resulted in a saving to this concern of $5,000.'

"An exporter of cotton reports: 'We made the following sales which resulted either directly or indirectly from your cooperation and assistance: To Bombay, 500 bales of cotton, $22,240.26; to Oporto, 200 bales of cotton, $8,244.79.

"'We feel that you are entitled to credit for this business and we take pleasure in expressing herewith our appreciation for your assistance.'

"A sulphur company of Houston states: 'I can truthfully say as far as I am able to judge by the research work I have done, the information made available through your department and its branches throughout the world has undoubtedly resulted in at least $100,000 worth of business.'

"A flour miller reports to the Dallas office: 'We are pleased to tell you that the connections you have helped us to make in Europe and Latin America during the last 12 months have enabled us to do a volume of business which we estimate at $50,000.'

"A firm of general exporters in El Paso has the following to say: 'It is estimated that the total amount of our sales as a result of the services performed for us by your bureau at home and abroad amounted to approximately $50,000 actual on $500,000 potential.'"

District office	Firms served	Firms reporting	Amount reported	Average benefit per firm reporting
Atlanta	191	15	$574,125.72	$38,275.05
Birmingham	125	20	1,142,031.00	57,101.55
Boston	1,915	98	2,552,687.20	26,047.83
Buffalo	365	19	421,399.01	22,178.90
Charleston	61	4	24,900.00	6,225.00
Charlotte	184	7	179,023.99	25,574.86
Chicago	2,146	79	934,182.98	11,825.10
Cincinnati	331	13	128,690.00	9,899.23
Cleveland	663	17	311,953.00	18,350.18
Dallas	142	34	482,557.69	14,192.87
Denver	98	7	61,106.26	8,729.47
Des Moines	305	21	177,046.27	8,430.77
Detroit	896	37	2,567,870.00	69,401.89
El Paso	84	50	139,451.00	2,789.02
Galveston	36	12	1,687,285.05	140,607.09
Houston	253	57	1,111,903.50	19,507.08
Indianapolis	534	67	718,141.93	10,718.54
Jacksonville	176	17	660,107.03	38,829.83
Kansas City	860	25	189,880.00	7,595.20
Los Angeles	551	28	469,237.05	16,758.47
Louisville	213	10	329,972.00	32,997.20
Memphis	287	105	1,625,731.75	15,483.16
Milwaukee	509	10	445,452.21	44,545.22
Minneapolis	432	26	308,683.58	11,872.45
Mobile	76	21	364,706.00	18,319.33
New Orleans	308	30	731,622.00	24,387.40
New York	7,183	329	13,541,436.09	41,159.38
Norfolk	357	33	1,534,592.00	46,502.79
Philadelphia	1,201	160	3,450,115.92	21,563.22
Pittsburgh	735	54	563,894.22	10,442.49
Portland	180	16	2,304,975.00	144,060.94
Salt Lake City	24	1	20,000.00	20,000.00
San Francisco	724	80	2,745,980.00	34,324.50
Seattle	534	26	2,214,035.79	85,155.22
St. Louis	629	197	1,637,406.62	8,311.71
Wilmington	92	13	244,600.00	18,815.38
Total	24,725	1,738	46,616,781.86	26,822.07

Mr. BRIGGS. I am not going to read, Mr. Chairman, from this report of the Secretary of Commerce referring to the Bureau of Foreign and Domestic Commerce, except to say that on pages 57 to 61, inclusive, will be found the statement of many services which this bureau has rendered in a concrete way in dollars-and-cents return to the American people, the users of these services.

Mr. CANNON. You do not connect that with the cost of maintaining those offices which supply that service?

Mr. BRIGGS. I am referring to this as evidence of the return that the people are getting upon the investment which they are making in this service.

They refer in the report to "intangible results." Some of those I have brought to your attention in the instances which I have given to this committee.

Now, gentlemen, I would like to say this to you: I notice that Congressman CANNON is somewhat interested in what foreign governments are doing also with reference to this trade promotional service.

Mr. CANNON. Foreign governments in the United States.

TRADE PROMOTIONAL SERVICE IN FOREIGN GOVERNMENTS

Mr. BRIGGS. Yes. Well, I do not know that it has been analyzed in that way, Mr. CANNON.

Mr. CANNON. This activity of foreign governments in the world, then?

Mr. BRIGGS. Take, for instance, Great Britain. Great Britain herself is spending about seven and a half million, or 16 cents per capita, according to the figures that I have here, for trade promotional work, in the Department of Overseas Trade, Empire Marketing Board, Imperial Conference, Colonial Development, and so forth.

Mr. CANNON. You have no figures to show what part of that is spent in the United States?

Mr. BRIGGS. No; I have not, but I imagine quite a large part of it is. A very large part of it is undoubtedly spent in the Far East and South American countries, as you gentlemen know from the visits of the Prince of Wales and others, to hold the trade she has gathered and to increase that trade. South America is one of the most fertile fields, and a lot of that country down there is a country where we must extend our markets—in the South American and Central American countries.

I feel very strongly that there is no service in this Government that pays better returns to the people than the investment in this service. It is not a large investment. This report shows that they have gotten voluntary reports from people in the United States who have used these services with returns amounting to $59,000,000, and they estimate that that is only about 10 per cent of those actively served who have obtained valuable returns.

UTILIZATION OF STATE DEPARTMENT FOR COMMERCE PROMOTION

One other phase of the question: I notice that Congressman CANNON referred to the organization of the State Department, raising the question as to why it could not be utilized to a larger extent than it is for trade-promotion purposes. As everybody knows, the State Department is cast upon entirely different lines from a trade-promotion organization. It is cast upon lines largely in the sense of diplomatic relations, and even where the consuls are concerned, they have a number of social functions to perform, and they perform a great deal of routine work in visaing documents, shipping documents, and things of that kind.

Mr. CANNON. Is it not true that their staffs are made up of experts along many and diverse lines, including not only diplomatic but also commercial and business activities?

Mr. BRIGGS. I do not think that they are made up so much along the lines of business experience and trade contacts of that kind as they are of ability to handle consular documents, invoices, and so forth, and make reports of various characters. But the experience that I have had with people who utilize the State Department is that it is infinitely slow as compared with the service given by the Department of Commerce; and, Mr. Cannon, you know and I know that if you are going to transact business in these days you have got to transact it speedily, and when the people want it transacted. You can not wait until the other fellow sits down and writes a long report and files it six months later. That is the way some of those reports come in, and that is not business. I think that is a waste of your money.

Mr. CANNON. Do you not think we might well take measures to expedite that service and speed it up?

Mr. BRIGGS. We have been trying it for 125 years, and I think we have accomplished it to some extent. I think some of the provisions that have been put in the statutes with reference to the State Department have helped. But it has certainly not displaced the function of the Department of Commerce. I think its work has been exceedingly valuable to the people of the United States.

RELATION WITH AGRICULTURE DEPARTMENT

Mr. CANNON. Mr. BRIGGS, you would also say that the work of the representatives of the Department of Agriculture is equally important in this field?

Mr. BRIGGS. Mr. CANNON, there is nobody, I think, who is more in sympathy with agriculture than I am, because I come, as you know, from the greatest agricultural State in the Union. Missouri is a great one, too.

Mr. CANNON. I was going to ask that you qualify that statement .

Mr. BRIGGS. I am not going to challenge that. People say that it is the size of Texas that accounts for it. But, at any rate, I am deeply interested in agriculture, and I have no complaint to make on account of the efforts that are made to put experts in agriculture in different fields throughout the world to help our trade. What the results have been in that direction I am not so familiar with.

Mr. CANNON. They have been very satisfactory.

Mr. BRIGGS. I assume that, and I am not quarreling with it. If you want my vote in Congress for that service, you are going to get it, because anything that stimulates and promotes the trade of this country and helps us to get foreign markets and markets at home, to my mind, means more to the American people in the revival of trade and relief from this depression than almost anything else we can do.

Mr. CANNON. You think that foreign markets for our agricultural products are as important as foreign markets for our manufactured products?

Mr. BRIGGS. It is a part of the whole thing. I do not think you can separate agriculture. We ship our raw products, such as cotton, raw wheat, wool, and so forth, going out from our farms, but much of it goes out processed as well, in mill form. I have had close contact very frequently with the millers in Kansas and Oklahoma, who appeal to me very often for shipping facilities through the port of Galveston to move their products to various ports of the world, particularly in South America and the West Indies.

Mr. OLIVER. I do not think there can be two opinions as to the importance of developing foreign markets for our farm products, and I assume that one of the problems that the next administration will have to solve is whether this can be done in a more economical and more efficient way than it has been done in the past. Whether you could efficiently develop foreign markets for our manufactured products and for our agricultural products through the same agency is a matter, of course, that will have to be determined in the future; and everyone feels that you must do it in a way that will bring the largest results.

Mr. BRIGGS. That is it. That is the test, Mr. Chairman. It is the way that brings the largest results to the people. It does not make any difference whether you say, "Here is a hundred thousand or two hundred thousand or five hundred thousand dollars over here to be handled by one agency, and four hundred thousand to be handled by another agency."

If they bring you in the returns that you expect, they have fulfilled their purpose; and if you combine them and put the two in one organization and cut their appropriation in two, or if you leave it as it was, and they do not yield the results, then it has been a failure.

I hope you gentlemen are not going to handicap the Bureau of Foreign and Domestic Commerce, and that you will allow it at least the same appropriation that you gave it last year.

So far as the expense of maintaining the Galveston office is concerned, I do not think it averages more than between five and six thousand dollars a year, because they have dismissed the leading clerk that they had there.

CONTACTS OF DISTRICT MANAGERS

I think there is a special thing to be said in favor of the contacts of the district managers themselves out in the field, because frequently people will not use the information made available through the Department of Commerce unless it is brought to them personally, and a lot of it never reaches the parties for whom it is really intended. The contacts that these representatives of the Government have made with the business interests have, to my mind, been of inestimable value.

I thank you.

Mr. OLIVER. Mr. BRIGGS has always manifested keen interest in our foreign trade, and no one in Congress is better qualified than he is to give accurate and helpful information to this committee; and I wish to express, Mr. BRIGGS, my personal appreciation for the very splendid statement that you have supplied to the committee to-day.

Mr. BRIGGS. I appreciate your kind expressions, Mr. Chairman.

EXTENSION OF REMARKS

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made to-day.

Mr. GOSS. Reserving the right to object, will the gentleman include the colloquy he had with the gentleman from New York [Mr. BOYLAN] in that request?

Mr. BLANTON. I will not include anything except that which already goes in.

Mr. GOSS. The gentleman will not take those remarks out of the RECORD?

Mr. BLANTON. Certainly not. That would not be according to the rule.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

GENERAL WELFARE

Mr. LANKFORD of Georgia. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LANKFORD of Georgia. Mr. Speaker, I wish to briefly discuss my bill to create a department of general welfare. While it seeks only such appropriation as may be necessary, which would be small at first, it has not been my intention to urge its passage while we are in the midst of a fight to preserve our very national existence. I do not at all want it understood that I have decided that my bill is not meritorious. We are taking up much time on many bills not as good as mine, but this would not justify my urging that this bill be given precedence over real relief legislation which is so vital at this time. But let me first state briefly what I hope to accomplish by my bill.

It is the purpose of my measure to aid, encourage, and promote public gatherings, labor federations, farm organizations, organizations of war veterans and descendants of veterans, patriotic clubs, community gatherings, and other legal assemblies and organizations, so that all the people of the several States and Territories and of the District of

Columbia shall have larger educational, social, and recreational advantages in order to secure a better mental, physical, spiritual, moral, and patriotic development of the people and in order that the general welfare may be provided and promoted but without impairment of or the infringement upon the laws, the rights, duties, authority, or responsibilities of several States, Territories, and the citizens thereof, with respect not only to the public agencies and institutions mentioned and referred to in the bill but likewise as to all private institutions, agencies of said character in the several States and Territories and leaving to all the people the fullest and most complete religious liberty, unrestricted right of free speech, and most perfect freedom of conscience in the exercise of all constitutional rights.

In furtherance of the purposes of my bill the secretary of welfare provided for in the bill would immediately secure (a) any and all legal right or rights that may not now be owned by the United States Government to the fullest and most complete control of the sending and receiving of all radio communications within the United States, full authority to manage and control said radio communications to be vested in said secretary subject only to certain named exceptions; (b) sufficient motion-picture films of such a nature and standard as to encourage and promote the policy and purpose of the act to the end that all the people may be made stronger educationally, spiritually, morally, physically, and financially, enjoying wholesome, healthy, patriotic, instructive, and proper entertainment, becoming more sensible of the rights of each other and strengthened in their faith in constituted authority and their Government; and (c) such books, prints, maps, bulletins, other printed and written matter, and such equipment, apparatus, and paraphernalia as may be necessary to carry into effect the provisions of the act.

The bill also provides that the secretary shall make provision for supplying the executive, the legislative, and judicial branches of the Government such radio and film service as may be needed by them in the discharge of the duties and powers vested in them by law, and shall maintain for the Government and its branches the use of all radio communications and proper film or motion-picture service for the purposes of the act and for the whole people.

The department of general welfare under the bill would make available to and furnish whenever requested such motion-picture films and apparatus and such radio service as may be desired and approved by any and all public hospitals, orphans' homes, charitable organizations, community centers, patriotic organizations, and other organized gatherings in the United States. It is provided that no such film, motion-picture service, or radio service shall be inimical or antagonistic to the United States Government or the general welfare of the people thereof. The expense of producing and furnishing said films, motion-picture apparatus, and radio service shall be without cost to the people of the United States as patrons or users, and no admission charge shall be made when same are exhibited or used.

A State, county, city, or community may become an organization entitled to all the privileges and benefits of the act upon (a) electing or providing officials authorized to manage the entertainment and service herein provided and authorized to approve and select the class of moving pictures and radio service to be used and exhibited, and (b) providing suitable buildings or outdoor space with ample seating facilities for such exhibition and entertainment.

The bill also provides that the Department of General Welfare shall pay one-half the cost of school books, maps, and other equipment in all States which provide for the payment by the States of the other half of the cost of said maps, books, and equipment; the State authorities in all cases to select and approve the books, maps, and equipment to be used in such State.

The bill provides that the secretary shall confer and cooperate with the different departments of Government, the various State authorities, and any and all organizations mentioned therein as beneficiaries of said service, with a view and for the purpose of ascertaining what pictures and radio service will be requested and how best to fully carry out the purposes of this act.

It is also provided that in the event it is impossible to supply all the service that may be demanded under the provisions of the bill, then the service shall be apportioned among the groups or organizations requesting same in accordance with the respective memberships or patrons thereof.

The bill would prevent commercial advertising over the radio within the United States or by motion pictures authorized or shown under the provisions of the act. Commercial communications or messages could not be transmitted over the radio, except upon approval of the Department of General Welfare and in such a way as not to interfere with the uses to which the radio service is sought to be dedicated by the bill.

Political organizations or parties would be entitled to the service sought to be authorized by the bill. Candidates would have the privilege of presenting their cause to the electorate fairly and as may appear just to the secretary after giving due consideration to class of office to which the candidate aspires and the number of people to be reached and the availability of the radio service without undue conflict with other purposes of the service provided in the bill.

In case full service can not be given to all activities mentioned, then preference would be given to activities of the Government and its various services and the proper entertainment of children and their parents.

Mr. Speaker, I am sponsoring this legislation because in my heart I feel that as Members of Congress we owe to the children of the country laws that will give them a chance to become good citizens, capable of maintaining this Government after those of us now in life shall have passed off this stage of action. I fear that there are influences now very dominant in our Nation which, to a large extent, nullify all the splendid teachings of our fathers and mothers and other friends of our children who wish to help them rather than exploit them.

It is now most evident that more and more the workingman is to have shorter hours of labor and less working days per week, thus having at his disposal more time with his family and more opportunity to enjoy with his folks splendid free, instructive, clean, elevating entertainment. It is my firm belief that my bill, if enacted into law, would be a blessing to all our citizens, and more especially the average man, who now must spend much money to entertain his family and yet not secure for them the high-class entertainment which all good fathers and mothers must desire for their children. I believe that my bill provides for a course of entertainment, instruction, and teaching which would lessen the number of criminals in our country so as to save enough cost from this source alone to many times pay all the expenses of the entire program.

Then again my bill provides for assistance to our public schools in the way of free school books and otherwise, which will be most beneficial to the poor people of our country. I shudder when I realize that at this very time our schools are about to be closed for the lack of sufficient funds.

Mr. Speaker, I always endeavor to approach all questions of legislation from the standpoint of the average individual, keeping in mind his every right and doing my best to help him in his fight for a living, for a home, and for the opportunity to raise his children and give them a chance in life.

I shall not now further discuss my bill to create a department of general welfare. I felt that it might not be amiss for me to put in the RECORD this brief statement concerning its purposes and provisions.

I do though want to make a few further observations concerning the matter of education and real relief of our people at this awful time. Uppermost in my mind all the while have been the children of our Nation and their fathers and mothers. While down in Georgia, to vote at the November election, I had several conferences with my good friend, Prof. Melvin Tanner, of Douglas, Ga., then superintendent of education of my county, and we decided that the Re-



construction Finance Corporation act should be amended so as to provide for loans to the teachers of our country or to the State, county, and municipal authorities so as to insure prompt payment to our teachers of their salaries which are so much needed by them at this time. This kind of legislation would be real relief, and I sincerely hope for its speedy enactment.

Senator GEORGE, of Georgia, has a bill now pending in the Senate for this much-needed relief to our teachers and our people generally. Hearings are now being held on his bill, and it is my sincere hope that it may be enacted at the earliest possible moment.

I am most anxious for the Reconstruction Finance Corporation act to be amended so that it will be directly helpful to the average citizen, our teachers, the farmers, the workingman, and the people generally. Some people say it can not be done, as the act was set up to handle loans only to the corporations. This is an erroneous idea. The War Finance Corporation act was geared up so as to help the corporations and through them help the poorest of the poor. This can be done if proper amendments are adopted to the Reconstruction Finance Corporation act.

This kind of legislation must be enacted if Congress is to do something worth while to help solve the awful questions which now besiege us from every standpoint.

I know I am repeating what I have said many, many times, but I am doing so for the sake of emphasis and with the hope that I can at last get enough to join me to pass some real legislation for the average man, the farmer, and the laboring man. Real relief must come to the masses of our people before there is any permanent solution of our present economic difficulties. In fact, the solution of all our problems is dependent upon the proper solution of the farmers' questions. Let us solve these, and all other questions will be much more easily determined. Let us strengthen the base before we add more to the already top-heavy superstructure of our Nation.

Agriculture, the basic industry of the Nation, is crumbling into ruin. It is disintegrating, and our Nation is endangered because the superstructure is entirely too heavy and not enough attention and consideration has been given to the base or foundation—our agricultural interest. If our once-splendid national economic structure is to endure, special, prompt, extensive, well-considered work must be done on the very foundation of all our national greatness; our independent, individual, home-loving farmers and people must be saved—the farmer must be put on an equality with other enterprises.

Thousands of ill-considered, half-baked, quack remedies are being offered. Most of these will do more harm than good. Even their consideration will interfere with proper handling of good measures. Both the big political parties have promised to put the farmer on a parity with those engaged in other lines of business. It will solve all the farmers' problems and bring back prosperity as nothing else will if Congress—made up of Democrats and Republicans—will keep this most solemn promise. It has not at all been kept so far.

In order for the farmer to be on equality with other folks, he must at least be enabled to name the price of what he sells as fully as others fix the prices of what is sold to the farmer; the farmer must be authorized and empowered to secure tax-free, circulating currency based on his property just as the banker now does on the same monetary base; the farmer must get the same tax exemptions—including a home and a reasonable amount of other property tax free—as are accorded the banks and others when they are permitted to subtract the amount of their debts from the value of their property and pay on the balance; and the farmer must receive other similarly fair legislative relief.

To my mind, the principles just stated encompass all of farm relief and real aid to those—all of us—who depend on the farmer for food, clothing, and the necessaries of life.

Until some one shows me I am mistaken by his offering some better permanent farm relief plan, I pledge that I shall fight to the limit for the monetization of farm lands and farm products; that I will do all I can to secure tax-free homes for our people; and that, so far as is within me, I shall contend for a contract system of farm relief, to enable the farmers to name the price of what they sell as fully as others name the price of what they sell to the farmers.

BANKRUPTCY LAWS

Mr. McKEOWN. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. McKEOWN. Mr. Speaker, many centuries of civilization intervene between the law of Kubla Khan that the creditor, by his ability to draw a mark around his debtor, could force the debtor to pay his debt before he could move across the mark or forfeit his life, and that of preventative compositions before bankruptcies.

For many years the laws of European countries have had a tendency to make provisions whereby honest debtors can escape the humiliation of a bankruptcy proceeding by entering into an arrangement with their creditors under the supervision of a court or some public authority.

In February of last year bills were introduced in the Senate by Senator HASTINGS, of Delaware, and Representative EARL MICHENER, of Michigan, in the House, containing many amendments to the present bankruptcy act. Hearings were held before the subcommittee of the Senate sitting with a like committee from the House. The hearings continued from April until the latter part of June, 1932.

It became apparent that the portions of the bills dealing with the numerous amendments to the bankruptcy act could not be considered at this Congress.

After investigating the laws of other countries my attention was directed to the "debtors' respite law" of Louisiana.

As to the purpose of the French law I found much enlightenment in the statement of Monsieur Lyon-Caen, professor of law in the Paris Faculty of Law, which is as follows (speaking of the purpose of the framers of the law):

In the first place—

He says—

they wished to protect the unfortunate and innocent debtor by affording him a means to escape from bankruptcy with the harsh consequences which it involves. In theory it might undoubtedly be said that a debtor is always at liberty to treat with his creditors, even in the absence of any declaration of bankruptcy. But in practice such arrangements are almost impossible, because in their formation the consent of all creditors is necessary, and there are always recalcitrant creditors, who either refuse their consent from malice or demand in return therefor advantages prejudicial to others.

The second purpose of the law is to protect the creditors against the exhorbitant or even dishonest claims of others of their number. Liquidation, according to the provisions established by law on account of the expense and delay incident thereto, is sometimes ruinous to the creditors. It is often as desirable for them as for the debtor that there should be an arrangement by which the latter might himself liquidate his estate under agreed conditions. Finally the third object of the law is to encourage the debtor, who is on the verge of bankruptcy, not to wait as long as he frequently does before making known his true situation, and to endeavor to come to an arrangement with his creditors. The debtor who apprehends bankruptcy, in order to escape it, contracts ruinous loans or engages in speculation; then he calls his creditors together and seeks to conclude an arrangement which is nearly always impeded by some of them; to keep off the most exacting he pays them to the prejudice of the estate, and the most accommodating are not paid.

The actions brought against the debtor burden him with enormous expense and annihilate his credit. In spite of all, he does not escape bankruptcy, and numerous lawsuits are necessary to establish equality among the creditors in recovering the sums paid to the injury of the estate. It is hoped that when the debtor knows there exist some protective measures he will not wait so long and resort to these maneuvers, and that he will address himself as soon as possible to his creditors and endeavor to obtain, under the supervision of the court, a composition that will forestall bankruptcy.

This statement applies to the present bill.

On June 21, last, I introduced H. R. 12753, which contains the principle provisions of the debtors' respite law, and is in the main contained in section 74 of this bill. After

several conferences and meetings of the two subcommittees the Solicitor General, Hon. Thomas D. Thatcher, made the draft of section 74 by writing into the composition section of the present act the main provisions of H. R. 12753.

Section 75, in this bill, was originally contained in the bills introduced by Senator HASTINGS and Representative MICHENER. In the original bills section 75 included railroad reorganization with corporate reorganization.

In order to properly safeguard the public interest in the matter of the reorganization of railroads all reference to railroads was stricken from section 75 and a new section 76 was added, which is a bill introduced by Representative LAGUARDIA and offered as an amendment to this bill.

Section 73 places the jurisdiction in the bankruptcy courts to deal with debtors as well as bankrupts.

In my judgment there is a widespread misunderstanding among the legal fraternity as to what may or may not be done under the power vested in Congress by the Constitution under the provision "to establish uniform laws on the subject of bankruptcies throughout the United States." Strict constructionists in this country have contended that the word "bankruptcy," as used in the constitutional grant to Congress, should be limited in meaning to the narrow English sense, but the courts in an early period decided this clause was to be construed as giving power to Congress to adjust the affairs of all insolvent debtors. I refer you to the excerpts from the memoranda furnished by the able Solicitor General, contained in the report on the bill.

Congress has exercised its power to pass bankruptcy acts four times during the life of the Republic. The first act was passed in 1800 and repealed in 1803. The second act was passed in 1841 and repealed in 1843. The third act was passed in 1867 and was amended in 1874 and repealed in 1878. The fourth and last act was passed in 1898, and we have it with us yet.

The act of 1800 made provision for involuntary bankruptcy alone. No voluntary petition in bankruptcy could be filed under that act. Under the act of 1841 voluntary petitions could be filed by debtors. The right to offer compositions did not materialize until the act of June 22, 1874, which was an amendment to the bankruptcy act of 1867.

The constitutionality of this amendment was questioned because it was not necessary to be adjudged a bankrupt before offering composition. This contention was overruled by the courts. It would appear to me that inasmuch as the provision for extension of debts is in the composition section, and simply provides for the ultimate settlement by the debtor of his debts, in whole or in part, and permits the debtor himself to liquidate the debts instead of a trustee, that this bill lies within the constitutional power granted to Congress.

In 1843, Mr. Justice Catron, an Associate Justice of the Supreme Court, sitting in a case as circuit judge, in an opinion that was later incorporated in the Supreme Court Reports (42 U. S. (1 Howard) 277), said:

> In considering the question before me I have not pretended to give a definition but purposely avoided any attempt to define the mere word "bankruptcy." It is employed in the Constitution in the plural and as part of an expression, "the subject of bankruptcies." The ideas attached to the word in this connection are numerous and complicated; they form a subject of extensive and complicated legislation; of this subject Congress has general jurisdiction; and the true inquiry is, to what limits is that jurisdiction restricted? I hold it extends to all cases where the law causes to be distributed the property of the debtor among his creditors; this is its least limit. Its greatest is the discharge of a debtor from his contracts. And all intermediate legislation, affecting substance and form, but tending to further the great end of the subject—distribution and discharge—are in the competency and discretion of Congress * * *.

In the case of Kunzler *v.* Kohaus (5 Hill, 317) we find Judge Cowen said:

* * * * * * *

> Looking thus at the uniform popular acceptation of the word from the earliest times and in all English countries, and supposing that to be the true one, I read the Constitution thus: "Congress shall have the power to establish uniform laws on the subject of any person's general inability to pay his debts throughout the United States."

It is the purpose of section 74 to provide a forum where individuals, partnerships, and other associations not incorporated, may apply for compositions or extensions of time in which to pay the whole or any part of their debts. Such applicant is denominated a "debtor" and not a "bankrupt," and this avoids the stigma of bankruptcy. He is a distressed debtor, and to be qualified to enter this forum he must be either insolvent or unable to meet his debts as they mature.

He may enter this forum voluntarily by petition, in which he sets out the names of his creditors, the amount due, and their post-office addresses, and therein list his assets, also presenting the plan or means by which he will undertake to liquidate in whole or in part his indebtedness and specifying the terms and extension of time which he requests be granted to him.

If before filing a petition he should be proceeded against by an insolvency petition in bankruptcy, then by way of answer he may make the same pleading as required in a petition, in which case he shall not be adjudged a bankrupt until and after proceedings are had under this session for extension of time or composition.

The petition shall be filed with a United States district court in the district in which the debtor is domiciled, as is required under the present bankruptcy laws. If the petition or answer is approved by the judge as having been properly filed, an order is made staying all foreclosures or other proceedings pending against the debtor or his estate upon such conditions as shall be proper for the protection of the estate against loss during the stay, which shall be in force until the first meeting of the creditors.

The petition or answer is then forwarded to the referee of the county in which the debtor resides, who causes notice to be given to the creditors, stating in the notice the terms of composition or extension, together with a brief statement of the assets and indebtedness of the debtor, including a list of secured creditors, with their addresses, and a list of the 15 largest unsecured creditors, and stating the time and place for the first meeting.

At the first meeting all creditors may participate, both secured and unsecured, and if they desire they may examine the debtor. At this meeting the creditors may submit a plan of composition or extension if they are unwilling to accept the debtor's plan, and they may nominate a trustee to be appointed by the court if liquidation of the estate should be necessary upon the failure of the plan. The referee, after consulting with parties in interest, may fix a reasonable time within which application for confirmation shall be made. He may later extend the time for cause shown and may require as a condition of such extension, additional terms for the protection of and indemnity against loss by the estate as may be proper. No plan shall be presented for confirmation unless it has been accepted by a majority in number of all creditors, including secured creditors and representing a majority in number of claims.

However, should a debtor fail to obtain the consent of a majority in number and amount of his creditors, including secured creditors, he still may file an application for an extension, if in his application he can show a feasible method of financial rehabilitation for himself and which would be for the best interest of all his creditors, including an equitable liquidation for the secured creditors whose claims are affected, and if upon a hearing the court is satisfied that the debtor has presented an equitable method for liquidation for the creditors whose claims are affected; that it is for the best interest of the creditors; that the debtor is acting in good faith and has not been guilty of any of the acts or failed to perform any of the duties which would be a ground for denying his discharge from bankruptcy, then the court may approve the extension of time notwithstanding the objections of a creditor.

The debtor, in his proposal, may ask for extension of time of the payment of debts to either secured or unsecured creditors. He may include provisions for payment on account and may provide for a creditors' committee to supervise his affairs and for the termination of such period under certain specified conditions.

If the extension proposal is accepted and confirmed, it shall be binding upon the debtor and his secured and unsecured creditors; but the extension or composition shall not impair the lien of any secured creditor, but shall affect only the time and method of its liquidation.

Upon the confirmation of an extension proposal the court may dismiss the proceeding or retain jurisdiction of the debtor and his property during the period of the extension in order to protect and preserve the estate and enforce the terms of the extension proposal.

The referee may, upon the application of the parties in interest, filed at any time within six months after the composition or extension proposal has been confirmed, set the same aside and reinstate the case, if it shall be made to appear upon a trial that a fraud was practiced in the procuring of such composition or extension, and that knowledge thereof has come to the petitioners since the confirmation thereof.

If the debtor shall fail to comply with the terms required of him for the protection of the estate as provided under this plan, or without any sufficient reason defaults in any payment required to be made under the terms of the extension, the court may appoint a trustee named by the creditors at the first meeting to take over the estate and liquidate it, except debtors engaged in farming or the tillage of the soil, unless they consent, and the court may adjudge the debtor a bankrupt if satisfied that he commenced or prolonged the proceeding for the purpose of delaying creditors and avoiding bankruptcy.

When the debtor has filed his petition or answer pleading for relief under this bill, then his property, wherever located, is subjected to the exclusive jurisdiction of the court in which the order approving the petition or answer is filed, and the court may stay all proceedings pending against the debtor in any court.

The fee for filing a petition under the provisions of the bill is $5 and the compensation for the clerk is $2. For the referee, if the total assets are $10,000 or less, $10, with a charge of $5 for each $5,000 of assets or fraction thereof that exceeds $10,000. Provision is made for sufficient referees to be named to sit in convenient places to expedite the proceedings, and at least one shall be named in each county.

There is little that I can say that will clarify the procedure in sections 75 and 76 than that contained in the report of the bill, which I herewith call to your attention:

Section 75 deals with corporations, their debts, extension plans, and reorganizations, including drainage, irrigation, levee, sewer, or pavement improvement districts, established under the law of the State of their creation, but does not include interstate railroads, nor municipal, insurance, banking, or building and loan corporations.

The procedure under section 75 is similar to that under section 74 in so far as applicable to corporations. The plan of reorganization shall include a proposal to modify or alter the rights of creditors generally, or any class of them, secured or unsecured, through the issuance of new securities of any character, or otherwise. It may include proposals altering the rights of stockholders generally, or of any class of them. It shall provide adequate means for the execution of the plan, which may include the transfer of all or any part of the property of the debtor to another corporation or to other corporations, or the consolidation of the properties of the debtor with those of another corporation, and the issuance of securities of either the debtor or any such corporation or corporations, and may deal with all or any part of the property of the debtor. The judge may appoint a trustee or trustees who may operate the property pending a hearing within 30 days after the appointment of such trustee, at which time the debtor shall be required to file schedules and submit all information that is necessary to disclose the debtor's affairs and the fairness of any proposed plan.

A reasonable time shall be granted in which the claims of creditors and stockholders may be filed, after which time no such claims or interest may proceed in the plan except on order of the court for cause shown. For the purposes of the plan and its acceptance, creditors and stockholders are divided into classes according to the nature of their claims and interests, and shall be entitled to notice of all hearings for the consideration of any plan or of the dismissal of the proceeding, liquidation of the estate, allowance of fees or expenses, and a reasonable time shall be fixed by the judge for the acceptance of such a plan. If a proposed plan is not accepted or if it is accepted and is not confirmed the judge may dismiss the proceeding or direct the trustee to liquidate the estate as the interests of the creditors and stockholders may equitably require. If the proceeding is an involuntary proceeding he shall not dismiss it except after a hearing upon notice to the creditors and stockholders. The judge shall allow reasonable compensation and reimbursement of expenses incurred in the proceeding, including reorganization. The judge may refer any matter to a special master who may be a referee in bankruptcy. Any creditor or stockholder shall be heard on the question of the appointment of any trustee and on the proposed confirmation of any plan, and may petition to intervene on any other question arising in the proceeding as may be determined by the judge.

If a plan has been approved by not less than 25 per cent in amount of any class of creditors and not less than 10 per cent in amount of all the creditors whose interests are affected, it may be proposed by the debtor, or by any creditor or stockholder, and after due notice may be considered, or any other plan similarly proposed may be considered.

The court shall not confirm a plan unless it is accepted in writing filed by or on behalf of creditors holding two-thirds of the amount of claims of each class whose claims or interests have been allowed and will be affected by the plan, unless the judge should determine that the debtor is insolvent. Adequate provision is made in this section for the protection of interests, claims, or liens of any class of creditors or stockholders who do not accept any plan that is approved. Any person in interest may object to the confirmation of the plan, and the judge shall not confirm the same unless the plan is equitable and does not discriminate unfairly in favor of any class of creditors or stockholders. Stockholders who do not accept the plan are entitled to realize the value of their equity, if any, either by a sale of the property at not less than a fair upset price or by appraisal and payment in cash of the value of the stock or the objecting stockholders may elect to take securities allotted to stockholders under the plan. Creditors who do not accept the plan will have adequate protection for the realization by them of the value of their liens or claims against the property of the debtor. Creditors are protected in the same manner as the objecting stockholders.

When a plan is confirmed, it is binding upon the corporation, the stockholders, all creditors whose claims are payable in cash under the plan, and upon all other creditors, secured and unsecured, entitled to priority whose claims are not payable in cash, provided of each class two-thirds thereof have accepted the plan in writing, and binding upon all other unsecured creditors, provided two-thirds have accepted the plan in writing. Secured creditors unwilling to accept the plan as to their rights and procedure are dealt with as heretofore stated with regard to stockholders unwilling to accept the plan.

After confirmation the property shall be transferred as in the manner provided in the plan free and clear of all claims of the debtor, stockholders, and creditors, except as may be reserved in the order directing the transfer and when the proceedings are terminated a final decree shall be entered discharging the debtor and closing the case.

If all or any part of the property of the petitioning corporation shall have been placed in the hands of a receiver in the Federal or State court, whether before or after this act takes effect, the corporation may nevertheless file a petition or answer under this section at any time, and if the petition or answer is approved and a trustee is appointed he shall be entitled forthwith to the possession of such property and the judge shall make such orders as will be equitable for the protection of the obligations incurred by the receiver and payment of reasonable administrative expenses and allowances in the previous proceedings as shall be fixed by the court appointing the receiver. If a Federal or State court shall appoint a receiver prior to the dismissal of the proceedings under this section, the judge may include in the order of dismissal appropriate orders directing the trustee to transfer possession of the debtor's property within the jurisdiction of the court to the receiver so appointed under such terms as the judge may deem equitable and necessary to take care of the obligations incurred by the trustee and the payment of administrative expenses and allowances in the proceedings.

The district courts of the United States, the Territories, and Supreme Court of the District of Columbia, the United States Court of Alaska, and the District Court of the United States for the Territory of Hawaii shall have jurisdiction to hear and determine cases arising under this section.

The court may stay all suits and proceedings until the question of the confirmation of the plan shall have been determined.

A certified copy of an order confirming the plan shall be evidence of the jurisdiction of the court, the regularity of the proceedings, and the fact that the order was made; and the recording of a certified copy of any order shall impart the same notice that a deed, if recorded, would impart.

The provisions of this amendatory act do not apply to proceedings in bankruptcy cases which are pending when it takes effect. The act shall take effect and be in full force from the date of its approval, and apply fully to corporations, their creditors and stockholders, secured and unsecured, whether the debts were incurred prior to such date or after such date.

Section 76 is entitled "Reorganization of Railroads Engaged in Interstate Commerce." Railroads are at this time excluded from the operation of the bankruptcy law. The necessity for the enactment of this section grows out of the present expensive, protracted, confusing, and inefficient administration of affairs of railroad companies engaged in interstate commerce in equity receiverships. The necessity for its immediate enactment results from the fact that at the present time many of the railroad organizations of the country confront the necessity of reorganization. They have reached the limit of their ability to borrow

from the Reconstruction Finance Corporation. They must either reorganize under some arrangement such as is provided for by this section, or be administered in equity receiverships. The protracted period of such administration, the duplication of expense incident to ancillary receiverships, the waste, the opportunity for manipulation on the part of special groups, are too well known to require comment.

This section provides that a railroad corporation engaged in interstate commerce may file a petition in the Federal court, stating that the railroad is either insolvent or unable to meet its debts as they mature, and that it desires to effect a plan of reorganization. It is required that the judge shall ascertain that the petition is filed in good faith and complies with the provisions of this section, and upon such approval the judge procures jurisdiction of the debtor's property wherever located.

There is also provision made in the event the railroad company does not file such petition for the filing of a petition by 25 per cent in amount of any class of creditors and not less than 10 per cent of all creditors of such corporation, upon procuring the approval of the Interstate Commerce Commission.

Subdivision (b) permits the filing and consideration of practically any plan of reorganization. The general plan of this section is to utilize the expert knowledge of the Interstate Commerce Commission.

Subdivision (c) provides for appointment of a temporary trustee or trustees by the judge, recommended by the Interstate Commerce Commission. Permission for creditors to be heard is also provided in this section.

If a plan for reorganization is not proposed or accepted within such reasonable time as the judge may, upon cause shown, fix, or if proposed and accepted is not approved, shall dismiss the proceeding. The court may authorize, with the approval of the Interstate Commerce Commission, the trustee to sell certificates for new money which may be needed to provide reasonable compensation for specific expenses incurred.

It is provided that the President of the United States, by and with the advice and consent of the Senate, may appoint special referees to which it is contemplated matters arising under this section will be referred, who shall receive such compensation as shall be allowed them by such judge with the approval of the Interstate Commerce Commission, and are subject to general provisions of law regarding referees in bankruptcy except as to fees. This permits the building up of a group of men thoroughly informed in railroad reorganization matters.

There is a very broad provision for a hearing by any creditor or stockholder with regard to confirmation of any plan of reorganization, avoiding the necessity of the filing of a petition of intervention.

Subdivision (d) places the entire plan of reorganization under the jurisdiction, supervision, and control of the Interstate Commerce Commission. The commission may consider any and all plans presented to it. The corporation may present a plan of 25 per cent in amount of any class of creditors and not less than 10 per cent in amount of all the creditors whose claims may be affected by the plan may be proposed for consideration. Hearings are then held by the Interstate Commerce Commission on the various plans before it. The commission is then required to render a report in which it shall recommend a plan of reorganization which it shall find equitable, financially advisable, and compatible with the public interest. The section specifically provides that the plan recommended by the commission may be one of several plans presented, a modification of any, or an entirely new plan of the commission. The plan is then presented to the stockholders and creditors for acceptance by them.

Subdivision (e) provides for the transmittal by the commission to the court after it has been accepted in writing by or on behalf of creditors holding two-thirds in amount of the claims of each class whose claims or interests have been allowed and would be affected by the plan. This acceptance is also required by two-thirds of the stockholders unless, of course, the corporation has been found to be insolvent. If a class of creditors or stockholders are provided for by proper protection of their interests as hereinafter discussed, such class need not accept.

Subdivision (f) provides for the final approval of the plan by the Interstate Commerce Commission and, after such approval, for the certification of the plan to the court for its approval. After the acceptance is filed with the commission the proceedings are reopened for the purpose of considering the accepted plan. The commission is required to make certain specific findings. At this stage of the proceedings the commission exercises its powers under section 20a of the interstate commerce act on the approval of issuance of securities necessary in the reorganization. This obviates the necessity of the matter coming back to the commission after final approval by the court, which is only on the record, and at the same time retains an absolute and complete control of the reorganization in the Interstate Commerce Commission of the plan recommended and approved by it.

The commission is given the power to fix maximum compensation to reorganization managers, officers, parties in interest, committees, or other representatives of stockholders for services rendered and reimbursement for the actual and necessary expenses incurred in connection with the proceeding and plan.

This should definitely put a stop to the wholesale plundering by reorganization managers, both by way of fees and for commissions covering new securities.

The section provides that where two-thirds of a class of creditors accept the plan, then the plan is binding upon that particular class of creditors and the minority must accept the new securities issued under the plan of reorganization. This is fair because all the minority of a particular class should expect is that a fair and equitable plan be devised and if the plan is fair then all they are entitled to is equal participation in the new securities. The bill provides adequate machinery for the development of a fair and equitable plan.

In case the acceptance can not be secured of two-thirds of a particular class of creditors that particular class of creditors is not required to accept new securities under the plan. In such a case provision has been made for the adequate protection of their interests. The plan must provide one of three alternatives:

(1) That the sale of such property is subject to such liens. If this alternative is provided the rights of the particular class of creditors are not disturbed but the property is merely taken subject to that lien.

(2) That by the sale free of such liens at not less than a fair upset price and the transfer of such liens to the proceeds of the sale. If this alternative is exercised the particular class of creditors would be in exactly the same position had the property gone through receivership proceeding and the property sold at a fair upset price to the reorganized company with the further protection that the fair upset price is to be fixed by the commission. Under present practices the fair upset price is usually determined by the majority and approved by the court.

(3) By appraisal and payment in cash of the value either of such liens or at the objecting creditors' election of the securities allotted to such liens under the plan. If the plan provides for alternate (3), the creditors have the election of obtaining an appraisal and payment in cash of the old securities or the new securities allotted under the plan.

A similar method is provided for dealing with stockholders. In case there is no finding of insolvency, the bill contemplates that the assent to the plan of two-thirds of each class of stockholders, whether that class be either preferred or common stock. In case this acceptance can not be secured of a particular class, either common or preferred stockholders or both, then it is provided that their acceptance is not required if the plan makes adequate provision for their protection. Two alternatives are provided for dealing with classes of stockholders who refuse to accept, somewhat similar to that provided for creditors. Alternate (1) with reference to creditors is not applicable, of course, to stockholders, and the bill does not provide this alternate method; but alternates (2) and (3) with reference to creditors are used in dealing with classes of stockholders.

Subdivision (g) provides for the necessary court of review. The commission transmits the approved plan, its findings, and the record to the court. The court's review must be based upon the record made before the commission. This is specifically so provided to avoid new hearings or a commencement of the proceedings di novo by the court on the plan. Upon approval by the judge on the said record the plan shall be final and binding upon all parties interested and concerned. The approval of the plan by the court shall discharge the debtor from its debts except as provided in the plan. If the judge disapproves the plan, he is required to file his reasons for such disapproval.

Subdivision (h) exempts new issues, transfers, or exchange of securities necessary to carry out the reorganization from the provisions of the revenue act of 1932. While the committee has no jurisdiction over revenue matters, it felt that the reorganization of the railroads was of such national necessity at this time that it could consider the suggestion of exempting such issues and transfers of stock from the stamp tax of the revenue act. As the new issues will be mostly in lieu of retired certificates and the transfers of existing outstanding certificates simply a matter of exchange to carry out the scope of the reorganization, exemption of such taxation will be of great benefit to the reorganization and of not substantial loss to the Treasury.

Subdivision (i) provides merely for a summary method of transfer of properties which may be affected by the plan; and subdivision (j) makes the act applicable to Federal or State receiverships now pending.

Subdivision (k) provides that pending claims may be stayed during the procedure under reorganization; subdivisions (l), (m), (n), and (o) are formal, defining terms and regulating minor questions of procedure.

It is the purpose of this bill to bring the exercise of the bankruptcy powers more in line, from a practical and helpful standpoint, with the necessities and interest of both distressed debtors and of creditors and to reduce the expense and delay of administration. The plan of the bill is to enlarge and facilitate, as far as is consistent with the rights of all parties in interest, the opportunities for amicable adjustment between debtor and creditor, for rehabilitation and reorganization. While this bill has been framed with due regard for the present and immediately prospective unusual economic conditions, it is believed that an expansion of the opportunity for amicable adjustment by debtor and creditors under supervision and protection of bankruptcy courts and for holding the property of the debtor intact with its operation disturbed as little as practicable, such as is provided for in this bill, will prove itself to be of permanently helpful assistance both to distressed debtors and to creditors and in line with the public interest.

I wish to acknowledge my indebtedness for the assistance rendered me by the Solicitor General, Judge Thomas D. Thacher; Mr. Robert Cook, of Boston, Mass.; Mr. Paul H. King, of Detroit, Mich.; Professor Berle of Columbia Uni-

versity; Mr. Edward Hirsh of Oklahoma City, Okla.; Mr. Max Isaac, editor of the American Bankruptcy Review, New York City; Mr. Godfrey Goldmark, New York City; Mr. Isaac Taylor, Oklahoma City, Okla.; Mr. R. L. Beezley, of Salt Lake City; Mr. C. O. Abbott, Martinsville, Ind.; Mr. F. E. Riddle, of Tulsa, Okla.; Mr. U. S. Hart, of Shawnee, Okla.; Mr. A. L. Orberdorfer, Birmingham, Ala.; Mr. C. C. Moody, Indianola, Miss.; Judge John L. Ingram, Stuttgart, Ark.; Mr. Wm. R. Watkins, Fort Worth, Tex.; Mr. Herman H. Oppenheimer, New York City, N. Y.; Mr. William H. O'Brien, New York City; Mr. Harold Remington, New York City; Mr. W. Randolph Montgomery, New York City; Mr. Horace W. Leeds, Philadelphia, Pa.; Mr. W. F. McLaury, Oklahoma City, Okla.; and Mr. Carlton W. Waller, New York City.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. HARE, indefinitely (at the request of Mr. MCMILLAN), on account of important business.

IMPORTATIONS FROM FOREIGN COUNTRIES

Mr. SCHAFER. Mr. Speaker, I ask unanimous consent to address the House for two minutes, to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SCHAFER. Mr. Speaker, I am pleased to announce that sufficient signatures have been obtained to discharge the Ways and Means Committee from the consideration of the bill H. R. 8557, the Crowther bill, designed to protect American markets from invasion and destruction by floods of importations from foreign countries whose currencies have depreciated. [Applause.]

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 14436. An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 212. An act for the relief of Messrs. Short, Ross, Shaw, and Mayhood;

S. 213. An act authorizing adjustment of the claim of Kenneth Carpenter;

S. 219. An act authorizing adjustment of the claims of Oren Wheatley, Kenneth Blaine, and Joseph R. Ball;

S. 252. An act authorizing adjustment of the claim of Johnson & Higgins; and

S. 563. An act for the relief of George T. Johnson & Sons.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 12 minutes p. m.) the House adjourned until Monday, January 30, 1933, at 12 o'clock noon.

MOTION TO DISCHARGE COMMITTEE

JANUARY 28, 1933.

To the CLERK OF THE HOUSE OF REPRESENTATIVES:

Pursuant to clause 4 of Rule XXVII, I, JOHN C. SCHAFER, move to discharge the Committee on Ways and Means from the consideration of the bill (H. R. 8557) entitled "A bill to equalize tariff duties by compensating for depreciation in foreign currencies," which was referred to said committee January 28, 1932, in support of which motion the undersigned Members of the House of Representatives affix their signatures, to wit:

1. JOHN C. SCHAFER.
2. ROY O. WOODRUFF.
3. JOHN D. CLARKE.
4. C. B. MCCLINTOCK.
5. GUY E. CAMPBELL.
6. W. R. COYLE.
7. CHESTER C. BOLTON.
8. FRANCIS SEIBERLING.
9. E. W. GOSS.
10. HARRY L. ENGLEBRIGHT.
11. CARL G. BACHMANN.
12. JOE CRAIL.
13. DAVID HOPKINS.
14. ALBERT E. CARTER.
15. F. C. LOOFBOUROW.
16. CHARLES E. SWANSON.
17. JOHN W. SUMMERS.
18. O. B. LOVETTE.
19. JAMES WOLFENDEN.
20. GEORGE F. BRUMM.
21. JAMES G. STRONG.
22. MENALCUS LANKFORD.
23. CYRENUS COLE.
24. FRANK CLAGUE.
25. G. J. BOILEAU.
26. FLORENCE KAHN.
27. MALCOLM BALDRIGE.
28. GARDNER R. WITHROW.
29. FRANK MURPHY.
30. RALPH A. HORR.
31. SAMUEL S. ARENTZ.
32. E. H. WASON.
33. ROBERT L. DAVIS.
34. ROYAL C. JOHNSON.
35. I. H. DOUTRICH.
36. DON B. COLTON.
37. GEORGE P. DARROW.
38. NATHAN L. STRONG.
39. MILTON W. SHREVE.
40. H. F. NIEDRINGHAUS.
41. CLYDE KELLY.
42. WILLIAM A. PITTENGER.
43. SCOTT LEAVITT.
44. JOHN G. COOPER.
45. A. M. FREE.
46. JOHN C. ALLEN.
47. J. HOWARD SWICK.
48. CHARLES ADKINS.
49. THOMAS HALL.
50. AUGUST H. ANDRESEN.
51. FRED S. PURNELL.
52. EDITH NOURSE ROGERS.
53. PETER A. CAVICCHIA.
54. DONALD F. SNOW.
55. THOMAS C. COCHRAN.
56. MELVIN J. MAAS.
57. U. S. GUYER.
58. WILLIAM R. EATON.
59. WILLIAM E. HESS.
60. C. E. HANCOCK.
61. FRED W. MAGRADY.
62. CHARLES A. KADING.
63. JESSE P. WOLCOTT.
64. HOWARD W. STULL.
65. HAROLD KNUTSON.
66. HUBERT H. PEAVEY.
67. M. C. GARBER.
68. JOSEPH F. BIDDLE.
69. CHARLES FINLEY.
70. A. PIATT ANDREW.
71. WILLIAM E. HULL.
72. OSCAR DE PRIEST.
73. JOSEPH W. MARTIN.
74. ADDISON T. SMITH.
75. FRED A. HARTLEY.
76. DAVID HOGG.
77. CHARLES D. MILLARD.
78. FRANK L. BOWMAN.
79. CHARLES L. GIFFORD.
80. EDMUND F. ERK.
81. JAMES M. BECK.
82. W. G. ANDREWS.
83. C. H. MARTIN.
84. J. H. SINCLAIR.
85. J. WILL TAYLOR.
86. BURTON L. FRENCH.
87. HENRY E. BARBOUR.
88. GEORGE J. SCHNEIDER.
89. HARRY C. RANSLEY.
90. ROBERT G. HOUSTON.
91. GUY U. HARDY.
92. WILLIAM R. JOHNSON.
93. ERNEST W. GIBSON.
94. JOHN E. WEEKS.
95. JOHN E. NELSON.
96. DANIEL A. REED.
97. C. ELLIS MOORE.
98. HOMER W. HALL.
99. J. ROLAND KINZER.
100. JOHN L. CABLE.
101. L. C. DYER.
102. F. M. DAVENPORT.
103. GRANT E. MOUSER.
104. ROBERT H. CLANCY.
105. C. A. CHRISTOPHERSON.
106. WILLIAM WILLIAMSON.
107. ALLEN T. TREADWAY.
108. HARCOURT J. PRATT.
109. RUTH PRATT.
110. JOHN TABER.
111. RANDOLPH PERKINS.
112. L. T. MCFADDEN.
113. GEORGE HOLDEN TINKHAM.
114. ROBERT L. BACON.
115. HENRY W. WATSON.
116. DONALD B. PARTRIDGE.
117. CARL R. CHINDBLOM.
118. EDWARD L. STOKES.
119. ROBERT G. SIMMONS.
120. JAMES A. FREAR.
121. C. F. CURRY.
122. FRANK P. BOHN.
123. B. M. CHIPERFIELD.
124. H. W. TEMPLE.
125. SEYMOUR H. PERSON.
126. W. E. EVANS.
127. O. B. BURTNESS.
128. R. B. WIGGLESWORTH.
129. LINDLEY H. HADLEY.
130. FRED A. BRITTEN.
131. C. M. TURPIN.
132. WILLIAM P. HOLADAY.
133. PEHR G. HOLMES.
134. A. D. SANDERS.
135. JOHN B. HOLLISTER.
136. HARRY A. ESTEP.
137. W. I. NOLAN.
138. JAMES L. WHITLEY.
139. CARROLL L. BEEDY.
140. HUGH IKE SHOTT.
141. CONRAD G. SELVIG.
142. CHARLES B. TIMBERLAKE.
143. LLOYD THURSTON.
144. HAMILTON FISH, JR.
145. KENT E. KELLER.

This motion was entered upon the Journal, entered in the CONGRESSIONAL RECORD with signatures thereto, and referred to the Calendar of Motions to Discharge Committees, January 28, 1933.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Monday, January 30, 1933, as reported to the floor leader:

WAYS AND MEANS

(10 a. m.)

Continue hearings on depreciated currency bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

893. A letter from the Secretary of the Treasury, transmitting report on the War Finance Corporation (in liquidation) covering the period from January 1, 1932, to December 31, 1932 (H. Doc. No. 534); to the Committee on Banking and Currency and ordered to be printed.

894. A letter from the Secretary of War, transmitting a report from the Chief of Engineers, pursuant to the rivers and harbors act approved July 3, 1930, on preliminary examination and survey of channel from Rhodes Point to Tylerton, Smith Island, Md.; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. McCORMACK: Committee on Ways and Means. H. R. 12328. A bill to authorize the assignment of awards entered by the Mixed Claims Commission, United States and Germany; with amendment (Rept. No. 1936). Referred to the House Calendar.

Mr. COLLIER: Committee on Ways and Means. H. R. 14416. A bill to make the Federal gasoline tax effective until June 30, 1934; with amendment (Rept. No. 1937). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on the Public Lands. H. R. 13745. A bill to provide for agricultural entry of lands withdrawn, classified, or reported as containing any of the minerals subject to disposition under the general leasing law or acts amendatory thereof or supplementary thereto; with amendment (Rept. No. 1938). Referred to the Committee of the Whole House on the state of the Union.

Mr. WILLIAMSON: Committee on Indian Affairs. H. R. 5070. A bill to authorize the Secretary of the Interior to lease concessions on reservoir sites and other lands in connection with Indian irrigation projects; with amendment (Rept. No. 1939). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McSWAIN (by request): A bill (H. R. 14477) to repeal the proviso contained in the act of Congress approved February 20, 1931 (Public, No. 692, 71st Cong.), to revive certain acts of Congress repealed by the said proviso of the act approved February 20, 1931, and for other purposes; to the Committee on Military Affairs.

By Mr. McFADDEN. A bill (H. R. 14478) to authorize the Comptroller of the Currency to examine the operations of certain dealers in securities, and for other purposes; to the Committee on Banking and Currency.

Also, a bill (H. R. 14479) to authorize the Comptroller of the Currency to examine and report on the condition of Federal reserve banks; to the Committee on Banking and Currency.

By Mrs. WINGO: A bill (H. R. 14480) to extend the times for commencing and completing the reconstruction of a railroad bridge across the Little River at or near Morris Ferry, Ark.; to the Committee on Interstate and Foreign Commerce.

By Mr. McSWAIN: A bill (H. R. 14481) to amend the act of May 22, 1928, entitled "An act to authorize the collection in monthly installments of indebtedness due the United States from enlisted men, and for other purposes"; to the Committee on Military Affairs.

By Mr. GREGORY: A bill (H. R. 14482) to authorize the granting of Federal aid in the construction of certain highways leading to toll bridges, and for other purposes; to the Committee on Roads.

By Mr. HILL of Alabama: A bill (H. R. 14483) to amend section 201 of the emergency relief and construction act of 1932 to provide for certain loans by the Reconstruction Finance Corporation to aid in the support and maintenance of public schools; to the Committee on Banking and Currency.

By Mr. ALMON: A bill (H. R. 14484) granting the consent of Congress to the Highway Department of the State of Alabama to construct, maintain, and operate a free highway bridge across Elk River between Lauderdale and Limestone Counties, Ala.; to the Committee on Interstate and Foreign Commerce.

By Mr. COCHRAN of Missouri: A bill (H. R. 14485) to amend section 215 of the act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes, approved June 30, 1932; to the Committee on Expenditures in the Executive Departments.

By Mr. BANKHEAD: A bill (H. R. 14486) to authorize the purchase by the Government of silver, to provide for the issuance of silver certificates in payment therefor, and for other purposes; to the Committee on Coinage, Weights, and Measures.

By Mr. WHITTINGTON: A bill (H. R. 14487) to reduce the compensation of Senators, Representatives, Delegates, and Resident Commissioners to $7,500 per annum; to the Committee on Expenditures in the Executive Departments.

Also, a bill (H. R. 14488) to reduce and adjust the clerk hire of Representatives, Delegates, and Resident Commissioners; to the Committee on Expenditures in the Executive Departments.

By Mr. McCLINTIC of Oklahoma: A bill (H. R. 14489) relating to the construction of a Federal building at Mangum, Okla.; to the Committee on Public Buildings and Grounds.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the State of Minnesota, memorializing Congress to properly protect the owners of farm-wood lots and American workmen in industries facing unfair competition resulting from the depreciation of foreign currencies; to the Committee on Ways and Means.

By Mr. SELVIG: Memorial of the Legislature of the State of Minnesota, memorializing Congress to protect the owners of farm-wood lots and American workmen in industries facing unfair competition resulting from the depreciation of foreign currencies; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARY: A bill (H. R. 14490) granting a pension to Donnie E. Moreland; to the Committee on Pensions.

By Mr. JENKINS: A bill (H. R. 14491) for the relief of William E. Bosworth; to the Committee on Claims.

Also, a bill (H. R. 14492) granting an increase of pension to Sarah A. Fox; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14493) granting an increase of pension to Violet S. Woodward; to the Committee on Invalid Pensions.

By Mr. McCORMACK: A bill (H. R. 14494) for the relief of John E. Ziniti; to the Committee on Naval Affairs.

By Mr. MILLIGAN: A bill (H. R. 14495) for the relief of Claude Benard Wilson; to the Committee on Claims.

By Mr. STALKER: A bill (H. R. 14496) granting an increase of pension to Lizzie O. Stearns; to the Committee on Invalid Pensions.

By Mr. STRONG of Pennsylvania: A bill (H. R. 14497) for the relief of Alena Barger; to the Committee on Claims.

By Mr. WELCH: A bill (H. R. 14498) granting a pension to Thomas Hamilton Peckham; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9986. By Mr. BACON: Petition of sundry citizens of Long Island, N. Y., urging favorable action on joint resolution proposing an amendment to the Constitution eliminating the count of aliens for apportionment purposes; to the Committee on the Judiciary.

9987. By Mr. BOYLAN: Resolution adopted by the Brooklyn Chamber of Commerce, Brooklyn, N. Y., on war debts; to the Committee on Foreign Affairs.

9988. By Mr. BURDICK: Petition of James S. O'Brien, Henry Kunz, and John Good, of Newport; William D. Eddy, of Jamestown; Alva F. Weaver, of Middletown; Charles E. Whitford, of Riverside; and George E. Purdy, of Providence, all of the State of Rhode Island, in which 358 citizens of Rhode Island respectfully request that in the consideration and action on pension legislation for the veterans of any war in which the United States may have been engaged no repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, or dependents be made; to the Committee on Pensions.

9989. Also, letter of Mrs. E. S. Latimer, of 27 Taber Avenue, Providence, R. I., opposing the recognition of Soviet Russia by the United States; to the Committee on Foreign Affairs.

9990. By Mr. CLARKE of New York: Petition of F. M. Conlon, superintendent Presbyterian Sunday School of Hancock, N. Y., requesting that instead of legalizing beer and repealing or modifying the eighteenth amendment that their United States Senators, their Congressmen at large, and their own Congressman vote for adequate appropriations for law enforcement and a campaign of education in law observance; to the Committee on the Judiciary.

9991. Also, petition of Grace Fox, president Home Missionary Society of the Methodist Episcopal Church of Hancock, N. Y., requesting that instead of legalizing beer and repealing or modifying the eighteenth amendment that their United States Senators, their Congressmen at large, and their own Congressman vote for adequate appropriations for law enforcement and a campaign of education in law observance; to the Committee on the Judiciary.

9992. Also, petition of Flora E. Lipp, chairman Baptist Church of Hancock, N. Y., requesting that instead of legalizing beer and repealing or modifying the eighteenth amendment that their United States Senators, their Congressmen at large, and their own Congressman vote for adequate appropriations for law enforcement and a campaign of education in law observance; to the Committee on the Judiciary.

9993. Also, petition of Margaret West, superintendent Hancock Baptist Church School, Hancock, N. Y., requesting that instead of legalizing beer and repealing or modifying the eighteenth amendment that their United States Senators, their Congressman at large, and their own Congressman vote for adequate appropriations for law enforcement and a campaign of education in law observance; to the Committee on the Judiciary.

9994. By Mr. CONDON: Petition of Albert E. Whitaker, Elmer A. Wade, John W. Burke, Alfred South, and 201 other citizens, protesting against any repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9995. Also, petition of John F. Dowling, Elston H. Beede, and 286 other citizens of Rhode Island, protesting against any repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9996. Also, petition of William E. Arnold, James D. King, and 202 other citizens of Rhode Island, protesting against any repeal or modification of existing legislation beneficial to Spanish War veterans, their widows, or dependents; to the Committee on World War Veterans' Legislation.

9997. By Mr. DELANEY: Petition of the New York State Builders' Branch of the Associated General Contractors of America (Inc.), opposing House bill 9921, requiring general contractors to name their subcontractors and material men in their bids on Government work; to the Committee on Expenditures in the Executive Departments.

9998. Also, petition of the Amateur Cinema League (Inc.), of New York, urging the return of the 2-cent rate for first-class mail; to the Committee on Ways and Means.

9999. Also, petition of the Sapolin Co. (Inc.), of New York, protesting against amendment C to House bill 13991, levying a duty of 5 cents per pound on vegetable oils and fats; to the Committee on Ways and Means.

10000. Also, petition of John McQuade & Co. (Inc.), of Brooklyn, N. Y., opposing the domestic allotment bill, H. R. 13991; to the Committee on Agriculture.

10001. By Mr. FULMER: Concurrent resolution requesting the Congress of the United States of America to amend the law creating the Reconstruction Finance Corporation in order that States and subdivisions thereof may borrow directly money to meet the need of the said States and subdivisions thereof; to the Committee on Banking and Currency.

10002. By Mr. GARBER: Petition of the members of the Martin Farm Loan Association, of Buffalo, Okla., urging enactment of legislation to relieve the distressed condition of the farmers facing mortgage-foreclosure proceedings and dispossession of their homes; to the Committee on Banking and Currency.

10003. By Mr. GILLEN: Petition of members of Presbyterian Church of Greencastle, and of Methodist Church of Crawfordsville, Ind., protesting action against repeal of eighteenth amendment and legalization of beer; to the Committee on the Judiciary.

10004. Also, petition of John H. Suttle, secretary-treasurer district 11, United Mine Workers of America, Terre Haute, Ind., asking relief for 10,000 coal miners of Indiana; to the Committee on Interstate and Foreign Commerce.

10005. By Mr. LAMBERTSON: Petition of M. M. Murrell, of Meriden, president of the Jefferson County Ministerial Association, and O. W. Tate, of Nortonville, Kans., secretary of the association, favoring the improvement of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10006. By Mr. LINDSAY: Petition of I. Rokeach & Sons (Inc.), Brooklyn, N. Y., opposing oils and fats tax in domestic allotment bill, H. R. 13991; to the Committee on Agriculture.

10007. Also, petition of Federal Bar Association of New York City, opposing passage of House bill 14359, the bankruptcy bill; to the Committee on the Judiciary.

10008. Also, petition of Amateur Cinema League (Inc.) of New York City, favoring the return of the 2-cent first-class postage; to the Committee on Ways and Means.

10009. Also, petition of Sapolin Co. (Inc.), of New York City, opposing oils and fats tax in domestic allotment bill, H. R. 13991; to the Committee on Agriculture.

10010. Also, petition of New York State Builders' Branch, Associated General Contractors of America (Inc.), Utica, N. Y., opposing the passage of House bill 9921; to the Committee on Expenditures in the Executive Departments.

10011. Also, petition of the Silk Association of America (Inc.), New York City, referring to House bill 14105; to the Committee on Labor.

10012. By Mr. McFADDEN: Petition of Farmers Mutual Fire Insurance Co. of Tuscarora, Spring Hill, Wyalusing, Pa., favoring the restoration of the price level of agricultural products; to the Committee on Agriculture.

10013. By Mr. MAPES: Resolution of the Board of Supervisors of Kent County, Mich., requesting that Congress begin within 30 days, with war-time rapidity, construction of national public works of sufficient size to employ all unemployed labor at fair wages, to be financed by any or all of

the three ways, namely, gas tax, bonding, and, if necessary, a limited and controlled currency inflation, or provide some other suitable solution, etc.; to the Committee on Ways and Means.

10014. By Mr. RUDD: Petition of the World's Poultry Science Association, Ithaca, N. Y., favoring the participation of the United States in the Fifth World's Poultry Congress to be held in Rome in 1933, and for the necessary appropriation; to the Committee on Foreign Affairs.

10015. Also, petition of Sapolin Co. (Inc.), New York, opposing the oils and fats tax in the domestic allotment bill, H. R. 13991; to the Committee on Agriculture.

10016. Also, petition of the Silk Association of America (Inc.), New York City, referring to the Connery bill, H. R. 14105; to the Committee on Labor.

10017. Also, petition of New York State Builders Branch, Utica, N. Y., opposing the passage of House bill 9921, the Goss bill; to the Committee on Expenditures in the Executive Departments.

10018. By Mr. SELVIG: Petition of the Woman's Christian Temperence Union of Thief River Falls, Minn., urging establishment of a motion-picture commission for Federal regulation of motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10019. By Mr. STALKER: Petition of 400 members of the churches of Painted Post, N. Y., signed by the following secretaries of classes: John Griswold, Men's Bible Class of the Baptist Church; Mrs. Whiley, Ever Ready Class of the Methodist Episcopal Church; Mary Mills, Hamilton Circle, Woman's Christian Temperance Union; and George Randall, Men's Bible Class, Methodist Episcopal Church, protesting against the return of beer and the repeal of the eighteenth amendment; to the Committee on the Judiciary.

10020. Also, petition of Effie L. Courtright and 25 other residents of Lowman, N. Y., opposing legalization of alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

10021. Also, petition of Mrs. John Hamilton and 50 other citizens of Horseheads, N. Y., opposing legalization of alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

10022. Also, petition of Mrs. L. A. Van Arnam and 50 other residents of Millport, N. Y., opposing legalization of alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

10023. Also, petition of Emma Cooper and 25 other residents of Chemung, N. Y., opposing legalization of alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

10024. Also, petition of 500 citizens of Elmira, N. Y., and vicinity, opposing legalization of alcoholic liquors stronger than one-half of 1 per cent; to the Committee on Ways and Means.

10025. By Mr. THURSTON: Petition signed by 177 citizens of Taylor County, Iowa, protesting against the modification or repeal of existing prohibition laws; to the Committee on the Judiciary.

SENATE

MONDAY, JANUARY 30, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed a bill (H. R. 14363) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1934, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 212. An act for the relief of Messrs. Short, Ross, Shaw, and Mayhood;

S. 213. An act authorizing adjustment of the claim of Kenneth Carpenter;

S. 219. An act authorizing adjustment of the claims of Orem Wheatley, Kenneth Blaine, and Joseph R. Ball;

S. 252. An act authorizing adjustment of the claim of Johnson & Higgins;

S. 563. An act for the relief of George T. Johnson & Sons; and

H. R. 14436. An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

CALL OF THE ROLL

The VICE PRESIDENT. The Senator from Tennessee [Mr. McKELLAR] has the floor on the unfinished business.

Mr. FESS. Mr. President, will the Senator yield to enable me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from Tennessee yield for that purpose?

Mr. McKELLAR. If I may do so without losing the floor.

The VICE PRESIDENT. The Senator will not lose the floor if he yields for that purpose.

Mr. McKELLAR. Very well.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kendrick	Schuyler
Austin	Dale	Keyes	Sheppard
Bankhead	Davis	King	Shipstead
Barbour	Dickinson	La Follette	Shortridge
Barkley	Dill	Logan	Smoot
Bingham	Fess	Long	Steiwer
Black	Fletcher	McGill	Stephens
Blaine	Frazier	McKellar	Swanson
Borah	George	McNary	Thomas, Idaho
Bratton	Glass	Metcalf	Thomas, Okla.
Brookhart	Glenn	Moses	Townsend
Broussard	Gore	Neely	Trammell
Bulkley	Grammer	Norbeck	Tydings
Bulow	Hale	Norris	Vandenberg
Byrnes	Harrison	Nye	Wagner
Capper	Hastings	Oddie	Walcott
Caraway	Hatfield	Pittman	Walsh, Mass.
Carey	Hawes	Reed	Walsh, Mont.
Connally	Hayden	Reynolds	Watson
Coolidge	Howell	Robinson, Ark.	Wheeler
Copeland	Hull	Robinson, Ind.	White
Costigan	Johnson	Russell	
Couzens	Kean	Schall	

Mr. FESS. I desire to announce that the Senator from Missouri [Mr. PATTERSON] is detained by reason of a death in his family. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

SENATOR FROM VERMONT

Mr. AUSTIN presented the credentials of PORTER H. DALE, chosen a Senator from the State of Vermont for the term commencing on the 4th of March, 1933, which were read and ordered to be placed on file, as follows:

STATE OF VERMONT.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that on the 8th day of November, 1932, PORTER H. DALE was duly chosen by the qualified electors of the State of Vermont a Senator from said State to represent said State in the Senate of the United States for the term of six years beginning on the 4th day of March, 1933.

Witness: His excellency our governor, Stanley C. Wilson, and our seal hereto affixed at Montpelier, this 12th day of January, A. D. 1933.

STANLEY C. WILSON, *Governor.*

By the governor:

[SEAL.]

RAWSON C. MYRICK,
Secretary of State.

CHANGE OF DATE OF INAUGURATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, transmitting a letter from the Governor of Arizona, together with a certified copy of House Joint Resolution 1, ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress, which, with the accompanying paper, was ordered to lie on the table and to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, January 27, 1933.

The Hon. CHARLES CURTIS,
President of the Senate.

DEAR MR. CURTIS: I inclose a letter dated January 20, 1933, addressed to you by Governor Moeur, of Arizona, transmitting a certified copy of House Joint Resolution No. 1, "Ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress." The letter, with its inclosures, was referred to me by the White House.

I may state for your information that I have also received a certified copy of House Joint Resolution No. 1 from the Governor of Arizona.

Sincerely yours,

H. L. STIMSON.

(Inclosures: Letter, Governor Moeur, of Arizona, to the honorable the President of the United States Senate, with inclosure.)

EXECUTIVE OFFICE, STATEHOUSE,
Phoenix, Ariz., January 20, 1933.

The honorable the
PRESIDENT OF THE UNITED STATES SENATE,
Washington, D. C.

SIR: I have the honor to transmit House Joint Resolution No. 1, ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress, as passed by the eleventh legislature, now in session.

Very truly yours,

B. B. MOEUR, *Governor.*

STATE OF ARIZONA,
OFFICE OF THE SECRETARY.

UNITED STATES OF AMERICA,
State of Arizona, ss:

I, James H. Kerby, secretary of state, do hereby certify that the within is a true, correct, and complete copy of House Joint Resolution No. 1, regular session, Eleventh Legislature, State of Arizona, entitled "Ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress," all of which is shown by the original engrossed copy on file in this department.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Arizona. Done at Phoenix, the capital, this 16th day of January, A. D. 1933.

[SEAL.] JAMES H. KERBY,
Secretary of State.

House Joint Resolution 1 ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress

Whereas the Seventy-second Congress of the United States of America in both Houses, by a constitutional majority of two-thirds thereof, has made the following proposition to amend the Constitution of the United States in the following words, to wit:

"Joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein)*, That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"SEC. 3. If at the time fixed for the beginning of the term of the President the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission":

Therefore be it

Resolved by the House of Representatives and the Senate of Arizona—

First. That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the Legislature of the State of Arizona.

Second. That certified copies of this preamble and joint resolution be forwarded by the secretary of state to the Secretary of State at Washington, to the Presiding Officer of the United States Senate, and the Speaker of the House of Representatives of the United States.

Adopted by the house January 10, 1933, by the following vote—63 ayes, 0 nays, 1 absent, 0 excused.

S. A. SPEAR,
Speaker of the House.
LALLAH RUTH,
Chief Clerk of the House.

Adopted by the senate January 13, 1933, by the following vote—19 ayes, 0 nays, 0 not voting.

HARRY W. HILL,
President of the Senate.
W. F. GRAHAM,
Secretary of the Senate.

House concurred in senate amendments January 13, 1933, by the following vote—56 ayes, 0 nays, 0 absent, 7 excused.

S. A. SPEAR,
Speaker of House.
LALLAH RUTH,
Chief Clerk of House.

EXECUTIVE DEPARTMENT OF ARIZONA,
OFFICE OF GOVERNOR.

This resolution was received by the governor this 13th day of January, 1933, at 2.15 o'clock p. m.

H. H. HOTCHKISS,
Secretary to the Governor.

Approved this 14th day of January, 1933.

B. B. MOEUR,
Governor of Arizona.

EXECUTIVE DEPARTMENT OF ARIZONA,
OFFICE OF SECRETARY OF STATE.

This resolution was received by the secretary of state this 14th day of January, 1933, at 3.06 o'clock p. m.

JAMES H. KERBY,
Secretary of State.

The VICE PRESIDENT also laid before the Senate a letter from the Governor of Delaware, transmitting copy of House Concurrent Resolution No. 6, adopted by the General Assembly of the State of Delaware, which, with the accompanying resolution, was ordered to lie on the table, as follows:

STATE OF DELAWARE, EXECUTIVE DEPARTMENT,
January 26, 1933.

Hon. CHARLES CURTIS, *Vice President,*
The United States Senate, Washington, D. C.

SIR: Pursuant to section 2 of House Concurrent Resolution No. 6, adopted by the General Assembly of the State of Delaware, ratifying a proposed amendment to the Constitution of the United States, fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress, I, C. D. Buck, Governor of Delaware, herewith transmit to you a copy of said House Concurrent Resolution No. 6, duly certified, as required by law.

Respectfully,

C. D. BUCK, *Governor of Delaware.*

I, Charles H. Grantland, secretary of state of the State of Delaware, having custody of the great seal of said State, do hereby certify that the resolution hereto attached is a true and accurate copy of House Concurrent Resolution No. 6, approved by the General Assembly of the State of Delaware on January 19, 1933.

[SEAL.] CHARLES H. GRANTLAND,
Secretary of State.

House Concurrent Resolution 6 relative to the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress

Whereas at the first session of the Seventy-second Congress of the United States of America it was resolved by the Senate and House of Representatives of the United States in Congress assembled (two-thirds of each House concurring therein), that the following article be proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as part of the said Constitution, viz:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January and the terms of Senators and Representatives at noon on the 3d day of January of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"SEC. 3. If at the time fixed for the beginning of his term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified, and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission":

Therefore be it

Resolved by the House of Representatives of the State of Delaware (the senate concurring therein)—

SECTION 1. That the said proposed amendment to the Constitution of the United States of America be, and the same is hereby, ratified by the General Assembly of the State of Delaware and shall be to all intents and purposes a part of the Constitution of the United States.

SEC. 2. That certified copies of this preamble and concurrent resolution be forwarded by the governor of this State to the Secretary of State of the United States and to the Presiding Officer of the United States Senate and to the Speaker of the House of Representatives of the United States.

SEC. 3. That the secretary of the senate and the clerk of the house of representatives be, and are hereby, directed to deliver to the said governor a certified copy of this resolution at their earliest convenience.

J. THOMAS ROBINSON,
Speaker of the House.
W. A. SIMONTON,
President pro tempore of the Senate.

Approved January 26, 1933.

C. D. BUCK, *Governor.*

The VICE PRESIDENT also laid before the Senate a letter from the Governor of Idaho, transmitting a certified copy of House Joint Resolution No. 1 of the Legislature of the State of Idaho, which was ordered to lie on the table, and, with the accompanying resolution, to be printed in the RECORD, as follows:

STATE OF IDAHO,
OFFICE OF THE GOVERNOR,
Boise, January 24, 1933.

Hon. CHARLES CURTIS,
President of the Senate, Washington, D. C.

DEAR SIR: I have the honor to transmit herewith House Joint Resolution No. 1 of the twenty-second session of the Idaho State Legislature in accordance with its terms.

Yours very truly,

C. BEN ROSS, *Governor.*

STATE OF IDAHO,
DEPARTMENT OF STATE.

I, Franklin Girard, secretary of state of the State of Idaho, and legal custodian of the original enrolled copies of all acts passed at the various sessions of the Legislature of the State of Idaho, do hereby certify that the annexed constitute a full, true, and complete transcript of the original enrolled copy of House Joint Resolution No. 1, enacted by the twenty-second session of the Legislature of the State of Idaho, and filed in this office the 21st day of January, 1933.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State. Done at Boise, the capital of Idaho, this 23d day of January, A. D. 1933.

[SEAL.]

FRANKLIN GIRARD,
Secretary of State.

House Joint Resolution 1 (by Graham and Harrington)

A joint resolution ratifying a proposed amendment to the Constitution of the United States of America fixing the commencement of terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

Received and filed January 21, 1933.

FRANKLIN GIRARD,
Secretary of State.

House Joint Resolution 1 (by Graham and Harrington)

A joint resolution ratifying a proposed amendment to the Constitution of the United States of America fixing the commencement of terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress

Whereas at the first session of the Seventy-second Congress of the United States of America it was resolved by the Senate and House of Representatives of the United States in Congress assembled (two-thirds of each House concurring therein) that the following article be proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as part of the Constitution, viz:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January and the terms of Senators and Representatives at noon on the 3d day of January of the years in which such terms would have ended if this article had not been ratified, and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice may have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission":

Now, therefore, be it

Resolved by the Legislature of the State of Idaho:

SECTION 1. That the said proposed amendment to the Constitution of the United States of America be, and the same is, hereby ratified by the Legislature of the State of Idaho.

SEC. 2. That certified copies of this preamble and joint resolution be forwarded by the governor of this State to the President of the United States, to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

This house joint resolution passed the house on the 21st day of January, 1933.

ROBERT COULTER,
Speaker of the House of Representatives.

This house joint resolution passed the senate on the 21st day of January, 1933.

GEO. E. HILL,
President of the Senate.

I hereby certify that the within House Joint Resolution No. 1 originated in the house of representatives during the twenty-second session of the Legislature of the State of Idaho.

DONALD D. STEWART,
Chief Clerk of the House of Representatives.

The VICE PRESIDENT also laid before the Senate a letter from the Governor of Missouri, transmitting copy of a joint resolution adopted by the Legislature of the State of Missouri, which was ordered to lie on the table, as follows:

EXECUTIVE OFFICE, STATE OF MISSOURI,
Jefferson City, January 26, 1933.

Hon. CHARLES C. CURTIS,
Vice President, United States Senate, Washington, D. C.

SIR: By virtue of the attached resolution which has been ratified by both the Missouri Senate and House, I am hereby forwarding the same to you duly certified by myself as governor.

Yours very truly,

GUY B. PARK, *Governor.*

Senate Joint Resolution No. 1 (introduced by Senator Donnelly), relating to the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress

Whereas at the first session of the Seventy-second Congress of the United States of America it was resolved by the Senate and House of Representatives of the United States in Congress assembled (two-thirds of each House concurring therein) that the following article be proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as part of the Constitution, viz:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified, and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"SEC. 3. If at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified, and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission":

Therefore be it

Resolved by the Legislature of the State of Missouri, That the foregoing amendment to the Constitution of the United States of America be, and the same is hereby, ratified to all intents and purposes as a part of the Constitution of the United States.

That the Governor of the State of Missouri is hereby requested to forward to the Secretary of State and to the Presiding Officer of the United States Senate and to the Speaker of the House of Representatives of the United States an authentic copy of the foregoing resolution. The secretary of the senate and the chief clerk of the house are hereby instructed to send to the governor a certified copy of the action of the Senate and House on this resolution.

We, R. E. L. Marrs, secretary of the Senate of Missouri, and Joseph A. Bauer, chief clerk of the House of Representatives of Missouri, hereby certify that the foregoing resolution was regularly adopted by the Legislature of Missouri on January 24, 1933.

R. E. L. MARRS,
Secretary of Senate.
J. A. BAUER,
Chief Clerk of House of Representatives.

EXECUTIVE OFFICE, STATE OF MISSOURI,
Jefferson City.

I, Guy B. Park, Governor of the State of Missouri, do hereby certify that the above and foregoing resolution is a full, true, and complete copy of Senate Joint Resolution No. 1, ratified by both branches of the General Assembly of Missouri, as fully as the same appears on file in my office and as certified to me by R. E. L. Marrs, secretary of the senate, and Joseph A. Bauer, chief clerk of the house of representatives of the fifty-seventh general assembly.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Missouri, in the governor's office in Jefferson City, Mo., this 24th day of January, 1933.

[SEAL.] GUY B. PARK, *Governor.*

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of South Dakota, which was ordered to lie on the table, as follows:

House joint resolution introduced by Mr. Painter

A joint resolution relating to the ratification of the "lame duck" constitutional amendment

Be it resolved by the Legislature of the State of South Dakota—

Whereas both Houses of the Seventy-second Congress of the United States of America, by a constitutional majority of two-thirds thereof, proposed an amendment to the Constitution of the United States of America, which should be valid to all intents and purposes as a part of the Constitution of the United States when ratified by the legislatures of three-fourths of the States, which resolution is in words and figures following, to wit:

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission."

Be it resolved by the house of representatives (the senate concurring), That said proposed amendment to the Constitution of the United States of America be hereby ratified by the Legislature of the State of South Dakota; be it further

Resolved, That copies of the resolution be forwarded by the governor of this State to the Secretary of State at Washington, D. C., to the Presiding Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

I hereby certify that the within act originated in the house as Joint Resolution No. 2.

JOE ATKINS,
Secretary of the Senate.
H. A. USTRUD,
President of the Senate.

Attest:

JOE ATKINS,
Secretary of the Senate.
GEORGE ABILD,
Speaker of the House.

Attest:

A. L. BODLEY,
Chief Clerk.

STATE OF SOUTH DAKOTA,
Office of Secretary of State, ss:
Filed January 25, 1933, at 3.10 o'clock p. m.

MYRTLE MORRISON,
Secretary of State.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the Powers Lake National Farm Loan Association, of Powers Lake, N. Dak., favoring the passage of the so-called Frazier farm relief bill, which were referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a communication from William J. Mundt, of Pierre, S. Dak., submitting a relief plan for the present economic situation providing for the issuance by the Government of $40,000,000,000 of full legal tender United States notes, based on the national wealth and not on bank credits or gold, etc., which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted at a meeting in Coliseum Hall, Minneapolis, Minn., under the auspices of the Friends of the Soviet Union, favoring immediate recognition of the Government of Soviet Russia, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a letter from D. A. Skinner, secretary of the Chamber of Commerce of the United States

of America, transmitting copy of a resolution regarding depreciated currency legislation, adopted by the Legislature of California, favoring the passage of legislation to afford adequate protection to the industries and agriculture of the Nation in connection with depreciated currencies, which was referred to the Committee on Finance.

He also laid before the Senate resolutions adopted at a joint meeting of the executive and unemployment committees, League of Wisconsin Municipalities, at Madison, Wis., favoring the passage of legislation granting Federal unemployment relief, which were ordered to lie on the table.

He also laid before the Senate resolutions adopted by the Legislature of the State of Utah in support of measures to initiate a movement to stabilize the monetary and credit bases so as to improve world commodity prices, which were referred to the Committee on Banking and Currency.

(See resolutions printed in full when presented to-day by Mr. SMOOT.)

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of Wisconsin, favoring the passage of legislation giving protection to American producers of wood pulp against unfair competition resulting from the depreciation of foreign currencies, which was referred to the Committee on Finance.

(See joint resolution printed in full when presented to-day by Mr. LA FOLLETTE.)

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of California, favoring the passage of legislation transferring certain oil lands in Kern County, Calif., from the jurisdiction of the Navy Department to the jurisdiction of the Department of the Interior, which was referred to the Committee on Naval Affairs.

(See joint resolution printed in full when presented to-day by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate the following resolution of the House of Representatives of the State of Nebraska, which was referred to the Committee on Agriculture and Forestry:

Resolution memorializing the Congress of the United States favoring the speedy passage of a bill providing for the liquidation and refinancing of farm mortgages and farm indebtedness at a reduced rate of interest through the Federal farm-loan system (Frazier bill—S. 1197)

Whereas the seventy-second session of Congress had before it for its consideration a bill to liquidate and refinance agricultural indebtedness and to encourage and promote agriculture, commerce, and industry by establishing an efficient credit system; and

Whereas this bill was designed to remove the unjust and unequal burdens placed upon agriculture, by providing for the liquidation and refinancing of farm mortgages and farm indebtedness at a reduced rate of interest through the Federal farm-loan system; and

Whereas it appears that through the passage of such a bill the burdens placed upon agriculture may be greatly lightened: Now, therefore, be it

Resolved by the House of Representatives of the State of Nebraska in forty-ninth regular session assembled—

1. That it is the conclusion of this house, based on a thorough survey of the agricultural conditions of the State of Nebraska as they now exist, that the Frazier bill (S. 1197) should be immediately considered and passed without delay by the Congress.

2. That the clerk of this house is hereby ordered and directed forthwith to forward a copy of this resolution, properly authenticated, to the Vice President of the United States, the Speaker of the House of Representatives, to the United States Senators representing the State of Nebraska, and to the Congressmen in the House of Representatives of the United States representing the State of Nebraska to work and to vote for the immediate adoption of said bill or similar legislation which will bring to our Nebraska farmers the constructive agricultural relief which is desperately needed by agricultural interests in Nebraska.

FRANK J. KLOPPING.
ED. F. LUSIENSKI.
R. C. VANCE.
EMIL ANDERSON.
W. H. O'GARA.

LINCOLN, NEBR., *January 27, 1933.*

I hereby certify that the above and foregoing is the true and correct copy of a resolution adopted by the house of representatives of the forty-ninth session of the Nebraska Legislature on January 24, 1933.

MAX ADAMS, *Chief Clerk.*

The VICE PRESIDENT also laid before the Senate the following resolution of the House of Representatives of the State of Nebraska, which was referred to the Committee on Appropriations:

Resolution memorializing the Congress of the United States for discontinuance of any further appropriation for the development of inland waterways

PREAMBLE

Whereas the Congress of the United States has during the past 12 years authorized the expenditure of millions of dollars for the purpose of improving the channel of the Missouri River and for the development of a system of inland waterways in the United States; and

Whereas, under general conditions, it is the sense of the House of Representatives of the State of Nebraska that all such appropriations for new construction of inland waterway projects should cease, at least during the years 1933 and 1934: Now, therefore, be it

Resolved by the House of Representatives of the State of Nebraska in forty-ninth regular session—

1. That the House of Representatives of the State of Nebraska does hereby emphasize its position for discontinuance of all further appropriations for new construction projects relating to the inland waterway system of the United States; and that it hereby memorializes and petitions the United States House of Representatives and the United States Senate to defeat any proposed appropriation which may come before it which contemplates the expenditure of any public funds whatsoever for such purposes.

2. That certified copies of this resolution be sent to the Vice President of the United States, the Speaker of the House of Representatives, and to each of the United States Senators and Representatives from Nebraska.

J. L. CARMAN.
CLINTON J. MITCHELL.
JOE E. GUNNERSON.
JAMES E. REED.
ED. F. LUSIENSKI.

LINCOLN, NEBR., *January 27, 1933.*

I hereby certify that the above and foregoing is the true and correct copy of a resolution adopted by the house of representatives of the forty-ninth session of the Nebraska Legislature on January 23, 1933.

MAX ADAMS, *Chief Clerk.*

The VICE PRESIDENT also laid before the Senate the following resolution of the House of Representatives of the State of Nebraska, which was referred to the Committee on Finance:

Resolution memorializing the Congress of the United States favoring sound inflation of the currency

Whereas the economic and financial tides of the United States are at their lowest ebb since the price of commodities have decreased to a point where it now requires four, five, and, in many instances, ten times more commodities to purchase the necessaries of life than it did in 1927 and 1928 when the major portion of our national debt was contracted; and

Whereas it is estimated that from ten to fourteen millions of people are now out of employment, which curtails the buying power and thus greatly decreases home consumption until we, as a Nation, have reached the point where the supply of necessary commodities on hand is in excess of the public's power of consumption; and

Whereas money is an invention of civilized man and was intended to serve as a medium of exchange in place of the ancient barter system that prevailed among uncivilized peoples in the Dark Ages; and

Whereas our money system, which was by the fathers of this country intended to be a medium of service in the process of exchange of commodity values, or for labor or service rendered, has become the master of the captains of trade, commerce, and industry, and the weapon of financial tyrants to oppress the weak and unprotected citizen and his family; and

Whereas America, under the gold standard, has failed to provide an adequate medium of exchange for the vast commerce of our land, and, hence, which is responsible, more than any other factor in the present unprecedented business collapse; and

Whereas there is now pending in the Congress of the United States a bill to reestablish a bimetallic system of currency, employing gold and silver, to fix the relative value of gold and silver, and to provide for the free coinage of silver; and

Whereas it is the sense of this house that the theory of money volume has been vindicated and that a sound inflation of our currency is the only way to relieve distressed America: Now, therefore, be it

Resolved by the house of representatives in forty-ninth session assembled—

1. That this house hereby memorializes and petitions the United States House of Representatives and the United States Senate favorably to consider the Wheeler bill, S. 2487, now referred to the Finance Committee of the United States Senate, and this house further urges that the United States Senators and Congressmen from Nebraska exercise all possible influence for the passage of said Wheeler bill.

2. That the chief clerk of this house be ordered and directed forthwith to forward to the Vice President of the United States, to the Speaker of the House of Representatives of the United

States, and to each of the United States Senators and Congressmen from Nebraska a copy of this resolution, properly certified, to the end that our representatives in the Congress shall have before them the views of this house on said currency legislation.

JOHN HAVEKOST.

LINCOLN, NEBR., *January 27, 1933.*

I hereby certify that the above and foregoing is the true and correct copy of a resolution adopted by the house of representatives of the forty-ninth session of the Nebraska Legislature on January 23, 1933.

MAX ADAMS, *Chief Clerk.*

The VICE PRESIDENT also laid before the Senate the following resolution of the Senate of the State of Nebraska, which was referred to the Committee on Immigration:

Resolution—Mexican migratory labor memorial to the Congress of the United States introduced by Senators McCarter and Van Kirk

PREAMBLE

Whereas the regulations and the restrictions of aliens migrating from the Republic of Mexico into the State of Nebraska and surrounding States is a Federal problem; and

Whereas the Bureau of Immigration and Naturalization of the Departments of Labor and Commerce has been designated by Federal law with the duty of enforcing Federal statutes on the subject of alien immigration; and

Whereas all questions relating to the entrance of aliens into the United States and the restrictions upon their movements while within the United States have many times been held to be Federal problems and within the purview of the Federal Labor Department; and

Whereas Mexican migrants, constantly increasing each year in number, are each year coming into the State of Nebraska and lowering the standard of living of our splendid citizens who are skilled and trained in connection with the production of sugar in the sugar-beet industry of the State of Nebraska; and

Whereas no legislation enacted by the State of Nebraska can ever be enacted which will bring relief to the great mass of our sugar-beet workers without remedial legislation by the Congress of the United States limiting the quota of the Republic of Mexico or by more general powers granted to the Bureau of Immigration and Naturalization: Now, therefore, be it

Resolved by the Senate of the State of Nebraska in forty-ninth regular session assembled—

First. That we hereby memoralize and petition the United States House of Representatives and the United States Senate to act favorably upon any proposed legislation which will restrict and limit the perennial influx of cheap Mexican labor which seeks admission to the United States, and that at least during the present session of Congress that the Bureau of Immigration and Naturalization be directed to investigate ways and means of relieving Nebraska labor from competing with Mexican labor;

Second. That a certified copy of this resolution be sent to the Vice President of the United States, the Speaker of the House of Representatives, and to each of the United States Senators and Representatives from Nebraska.

Introduced January 18, 1933.

Adopted January 20, 1933.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Minnesota, which was referred to the Committee on Finance:

Joint resolution memorializing Congress to properly protect the owners of farm wood lots and American workmen in industries facing unfair competition resulting from the depreciation of foreign currencies.

Whereas it has come to the attention of the Minnesota Legislature that the products of foreign manufacturers, especially wood pulp, canned vegetables, and manganese ore are now being shipped into the United States and sold on the American market for much less than it costs American manufacturers to produce these products, even at the present low prices of materials and mill wages; and

Whereas it is apparent that importers of these products are being given an unfair advantage over American industries in view of the fact that they are paying for these products in depreciated foreign currency and selling them for American gold dollars; and

Whereas this competition has resulted in hardship, not only upon the American manufacturer, but also upon all large and small producers of the raw materials used in such industries, including farmers and wood-lot owners, and the employees of the same, together with all other persons directly or indirectly engaged in these industries; and

Whereas a continuation of this situation will result in the closing down of such American industries as can not meet this foreign competition and the throwing out of employment additional thousands of men in this State of Minnesota: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That the State of Minnesota, respectfully memorializes the Congress of the United States to enact remedial legislation to protect domestic producers against this unfair competition, due to depreciated foreign currencies, and so give employment to large numbers of American workmen in such industries, and be it further

Resolved, That properly attested copies of this resolution be submitted to both Houses of the Congress of the United States, the Ways and Means Committees of such Houses, and to all Minnesota Members thereof.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 23d day of January, 1933.

FRANK T. STARKEY,
Chief Clerk, House of Representatives.

Passed the senate the 24th day of January, 1933.

G. H. SPAETH,
Secretary of the Senate.

Approved January 26, 1933, for transmittal.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed January 26, 1933.

MIKE HOLM,
Secretary of the State of Minnesota.

I, Mike Holm, secretary of state of the State of Minnesota, do hereby certify that I have compared the annexed copy with record of the original resolution in my office of H. F. 281, being Resolution 7, Laws of 1933, and that said copy is a true and correct transcript of said resolution and of the whole thereof.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State at the capitol, in St. Paul, Minn., this 26th day of January, A. D., 1933.

[SEAL.]

MIKE HOLM,
Secretary of State.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of Minnesota, which was referred to the Committee on Foreign Relations:

Joint resolution memorializing the United States Senate to ratify at the instant session of Congress the treaty between the United States of America and the Dominion of Canada for the building of the Great Lakes-St. Lawrence seaway.

Whereas the project of connecting the Great Lakes with tidewater by a deep waterway channel is of vital interest to all of the people of the State of Minnesota and others residing in the central and western part of the country; and

Whereas there has recently been concluded a treaty between the United States of America and the Dominion of Canada for the building of such channel; and

Whereas hearings have been held by a subcommittee of the Foreign Relations Committee of the United States Senate on such treaty; and

Whereas there are sound reasons for believing and expecting the Foreign Relations Committee of the United States Senate to report out said treaty for such seaway early in January of the present session of the United States Congress with the recommendation that said treaty be ratified: Now, therefore, be it

Resolved by the House of Representatives of the State of Minnesota (and the Senate of the State of Minnesota concurring), That the State of Minnesota memorialize the Senate of the United States, now in session, and by the adoption of this joint resolution the State of Minnesota does memorialize the Senate of the United States to ratify at the present session of the Congress of the United States the treaty between the United States of America and the Dominion of Canada providing for the building in accordance with the terms of said treaty a deep waterway channel connecting the Great Lakes with tidewater; and be it further

Resolved, That the governor of this State is hereby requested to forthwith transmit to the Senate of the United States a properly authenticated copy of this joint resolution of the House of Representatives and the Senate of the State of Minnesota.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 12th day of January, 1933.

FRANK T. STARKEY,
Chief Clerk, House of Representatives.

Passed he senate the 20th day of January, 1933.

G. H. SPAETH,
Secretary of the Senate.

Approved January 26, 1933, for transmittal.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed January 26, 1933.

[SEAL.]

MIKE HOLM,
Secretary of the State of Minnesota.

Mr. ASHURST presented the following joint memorial of the Legislature of the State of Arizona, which was referred to the Committee on Agriculture and Forestry:

Senate Joint Memorial No. 1

To the Senate and House of Representatives of the Congress of the United States:

Your memorialist, the Eleventh Legislature of the State of Arizona, in regular session assembled, respectfully represents:

Practically all Arizona farms are encumbered by some form of mortgage, and during the past two years or more owners have been faced with the necessity of meeting their principal payments and interest, plus taxes, water charges, and other operating costs on a 100 per cent basis, with products representing approximately 35 per cent of their former sale value.

In spite of this apparently impossible situation, farmers have with courage and determination continued their activities, kept production at a normal point, and, by great sacrifices, succeeded in meeting imperative obligations.

Liquid assets have necessarily been expended, and in most cases totally exhausted in this effort. There is a large surplus of hay, alfalfa seed, and other farm products now on the farms and in storage for which there is no market. Such products as can be sold at all are being disposed of at prices which provide only the barest sort of a living for farm families and the payment of water charges—the irreducible minimum of expenditures necessary for the continuation of farming operations.

Farm owners can not pay interest on their indebtedness and can no longer meet principal installments until better prices are to be secured for farm products. They have no assurance that leniency will be granted by their creditors for any specified time. This uncertainty threatens the morale of those engaged in the agricultural industry and the uncertainty of the future promises to bring about a wholesale abandonment of farm property in this State.

Those who find it impossible to meet their obligations are, in most cases, farmers who are willing to continue their efforts in an attempt to protect their creditors' security and to salvage at least a portion of their life savings. Because of their experience, training, and personal interest, the farmers are in a far better position to protect creditors' interests than are the creditors themselves, and will, with reasonable cooperation on the part of the creditors, willingly make further sacrifices to conserve the value of the security for which they are individually responsible.

Short time credits, contemplating the resumption at an early date of prinicpal payments, the additional payment of delinquent and maturing interest and other payments, offers no relief. The uncertainty of future markets precludes any constructive farm program, except it be based on present conditions, and such conditions require leniency on the part of creditors if operations are to be continued.

Wherefore your memorialist, the Eleventh Legislature of the State of Arizona, respectfully prays that Congress enact a measure which will afford the needed relief; providing, if necessary, for the refinancing by the Federal Government of all legitimate farm loans on a long-term basis, with an interest rate based upon the cost to the Government of carrying out the program.

And your memorialist will ever pray.

Adopted by the eleventh State legislature, January 18, 1933.

Mr. SMOOT presented the following concurrent memorial of the Legislature of the State of Utah, which was referred to the Committee on Banking and Currency:

THE STATE OF UTAH,
OFFICE OF THE SECRETARY OF STATE,
Salt Lake City, January 25, 1933.

Hon. REED SMOOT,
Senate Chamber, Washington, D. C.

MY DEAR MR. SMOOT: I have the honor to transmit to you herewith House Concurrent Memorial No. 1, by the Governor and the Legislature of the State of Utah, memorializing the President and Congress of the United States to support or initiate a movement to stabilize the monetary and credit bases so as to improve world commodity prices.

Very truly yours,
M. H. WELLING,
Secretary of State.

I, M. H. Welling, secretary of state of the State of Utah, do hereby certify that the attached is a full, true, and correct copy of House Concurrent Memorial No. 1, by Mrs. Lund, entitled "Memorializing the President and Congress of the United States to support or initiate a movement to stabilize the monetary and credit bases, so as to improve world commodity prices."

Passed by the Twentieth Legislature of the State of Utah and approved by the governor, January 20, 1933.

As appears on file in my office.

In witness whereof I have hereunto set my hand and affixed the great seal of the State of Utah, at Salt Lake City, this 25th day of January, 1933.

[SEAL.]
M. H. WELLING,
Secretary of State.

House Concurrent Memorial 1 (by Mrs. Lund), memorializing the President and Congress of the United States to support or initiate a movement to stabilize the monetary and credit bases, so as to improve world commodity prices

Be it resolved by the Legislature of the State of Utah (the governor concurring therein):

Whereas the people of this State, this Nation, and the world in general are struggling to maintain themselves, retain their property and business and meet their private and public obligations under the heavy and increasing burdens of steadily falling commodity prices, with consequent unemployment and other forms of hardship and distress; and

Whereas the various efforts that have been made to restore prosperity and confidence, apparently based on the thesis that relief of special groups would relieve all other groups also, and that forced expansion of credit would raise commodity prices, have either failed or proved inadequate; and

Whereas it is our conclusion that any expansion of credit beyond a safe ratio to the volume of the metallic money available for the support and validation of such credit is inevitably followed by an equal and opposite reaction to the great disadvantage of all those engaged in productive enterprises and is not, therefore, at all desirable as a permanent policy and justifiable as a temporary policy only at a time of great stress and emergency; and

Whereas attempts to improve commodity prices through general reduction of the amounts of public and private debtor obligations constitute an undertaking too stupendous and intricate to be applied safely or equitably or without incalculable injury to future business confidence and stability; and

Whereas proposals to decrease the amount of gold contained in the United States gold dollar would increase the already existing maldistribution of the world's supply of monetary gold, increase gold hoarding, restrict the velocity of money circulation and thus intensify the present unsatisfactory money and credit situation; and

Whereas it is our conviction that experience has demonstrated the inefficacy of the foregoing and other remedies and palliatives that have been proposed or applied to relieve the world-wide economic depression: Therefore, be it

Resolved by the Legislature of the State of Utah (the governor concurring therein), That we earnestly recommend the use of silver in our monetary systems as a basic money, thereby increasing the supply of metallic money for use as a circulating medium and as a base for currency and credit which, by amplification of the supply of basic money, will stabilize currency, credit, and international exchange and increase and stabilize prices of commodities, with the many and great advantages that will result therefrom; and be it further

Resolved, That we respectfully petition the President and Congress of the United States to arrange for the participation of the United States in any international conference called by another nation or other nations to consider an international agreement for such increased use of silver as money, or if no such conference be held in the immediate future, to call or obtain an international conference for that purpose under the auspices of the Government of the United States, and if no such international conference can be obtained, to take individual action for increased use of silver as money by the United States; and be it further

Resolved, That we especially request that the question of such increased use of silver as money be considered and decided on its economic merits, as we sincerely believe the question is of such vital importance to all the world as to render the welfare of those engaged in the industry itself a comparatively inconsequential part of the great issues involved and that consideration of the question should not be complicated by the introduction of group or individual interests, either of silver producers or others; and be it further

Resolved, That a copy of this memorial be sent to the President of the United States, the President elect of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives, the United States Senators and Representatives from the State of Utah, the United States Senator elect and the United States Representatives elect from the State of Utah, and to the governors of the various States, with the request that said governors submit it for action by the legislatures of their States.

The foregoing House Concurrent Memorial No. 1 was publicly read by title and immediately thereafter signed by the president of the senate, in the presence of the house over which he presides, and the fact of such signing duly entered upon the journal this 18th day of January, 1933.

J. FRANCES FOWLES,
President of the Senate.

Attest:

LYNN S. RICHARDS,
Secretary of the Senate.

The foregoing House Concurrent Memorial No. 1 was publicly read by title and immediately thereafter signed by the speaker of the house, in the presence of the house over which he presides, and the fact of such signing duly entered upon the journal this 18th day of January, 1933.

I. A. SMOOT,
Speaker of the House.

Attest:

ERNEST R. MCKAY,
Clerk of House.

Received from the house this 18th day of January, 1933.

Approved January 20, 1933.

HENRY H. BLOOD, *Governor.*

Received from the governor and filed in the office of the secretary of state this 21st day of January, 1933.

M. H. WELLING,
Secretary of State.

Mr. LA FOLLETTE presented the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Finance:

STATE OF WISCONSIN

Joint resolution memorializing the Congress of the United States to give protection to American producers of wood pulp against unfair competition resulting from the depreciation of foreign currencies

Whereas the action of foreign countries which are large producers of wood pulp, in going off the gold standard, and the resulting depreciation in their currencies, has given foreign producers an unfair advantage over American producers and enabled them to flood the American markets; and

Whereas the effects of this situation are shown in the very great increase in the foreign wood pulp received at ports on the Great Lakes serving the Wisconsin and Michigan paper mills, no less than 146,540 net tons of foreign wood pulp being received at these ports in the year 1932, as compared with 16,173 tons in the year 1929, before the countries of origin went off the gold standard; and

Whereas the vast quantities of foreign wood pulp now imported deprive many thousands of American workmen of employment and will, if continued, completely ruin the American wood-pulp industry: Therefore be it

Resolved by the senate (the assembly concurring), That the Legislature of Wisconsin hereby respectfully memorializes the Congress of the United States to pass bill H. R. 13999, by Congressman HILL of Washington, or some similar measure, imposing a compensating tax on wood pulp and other articles imported from countries with depreciated currencies sufficient to offset the depreciation in their currencies; be it further

Resolved, That properly attested copies of this resolution be transmitted to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

THOS. J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CORNELIUS YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

Mr. SHIPSTEAD presented the following joint resolution of the Legislature of the State of Minnesota, which was referred to the Committee on Finance:

Joint resolution memorializing Congress to properly protect the owners of farm wood lots and American workmen in industries facing unfair competition resulting from the depreciation of foreign currencies

Whereas it has come to the attention of the Minnesota Legislature that the products of foreign manufacturers, especially wood pulp, canned vegetables, and manganese ore are now being shipped into the United States and sold on the American market for much less than it costs American manufacturers to produce these products, even at the present low prices of materials and mill wages; and

Whereas it is apparent that importers of these products are being given an unfair advantage over American industries in view of the fact that they are paying for these products in depreciated foreign currency and selling them for American gold dollars; and

Whereas this competition has resulted in hardship, not only upon the American manufacturer but also upon all large and small producers of the raw materials used in such industries, including farmers and wood-lot owners and the employees of the same, together with all other persons directly or indirectly engaged in these industries; and

Whereas a continuation of this situation will result in the closing down of such American industries as can not meet this foreign competition and the throwing out of employment additional thousands of men in the State of Minnesota: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That the State of Minnesota respectfully memorializes the Congress of the United States to enact remedial legislation to protect domestic producers against this unfair competition due to depreciated foreign currencies, and so give employment to large numbers of American workmen in such industries: And be it further

Resolved, That properly attested copies of this resolution be submitted to both Houses of the Congress of the United States, the Ways and Means Committees of such Houses, and to all Minnesota Members thereof.

CHAS. MUNN,
Speaker of the House of Representatives.
K. K. SOLBERG,
President of the Senate.

Passed the house of representatives the 23d day of January, 1933.

FRANK T. STARKEY,
Chief Clerk House of Representatives.

Passed the senate the 24th day of January, 1933.

G. H. SPAETH,
Secretary of the Senate.

Approved January 26, 1933, for transmittal.

FLOYD B. OLSON,
Governor of the State of Minnesota.

Filed January 26, 1933.

MIKE HOLM,
Secretary of the State of Minnesota.

I, Mike Holm, secretary of state of the State of Minnesota, do hereby certify that I have compared the annexed copy with record of the original resolution in my office of H. F. 281, being resolution 7, Laws of 1933, and that said copy is a true and correct transcript of said resolution and of the whole thereof.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State at the capitol, in St. Paul, Minn., this 26th day of January, A. D. 1933.

[SEAL.] MIKE HOLM, *Secretary of State.*

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Naval Affairs:

SENATE, LEGISLATIVE DEPARTMENT,
STATE OF CALIFORNIA,
Sacramento, Calif., January 20, 1933.

To the President of the United States, to the Vice President of the United States, and to each Member of the Senate and the House of Representatives of the United States:

I am directed to inform you that the California Legislature has adopted the following:

Senate Joint Resolution No. 4 (by Senator Wagy), relative to memorializing and petitioning Congress to enact legislation transferring certain oil lands in Kern County, Calif., from the jurisdiction of the Navy Department to the jurisdiction of the Department of the Interior

Whereas on September 27, 1909, by presidential Executive order of that date, certain lands in Kern County, Calif., were withdrawn from entry and, by presidential Executive order of September 2, 1912, naval petroleum reserve No. 2 was created therefrom embracing originally 31,181 acres, of which 19,620 acres were or have been patented to private parties, and 9,991 acres have been leased to private parties for operation and are being operated under the provisions of the general leasing act of February 25, 1920 (c. 85, 41 Stats. 450), and 570 acres remain unleased; and

Whereas by the act of June 4, 1920 (41 Stats. 812, 813) the Secretary of the Navy was directed to take possession of all properties within the naval petroleum reserves as are or may become subject to the control and use by the United States for naval purposes, and on which there were no pending claims or applications for permits or leases under the provisions of the said general leasing act of February 25, 1920, or pending applications for United States patents under any law, and to conserve, develop, use, and operate the same in his discretion, directly or by contract, lease, or otherwise; and by the act of February 25, 1928 (45 Stats. 148), jurisdiction over and the administration and enforcement of all oil and gas leases on lands in naval petroleum reserves, issued pursuant to the provisions of sections 18 and 18 (a) of the said general leasing act of February 25, 1920, were transferred to the Secretary of the Navy; and

Whereas section 35 of the said general leasing act provides that 37½ per cent of all amounts derived by the Federal Government from bonuses, royalties, and rentals on leased oil or gas lands or deposits within the public domain shall be paid, at stated intervals, by the Secretary of the Treasury to the State within the boundaries of which such leased lands or deposits are located, for the use by said State, or the subdivisions thereof, for the construction and maintenance of public roads or for the support of public schools or other public educational institutions, and that 52½ per cent of the amounts derived from such bonuses, royalties, and rentals shall be paid into, reserved, and appropriated as a part of the reclamation fund created by the act of Congress known as the reclamation act, approved June 17, 1902, and that all moneys accruing to the Federal Government from bonuses, royalties, and rentals from naval petroleum reserve lands shall be deposited in the United States Treasury as "miscellaneous receipts"; and

Whereas neither the State of California, nor Kern County, Calif., nor the Navy Department of the United States, nor the said reclamation fund, receives any benefit from or part of the amounts derived by the Federal Government from bonuses, royalties, or rentals on said lands within said naval petroleum reserve No. 2; and

Whereas by the enactment of the said acts of June 4, 1920, and February 25, 1928, the Navy Department of the United States is empowered to enter into the business of producing petroleum and its products from the said naval petroleum reserves, particularly from said naval petroleum reserve No. 2; and if such operation shall be engaged in by the Navy Department one of the results thereof will be to deprive Kern County, Calif., and the State of California, annually of tax revenues in excess of $250,000, and this although the quality of the petroleum producible from said lands in said naval petroleum reserve No. 2 is such that neither the said petroleum nor the gas produced from said lands can be used by the Navy except for purposes of sale; and

Whereas the extensive and continued production of petroleum and gas from the patented lands in said naval petroleum reserve requires the continued production of petroleum from the Government lands in said reserve to prevent the drainage and depletion thereof by the aforesaid production on the patented lands, and the necessity for such continued production from the Government lands effectually prevents and will continue to prevent the said lands from being or becoming a petroleum reserve in any sense; and

Whereas so long as jurisdiction over said lands and the administration and enforcement of oil and gas leases therein remain in the Navy Department, the formulation and enforcement of any state-wide conservation program to which the State of Cali-

fornia has heretofore committed itself by appropriate legislation, with respect to oil and gas production from the lands aforesaid, may be prevented because of the inability of the lessees to secure cooperation from the said Navy Department in respect of the duration of their tenure of the said leased lands: Now, therefore, be it

Resolved by the Senate and the Assembly of the State of California, jointly, That the Legislature of the State of California hereby memorializes and petitions Congress to enact legislation restoring the public lands within the external boundaries of naval petroleum reserve No. 2 as now constituted, to the public domain of the United States, and transferring the jurisdiction over and the administration thereof and of all leases thereof, to the Secretary of the Interior, and revoking and repealing any and all Executive orders and acts of Congress creating or confirming the creation of said naval petroleum reserve No. 2; and be it further

Resolved, That a copy of this joint resolution be transmitted to the President of the United States, to the Vice President of the United States, and to each Member of the Senate and the House of Representatives of the United States.

FRANK F. MERRIAM,
President of the Senate.
J. A. BEEK,
Secretary of the Senate.
By K. E. MORLEY,
Assistant Secretary.
WALTER J. LITTLE,
Speaker of the Assembly.
ARTHUR A. OHNIMUS,
Chief Clerk of the Assembly.

Mr. BROOKHART presented memorials of Rev. W. A. Howe, jr., and other citizens of Burlington, and W. P. Williamson and other citizens of Fairfield, all in the State of Iowa, remonstrating against the repeal or modification of the national prohibition law, which were ordered to lie on the table.

Mr. COPELAND presented memorials and papers in the nature of memorials of sundry citizens and organizations, all in the State of New York, remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law, which were ordered to lie on the table.

Mr. KING presented a telegram from Tracy R. Welling, executive secretary, embodying a resolution adopted by the Utah State Farm Bureau Federation, Salt Lake City, Utah, favoring the passage of the bill (S. 5390) to meet the existing emergency in the agricultural industry, to provide new capital for agricultural development, to refund existing farm mortgages so as to provide long-term loans at lower interest rates, to permit the repurchase of foreclosed farm lands, to amend and supplement the Federal farm loan act, to provide methods for the unification of the Federal farm-loan system, and for other purposes, which was referred to the Committee on Banking and Currency.

He also presented resolutions adopted by the Legislature of the State of Utah in support of measures to initiate a movement to stabilize the monetary and credit bases so as to improve world commodity prices, which were referred to the Committee on Banking and Currency.

(See resolutions printed in full when presented to-day by Mr. SMOOT.)

Mr. CAPPER presented resolutions adopted by a mass meeting of citizens of Hesston sponsored by the Woman's Christian Temperance Union, a union meeting of the Methodist and Congregational churches sponsored by the Woman's Christian Temperance Union, and also local chapters of the Woman's Christian Temperance Union of Burns, Elsmore, and Oxford, all in the State of Kansas, protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

He also presented resolutions adopted by the Methodist Sunday School of Elsmore, the Women's Council of the Congregational Church and the Ladies' Aid Society of the Methodist Episcopal Church of Wakefield, the Young Peoples' Branch of the Woman's Christian Temperance Union of Emporia, the Jefferson County Ministerial Association, and local chapters of the Woman's Christian Temperance Union of Hesston, La Crosse, Minneola, Ottawa, Oxford, Richfield, and Wellington, all in the State of Kansas, favoring the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

THE LATE SENATOR WESLEY L. JONES

Mr. GRAMMER. Mr. President, my predecessor in this body, the late senior Senator from the State of Washington, Hon. WESLEY L. JONES, left a record of accomplishment which no contemporary of his who knew him will ever forget. His personal attributes may not be quite so well known. I have received a copy of an address on the life of Senator JONES, delivered at memorial services at Seattle, Wash., by Melvin G. Winstock, Esq., of that city, which treats of him both as a statesman and as a man. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, and it is as follows:

We meet to pay tribute to a fallen leader, a patriotic citizen, a public servant, a Christian gentleman. Vain are mere tears. Memorial exercises are useful only as they lift us out of ourselves and give a proper inspiration.

Memory is the most important quality of the human mind. Without it all knowledge is useless. Hope is but the fragment of a shattered dream, affection would be a forgotten emotion. Experience would vanish in its effect upon human conduct.

WESLEY JONES began life in toil and humble struggle. He arose to great eminence but never lost humility of faith. Even in the midst of strife, passion, ambition, he always had God in his heart, the National Constitution as his guide, a thorough confidence in the stability of American institutions. His private life and public career were devoted to the highest ideals. He always subordinated private hopes and ambitions to the general good. For more than third of a century he played a great part on the stage of State and national action.

Along the path which great men have trod are stars that light the way. Through the deeds of great leaders that make history God gives illumination that we may see the way and avoid the pitfalls that beset men. Before Washington became a State, WESLEY JONES cast his fortunes with us and at Yakima, began the practice of law.

He had his youthful ambitions. He wanted to be a judge in his own county, but the party leaders were not too anxious to satisfy that desire. A situation arose whereby this daring youngster might be satisfied without weakening the organization. They gave him a nomination to Congress, fully believing that the honor would be an empty one. Mr. JONES eagerly accepted the opportunity. He went into the campaign with enthusiastic thoroughness, and astonished his party by the vigor and brilliancy of the fight—and he won.

At about the same time a fellow student, WILLIAM E. BORAH, located in Idaho. The complete personal attachment between these two men has lingered always. There has, however, been a striking difference in their attitude toward national affairs. Mr. BORAH has always felt that he could stand alone, independent of political ties. WESLEY JONES has always believed in party rule. He consistently declared that unless he could remain loyal to his party, in whose principles he believed, he would not accept honor at its hands. On pure party issues that was his undeviating course. In all other concerns he courageously followed the dictates of his conscience. Five times he won, and for 10 years retained his seat in the House.

In the House of Representatives he encountered brilliant men. This contact sharpened his wit, gave him self confidence, and began the process of fitting him for higher service. He worked his way upward to fine committeeships. He acquired the power to do things for his State. He formed lasting friendships. As business agent for Washington he began to secure recognition, in those practical accomplishments that resulted in appropriations that meant the development, of every section of the Commonwealth. Actual practical results focused the eye of his constituents on him. His destiny pointed to higher honors and still greater opportunities.

There is no nobler activity than that of the public service. It can generally be reached only through the medium of politics. The importance of this congressional work alone can be readily appreciated when we know into the hands of these public servants is committed the safety, happiness, and prosperity of a Nation of 128,000,000 people. The Constitution gives to the President but limited powers, but to Congress the highest and most complete authority in legislation.

Under our Constitution the legislative is the most important of the three coordinate branches of the Government. The presidential power is limited by the Constitution. Of the two sections of Congress, the Senate has always been held as the more important. America's most distinguished men have been its Members. It has ever been the safety brake of the Nation. It has generally been steadfast against unrighteous public clamor and has held the people to safe and sane action. To be a Senator is not only a high honor; it is an opportunity for service supreme.

To be an outstanding Member of the Senate of the United States required qualities of the highest character. Through slow stages of advancement WESLEY JONES had attained the highest position in this great body. He had reached the very apex of power.

No effort of mine would be complete without a slight résume of the record. A friend may praise, a foe may condemn, but the record stands as a living testimony to the truth. After Thomas



Jefferson, the great commoner, passed on there was found a note among his papers. It said: "If it is deemed advisable to erect a monument to my memory, let it be of plain white marble and let there be inscribed thereon, 'Here lies the body of Thomas Jefferson. Author of the Declaration of Independence. Author of the Statutes for Religious Liberty for the State of Virginia. Founder of the University of Virginia.'" I once stood uncovered at Monticello and read this. I was overwhelmed with the vastness of the service which this man had rendered, not only to America but to the world. Any single one of these would have given any man the gratitude of posterity.

This idea of service was the outstanding motive of the life of WESLEY JONES. Let us lift the curtain and take a panoramic view of a mere outline of what he did in Congress. He was an open advocate of woman's suffrage long before it became popular to stand for the granting of the franchise to the womanhood of this Nation. He supported every move ever made for the protection of childhood. He battled for every plan made for public education. He consistently believed in and fought for protection to industry and labor and for every righteous policy that looked to the improvement of living conditions for the man of toil. He was an ardent exponent of temperance. When he took the oath of office at the bar of the Senate he swore that he would uphold the Constitution and laws of his country. So he fought for enforcement. Who, by his silent tomb to-day, will dare scorn him for that. I say, all honor shall be given him for standing by his principles.

He was the author of the bill under which the Panama Canal was constructed and the wise laws under which that zone has been so successfully governed and operated. He was at the very head of irrigation and reclamation and promoted in every way the conservation of our natural resources. He was the sponsor of and the author of amendments to the Federal water power act, that properly enforced will give every right and protection to the people in their battle against special privilege or monopoly.

He was the author of the Jones-White shipping bill which even his political foes confess would alone entitle him to everlasting fame. Every American sea captain and sailor will revere his memory for what he has done for their welfare. In the last session of the Senate he stood for every honest measure of direct relief of distress, for the complete construction program for the restoration of prosperity, and wrought miracles in putting through an economy program that saved hundreds of millions of the Nation's funds.

Mistakes he made, but they were honest ones. Through all these tremendous activities he contrived to gain and retain the respect and, in many instances, the abiding affection of his colleagues, even of the opposition. Even before he passed on, some of the highest tributes ever paid a public man were voluntarily offered by the most renowned Members on the other side of the Senate. They, with one voice, declared that he was honest, industrious, capable, faithful to the State, and that he played the game with a squareness and sportsmanlike quality that stamped him as something conspicuously fine.

I have had no time to tell you of his fine humanness. All of a Senator's work does not appear in the study, the committee rooms, or on the floor of the august body. Hundreds of requests come from the voters of the State. Here is a touch that tells of that other side, the human-interest side. When such services were called for, the Senator never stopped to ask a man's religion, his local standing, or his political pull. Not once in all his long public life did WESLEY JONES turn down a call to help, if that help was within the realm of possibility.

He was an unspectacular man, never seeking the limelight. He spoke but seldom, and then with authority and power. He had reached one of the highest and most powerful positions at the National Capital. Had he so desired, he might have been front-paged daily. He preferred the quiet of the study, the incessant grind of committee work where he had to withstand the pressure of conflicting interests and the tremendous labors involved on the floor of the Senate where men met national political giants and their ambitions. It was this constant devotion to great projects that, perhaps, brought about that final illness that resulted in his sudden taking off. When the final summons came he met it with head erect and unafraid.

We do not conserve our true public servants. We extract all they have to give. Then when too late we weep and pile a ton of roses on 6 feet of earth. This is the tragedy of American politics.

Often we are so close to the mountain that we do not appreciate its height. The State of Washington accepted WESLEY JONES as an ordinary matter of fact. His nearness and naturalness made him so much one of us that we did not know the full measure of his place in the national scheme. The Capital of the Nation knew him. The President was glad to use his talents. His colleagues in the Senate relied upon and trusted him.

His was a definite philosophy of government, that of the good of the many, based on the Constitution, wrought through the principles of a political party. The flattery of friend, the threat of foe, could not stampede him from this course.

During 34 years in Congress under pitiless publicity brought forth but few acts that called for adverse criticism. I have examined each one of these, as I hope a just judge would. It is possible that on these controversial questions he might have been mistaken. But of this I am certain—he obtained the best information available. He gave great study to each matter. He acted according to the dictates of his conscience.

He had faith in the ultimate judgment of the American people. He accepted without a murmur their verdict. In or out of office he stood ever willing to serve. He was never exultant in victory nor ungenerous in defeat.

He did not thrillingly dramatize himself. He was drama incarnate, because he was a leading actor in tremendous and ever-changing national action. A great Nation has gained, not lost, in that this man served through both happy and troublous times with an unblemished personal and political record.

He was not an opportunist nor a disciple of expediency, but a real leader whose record of the enduring service will illumine our pathway for generations to come. As time softens all bitterness and melts away all human ambition, the figure of WESLEY JONES will loom high as one whose whole life exemplified intelligent progress, steadfast devotion to American ideals, and a never-ending battle for the rights of his fellow man. The mere flesh of such a man may wither, he may be cut down like a blade of grass, but the spirit and the inspiration thereof liveth eternally in the hearts of men. And so beloved, we bid the body of you a long farewell. But we dedicate ourselves anew with high resolve to carry on under the inspiration of your life so gloriously spent in the service of your country.

REPORT OF THE FINANCE COMMITTEE

Mr. SMOOT, from the Committee on Finance, to which was referred the bill (H. R. 13742) to provide revenue by the taxation of certain nonintoxicating liquors, and for other purposes, reported it without recommendation and submitted a report (No. 1127) thereon.

WATER RESOURCES OF THE SAN PEDRO RIVER, ARIZ.

Mr. ASHURST, from the Committee on Irrigation and Reclamation, to which was referred the resolution (S. Res. 292) authorizing an investigation of the subject of the utilization of the water resources of the San Pedro River in Arizona, reported it without amendment and moved that it be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, which motion was agreed to.

ENROLLED BILLS PRESENTED

Mr. VANDENBERG, from the Committee on Enrolled Bills, reported that on to-day, January 30, 1933, that committee presented to the President of the United States the following enrolled bills:

S. 212. An act for the relief of Messrs. Short, Ross, Shaw, and Mayhood;

S. 213. An act authorizing adjustment of the claim of Kenneth Carpenter;

S. 219. An act authorizing adjustment of the claims of Orem Wheatley, Kenneth Blaine, and Joseph R. Ball;

S. 252. An act authorizing adjustment of the claim of Johnson & Higgins; and

S. 563. An act for the relief of George T. Johnson & Sons.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAPPER:

A bill (S. 5553) to relieve destitution in the District of Columbia; to the Committee on the District of Columbia.

By Mr. BINGHAM:

A bill (S. 5554) relating to the enactment of laws in the Virgin Islands; to the Committee on Territories and Insular Affairs.

By Mr. SHORTRIDGE:

A bill (S. 5555) to authorize an exchange of lands between the city of San Diego and the United States; to the Committee on Naval Affairs.

By Mr. BROOKHART:

A bill (S. 5556) exempting States and their political subdivisions from certain provisions of the revenue act of 1932; to the Committee on Finance.

A bill (S. 5557) granting an increase of pension to Mary A. Kiggins (with accompanying papers); and

A bill (S. 5558) granting a pension to Bridget Wagner (with accompanying papers); to the Committee on Pensions.

By Mr. WAGNER:

A bill (S. 5559) to amend the standard baskets act of August 31, 1916, to provide for a 1-pound Climax basket for mushrooms; to the Committee on Agriculture and Forestry.

A bill (S. 5560) to amend section 4 of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906, as amended; to the Committee on Commerce.

By Mr. WALCOTT:

A joint resolution (S. J. Res. 246) to authorize the issuance of a special series of stamps commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen of Brig. Gen. Thaddeus Kosciusko; to the Committee on Post Offices and Post Roads.

HOUSE BILL REFERRED

The bill (H. R. 14363) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1934, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

GOVERNMENT PURCHASE OF AMERICAN GOODS—AMENDMENT

Mr. WAGNER submitted an amendment intended to be proposed by him to the bill (H. R. 10743) to require the purchase of domestic supplies for public use and the use of domestic materials in public buildings and works, which was ordered to lie on the table and to be printed.

AMENDMENT TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. KING submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 16, line 16, after the word "each," to insert the following: " : *Provided further*, That no refund in excess of $20,000 shall be paid until the determination by the Commissioner of Internal Revenue of the overpayment has been transmitted to and approved by the United States Board of Tax Appeals, under such rules as it may prescribe; and the commissioner shall disallow the part thereof not so approved."

WILLIAM B. THOMPSON

The PRESIDING OFFICER (Mr. FESS in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 284) for the relief of William B. Thompson, which was, on page 1, line 6, after "$562.80," to insert "in full settlement of all claims against the Government."

Mr. TOWNSEND. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

SILVER AS SUPPLEMENTARY CURRENCY

Mr. WHEELER. Mr. President, I ask leave to have published in the RECORD an article appearing in the Washington (D. C.) Herald, in its issue of January 30, 1933, entitled "Horne Radios United States Plea for Use of Silver."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington (D. C.) Herald of January 30, 1933]

HORNE RADIOS UNITED STATES PLEA FOR USE OF SILVER—FORMER BRITISH CHANCELLOR OF EXCHEQUER SAYS BIMETALLISM WOULD HELP STABILIZE

NEW YORK, January 29.—Sir Robert Horne, former British Chancellor of the Exchequer, in a radiobroadcast from London today expressed the belief that a larger use of silver as a supplementary currency would aid stabilization.

Sir Robert's talk was broadcast here over a National Broadcasting Co. network. He spoke under the auspices of the International Radio Forum.

TELLS OF CONDITIONS

He said in part:

"The whole world is in a condition of confusion. All mankind is in deep distress.

"The trade of the world has shrunk to a skeleton of what it was. Internal production has withered in most countries. These conditions sufficiently explain the appalling statistics of unemployment.

"To relieve the situation the United States has embarked on many schemes for expanding credit. In Britain we have taken the course of making the interest on money lent by the banks so low that the large mass of people may borrow freely. Unfortunately in both countries there are delaying factors. People have not yet acquired confidence.

"I rejoice at the invitation which the Government of the United States has recently conveyed to British ministers to send representatives to a meeting at Washington to discuss, among other things, monetary policies.

"THE SILVER QUESTION

"There is another important topic upon which I personally hope our two countries may possibly be found collaborating. That is the question of silver.

"It should be kept in mind that one-half the population of the world in India and China hold silver as their sole value for investment. Depreciation in silver has lessened the values of savings of thousands of millions of people in the east, and has imposed a check upon purchases which would have been made from the factories of America and Great Britain.

"If some of the leading nations were to adopt again the bimetallic standard of silver and gold this disintegrating process would be reversed."

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. McKELLAR. Mr. President, I want to discuss for a few minutes the provision in the bill which is to be found on page 57. The words are to be found in lines 4 and 5, as follows:

Provided, That no part of the money herein appropriated shall be paid on contract numbered 56 to the Seatrain Co.

The House inserted that language and the Senate Committee on Appropriations have struck it out, and the question arises on the approval of the action of the committee in striking out the language. I think the language ought to remain in the bill so that no payments can be made to the company under the appropriation.

Mr. President, let me briefly review, if I may, the Seatrain contract. The Seatrain Co. was organized some years ago by a Mr. Brush, who seems to be president of it. He undertook at first to organize in this country but did not succeed. Thereafter he organized a company in Canada or with Canadian capital. The ship, which is a kind of ferryboat with a capacity for carrying 90 freight cars, was built in England for the purpose of plying between New Orleans and Habana, Cuba. The ship was put under the British flag, of course. It was built in Great Britain, it was capitalized by Canadian money, and it was put under a foreign flag, naturally, and began operation.

After it began business it seems that Mr. Brush, the president of the company, felt that because he was an American citizen it ought to have the subsidy for carrying the mails. The fact was that two companies already had subsidies for carrying the mails from New Orleans to Habana, Cuba. One of the witnesses testified that the first company which obtained the contract carried about 1,500 pounds of mail a year, but the Post Office Department felt that the facilities were not sufficient and employed another company, making a contract providing some $400,000 a year to aid in carrying that 1,500 pounds of mail to Habana.

Then came the Seatrain Co., which at that time was a British company flying the British flag. Of course, it had no right to a subsidy, but Mr. Brush seems to have had great influence with the department. Negotiations were begun by which Mr. Brush sought a contract for the British company for carrying the mail from New Orleans to Habana. Of course, it could only operate in foreign commerce. It could not operate in coastwise shipping under our laws, but that did not seem to make much difference to Mr. Brush. The result was that Mr. Brush applied to the Postmaster General for the subsidy. He did not obtain it. It seems that the department finally concluded that inasmuch as they flew the foreign flag, although Mr. Brush was an American, the company could not receive the contract.

Thereupon it was suggested, by the Shipping Board apparently, that the Shipping Board would furnish three-fourths of the capital to Mr. Brush to build two other ships of exactly the same kind designed to carry 90 freight cars, the vessels being ferryboats or in the nature of ferryboats. Why any such vessels should be used for carrying United States mails it is almost impossible to conceive; but $600,000

was provided by the Shipping Board, at a low rate of interest, to Mr. Brush to build another ship of the kind that he had built in Great Britain.

Not satisfied with that, the Shipping Board loaned him another $600,000 to build another such ship. In other words, they furnished three-fourths of the money to build these two ships, and the Postmaster General, it seems, promised Mr. Brush that when he got the first one of these ships finished he would be allowed a mail contract.

Mind you, Mr. President, all this time during these negotiations Mr. Brush was acting as the head of the Seatrain Co. that was flying the British flag. The result was, I believe, that one of the ships has now been finished; but, at all events, whether finished or not, the Post Office Department entered into a contract with Mr. Brush on October 31, 1931, by which Mr. Brush was given the third contract to carry the mails from New Orleans to Habana, Cuba. Mind you, Mr. President, two other companies already had similar contracts for carrying the mail. Although the amount of mail is inconsequential, they had postal subsidies for carrying the mail from New Orleans to Habana. In the very nature of things two lines of shipping could have carried the mail; two lines of shipping were more than sufficient; but, even if they were not, it would seem to be a preposterous thing for the American Government to build two more ships in the nature of ferryboats for the purpose also of carrying mail from New Orleans to Cuba. Of course, it was merely the grant of a subsidy to this favored person, Mr. Brush, who seems to have had great influence with the Post Office Department. At all events that is the contract that is now under consideration.

After the new boat was built Mr. Brush found that there was not enough trade to keep his boats busy between New Orleans and Habana. Thereupon the proposal was made to the department that instead of plying only between New Orleans and Habana the boats should be allowed to ply between New Orleans and New York, stopping at Habana en route, and to carry loaded freight cars or empty freight cars, as the case might demand, from New York to New Orleans, stopping at Habana, thus engaging in the coastwise trade. So we have that peculiar situation.

What happened when they made that application? The Postmaster General was careful enough to say at that time, "If you do that you can not have a postal contract; you are debarred from having a postal contract if we let you engage in the coastwise trade." That action was very proper, it seems to me. So the Shipping Board and the Postmaster General required that the Seatrain Co. waive its claim to a subsidy, because they said if the company did not waive it they could not allow it to engage in the coastwise trade. The Seatrain Co. did waive its subsidy, but now Congress is asked to override what it itself did and to appropriate this money, and, if the company can get the Postmaster General and the Shipping Board to agree to it, to change the contract again and allow a subsidy to be paid for engaging in the coastwise trade.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. McKELLAR. Yes.

Mr. REED. Is it not so that they waived it for only six months, and that the six months will expire before the beginning of the fiscal year for which we are now appropriating?

Mr. McKELLAR. Yes; that is true. But if the Shipping Board and the Postmaster General required the Seatrain Co. in the beginning to waive it there must have been some reason for it; there was some reason for it; and they did waive it for that length of time.

Mr. REED. Mr. President, will the Senator yield for another question?

Mr. McKELLAR. I will yield in a moment. I think the Seatrain Co. ought to be required to waive it as long as they are engaged in the coastwise trade. It is not done for other companies and why should it be done for this company. Let me state what it means.

Mr. REED. Mr. President——

Mr. McKELLAR. I will yield in just a moment.

Mr. REED. Very well; I will speak in my own time.

Mr. McKELLAR. Let me tell you, Mr. President, what it means. This company, plying between New Orleans and New York, is going to be in direct competition with the railroads that now obtain business between those two points. It does not seem to me to be fair to the railroads, in the condition in which they now are, for the Congress to subsidize ships built in this way, to subsidize a line established in this way for the purpose of competing with our railroads that are already operating.

Mr. FLETCHER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Florida?

Mr. McKELLAR. I yield.

Mr. FLETCHER. Mr. President, it seems to me that the question comes down to one proposition, which is the gist and substance of the whole matter. We can well lay aside any question of whether the Missouri Pacific Railroad and its officers, with all their political influence, the Sun Shipbuilding Co., with its stockholders and directors and officers, with all their political influence, are for or against this amendment; we can well lay aside the question whether the Florida East Coast Railroad Co. or the Key West Ferry Co. or the coastal shipping interests or the railroads are for or against this amendment; the question is, Shall any Senator favor the giving of a subsidy or subvention to ships engaged in the coastwise trade? That is the whole subject. If we start upon that sort of policy now, this is as good a place as any, but if we are against it, then, we must vote down the amendment reported by the Senate committee. That is the whole question, whether the Senate is willing to vote subsidies or subventions, whatever one may care to call them, benefits, to ships engaged in the coastwise trade or whether we are against doing so. That is what they are doing; they are actually operating their ships in the coastwise trade.

Mr. WATSON. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Indiana?

Mr. McKELLAR. I yield.

Mr. WATSON. Is this the only coastwise line that is receiving a subvention from the Government?

Mr. McKELLAR. It is not receiving it as yet, but this is the only company that will receive one.

Mr. WATSON. The only one?

Mr. McKELLAR. The only one, so far as I know.

Mr. REED. Mr. President——

Mr. McKELLAR. I yield.

Mr. REED. If I may have the attention of the Senator from Indiana, this company is not receiving any subsidy whatever for coastwise operations. It has a mail contract for service between New Orleans and Habana, which it is performing regularly, and it is entitled to be paid for that. It is performing that service, and has two ships engaged in it, and it can perform the contract and still have a lot of idle time. So, quite regardless of the subsidy allowed, the company has put these ships in their spare time to carrying totally private cargoes to and fro between New York and Habana.

Mr. McKELLAR. It is fair to say, Mr. President, talking about their "spare time" only being used in the coastwise business, that 80 per cent of the business of this concern is in the coastwise trade.

Mr. PITTMAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nevada?

Mr. McKELLAR. I yield.

Mr. PITTMAN. As I understand, the law with reference to subsidies applies only to ships engaged in foreign commerce?

Mr. McKELLAR. That is right; of course, it applies only to ships engaged in foreign commerce.

Mr. PITTMAN. I should like to ask the Senator a further question.

Mr. McKELLAR. Just a moment, and I will yield. I wish first to call the attention of the Senator to the fact that this company first started out on the representation that it was engaged in commerce between New Orleans and Habana; but, when it found that that was not as profitable as it thought, the company then sought for a permit to engage in the coastwise trade. It has engaged in the coastwise trade; 80 per cent of its business is in the coastwise trade, and it is just picking up this subsidy, if it can get it, as that much lagniappe, as I believe they call it in New Orleans.

Mr. PITTMAN. Does the law require the advertising for bids for such contracts?

Mr. McKELLAR. Of course it does.

Mr. PITTMAN. As I understand, the contract was made under a bid for the route from New Orleans to Habana?

Mr. McKELLAR. That is right.

Mr. PITTMAN. And not from New York to New Orleans by way of Habana?

Mr. McKELLAR. The Senator is entirely right about that; and, by the way, in my judgment as a lawyer, to change this contract without again advertising it would make it void; I have not the slightest doubt about that.

Mr. PITTMAN. Let me call attention to the case of the United States against the Pan-American Co. In that case the United States Government entered into a contract with the Pan-American Co. to sink offset wells along the line of oil reserve No. 1. That was advertised, as was required, and the Pan-American Co. made a bid and obtained the contract. Subsequently the United States Government attempted to change that contract without advertising the change; it attempted to extend the contract to the entire reserve and enter into a contract for the entire reserve; but the Supreme Court of the United States held that that new contract was absolutely void. Now, a suit has been started to declare the original contract void. If we should allow the Postmaster General to change this contract without advertising again—and that is the purpose, I suppose, of the proposal to strike out the House provision—it would be a violation of the law, as it was violated with regard to oil reserve No. 1, which the Supreme Court declared was absolutely null and void.

Mr. McKELLAR. I remember that case; I think the Senator is exactly right about it, and I am happy that he has brought the case forward.

Mr. TYDINGS. Mr. President——

Mr. McKELLAR. I yield to the Senator from Maryland.

Mr. TYDINGS. Will the Senator state what the amount of this contract in money actually is?

Mr. FLETCHER. It is $240,000 a year.

Mr. McKELLAR. It amounts to $240,000 a year, aggregating just $2,400,000 in the 10-year term if the contract shall be entered into.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. McKELLAR. I yield.

Mr. TYDINGS. The basis of this contract is, of course, that it serves the public?

Mr. McKELLAR. Yes.

Mr. TYDINGS. To what extent does the service rendered by the Seatrain Co. duplicate services already in effect, thereby making it unnecessary?

Mr. McKELLAR. There are two companies already that hold contracts for carrying the small amount of mail that is transported between New Orleans and Habana. I think there are three companies already carrying mail from New York to Habana.

Mr. TYDINGS. Mr. President, is it not a fact also that airplanes are carrying the mail from the United States to Habana?

Mr. McKELLAR. My recollection is that they do; that Habana is on the direct route.

Mr. TYDINGS. So we have airplanes, the Seatrain boats, and the regular lines that have been running before the Seatrain boats were constructed?

Mr. McKELLAR. I think we have got everything except a tunnel under the Gulf of Mexico between Key West and Habana.

Mr. REED. Mr. President——

Mr. McKELLAR. I yield to the Senator from Pennsylvania.

Mr. REED. If I may have the attention of the Senator from Maryland, I gather that he does not approve of the competition, and that if there exists a service to-day he sees no reason why a competing service should be authorized?

Mr. TYDINGS. And according to the Senator's logic he would be in favor of having 10 more subsidies of the same kind to provide for doing the same work which one line can do.

Mr. REED. If we already had the competition, I would not expend money in order to get other competition.

Mr. TYDINGS. The Senator has argued that we ought to go ahead and encourage competition.

Mr. REED. If the Senator from Tennessee will permit me further, this company does not carry any mail between New York and Habana; it is not receiving any money for that; it has a contract for carrying mail between New Orleans and Habana, which service it has been performing.

Mr. TYDINGS. I am aware of that; and I say that we could very well do without this company carrying the mail and save the taxpayers a quarter of a million dollars a year. In my judgment, this contract was conceived not to benefit the people of America but to make money for the company that built the seatrains.

Mr. REED. Does the Senator think, the contract having been entered, that——

Mr. McKELLAR. Mr. President, I must ask my friends to allow me to proceed. I have only a few minutes.

Mr. REED. The Senator has been speaking on this question since we met, and we have an agreement to vote at 1 o'clock. Is the Senator going to give us any time?

Mr. McKELLAR. Oh, yes; I will. I shall be through in just a few moments. I have no desire to take up time—not a particle.

Mr. President, the Senator says this company does not propose to carry mail from New York to Cuba. I do not suppose it does; and, in like manner, it does not propose to carry mail from New Orleans to Cuba. Why do I say that? Why, who in the world, what reasonable man, what man with the intelligence of the ordinary moron, official of the Government or otherwise, would ever select a ship like this—a ferryboat for freight cars—to carry the mail? Who in the world would ever think of putting mail on a ship of that sort? The idea is preposterous. We all know that. The Senator would no more permit a letter that he might write to the ambassador to Cuba, for instance, or to some friend in Cuba, to go on such a boat as that than he would think of flying to heaven.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Montana?

Mr. McKELLAR. I do.

Mr. WALSH of Montana. Will the Senator tell us how much mail this line does carry and what revenue it receives?

Mr. McKELLAR. I regret that I can not, for this reason: While this company has been for a long time seeking this contract—apparently that has been the principal business of the president of the company for a number of years, seeking this subsidy from the Government or from the departments here—while that is the case, they have never carried any mail yet; or, if they have carried any mail, no report has been made of it. My recollection is, however, from the hearings, that the first company carried about 1,500 pounds of mail a year from New Orleans to Habana; and I think it got about the same amount, $240,000 a year, for carrying it across there. Then that was such a burden upon that company that the Postmaster General and the

Shipping Board got together and gave another contract to divide up the work, and the second concern also received a subsidy of about $240,000 a year for that, as I remember the figures. I believe one of the companies received $400,000 a year; but that is immaterial. At any rate, it was a very large sum.

Now, having two ship lines to carry the mail from New Orleans to Habana, they come with a third. As I said before, as a carrier of mail, it is something that can not be considered for a moment. It is just in the nature of a subsidy for building up that kind of a ship line.

Mr. BROUSSARD. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. Yes; I yield.

Mr. BROUSSARD. When the amount referred to by the Senator was paid there was no subsidy. It was for carrying the mail by space.

Mr. McKELLAR. Perhaps that may have been. My recollection is that the whole amount paid for carrying the mail between these places was just a few thousand dollars, and now it will cost us something like twelve hundred thousand dollars a year to transport the mail by these three companies from New Orleans to Habana. It is a wicked waste of the American people's money, and I do not see how this body can go on record as thus wasting the money of the people.

I hope the Senate will vote down this amendment, which means keeping the provision of the House in the bill. I think it ought to be done. I think it ought to be done in justice to the taxpayers of America. I do not believe the amendment will help our foreign trade a particle. We see how it helps our foreign trade when we find this company going out of the foreign trade and getting into the domestic trade of the country, using this merely as a subterfuge, as a pretext for taking a Government subsidy.

Mr. BROUSSARD. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. In just a moment I will yield.

It reminds me of an aircraft company, the Pan American Aircraft Co. One of its officers is reported to have said—and I can see how he might have said it—that the principal reason for running an air line around America at this time was to draw the subsidy of $7,000,000 that the Government gave it.

Now I yield to the Senator from Louisiana.

Mr. BROUSSARD. Mr. President, does the Senator consider a sailing from Habana to New York coastwise trade?

Mr. McKELLAR. No; but from New Orleans to New York, the two points between which the Seatrain service is going, is coastwise trade.

Mr. BROUSSARD. Oh, no; that is not involved here at all.

Mr. McKELLAR. I have received many protests against the Government subsidizing this line for the purpose of carrying freight cars when we have railroads that are almost nearing bankruptcy doing the same business and competing with this subsidized American line. I do not think it is just, I am frank to say. I differ from the Senator. I am sorry I do, because I love him; but I differ from the Senator about this matter. I do not think the American Government ought to subsidize this Seatrain Line under any circumstances; but certainly when it is in the coastwise shipping business, and does not come within the law, and when it has waived its own contract——

Mr. BROUSSARD. I hope the Senator will come down to the question whether or not a sailing from Habana to New York is coastwise trade.

Mr. McKELLAR. No; I said it was not, from Habana to New York.

Mr. BROUSSARD. All right.

Mr. McKELLAR. But those ships run between New Orleans and New York and merely touch at Habana.

Mr. BROUSSARD. Oh, no; they run to Habana.

Mr. McKELLAR. Then they have misled the members of the committee who examined them on the stand.

Mr. BROUSSARD. They have not misled anybody.

Mr. McKELLAR. They operate from New York, and 80 per cent of their business is coastwise shipping.

Mr. BROUSSARD. They have never had a ship go to New York yet.

Mr. McKELLAR. That is what they propose to do if they are allowed to do it.

Mr. BROUSSARD. That is what they propose to do, and that is what they have amended their contract to do.

Last Saturday, I think, the Senator from Tennessee said that he thought 5 legal contracts had been entered into by the Shipping Board and the Post Office Department and 39 illegal contracts.

Mr. McKELLAR. I think so.

Mr. BROUSSARD. Why not abrogate the law if that is the case?

Mr. McKELLAR. I will vote to abrogate the law any time in the world, and have introduced a bill to that effect; but I can not get the Senate to pass it, so we are trying to hold them within the law as far as we can.

Mr. BROUSSARD. All that you are trying to do now is to violate a legal contract entered into under authority of the Congress of the United States.

Mr. McKELLAR. Mr. President, I have stated all that I think I should state.

Mr. HOWELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I ought not to take up all the time. Other Senators want to talk about this matter, and I am going to yield the floor. I yield to my friend over here.

Mr. HOWELL. Mr. President, under the present law was the granting of this subsidy legal?

Mr. McKELLAR. Does the Senator mean to ask whether this particular contract was legal?

Mr. HOWELL. Yes.

Mr. McKELLAR. I think this particular contract is void for another reason: The Postmaster General advertised it in such a way that no company on the face of the earth except the Seatrain Co. could bid on it, and the subsidy act requires competition. Under those circumstances I think the contract is void, because it has not been properly advertised.

Mr. BROUSSARD. Mr. President——

Mr. McKELLAR. That, however, is a matter about which men may differ, and I do not want to pursue it any further.

Mr. HOWELL. Mr. President, I understand that this subsidy has been suspended for six months.

Mr. McKELLAR. Yes; by contract of the Seatrain Co. itself. It agreed to that because the Shipping Board would not let it go into the coastwise trade unless it did yield on that point and forego the subsidy. By special agreement, that ends in May, 1933.

Mr. HOWELL. In other words, there is a question as to whether this subsidy is legal under the law?

Mr. McKELLAR. It can not be legal if this line is engaged in coastwise shipping; and unquestionably it is engaged in coastwise shipping.

Mr. BROUSSARD. It is not, Mr. President.

Mr. HOWELL. In other words, the purpose of this provision in this bill is to extend the right of subsidy?

Mr. McKELLAR. Yes; to those engaged at least 80 per cent in coastwise shipping.

Mr. REED, Mr. BROUSSARD, and Mr. TRAMMELL addressed the Chair.

The VICE PRESIDENT. Does the Senator from Tennessee yield, and if so to whom?

Mr. McKELLAR. I promised to yield to the Senator from Louisiana.

Mr. BROUSSARD. Mr. President, then the question involved here at this moment is whether or not this is a legal contract. I will propound several questions to the Senator at one time, and let him answer them.

Mr. McKELLAR. All right. I may not be able to do it, but I will try.

Mr. BROUSSARD. First, is a sailing from Habana to New York coastwise trade?

Mr. McKELLAR. I have answered that question several times some time ago. It is not if the line sails only between those two points; but, as a matter of fact, this line sails between New Orleans and New York, merely stopping at Habana, and of course it is engaged in the coastwise trade.

Mr. BROUSSARD. I want to say to the Senator from Tennessee that that is not a fact as I understand it; but, if it were a fact, they have agreed, under a contract, to collect only such part of the sum provided by the contract as applies to the mail to Habana.

Mr. McKELLAR. Yes; I know.

Mr. BROUSSARD. And the coastwise trade would affect it in no respect at all.

The other part of the question is this: The Senator stated a while ago that no other company could bid. That is not the fact. The facts are that the Government officials held this contract open for a whole year to permit anybody else to bid on sailing from New Orleans to Habana, and no other company agreed to build new ships. The Senator, of course, knows that these contracts are awarded to ships that are sold by the Shipping Board with an obligation to alter them, or to new ships. The Flagler Line, whose ships running from Florida had a capacity of 15 cars, wanted to come to New Orleans in order to get this contract. Under the law they could not get it.

The VICE PRESIDENT. The Chair suggests to the Senator from Tennessee that he can yield only for a question. The time for debate expires at 1 o'clock.

Mr. McKELLAR. Then I yield to the Senator from Florida, and then I will surrender the floor. I have finished.

Mr. REED. Mr. President——

Mr. TRAMMELL. Mr. President, I just want to ask the Senator——

Mr. REED. Mr. President, a point of order. Who has the floor?

The VICE PRESIDENT. The Senator from Tennessee yielded for a question to the Senator from Florida. The Chair understands, however, that the Senator from Tennessee has yielded the floor. The Chair recognizes the Senator from Pennsylvania.

Mr. BROUSSARD. Mr. President, I was speaking.

The VICE PRESIDENT. The Senator did not have the floor. The Senator has no right to speak without having the floor or being yielded to.

Mr. BROUSSARD. I was up, and the Senator from Tennessee had not yielded the floor.

The VICE PRESIDENT. The Senator from Pennsylvania has the floor.

Mr. BROUSSARD. I thank the Chair.

Mr. REED. I am glad to yield to the Senator for a question, Mr. President.

Mr. TRAMMELL. Mr. President, what I wanted to ask the Senator from Tennessee was if the original contract for the loan from the Shipping Board and for the subsidy was not made through the Postmaster General upon the proposition of operating a steamer, or line of steamers, from New Orleans to Habana. That was the original contract. Is that true?

Mr. McKELLAR. That is true.

Mr. REED. No, Mr. President; there were two contracts, one with the Shipping Board and one with the Postmaster General. The one with the Shipping Board provided for running from Gulf or Atlantic ports to Habana and other ports. It was quite broad. The one with the Postmaster General provided for the carriage of mail between New Orleans and Habana.

Mr. McKELLAR. Mr. President——

Mr. REED. If Senators will permit me to have a little of my own time, I think I will answer the Senator's question.

Mr. TRAMMELL. Mr. President, I should like to ask the Senator a question.

Mr. REED. This makes a nice duet. I wonder what the Reporter is getting.

Mr. TRAMMELL. That was the original proposition upon which the original contract was entered into. The situation is a different one now. The situation now is that they do not wish to carry out their original contract, but they are asking for a modification of it for an entirely different proposition, to operate from New Orleans to Habana, and from Habana to New York.

Mr. REED. Mr. President, in answer to the Senator's question, I say the answer is, no; that is not the fact.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Tennessee?

Mr. REED. I do.

Mr. McKELLAR. The Senator from Pennsylvania would not want to make a mistake about what the contract provides. It is to carry all mails of the United States between New Orleans and Habana, Cuba.

Mr. REED. The Senator did not listen to me. That is exactly what I said. I said the contract with the Shipping Board provided for sailings from Gulf and Atlantic coast ports and in foreign trade.

Mr. President, there are only 15 minutes left before the time set for taking the vote; and Senators will understand that it is not through a desire to be rude on my part, but because I am pressed for time that I do not yield for further interruptions.

This Seatrain Co. is American owned. It has built two vessels of a novel design, which carry freight cars without unloading them. It is the only car ferry of importance in America to-day doing service on the Atlantic Ocean. I am aware that there are some small exceptions, but nothing of importance. These are boats of a new design, into which the loaded freight car is placed and carried across the sea. The car itself is unloaded from the steamer, but the contents of the car travel without disturbance from the point of origin to their ultimate destination.

The Army is of opinion that the existence of these two ships would be of the very highest importance in possible national emergency.

The ships have been built exclusively with American money. The ownership is American, as I have said. They fly the American flag. It is true that a predecessor of this company did at one time endeavor to operate with some British capital, but the owners of that British capital, I am told, have been wholly repaid, and the Seatrain Co. is an American concern whose ships fly the American flag.

They made their contract with the Shipping Board, which provided for the construction of these two vessels on the usual terms of advances by the Government toward construction. Among the securities for those advances is this postal contract, which they subsequently made, then believing it to be, and still believing it to be, in entire accordance with the law.

It so happened that the slump hit them when they began their service, and the amount of freight to be carried between Habana and New Orleans was not so great as they had expected. They found that they could perform their mail contract efficiently, in strict accordance with the letter of the mail contract, and still have so much idle time for these two vessels that they would be able to get in a further voyage each time from Habana to New York, and they applied to the Shipping Board, whose consent they had to have, for permission to extend their voyage in that way.

They made no contract for carrying mail between New York and Habana. They carry no mail between New York and Habana, or between New York and New Orleans. They carry mail only between Habana and New Orleans.

When they applied for the right to extend their private operation on to New York City, that raised a hornet's nest. For 50 years, probably, the Morgan Line, which is owned by the Southern Pacific Railroad Co., has had a practical monopoly of carriage by water between New Orleans and New York, and they have fought like tigers to keep that monopoly every time any competition has appeared over the horizon.

Back before the World War, about 1910, there was a little concern in my State, in Philadelphia, which tried to organize a shipping service between Philadelphia and New

Orleans, which would have come into competition with the Morgan Line, and the Southern Pacific went after it so hard, and used such improper methods in their competition, that they drove that little concern into bankruptcy in three years. I am not making that statement on my own authority, but on the authority of the findings of the Interstate Commerce Commission, which sat on an application by the Southern Pacific shortly thereafter for some extension of the service they had applied for, relying on the fact that this Pennsylvania concern had gone out of business. The Southern Pacific has a monopoly there, and they are going to fight to the last ditch to hold it.

Besides that, this company stepped on some other people's toes, because the Florida East Coast Railroad now has practically a monopoly of the all-rail traffic between New York and Habana. They take the cars down to Key West or Miami—I do not remember which—put them on the car ferry there, and run them across the straits of Florida, that short trip, and not only was the Southern Pacific aroused to protect its monopoly, but the Florida East Coast Railroad saw freight cars being carried down, without transshipment, from New York to Habana, and so both those competitors of the Seatrain Co. went to work.

The Seatrain Co. applied for permission to extend its sailings on strictly private terms, and without interfering with the mail contract, on from Habana northward to New York. They advertised their first sailing for 3 o'clock in the afternoon of October 6, 1932. As I have said, they had applied to the board previously, some 10 days before. The board fixed their meeting to consider that proposition for 5 o'clock in the afternoon of October 6, two hours after the time advertised for the sailing.

When they met they notified the Seatrain Co. that while they had no objection to their extending the service to New York in the way proposed they would not let them sail a ship until they had agreed to forego every cent of compensation due them from the American Government for carrying the mail between New Orleans and Habana. In other words, with darkness coming on, on the day set for the sailing of that ship, an ultimatum was handed down here in Washington to this effect, "You can not budge your loaded ship unless you forego for all the time of the permit every cent you are entitled to for the service between these totally different ports in the Gulf of Mexico."

The company, with the Shipping Board's hand on its throat, did what it had to do. It said, "Very well, we will agree to do the service for nothing; we will carry your mails for nothing rather than be choked out of the business this way."

The Postmaster General then began to assert his authority. He said, "It is none of the Shipping Board's business to get my mail carried for nothing. I have made a contract, and the Shipping Board has no right to interfere with it. If the contract is illegal the Comptroller General will say so and the Attorney General will say so. If the contract is not performed, I will say so and the Comptroller General will say so. But the Shipping Board has no right whatsoever to abrogate my mail contracts or to make a condition of their action the surrender of a contract outstanding with me."

After considerable discussion the Shipping Board gave in and retracted their statement. The board realized its mistake and its lack of authority and rescinded that portion of the resolution relating to the mail pay.

The Seatrain Co., in the hope of being able to settle this thing to the satisfaction of all Government authorities, came in and said, "We will accept a reduction in our mail pay by that percentage which our coastwise trade constitutes of all our trade. We do not want, even by implication, to have it said that we are being subsidized for a coastwise trade."

That proposition appealed to the Postmaster General, and the present understanding between him and the company is that this mail pay will be abated by just that percentage which the New York-New Orleans business constitutes of the total business of the company. The Postmaster General is entirely satisfied with that.

Now, Mr. President, the Senate is faced with this question, whether an existing contract is to be abrogated by congressional action because we, had we been in the Postmaster General's place, would not have made such a contract, or whether these questions of illegality, or absence of advertisement, are to be left to be decided judicially. The question is whether we shall be the prosecuting attorney and the court, or whether we shall allow our Department of Justice, and our Federal courts, and our Comptroller General, to function as we intended them to function when we created those offices.

I do not know whether I would have made such a contract as the one in question had I been in the shoes of the Postmaster General. When I remember the bearing on the national defense the existence of these ships is bound to have, I think that perhaps I would have made the contract. But that is not the question. We are not in a position to judge; and when the Senator from Nevada suggests that perhaps this ought to have been advertised in a different way from what it was advertised, that again is a judicial question. We are in no position to pass upon those things. We do not know enough about the facts, and we have created courts for the purpose of disposing of just such questions.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. COUZENS. Would there be any objection, then, to leaving this item out until it shall have been settled in a judicial manner?

Mr. REED. It will have to be settled in a judicial manner before any payment is made. The Comptroller General is not going to authorize any payment until he is satisfied that this contract is legal.

Mr. COUZENS. Why not leave the item out of the legislation, then, until the matter shall have been determined and then legislate?

Mr. REED. How can any payment go up to the Comptroller General until we have made an appropriation for it? The question would never get to him unless we made an appropriation.

Mr. COUZENS. I understand; but there will be time enough between now and the effective date of the appropriation to have the matter determined.

Mr. REED. But unless we make the appropriation, unless we strike out the proviso, the question never can get to the Comptroller General. He will not pass on a moot question like that.

Mr. COUZENS. I quite understand, but I am not deceived by the suggestion of its being moot. I say that if the case shall be decided judicially in favor of the Seatrain Co., we can then legislate.

Mr. REED. Oh, yes; we can say that we are going to send this company into receivership by refusing to pay under our existing contract, so that the receiver then can bring suit in the Court of Claims, if we pass a special act to allow him to, and some day 8 or 10 years from now it will be decided that we were wrong, and then we will make an appropriation. But that is not the honest way to go about it.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. REED. I yield.

Mr. FLETCHER. I want to ask the Senator whether or not it is not true that the original contract provided for service between New Orleans and Habana?

Mr. REED. It did; and that is the service that is being rendered.

Mr. FLETCHER. That being true, and the compensation for that service being fixed at $240,000 a year, is it not proposed to change that contract so completely in two essential respects as to enable them to do business between New Orleans and New York, a coastwise business?

Mr. REED. Not in the least.

Mr. FLETCHER. Mr. President——

Mr. REED. I can not yield further. I have only one minute more. It is not proposed to change the contract at all. The service called for by the contract is being performed, and will go on being performed; and the Seatrain Co., hav-

ing gotten the permission of the Shipping Board to go on to New York, it is no more the business of the Postmaster General than if they took their ships outside of Habana Harbor and sailed them around in a circle. As long as those ships perform faithfully the contract they have with the Post Office Department, it is no concern of the Post Office Department whether they lock them up in Habana Harbor or go on to New York.

The VICE PRESIDENT. The time of the Senator from Pennsylvania has expired.

Mr. McKELLAR. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kendrick	Schuyler
Austin	Dale	Keyes	Sheppard
Bankhead	Davis	King	Shipstead
Barbour	Dickinson	La Follette	Shortridge
Barkley	Dill	Logan	Smoot
Bingham	Fess	Long	Steiwer
Black	Fletcher	McGill	Stephens
Blaine	Frazier	McKellar	Swanson
Borah	George	McNary	Thomas, Idaho
Bratton	Glass	Metcalf	Thomas, Okla.
Brookhart	Glenn	Moses	Townsend
Broussard	Gore	Neely	Trammell
Bulkley	Grammer	Norbeck	Tydings
Bulow	Hale	Norris	Vandenberg
Byrnes	Harrison	Nye	Wagner
Capper	Hastings	Oddie	Walcott
Caraway	Hatfield	Pittman	Walsh, Mass.
Carey	Hawes	Reed	Walsh, Mont.
Connally	Hayden	Reynolds	Watson
Coolidge	Howell	Robinson, Ark.	Wheeler
Copeland	Hull	Robinson, Ind.	White
Costigan	Johnson	Russell	
Couzens	Kean	Schall	

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present. The question is on the committee amendment.

Mr. REED. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will State it.

Mr. REED. A vote "yea" will sustain the action of our Appropriations Committee, will it not?

The VICE PRESIDENT. That is correct.

Mr. McKELLAR. I demand the yeas and nays.

The yeas and nays were ordered.

Mr. KING. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. A vote "nay" will sustain the action of the House, will it not?

The VICE PRESIDENT. That is correct.

Mr. BLACK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BLACK. I am confused by the statements. Does a vote "yea" mean a vote for or against the subsidy?

The VICE PRESIDENT. A vote "yea" means to sustain the Senate committee and a vote "nay" sustains the action of the House.

Mr. BLACK. Did the Senate committee amendment strike out the provision for a subsidy?

The VICE PRESIDENT. The House provision struck out the subsidy, and the Senate committee amendment strikes out the House provision. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. WAGNER (when his name was called). I have a pair with the junior Senator from Missouri [Mr. PATTERSON], who I understand is absent because of a death in his family. If he were present, he would vote "yea." If I were permitted to vote, I would vote "nay."

Mr. WATSON (when his name was called). I transfer my general pair with the senior Senator from South Carolina [Mr. SMITH] to the junior Senator from Maryland [Mr. GOLDSBOROUGH] and vote "yea."

The roll call was concluded.

Mr. HASTINGS. On this question I have a pair with the junior Senator from Illinois [Mr. LEWIS]. Not knowing how he would vote, I withhold my vote.

Mr. FESS. I desire to announce that the Senator from Rhode Island [Mr. HEBERT] has a general pair with the Senator from North Carolina [Mr. BAILEY].

Mr. REYNOLDS. I wish to announce that my colleague the senior Senator from North Carolina [Mr. BAILEY] is necessarily out of the city. As just announced by the Senator from Ohio, he has a general pair with the Senator from Rhode Island [Mr. HEBERT]. If my colleague were present, he would vote "nay."

Mr. WAGNER. I am informed that I can transfer my pair with the junior Senator from Missouri [Mr. PATTERSON] to the junior Senator from Massachusetts [Mr. COOLIDGE], which I do, and vote "nay."

Mr. WALSH of Massachusetts. I desire to announce that my colleague the junior Senator from Massachusetts [Mr. COOLIDGE] is necessarily detained on official business.

Mr. SHEPPARD. I wish to announce that the junior Senator from Illinois [Mr. LEWIS] is necessarily absent on official business.

The result was announced—yeas 34, nays 53, as follows:

YEAS—34

Austin	Fess	Metcalf	Smoot
Barbour	Glenn	Moses	Steiwer
Bingham	Grammer	Norbeck	Townsend
Broussard	Hale	Oddie	Vandenberg
Carey	Hatfield	Reed	Walcott
Copeland	Johnson	Robinson, Ind.	Watson
Dale	Kean	Schall	White
Davis	Keyes	Schuyler	
Dickinson	McNary	Shortridge	

NAYS—53

Ashurst	Costigan	Kendrick	Sheppard
Bankhead	Couzens	King	Shipstead
Barkley	Cutting	La Follette	Stephens
Black	Dill	Logan	Swanson
Blaine	Fletcher	Long	Thomas, Okla.
Borah	Frazier	McGill	Trammell
Bratton	George	McKellar	Tydings
Brookhart	Glass	Neely	Wagner
Bulkley	Gore	Norris	Walsh, Mass.
Bulow	Harrison	Nye	Walsh, Mont.
Byrnes	Hawes	Pittman	Wheeler
Capper	Hayden	Reynolds	
Caraway	Howell	Robinson, Ark.	
Connally	Hull	Russell	

NOT VOTING—9

Bailey	Hastings	Lewis	Smith
Coolidge	Hebert	Patterson	Thomas, Idaho
Goldsborough			

So the amendment of the committee was rejected.

Mr. LONG obtained the floor.

Mr. TYDINGS. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Louisiana yield to the Senator from Maryland?

Mr. LONG. I will yield to the Senator for a question.

Mr. TYDINGS. Will the Senator yield a couple of minutes while the result of the vote is before us? I wish to make a very brief statement.

Mr. LONG. Very well; I yield to the Senator from Maryland.

Mr. TYDINGS. I thank the Senator from Louisiana. I just want to observe that over on the other side of the Chamber, when I attempted to withdraw my economy motion the other day, there were numerous Senators who rose and told how anxious they were to vote upon that proposition. First, there was my good friend the senior Senator from Utah [Mr. SMOOT], who said we had marched up the hill and then marched down again. He was wild to pour out his wrath upon governmental expenditures and extravagance which had marked this and other Congresses. But I notice that at the very first opportunity on the very first vote tending to bring about any kind of economy the Senator from Utah, without even making a sortie, voted "yea" on the question just before the Senate and therefore against a saving for the Government.

There was my good friend the junior Senator from Michigan [Mr. VANDENBERG], who also made sport of my position on the floor in reference to economy. He, too, was wild to vote for economy, and he regretted that the Senator from Maryland had changed his position and "about faced"; but when we have a specific proposition before us, I note that

the Senator does not vote to economize, although he was eager to support the proposition that was pending. And last, but not least, there is my good friend from Delaware [Mr. HASTINGS]; he took me to task for not being sound; he has come prepared to support the proposition, and lions and horses could not hold him back in his desire to give the people relief from the burden of taxation; but, lo and behold, when his name is called, he rises and says, "I have a general pair with the Senator from so-and-so; not knowing how he would vote, I withhold my vote." He does not even tell us how he would vote if he had the opportunity.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana has the floor. Does he yield; and if so, to whom?

Mr. LONG. I yield first to the Senator from Utah.

Mr. SMOOT. Mr. President, I have no apology to offer for the vote I have just cast. So long as the Government of the United States enters into a solemn contract, I want the Government of the United States to carry out the terms of that contract, just as I myself would expect to carry out any contract into which I entered. That is the reason I voted as I did.

Mr. REED. Mr. President, will the Senator from Louisiana yield to me?

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Pennsylvania?

Mr. LONG. I yield to all the Senators mentioned by the Senator from Maryland.

Mr. REED. I did not have the honor of being mentioned by the Senator from Maryland, but I should like to make a statement.

Mr. LONG. I yield.

Mr. REED. Mr. President, the Republican Party votes for upholding solemn contracts which its Government has entered into. It does not advocate economy on Thursday and retreat on Friday and come back and vote for what it calls economy on Monday, but it is consistent all along; and when we do vote for economy, we do not vote in order to perpetuate a monopoly of the Southern Pacific Railroad and the Florida East Coast Railroad.

Mr. TYDINGS. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield for one minute.

Mr. TYDINGS. The Senator from Pennsylvania dresses up the word "contract" with the adjective "solemn." I think if you will examine into the hearings, the adjective "fraudulent" would be a much more appropriate one to apply. [Laughter.]

Mr. FLETCHER. Mr. President, I rise to a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. FLETCHER. What is the next amendment to the pending bill?

The PRESIDING OFFICER. The next amendment has not, as yet, been stated. The Senator from Louisiana has the floor.

LOUISIANA SENATORIAL ELECTION—PERSONAL EXPLANATION

Mr. LONG. I send to the desk and ask the clerk to read a dispatch from the Washington Herald of Sunday, January 29, 1933, beginning with the headline "Senate to Send Election Probers into LONG's State."

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The legislative clerk proceeded to read the article and read as follows:

NEW FRAUD CHARGE IN LOUISIANA BRINGS ACTION—"KINGFISH" IN IT—PAY ROLLS DECLARED PADDED TO FILL WAR CHEST

Aroused by startling new charges of election "racketeering" committed by the Louisiana political machine of Senator HUEY P. LONG, a senatorial investigating committee last night prepared to leave Washington immediately to conduct a sweeping investigation on the scene, the Washington Herald learned exclusively last night.

In a sweeping flank attack on the colorful "Kingfish," the Senate Committee on Campaign Expenditures will go to Louisiana to investigate the recent election of Senator-elect JOHN H. OVERTON, LONG's "crown prince."

ACCUSED BY BROUSSARD

Charges filed by Senator EDWIN S. BROUSSARD following his defeat by OVERTON and complaints by hundreds of Louisianans led to the investigation.

Undercover investigators working under direction of former Brig. Gen. Samuel Tilden Ansell have been in Louisiana for the past month gathering evidence against the Long machine, it was revealed.

Enemies of the "Kingfish" are rushing to battle against OVERTON, confident that if he can be kept out of the Senate, LONG will soon lose his place in the sun.

Among the charges to be investigated by the committee are:

1. A reported doubling of the State highway commission pay roll with one-half the funds going into the anti-Broussard campaign directed by LONG.

Mr. LONG. Mr. President, let me ask that those three charges be read a little more slowly and more distinctly. I want Senators to understand just what these startling charges are.

The PRESIDING OFFICER. The clerk will read, as requested.

The legislative clerk resumed and completed the reading of the article, as follows:

1. A reported doubling of the State highway commission pay roll with one-half the funds going into the anti-Broussard campaign directed by LONG.

2. Alleged irregularities in the appointment of precinct election judges.

3. Imprisonment of three newspapermen opposed to LONG for four days preceding the election.

LONG IS SILENT

Senator LONG had no comment to make on the investigation. Asked if he thought his enemies in the Senate were trying to attack him at home, the Kingfish said:

"They're barking up the wrong tree if they try to get me there."

A feud of long standing between LONG and BROUSSARD sent the Kingfish campaigning throughout the State last fall to obtain the election of OVERTON.

OVERTON, a boon companion of LONG's, was sent to the House of Representatives in 1930 to be groomed for the job of Senator. He was chief defense counsel for LONG in an abortive impeachment attempt when LONG was governor.

BREAK IS COMPLETE

When LONG came to the Senate a year ago, he refused to be escorted to the rostrum by BROUSSARD, in accordance with Senate custom, and since then has refused to cooperate with him.

Questioning of OVERTON's election marks the first major challenge of LONG's control over Louisiana in several years.

General Ansell has had five agents working day and night gathering evidence against the Long machine, it was said. The agents are said to have irrefutable evidence to lay before the committee.

One of the gravest charges laid before the agents was alleged arrests of qualified election judges favorable to BROUSSARD by LONG's "trusty State troopers."

Mr. LONG. Mr. President, that is only a sample of the publicity that has been going on. I myself am going to read a paragraph from the New York Times of January 28, 1933:

Inquiry ordered into Long faction.

I skip and read the following:

Interest has been heightened by Senator LONG's recent activities on the Senate floor in which he has vehemently opposed the leadership of his own party. * * * The contest is expected to develop into a controversy between Senator LONG and the committee of five, headed by Senator HOWELL.

It is stated in the reports, Mr. President—I will not read them all; they come along about one a day, and not always in the same newspapers—that I have been very silent amidst these sundry charges. I have been silent, Mr. President, more than anything else because I thought it was a gracious act, for I have never assailed a defeated opponent; I never after an election was a lion in victory, nor, I hope, have I been a craven in defeat.

FALSEHOODS ABOUT ARRESTS

The first charge which is reiterated and supposed to be published by the newspapers generally is that an organization with which I am connected in Louisiana arrested the election judges of the Broussard faction. A more damnable falsehood was never printed in a newspaper nor uttered anywhere else. My word does not have to be taken for that, Mr. President. When the contest between Representative OVERTON and Senator BROUSSARD started in the Democratic primary, it was stated in the newspapers to begin with that the Broussard element did not expect to win the election in

the State of Louisiana, but they wanted to build up a case to bring to the United States Senate.

On the day before the election a committee came to us, through me, stating that in order to avoid a charge of irregularity they asked that the election to be held in the city of New Orleans be placed in the hands of an arbitration committee composed of two elected from each side. I demanded that they come with responsible authority from Senator BROUSSARD himself. They came back authorized by the Broussard campaign committee asking for an arbitration committee to take charge of the election in the city of New Orleans, wherein it is alleged that these frauds have occurred. They appointed their two; we appointed our two. We made their appointee the chairman of the arbitration committee. We seated the arbitration committee in the mayor's parlor at the city hall. We gave them the police department; we gave them the absolute power to run the arbitration committee in the election, and the Overton men abdicated their functions into the hands of the two Broussard men and allowed them to run the election that day, as I will prove in a moment by written communications from them.

The only men who were arrested were some two or three election-law violators. Every Broussard man except one who was arrested was released immediately from prison and every Long supporter was incarcerated and kept there throughout the day, according to the report of the arbitrators themselves in the Broussard campaign.

Now I want to read a communication from this "honest" election crowd. I want to show what kind of publicity this is and how fair they have been in this matter. I want to show what advantages they have taken of efforts to support people who could not take care of themselves in that State. Mr. President, you do not have to go any further than the Broussard organization to get the proof. I have not been able to assemble all these data; some of what I have, had to be taken down over the telephone this morning; some of it I had, and some has been telegraphed to me; but here is a letter written on the letterhead of Sanders, Baldwin, Viosca & Haspel, which reads as follows:

NEW ORLEANS, *September 28, 1932.*

Hon. JOHN H. OVERTON,
Alexandria, La.

DEAR MR. OVERTON: In reply to your inquiry concerning the membership of the election arbitration committee in the recent primary election, I beg to say that it was understood that this committee should be composed of four members, two representing Senator BROUSSARD and two representing yourself, each side to have the privilege of substituting during the course of the day in order to relieve its members if necessary. Mr. Nicholas Callan and myself represented Senator BROUSSARD, and we did not find it necessary to make any substitution. You were represented at various times during the day by Mr. Michel Provosty, Mr. Bertrand Cahn, Mr. A. Miles Coe, and Mr. William J. Guste. While on some occasions more than two of your representatives were present, you were entitled in any disputes to only 2 votes, but this was of no importance, because, as stated in the written report, all decisions were unanimous. The most friendly feeling prevailed among the members of the committee, and all of them were extremely fair and were willing to make any necessary, reasonable concessions.

The written report is signed by all six of the members who acted from time to time, including myself as chairman of the committee.

Yours very truly,

RENÉ A. VIOSCA,
Chairman Election Arbitration Committee.

That is signed by René A. Viosca, chairman of the election arbitration committee, and a law partner of J. Y. Sanders, the leader of the anti-Long organization at the Chicago convention.

Now I want to read the few concluding lines of the report of this arbitration committee, in which they list everything that happened there during the day. Here is what they say. This is the conclusion. I will not burden the Senate with the whole report but will put it in the RECORD:

The committee began its proceedings at 5.45 a. m. and adjourned at 9 p. m.

All complaints came over the telephone with the exception of the one made by Mr. Garland, who called in person.

All complaints were investigated, fully discussed, and every decision was unanimous. It is the opinion of those members of the committee who have previously served on similar committees that there were far less complaints than in any previous election in recent years, and from the standpoint of the arbitration committee it was the most peaceful and orderly election in many years.

All public officials cooperated fully with the committee with a view to carrying out all of the committee's rulings.

That is signed by the entire six members, with René A. Viosca, the Broussard election arbitrator, as the chairman.

I send the entire report to the desk and ask that it be entered in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, that order will be made.

(See Exhibit A.)

Mr. LONG. Mr. President, the senior Senator from Louisiana was not defeated principally in the city of New Orleans. He was defeated in the country much more largely than he was in the city of New Orleans. He was defeated in practically every parish of the State of Louisiana, with the exception, perhaps, of eight, by outlandish majorities. The majorities in the country, outside of the city of New Orleans, were somewhere around 35,000, I think. The majority inside the city of New Orleans was around 25,000. I may misstate those figures. My recollection is that we defeated the senior Senator from Louisiana in the country by more than 30,000 votes, maybe 32,000, but in the city of New Orleans by about 26,000 votes. I am not giving the figures exactly accurately, although they are about accurate.

Mr. President, I have not the telegram with the exact details of the report that is made here. The telegram was sent from Louisiana some hours ago, although, for some reason, I have not been able to get it yet.

The next thing I want to come to is a reported doubling of the State highway commission pay roll, one-half the funds going into the anti-Broussard roll, campaign directed by LONG.

Before I conclude this speech I hope to have the details to put into this record. The facts are, according to my recollection is, on the highway-commission pay roll, and in roll having been doubled in that election year, we began that year with an employment of about 5,600 employees, my recollection is, on the highway commission pay roll, and in the month of September, when the primary election came off, we had about 2,000 employees on the highway-commission pay roll of the State of Louisiana; that instead of there having been an increase in the highway-commission pay roll in Louisiana in the year of this election, the facts will show that there had been a decrease from 5,600 employees down to somewhere around 2,000 or 2,500. I will not be exact on those figures, but it is somewhere close to that. The facts are that there was a material reduction in the highway commission pay roll in the year 1932 during this primary election.

Now, Mr. President, it is charged that funds were deducted from the wages of employees. That also is false. Employees in the State of Louisiana, and in the State of Wyoming, and in the State of Nebraska, and in the State of California, and in the District of Columbia did contribute. The time will never exist in politics, I think, as long as I am alive, and I am sure it has not existed since I have been alive, when people on the public pay roll will not voluntarily contribute, when they are asked to contribute, to the pay rolls of campaigns in which they are interested.

We do not have to go very far to find good examples of that in the last election from both parties. If the opposite party would be a criterion—and they are certainly no worse than ours—the speech of the Assistant Postmaster General certainly would have gone far enough to show that it was not any great crime for employees and persons holding public office to contribute to an election.

But here is the report that was given to the newspapers by the Louisiana Democratic Association. They have undertaken, knowing the facts to be to the contrary, to inform the people of the country at large—and that is all this effort has been made for; it is all that this kind of publicity has been for; it has been an effort, ex parte, to publish from day to day some so-called suspicion of some violent fraud that is unanswered, and can not be answered—they have undertaken to give the impression that several hundreds of

thousands of dollars that were deducted from the pay of employees of the city and State went into a campaign fund, when they know that to have been positively false.

The sums of money which were deducted from the employees, Mr. President, are here explained.

The amount was around $300,000. What was it deducted for? Five per cent of the wages of each employee on the pay roll of the State and on the pay roll of the city of New Orleans was deducted. Why?

A welfare committee was organized with the approval and under the sanction of friendly and contrary political forces and by the three newspapers of the city of New Orleans to take care of the unemployment of that city; and after having solicited private subscriptions and having received considerable money from private subscriptions, every employee on the State pay roll and every employee on the city pay roll was requested to contribute 5 per cent of his wages each month to care for the unemployed and the destitute people of that city. The money was turned over to a committee composed of business people of that city and social workers, under the approval of an opposition newspaper organization, who approved it in toto; and the $300,000 was deducted as a philanthropic proposition. Not one dime of it, in any remote corner, to any degree or extent whatever, has ever been charged—I should say, never should have been charged; I believe there was one irresponsible man who did charge it, but only one, and I do not think he charged it more than once—was ever charged except as having been deducted from the highest of good motives in order to care for the unemployed.

And what did the Government say about it? The reports of the unemployment-relief division of the Reconstruction Finance Corporation show that they took over the organization that we had down there in order to continue the work they had in Louisiana, and it has been rated by them, so I am reliably told from their own mouths, as being the best example of unemployment-relief work that is being done in the 48 States of America to-day. But the effort has been made to show that every dime of money that has been deducted and turned into a nonpartisan organization by the employees was deducted as a matter of politics, when, as a matter of fact, most of this money was deducted long before the campaign for the United States Senate ever started.

I will send to the desk in a moment the entire report of the Louisiana Democratic Association made on October 7, 1932. Now, there was solicitation of funds from officeholders and employees. We have done that, and everybody else has done that ever since there has been a political campaign going on in the United States.

Where are we going to get our campaign funds from?

We can not get them from the United Fruit Co., because we have been against keeping the soldiers in Nicaragua. [Laughter.] We can not get them from the Standard Oil Co., because we have raised their taxes; and they have tried to impeach the governors down there because we have done it. We can not get them from the interests we are fighting. We have to cover the State with circulars in campaigns, because in 90 per cent of the area of the State of Louisiana, I should say at least three-fourths to 100 per cent of the newspapers of the State are against us all the time; and it is only the rarest exception that any of them have ever been with us at any time. So the enormous thing was done that employees were asked to contribute to a campaign fund, for whom?

Why, our opposition in Louisiana announced that they were going to beat every man who had ever received the indorsement of the Long organization or of HUEY P. LONG individually. Every man had to be beaten who had ever been seen at a lunch table with me. Every man had to be beaten who had ever accepted my support. Oh, that was an ink and an odium that had to be erased from the clean escutcheon of anyone they were going to elect!

They did not say that the man who was running against us had received his nomination with my help six years before. That did not count. They did not say that the man who sat in the United States Senate before I came here held his office with my assistance. They did not mention anything about that. They did not say anything except that every man in that State who had accepted my support—eight Congressmen out of eight, the members of the courts, the Members of the Senate, and everyone else—had to be defeated in this campaign. So they put up a candidate against the justice of the supreme court. They put up candidates against all of the Congressmen. They put up candidates for the public-service commission. They had the member at that time, and they ran a great ticket, amply financed, as they have always been amply financed. They ran a great ticket from one end of the State to the other. They were going to lift the cover from the mantle and elect an entire set of officials who in no wise and in no manner, directly or indirectly, could not be held to have been on friendly speaking terms with the organization with which I was affiliated; but the election did not turn out quite so well. But they failed to elect anybody, Mr. President. Somehow or other, the vote did not turn out quite so well. None of the gentlemen that we heard about were sent out to redeem the State. It was following that election that this report was made; and here is the total sum collected, as reported, in all of it.

It was not during the election that any campaign fund was taken up, and there never was a campaign fund taken up for the senatorial campaign itself—not a copper cent. Here is the great collection against which they are contending, after having given it to be understood that the funds collected for unemployment relief fell in the same category:

Deficit for complete-the-work campaign, January, 1932, including candidates supported for governor, lieutenant governor, secretary of state, State auditor, treasurer, attorney general, superintendent of public education, registrar of the State land office, State senators and representatives	$9,500

That election had occurred 9 or 10 months before.

Obligations contracted for literature, stamps, stationery, sound truck, and traveling expenses for Wade O. Martin (candidate for public-service commissioner)	$4,500
Obligations contracted for circular issued in reference to J. Y. Sanders, jr., being on public pay roll	400
Deficit for special-train expense, New Orleans to Baton Rouge, for organization to opposition mass meeting opposing State administration's program	2,500

That is all right, Mr. President; they do not have to worry about a special train. If they get ready to get up a special train to go to Baton Rouge, they have the special train all right. They have plenty of them. If we want to bring a special train there in order to present opposition to these corncob and lightning-bug showings they make there, of course, that is bound to be called some fraudulent act. But this occurred clear outside of the campaign.

Deficit for account of unemployment-relief work in New Orleans and surrounding parishes	$8,500

That meant that when the Reconstruction Finance Corporation took over this work we owed $8,500 that we had to carry ourselves.

Deficit expense accompanying Federal Flood Control Committee	$650

The total was $26,050. Twenty-six thousand and fifty dollars was the total amount collected, whether it was 5 or 10 per cent, or more, or nothing. That was all explained, and put in the public press every time it was explained, covering work that had been done down in the city of New Orleans and in the State of Louisiana for a course of months; and I send the statement to the desk in order that it may be placed in the RECORD at the conclusion of my remarks, so that Senators may read the entire matter from one end to the other, if they see fit to do so.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See Exhibit B.)

Mr. LONG. Mr. President, I want the Senate to know where this row arose. I want the Senate to know how this thing came about. It came about when, as Governor of the State of Louisiana, I called the legislature into special ses-

sion in the month of April, 1929, I think it was, for the purpose of levying an occupational license tax of 5 cents a barrel on oil refined in the State. That is when this little fight started.

I had supported the junior Senator who sat in the United States Senate at that time, who is now the senior Senator; I had supported the senior Senator who sat in the Senate at that time. I had supported them against the very elements whom I was undertaking to tax at the time, and in every campaign that I had ever made in the State it had been fully understood what my position was.

In 1929, in the spring of the year, when the legislature was by me, as governor of the State, called into session for the purpose of considering whether or not, in order to carry on the work of the government, we should not have an occupational license tax of 5 cents a barrel on every barrel of gasoline, lubricating oil, and everything else of that kind manufactured in the State, a mass meeting was called, presided over by the Louisiana Association of Commerce, the music for which was furnished by the Standard Oil Refining Co. band, composed of, I think, 36 pieces. They took off the Standard Oil Co. uniforms that night and put on blue clothes, but they forgot to rub out the sign on the drum. [Laughter.]

They there and then held a mass meeting, and adopted a big set of resolutions, that whereas the governor of the State had undertaken to do the outlandish, unreasonable, unheard of, criminal act of putting a tax on the Standard Oil Co., therefore be it resolved, that he should and must be impeached. On the following day, or the next day, the impeachment proceeding was started. Those favoring impeachment swarmed into the capital of the State of Louisiana. Great advertisements began to appear in every newspaper in the State, advertising the refined products of the Standard Oil Co. They went out to little old weekly papers so small that I could walk outside of their circulation in a quarter of a minute and had inserted 2-page advertisements of oil and gasoline.

The big paper of the State, the Times-Picayune, which claims to be a paper for white supremacy, but one of the leading executives of which is part negro, at that, had come out on a Sunday morning with the statement that the legislature should adjourn and go home and stop that kind of business, but on Tuesday morning it came out with a double page advertisement of the Standard Oil Co. on the inside, and another editorial on the outside, to the effect that the legislature should not go home, that they ought to stay there and impeach HUEY P. LONG, the governor of the State.

We held a meeting, too, and I called on the two United States Senators, and I called on my other friends, men whom I had helped get into the offices which they held at that time, and who have yet ever to ask anybody to vote for me for anything, a statement I want to repeat. I called upon my friends, upon Senator Ransdell and Senator BROUSSARD, two men for whom I had fought all over that State, whom I had helped elect to the United States Senate. I fought for them against the same forces that were trying to impeach me.

I called on my friends to help me resist that impeachment, and I stated that I would call the roll again at the calling of the impeachment and that, however dim my chances looked at the time, I did not intend to bend one jot or tittle to that crowd. I did not hear from some of those upon whom I called and they did not hear from me when their time came.

Mr. President, that was not all of it. I did a little bit more about it. This clique had gotten hold of that State, Mr. President. There is a big lake outside of New Orleans over which one must come to get into the city. My friend the Senator from Mississippi knows of Lake Pontchartrain. In order to come from Mississippi and from some parts of northern Louisiana to New Orleans one has to come over Lake Pontchartrain.

The clique got hold of the State government, and they granted a franchise to a private corporation to build a bridge across the lake, allowing them to charge $3.60 for automobiles going to New Orleans, plus 15 cents for passengers, and $3.60 back the other way, plus 15 cents for passengers.

My distinguished colleague and myself both announced against that fraud. I had opened up the fight in the State of Louisiana and had gone into court after court and tried to stop that fraud. My distinguished colleague had announced that he favored the same position. They went ahead and built the bridge, with a provision in the contract that no other bridge could be built 30 miles east or 30 miles west of that bridge. It was to be the exclusive bridge over Lake Pontchartrain.

The people of the State had only one relief. There was a right that had been reserved to the State itself to build a bridge about 5 miles to the other side of this private bridge.

Substructures and piers for this bridge were started before I became governor. After the former governor had died, suddenly and unexpectedly, and the lieutenant governor had become governor, Governor Simpson, he started to put in substructures, only substructures. No contract was made for the bridge itself, only for the substructures, and it was after my election as governor of the State that I found out that, if they could prevent it, they never expected to allow the bridge itself to be built on top of those substructures and piers which had been put into the lake.

I ordered the drafting of the plans and specifications for the erection of a free bridge paralleling the other bridge where a fee of $3.60 could be charged. They were not charging $3.60; they had reduced the charge to about $2, in an effort to keep us from building the public bridge. But they opened up their bridge. Thereupon I put on free ferries paralleling the toll bridge, where they were trying to charge all the way from $2 to $3 or $4, and thereupon they joined the impeachment proceeding, and night after night senators came to me and told me that if they could keep that bridge from being built it meant $7,700,000, that they lacked only three votes in the senate of having enough to vote my impeachment, and that the sky was the limit for any man who would vote to impeach me in the senate on the next day.

We stood it out; we fought it out; we built the bridge; we put the free bridge beside the other, with a 40-foot concrete road on the north end and a similar road on the south end; and the buzzards are rooting on the fraudulent bridge they put up there by which they attempted to swindle the State out of $7,700,000.

That is not half of it; that is not half about this white-winged gang. I am going to tell the Senate why the people of Louisiana will not vote to put that gang back in power.

When I became governor, the State of Louisiana stood at the bottom of the list as the most illiterate State in the United States It had a greater percentage of people who could neither read nor write nor spell than any other State in the Union. It stood forty-eighth out of 48. When I put a tax on these interests in order to put night schools into the State, in order to open up schools in that State so that the adult illiterates could go to school at night and learn how to read and to write and to spell, that is when they began the attack and to consort to keep from paying taxes they ought to pay on the operations of their businesses, in order to keep that State in its illiteracy and to keep that State from having a revenue to get out of a state of illiteracy.

That is not all. There is another little thing we are doing. Up until the time I became Governor of the State of Louisiana there were 16 miles, I believe it was, maybe more, of No. 1 type roads in the State, and some of the 16 miles had cost an average of $80,000 a mile. The highway commission, the day I took the oath of office, was $5,000,000 in debt and did not have a dime to pay anybody a thing with. The revenues had already been spent for the year, and at the end of the year we would have been $5,000,000 in debt and did not have a dime. That is what they did.

They had gone out and floated $41,000,000 worth of bonds against the port of New Orleans and spent the money, and they did not have a tax behind the bonds to pay a dime with. It all had to come from earnings. Then they tried to paralyze the administrative arm of the State government, to keep me from paying the interest on the bonds

they had issued, to keep me from paying the deficit the highway commission had made, to keep me from building the bridge against the toll bridge they had put up, to keep me from wiping out illiteracy, and how did they attempt to do that?

Did they do it silently? Oh, no. They became bold. They organized the Constitutional League. They organized a league after every election. They never have been able to make a league last through more than one election, and sometimes not quite through that. They organized a league, and if that is disputed, I will file in the records of the Senate newspaper headlines showing it. The newspapers were contributors to the league to the extent of $15,000 apiece. It came out in a headline—I think about the month of July, 1929, or it might have been the month of June—that several hundred thousand dollars had been contributed to the Constitutional League for the purpose of running HUEY P. LONG out of the governor's office, disbarring him as a lawyer, and, if possible, putting him in the State penitentiary.

They did not make any bones about the money. They put it out that hundreds of thousands of dollars had been subscribed. The president of the Standard Oil Co. walked into that meeting as boldly as I ever walked into church—or, perhaps, I ought to say into a hotel. [Laughter.] He participated in those deliberations just as boldly as anyone else. The gentleman who is now president of the United Fruit Co. was there in person or by proxy, but I think in person. The newspaper representatives were there.

The sad thing about it is that we are now told that the city government of New Orleans is a bad government, but it was the political side of the Constitutional League with which these distinguished gentlemen surrounded themselves. They all went into the game together, and they met finally at the end of 9 or 10 months in the Legislature of the State of Louisiana.

Their first move was to remove the Long speaker. Surely they would have no trouble doing that, 61 out of 100 having voted to impeach me, and they only needed 51 to remove the speaker. But they did not get him removed. Something had happened. Fifty-seven voted against removing the speaker and 42 voted to remove him. I will say for my colleague that the representative of my colleague's district steadfastly voted for all impeachments and all removals of the speaker.

When they found out that not only did they lose the house but on the same day they lost the election for a president pro tempore of the senate, thereupon they filibustered the legislature for 60 days to keep a bill from being passed. The lieutenant governor was in the chair, and he refused to permit anything to move at all. By that process they managed to keep everything from going through the legislature. A filibuster is a good thing. [Laughter.] I know what it is, because I sat there for 60 days helpless while they held my legislature.

Then it was that I went before the people of Louisiana, never having wanted to run for the United States Senate, and said to the people of Louisiana, "Do one of two things"—for every one of them came out and wanted to put me out of office—I said, "If I am not elected to the United States Senate, I will retire as governor of this State; and if I am elected to the United States Senate, I expect every one of these gentlemen to be recalled or to be made to carry out this platform and let me lift the State out of this mire."

The results of the election were disappointing. The old New Orleans organization stood loyally by their anti-Long forces. They carried the city of New Orleans against me by 4,600, but the country came in with enough of a majority to beat the city vote, and I came to the Senate with a total of about 40,000 majority. I was never supported by the New Orleans organization for any public office I ever held. They fought me for governor in 1924 when I carried the country and was overcome in the city. They fought me when I was elected governor in 1928. They fought me when I was elected to the United States Senate. They fought me until they had nothing left to fight with, but at all times they participated. The very same gentlemen tell you now that the New Orleans organization, the city-hall organization, with which I have had nothing to do, whose support I had never received—that same city-hall government which gave the present senior Senator from Louisiana the majority that overcame the country vote against him when he first came to this body, is at fault. It was the city hall that gave the votes to try to impeach me as governor of the State.

It was the city hall that fought me in every election I had ever had, and when they had been beaten, and it did not make any difference what they did, then it was, after I had been elected to the Senate, that I called the legislature into session on 48 hours' notice, and the same legislature, the same men who had voted 60 to 39 to impeach me for stealing $900 and for carrying a pistol and stealing a cord of wood, voted to give me nearly $100,000,000 to spend, just one year after the time they tried to impeach me. They marched in there, the committee from the same house that came to impeach me, and withdrew the impeachment charges, and the senate passed a resolution dismissing the charges upon their request.

I thought the matter was closed. I thought this matter was over with, but apparently it was not. We came out with a ticket to complete the work. The distinguished senior Senator from Louisiana [Mr. BROUSSARD], wrote a letter to the people of Louisiana. I had never uttered a word against him in any public or private place that I know of, certainly in no public place, except to lament the very fact that he failed to come when I thought he should have come to help me in those fights.

But, lo and behold, the senior Senator decided to break the ice, so he wrote down to the State of Louisiana in the year 1931 calling upon the people to get together and defeat every candidate for public office who had been supported by HUEY P. LONG in any capacity. Since he was one, himself, I thought he was going to resign, but he did not. There was but one thing for him to do when he wrote the letter that anybody had my help to be elected by LONG ought not to be elected again. I thought he would resign. But he did not. He waited to run.

Somehow even that advice was not accepted by the people of Louisiana. The nine candidates out of nine of the State administration were accidentally elected by majorities varying all the way from 100,000 down to 40,000. Then came along the election for United States Senator in 1932 that I have discussed. That was the election.

Mr. President, what do agreements mean? I want to quote a statement made by the Broussard counsel and adduced before this committee. They stated:

> We agreed to abide the decision of the arbitration committee.

That is what they said:

> We agreed to abide the decision of the arbitration committee.

That was made after the election, that was made before the senate committee, and now they come here and tell you they have to have a great deal of exposure.

Mr. President, I have not undertaken to charge the committee with any responsibility for what has been published in the press. I simply want to get this matter before the Senate in a proper way so that it will be understood. But in order that it may be understood I am sure my colleague would desire that I mention another matter, and in deference to what I think would be his own wishes I shall do so.

There has been a practice down in our State for a number of years of filing what are known as dummy candidates. I want to explain that to the Senate. There will be five or six candidates for an office and one of the organizations will slip in at the eleventh hour and file about five more candidates, never intending that those candidates will really go to the polls. They are filed because every candidate has the right to put a name to be drawn from to choose the election commissioners. They draw the election commissioners in that way from among a list of names which is gotten in that way. Every candidate for a local office files his list

of prospective commissioners. Then they take the name of the candidates for commissioners and put them all in a hat, and the first five that are drawn are named as the five election commissioners.

In other words, if there are 15 candidates who put in names friendly to you and the other man has six, you would have two and one-half times as good a chance for drawing commissioners as he would have. They did that down there long before I knew what politics was. When I first ran for governor I was not wise to it. I was wise the second time, but I was not the first time. I learned how after having been beaten once. If I could not learn from my enemies I do not know from whom I could learn.

But we decided to try to stop the practice. We decided we were going into court and try to stop the faction who had started this business of filing dummy lists of candidates, because it was a terrible expense to us. We had to get money enough to pay to file candidates that we knew were not going to run against the candidates that they were filing that we knew were not going to run. So we went to court to stop it, but we lost the case. My colleague's side beat us in court twice. The case went to the Supreme Court of Louisiana. We lost the case in the lower court and, of course, that court was no good, to hear them tell about it, but we went to the supreme court and the supreme court said:

> Neither such officer nor the committee itself has jurisdiction to question or inquire into the truth of a declared candidacy.

That is what the supreme court said, that neither the court nor the committee could question those dummy lists which had been filed on us at about midnight one night. They did not say it once. They went over it in another case and said it again. The point I want to bring to the attention of Senators is that I am reading particularly from Justice Odom, who was the organ of the court. They beat us in another case, two judges dissenting and five judges concurring. But Justice Odom, the organ of the court—and I might now state to the Senate that Mr. Justice Winston Overton, a brother of the Senator elect, is a member of the supreme court, and he concurred with the five justices in deciding against us that the committee and the court had no jurisdiction in that case. That was Justice Winston Overton deciding against us, a good virtuous judge as long as he decided against the faction with which his brother was affiliated.

In the public service commission campaign, when they had filed dummies all over the State—not for Senator, but when they had filed as many as 20 in one parish, we filed 8, they say, and for the purpose of argument we will admit that for the present. Why not? They went to court again. They had won both of those cases, the court holding that the committee could not disqualify a candidate who filed and swore he was a candidate. The court held the committee could not inquire into it. But lo and behold, they waited until the commission campaign commenced and then they came before the court to contest these candidates. They went into court on a day when it would be too late for us to prepare petitions and go into court even if they won.

Lo and behold, the court got corrupt, to hear them tell it. How did the court get corrupt? It got corrupt, gentlemen of the Senate, because it would not reverse its decision that had been made against us.

The court got corrupt because Judge Winston Overton, who had held that the committee had no jurisdiction when he decided against us, refused to change his opinion when the matter came back again before the court. The court did not get corrupt when it upheld the opposition and held that neither the committee nor the court had any jurisdiction to inquire into the regularity of the filing of a candidate. It did not get corrupt when Judge Odom changed his opinion when it came up against us and held that we should be disqualified. Oh, no; that was not corrupt. Just as long as the judge held to his opinion or changed it to vote against us every time the case went to court, he was a good and holy and righteous judge. But woe be unto the man who had decided twice against us and who held to the same opinion the second time and the third time, who maintained the opinion he had rendered in the original case.

That is the dummy candidate business about which they are raising so much Cain.

But that was not all they did. Let me show how they handled these dummies. They had control of committees in some parishes and we had control of committees in some parishes. In the parish of East Baton Rouge, the domicile of the Standard Oil Co., they have control. In that parish they filed 18 dummies and we filed our 8. What did they do? They rejected our 8 on the ground that it was immoral to use them, but upheld their own 18, and yet we beat the life out of them. I have here a telegram from the secretary of state, which I want to read:

BATON ROUGE, LA., *January 30, 1933.*

Senator HUEY P. LONG,
United States Senate:

Replying inquiry, 18 candidates for parish school board, ward 3, East Baton Rouge Parish, and 1 candidate for public service commissioner—

Making 19 in all—

second district, for Democratic primary, September 13, were withdrawn after drawing of commissioners for said election. J. C. Pearce, chairman Democratic executive committee, ascertained from this office last minute candidates could be withdrawn so as not to appear on ballot. Pearce withdrew 18 candidates in one letter dated August 30. Pearce was active supporter of Broussard-Borron faction.

Borron was the candidate for Congress.

Senate Committee Investigator Holland examined these documents and has this information.

C. E. CONWAY, *Secretary of State.*

I send this telegram to the desk and ask that it may be published in the RECORD entire at the conclusion of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

(See Exhibit C.)

Mr. LONG. So wherever there were dummy candidates who were friendly to us they rejected them and used the dummy list of candidates who were opposed to us; but when it came to the parishes over which they had control they used the names of their dummies in the parish of Iberia and threw out the 8 that we filed, and they used the 19 that were filed by our opposition in the parish of East Baton Rouge and threw out the 8 that we filed, and the district judge enjoined us from filing them again.

Mr. President, since the campaign I have undertaken not to be anything less than generous. I have not undertaken to fight the campaign over again. I have not undertaken to boast of any victory, I hope, and I have never thought it part of a good sport in any political victory to do anything that reflected upon or affected the feelings of any defeated candidate. I know what it means to be beaten for public office. I have been beaten myself; I have taken my beatings. I expect some day that I will have to take others. I have done so in nearly every campaign we had in some quarter or other.

But, now, these reports have been circulated from one end of this country to the other as though there was an exceedingly unfair election. I have filed with the Senate the records and documents which I hope afford prima facie a reasonable and sufficient answer.

EXHIBIT A

NEW ORLEANS, LA., *September 16, 1932.*

To the Overton Campaign Headquarters:
To the Broussard Campaign Headquarters:

The undersigned members of the arbitration committee desire to submit this report of their activities on September 13, 1932:

I

In ward 17, precinct 7, complaint was made that Anthony Christina, who was a Broussard commissioner in this poll, was not permitted by the other commissioners to serve for the reason that he was a candidate for the parish committee in the precinct in which he was a commissioner. The committee was of the opinion that the question of eligibility, under the circumstances, was more or less doubtful; but it was unanimous in the opinion that good morals and the spirit of the primary law justified the committee in holding that he should not serve as a commissioner.

Mr. Irwin Williams, who made this complaint, stated that it was agreeable to him to substitute another Broussard commissioner. The committee recommended that some other qualified supporter of the Broussard faction should be permitted to serve as a commissioner in Christina's place, and that if the vacancy had already been filled the commissioner elected should resign and permit the Broussard faction to substitute a commissioner for Mr. Christina.

It was reported that Christina had been arrested and charged with disturbing peace. The committee felt that the fact that he had a commission doubtless justified him in arguing for his rights and in fairness to him the committee requested Recorder Emile J. Leonard to discharge Mr. Christina when he came before him for trial. This was done.

II

In ward 8, precinct 1, complaint was made by Mr. Garland, of the Overton faction, that a Broussard commissioner was serving in this precinct, notwithstanding the fact that he was a candidate for the parish committee. The committee made the same ruling in this case as in the Christina case, but suggested to Mr. Garland that in view of the lateness of the hour, the complaint having been made in the middle of the afternoon, it would be advisable not to disturb the situation. The committee heard nothing further of the complaint.

III

In ward 6, precinct 8, complaint was made that Mr. Bourgeois, a Broussard commissioner in this precinct, was not permitted to serve on the ground that he did not reside in the ward notwithstanding the fact that he was registered in the precinct. The committee, upon inquiry, was informed that the registrar of voters had scratched Mr. Bourgeois's name from the registration rolls. The committee ruled that it could not go behind the registration rolls, and accordingly Mr. Bourgeois could not serve as commissioner.

IV

In ward 9, precinct 3, complaint was made that Peter Searbars, an official watcher, was ordered to go out of the barriers and upon his refusal was arrested and charged with refusing to move out of barrier. The committee ruled that an official watcher has a right to remain in the barrier provided he does not electioneer, and recommended the immediate release of Mr. Searbars. In view of the orders issued by the mayor that all persons arrested for disturbances on election day would not be paroled until after the close of the polls, the committee requested the mayor to revoke this order in this particular case, and the mayor complied with this request and Searbars was released.

V

In ward 13, precinct 6, a similar complaint as the preceding one was made when Arthur Johnson, an official Broussard watcher, was ordered out of the barriers and arrested for refusing to move therefrom. The committee made the same request of the mayor and Mr. Johnson was released.

VI

Several inquiries were made during the morning concerning the right of the official watchers to remain within the barriers, and two or three complaints were received to the effect that they were not being permitted to remain within the barriers. The committee ruled that official watchers should be permitted within the barriers provided they did no electioneering and instructions were issued accordingly. As far as the committee knows, all such instructions were carried out.

VII

In ward 7, precinct 11, Mr. Alvin Cobb advised the committee that the commissioners and watchers representing his faction were now supporting the other candidate, and asked whether an unofficial watcher could be placed by him in front of the door of the poll in the street immediately outside of the barrier, either in a parked automobile or standing. His position would be about 3½ feet from the polling booths in which the voters marked their ballots. After full consideration the committee came to the conclusion that it was the intent of the primary law to keep all persons other than commissioners, official watchers, and those casting their votes a reasonable distance away from the polling booths by the construction of barriers along the curb for a distance of 50 feet and that no one should be permitted in the street immediately in front of or close to the polling booths. The committee was of the view that the law provides for barriers immediately along the curb and not out into the street, on the theory that no one will be permitted to stand in the public streets, and, therefore, it was not necessary to close the streets by the erection of barriers. The committee was of the view that it was contrary to the theory of the primary law to permit citizens to stand immediately up against the polling booths in the public streets. The committee therefore advised that Mr. Cobb station his unofficial watchers on the sidewalk across the street at such locations where they could have unobstructed view of the ballot boxes and the poll. The committee advised the police officer at that poll that any automobile or other obstruction which would interfere with the view should be removed.

VIII

Mr. Harold Nathan, representing the Honest Election League, reported during the late afternoon that two or three of the polls were so located that watchers did not have an unobstructed view of the ballot boxes. Mr. Nathan was subsequently informed that it was impossible at that time to recommend the rearrangement of any polls but that, if Mr. Nathan would have the police officers assigned to the precincts in question communicate with the arbitration committee, instructions would at once be issued to have the ballot boxes so placed in the polls as to permit an unobstructed view by the official watchers and the public. No further requests in this respect were made of the committee.

IX

In ward 17, precinct 5, complaint was made by Broussard headquarters that the Overton commissioners had started an argument with the Broussard commissioner and that he was being threatened with arrest. The committee, through the police department, communicated with the officer located at the poll, and was informed that the trouble had been straightened out and that the commissioners were performing their duties peaceably.

X

In ward 9, precinct 10, a Broussard commissioner advised the committee at about 10 o'clock a. m. that he lived in the eleventh precinct but had received a commission to serve in the tenth precinct; he reported in the morning at the eleventh precinct and, upon discovering his error, immediately went to the tenth precinct, arriving at 5 minutes of 6 in the morning by his watch. He stated that the other commissioners had elected a commissioner to serve in his place and had already opened the poll and received votes, contending that it was 6.10 a. m. by their watches at the time he reported. He insisted that he had verified his watch with the official time and that his watch was correct. The committee concluded that it had no way of determining the disputed question of fact concerning the time of arrival, particularly in view of the late hour at which the complaint was made, and that there was nothing the committee could do. The complainant was advised that if he had reported the matter immediately upon its occurrence the committee could have then been in a position to determine the merits of the controversy.

XI

Two inquiries were made of the committee concerning the right of persons to vote whose names were upon the registration rolls, but whose right to vote might be questioned on the ground that they had subsequently removed from the precinct. The committee advised that the commissioners could not go behind the rolls, and anyone whose name was on the official poll list had the right to vote, subject, of course, to challenge.

XII

One inquiry was made whether a voter who had mislaid or lost his poll-tax receipts could cast his vote. The committee advised that if the name of the voter appeared in the official poll-tax lists in the possession of the commissioners, he should be permitted to vote without the production of the original receipts.

XIII

One inquiry was made from the seventeenth ward, at 10 minutes to 7 p. m., as to whether a voter who had left his registration receipt at home and did not have time to get it and return before 7 should be permitted to vote. The committee advised that if the voter was personally known to all of the commissioners, if his name appeared on the official rolls, if he had cast his vote in previous elections, and if he had not voted that day, he should be permitted to vote.

XIV

In ward 10, precinct 5, report was made to the committee that McIntyre, an Overton supporter, had beaten up Babin, an official Broussard watcher, and that both of them had been taken to the sixth precinct station where McIntyre had been paroled and Babin taken into custody. Upon investigation, the committee found that both McIntyre and Babin had been arrested, charged with fighting and disturbing the peace, that neither of them had been paroled, and that both had been sent to the court for trial. The committee accordingly ruled that in view of the fact that the case was in the hands of the court it should do nothing in the matter.

XV

Patrick McGill telephoned to ask whether an elderly lady who was sick and unable to come to the poll, and who desired to cast her vote for sentimental reasons, could be permitted to vote if a commissioner of each faction went to her residence. The committee discussed the matter, and Mr. McGill was told to have the commissioners telephone the committe. Nothing further was heard of the case. The committee therefore expressed no opinion in the case. In subsequent discussion among the members of the committee it was agreed that such a vote could not be legally cast. Later a similar question arose and the committee unanimously ruled that the vote could not be cast.

XVI

At about 6 p. m. the Broussard headquarters and the Honest Election League informed the arbitration committee that they had received complaints to the effect that the official watchers were advised that they would not be permitted to witness the count after the closing of the polls in 3 precincts, 1 in the eighth ward, 1 in the sixth ward, and 1 in the fourteenth ward, and that there were rumors to the effect that similar action would be taken in every precinct throughout the city. The committee ruled that all official watchers had the right to enter the polls and witness the count and talley after the closing of the polls. The committee communicated with Superintendent Reyer at police headquarters and requested him to dispatch a motor-cycle

officer to each of the three precincts in question to see that all official watchers were permitted to enter the polls after the close of the voting and watch the official count. In addition, request was made of Superintendent Reyer by the committee that he issue an all-station message instructing all officers at the polls to see that official watchers were permitted to enter the polls and watch the count and talley, and to see that all doors of the polls were kept open and the lights kept burning. The action of the committee was reported to Broussard headquarters and to the Honest Election League.

XVII

Complaint was made in one of the precincts of the seventeenth ward to the effect that the doors of the poll were closed during the count, although the official watchers were permitted inside. The committee communicated with the police officer stationed at that precinct and instructed him to see that the doors were opened and the lights lit and the public permitted to witness the count from outside the poll. The committee was subsequently advised that the doors were opened, the official watchers permitted inside the poll, and a bar placed across the doorway which permitted the public to see the count but not to enter the poll.

XVIII

Mr. Alvin Cobb made several complaints to the effect that in the fifth precinct of the seventh ward the doors of the polling booth had been closed during the count and all watchers refused admission. The Honest Election League also made the same complaint. The committee immediately communicated with Superintendent Reyer at police headquarters and requested him to dispatch a motor-cycle officer to the place in question, with instructions to see that doors were opened and all official watchers permitted entry.

XIX

Broussard headquarters inquired whether the public had a right to enter the polls after the close of the voting and witness the official count. The committee ruled that only commissioners and official watchers had a right under the law to enter the polls for that purpose, but that the doors should remain open, the lights lit, and the public permitted to witness the count from the outside, with due regard to public order and decorum.

XX

Complaint was made in ward 7, precinct 1, to the effect that a ballot box had disappeared and had subsequently reappeared. The committee advised that there was nothing it could do in a matter of this kind and that this was matter of contest before the proper tribunal.

XXI

Complaint was made from one of the precincts, during the morning, that the poll list showed six more people as having voted than had been checked off and counted by one of the official watchers. The committee advised that there was nothing it could do in a matter of this kind and that this was likewise a matter of contest before proper tribunal.

* * * * * * *

The committee began its proceedings at 5.45 a. m. and adjourned at 9 p. m.

All complaints came over the telephone with the exception of the one made by Mr. Garland, who called in person.

All complaints were investigated, fully discussed, and every decision was unanimous. It is the opinion of those members of the committee who have previously served on similar committees that there were far less complaints than in any previous election in recent years, and from the standpoint of the arbitration committee it was the most peaceful and orderly election in many years.

All public officials cooperated fully with the committee with a view to carrying out all of the committee's rulings.

Respectfully submitted.

A. MILES CAL.
WM. J. GUSTE.
BERTRAND COHN.
MICHEL PROVOSTY.
NICHOLAS CALLON.
RENÉ A. VIOSCA (BROUSSARD),
Chairman.

EXHIBIT B

NEW ORLEANS, LA., *October 7, 1932.*

LOUISIANA DEMOCRATIC ASSOCIATION,
New Orleans, La.

MY DEAR FRIENDS: On September 15 Senator LONG announced his resignation as chairman of the organization and in his stead you did me the honor to select me as his successor. I was not present at the meeting when his resignation and my selection occurred.

On the day following, however, I made public the statement that I would call the association together at an early date and submit my resignation as chairman and suggest the selection of Dr. Joseph A. O'Hara as permanent chairman of the organization.

Doctor O'Hara, however, asked that I delay calling the association to any meeting for the purpose of selecting him as chairman until a check up had been made and all debts of the organization had been fully paid. Doctor O'Hara stated he was entirely too much occupied with his private and official duties to assume the burden of heading the organization unless he could take it with the organization free of debt. I agreed with Doctor O'Hara that I would remain as chairman until we could raise sufficient funds to retire your indebtedness, after which he would be formally selected as your chairman.

Our obligations consisted of the following:

Deficit for complete-the-work campaign, January, 1932, including candidates supported for governor, lieutenant governor, secretary of state, State auditor, treasurer, attorney general, superintendent of public education, registrar of the State land office, State senators and representatives	69,500
Obligations contracted for literature, stamps, stationery, sound truck, and traveling expenses for Wade O. Martin, (candidate for public service commissioner)	4,500
Obligations contracted for circular issued in reference to J. Y. Sanders, jr., being on public pay roll	400
Deficit for special train expense, New Orleans to Baton Rouge, for organization to opposition mass meeting opposing State administration's program	2,500
(NOTE.—Balance of expense amounting to about $1,100 was contributed by ward organizations in cash.)	
Deficit for account of unemployment-relief work in New Orleans and surrounding parishes	8,500
(NOTE.—This was aggravated after January, 1932, when failure to sell State bonds stopped public work and threw several thousand employees off public pay roll.)	
Deficit expense accompanying Federal Flood Control Committee	650
(NOTE.—This expense has not been charged because it should have been borne by Louisiana Flood Control Committee.)	
Total	26,050

These accounts could only be segregated by approximation, but round figures herein given represent as nearly as we can give you the obligations of the organization.

To this there should be added the further deficit figure of approximately $8,000, which I undertook to raise as the association's contribution to the national Democratic fund. On account, however, of the technicalities it has been deemed necessary to keep this account separate, and for that reason a bank account under the name of "Victory fund" was established at the American Bank & Trust Co. to cover this item, so that the national organization could secure daily information relative to full contributions whenever it so desired.

The Franklin Printing Co., Earle J. Christenberry, Mr. Abe Shushan, the Roosevelt Hotel, and myself, along with many other creditors, had carried these deficits and many of us have advanced the funds which were required on the same.

We had a time when the association could catch a breathing spell and secured sufficient contributions to balance these accounts.

The campaign managers for Senator OVERTON elected to keep contributions to his campaign and expenses of the same separate. For this reason the persons who would ordinarily contribute funds direct to me for the association contributed to the Overton campaign instead. In order to raise these funds I have called upon all of our friends for voluntary contributions.

It will be remembered that this association and all of the State employees of its various boards and departments contributed 5 per cent of their monthly salary over a period of approximately 10 months, beginning the 3d of July, 1931, and until April 11, 1932, which contributions were turned over to the New Orleans Welfare Committee, an organization which has been established by the civic authorities of the city, but which was about to cease functioning for lack of funds until this association undertook, with the regular Democratic association, to supply funds for the continuance of this work.

Practically all of our employees acceded to this request for 5 per cent a month for welfare work during the entire 10 months; as a result of which the city of New Orleans and adjoining parishes had no bread line during those months of depression. When the civic boards called on our then Governor LONG for help for this purpose when welfare work was about to cease, at a meeting with bankers and civic agencies of the city Governor LONG requested me to advance $15,000 until contributions could be taken up to repay me. In due course I was repaid this $15,000 by the welfare committee from the 5 per cent contributions. I collected and turned over to the New Orleans Welfare Association, on this account, approximately $300,000. This money was well and judiciously spent in a nonpartisan and nonpolitical way, and was audited and approved by public agencies of the public.

The same committee was deemed to have done such splendid work that in the organization of the United States welfare relief work members of this committee were named to head the agencies of the State for handling Federal unemployment relief.

Upon bonds being voted by citizens of New Orleans to care for this unemployment relief work, the State employees were not asked to further contribute. However, certain ward political workers had become so identified with this work that it became necessary that they continue in the interim with some of the unemployment relief, and expenditures were made which amounted to quite a sum of money. This sum we had hoped to have reimbursed by the city funds or from the Federal unemployment fund. It was deemed unwise, however, to undertake to reimburse from such funds because it would be misunderstood, so the association should assume and should discharge the remaining obligations.



The city of New Orleans voted the $750,000 unemployment relief bond issue by an overwhelming majority. This evidences the public approved the kind of work and methods by which the same were handled.

In order to raise funds to pay off the deficit of the association prior to Doctor O'Hara taking the chairmanship of the association, is was suggested to the employees of the State that if they could contribute as much as 10 per cent of one month's salary the same would close up our account for all welfare work, campaign, and other public work deficits, and with the Federal Government having come into the unemployment relief work that hereafter much of the welfare work could be assumed by the State agencies handling such Federal funds. This can not be entirely true, however, because some of the rules and regulations which were made in order to secure Federal funds are a great deal narrower and stricter than the rules of the New Orleans Welfare Committee.

The reconstruction act under which relief funds were made available makes a very definite distinction between persons unemployed and those poor unfortunates who are unemployable. These figures made it necessary that this association should try to keep up its welfare work to some extent in the future and as much as possible to try to help persons in need who can not secure help from other sources.

At this time we have about raised funds sufficient to pay off the deficits. Many persons in private life have given us substantial contributions. Many of the officers and employees of the State have contributed as much as 10 per cent of their salary for one month. There have been a large number of State employees who did not feel they could contribute as much as 10 per cent of one month's salary but who have contributed something. A large number have not felt able to give anything. However, this should not be taken as an act of disloyalty to our organization or to the work which we have undertaken to do, because they have been called upon so steadily and so regularly to contribute to the unemployment relief funds and have done so solely and by themselves, having paid up to even $300,000 within the last year or so, that it would manifestly be unfair to feel agrieved at any of the large number of employees who did not feel like contributing anything at this time, particularly when the contributions this time, to a large extent, are political, whereas when funds were being contributed at the rate of 5 per cent of each month's salary for the unemployment relief over a period of 10 months, it is fair to say over 90 per cent contributed regularly to this fund.

We have been, to some extent, hampered in our political work and in our welfare work by reason of false newspaper reports, usually circulated through the Times-Picayune. In many instances when funds were being collected to care for the sick and needs of this city, this newspaper has undertaken to spread the impression that large and unwholesome campaign funds were being collected for this or that campaign; in fact, in order to pay up deficits above listed. When we called for contributions this newspaper immediately reported day after day that the same was to pay a deficit for the Overton senatorial campaign. We could not see and explain matters to all of our friends, and no doubt this accounts for the fact many of them did not contribute this time, in the belief that the reports in the Times-Picayune were founded on some basis of fact, and while this newspaper yet tries to get the impression to the public that all of the unemployment relief fund collected has been for political purposes, the public at large has been aware to the contrary, and has most generously supported the efforts of this association for civic improvements. It should be a mark of pride to every member and worker of this association that from year to year, by constantly mounting majorities, the acclaim of the people of this State and of this city, has never wavered in this association.

I therefore submit you this, my resignation as chairman of this association, and place in nomination for my successor, Dr. Joseph A. O'Hara.

Yours truly,

ROBERT S. MAESTRI.

EXHIBIT C

BATON ROGUE, LA., *January 30, 1933.*

Senator HUEY P. LONG,
Senate Office Building:

Replying inquiry 18 candidates for parish school board, ward 3, East Baton Rouge Parish, and one candidate public service commissioner, second district, for Democratic primary September 13 were withdrawn after drawing of commissioners for said election. J. C. Pearce, chairman Democratic executive committee, ascertained from this office last minute candidates could be withdrawn so as not to appear on ballot. Pearce withdrew 18 candidates in one letter dated August 30. Pearce was active supporter of Broussard-Borron faction. Senate Committee Investigator Holland examined these documents and has this information.

C. E. CONWAY, *Secretary of State.*

Mr. BROUSSARD. Mr. President, I was sick all last week, but on Saturday, when notified that the junior Senator from Louisiana [Mr. LONG] would make the speech which he has made to-day, I got out of bed and came here. I was again notified this morning that he would make the speech to-day. So I am here again.

The entire matter discussed by the junior Senator from Louisiana is before a committee of the Senate. There are five members of that committee, not one member of which—one of whom is now presiding over the Senate [Mr. BRATTON in the chair]—can say that I ever approached him or suggested anything in connection with the Louisiana primary election as to which I felt it to be my duty to declare that I had been robbed. I have not said anything to anybody about the proposed investigation to members of the committee. I have not been in Louisiana. My friends have reproached me for not going back there. I made the protest to the committee with great reluctance. I have served here for 12 years. Many Members of the Senate have known me during the entire period of my service, and some of them for lesser periods during that time. I hope I have never done anything in this body that would cause me to lose the respect of any honorable gentleman here.

I do not claim I was nominated; I do not claim any office; but the State of Louisiana has been degraded to such an extent that I felt I owed it to the people who have honored me and members of my family for nearly a century back to do something for Louisiana, when corruption and bribery and intimidation—even intimidation of the bankers of the State—exist to such an extent that no honorable man dare offer himself for public service. If those now in control think he is honest he can not get past.

I shall not now attempt to answer the junior Senator from Louisiana. I want first to read his speech. I do not want at this time to answer it in detail; but when he insinuates that he elected me to the United States Senate he states something that is untrue. I was elected to the United States Senate in 1920, when I did not know him. His brother supported me, but the brother to whom I am referring did not support him when he ran for United States Senate. His brother also supported me in the last election. I did not know the junior Senator from Louisiana in 1920, but I was elected.

In 1924 he ran for governor and came in third. I came up for reelection in 1926, and he came to my support but insisted that I promise to support him for governor, which I refused to do. I told him there were hundreds of men in the State of Louisiana who I thought better fitted than he was for the governorship. So he left my campaign. Mr. Robert Ewing, against whom he turned later, brought him back into my campaign, and he made speeches for me. He claims he elected me. I was elected in 1920 when I did not know him. I was elected in 1926 when the people to whom he refers, the organization in New Orleans that he condemns, opposed me, as they have been opposed to my father, to my brother, and to me in politics in the State of Louisiana for nearly 80 years.

I have not interrupted the junior Senator from Louisiana because since the day he entered this Chamber I have not spoken to him. I will not let him speak to me; but whatever the committee may find—and that is something I am not referring to to-day—that is left to the committee. I have never spoken to anybody about the proposed investigation, as every member of the committee knows and as the investigators know.

I need no defense, not at least before the people of Louisiana, against any charges which may be brought by people who are now dominating the State through an issue of obligations of over $300,000,000. I stand with respectable people even if I am charged with being with the Standard Oil Co. I never was. Nobody here or in Louisiana can charge me with that.

Whatever has been said here has been noted. I shall read the speech to-morrow. I want to answer it properly, and when I answer it I shall not answer for the men who have bought the votes; I shall answer for the respectable element of the State of Louisiana.

Mr. LONG. Mr. President, the Senator is somewhat beside the facts. I will not dispute anything as to private conferences that he says occurred, because the Senate would have nothing but his word against mine. I will not dispute

that in 1920 he was elected without my help; he was. I had nothing to do in opposing him or electing him in 1920. I am sorry he brought up that point. I wish to say, however, that in 1920, being a reformer and interested in the race for governor, I had promised my support to Governor J. Y. Sanders, if he supported John Parker for governor, and later I found myself faced with three Parker men running, following that promise, but I kept my word and voted for Sanders, though otherwise I took no hand. So the Senator is right about that.

I am sorry that he mentioned 1926. He states the truth when he states that I asked him to support me for governor if I went out and supported him. That is true. He states the truth when he says that he refused to support me if I supported him. That is true. What I now state I take it the Senator did not know. It is true I was brought into that campaign with the promise that I would be supported for governor by Dr. Thomas Stark, of Lafourche, sheriff of that parish, and by T. A. Landry, sheriff of the parish of Iberia, and many other Broussard supporters, who said that if I would come into the campaign, they felt that I was entitled to their support. It is true that when I came up for governor that I got some of that support and some I did not get.

The Senator is also stating the truth when he says that he never supported me for any public office. I admit that.

The Senator is in error on another matter, as to which we have only the cold public record. The Senator says that we spent $300,000,000 in bonds to control the State. Mr. President, the facts are the State of Louisiana does not owe $300,000,000 worth of bonds, or anything like that sum. It does not owe half that much; but of the bonds the State of Louisiana does owe, $11,000,000 were voted during the carpetbag régime before my distinguished friend or I were born; $41,000,000 were floated under governors who have always opposed me, making $52,000,000. There have been floated since I have been governor about $60,000,000 of highway bonds, about $5,000,000 of bonds to build a State capitol, and I think somewhere near three or four million dollars for education. So, instead of $300,000,000, the Senator is in error, in that the amount would probably be $70,000,000, and not more than that.

The Senator has a right, however, to blame me for $41,000,000 floated by governors with whom he is on intimate terms and with whom I am not, because when they floated the bonds they never provided revenue with which to pay interest or maturities, and when they began to come due in 1930 these distinguished gentlemen who had floated and signed the bonds joined in solid company with my distinguished friend here and did all they could to keep me from having a tax levied so as to pay the bonds, the money derived from which they had spent and which bonds bore their own signatures.

One thing further. I wish to say that the Senator states a further truth when he says he has not spoken to me since I have come into the Senate. He further says that he is waiting for me to speak to him. Well, I hope the Senator will not hold his breath for that to happen. [Laughter in the galleries.]

The PRESIDING OFFICER. Let there be order in the Senate, and this admonition applies to the galleries.

Mr. LONG. I have received a telegram giving me the exact figures to dispute the statement of my colleague as to the pay rolls of the State when he ran.

Levee roll: September, 1931, $42,409.13; September, 1932, $31,413.30—a decrease of $11,000 in the year that he ran, as against the year that he did not run.

That is the levee roll.

Board of health: September, 1931, $20,143.92; September, 1932, $26,086.78. That is an increase of that pay roll of $6,000.

Dock board: September, 1931, $181,342.35; September, 1932, $156,229.93—a decrease of $34,000 of September, 1932, over September, 1931.

Highways: Here is the great charge. Highways: September, 1931, $523,705.63. That is the highway commission a year before this race—$523,705.63. September, 1932, $201,788.25—a decrease of about 60 or 65 per cent.

I ask that this telegram of figures may be printed at the conclusion of my remarks as an exhibit.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit D.)

Mr. LONG. Now just one further remark:

The senior Senator from Louisiana does not regret any personal feeling that he has toward me as much as I do. I know how the Senator feels. He probably feels that I should have supported him in 1932. I wish I could have. When I was tied hand and foot by my enemies; when they were strangling that State, trying to disbar me as a lawyer, trying to put me in the penitentiary, raising hundreds and hundreds and hundreds of thousands of dollars, and publicly advertising that they had raised them—in those days when I had to carry revolvers in order that my life might be safe, I wish that when I called upon my friend I could have received his help. When I had never uttered one word against the Senator's name in my lifetime, I wish he had not seen fit to go back to the State of Louisiana to awaken me on a Sunday morning with an 8-column headline saying that any man who received the support of HUEY P. LONG in a State election had to be beaten because he was corrupt, or else he would not receive that kind of support. And I wish the Senator could do one further thing:

I wish the Senator, instead of indulging in generalities and instead of expressing his feelings, such as we all have when we receive a defeat—I wish the Senator, when he consented to an arbitration committee, with two members on each side, would abide by the report of that arbitration committee. When I went out and let the two members appointed by them handle the election, and when they came back and said they had handled it and it was fair and square, and that every public agency was placed at their disposal to conduct the election as they thought it ought to be conducted, and when the Senator received their report that it was the fairest, the squarest, and most orderly election that had been held in years, instead of filing with this committee a document charging fraud without a single, isolated specification of fraud, I wish that before he made these statements of fact and filed that document he had consulted the public records of the State and had been guided by the report of his own arbitrators.

I have not said anything against the good name of the Senator. I have not accused him of ever stealing anything. I have not accused him of a single act of rascality. I do not accuse him of it now. I gave him credit for all good motives; and nothing have I ever said in any respect to reflect upon him or his career except as I disagreed with him in his public conduct, and as he had a right to disagree with me. But, Mr. President, when the Senator has stood on this floor and made these statements as to these miscalculations and misinformation, so-called facts that are not borne out and are disputed by the record, so-called facts that are disputed by his own arbitrators, charges that his own men in charge of the election, who were agreed upon to run that election, and whose report everyone agreed to abide by, say are positively not true and are false, I say that the Senator owes to this body and he owes to me a greater consideration for facts easily ascertainable than to allow this kind of publicity to have gone the length and breadth of this country.

What greater damage could be done to a State than for a Member of the United States Senate to charge that I had issued $300,000,000 worth of bonds when the record shows than it is less than $70,000,000 worth of bonds? And compare what has been done with it:

When I left that State it had 2,000 miles of paved roads. It had a new State capitol. Its illiteracy has been decreased. The State university had gone from third-rate up to first-class. Free school-books were furnished to the school children. Port work had been done. Money had been put up to pay off the bonds that had been issued by other governors, for which I was not responsible. The work

is there; and the Senator forgot to tell you something, Mr. President; I will never state a fact against the Senator—my colleague here, who was my friend once, and I was his friend—I will never state a fact against him that will ever be left without everything in his favor. How was that money spent, Mr. President? They have not told you this, and I want the Senate to know it.

I knew that some day they would want to charge fraud and graft against my administration. I knew the publicity I was getting from those corporations, that I had to get it. I allowed my enemies in that State to take 19 leading citizens, and I wrote their names into the constitution of the State of Louisiana, and provided that not one dime of that money could be spent unless it was approved by the 19 men. On that board were the attorney general of the State and the lieutenant governor of the State, two of the worst political enemies I had in the world. There never was a dollar of the money spent that all 19 out of 19 did not approve, before it was spent and after it was spent. There never has been a copper cent of money spent by HUEY P. LONG as Governor of the State of Louisiana that was not signed by the 19 men, including the man who was lieutenant governor, who was trying to take my office away from me by impeachment at the time.

Why was it if there were any charge of fraud that we never could hear it with 19 men approving everything; that with enemies of mine on the board and friends of the Senator on the board there was never one charge of fraud filed before that body up until that time?

Now, at this late date, with 19 men picked by them having said that the expenditures were regular; with 19 men picked by them, including my enemies, having approved everything that has been done; with everything having been shown to the Senate, including the fact that instead of pay rolls having been increased they were reduced an average of 50 per cent at the time the Senator was a candidate for office. I think the Senator does owe the Senate another speech. When the Senator makes that other speech, he owes to this Senate and to me an apology.

EXHIBIT D

NEW ORLEANS, LA., *January 30, 1933.*

Senator HUEY P. LONG,
Senate Office:

Levee roll, September, 1931, $42,409.13; September, 1932, $31,413.30. Board of health, September 1931, $20,143.92; September, 1932, $26,086.78. Dock board, September, 1931, $181,342.35; September, 1932, $156,229.93. Highway, September, 1931, $523,705.63; September, 1932, $201,788.25.

THE FRENCH DEBT

Mr. HOWELL. Mr. President, on Saturday, January 28, there appeared in the New York Times an editorial which would seem to question the correctness of certain figures that I had given with reference to debt payments by France. I read this editorial in part:

Part of the French war debt, Senator HOWELL stated last week, consists of $400,000,000 which France agreed to pay the United States for surplus war material valued at $2,000,000,000.

Then the editorial proceeds to quote me.

"All France has paid to us," he said, "is not equivalent to what she has received from the sale of those supplies."

According to the Treasury Department, France has paid us $486,075,891. According to the same authority, the supplies were sold by us for $407,341,145.

This is the portion of the New York Times editorial which I wished to read.

Mr. President, it suggests that I had made an incorrect statement with reference to the payments made by France.

I now quote from the CONGRESSIONAL RECORD of January 20, 1933, the statement in part which I made at that time.

Mr. President, this other fact ought to be reemphasized; part of this debt of $4,231,000,000 was the $400,000,000 France agreed to pay us for $2,000,000,000 worth of supplies and other property which we sold France when our Army came home. France began to sell those supplies. She accounted publicly for what she received on this account until the amount reached something like $236,000,000. Then, as I understand, France no longer published such receipts. Thus all France has paid us since the date of settlement is not equivalent to the money she obtained from supplies and other property sold by us to France, and yet France has insisted that her indebtedness for these supplies and other property was purely of a commercial character.

I stated, Mr. President, that since the date of settlement all that France has paid us was $200,000,000, and that this was less than France had received from her sales of the supplies and property we had sold her. That is absolutely correct. It is true that, all told, beginning with January 8, 1918, France has paid us $486,075,891. Two hundred million dollars of that amount was paid after the date of settlement; $286,075,891 was paid prior to the date of settlement, beginning with January 8, 1918. But, Mr. President, it is a significant fact that during that period, though France paid us $286,075,891, she borrowed from the United States, and received in cash, $1,832,000,000 and more.

Therefore, it is not remarkable that she was able to pay us during that period $286,000,000 plus. She borrowed from us during that period $1,832,000,000. The difference between the two amounts is some $1,546,477,000 which France was ahead.

What I wanted to make clear was this, that the statement I made on the floor of the Senate with reference to the payments by France was correct. She has paid us $200,000,000, and that is all, since the date of settlement. I have learned recently that the amount received by France from the sale of supplies and property we sold her for $407,000,000 is in the neighborhood of $300,000,000. Yet all she has paid us, including interest on that debt from the time it was incurred, is less than what she has received from the sale of the supplies and property which France acquired.

Mr. President, I have endeavored to be accurate in connection with the figures I have afforded in reference to the French and other debts, and I regret very much that I should be misquoted in a manner which might reflect suspicion upon the statements I have made.

Mr. KING. Mr. President, will the Senator yield?

Mr. HOWELL. I yield.

Mr. KING. I did not hear the entire statement made by the Senator, but as I came into the Chamber I heard his statement that we had sold to France supplies aggregating more than $400,000,000, and my understanding is—and I received the understanding from a representative of our Government, who, in connection with General Dawes, handled those supplies—that they consisted largely of railroads which we had constructed, and which, of course, were worthless, and depots, and facilities constructed for the reception of supplies which were no longer needed; and that much of the property which we let them have was of no value to us; that if we had attempted to transship it, to tear up the railroads and bring back the lumber and other supplies that were there, we would have realized just about enough from them to pay the cost of transportation. So that the contention of the gentleman to whom I have referred was that France had not received anything near the amount which the Senator states in actual value of property that was usable and available.

Mr. HOWELL. Mr. President, I have been informed, upon what I have regarded as excellent authority, that in the neighborhood of $300,000,000 has been received by France from the sale of the property concerned, and, furthermore, France has made no reports recently respecting the additional amounts she may have received.

Mr. FLETCHER. Mr. President, will the Senator state how much we have loaned France since the armistice?

Mr. HOWELL. Mr. President, I can give this information. The amount of the French debt on June 15, 1925, on account of post-armistice loans, was $1,653,325,913.05. That was the amount of the post-armistice debt at the date of settlement.

LIGHTERAGE IN NEW YORK HARBOR

Mr. WAGNER. Mr. President, on Saturday Mr. Earl M. Steer, an examiner for the Interstate Commerce Commission, rendered, after exhaustive hearings, a decision which I think is a serious menace to the port of New York, in which decision he favors the abolition of free lighterage in New York Harbor. At a more appropriate time I expect to

discuss this matter more fully upon this floor. Just now I ask unanimous consent to have printed in the RECORD the decision itself, and, with it, an editorial appearing in this morning's New York Herald Tribune commenting upon the decision and criticizing it. Their editorial is a very just criticism.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, January 30, 1933]

A SERIOUS THREAT TO THE PORT

No more important decision, so far as the business welfare of New York City is concerned, has been handed down in recent years than the recommendation of Earl M. Steer, examiner for the Interstate Commerce Commission, in favor of the abolition of free lighterage in New York Harbor.

Lighterage is, in respect to shipping, much like store-door delivery in the case of the merchant. Under the tariffs existing up to now, railroads with terminals on the Jersey shore have been permitted to deliver freight coming from the West at the various shipping points in Manhattan and Brooklyn without extra charge, thus putting New York on an equal competitive basis with New Jersey. Should the recommendation of Mr. Steer be accepted by the Interstate Commerce Commission, this equality would be ended. Railroads serving New York City would be compelled to add lighterage charges, which would raise their rates 60 cents a ton on carload lots of everything except grain and 30 cents a ton on that commodity.

The implications of this decision are extremely serious. It would mean that the concept of a New York port, upon which the New York Port Authority was erected 12 years ago and for whose integrity the executives of this State and city have fought since the establishment of that body, would be overthrown for the aggrandizement of special interests; it means that the millions of dollars invested in terminal properties in Manhattan and Brooklyn on the strength of this same concept would be placed in serious jeopardy, and it means that the consumer in New York City would find himself at a price disadvantage as compared with his neighbor across the river.

It is difficult to understand how New Jersey can find, as it seems to find, cause for widespread jubilation in a decision which threatens such a dangerous disruption of the highly organized facilities of this port. For, even granting the possibility of a temporary advantage that it carries for the Jersey ports, there would seem to be a very real possibility that both New Jersey and New York might ultimately be the losers, since the granting of this differential to New Jersey suggests that it will likewise be granted to Boston and Philadelphia, which have intervened in the case.

The chief comfort to be derived from the decision by New York is that it is not final; the chief lesson that business interests here must throw off their complacency and fight back for their rights. In the first skirmish New Jersey has emerged victorious; but the issue remains to be fought out before the Interstate Commerce Commission and, if necessary, in the courts. It is difficult to believe that if New York City, through its representatives and its business men, seriously challenges this well-organized and strongly financed attempt to break down the economic organization of the port it can fail to reverse the unfortunate decision.

LIGHTERAGE CASES, NO. 22824,[1] STATE OF NEW JERSEY *v.* NEW YORK CENTRAL RAILROAD CO. ET AL.

1. Grouping of New Jersey points with New York City, N. Y., at the same rates on traffic from and to points west of the Hudson River found not unreasonable, unduly prejudicial, or otherwise unlawful, except as noted below.

2. Free lighterage and car floatage or trucking in lieu thereof at New York Harbor, on traffic from and to points west of the Hudson River, found unduly prejudicial to New Jersey points and unduly preferential of New York City and points within the lighterage limits of that harbor. Separate charges required for lighterage and its substitutes on such traffic.

3. Rates to and from points in New England and via the rail-water or rail-water-rail routes to and from points in the South and Southwest found unduly prejudicial to New Jersey points and unduly preferential of New York City. Such preference and prejudice ordered removed.

4. Free lighterage and car floatage or trucking in lieu thereof at the port of New York, on export, import, coastwise, and intercoastal traffic from and to points in New England, found unduly preferential of that port and unduly prejudicial to Boston, Mass. Separate charges required for lighterage and its substitutes on such traffic.

5. Rates on export, imports, coastwise, and intercoastal traffic from and to Boston as compared with Philadelphia, Pa., Baltimore, Md., and Hampton Roads, Va., found not unreasonable, unduly prejudicial to Boston, or preferential of the other ports named.

6. Various other issues disposed of as shown in the report. Previous decisions in other cases modified in so far as necessary to carry into effect findings herein.

[1] This report also embraces No. 23040, New Jersey Traffic Advisory Committee *v.* New York Central Railroad Co. et al., and No. 23327, City of Boston et al. *v.* New York Central Railroad Co. et al.

William A. Stevens, John J. Hickey, William S. Bronson, J. Raymond Tiffany, Milton P. Bauman, Charles J. Fagg, Samuel Silverman, Johnston B. Campbell, George H. Parker, and W. W. McCoubrey, for complainants.

John J. Hickey, William S. Bronson, J. Raymond Tiffany, John M. Zachara, G. E. Mace, Milton P. Bauman, Charles J. Fagg, Robert C. DeKroft, Josiah D. Greene, Joseph E. Warner, Frank S. Davis, and Harold Horvitz, for interveners in support of complaints.

Hamilton Ward, John J. Bennett, jr., Hiram C. Todd, Parker McCollister, Charles Dickerman Williams, Arthur J. W. Hilly, Charles Horowitz, Vincent Victory, Frank E. Carstarphen, Philip J. Sinnott, Parker McCollister, Lord, Day & Lord, Julius Henry Cohen, Wilbur La Roe, jr., Frederick E. Brown, William H. Chandler, J. P. Magill, Charles J. Austin, Harry B. Chambers, Cullen & Dykman, Theodore H. Burgess, Sigourney B. Olney, A. C. Welsh, P. W. Moore, Harper A. Holt, Charles E. Cotterill, John F. Finerty, George T. Bell, J. L. Carling, William S. Benton, Van M. Parshall, Edward L. Hefron, A. H. Ferguson, Edgar J. Rich, Francis J. Dowd, William J. Mathey, George F. Hichborn, A. T. Zwack, Hugh Miller, R. H. Goebel, and William A. Moore for interveners in opposition to complaints.

William A. Schrader, G. Coe Farrier, S. H. Williams, Henry S. Drinker, jr., Edwin A. Lucas, M. R. Beaman, S. H. Williams, Henry W. Wills, J. M. Davison, William A. Lockyn, William Preston Lane, jr., R. E. Lee Marshall, John Philip Hill, A. Walter Kraus, Charles R. Seal, G. Stewart Henderson, H. J. Wagner, William H. Day, E. T. Foxenburgh, Fred M. Renshaw, W. E. Maloney, Frederick W. Burton, Frederick M. Varah, Edwin B. Ericksen, Harry F. Masman, W. M. Carney, William E. Rosenbaum, Dabney T. Waring, Ernie Adamson, W. O. Buckley, L. J. Wadsworth, R. W. Ostrander, E. D. Sheffe, R. D. Rynder, C. C. Furgason, and J. K. Hiltner for interveners.

Clyde Brown, Thomas P. Healy, Henry Wolf Bikle, J. L. Seager, H. A. Taylor, A. H. Elder, E. H. Burgess, Charles R. Webber, C. A. Halpin, W. W. Meyer, Bronson Jewell, John F. Finerty, Harper A. Holt, Charles E. Cotterill, J. R. Bell, G. H. Muckley, William Simmons, J. T. Green, and W. I. Woodcock, jr., for defendants.

REPORT PROPOSED BY EARL M. STEER, EXAMINER

A. Introduction

These three cases are closely related because they are all based to a large extent on the terminal services performed at New York, N. Y. In accordance with the commission's practice, therefore, they were heard together upon a common record and will be disposed of in one report.[2] A table of the contents of this report may be found in Appendix A hereto.

A–1. COMPLAINTS

State of New Jersey: The complaint in No. 22824 was originally filed by the State of New Jersey on October 31, 1929, and an amended complaint was filed on April 7, 1930.[3] As amended, it attacks the freight rates of every description between (a) points in New Jersey as compared with (b) New York City and points within the free-lighterage limits of New York Harbor on the one hand, and (c) points throughout the United States, Dominion of Canada, and Mexico on the other hand. All of these rates are alleged to be unreasonable; unduly prejudicial to New Jersey, localities therein, shippers from and to the same, and their traffic; and unduly preferential of New York and points within said lighterage limits, shippers from and to such points, and their traffic. The complaint covers all-rail rates to and from New York as well as those to and from New Jersey points, but certain allegations are based on the terminal services performed at New York Harbor by car float, lighter, and motor truck. The performance of such services and others incidental thereto at defendants' cost and expense, or the giving of allowances therefor, while refraining and refusing to do so at points in New Jersey, is alleged to violate sections 2 and 3 of the interstate commerce act. The maintenance of the same rates where lighterage, car-float, and trucking services are performed as where such services are not performed is alleged to be unduly prejudicial to New Jersey points and unduly preferential of New York. The inclusion in the rates between New York Harbor and points in New Jersey of certain factors or amounts as compensation for lighterage and car-float service while no such separate factors are included in the rates between New York Harbor and points west of the Delaware River is also alleged to be unduly prejudicial to New Jersey points and unduly preferential of New York and points west of said river. The giving of the allowances referred to for lighterage, car-float, truck-

[2] The New York interveners requested that the Boston case be heard separately from the two New Jersey cases. While the New Jersey complainants did not express themselves, the Boston complainants opposed this request, and it was also opposed by the trunk-line defendants. The separation requested would have necessitated a duplication of much of the record and made it less convenient for the commission to hear and dispose of the cases. The request was therefore denied by the commission, although separate hearings were held to receive the evidence of the New Jersey and Boston complainants, respectively, as well as that of the defense.

[3] The allegations of this complaint are set out with greater detail in Appendix B hereto. The original complaint expressly disclaimed any attack upon rates in connection with car-float service, which are included in the amended complaint. The latter also broadened the issues to include the all-rail rates to and from New York in comparison with those to and from New Jersey points.

ing, and other services is further alleged to result in violation of the long-and-short-haul rule of section 4. Free lighterage at New York Harbor is specifically assailed as an unlawful practice in violation of sections 2 and 3, and the failure to publish separate charges for lighterage and trucking services is alleged to violate section 6 (1). It is also alleged that New Jersey points are being deprived of the natural advantages of their location in comparison with New York and the development of industry and commerce in New Jersey is retarded through the alleged violations of the act, and that the ports of one State are thereby preferred over those of another State in violation of Article I, Section IX, clause 6 of the United States Constitution. The commission is asked to require defendants to cease and desist from the alleged violations of the act, to establish just and reasonable rates to and from New Jersey points and New York City, and to publish separate charges for lighterage, car-float, and trucking services at New York Harbor.

New Jersey traffic advisory committee: The complaint in No. 23040 was filed by the New Jersey traffic advisory committee on January 4, 1930.[4] This complainant is a voluntary organization of municipalities, chambers of commerce, and shippers and receivers of freight in New Jersey. It assails as unreasonable the freight rates between (a) points in New Jersey for rail origin or delivery, on the one hand; and (b) points reached via the rail-ocean and rail-ocean-rail routes to, from, and through Savannah, Ga., New Orleans, La., and Galveston and Houston, Tex.; (c) points in New England, points on the Long Island Railroad, and points in that part of New York State north and east of Utica, N. Y.; and (d) all other points in official territory outside of Canada, on the other hand. It further assails the freight rates as unduly prejudicial to New Jersey points and unduly preferential of the respective compared points as follows: (a) Between points in New Jersey as compared with New York and points within the lighterage limits of New York Harbor, also Philadelphia, Pa., and Baltimore, Md., on the one hand, and other points throughout the United States, Dominion of Canada, and Mexico, on the other hand; (b) between rail points in New Jersey as compared with New York City, on the one hand, and points reached via the above-mentioned rail-ocean and rail-ocean-rail routes, on the other hand; and (c) between rail points in New Jersey as compared with Philadelphia, on the one hand, and points in New England, on the other hand. The commission is asked to require defendants to cease and desist from the alleged violations of the act and to establish just and reasonable rates between the above-mentioned points.

Boston complaint: The complaint in No. 23327 was filed by the city of Boston and the Boston Port Authority on April 5, 1930, and was amended January 12, 1931. As amended and interpreted at the hearings, it attacks all of the freight rates applicable on export, import, coastwise, and intercoastal traffic moving between (a) the port of Boston as compared with (b) New York and other North Atlantic ports, on the one hand, and (c) points throughout the United States and the Dominion of Canada, on the other hand. Such rates to and from Boston and adjacent communities are alleged to be unreasonable, both absolutely and relatively, and the port differentials or relationships are alleged to be unduly prejudicial to Boston and unduly preferential of the other North Atlantic ports. Allegations are made similar to those in No. 22824 that the performance by defendants at their expense or the giving of allowances for lighterage, car-float, trucking, and other accessorial services at New York which are not accorded at Boston is in violation of sections 2 and 3. The failure to publish separate charges for lighterage, car-float, trucking, and other accessorial services is also alleged to violate section 6 (1). It is further alleged that Boston is being deprived of its natural advantages of location with respect to foreign ports and the benefits of its port facilities through the alleged violations of the act, and that the ports of one State are thereby preferred over those of another State in violation of Article I, Section XI, clause 6, of the United States Constitution. The amendment to the complaint attacks the storage-in-transit privileges and demurrage provisions applicable at New York as more favorable to shippers than at Boston and thus unduly prejudicial and preferential. The commission is asked to require defendants to cease and desist from the alleged violations of the act; to establish reasonable rates and differentials to and from Boston and the other North Atlantic ports, using the minimum rate power if necessary; and to publish separate charges for lighterage, car-float, trucking, and other accessorial services at New York and the other North Atlantic ports.

A–2. REQUESTED RESTRICTION OF ISSUES

Previous cases: During the hearings objections were made by the defense to the receipt of evidence regarding the class rates and the rates on iron and steel articles, and such objections are renewed upon brief. The principal ground for the objections is that as these rates were prescribed in Eastern Class Rate Investigation (164 I. C. C. 314) and Iron and Steel Articles (155 I. C. C. 504), they should not be reviewed in these cases. The facts are that the carriers proposed a plan for making rates to and from the so-called New York rate group which was presented in both of the cases cited. In the Iron and Steel case, which was decided first, it was noted at page 577 that the carriers submitted little evidence in support of their plan, but on the other hand practically no evidence was offered in opposition to it. This statement is confirmed by the present record which includes all of the evidence in that case regarding the New York group. Nevertheless, the plan was approved in the Iron and Steel case without prejudice to any different conclusions which might be reached in the Eastern Class Rate case. In the latter case there was apparently more evidence regarding the New York group, but it was noted at page 435 that the evidence regarding terminal costs was "extremely fragmentary and insufficient to serve as a basis for even an approximate conclusion." In approving the carriers' plan in that case the commission referred to the present New Jersey complaints as follows, at page 432:

"Since the hearings in the instant case were concluded, the northern New Jersey interests have filed formal complaints, as yet unheard, bringing in issue their relation to New York City. It hardly need be stated that our conclusions and observations in this report are without prejudice to those which may be called forth by the evidence in these pending complaints."

Commission practice: It has never been the practice of the commission to refuse to consider complaints or to limit their scope because they include rates which have been approved in previous cases. To do so would not only be unfair to complainants such as those here who were not parties to the previous cases, but it would seem contrary to the provisions of the act authorizing the filing of complaints. It has been many times held by the commission and the courts that the doctrines of stare decisis and res adjudicata are not applicable to the commission's decisions. The wisdom of this is especially apparent in these cases where the evidence is so much more comprehensive than in the previous cases with respect to the issues here under consideration. The present record contains 7,843 pages of testimony, 533 exhibits aggregating nearly 5,000 pages, and 2,552 pages of briefs. This is directed in large part to the propriety of grouping New Jersey points with New York City, and it includes a comprehensive study of the cost of performing terminal services in New York Harbor. It is especially directed to the propriety of the free-lighterage practice, a question which was not even discussed apart from the grouping in the cases cited, and apparently no consideration was given in them to the imposition of a separate charge for that service.

Rates not in effect: A further objection was made to the consideration of rates prescribed in the Eastern Class Rate case on the ground that such rates had not yet gone into effect when the hearings were held in these cases. Nevertheless, evidence was introduced by the defense as well as complainants with respect to the new class rates. The issues in these cases, however, are not concerned with particular rates so much as with rate relationships and practices which were in large part unchanged by the Eastern Class Rate case. The hearings were postponed to allow the defense more time to prepare their evidence regarding the new class rates, but to have postponed the hearings until such rates took effect would have meant an additional delay of a year or more, and it would have served no useful purpose. The record contains all the necessary information regarding the new rates which are now in effect.

Southwestern case: Similar objections were made to the receipt of evidence regarding the rates via the rail-water and rail-water-rail routes to and from the Southwest on the ground that such rates were prescribed in the Consolidated Southwestern cases (123 I. C. C. 203), herein referred to as the Southwestern case. That was a complaint by northeast Texas points who were principally interested in their relationships with other Southwestern points, and the report does not indicate that there was any evidence regarding the question of grouping New Jersey points with New York City. As will be seen later, the grouping prescribed in that case is at variance with that under the other two cases cited. However, the Southwestern case has been reopened for further hearing as to these rates and the effective date of the order indefinitely postponed (139 I. C. C. 535) and the case is still pending on further hearing.

All of the foregoing objections are without merit and should be overruled.[5]

A–3. INTERVENERS

Supporting complaints: Petitions of intervention were filed and evidence was offered in support of the New Jersey complaints by the cities of Newark, Jersey City, and Hoboken, N. J., the New Jersey State Chamber of Commerce, the chambers of commerce of northern Hudson County and of the cities of Hoboken, Bayonne, Paterson, Passaic, Harrison, and Trenton, N. J., the New Jersey Industrial Traffic League, and various industries in New Jersey. Similar petitions were filed and evidence was offered in support of the Boston complaint by the Commonwealth of Massachusetts through its department of public works, the maritime association of the Boston Chamber of Commerce, the Foreign Commerce Club of Boston, and others. Each of the complainants also intervened in the other cases.

[4] One of the principal differences between this complaint and that of the State of New Jersey is that this one specifically attacks the rates via the rail-water and rail-water-rail routes, also those to and from New England, and certain others which are or were on a higher basis than that applicable to and from New York. This complaint also brings in issue the relationship of rates to and from New Jersey points as compared with Philadelphia and Baltimore.

[5] The hearings in these cases were marked by an unusual number of objections to evidence on technical grounds, but the briefs do not request the commission to review any of the other rulings of the examiner, with one exception, which was requested by the Boston complainants. Nevertheless, in view of the possibility of the commission's decision being contested in court, some of the examiner's rulings are reviewed in a general way and certain corrections made in Appendix C hereto.

Opposing complaints: Interveners in opposition to the three complaints include the State of New York, the city of New York, the New York State Chamber of Commerce, the New York Produce Exchange, the Merchants' Association of New York, the Maritime Association of the Port of New York, the Brooklyn Chamber of Commerce, and the Queens Borough Chamber of Commerce. Petitions were also filed by the chambers of commerce of several other cities in New York State and by various organizations and industries in New York City. The Port of New York Authority intervened and actively opposed the Boston complaint but did not participate in the New Jersey cases.

Other interveners: The Commonwealth of Pennsylvania, the city of Philadelphia, Pa., and various commercial organizations of that city intervened to protect the interests of the port of Philadelphia. The State of Maryland, the mayor and city council of Baltimore, Md., the Baltimore Association of Commerce, and the Baltimore Chamber of Commerce intervened to protect the interests of that port. The Norfolk Port Traffic Commission also intervened to protect the interests of Norfolk, Va., and numerous other petitions were filed by counsel listed in the appearances.

A–4. PRELIMINARY MATTERS

The New Jersey complainants and interveners presented their evidence jointly through the same witnesses, but separate briefs were filed by complainants in the two New Jersey cases as well as the Boston case. The defense to all three complaints was presented jointly by the defendants serving New York Harbor and the New York interveners, and references to the defense will be understood to cover both the defendants and interveners in opposition to the complaints. It will be most convenient to consider first the contentions and evidence of the New Jersey complainants, then of the Boston complainants, followed by the defense to all three cases, then the evidence of the Philadelphia and Baltimore interveners, and finally the summary and conclusions. Rates will be stated in amounts per 100 pounds unless otherwise indicated.

B. New Jersey's contentions and evidence

B–1. IN GENERAL

The State of New Jersey seeks the establishment of lower rates for the "lesser service" to and from New Jersey points than for the "greater service" to and from New York and points within the lighterage limits, where the rates are now the same from and to points west of the Hudson River. It also assails the performance of lighterage and other accessorial services free or without additional charge as unlawful, but it takes the position that if this practice can be justified it must be extended to other points in New Jersey. The New Jersey Traffic Advisory Committee vigorously supports the State's contention for rates which recognize the difference in services, but it suggests as a less desirable alternative that if New Jersey points are to be grouped with New York that the grouping should be the same in all directions together with the same accessorial services throughout the group. The State emphasizes the alleged effect of the rate adjustment in retarding the development of modern facilities for direct transfer of freight between cars and ships on the New Jersey shore, while the New Jersey Traffic Advisory Committee seems more interested in the effect of the rate adjustment on industries in New Jersey. Their evidence is directed mainly to the terminal facilities and operations at New York as compared with New Jersey points, data as to the cost of performing such terminal services, the rate structure under consideration, and the alleged unlawful effects of the rates assailed.

B–2. THE LESSER AND GREATER SERVICES

The lesser service to and from New Jersey points is described as ordinary or standard terminal service of three kinds, as follows: (1) Carload traffic is switched to and from public team tracks, industrial interchange tracks, or private side tracks for loading or unloading at the shipper's expense; (2) less-than-carload traffic is handled through the carrier's freight houses and loaded or unloaded at the carrier's expense; and (3) traffic interchanged with steamships at piers in New Jersey is switched to or from such piers and transferred across the pier between car and ship. Shippers who receive private side-track service generally have to bear the cost of constructing the track and the expense of maintaining the same.

The greater service includes what is referred to as accessorial services. This term is not defined by complainants, but is understood to mean services which are not ordinarily performed in connection with the transportation of traffic generally. These accessorial services at New York are lighterage, car floatage, and motor trucking, which will be described later. Complainants point out that switching service has to be performed on traffic which is car floated, lightered, or trucked, and they urge therefore that these services are additional to the usual rail services. As will be seen, however, complainants also contend that rail operations by the New York Central on Manhattan Island are attended by such unusual difficulty and expense as to warrant the same rates as where the terminal service is performed by lighter, car float, or motor truck.

B–3. NEW YORK HARBOR AND ADJACENT DISTRICTS

New York Harbor consists of the Lower Bay, whose shores are only partially protected from the open sea and, therefore, have practically no shipping facilities; the Narrows, which connect the Lower Bay with the Upper Bay; the Upper Bay, which lies between Manhattan Island on the north, Brooklyn on the east, Staten Island on the south, and the Bayonne Peninsula on the west; the Hudson River, East River, and Harlem River, which surround Manhattan Island; Newark Bay, which lies back of the Bayonne Peninsula and is connected with the Upper Bay through the Kill von Kull; the Arthur Kill or Staten Island Sound, which separates Staten Island from New Jersey; and the Passaic and Hackensack Rivers, which flow into the upper end of Newark Bay between Newark and Jersey City. The shore lines of the port aggregate 483 miles, of which 277 miles are in New York and 206 miles in New Jersey.

The free-lighterage limits are not coextensive with the harbor but include the eastern shore of Staten Island to a point just south of the Pouch Terminal; the northern shore of that island along the south side of the Kill von Kull and Newark Bay to a point just west of Port Ivory; the north side of the Kill von Kull as far west as Avenue C in Bayonne; both sides of the upper New York Bay to the Battery at the lower end of Manhattan Island; both sides of the Hudson River to One hundred and thirty-fifth Street in New York and the Fort Lee Ferry in Edgewater, N. J.; both sides of the East River to Hell Gate, which is the gateway to Long Island Sound; and both sides of the Harlem River to the Jerome Avenue Bridge, including the west side of Wards and Randall Islands. They also include the Gowanus and Wallabout Bays in Brooklyn and extend about 3 miles up Newtown Creek, which flows into the East River between Brooklyn and the borough of Queens. There are 60.81 miles of shore front within the lighterage limits, of which 70 per cent is on the New York or eastern side of the harbor and 30 per cent on the New Jersey or continental side.

The lighterage limits have been extended from time to time to take in new industries as they were established along the water front, the last change being in 1914.

The Port of New York Authority district as defined by statutes of New York and New Jersey is bounded by lines of latitude and longitude which do not generally coincide with political subdivisions. The northern boundary includes Piedmont on the west side of the Hudson River in Rockland County, N. Y., and White Plains on the east side of that river in Westchester County, N. Y.; the western boundary includes Westwood in Bergen County, N. J., Caldwell in Essex County, N. J., Plainfield in Somerset County, N. J., and New Brunswick in Middlesex County, N. J.; the southern boundary includes Matawan in Middlesex County and Atlantic Highlands in Monmouth County, N. J.; and the eastern boundary includes Jamaica and Port Washington in Nassau County, Long Island, also Port Chester in Westchester County, and extends along the State line between New York and Connecticut. This district takes in many points not located on New York Harbor but is considerably less extensive than the metropolitan district described below.

In the Eastern Class Rate case it was stated at page 434 that the boundaries of the port district probably were not primarily intended to define a rate group.

The New York metropolitan district, as defined by a committee organized by the Merchants Association of New York, includes the five boroughs of New York City, the counties of Rockland, Westchester and Nassau in New York; the townships of Huntington and Babylon in Suffolk County, Long Island; the towns of Greenwich, Stamford, Darien, New Canaan, and Norwalk in Fairfield County, Conn.; and the counties of Hudson, Bergen, Essex, Passaic, Union, Morris, Monmouth, Middlesex, and Somerset in New Jersey. Most of the counties named border on New York Harbor, and the district was so defined for census purposes.

New York City has a population of 5,924,500 within an area of 299 square miles, while the New Jersey section of the metropolitan district has a population of 2,672,000 in an area of 2,277 square miles. The New Jersey section is said to be the equivalent of the third largest city in the country, and it is one of the most important industrial sections of the United States.

Rate groups: None of the foregoing districts coincides with the New York rate groups hereinafter described. This point is urged by complainants, but it does not of itself necessarily prove that the rate groups are unlawful.

B–4. RAILROAD TERMINAL FACILITIES [*]

In general: New York Harbor is served principally by seven trunk lines which extend westward and two which extend into New England. The latter are the New York, New Haven & Hartford Railroad Co., hereinafter called the New Haven, which has its rail terminals at Harlem River and Oak Point in the Borough of the Bronx; and the New York Central Railroad Co., which serves New England as lessee of the Boston & Albany Railroad and also operates lines to the west. The New York Central has lines on the east side of the Hudson River with terminals on Manhattan, and also operates under lease the West Shore Railroad which has its terminal at Weehawken, N. J. The other six trunk lines have their principal freight terminals on the New Jersey side of the harbor, the Erie Railroad Co. and its subsidiaries at Jersey City, Weehawken, and Edgewater; the Delaware, Lackawanna & Western Railroad Co., hereinafter called the Lackawanna, in Jersey City and Hoboken; the Pennsylvania Railroad Co., Lehigh Valley Railroad Co., and Central Railroad Co. of New Jersey in Jersey City; and the Baltimore & Ohio Railroad Co. at St. George on

[*] The railroad terminal facilities and operations at New York Harbor were described in detail by complainants' witnesses. They included engineers and others long familiar with the terminal situation and who had made a special study of it for these cases. Their evidence was supplemented by that of operating officials of the trunk lines who were subpœnaed at complainants' request.

Staten Island.[7] In addition to the trunk lines, there is the Long Island Railroad, which serves Long Island and has its terminals at Brooklyn and Long Island City, N. Y.

Each of the trunk lines has one or more classification yards where inbound trains are broken up and outbound trains made up. Some of these yards are adjacent to the waterfront and others are several miles back from the water front. They also have lighterage piers where freight is transferred between the cars and lighters and car-float bridges for moving cars on and off the car floats. The New Haven maintains three pier stations on the east side of Manhattan, which are served by car float from its rail terminals in the Bronx. Its subsidiary steamship lines operating on Long Island Sound dock at two places on the west side of Manhattan.

New York Central: The New York Central's freight line on Manhattan crosses the Harlem River at Spuyten Duyvil and follows the eastern shore of the Hudson River to St. John's Park in the lower part of Manhattan. There is not much industrial development alone this line north of Seventy-second Street because of Riverside Park. Its principal yards are in the neighborhood of Sixtieth Street and Thirty-third Street. Freight stations are maintained in these yards, also at St. John's Park, at One hundred and thirty-fifth Street in Manhattan, and at several points in the Bronx. There are also team tracks at the same points and a few other places. There are some private sidings south of Sixtieth Street but very few. In addition, the New York Central maintains five pier stations served by car float from its Sixtieth Street and Thiry-third Street yards. Two of these pier stations are on the west side of Manhattan, two on the east side of Manhattan, and one at Wallabout Bay in Brooklyn. The New York Central's rails do not connect directly with any of the steamship piers on Manhattan, and the latter are not so constructed as to make it practical to extend the rails onto them. As a consequence steamship freight is generally lightered by the New York Central the same as the other lines.

New Jersey lines: The seven trunk lines whose rails terminate on the New Jersey side of the harbor also maintain freight facilities in New York, which are served by car float with the exception hereinafter noted. These car-float facilities are of two classes, pier stations where the freight is loaded or unloaded from the cars while standing on car floats beside the pier, and off-track stations and team-track yards where the cars are moved across float bridges between the car floats and tracks on the shore. The loading and unloading of the cars at pier stations is performed by the railroad, because it would be impractical for shippers to do so; but where the cars are switched to and from tracks on the shore carload freight is generally loaded and unloaded by the shippers the same as elsewhere. The West Shore has 6 pier stations, 3 on the west side of Manhattan, 2 on the east side of Manhattan, and 1 at the Harlem River.

In addition the Erie maintains 4 inland stations on Manhattan which are served by motor truck. The Lackawanna has 4 pier stations, 3 on the west side of Manhattan and 1 on the east side of Manhattan. It also has 3 off-track stations with team-track yards, 1 at the Harlem River and 2 in Brooklyn. The Pennsylvania has 7 pier stations, 3 on the west side of Manhattan, 1 on the east side of Manhattan, 1 at the Harlem River, and 2 in Brooklyn. It also has 2 team-track yards, 1 on the west side of Manhattan and 1 in Brooklyn. The Lehigh Valley has 7 pier stations, 3 on the west side of Manhattan, 2 on the east side of Manhattan, 1 on the Harlem River, and 1 at Wallabout Bay in Brooklyn. It also has a team-track yard on the west side of Manhattan and an off-track station and team-track yard at the Harlem River. The Central of New Jersey has 3 pier stations, all on the west side of Manhattan. It also has an off-track station and team-track yard adjacent to the Harlem River in the Bronx. The Baltimore & Ohio has 4 pier stations, 2 on the west side of Manhattan, 1 on the east side of Manhattan, and 1 at Wallabout Bay in Brooklyn. It also has an off-track station and team-track yard on the west side of Manhattan. Generally the pier stations are used for both carload and less-than-carload freight, the team-track yards for carload freight only, and the off-track stations for less-than-carload freight.

Contract terminals: In addition to the foregoing all of the trunk lines have stations for carload and less-than-carload freight at the so-called contract terminals. Some of these are common carriers but all are commonly referred to as contract terminals and will be so designated here for convenience. There are six of these terminals in Brooklyn and two in Long Island City, but one of the latter is not being operated at present. Most of them have public team tracks and private sidings for industries located at the terminals. They are served by car floats operated by the terminal companies between the float bridges of the trunk lines and float bridges at the terminals. The terminal companies also switch the cars to and from points reached by their rails and perform the station service. All of these services are performed for certain allowances under contracts with the trunk lines or for divisions of the joint rates where the terminal company is a common carrier and participates in the joint rates as in the case of the New York Dock Railway. Freight interchanged with steamships docked at the contract terminals is generally lightered by the trunk lines the same as at other steamship piers.

Summary: It will be noted that all of the trunk lines are more or less well supplied with freight stations and team tracks in various parts of New York City. The bulk of the local traffic having origin or destination in New York City is handled through these facilities. Those of the New Jersey lines are served by car float operated from the rail terminals, except the Erie's inland stations, which are served by motor truck from its New Jersey terminals. The car floats are equipped with rails holding 10 to 14 cars, which are moved across float bridges from and to tracks on the shore by switch engines. The car-float service is equivalent to an extension of the carrier's rails to the stations on the other side of the harbor.[8] See United States v. Baltimore & O. R. Co. (231 U. S. 274), from which the following is quoted at page 288:

"The mere fact that the physical rails stop at Jersey City does not mean that the railroad transportation there ends. It continues over to Brooklyn by means of car floats, upon which further rails are laid and on which empty and loaded freight cars stand and are transported, so that the rails upon the car floats are brought into contact with the rail ends at Jersey City and the continuation thereof at Brooklyn, and in this way the transportation by railroad is carried on without interruption from the western points directly to Brooklyn."

B–5. LIGHTERAGE SERVICE DESCRIBED[9]

Lighterage is performed by all of the trunk lines serving New York Harbor. The service was first established by the lines whose rails terminate on the New Jersey side of the harbor before the inauguration of car-float service and when they had no other way of reaching New York. The New York Central, however, soon found that lighterage gave the other lines such an advantage in reaching points about the harbor where its rails did not extend that it also adopted the practice to meet their competition. Lighterage is a service performed beyond railroad terminals, that is, to and from points not reached by the carriers' rails and which are not regular stations. In this respect it differs from the car-float service which is maintained to and from regular stations or team tracks, except the relatively small amount of car floatage in lieu of lighterage which is merely a substitute for lighterage. It also differs from the car-float service in that lighterage involves a breaking of bulk in transit, as the freight has to be transferred by the railroad between cars and lighters and again handled by it between the lighters and piers or ship's sling.[10]

Classes of service: The lighterage operations fall into two general classes: (1) Lighterage of through rail-water traffic to and from steamships or steamship piers, and (2) lighterage of local-harbor traffic to and from public or private docks. The operations are generally similar on the two classes of traffic, except differences resulting from the steamship-permit system, hereinafter explained in section B–13. About 72 per cent of the total lighterage tonnage is export and import traffic, about 8 per cent coastwise traffic, and about 20 per cent local-harbor traffic. During the year 1923 the New York Central, including the West Shore, had the largest total tonnage lightered, followed closely by the Pennsylvania, which had the largest tonnage of local harbor traffic, and the other lines followed somewhat in proportion to their total traffic to and from New York.

Important steps: The more important steps attending the lighterage of eastbound freight are as follows: (1) Classification yard service; (2) switching of the cars from the classification yards to the lighterage piers; (3) unloading the freight from the cars and transferring it to lighters; (4) towing the lighters to steamships, steamship piers, or public or private docks; and (5) removing the freight from the lighters to steamship piers, placing it within reach of the steamship's sling, or putting it on the public or private docks. The steamship company exercises the option of

[7] The New York, Ontario & Western Railway also seems to serve the harbor district through the facilities of the West Shore. The Reading Co. has a line to Port Reading, N. J., on the Arthur Kill in the lower part of the harbor district, but apparently it does not directly serve New York or points within the lighterage limits.

[8] There are expressions in some of the commission's reports to the effect that lighterage and trucking are also equivalent to an extension of the carriers' rails. However, it is apparent from the description of lighterage which follows that the rails are not projected across the harbor as in the case of the car-float service. Lighterage is more analogous to store-door delivery as hereinafter shown in section B–12.

[9] The lighterage service was described principally by an engineer who had been for several years on the staff of the Port of New York Authority and its predecessor, the New York-New Jersey Port & Harbor Development Commission, and by a witness who had been superintendent of the Erie's lighterage department for 15 years and chairman of the lighterage committee of the trunk lines serving New York Harbor for eight years.

[10] While complainants seek rates for New Jersey lower than New York on all traffic to and from points west of the Hudson River, some of New Jersey's leading witnesses indicated that their principal interest is in securing a plus charge for lighterage. These witnesses expressed the view that the rail rates should stop with the car, and an additional charge should be made where the carrier performs an additional service in delivering or receiving the freight. It is also pointed out that the economies which could be effected by direct interchange between car and ship apply to freight which is now lightered to and from steamships or their piers and not to the car-float service to and from regular stations or team tracks.

receiving the freight on its pier or taking it from the lighter on the offside of the vessel. The operations are reversed on westbound freight, except it must generally be unloaded from the ship to the pier on account of customs regulations.

Time required: Based on what the witness described as normal handling, the average time consumed in the various operations connected with lighterage is given as 4 hours in the classification yard, 1 hour in transit from the classification yard to the water front, 20 hours for unloading cars at the water front, 72 hours awaiting delivery orders from consignees, 24 hours for loading and towing freight in lighters, and 48 hours for unloading freight from lighters, making a total of 169 hours. The corresponding elapsed time in the case of carload freight handled by car float to and from pier stations or team tracks is given as 4 hours in the classification yard, 1 hour in transit to the water front, 2 hours loading and towing car floats to station, and 48 hours awaiting consignee's acceptance, making a total of 55 hours. The time given for lighterage freight may be too high, but clearly it must be much in excess of that on car-float freight to or from pier stations or team tracks.

Transfer service: Lighters are of various types to suit particular kinds of freight. Most of them are open or covered nonpropelled boats which are towed by tugs, but there are some self-propelled steam or Diesel lighters. The largest portion of the tonnage consists of merchandise or freight in boxes, barrels, crates, or other packages and some piece freight which is generally transported in box cars. Such freight is generally handled in covered lighters and transferred between cars and lighters at covered piers by means of man power supplemented by hand trucks or power trucks. It is also transferred in much the same way between the lighters and steamship piers or the public or private docks, but the railroad is not required to truck the freight more than 100 feet on the pier. Open lighters are used for iron and steel articles and other heavy freight which is generally transported in open cars. Such freight is transferred between cars and lighters at open piers by means of electric or steam cranes. It is transferred between the lighters and public or private docks with the aid of a derrick on the lighter and it is transferred between the lighters and ships by the ship's tackle, the railroad's duty ending when the freight is placed in or on the tackle. The transfer between cars and lighters can generally be accomplished in one handling of the freight, but two handlings may be required if temporary storage on the lighterage pier is necessary because of the consignee's inability to receive the freight or lack of readily available cars for loading. Some of the railroads use their own employees to effect the transfer on the New Jersey side, while others do it through contractors; but all of them employ contracting stevedores to perform the service on the New York side. Shippers or consignees can elect to do the loading or unloading of the lighters away from the railroad terminals, in which event they are accorded an allowance by the truck lines of 15 cents per ton, but this is not sufficient to cover the cost of the service and therefore is not attractive to shippers.

Distances: The rail distances from the classification yards to the lighterage piers on the New Jersey side vary on the different lines from 0.5 mile to 6.5 miles. The water distances from the lighterage piers to points within the lighterage limits range all the way up to approximately 17.5 miles. The aggregate rail and water distances between the classification yards and points within the lighterage limits range from 7.36 to 21.36 miles for the Baltimore & Ohio, 2.8 to 14.01 miles for the Central of New Jersey, 5.02 to 18.62 miles for the Lackawanna, 4.6 to 21.73 miles for the Erie, 7.75 to 20.2 miles for the Lehigh Valley, 1.38 to 16.47 miles for the Pennsylvania, and 1.43 to 18.09 miles for the West Shore. These distances are contrasted by complainants with the distances between the classification yards and freight houses, public delivery tracks, or private sidings of various industries on the New Jersey side. The latter distances range from 0.18 to 7.14 miles, or about the same as those between the classification yards and lighterage piers. The distances covered by the lighterage service, however, fall far short of reflecting the cost of the service compared with average rail transportation as hereinafter shown.

There has been no material change in the methods of conducting the lighterage operations during the past 25 years. Some of the equipment has been displaced by equipment of larger capacity, and modern locomotive cranes have been installed to handle heavy material.

B–6. SUBSTITUTES FOR LIGHTERAGE

Trucking and car floatage are performed in lieu of lighterage under certain conditions hereinafter noted.

Trucking: When carload freight is trucked in lieu of lighterage to or from steamship piers the car is generally switched to or from a yard containing public team tracks where New Jersey shippers load or unload and truck their own carload shipments. Freight trucked in lieu of lighterage is transferred by the railroad between the car and trucks, which haul it to the steamship pier, where it is again unloaded to the pier by the railroad. Trucking in lieu of lighterage differs from trucking to or from the Erie's inland stations in that the former is diffused throughout all of the steamship piers within the lighterage limits. This is a distinction of some importance, because the Erie's inland stations are on the west side of Manhattan, not far from the Holland tunnel, while trucking in lieu of lighterage includes trucking under the Hudson River, through the busy streets across lower Manhattan, over the East River, and as far as South Brooklyn. Trucking in lieu of lighterage is more akin to store-door delivery, which will be discussed later in section B–12.

Car floatage: Such car floatage as is performed in lieu of lighterage is principally of fresh meats and other perishables which it is desired to move to or from ship side in refrigerator cars. This necessitates carrying an empty flat car on the float beside the loaded car, and the freight has to be removed by the railroad from the loaded car to a platform between the two cars and thence to the flat car so that the ship's sling can reach it. The floating of two cars for one load distinguishes this service from car floatage to or from pier stations, team tracks, or the contract terminals. It is also distinguishable in that car floatage in lieu of lighterage is apparently subject to the steamship permit system described in section B–13, and its average cost is greater than for car floatage to and from pier stations or team tracks as developed in section B–15. Apparently the difficulties encountered in this method of transferring freight to or from steamships prevents its general use in place of lighterage.

In 1930 trucking in lieu of lighterage amounted to less than 6 per cent and car floatage in lieu of lighterage to less than 4 per cent of the total lighterage tonnage.

B–7. TERMINAL RULES AND REGULATIONS

Each of the trunk lines serving New York Harbor publishes tariff rules and regulations governing the performance of lighterage and other accessorial services. The term "lighterage free"[11] is defined in the tariffs as follows:

"The term 'lighterage free' should be understood to mean that carload shipments of articles entitled to free lighterage will be lightered or trucked free to or from any steamship pier or public landing within the free lighterage limits of New York Harbor. Lighterage or truckage of freight to or from private piers or landings can only be done when shippers or consignees arrange with the owners or occupants of such piers or landings for the use thereof."

Less than carloads: Generally speaking, free lighterage is performed only on carload traffic, and a separate charge is made when less-than-carload shipments are lightered. This charge is 3.5 cents per 100 pounds, minimum $7.56 for each export or import shipment and $11.50 for each domestic shipment. There are some exceptions, however, where less-than-carload shipments are lightered free. For example, less-than-carload shipments are lightered free when included in the same car with an eastbound carload of lighterage-free freight. There is also a provision for split deliveries of export carload freight to two lighterage points without charge. Additional deliveries of export freight and two or more deliveries of domestic carload freight may be made at a charge of 3.5 cents per 100 pounds, minimum $7.56 per delivery.

Carload traffic: There is a long list of articles not to be contracted for lighterage free even in carloads. This list includes articles of an inflammable or hazardous nature such as petroleum products and heavy or bulk articles such as coal and coke in bulk. Articles weighing in excess of 3 tons are assessed charges of 50 cents to $1.76 per ton in addition to the New York rates. Rates are also provided for lighterage of shipments afforded both rail and lighterage or car-float service when the two services are not covered by the published tariff rates. These rates range from 6 to 15 cents per 100 pounds, but the 6-cent rate is the one of general application.

Substitutes for lighterage: Provision is made for car-float service in lieu of lighterage without charge provided there are not less than six carloads to or from one point. Less than six carloads may be car floated in lieu of lighterage at a charge of $11.50 for each car less than six carloads. As previously indicated, this service is used to and from steamships on a small proportion of the traffic, principally commodities which move in refrigerator cars. Industries which have float-bridge connections with private sidetracks may also use this privilege, but there are only two or three private float bridges in the harbor. Trucking in lieu of lighterage was formerly authorized at the carrier's option, but this is now confined to trucking to and from connecting carriers and steamship piers within the lighterage limits.

The terminal rules and regulations cover many other matters relating to the terminal services at New York Harbor. They recognize a distinction between deliveries at regular stations which are served by car float and deliveries by lighter beyond the confines of carrier premises. New Jersey urges that these comprehensive tariffs, covering in some instances approximately 100 pages, show that lighterage is an accessorial service governed by special rules which can not be applied to ordinary or standard railroad terminal service. That is undoubtedly true but it is only one of many things which must be taken into consideration.

B–8. EXTRA TOWING CHARGES

The tariffs of the trunk lines serving New York Harbor provide separately established charges in addition to the rail rates for the performance of lighterage outside of the free lighterage limits. These charges, called extra-towing charges, are as follows on the New Jersey side of the harbor, the amounts stated being per lighter:

[11] The defense urges that lighterage is not free but is covered by the line-haul rates. Strictly speaking, that is true, but it is commonly referred to as "free lighterage" in accordance with the tariff definition, and for convenience that term will be used in this report.

Kill van Kull, Newark Bay, Passaic, and Hackensack Rivers

To or from—	
Points on New Jersey shore between Avenue C, Bayonne, to and including Neck at Bergen Point (except Safety Insulated Wire & Cable Co. dock)	$26.00
Points on east shore of Newark Bay beyond Neck at Bergen Point to and including Central Railroad of New Jersey main line (Newark Bay) bridge	40.00
Points beyond Central Railroad of New Jersey main line (Newark Bay) bridge to Newark and Kearny, N. J., inclusive, and points on the Hackensack River, to and including Newark-Jersey City turnpike bridge	60.00

Staten Island Sound

To or from—	
Points beyond Port Ivory to and including Elizabethport, N. J., and Bayway, N. J., including Bayway Terminal, N. J	27.00
Points beyond Bayway, N. J., to and including Grasselli, N. J., and the northern end of Pralls Island	35.00
Points beyond Grasselli, N. J., and northerly end of Pralls Island to and including Tremley, N. J., and Chelsea, Staten Island	40.00
Points beyond Tremley, N. J., and Chelsea, Staten Island, to and including Carteret, N. J., and Linoleumville, Staten Island	45.00
Points beyond Carteret, N. J., and Linoleumville, Staten Island, to and including Chrome, N. J., and mouth of Fresh Kills Creek, Staten Island	50.00
Points beyond Chrome, N. J., and mouth of Fresh Kills Creek, Staten Island, to and including Perth Amboy, N. J., on Staten Island Sound, and Tottenville, Staten Island, on Staten Island Sound	60.00

Based on an average lighter load of 60 tons, the above charges per lighter amount to from 43 cents to $1 per ton. They also apply to car floatage when performed in lieu of lighterage to or from points other than regular stations or team tracks.

B–9. LARGE PART OF PORT OUTSIDE LIGHTERAGE LIMITS

A large part of the New Jersey section of the port is outside the free lighterage limits. The navigable waters, where free lighterage is not performed, include a small portion of the Kill van Kull, almost all of Newark Bay, all of the Arthur Kill or Staten Island Sound, and the Raritan, Passaic, and Hackensack Rivers. There is a 30-foot channel through the Kill van Kull, also up Newark Bay to the Passaic and Hackensack Rivers, and throughout the length of the Arthur Kill.

Newark Bay is a well-protected body of water approximately 1 mile wide and 5 miles long. At present it is generally of rather shallow depth except where the Government has dredged for the ship channel, which is 400 feet wide. Its eastern shore includes the entire length of Bayonne and part of Jersey City, which has spent about $500,000 in developing a marine base here. Most of the Bayonne water front is occupied by a park system, but there are a number of industries near its southern end. Port Newark on the west side of Newark Bay is described elsewhere.

The Arthur Kill is a tidal strait similar to the East River and the Harlem River. It is wider than the Harlem River and Newtown Creek where free lighterage is performed. There are some bridges across it but not so many as across the Harlem River, and special equipment has to be used on Newtown Creek because of its low bridges, narrowness, tortuous turns, and shallow depth. The New Jersey side of the Arthur Kill is developed industrially for the greater part of its length from Elizabeth to Perth Amboy. The Bayway Terminal near its northern end in the city of Elizabeth covers 20 to 30 acres and has six warehouses, approximating 1,000,000 square feet of storage space, with direct rail and water connections.

The Raritan River extends inland from Perth Amboy at the south end of the Arthur Kill. It has a 20-foot channel to a point west of Perth Amboy and an 8-foot channel beyond to a point near New Brunswick. An appropriation has been made for further dredging of this river. About 3.7 miles of the water front at Perth Amboy is available for industrial use, but only 2.3 miles of it has been developed industrially. There is a 30-foot channel available for steamships direct from the lower New York Bay through Raritan Bay to the water front at Perth Amboy.

The Passaic and Hackensack Rivers pass through the industrial region between Jersey City and Newark, the Hackensack along the west side of Jersey City, and the Passaic along the east side of Newark. At the time of hearings the Passaic River was navigable for lighters as far as Newark, but the Federal Government had authorized and started deepening the channel so as to make it navigable for lighters as far as Passaic. That is the center of an important industrial district, and the Passaic River also passes through an industrial area between Newark and Passaic. The Hackensack River is apparently navigable for lighters past Jersey City and through the Jersey meadows to a point near Hackensack. However, the extra towing charges hereinbefore quoted only apply as far up the Hackensack and Passaic Rivers as certain points in Jersey City and Newark.

In general: The record contains the names of numerous industries located on all the above-mentioned bodies of water outside the lighterage limits, many of which have dock facilities. They are within the New York rate group but must pay extra for lighterage if that service is used. This naturally tends to discourage use of the lighterage service, but there is a substantial movement at the plus charges. In 1923 the trunk lines lightered to points on Newark Bay and connecting waters outside the lighterage limits 34,176 tons of freight, equivalent to over 1,700 carloads of 20 tons each. Of course, this is small in comparison with the total lighterage tonnage, but the movement would no doubt be much larger if it were on the same basis as within the lighterage limits. Moreover, the movement even at the plus charges to and from some sections appears to exceed that to and from many sections within the lighterage limits.

There is also abundant water-front land available for further industrial development, especially on Newark Bay and along the Passaic and Hackensack Rivers. While much of this appears to be marshland its reclamation is feasible, and more of it would probably be used industrially if lighterage were performed there on the same basis as within the lighterage limits. Much of the above-described water front is served by one or more rail lines, but a considerable portion of it is reached only by lighters, and none of it is served by all the trunk lines except through lighterage. When switching is performed to or from lines which do not reach an industry, additional charges generally apply, in many instances class rates.

The record does not contain a comparison of the distances from the lighterage piers of the trunk lines to points within and without the lighterage limits, but it does contain sufficient data to show that in many instances the distances to points without the lighterage limits are less than to points within those limits. However, it is clear from the record that a difference of a few miles has but little if any effect upon the lighterage costs. An exhibit introduced by the defense shows that the cost of lighterage by the trunk lines to and from points on the Passaic River is no greater than to and from many points within the lighterage limits. Moreover, several private lighterage companies do business at Port Newark, and it would be possible for the railroads reaching there to use it as a base for lighterage operations in that section of the port.

B–10. PORT NEWARK

Development: Port Newark is within the city limits of Newark on the west side of Newark Bay, approximately 4 miles from its junction with the Kill van Kull. It has been developed on part of a tract of appoximately 2,000 acres acquired by the city for a terminal where direct interchange could be made between railroad cars and ocean-going steamships. The city commenced the development of the port in 1914 and since then has spent over $15,000,000 in dredging channels, building docks, constructing railroad tracks and streets, and providing the facilities needed in such a terminal. In 1917 the United States Government purchased 133 acres of reclaimed land at Port Newark and constructed an Army supply base at a cost of $12,000,000. About the same time the United States Shipping Board leased 118 acres adjoining the Army supply base and spent $30,000,000 in constructing a shipyard. Since the war the city has leased approximately 100 acres of land to private interests, who have spent over $5,000,000 in the construction of buildings, shipping facilities, and warehouses. In addition, the Government has spent approximately $5,000,000 in deepening the channels in Newark Bay, and the Central of New Jersey has replaced its low-level bridge across the bay with a high-level bridge costing $12,000,000. All of these improvements connected directly or indirectly with the development of Port Newark have cost a total of about $79,000,000, or $65,000,000 if the Central of New Jersey's bridge is excluded. The city plans further development of the port as soon as the use of its facilities warrant, and such plans contemplate a total expenditure of $50,000,000 more.

Facilities: Port Newark is served by the Pennsylvania, Central of New Jersey, and the Lehigh Valley. The tracks of the first two connect directly with the tracks within the port area, but those of the Lehigh Valley do not, and its traffic is switched a short distance by the Pennsylvania. The city of Newark owns and controls about 5 miles of track at Port Newark, the United States Government owns 14 miles of track in the Army base, and the Atlantic Port Railway controls 26.5 miles of trackage, making a total of about 45 miles of track within the port area. There are about 12,000 feet of marginal dock, of which the city owns 7,685 feet and the United States Government owns about 4,000 feet. The municipally operated docks are especially suitable for lumber operations and for the loading and discharging of bulk cargo not requiring covered storage facilities. Switching to and from the municipal docks is performed by the trunk lines over the city-owned tracks without any compensation to the city. The transfer of freight between the cars and steamships is performed by stevedores under contract by the steamship companies or the city's tenants. It costs an average of 50 cents per ton to discharge the freight from the cars to the dock.

Army supply base: This part of the port is now leased to a private corporation which operates it as the Newark Seaboard Terminal. It has nine 1-story fireproof warehouses with approximately 1,800,000 square feet of covered storage. These warehouses will accommodate the contents of 7,500 average box cars at one time. At present it is used principally for the storage of raw sugar imported from Cuba and later delivered to the refineries in New York Harbor. It has a marginal dock 3,000 feet long and 14 miles of railroad track. Traffic is switched by the Pennsylvania and Central of New Jersey to and from an interchange track adjacent to the terminal, and a locomotive operated by the terminal com-

pany spots the cars at ship side. No allowance is made by the trunk lines for this service, and they bear no part of the expense of transferring the freight between car and ship.

Atlantic Port Railway: This is a subsidiary of the Submarine Boat Corporation. The latter is a tenant of the city and operated a fleet of thirty-two 5,000-ton steamships known as the Submarine Lines. In 1923 when they began operations there were 92 steamship terminations at these docks carrying 300,000 tons of cargo valued at $16,000,000. Since that time there have been over 1,600 steamship terminations, or about 3,200 arrivals and departures. The company was in receivership at the time of the hearing, and none of the 32 ships referred to was in operation. The Atlantic Port Railway controls about 26.5 miles of track, and traffic is switched by it between the interchange tracks of the trunk lines and ship side or the warehouse. It receives from the trunk lines a maximum allowance of 60 cents per ton for this service, and out of the allowance it absorbs the cost of loading or unloading the cars.

Use of port: The 30-foot channel to Port Newark will not accommodate the largest steamships, but it is sufficient for the majority of vessels in the foreign and coastwise movements. From 1919 to 1929, inclusive, 92,312 railroad cars loaded with 2,442,048 tons of freight were handled at Port Newark. Approximately 40,000 of these cars carrying about 1,077,340 tons moved via the Atlantic Port Railway and the balance over either the city-owned tracks or those at the Army base. The tonnage transported by vessel to or from Port Newark was 2,000,000 in 1919, after which it declined to 100,000 in 1922, and has since increased to a maximum of 1,997,032 in 1928. Most of the tonnage consists of lumber, about 300 out of 335 steamers docked in 1929 being lumber carriers. Lumber being a cheaper commodity holds down the rentals which the city can secure below a fair return on the investment. Port Newark is one of the largest lumber terminals on the Atlantic coast, but those interested are not satisfied to have it a mere lumber terminal. So far it has been able to attract very little other tonnage. Its facilities are used only to about 25 per cent of their present capacity.

Principal complaint: Complainants' principal complaint with respect to Port Newark is that the maintenance of the same rates as to and from New York coupled with free lighterage (1) deprives that port of any inducement for shippers to use its facilities for direct transfer, (2) prevents the city of Newark and others who have or may invest in such facilities of sharing in the savings resulting from their use, and (3) thereby impairs the investments made in such facilities. In this connection they compare the average stevedoring cost of 50 cents per ton for transferring freight between car and ship side at Port Newark with the average cost of $2.75 per ton for transferring freight between the rail ends and ship side in New York Harbor as found in Wharfage Charges at Atlantic and Gulf Ports (157 I. C. C. 663), hereinafter referred to as the Wharfage Charges case.

Other complaints: Complainants also point out that the carriers have refused to perform free lighterage at Port Newark, and it was testified without contradiction that the absence of free lighterage together with the rate adjustment prevented the location of many industries there. Trucking in lieu of lighterage will not be performed to or from Port Newark by the lines whose rails do not reach there, although they will truck under or over the Hudson River and the East River to steamship piers in Brooklyn. Efforts to have the coastwise steamship lines make Port Newark a port of call failed because of the absence of the same privileges as are accorded at New York.

Loading charges: In *City of Newark v. Pennsylvania R. R. Co.* (182 I. C. C. 51), it was found that the Pennsylvania's failure to absorb the loading charges on lumber from Port Newark while contemporaneously absorbing the cost of similar services at various other ports resulted in undue prejudice and preference. This was ordered removed effective May 31, 1932. This case supports a finding of undue prejudice and preference by reason of the denial of the same lighterage and trucking privileges at Port Newark as are accorded in other parts of New York Harbor.

B–11. ADVANTAGES OF FREE LIGHTERAGE

Shippers accorded free lighterage receive the services of all the trunk lines at the New York rates. This is a distinct advantage over shippers located on a single line who must often pay higher rates for joint-line hauls. Shippers who use the contract terminals have a similar advantage, but all of the other pier stations, off-track stations, and team tracks in New York are generally local to the individual lines. A further advantage is that the cost of loading or unloading the car, which is ordinarily borne by the shipper, is borne by the railroad when lighterage is performed. Shippers using the contract terminals, as well as all other shippers who receive team track or private siding delivery, generally load and unload their own carload freight. In Loading and Unloading Carload Freight (101 I. C. C. 394) separate charges of 30 to 50 cents per ton were prescribed for loading or unloading carload package freight at various points. The shipper who loads his own freight receives a "shipper's load and count" bill of lading, while a lighterage shipper receives an unconditional bill of lading. The latter is a material advantage in settling claims for shortage. In addition to these advantages, lighterage affords a free pick-up and delivery service analogous to a store-door delivery, as explained in the next section. The advantages of free lighterage to the steamship companies will be discussed in sections B–13 and D–19.

Witnesses for the defense, as well as complainants, testified to the superiority of the lighterage service.

Effect of denial: That part of the port outside of the free-lighterage limits in New Jersey is in keen competition with New York and points within the lighterage limits. This competiton is not only between industries already located but also for the location of new industries. There is similar competition for the berthing of steamships and for shipping facilities. In all of this competition the absence of the same lighterage privileges, as are accorded within the lighterage limits, is a decided handicap. The president of the Bush Terminal Co., who testified for the defense, acknowledged that Port Newark is handicapped in competing with the contract terminals, because it does not have the services of all the trunk lines at the New York rates. A vice president of the Munson Steamship Co., called by the defense, admitted that any section of the port that does not have free lighterage is bound to decline in competition with those sections of the port that do have free lighterage service. As will be seen later in section D–23, the Port of New York Authority, which tried to maintain a neutral attitude as between New Jersey and New York, states on brief that there is "obvious discrimination" against points outside the lighterage limits in New Jersey.

B–12. LIGHTERAGE ANALOGOUS TO STORE-DOOR DELIVERY

Free lighterage is analogous to store-door delivery in that a pick-up and delivery service is accorded at points not reached by the carrier's rails and which are not regular stations. In the case of store-door delivery the service is performed by trucks operating on the public highways, while in the case of lighterage the lighters are towed on public waterways. In both cases the carrier unloads inbound shipments from the car and loads the outbound shipments at its own expense, contrary to the general practice with respect to carload freight. Of course, shippers not located on the waterfront have to truck their freight to or from the waterfront, but there are many industries on the waterfront, especially along the East River and Kill van Kull, and apparently they are the principal users of the service to or from public and private docks. Such industries within the lighterage limits enjoy the practical equivalent of a store-door delivery and pick-up service, without charge in addition to the line-haul rates. They have this advantage not only over industries located on navigable waters outside the lighterage limits but also over industries in New Jersey which are not located directly on a carrier's rails and must therefore truck their freight to or from the railroad.

Store-door delivery: The record shows that New York has long been seeking a store-door delivery service by motor truck.[12] The commission was asked to require such a service in Constructive and Off-Track Freight Stations (156 I. C. C. 205) but held that it could not be required under existing law. The Merchants' Association of New York, which sought the service, did not ask that it be performed without charge in addition to the line-haul rates but suggested a division of the cartage expense between the carrier and shipper. In discussing the question of how the expense of the service should be borne, the commission said at page 215:

"A proper cartage charge or a proper share of cartage expense in any scheme of store-door delivery is properly to be borne by the consignee."

Modified store-door delivery: In the same case the commission also considered certain modified forms of store-door delivery known as the constructive-station and the constructive-lighterage practices. Under the constructive-station practice freight was trucked between the rail terminals and shippers' places of business on Manhattan Island through constructive stations on the Manhattan shore. The carriers paid the trucking company for the haul between their terminals and the constructive station, while the shippers paid for the trucking between that point and their places of business. With respect to this practice the commission said at page 225:

"At present the service is provided only on Manhattan Island. If Manhattan Island could be isolated from a rate and service standpoint the solution would be easy. But it is not so isolated. Its shippers are in active competition with those in the other boroughs of New York and with those in the metropolitan districts of northern New Jersey. The same freight rates apply to all, and when the constructive stations were established no change was made in that basis. It follows, therefore, that any saving or advantage which Manhattan shippers receive in the way of cartage expense operates to the relative disadvantage of their competitors who pay like rates and normal cartage. Already the Boroughs of Brooklyn and Queens and the northern New Jersey cities are on record demanding the service for themselves if it is to be continued on Manhattan."

The constructive lighterage service was inaugurated by the New York Central to meet the constructive station service of the other lines and was later adopted by the Baltimore & Ohio and the Central of New Jersey. It was similar in principle but differed in that every lighterage point within the lighterage limits became in effect a constructive station, and there was no minimum charge to be paid by the shipper for the trucking beyond the constructive stations. Apparently the practice was called constructive lighter-

[12] Since the hearings in these cases the carriers have filed schedules to establish a store-door delivery service by motor truck. These schedules provide additional charges for the store-door service, and the territory covered includes all points within a certain distance on both sides of New York Harbor.

age because it was in the nature of a substitute for lighterage, the carrier paying for the trucking to or from the point at which delivery would be made by lighter. It was also referred to as trucking in lieu of lighterage. The conclusion reached by the commission regarding both of these practices was stated as follows at page 229:

"The constructive stations, as now operated in New York, and the constructive lighterage practice operated in competition therewith must be condemned. They have resulted in according to shippers and receivers of freight on Manhattan a service which is denied to competing shippers and receivers in the same rate groups, which practice could not be defended on complaint under section 3 of the act."

The above-mentioned services were also found to be "not compatible with the provisions of section 15a of the act." Following that decision the carriers discontinued the constructive station practice and also constructive lighterage or trucking in lieu of lighterage except to and from steamship piers. There does not appear to be any material difference between trucking in lieu of lighterage to or from steamship piers and to or from other points.

Other store-door cases: The above-cited decision was in accord with the old Washington (D. C.) store-door delivery cases. Cassasa *v.* P. R. R. (24 I. C. C. 629); Anacostia Citizens Asso. *v.* B. & O. R. R. Co. (25 I. C. C. 411); Washington (D. C.) Store-Door Delivery (27 I. C. C. 347; Merchants & Manufacturers Asso. *v.* B. & O. R. R. Co. (30 I. C. C. 388) It was also in accord with the more recent Southwest Missouri Railroad Co. drayage absorption cases. Drayage Absorptions by S. W. M. R. R. Co. (113 I. C. C. 179); Absorption of Drayage Charges (128 I. C. C. 405, 140 I. C. C. 627). These latter decisions were successfully upheld in the courts. Wallover *v.* United States, 32 Fed. (2d) 524.

B–13. STEAMSHIP PERMIT SYSTEM

The steamship companies control the lightering of freight to their piers or ships through a permit system. This enables them to properly load the steamships without delay and facilitates unloading at the various ports. Heavyweight, or bottom cargo, is loaded first, and freight for different ports is loaded in separate hatches or otherwise separated. The permits are issued by the steamship companies and designate the time when particular shipments will be received. They are issued to the shippers or their agents, who deliver them with the lighterage orders to the railroads. Generally the railroads are allowed not more than 24 hours and in many instances less time after the orders are received to get the freight to ship side. This necessitates prompt switching and unloading of the freight at the lighterage piers. Freight which is not already at the lighterage piers is generally switched at night for orders received up to 5 p. m. of that day. It is frequently necessary to make special switching movements to get the cars to the lighterage piers quickly, and single lighters are often towed specially to get the freight to ship side within the permit time. The railroads do not contract to deliver the freight within the time specified, but they make every effort to do so in order to attract and retain business. If the freight is tendered after permit time or after the loading of the steamer is completed, the steamship company imposes what is called a "shut-out."

Delays and congestion: Shut-outs are also imposed occasionally when freight is tendered within permit time because of overbooking of cargo space on the ship or when a delay in its schedule necessitates a quick "turn around." Lighters are frequently held for two to four days under load at steamship piers awaiting acceptance of the freight due to late arrival of the steamer, delay in discharging the inward cargo, or other reasons. Each lighter is manned by a captain who generally stays on it and guards the freight until delivered. Some of the lighters are loaded with only single carloads, whereas their capacity is usually from four to eight carloads, and each of the railroads may have 2 or more lighters awaiting discharge at the same steamship pier, or a total of perhaps 15 lighters for freight which could easily be held on 5 lighters. Congestion in the ships adjoining the steamship piers sometimes requires trucking of the freight over two lighters to get to the pier. In some instances also tugs sent for certain lighters are unable to get to them and have to return later. These conditions are not all necessarily due to the permit system, but there is more delay to lighters at steamships or their piers than at the public or private docks.

Lighter loads: The capacity of lighters generally ranges from 200 to 750 tons, but their average loading of merchandise freight is only about 60 tons per loaded trip. The size of the loads is affected by the fact that eastbound freight for steamships is usually ordered for delivery within 24 hours, which makes it impossible to hold the lighters for further delivery orders for the same pier or ship without danger of having the original order shut out. Approximately 70 per cent of the total lighterage traffic is eastbound and 30 per cent westbound. This unequal balance causes many lighters to return to the terminal without loads, which tends to cause a low average tonnage per round trip. The low average loading of railroad lighters is also due in part to the fact that many of the larger lighter loads are handled by outside lighterage companies under allowances from the trunk lines. While free lighterage is generally confined to carload traffic, split deliveries have increased so much in the last 10 years that approximately 40 per cent of the carloads of export freight are now delivered to two or more steamships or piers. The railroads endeavor to handle small deliveries by truck in lieu of lighterage in order to reduce the costs.

Benefit to ships: As will be seen later, the defense stresses the necessity of lighterage in reducing the time of steamships in port. Undoubtedly the loading of the ships on both sides is of considerable advantage to the steamship companies. Complainants urge that lighterage is for the benefit of the steamship companies and that they should pay for it. Certainly it is as much for the benefit of the steamship companies as the railroads. Where they interchange freight directly across the dock each generally bears a portion of the handling expense. However, it is not for the commission to say whether a charge for lighterage shall be borne by the steamship company or the shippers. Except for the railroads holding themselves out to perform the service, it would devolve upon the shippers to transfer their freight between the railroad and steamship terminals where a direct rail connection is not feasible.

B–14. LIGHTERAGE AT OTHER PORTS

Atlantic ports: There is no free lighterage service by the railroads at Portland, Me. At Boston the railroads perform no free lighterage, but certain steamship lines lighter traffic between their piers and the railroad terminals. The railroads do perform some car-float service at Boston, but it is charged for in addition to the rail rates. At Philadelphia the tariffs authorize free lighterage but cars can generally be placed at ship side there, and almost all of the traffic is transferred direct between car and ship. At Baltimore there is some lighterage by the railroads to and from other railroad terminals, but the bulk of the water-borne traffic is transferred direct to and from ships docked at the railroad terminals, and there is no offshore loading or discharging of vessels by the use of lighters. At Norfolk the tariffs authorize free lighterage except to and from industries served by the Norfolk & Portsmouth Belt Line Railroad, but the great majority of industries and all of the ocean steamship piers are served directly by rail, and only a small proportion of the traffic is lightered. There is no free lighterage by the railroads at any of the south Atlantic ports of Wilmington, N. C., Charleston, S. C., Savannah and Brunswick, Ga., and Jacksonville, Fla. At Savannah ships are usually moved from one wharf to another unless the cargo is too small to warrant it. Lighterage is performed by private companies for themselves or others at Wilmington, Savannah, and Brunswick.

Gulf and Pacific ports: There is no free lighterage by the railroads at any of the Gulf ports of Pensacola, Fla., Mobile, Ala., New Orleans, La., and Port Arthur, Houston, and Galveston, Tex., At New Orleans a belt line owned by the city brings all of the railroads to ship side. Lighterage is performed by private companies for themselves or others at Pensacola, Mobile, and New Orleans. There is no free lighterage by the railroads at any of the Pacific coast ports of San Diego, Los Angeles, and San Francisco, Calif., Portland and Astoria, Oreg., and Tacoma, Seattle, Everett, Bellingham, and Vancouver, Wash. At San Francisco vessels are usually shifted from one wharf to another, but if lighterage is performed it is contracted for by the shipper or steamship company. Lighterage is performed by private companies for themselves or others at most of the Pacific ports.

Summarizing the foregoing, free lighterage is not performed by the railroads at any of the other Atlantic ports with the exception of a limited amount at Philadelphia, Baltimore, and Norfolk, and no free lighterage is performed at any of the Gulf ports nor at any of the Pacific coast ports. When lighterage is performed at such ports either the shipper or steamship company must bear the expense.

B–15. TERMINAL-COST DATA

Shore-to-shore costs: The trunk-line defendants in cooperation with the Port of New York Authority made an exhaustive study of the shore-to-shore costs of car-float and lighterage service in New York Harbor.[12] This study was based upon operations in the month of October, 1924, but the compilation of the data covered a period of three years by a staff which at times numbered 150 men, and the report was not submitted until June 15, 1926. Its results are regarded as unusually trustworthy, partly because the car-float and lighterage service are confined to freight traffic and there was no necessity of separating freight from passenger traffic as in most cost studies. Another reason for according more than usual weight to this cost study is that it was made by the carriers with a view to possible unification of their marine operations and not for the purpose of these cases.

The study was confined to shore-to-shore costs and, therefore, did not include the costs of transferring lighterage freight or any of the costs on the shore. The results of this study as to each line for the various classes of service are shown in four exhibits aggregating 298 pages. Briefly, the costs so determined for the car-float service to and from pier stations or team tracks and for lightering freight other than grain and coal are as follows per ton of 2,000 pounds:

[12] This cost study was conducted under the supervision of a committee of the principal executive officers of each line and a committee of the chief engineers of each line headed by Francis Lee Stuart, who appeared as a witness for complainants. For convenience, it is sometimes referred to as the Stuart study.

Shore-to-shore costs per ton

Carrier	Car float	Lighterage
Baltimore & Ohio	$0.64	$1.53
Central of New Jersey	.40	1.22
Lackawanna	.59	1.14
Erie	.59	1.56
Lehigh Valley	.50	1.37
New Haven	1.07	2.91
New York Central	.76	1.55
Pennsylvania	.62	1.64
Long Island	1.08	
Weighted average	.64	[1] 1.48

[1] If the New Haven's lighterage cost which is unusually high be eliminated, the weighted average of the lighterage costs for the other lines is reduced to only $1.44, because the New Haven's lighterage tonnage is comparatively small.

It will be noted that the average shore-to-shore cost for lighterage is more than double that for the car-float service to and from pier stations or team tracks, without taking into consideration the cost of the two or more handlings of lighterage freight. This is apparently due largely to the fact that the car-float service to and from pier stations or team tracks is more concentrated and affords heavier loading than the lighterage service to and from all the steamship piers and public or private docks in the harbor. Another reason is that there is much more delay awaiting the loading or unloading of lighters especially at steamships or their piers. The above shore-to-shore costs for lighterage include the relatively small amount of car floatage in lieu of lighterage, which is to a considerable extent affected by the same conditions above mentioned.

October is a heavy tonnage month, and the tonnage lightered in October, 1924, was much heavier than the monthly average for 1930. The heavier tonnage during the test month would have a tendency to produce lower costs per ton. The wages of employees in the marine department of the trunk lines in 1928 and 1929 were materially higher than those in 1924. For these reasons, among others, complainants' engineers expressed the opinion that present costs are at least as great as those in October, 1924.

The trunk-line defendants did not question the cost figures. The New York interveners accepted them as correct for the period for which they were determined; but they introduced evidence tending to show that certain items of cost are now lower than in 1924, which will be considered later.

Transfer costs: The costs of transferring lighterage freight between cars and lighters and between lighters and docks, piers, or ship's sling are derived from returns made by the trunk-line defendants to a questionnaire submitted by complainants. The transfer between cars and lighters is made by the Baltimore & Ohio, Lackawanna, Lehigh Valley, and Pennsylvania through contractors at stipulated rates of compensation per ton of freight. But the Central of New Jersey, Erie, and New York Central perform this transfer with their own employees and the cost thereof was not furnished. Accordingly complainants used for those lines the lowest contract rates for any of the other lines. These costs for the transfer at the rail terminals range from 13.5 to 16 cents per ton on open-car freight transferred by crane or hoist and from 35.9 to 51 cents per ton on box-car freight which is generally transferred by man power and trucks. The volume of box-car freight is much in excess of the open-car freight. Where two handlings are required in effecting the transfer between car and lighter the contractor receives the stipulated compensation for each handling. The transfer away from the rail terminals is made by all of the trunk lines through contractors. Their compensation per ton is the same whether the freight is transferred between the lighter and steamship pier, the ship's sling on the offside of vessel, or public or private docks. It ranges from 28.7 to 30.2 cents per ton on eastbound freight and from 37.6 to 43.3 cents per ton on westbound freight. The reason for the higher compensation on westbound than eastbound freight is apparently due to the fact that inbound cargo generally has to be unloaded from the ship to the pier and must be taken by the lighters from the pier rather than the ship's sling.

Combined costs for lighterage: Combining the transfer costs with the shore-to-shore costs for lighterage, the resulting costs for each trunk line and class of freight are shown in Appendix D hereto. The transfer costs are based upon one handling of the freight between car and lighter, although two or more handlings are sometimes necessary. The composite lighterage costs for the seven trunk lines other than the New Haven are based upon their weighted average shore-to-shore costs plus the lowest contract rates for the transfer service, as follows:

	Between car and lighter	Shore to shore	Between lighter and dock or steamship	Total
Eastbound:				
Freight transferred by crane	$0.135	$1.44	$0.287	$1.862
Freight transferred by hand and trucks	.36	1.44	.287	2.087
Westbound:				
Freight transferred by crane	.135	1.44	.425	2.000
Freight transferred by hand and trucks	.36	1.44	.425	2.225

The above costs do not include any of the expenses of maintaining the lighterage piers such as interest on investment, taxes, and repairs, nor the salaries and wages of agents and clerks employed on the lighterage piers or in the lighterage service. In the Wharfage Charges case, supra, where such items were included, the average cost of handling traffic between the rail ends and ship side in New York Harbor based upon data furnished by the carriers was found to be $2.75 per ton.[12] By eliminating the New Haven the weighted average cost for the other seven trunk lines is reduced to $2.72 per ton.

Other car-float costs: The shore-to-shore costs for the car-float service do not include the expense of loading or unloading the cars at pier stations. Complainants did not attempt to show the cost of this service but suggested that 50 cents per ton be allowed because a charge of that amount was found justified for loading or unloading carload freight at several other points in Loading and Unloading Carload Freight, supra. It does not appear, however, that the cost of this service at pier stations should exceed the cost of one of the two or more handlings necessary in the case of lighterage freight.

The only shore costs in connection with the car-float service which complainants undertook to prove were based upon an exhibit submitted by the Pennsylvania in Discontinuance of Inland Stations in New York City (173 I. C. C. 727). This exhibit which complainants introduced in these cases on rebuttal purported to show the total cost of the car-float service to and from the Pennsylvania's Desbrosses Street Station. The total cost shown was $2.30 per ton, of which 62.9 cents was for the car-float service and $1.10 for station and platform operating cost at Desbrosses Street. A substantial amount of the costs were for rental of facilities and improvements made at the pier station. Complainants point out that this car-float route is one of the shortest in the harbor, but there is no showing that the costs of maintaining the Desbrosses Street station are representative of the costs of maintaining the other pier stations in the harbor. Certainly they could not be representative of the costs at off-track stations or team tracks where the carload freight is loaded and unloaded by the shippers. There are always station costs anywhere, and while the pier-station costs appear to be unusually high, there is nothing upon which to base a comparison of the costs of maintaining such stations and other freight stations or the lighterage piers. Apparently the above-mentioned costs included a large proportion of less-than-carload freight which is not subject to free lighterage, and these costs are not fairly comparable with the lighterage costs which are based primarily on carload traffic. In the case cited the commission said regarding the above-mentioned costs for the Desbrosses Street Station, as compared with the costs of handling freight through the Pennsylvania's inland stations, that:

"The costs obviously are based on various assumptions and it is doubtful whether they can be relied upon as accurately reflecting the costs of the two operations."

B–16. ALLOWANCES

For lighterage: The tariffs of the trunk lines provide for the payment of allowances to outside lighterage companies for lightering freight entitled to free lighterage. These allowances on most traffic, including grain, are 60 cents per ton. The record indicates that the outside lighterage companies generally lighter the heavy or full loads, which can be handled at lower cost per ton. It also indicates that some of the trunk lines have contractual arrangements with outside lighterage companies for lightering certain traffic at rates higher than those published in their tariffs. Complainants urge that the actual costs of the lighterage service performed by the trunk lines are entitled to more weight than the allowances which are paid on a much smaller proportion of the traffic. In 1928, 1929, and 1930 the tonnage lightered by the trunk lines averaged more than three times that lightered for them by outside companies.

For trucking: The tariffs of the trunk lines also provide an allowance to shippers of 60 cents per ton for trucking in lieu of lighterage on certain commodities. In Constructive and Off-Track Freight Stations, supra, trucking in lieu of lighterage at New York was condemned as productive of undue prejudice and preference. The record affords no ground for distinguishing this allowance from the practice condemned in the case cited.

The Erie pays the United States Trucking Corporation for trucking to and from and services rendered at its inland stations 11 cents and 12 cents per 100 pounds on carload and less-than-carload freight, respectively. The Pennsylvania and Lehigh Valley formerly made similar allowances, but they discontinued their inland stations because the traffic could be handled more economically through car-float pier stations. Discontinuance of Inland Stations in New York City, supra.

[12] The defense argues that it is improper to designate this figure as the cost of lighterage. The report in the Wharfage Charges case shows clearly that it is the average cost for transferring freight between the rail ends and ship side, excluding switching. Apparently it includes freight which is interchanged directly with ships on the New Jersey shore, but that constitutes a small proportion of the total traffic, and its inclusion tends to reduce the average cost. For convenience, therefore, the above-mentioned figure will be referred to as the lighterage cost.

To contract terminals: The allowances or divisions given by the trunk lines to the contract terminals for the car floatage to and from those terminals and other services rendered thereat on most freight other than coal and coke are as follows, per ton of 2,000 pounds:

	Carloads	Less than carloads
Jay Street Terminal [1]	$1.20–$1.60	$1.20–$1.60
Brooklyn Eastern District Terminal [1]		
Bush Terminal Co. [1]		
New York Dock Ry. [2]	1.14–1.68	1.60–2.20
Bush Terminal R. R. Co. [2]	1.06–1.36	1.56–1.86

[1] Allowances. [2] Divisions.

The above allowances or divisions include station services as well as necessary switching at the contract terminals. It will be noted that those on carload traffic are considerably less than the combined transfer and shore-to-shore costs for lighterage and average about one-half of the lighterage cost of $2.72 per ton based upon the findings in the Wharfage Charges case.

New Jersey contends that the allowances to the contract terminals are unduly preferential of shippers using those terminals. The allowances do not accrue to the shippers, but they compensate the contract terminals for services similar to those performed by the trunk lines to and from their other off-track stations. Industries located at the contract terminals undoubtedly possess certain advantages, but there does not appear to be sufficient reason for treating those terminals differently from other off-track stations of the trunk lines.

B–17. DEDUCTIONS IN INTERLINE SETTLEMENTS

In interline settlements with connecting lines, the trunk lines serving New York Harbor receive a special allotment of the revenue on account of the lighterage and car-float service. The defense claims that similar arrangements also apply at some interior points in New Jersey where there are no marine services; but complainants' rebuttal evidence indicates to the contrary, and in any event it does not appear to be a general practice at interior points. The amount allowed for the terminal service before prorating is generally 4 cents per 100 pounds, but there are a number of exceptions where it is more or less than that amount. Complainants urge that the publication of separately established charges for the lighterage and car-float service would "merely change the form and thereby more accurately reflect existing substance." It might not make any difference as between the carriers, but of course it would make a difference so far as concerns shippers and communities.

B–18. RELATIVELY HIGH COST OF LIGHTERAGE

Compared with switching: The accounts and records of the carriers are not kept in such a way as to permit accurate compilation of the actual costs of switching service without resorting to much estimating. In the absence of such cost data, therefore, complainants compare the lighterage costs with switching charges and absorptions at numerous points throughout official territory, including New Jersey points in the metropolitan area. The lighterage costs are much in excess of the switching charges and absorptions shown. In this connection it should be remembered that switching is also performed on the lighterage traffic.

Percentages of rates: The average lighterage cost of $2.72 per ton based upon the commission's findings in the Wharfage Charges case is compared with numerous class and commodity rates in official territory. The comparisons with the fifth-class rates are the most important, because fifth class embraces 49 per cent of of the carload ratings and produces by far the greatest amount of class-rate tonnage and revenue. Illustrative of these comparisons based upon the fifth-class rates in effect at the time of the hearings are the following: The above-mentioned lighterage cost is 53.3 per cent of the fifth-class rate from New York Harbor lighterage points to Utica, N. Y., 249 miles; 42.5 per cent of that to Buffalo, N. Y., 437 miles; 35.7 per cent of that to Painesville, Ohio, 590 miles; and 23.9 per cent of that to Chicago, Ill., 959 miles. If the terminal service at the other end costs as much as the lighterage service, the two terminal services would represent 85 per cent of the rate to or from Buffalo and 106.6 per cent of that to or from Utica.

On packing-house products from Chicago to New York for export, a lighterage cost of $1.86 per ton is shown to be 45.6 per cent of the revenue received by the Lackawanna and Lehigh Valley for their respective hauls of 396 and 457 miles beyond Buffalo. On export flour from Minneapolis, Minn., the same lighterage cost is 74.8 to 81.6 per cent of the revenue received by the eastern trunk lines for their hauls of 396 to 508 miles beyond Buffalo. After deducting the lighterage cost the remaining revenue of these lines only amounts to 1.03 to 1.34 mills per ton-mile. These are examples of numerous similar comparisons.

Equivalent in miles: The combined transfer and shore-to-shore costs for lighterage are shown to equal the average cost of rail transportation on the respective lines for distances of 171 to 379 miles. This showing based upon the average freight operating expense per ton-mile of the various lines in 1928, excluding maintenance and operation of floating equipment, is as follows:

Lighterage costs equated into miles

Carrier	Lighterage costs per ton	Freight operating expenses per revenue ton-mile in 1928	Equivalent in miles
		Mills	
Baltimore & Ohio	$1.97–$2.47	6.52	317–379
Central of New Jersey	1.65–1.96	9.68	171–202
Lackawanna	1.80–1.95	8.84	203–221
Erie	2.00–2.35	7.37	271–319
Lehigh Valley	1.81–2.27	8.05	224–282
New York Central	1.99–2.34	8.55	232–274
Pennsylvania	2.18–2.52	7.41	294–340

The different lighterage costs shown for each line are due to the method of handling by hand power or crane and whether the freight moves eastbound or westbound. The equivalent miles for the various lines are affected by the average ton-mile expense for each line as well as the lighterage costs. For example, the Central of New Jersey, which has the highest ton-mile expense, has the lowest number of equivalent miles, and the Baltimore & Ohio, which has the lowest ton-mile expense, has the highest number of equivalent miles.

The only similar showing for the car-float service is that the shore-to-shore costs for car floatage to and from pier stations by the Lackawanna and the Pennsylvania are equivalent to 67 and 84 miles of rail transportation, respectively, or less than one-third of their equivalent miles for the lighterage service.

Average revenue for average haul: The combined transfer and shore-to-shore costs for lighterage are also compared with the average revenue per ton received by the various lines for their average hauls of revenue freight in 1929, as follows:

Lighterage costs compared with average revenue for average hauls

	Lighterage costs per ton	Average revenue per ton, year 1928	Average haul revenue freight miles
Baltimore & Ohio	$1.97–$2.47	$1.90	195.2
Central of New Jersey	1.65–1.96	1.11	69
Lackawanna	1.80–1.95	2.17	164.5
Erie	2.00–2.35	2.11	214.2
Lehigh Valley	1.81–2.27	2.02	174
New York Central	1.99–2.34	2.11	199.2
Pennsylvania	2.18–2.52	2.15	209.7

It will be noted that the lighterage costs generally about equaled or exceeded the average revenue per ton of the various lines for their average revenue hauls of 69 to 214 miles. The average revenue included low-grade commodities such as bulk coal, which is not subject to lighterage, but it also included less than carload as well as all the carload traffic. While the average revenue on all freight is not necessarily the average revenue on the lighterage freight, this showing nevertheless indicates the relative cost of lighterage as compared with the average revenue for all freight transportation.

B–19. NEW YORK CENTRAL TERMINAL COSTS

Difficulties of operation: The operation of the 12.39 miles of terminal line of the New York Central from Spuyten Duyvil south along Riverside Drive, Eleventh Avenue, Tenth Avenue, and West Street to St. Johns Park, is exceptionally slow, hazardous, difficult, and costly. That operation involves 81 grade crossings; flagmen stationed at 19 different points; use of flagmen on horseback preceding special boxed-in locomotives south of Thirtieth Street; and limitation on the number of cars in a train. The operation of this line has been a problem for many years because of its use of the streets and the hazard due to the ever-increasing vehicular and pedestrian traffic.

Values of land and improvements: The assessed value of the 93 acres in the Sixtieth Street yard averages $127,691 per acre, of the 48 acres in the Thirtieth Street yard $242,446 per acre, and of the 4 acres at St. Johns Park $489,716 per acre, or an average of $117,516 for the whole 145 acres. These values are compared with the assessed values of similar property of the lines on the New Jersey side which average $16,617 per acre. The New York Central has agreed with the city of New York and has been authorized by the commission to electrify this line and remove the tracks from the streets south of the Sixtieth Street yard by elevating a portion and depressing the remainder under the surface. The addititonal cost of these improvements will average $17,406,239 per mile for the 3.99 miles of line from the Sixtieth Street yard to St. Johns Park, and $6,654,632 per mile for the 12.39 miles of line south of Spuyten Duyvil. These costs per mile are compared with the average investment in road and equipment of the New Jersey lines which range from $166,171 to $330,840 per mile of road, also the corresponding figures for the eastern district which average $186,337 per mile, and with the average for the entire country which is $108,086 per mile.

New York Central traffic: The New York Central by not participating in joint rates virtually denies the use of its line on

Manhattan to freight routed over other lines. It also routes most of its export traffic and so far as possible other traffic which requires lighterage or car floatage via the West Shore. As previously stated, the New York Central has no direct connection with any of the steamship piers on Manhattan, and the proposed plan of elevating and depressing its tracks does not contemplate extending them onto the piers, which are not built to carry tracks.

Conclusions as to showing: While the New York Central's terminal operations on Manhattan are shown to be unusually difficult and expensive, and they no doubt cost more than similar operations on the New Jersey side, complainants have failed to prove that they are equal to the marine costs. They may be equal to the costs of car floatage to and from pier stations or team tracks, but they could hardly be equal to the lighterage costs. Even if it be assumed that the New York Central's rail switching is equivalent to the marine operations of the New Jersey lines, it would seem that when the New York Central performs marine service in addition to switching its charges should exceed those of the other lines. Such an adjustment would clearly be impractical.

B–20. THE GENERAL RATE ADJUSTMENT

The class-rate adjustment to and from New Jersey points as compared with New York at the time of the hearings was generally as follows:

Trunk-line territory: This territory was divided into short-haul and long-haul territories by a line which crossed the various trunk lines at stations from 71 to 200 miles from their terminals at New York Harbor. Within the short-haul territory the rates to and from New York were generally higher than those to and from the New Jersey rail terminals, except where the minimum class rates resulting from General Order No. 28 applied. To and from points beyond the 71–200 mile line the New York rates applied to and from the New Jersey rail terminals and were blanketed back on most of the lines to stations from 3 to 32 miles from the terminals. There was an exception, however, on traffic to and from points in northeastern New York. On traffic to and from that territory, the New York rates applied to and from points on the West Shore Railroad, but higher rates applied to and from points on the other lines in New Jersey.

Central and western territories: On traffic to and from central territory the New York rates generally applied to and from all points in New Jersey with the exception of Camden and Burlington, which were on the Philadelphia basis, and points in South Jersey taking arbitraries over either the New York or Philadelphia rates. The rates to and from Western trunk-line territory being made by combination on the Mississippi River crossings or Chicago, Ill., reflected the same adjustment as that to and from central territory. New Jersey points were and are also grouped with New York on traffic to and from transcontinental territory.

Southeast and Southwest: The all-rail rates prescribed between New York and the Southwest in the Consolidated Southwestern cases, supra, and those prescribed between New York and points in southern territory in the Southern Class Rate Investigation, 109 I. C. C. 300; also apply to and from most points in New Jersey. The rates via the rail-water-rail routes between New Jersey points and points in the South and Southwest, however, are generally higher than those via the water-rail routes between New York and the same points. As the coastwise steamship lines dock on Manhattan Island, traffic via those lines to and from New Jersey points must cross New York Harbor.

New England: To and from New England, New Jersey points took higher rates than New York, generally the Philadelphia basis. Of course, the traffic between New Jersey and New England generally crosses New York Harbor, but a large proportion of the traffic between New York and New England also moves by car float or lighter to and from the rail terminals at New York. Complainants emphasize the fact that where New Jersey's traffic crosses New York Harbor the rates are higher than the New York rates, but the rates are the same where New Jersey has the advantage of location.

The commodity rate adjustment to and from New Jersey points as compared with New York at the time of the hearings was generally somewhat similar to the class-rate adjustment as above described.

B–21. THE NEW CLASS-RATE ADJUSTMENT

Trunk-line territory: Under the Eastern Class Rate case the rates within trunk-line territory are based on a distance scale, known as the Appendix E or basic scale. There is a special rule, however, for the application of this scale to and from New York and points in New Jersey grouped therewith. This group on traffic to and from points beyond a line approximately 100 miles from the rail terminals at New York Harbor is as follows: All stations on the New York Central from Yonkers, Nepperhan, and Mount Vernon, N. Y., south; all car-float stations and points within the lighterage limits of New York Harbor; and all points in New Jersey on or east of a line from Perth Amboy through Rahway, Cranford Junction, Aldene, Newark Heights, Milburn, Essex Fells, Pompton Junction, and Englewood to Fort Lee, N. J. Rates are made to and from this group on the basis of the Appendix E scale for the actual distances to and from the rail terminals plus 10 constructive miles. This method of making rates to and from the New Jersey part of the group is one of New Jersey's principal complaints in these cases.

Short-haul territory: On the short-haul traffic within the 100-mile zone there is a different grouping. Points in New Jersey east of Newark Bay and the Hackensack River take rates for rail deliveries based on the distances to the rail terminals plus 10 miles. Rates for car-float or lighterage deliveries within the lighterage limits of New York Harbor are based on the distances to the rail terminals plus 30 miles, subject to the observation of the long-haul rates as maxima. It will be noted that the boundaries of the short-haul territory are changed from the former 71–200 mile line to a line approximately 100 miles from the terminals.

Central territory: On traffic to and from central territory rates were prescribed between certain key points, which included New York, Trenton, and Atlantic City, N. J. In establishing these rates the carriers grouped other points with the key points, most of northern New Jersey being grouped with New York. The Trenton rates are generally lower than the New York rates, but the Atlantic City rates are the same as the New York rates in most instances. To and from points in the northern part of central territory, however, the Atlantic City rates are higher than the New York rates, and the opposite is true at a few points in the southern part of the territory. The key rates to and from central territory are generally somewhat lower than the Appendix E or basic scale.

Western trunk-line territory: A similar adjustment of rates between key points, including those above mentioned, was prescribed for application to and from western trunk-line territory in Western Trunk-Line Class Rates, 164 I. C. C. 1.

New England: The rates to and from New England were also revised in the Eastern Class Rate case. The Appendix E scale was prescribed for application between trunk-line territory and New England, but a higher scale was prescribed for application between points in New England, and it was provided that the latter scale should be observed as minimum at border points between trunk-line territory and New England. Points in New Jersey east of Newark Bay and the Hackensack River are grouped with New York City and points within the lighterage limits. The rates to and from this group are based on the distances to the Harlem River terminal of the New Haven plus 40 miles or those to Spuyten Duyvil on the New York Central plus 10 miles. This readjustment satisfied the New Jersey Traffic Advisory Committee's complaint with respect to the rates to and from New England to some extent but not entirely. Points west of Newark Bay and the Hackensack River, such as Newark, continue to pay rates to and from New England higher than the New York rates without any corresponding advantage in the rates to and from points more than 100 miles to the west.

The revised rates under both of the above-cited cases were made effective December 3, 1931.

B–22. INFLATIONS IN CLASS RATES

Under the formula for making class rates to and from the New York rate group, the rates between New Jersey points in that group and points in trunk-line territory are inflated above the basic scale. The inflations are least at the terminals and are larger the farther away the points are from the terminals. For example, from Philadelphia the first-class rate to the New York group is 56 cents under the formula prescribed compared with 54 cents to Jersey City, 52 cents to Newark, and 49 cents to Rahway, N. J., under the basic scale for the actual distances. This is illustrative of the showing made with respect to the rates between points in the New York group and various points throughout trunk-line territory.

Complainants contend that the rates assailed to and from trunk-line territory are unreasonable to the extent that they exceed the basic scale prescribed for general application in that territory. In considering this contention, however, it must be remembered that the inflations complained of are due to the grouping plan. The question to be determined, therefore, is the propriety of that grouping.

B–23. RATES ON IRON AND STEEL ARTICLES

Much of the evidence offered by the New Jersey complainants related to the rates on iron and steel articles. The basis prescribed in the Iron and Steel case for making rates on these articles to and from the New York group is similar to that prescribed in the Eastern Class Rate case, except the boundaries of the group differ somewhat. Assuming that the addition of 10 miles to the actual distances to and from the rail terminals is intended to cover the marine service beyond, complainants point out that New Jersey inland points which can not receive marine service not only have to pay rates based on the greater distances to the terminals but also including the 10 miles allowed for marine service. The resulting mileage inflations range up to a maximum of 35 miles at Metuchen, N. J. Illustrative of the rate inflations, the rates from Pittsburgh, Pa., and Chicago and East St. Louis, Ill., are 20 cents per ton higher than the scale prescribed for the actual distances to several New Jersey points in the New York group. The inflations are more pronounced on traffic to and from New England, where an arbitrary of 2 cents per 100 pounds is apparently added for crossing New York Harbor.

Complainants contend that New Jersey points are entitled to rates based on their actual distances the same as most other points in official territory. Their evidence of competition included points west of the Delaware River as well as New York. The request findings of undue prejudice and preference, however, do not cover such points west of the Delaware River.

B-24. RATES TO AND FROM NEW ENGLAND

The rates to and from New England are assailed by the New Jersey traffic advisory committee. It supports the State's request for rates that reflect the natural advantages of location in all directions; but in the event that New Jersey points are continued in the New York group on traffic to and from the West, it asks that all of such points be accorded the New York rates to and from New England.

Class rates: Under the present class-rate adjustment on traffic to and from New England, Harlem River, and other points in the Bronx have rates based on the New England scale for the actual distance; points within the lighterage limits and New Jersey points east of Newark Bay and the Hackensack River have rates based on the same scale for the distance to Harlem River plus 40 miles; and other points in the New York group on long-haul traffic to and from the West have rates based on the same scale for the distance to Harlem River plus 50 miles.

The basic scale was prescribed for general application between trunk-line territory and New England, allowing 30 miles for crossing New York Harbor where the distance is figured over the New Haven and 20 miles where it is figured over the New York Central, but it was provided that the higher New England scale should be observed as minimum at border points. The rates between New Jersey points in the metropolitan area and New England are, therefore, generally higher than they would be on the basis prescribed for general application to and from New England, but this is due principally to their location near the border between trunk-line territory and New England.

Newark and other important points west of Newark Bay and the Hackensack River which do not receive free lighterage have to pay the same rates as New York and points within the lighterage limits to and from points more than approximately 100 miles to the west or south, but they pay higher rates than New York and points within the lighterage limits to and from most points in New England. For example, the first-class rate from Newark to Worcester, Mass., 222 miles, is 82 cents compared with 80 cents from New York; while in the opposite direction the corresponding rate to Washington, D. C., also 222 miles, is 78 cents from both Newark and New York. Such an adjustment seems very unjust to New Jersey shippers who point out that there is no balancing of the advantages and disadvantages as in most group adjustments.

Commodity rates: The commodity rates between New Jersey points and New England are generally on the Philadelphia basis, as were the class rates previous to the recent revision. Thus New Jersey points in the metropolitan area generally take the same commodity rates as New York on long-haul traffic to and from the West but must pay the higher Philadelphia basis to and from New England. Philadelphia is from 70 to 90 miles farther distant than New Jersey points in the New York metropolitan area on traffic to and from New England.

Competition: There is competition between points in the various parts of the metropolitan area on traffic to and from New England, as well as on traffic to and from the West. A survey made by the New Jersey Traffic Advisory Committee of the industrial traffic moving into and out of New Jersey, exclusive of that between New Jersey and New York City, showed that approximately 87 per cent of it moved to and from points west of the Hudson River and the remaining 13 per cent to and from New England. It is because of the preponderance of the movement being to and from the West that New Jersey seeks rates reflecting the advantages of location in preference to uniform grouping in all directions.

Eastern Class Rate case: As previously indicated, the record in these cases is very much more comprehensive than that in the Eastern Class Rate case with respect to the issues here under consideration. In that case it was said at page 488:

"There are several reasons why it is not feasible to prescribe exactly the same method of making rates between the port district and New England as between that district and points west of the Hudson. First, the water movement of the New Haven, both on pier-station and on lighterage traffic is longer than that of the trunk lines. Second, the New Haven's water service is more expensive, apparently due in part to a much smaller volume of traffic. Third, on traffic between the New Jersey portion of the district and New England a rail haul averaging 14 miles in New Jersey is required, whereas on traffic between the New York portion and the West a rail haul in New York is involved only to a slight extent on Long Island. Fourth, the average line haul of traffic to and from New England is much shorter than that of traffic between New York and the West, so that the terminal costs are relatively much more important."

It is true that the New Haven's water movement to and from its rail terminals is longer than the average of the other lines, and it is also true that its lighterage and pier-station car-float costs are higher than those of the other lines, but the present record shows that the car-float interchange costs of the New Haven are the lowest of any of the trunk lines. Its shore-to-shore costs for car-float interchange with other lines averaged only 11 cents per ton compared with 35 cents for the New York Central and 17 cents for all the lines. This is probably due largely to the volume of traffic handled, the car-float interchange tonnage of the New Haven exceeding that of all the other lines combined. On the other hand, the New Haven's car floating to and from pier stations and lighterage tonnage is very small in comparison with the other lines. This record indicates that the length of the water haul has but little effect upon the costs, but they vary considerably according to the tonnage handled per trip.

Marine costs: The car-float interchange service performed on traffic between New Jersey points and New England is much less expensive than the car floatage to and from pier stations and the lighterage service at New York and points within the lighterage limits. This is due in part to the use of 3-track car floats in the interchange service as compared with 2-track car floats in the pier-station service, where it is necessary to have a platform between the tracks to facilitate loading and unloading. The interchange service is also more highly concentrated than the pier-station service, and the latter is much more concentrated than the lighterage service.

The shore-to-shore costs on traffic handled by the New Haven averaged 11 cents per ton for car-float interchange service compared with $1.07 for pier-station car-float service and $2.91 for lighterage service. The corresponding costs of the New York Central were 35 cents per ton for car-float interchange, 76 cents for car floatage to and from pier stations, and $1.55 for lighterage. The average costs of all the lines were 17 cents per ton for car-float interchange, 64 cents for car floatage to and from pier stations, and $1.48 for lighterage. These pier-station car-float costs do not include any of the expense of maintaining the pier stations, and the lighterage costs do not include the expense of transferring the freight between car and lighter or between lighter and pier.

The difference between the above-mentioned car-float interchange and pier-station car-float costs of the New Haven is 96 cents per ton or about 5 cents per 100 pounds, and the difference between its car-float interchange and lighterage costs is $2.80 per ton, or 14 cents per 100 pounds. It seems impossible that the cost of the average rail haul of 14 miles in New Jersey referred to in the foregoing quotation can be more than enough to offset the 5-cent difference between the car-float interchange and the pier-station car-float costs, to say nothing of the 14-cent difference between the car-float interchange and lighterage costs. Under the New England scale the first-class rate for 120 miles is only 4 cents higher than that for 100 miles, and the rate for 220 miles is only 3 cents higher than that for 200 miles. Of course, the differences are relatively less on the lower classes.

Length of haul: It is true that the average haul on traffic to and from New England is considerably less than that on traffic to and from the West, but New Jersey shippers are unable to see why traffic moving to and from New England should be treated differently than that moving to and from trunk-line territory. The distances to and from New England are generally comparable with those to and from trunk-line territory; in fact, longer hauls are possible to New England than to trunk-line territory. The New York interveners offered no objection to the establishment of the same grouping to and from New England as that to and from trunk-line territory. The Port of New York Authority favors the same grouping in all directions.

B-25. RATES VIA COASTWISE LINES

In general: The New Jersey traffic advisory committee attacks the rail-water and rail-water-rail rates via the coastwise steamship lines and their connections to and from points in the South and Southwest. These rail and water lines are operated "under a common control, management, or arrangement for a continuous carriage or shipment"; and their rates are on file with and subject to the jurisdiction of the commission. On all-rail traffic to and from the South and Southwest New Jersey points take the same rates as New York, which include marine service across the harbor; but on traffic moving via the coastwise lines and their connections New Jersey points generally take rates substantially higher than New York. Thus where the all-rail traffic crosses the harbor no addition is made to the rates for marine service, but where the traffic crosses the harbor in the other direction for movement via the coastwise lines the New Jersey rates are substantially higher than New York. New Jersey shippers are willing to pay higher rates than New York on the traffic moving via the coastwise lines where they are at a disadvantage, provided they are accorded the benefit of their location on all-rail traffic which does not receive marine service; but if New Jersey points are continued in the New York group on long-haul rail traffic, they ask for a similar grouping with respect to traffic moving via the coastwise lines and their connections.

Rate adjustment: All of the coastwise lines have their docks on Manhattan, but some of them maintain receiving stations in Brooklyn and Jersey City. The rates to and from Manhattan apply to and from the docks, and those to and from the receiving stations are sometimes the same as and sometimes higher than the dock rates. For example, the class rates shown from receiving stations in Brooklyn and Jersey City to Texas points are 7 cents higher than from Manhattan on carload traffic and 10 cents higher on less-than-carload traffic. Rates are also published by the coastwise lines in connection with the Newark Terminal & Transportation Co., which handles the traffic by lighter between Newark and the steamship docks. These rates are generally higher than the New York rates, but the difference is not uniform. In some instances they are higher than for similar service from Long Island City. The rail-and-water rates from New Jersey points are generally considerably higher than the all-water rates from New York. For example, the first-class rate from New Jersey rail points is 20.5 cents higher than from New York to Savannah and

30.5 cents higher to New Orleans and Galveston. In many instances the New Jersey rates are practically the same as the rail rates to New York plus the water rates beyond. In some instances the New Jersey points are included in a group extending as far as Buffalo, N. Y.

Coastwise traffic: The routes via the coastwise lines and their connections are of considerable importance because the rates are generally much lower than the all-rail rates and they serve important markets in the South and Southwest. They are used in considerable volume by New Jersey shippers who have competitors in Manhattan, Brooklyn, and Long Island City. Some New Jersey shippers truck or lighter their traffic to the steamship docks at New York in preference to paying the rates that would otherwise have to be paid. New York shippers also have to deliver or receive their shipments at the steamship docks, but they do not have to cross the Hudson River. Where lighterage is performed by the steamship line other than to or from its receiving stations, a charge of 5 cents per 100 pounds is sometimes made in addition to the dock rates.

Southwestern case: As previously indicated, rail-water and rail-water-rail rates were prescribed to and from the Southwest in the Southwestern case, but that case has been reopened as to those rates without their having gone into effect, and it is still pending on further hearing. The report does not indicate that there was any evidence in that case with regard to grouping New Jersey points in the metropolitan area with New York. The rates prescribed were for application to and from groups, Group A consisting of New York and Philadelphia and Group B of points within 75 miles of either of those ports. Under that plan such points as Jersey City and Newark, which are in the port area and take the New York rates on long-haul rail traffic, would apparently be grouped with interior points, such as Allentown and Reading, Pa. Thus there would be no consistent relationship with the all-rail rates, which the trunk-line defendants urge is necessary.

The coastwise traffic is long-haul traffic, the distances from New York ranging from 700 miles to Savannah to 1,887 miles to Galveston, and, of course, the distances are greater to interior points in the South and Southwest.

B–26. RATES TO AND FROM SOUTH JERSEY

South Jersey embraces points south of the Pennsylvania's line from Camden to South Amboy. At the time of the hearings the rates to and from this territory were generally based on arbitraries of either 5 cents over New York or 7 cents over Philadelphia. There were some exceptions, such as certain commodities on which the arbitrary was 2 cents. Under the new class-rate adjustment these arbitraries are eliminated, which removes the cause of complaint as to the class rates. Complainants request a corresponding revision of commodity rates not related to the class rates.

The evidence was directed principally to the rates to and from Keyport, Matawan, and Red Bank, which are in the area south of Raritan Bay. These points are generally nearer than New York to points west of the Delaware River, and they receive only standard rail service. Shippers at these points, therefore, can not understand why they should be charged higher rates than New York with its expensive marine service.

There was but little evidence regarding the reasonableness of the commodity rates to and from south Jersey aside from the comparison with New York rates and the service thereunder. About the only evidence of competition was with respect to one industry at Matawan having competitors in New York. The witness for this industry suggested that if the evidence should be found insufficient to warrant relief from the arbitraries the finding be made without prejudice to a specific complaint against them.

B–27. SWITCHING AT STATE INSTITUTIONS

At certain State institutions in New Jersey separate charges are assessed by the trunk lines in addition to the line-haul rates for placing cars on a private siding of the institution. These institutions are located at Morris Plains, on the Lackawanna, 33 miles west of Hoboken; Skillman, on the Reading, 45 miles west of Jersey City; and Vineland, on the Central of New Jersey, south of Philadelphia. Although the distances between these points and points west of the Delaware River are generally substantially less than those to and from New York, the rates at the time of the hearings were generally the same as or higher than the New York rates. The new class-rate adjustment changed this as to trunk-line territory, but apparently the rates between these points and central territory are still generally the same as the New York rates. Therefore the addition to such rates of the switching charges of $2.70 and $3.60 per car at Morris Plains, 19 cents per ton at Skillman, and 10 cents per ton at Vineland generally makes the total charges just that much higher than the New York rates.

Complainants contrast the exaction of these extra charges for private-siding deliveries with the expensive lighterage service which is accorded without charge in addition to the line-haul rates at New York. There is no competition between the State institutions and similar institutions in New York, but the comparison is offered as bearing upon the reasonableness of the free-lighterage practice. In this connection complainants refer to the decisions regarding a carrier's duty to make delivery on private sidetracks at the line-haul rates. Generally speaking, when the switching to or from such tracks is no more than the equivalent of switching to or from public team tracks the carrier may not make an additional charge; but where the service is materially greater than that for public team-track deliveries, the carrier not only may but should make an additional charge. (See Los Angeles Switching case, 234 U. S. 294; General Electric Co. *v.* N. Y. C. & H. R. R. R., 14 I. C. C. 237; The Lake Terminal case, 50 I. C. C. 489; United States *v.* Cast Iron P. & F. Co., 57 I. C. C. 677, 683; Pressed Steel Car Co. *v.* Director General, 93 I. C. C. 224, 109 I. C. C. 75; and Carnegie Steel Co. *v.* Director General, 96 I. C. C. 527, 132 I. C. C. 689.)

In Dept. of Institutions *v.* Central R. Co. of N. J. (181 I. C. C. 319), decided since the hearings in the present cases, division 3 considered the propriety of the above-mentioned switching charge at Skillman. It was found that the switching service of approximately 1.4 miles from the main line was not merely a substitute for team-track delivery but necessitated additional service beyond what such a delivery would ordinarily involve. Defendant introduced a cost study which purported to show that the out-of-pocket cost for handling traffic over the siding under consideration was 15 cents per ton, and it pointed out that it was entitled to some compensation over and above such cost. The charge of 19 cents per ton was found not unreasonable.

B–28. PROPRIETY OF GROUPING

Complainants point out that the present group adjustment in the New York metropolitan area is variable and inconsistent. The New York group is different on traffic to and from the various rate territories. New Jersey points are sometimes in the New York group and sometimes not in that group. Generally they are included where they have the advantage of location, but where New York has the advantage of location they are often excluded from the group. There is merit in complainants' contention that there is no balancing of advantages and disadvantages in the group adjustment. The commission has held that group adjustments are not unlawful, "provided they are well balanced and their advantages and disadvantages fairly distributed." (Inland Empire Shippers League *v.* Director General (59 I. C. C. 321, 341); Missouri Portland Cement Co. *v.* A. T. & S. F. Ry. Co. (101 I. C. C. 454, 463)).

Number of groups: Under the Eastern Class-Rate case and the Iron & Steel case, there are four different groups or rate bases in the New York metropolitan district on long-haul traffic to and from trunk-line territory and five such groups or rate bases on traffic to and from New England. Those on traffic to and from trunk-line territory are as follows: (1) Points within the New York group; (2) New Jersey points in the metropolitan district, but outside the New York group; (3) points on the New York side which are in the metropolitan district, but not the New York group; and (4) points outside the lighterage limits where the extra towing charges apply for lighterage. With respect to (2) and (3), it should be noted that complainants do not ask that these points be included in the New York group or that its boundaries should be the same as those of the metropolitan district. On traffic to and from New England there is an additional group due to excluding points west of Newark Bay and the Hackensack River, such as Newark, from the New York group. The propriety of this grouping on traffic to and from New England is discussed in section B–24.

Size of groups: It is also contended by complainants that the size of the New York groups is excessive when consideration is given to the cost of the lighterage service, which is equivalent to 171 to 379 miles of average rail transportation in addition to a substantial rail mileage in New Jersey. It is pointed out that these distances are much in excess of the maximum size of rate groups generally allowed by the commission in recent cases prescribing distance scales. There is some merit in this contention, especially in view of the fact that the grouping applies to hauls of only about 100 miles and upward. However, it must be remembered that the equivalent miles for the car-float service to and from regular stations or team tracks are much less than those for the lighterage service. Moreover, the actual distance separating New York from New Jersey must be considered as well as the costs equated into miles.

Lighterage group: The New Jersey Traffic Advisory Committee urges that the lighterage limits properly extended constitute a natural and logical rate group. It is pointed out that the grouping of New Jersey inland points with points within the lighterage limits is a grouping of the unlike, especially with respect to the terminal services, and that the New York group divides competitive points where like services are performed in northern New Jersey. These contentions appear to have considerable merit, but they must be considered along with the contentions and evidence of the defense.

New Jersey group: Complainants' principal rate witness suggested that on traffic to and from central territory practically all points in New Jersey should be included in one group on the basis of the key rates prescribed to and from Trenton. This suggestion is open to serious objections and can not be accepted for reasons advanced by the defense as hereinafter noted.

B–29. ALLEGED UNLAWFUL EFFECTS

Many of the alleged unlawful effects of the rate adjustment and free lighterage are considered elsewhere in this report and need not be repeated here. The evidence shows that there is competition between many industries in New York City and in the New Jersey section of the metropolitan district. These competing industries to a large extent receive their raw materials from the same sources and sell their manufactured products in the same markets. Such evidence given by complainants was uncontradicted and in fact is supported by the defense's evidence.



Paying for services not received: Numerous witnesses for New Jersey communities and industries complained that since they are compelled to pay the same rates as New York on traffic to and from the West, they are in effect paying for the expensive lighterage and other terminal services which they do not receive. They express a willingness to pay for such services when performed on the New Jersey side, but they vigorously object to paying for services not performed on their traffic. There would be more merit in their complaint if the rates were made with specific reference to the cost of the terminal services. But the record shows that so far as the class rates and the rates on iron and steel articles are concerned the only allowance made for the service beyond the rail terminals is the addition of 10 constructive miles. The report in the Eastern Class Rate case shows that this constructive mileage was intended to represent the average distance beyond the rail terminals and was never intended to represent the cost of the terminal services. As previously indicated, the cost data submitted in that case was regarded as insufficient to serve as a basis for even an approximate conclusion as to the costs. The present record, however, shows that the addition of 10 miles represents but a small fraction of the cost of the terminal services, especially the lighterage service.

Natural advantage of location: Much complaint was also registered by the New Jersey witnesses to the effect that they are deprived of their natural advantage of location by the rate adjustment. Clearly there is merit in this complaint in so far as New Jersey points are included in the New York group on traffic to and from the West, while they are required to pay higher rates than New York in many instances to and from New England and on traffic moving via the coastwise lines. Of course, in any group adjustment, some points may be more favorably located than others and therefore lose their advantage by the grouping, but there is always a limit beyond which advantages and disadvantages should not be disregarded. From a cost-of-service standpoint, New Jersey rail points have an advantage of from 171 to 379 miles, as compared with lighterage points, although their advantage is not so great with respect to the car-float service to and from regular stations or team tracks. This advantage with respect to lighterage represents more than 100 per cent of the rail hauls to and from many points in trunk-line territory and probably averages from 25 to 50 per cent to and from central territory. In Galveston Com. Asso. *v.* Galveston, H. & S. A. Co. (100 I. C. C. 110, 128 I. C. C. 349, 160 I. C. C. 345) differentials were prescribed between Galveston, Tex., and New Orleans, La., where the differences in distance were more than approximately 25 per cent.

B–30. SHIPPING ON NEW JERSEY SIDE RETARDED

Complainants contend that the New Jersey side of the port has not been receiving its share of the steamship business of the port, and this is attributed to the rate adjustment, and especially free lighterage. There is competition between New Jersey points and New York in seeking shipping facilities and the berthing of steamships. The larger part of the traffic handled by the steamships from and to the port of New York is through traffic interchanged with the railroads whose rails terminate on the New Jersey side, but only a comparatively small amount of this traffic is interchanged directly with ships docking on that side of the port. It is complainants' view that more of this through traffic should be interchanged directly across the dock at modern railwater terminals on the New Jersey shore, which should be erected either by public authority or private capital, so that all the railroads may use them; but that the erection of such terminals is discouraged by the rate adjustment because the savings resulting from their use in place of lighterage would accrue solely to the railroads; and that there is no incentive for more ships to dock on the New Jersey side so long as the railroads continue free lighterage to and from Manhattan and Brooklyn.[10]

Piers: There are 688 piers within the lighterage limits, of which 144 are used by steamships, 160 by the railroads, and 384 for industrial, recreational, and other purposes. Of the total number of piers, 189, or approximately 27 per cent, are in New Jersey; and of the 160 piers used by railroads, 86, or approximately 54 per cent, are in New Jersey; but of the 144 piers used by steamships, only 14, or approximately 10 per cent, are in New Jersey. Of the 130 steamship piers in New York, 48 are on the Brooklyn shore of the upper bay, 42 on the Manhattan side of the Hudson River, 21 on Staten Island, and 19 along the East River. All of the piers used by the coastwise and intercoastal steamship lines are on the New York side.

Vessels: In the month of October, 1928, there were a total of 684 cargo vessels and 267 passenger vessels arriving and departing from the port of New York. Of the 684 cargo vessels, 297 docked on the Brooklyn shore of the Upper Bay, 122 on the Manhattan side of the Hudson River, 78 on the Manhattan side of the East River, 55 on the New Jersey side of the Hudson River, and 22 elsewhere in New Jersey. The number of cargo vessels docked in New York was approximately 86 per cent and in New Jersey 11 per cent of the total, the remaining 3 per cent being unassigned. Of the 267 passenger vessels, 177 docked on the Manhattan side of the Hudson River, 35 on the Brooklyn shore of the Upper Bay, 31 on the East River, and 24 in New Jersey. The number of passenger vessels docked in New York was approximately 91 per cent and in New Jersey 9 per cent of the total.

Hoboken: Most of the steamship piers on the New Jersey side are in the city of Hoboken. This is a city of about 56,000 population within an area of approximately 1 square mile. Before the United States entered the World War in 1917, Hoboken had a large part of the high-grade passenger and freight steamship business of the port. This included the North German Lloyd and Hamburg-American Lines which were taken over by the Government and their ships diverted to piers in Manhattan and Brooklyn. While several steamship lines still dock at Hoboken, its foreign commerce has declined from former years. Manufacturing and warehousing have also been curtailed, and there are a large number of vacant apartments and stores. The population declined about 5,000 in the five years previous to 1930 and 11,543 since the census of 1920.

Incidental effects: New Jersey's failure to receive a larger share of the steamship business of the port is alleged to result in subnormal business activity, employment, population, and value of property. There is no evidence that New Jersey has not shared in the general prosperity previous to the hearings except with respect to Hoboken and two or three other points. It is shown that New York City with 7.9 per cent of the total area of the metropolitan district has 62.5 per cent of the population, while New Jersey with 60.4 per cent of the area has only 28.2 per cent of the population. The record affords no indication of the extent to which the population is affected by the steamship business, but undoubtedly that is one factor of some importance. The most valuable use to which water-front property can be devoted is for the berthing of steamships. The assessed value of water-front property on the New York side is shown as averaging $152,418 per acre, compared with $28,341 per acre in New Jersey. A survey of the 14 miles of water front within the lighterage limits in New Jersey discloses that much more of it could be devoted to steamship purpcses.

B–31. WASTEFUL OPERATING PRACTICE

New Jersey urges that free lighterage rewards, subsidizes, and encourages wasteful operating practice. It regards the general plan of interchanging freight between the railroads and steamships on the eastern side of New York Harbor as fundamentally unsound. The railroads not only have to lighter the carload traffic to and from the steamship or steamship piers, involving two or more handlings of the freight, but they also have to handle the less-than-carload freight by car float to and from their pier stations, and the shippers then have to truck such traffic between the pier stations and steamship piers through the congested streets of New York. Comparison is drawn between this roundabout and expensive method of interchange with direct interchange across the piers at modern rail-water terminals. Such direct transfer of freight between car and ship is comparable to the transfer between car and lighter, and it would eliminate the second handling as well as the lighterage.

Changed conditions: Free lighterage originated in the days of sailing vessels before steam displaced sails. In those early days the freight handled by ships to and from the port of New York was local commerce—that is, it was bought, sold, stored, and handled in New York. Subsequent increase of population and development of industry in the interior of the country have changed the commerce of the port so that now the major part of it is through commerce between the interior and foreign countries or points reached via the coastwise and intercoastal lines. It was estimated by a defense witness that 90 per cent of the steamship cargo handled at the port of New York at present is through traffic.

Port series: In support of their contention that through traffic should be interchanged between the railroads and steamships on the New Jersey shore, complainants rely not only on the opinions of their own engineers and experts but also quote from the Port Series No. 20, a report regarding the port of New York, issued jointly by the War Department and the Shipping Board, which states:

"A satisfactory solution of the port's problems involves, first, the general question of lighterage and the 'water belt'; second, the special question of maximum economic coordination of all activities. Speaking in general terms of any port of transshipment between rail and water, lighterage and car floatage are expensive methods of distributing freight. This is not to say that a certain amount of lighterage and car floatage is not actually economical. As a matter of fact, in so far as the ship itself is concerned, the rate of loading is in most cases expedited greatly by having a proportion of the cargo loaded on or from a lighter over the offside; that is, the side away from the wharf. But, generally speaking, freight handled over a lighterage pier or pier station is rehandled, and rehandling costs money in increasing amounts as wages advance. Even though, as at New York, the lighterage costs are absorbed in rates from most interior points, the principle is the same. Any uneconomical practice, in the long run, will affect, in the shape of increased costs, the ultimate consumer.

"Therefore if we were designing the port of New York anew, and designing it as a port of transshipment pure and simple, we would adopt the principle of bringing rails to ship side, either

[10] Witnesses who supported this view included the Governor of New Jersey, the president of the New Jersey State Chamber of Commerce, a member of the New Jersey Board of Commerce and Navigation, a former member of the New York-New Jersey Port and Harbor Development Commission and of the Port of New York Authority, a consulting engineer formerly on the staff of the last two mentioned commissions, another engineer employed by Jersey City who was formerly in charge of construction for the New York Department of Docks, the mayor of Newark, and others.

for direct handling between car and ship (for such classes of material as steel rails, lumber, etc.), or for loading via warehouses and transit sheds. This would imply the location of terminal and storage facilities for such movements on the Jersey side, at least in so far as the railroads from territory west of the Hudson are concerned."

Section 15a: Complainants refer to section 15a in support of their contention that a charge should be made for lighterage in order to correct the present wasteful practices. While the complaint does not specifically allege a violation of that section, it is believed that it should always be taken into consideration. As previously noted, the construction station practice and constructive lighterage or trucking in lieu of lighterage were found to be not compatible with the provisions of section 15a in Constructive and Off-Track Freight Stations, supra.

New Jersey admits that all lighterage service could not be dispensed with in the near future, because the present facilities for direct transfer on the New Jersey shore are insufficient to handle all of the railroad-steamship tonnage, but it urges that rates should be adjusted so as to encourage the more economical direct interchange. It does not appear, however, that the commission could change the rate adjustment merely to encourage more economical operating practices unless the evidence otherwise establishes a violation of the act.

B-32. SEPARATELY ESTABLISHED CHARGES

New Jersey contends that section 6 requires the publication of separate charges for accessorial services. That section provides in part as follows:

"The schedules printed as aforesaid by any such common carrier * * * shall also state separately all terminal charges, storage charges, icing charges, and all other charges which the commission may require * * *."

Accessorial services: This term is apparently used to designate those services which are performed on some but not all or even most traffic. Among such services are refrigeration, reconsignment, transit, storage, elevation, and the loading or unloading of carload freight. Separate charges are commonly published for these services, but there are many instances where no such charge is made, and in some instances this has been approved by the commission. Considering these facts, together with the wording of the statute, it seems to require the publication of separate charges only where such charges exist or may be required by the commission.

The question then arises whether a separate charge should be required by the commission. It is urged that the cost of accessorial services which are performed on some but not most traffic should be borne by the traffic which receives the service wherever practicable, especially if the cost is very great. Lighterage is undoubtedly an accessorial service, as it is confined to certain traffic even at New York, is not generally performed by the railroads elsewhere, and is a service beyond railroad terminals which is of special value to shippers but unusually expensive for the railroads. It is not so clear, however, that the delivery or receipt of freight at regular stations on team tracks can be regarded as an accessorial service because it is performed by car float or motor truck. Delivery or receipt of freight at regular stations or team tracks is always covered by the line-haul rates. The view that services to and from regular stations may not be regarded as accessorial is supported by United States *v.* Baltimore & O. R. Co. (231 U. S. 274).

Precedents: A separate charge for lighterage would be well supported by precedent. Separate charges have been required to be published for services rendered by the railroads in transferring ore and coal between cars and vessels. (Iron Ore Rate cases, 41 I. C. C. 181, 44 I. C. C. 368; Lake Cargo Coal Rates, 46 I. C. C. 159.) Such charges for similar services were also approved in New England Coal & Coke Co. *v.* N. & W. Ry Co. (22 I. C. C. 398); and Southern Trans. Co. *v.* Norfolk & W. Ry. Co. (101 I. C. C. 211, 147 I. C. C. 29). Separate charges averaging 70 cents per ton were approved for handling freight over the piers at New Orleans in handling charges at Louisiana Ports (61 I. C. C. 379). In Coastwise Lumber & Supply Co. *v.* B. & O. R. Co. (85 I. C. C. 441) defendants' charge of 3 cents per 100 pounds for lightering lumber at New York Harbor in addition to the line-haul rates from certain points in West Virginia and South Carolina was found not unreasonable or otherwise unlawful. In Import Fertilizer to Southern Points (147 I. C. C. 274, 281) failure of the carriers to publish separate charges for their terminal services at South Atlantic and Gulf ports in connection with proposed rates on imported fertilizer was found not justified and their schedules ordered canceled. In Ceramic Traffic Asso. *v.* P. R. R. Co. (123 I. C. C. 591, 595), Vanderbilt Co. *v.* Atlantic Coast Line R. R. Co. (167 I. C. C. 319, 347), and International Paper Co. *v.* Baltimore & O. R. Co. (177 I. C. C. 191, 199) rates were prescribed on imported clay from North Atlantic ports "plus a charge of 50 cents per net ton for handling said traffic from ship side to cars at the aforesaid ports." In Maritime Asso., Boston Chamber of Commerce *v.* A. A. R. Co. (126 I. C. C. 199), a unanimous expression on behalf of the commission contained the following regarding this question at page 213:

"It is quite impossible upon this record to compare with any accuracy the terminal services performed at the ports upon this ex-lake grain after the cars are spotted at the water-front elevator, or the respective costs and special charges for such services. In our opinion, however, the evidence upon this subject indicates the desirability of confining the line-haul rates strictly to the service ending with the spotting of the cars, and requiring all further terminal service to be covered by a special charge or charges. Such a plan would preserve to each port such advantages as inhere in facilities for the convenient and economical loading of vessels, and would also facilitate such comparison of special terminal services and charges therefor as may be deemed advisable in the future. The situation is not unlike that presented in Iron Ore Rate Cases (41 I. C. C. 181), where a similar separation of charges was required for somewhat analogous reasons."

Separately established charges are now provided for lighterage to and from points beyond the lighterage limits and for the lighterage of certain classes of traffic not entitled to free lighterage.

B-33. PROPOSED RATE DIFFERENCES

The State of New Jersey proposes that the rates between New Jersey points in the port district and long-haul points to the north, west, or south be made lower than the corresponding New York rates by not less than 6 cents per 100 pounds on all traffic except bulk grain, as to which a difference of 3 cents is suggested. The proposed 6-cent differential is the same as the proportional rate hereinbefore mentioned applicable for lighterage under certain circumstances. The suggested 3-cent differential on bulk grain is the same as the allowance given by the Erie to a subsidiary for lightering that commodity. New Jersey does not care whether the proposed rate differences are established through the medium of separate charges for the terminal services or by having two sets of rates. It asks for modification of the Eastern Class Rate case and the Iron and Steel case to the extent necessary to obtain the relief sought.

While the above represents what New Jersey asks in these cases, the commission is not bound to accord that relief or nothing, but may extend such relief within the issues as seems justified by the evidence.

C. Boston's contentions and evidence

C-1. IN GENERAL

The Boston complainants attack the relationship of the rates to and from Boston as compared with New York and the other North Atlantic ports. This complaint is confined to export, import, coastwise, and intercoastal traffic, and the domestic rates are involved only in so far as they apply on such water-borne traffic. The evidence is directed largely to lighterage and other accessorial services which are accorded without charge in addition to the line-haul rates at New York and the other North Atlantic ports, except Boston. Complainants contend that the costs of such services, especially at New York, much more than offset the somewhat greater distances to and from Boston. It is further contended that the failure to charge for such services or to reflect the costs thereof in the rates nullifies Boston's natural advantages and facilities for direct interchange between car and ship.

Railroads: Boston is served by the New York Central as lessee of the Boston & Albany Railroad, the New Haven, and the Boston & Maine Railroad. The New York Central and New Haven also serve New York, but the Boston & Maine serves only New England ports, although it participates in joint rates to and from New York. The Boston & Maine has sought to build up the port of Boston, and it offered no defense to the complaint. None of the carriers serving Boston directly serve either Philadelphia, Baltimore, or Norfolk, but most of the carriers participate in joint rates to and from all of the ports. The complaint invokes exercise of the minimum rate power if necessary.

C-2. BOSTON'S NATURAL ADVANTAGES

Harbor conditions: Boston has one of the best natural harbors on the Atlantic coast. Its steamship piers average about 6 miles from the open ocean, as compared with 17 miles at New York, 63 miles at Philadelphia, and 165 miles at Baltimore. The channel depths, tidal currents, and fog and ice conditions also compare favorably with the other ports. These conditions all tend to facilitate the docking of vessels and make the harbor attractive to shipping.

Distances to foreign ports: Boston has a marked advantage over the other North Atlantic ports with respect to the distances to most of the foreign ports. To the principal European ports, Boston has an average advantage over New York of 206 miles by the winter route and 185 miles by the summer route; its corresponding advantage over Philadelphia is 371 and 350 miles, respectively; and its advantage over Baltimore is 533 and 493 miles, respectively. Even to the principal ports on the east coast of South America the distances from Boston are less than from New York, Philadelphia, or Baltimore. Boston's advantage over New York to European ports is equivalent to about 12 hours' sailing time.

Rail-and-ocean distances: The through rail-and-ocean distances from points in the Middle West to foreign destinations are also generally less by way of Boston than the other North Atlantic ports. For example, the through distances from Chicago to the principal European ports by way of Boston average less than those through New York by 136.9 miles over the winter route and 116 miles over the summer route; they also average less than those via Philadelphia by 223.5 and 202.7 miles, respectively; and less than via Baltimore by 351.8 and 311.6 miles, respectively. A somewhat similar showing is made with respect to the distances from St. Louis and Kansas City, Mo., Omaha, Nebr., St. Paul, Minn., and Denver, Colo.

In view of the foregoing, Boston regards its port as a natural gateway for export and import traffic from and to points in the Middle West as well as New England.

C-3. DIRECT INTERCHANGE FACILITIES

All of the railroad terminals and almost all of the steamship terminals at Boston have rails on the piers so that freight can be interchanged directly between cars and ship. Box-car freight

is loaded or unloaded by the railroad on the pier, where the interchange is effected, and the steamship handles it between the pier and ship. Open-car freight can generally be transferred even more directly by the ship's tackle from or to the cars on rails along the stringpiece or side of the pier.

Railroad terminals: The Boston & Maine terminals at Hoosac Wharf and Mystic Docks in Charlestown, which are served from a modern "hump" yard, are regarded as unusually up to date and efficient. The Boston & Albany docks are at East Boston, across the harbor from Boston proper and the other terminals. The New Haven terminals are at South Boston, where it also serves the Commonwealth Pier and the Army supply base. These last two terminals are described below because they show not only the type of direct interchange facilities available at Boston, but also illustrate the modern rail-water terminals desired by New Jersey. Each of the railroad terminals is used by a number of steamship lines, mostly in the foreign trade. All of them are connected by rail.

Commonwealth Pier: This pier was built by the Commonwealth of Massachusetts at a cost of approximately $4,000,000. It is 1,200 feet long and 400 feet wide with a 40-foot channel on both sides. This makes it capable of berthing the largest ships, and it is used by nine steamship lines in the foreign trade. There is a 2-story steel shed 1,167 feet long and 360 feet wide, which is divided into three sections. Between these sections there are two pairs of railroad tracks depressed so that the car doors are even with the pier floor. Provision is made for trucks to cross the tracks by means of ramps which slope down from the pier floor to the tracks at intervals. There is also a single track along the stringpiece on both sides of the pier, making six tracks which extend almost its entire length. Open-car freight can thus be handled directly between the cars and ship, while other freight has to be trucked only a short distance. The pier is equipped with cargo masts, portable electric winches, platform trucks, freight elevators, and chutes. Freight can be handled between ships, and the second story of the pier shed by the cargo masts and winches. A viaduct from the street makes the second story as well as the first story accessible to motor trucks. This pier is recognized as one of the best and most efficient on the Atlantic coast.

Army supply base: This terminal was constructed by the Government in 1918 primarily for war purposes but is now leased to private interests for commercial purposes. It has a total berthing space for ships of 5,450 feet, and it is used by 15 steamship lines in the foreign trade. There are 4 concrete and steel buildings, 2 of which are 1,638 feet long and 2 924 feet long, from 100 to 128 feet wide, and from 2 to 8 stories high. Their total floor area is 2,524,430 square feet or approximately 58 acres. There are seven railroad tracks for the greater part of its length and five tracks for the rest of its length. Freight is handled between the cars and the storehouse or ship side in trailer trucks pulled by tractors. These trucks can be taken to any floor of the buildings in automatic elevators, of which the main storehouse has 24 controlled by one operator. Four electric traveling cranes are provided for handling freight between the ships and open cars on tracks along the stringpiece. Freight can also be handled between the ships and the second or third floors of three of the buildings which have projecting balconies. The buildings are accessible to motor trucks through a street 86 feet wide down the center of the terminal. Six bridges across this street connect the buildings on either side at the second or third floors. There is no waterfront terminal in the country where freight can be handled between ship and rail or truck with greater facility or economy than at this terminal.

Adjoining the Army supply base there is the largest dry dock in this country, capable of accommodating the largest ships afloat. Generally speaking, the rail-water terminals at Boston are capable of handling several times the volume of traffic which has passed through them during recent years.

C–4. SERVICES AT PORTS COMPARED

Switching: At Boston the distance from the Boston & Maine's classification yard to its Hoosac Wharf is 1.5 miles and to its Mystic Docks 2 miles. On the Boston & Albany the distance from its East Boston classification yard to the docks is 1.1 miles, the movement from the Beacon Park yard to East Boston being road haul. And on the New Haven the distance from its South Boston classification yard to the piers is only 0.6 mile. These switching movements are compared with those from the classification yards to the lighterage piers at New York Harbor, which range from 0.5 to 5.61 miles on the various lines. The average at Boston is 1.3 miles compared with 3.45 miles at New York.

Handling: The only service performed by the railroads in transferring carload freight between cars and ship at Boston is the loading or unloading of the cars on the piers. In many instances the railroads do not have to perform even this service where open-car freight is handled directly to or from the cars by the ship's tackle. About 21 per cent of the total water-borne freight was so handled in 1929.

Lighterage: No lighterage whatsoever is performed by the railroads at Boston. Some lighterage is performed between the Boston & Maine's terminals and the piers of certain coastwise steamship lines, but this is performed by and at the expense of the steamship companies. It would seem from this that lighterage is regarded as a service primarily for the benefit of the steamship companies at Boston.

Heavy lifts: Freight which is too heavy for the ship's derrick sometimes has to be handled by outside lighterage companies. At New York the railroads make an allowance of 60 cents per ton for this service, but no such allowance is made at Boston, and the service has to be paid for by the shipper or the steamship company. This has resulted in the diversion of heavy-lift freight from Boston to New York.

Split deliveries: Under the provision for two free deliveries of export carload freight at New York, a New England manufacturer who has orders for two large less-than-carload lots to be exported via different steamship lines can combine them so as to take the carload rate, and they will be delivered by lighter to the two steamship lines without additional charge. If these shipments were made to Boston for export via steamship lines docking at different piers, it would be necessary for them to be made as separate less-than-carload shipments, and in addition the shipper would have to bear the expense of trucking from the freight station to at least one of the piers. Of course, shipments to be exported by steamship lines docking at the same pier could be consolidated, but in many cases the steamship lines dock at different piers. Obviously Boston is at a decided disadvantage with respect to such shipments.

Shifting steamers: At New York the New York Central and other trunk lines, except the New Haven, make an allowance for shifting steamers to their terminals from other piers where they have docked, provided there is 150 tons or more of cargo. This allowance, which is the cost of the towing but not to exceed $75, relieves the carrier paying it from the expense of lighterage. No such allowance is made at Boston, although ships are often shifted from one terminal to another there, including the Boston & Albany docks. The expense of shifting steamers at Boston thus falls on the steamship companies or the shippers. This naturally tends to make that port less attractive to them than New York.

Storage in transit: Various commodities imported from abroad are held in storage at the port until orders are received for their distribution. Among such commodities are cocoa beans, burlap, beet pulp, and peat moss, which are imported through both New York and Boston. At New York the New York Central and other trunk lines, except the New Haven, publish a storage-in-transit provision. Under this provision the carriers will lighter carload freight or truck it in lieu of lighterage from the steamship piers to their own or other warehouses; and if it is shipped out within one year, the New York rates are applied without additional charge for the lighterage or trucking. There is no such general storage-in-transit provision at Boston, where the charge for switching or the expense of trucking from the pier to the warehouse must be borne by the shipper in addition to the rates from Boston to destination. For example, on 1,000 bags of cocoa beans received at the Boston & Albany docks the charges for switching a short distance from the pier to that carrier's East Boston warehouse at $15 per car would amount to $60; and if the shipment were trucked, the cost at 8 cents per 100 pounds would amount to $260. The storage charges are also much in excess of the New York Central's charges at New York, but complainants do not assail the difference in such charges. They do complain of according the transit provision at New York and not at Boston. This has resulted in the diversion of considerable business from Boston to New York.

Switching charges: When the line-haul movement to or from Boston is over a different railroad from that which serves the pier where the ship docks, the latter carrier assesses a switching charge of $10 per car and a charge of 60 cents per ton for loading or unloading the car. These charges are absorbed by the line-haul carrier on traffic from or to points west of the Hudson River, except in the case of grain. Aside from ex-lake grain, however, Boston does not now have much water-borne commerce from or to that territory. On traffic from or to points in New England, the line-haul carrier absorbs the loading or unloading charge and one-half of the switching charge. Thus New England shippers have to pay $5 per car in addition to the Boston rates for switching to or from a terminal other than that of the line-haul carrier. This additional charge applies on a considerable proportion of the water-borne commerce, especially that interchanged with ships at the terminals served by the New Haven. These terminals are used by many of the steamship lines in the foreign trade, while central and northern New England are served largely by the Boston & Albany and the Boston & Maine. In 1929 approximately 30 per cent of the water-borne traffic handled by the New Haven to or from its terminals at Boston was switched from or to other lines for the road haul. The corresponding percentage for the Boston & Albany was 18.5 and for the Boston & Maine 7.7 per cent. The bulk of this traffic was from or to points in New England.

Under the lighterage practice at New York carload traffic is delivered or received at any steamship pier within the lighterage limits without charge in addition to the New York rates. For example, export traffic from points on the Boston & Albany when received at the New York Central terminals will be lightered to any of the contract terminals in Brooklyn or any of the steamship piers in Hoboken at the flat New York rates. The record indicates that this practice has had considerable influence in attracting New England traffic to New York in preference to Boston.

C–5. SPECIAL TERMINAL COSTS

Complainants contrast the costs incurred by the railroads in transferring freight between their cars and steamships at Boston and New York, respectively. These costs are for services which are in addition to the terminal services generally performed on carload traffic throughout the country.

At Boston: The costs at Boston were furnished by the defendant lines serving that port in response to a questionnaire submitted by complainants. As previously indicated, the only

service performed by the railroads in transferring carload freight at Boston is the loading or unloading of the cars on the piers. This cost during the year 1929 an average of 40 cents per ton for the Boston & Albany and the Boston & Maine and 45 cents per ton for the New Haven. When open cars are loaded or unloaded by the ship's sling, the railroads sometimes pay the steamship company or its stevedores 30 to 38 cents per ton, but in other instances transfers so made are entirely without expense to the railroad.

At New York: Appendix D shows the combined shore-to-shore and transfer costs for lighterage at New York by all of the trunk lines except the New Haven. The shore-to-shore cost for that line derived from the Stuart study made by the trunk-line defendants in cooperation with the Port of New York Authority is $2.91 per ton. For the transfer by the New Haven between car and lighter complainants use an estimated cost of 40 cents per ton, which may be compared with its average cost of 45 cents per ton for loading or unloading at Boston. The New Haven's contract rates for the transfer between lighter and ship or pier are 29.2 and 42.1 cents per ton on westbound and eastbound freight, respectively. Combining these costs for the New Haven makes a cost of $3.60 per ton on westbound freight and $3.73 on eastbound freight. These costs are somewhat less than the average cost of $3.93 per ton found for the New Haven in the Wharfage Charges case, supra.[17]

Equivalent in miles: Based on the New Haven's average freight operating expense per ton-mile in 1928, its lighterage costs of $3.60 and $3.73 per ton on westbound and eastbound freight are equivalent to 263 and 272 miles of average rail transportation, respectively. Deducting from the freight operating expenses the approximate cost of handling less-than-carload freight, the equivalent miles are shown as 303 and 315 miles. These distances are considerably in excess of the longest possible haul of the New Haven from or to New York.

As previously indicated, the New York Central's lighterage costs were shown as equivalent to from 232 to 274 miles of average rail transportation. These equivalent miles are four or five times as great as the difference in distance of about 58 miles from Albany to Boston and New York, respectively.

Percentage of rates: The above-mentioned lighterage costs of the New Haven range from 41 to 64 per cent of its fourth-class rates, from 58 to 93 per cent of its fifth-class rates, and from 75 to 117 per cent of its sixth-class rates under the Eastern Class Rate case for distances of 50, 100, 150, 200, and 250 miles. These lighterage costs of $3.60 and $3.73 per ton, which are equivalent to 18 and 18.65 cents per 100 pounds, also exceed some of the commodity rates maintained by the New Haven from or to New York for distances of 131 to 165 miles and which include lighterage. In such cases, after deducting the average cost of lighterage, the carrier has less than nothing for the line haul.

C–6. GENERAL RATE ADJUSTMENT

Port differentials: The history of the port differentials is set out in Appendix B to Maritime Asso., Boston Chamber of Commerce *v.* A. A. R. R. Co., 95 I. C. C. 539, 583, hereinafter referred to as the Boston Maritime case. The differential adjustment on export and import traffic applies from and to most of central territory, but it also affects the rates on traffic moving through that territory which are largely on a combination basis. Under that adjustment Boston takes the same rates as New York, while Philadelphia and Baltimore have differentials under New York, and Norfolk generally takes the same rates as Baltimore. The differentials in the class rates are 2 cents to or from Philadelphia and 3 cents to or from Baltimore, except on import traffic the first two classes are 6 cents from Philadelphia and 8 cents from Baltimore. These differentials were formerly offset by differentials in the ocean rates to and from European ports so that the through rates on export traffic were substantially equalized via the various North Atlantic ports. During the World War the ocean differentials were discontinued, and the Shipping Board has since declined to restore them. The through rates via Boston are thus higher than those over the longer routes via Philadelphia and Baltimore. However, this commission's jurisdiction is confined to the rail rates, and the distances from representative points in differential territory to Boston average over 160 miles greater than to Philadelphia and over 225 miles greater than to Baltimore. Moreover, as hereinafter shown in section E–2, Boston has no advantage over Philadelphia and Baltimore similar to its advantage over New York with respect to terminal costs.

In the Boston Maritime case, where Boston sought elimination of the differentials in favor of Philadelphia and Baltimore, it was found that they were not unduly prejudicial to Boston. In that case New York interveners joined with Boston in seeking elimination of the differentials, and there was no issue regarding the relationship between Boston and New York. The differentials are generally much less than the rate differences in favor of Philadelphia and Baltimore on domestic traffic under the Eastern Class Rate case. They also appear to be considerably less than would result from the application of complainants' cost formula hereinafter explained.

[17] Complainants do not rely upon the costs as found in the Wharfage Charges case so much as the other costs shown in this record. They show that the costs found in that case for the port of Boston were based upon erroneous information furnished by the carriers, but no such showing was made regarding the costs found for New York.

Boston versus New York: While the complainant and some of the evidence assails the differentials in favor of Philadelphia and Baltimore, the attack was directed mainly to Boston's relationship with New York and especially to the free lighterage practice. The parity of rates as between Boston and New York on export and import traffic from and to differential territory and beyond also appears to apply from and to most points west of Albany, N. Y., but New York generally has lower rates than Boston from and to other points in trunk-line territory.

New York is Boston's principal competitor for export and import traffic, and the Boston witnesses testified that it must have lower rates than New York in order to compete. It is urged that the commission's decisions regarding the port relationships have proceeded on the theory they should be so adjusted as to permit all of the ports to compete for the traffic. While this is an important consideration, it does not appear that the commission ever has or could make rates with a view to equalizing the traffic moving through the various ports. Especially is this true where to do so would necessitate a disregard of transportation conditions and costs. As hereinafter shown, however, the complaint is based primarily upon the cost of service to and from Boston compared with New York, including lighterage at the latter port. To show that there is nothing radical about Boston seeking lower rates than New York, it is pointed out that Boston had lower rates than New York on import traffic from 1874 to 1912. The differentials in favor of Boston ranged from 5 to 10 cents on first class and from 1 to 3 cents on commodities during different periods. The rates were equalized in 1912 as a result of Chamber of Commerce of N. Y. *v.* N. Y. C. & H. R. R. Co., 24 I. C. C. 55, 27 I. C. C. 238. In that case it was said that the cost of the additional haul to and from Boston would "perhaps" equal or exceed the greater terminal cost at New York, but there was no attempt to show the costs as in these cases. This is the first case since then in which Boston has sought lower rates than New York, and the only case in which a showing has been made regarding the cost of service to and from the respective ports.

Cost of service:[18] Complainants urge that distance as a factor in rate making is merely a rough measure of the cost of service. They undertake to show that when consideration is given to the cost of lighterage at New York, the cost of transportation to and from that port is greater than that to and from Boston. This showing is based upon the average freight operating expense per ton-mile in the eastern district for the year 1928. The approximate extra cost of handling less-than-carload traffic was first deducted so as to get the average cost on carload traffic. The resulting factor of 7.7 mills per ton-mile was then applied to the distances over various routes from 14 representative points to Boston and New York, respectively. For example, the routes used from Buffalo to Boston were those of the New York Central in connection with the Boston & Albany and the Boston & Maine, respectively; and to New York those of the New York Central, the Lackawanna, the Erie, and the Lehigh Valley, which constitute the principal direct routes. The special terminal costs hereinbefore referred to for each individual line serving the respective ports were next added to give the total cost of service. The cost of lighterage on eastbound and westbound traffic are averaged, but the costs are shown separately according to the method of transfer by man power or crane. These total costs together with the ratios of New York to Boston are shown below:

Comparison of total cost of service

	Boston, cost per ton	New York, cost per ton		Ratio, New York to Boston	
		Crane	Man power	Crane	Man power
				Per cent	*Per cent*
Buffalo, N. Y.	$4.16	$5.24	$5.45	125	131
Watertown, N. Y.	3.26	4.72	4.87	145	150
Utica, N. Y.	2.61	4.05	4.21	155	161
Erie, Pa.	4.87	6.26	6.49	128	133
Detroit, Mich.	6.00	7.47	7.74	125	129
Columbus, Ohio	7.16	7.63	7.89	107	110
Chicago, Ill.	8.18	9.66	9.91	118	121
Indianapolis, Ind.	8.17	8.67	8.93	106	109
Pittsburgh, Pa.	6.10	5.86	6.16	96	101
St. Louis, Mo.	9.31	10.48	10.76	112	115
Syracuse, N. Y.	2.99	4.20	4.38	140	146
Cleveland, Ohio	5.56	6.84	7.04	123	127
Binghamton, N. Y.	3.01	3.66	3.81	121	126
Burlington, Vt.	2.18	4.44	4.66	204	214
Average transportation cost per ton	5.25	6.37	6.59		
Ratio, New York to Boston average transportation cost per ton				121.3	125.5

In order to meet the defense's criticism that the lighterage costs are included in the total freight operating expenses on which the

[18] The evidence regarding the cost of service to and from Boston as compared with New York was given by a witness who was former comptroller of the United States Railroad Administration and who has had considerable experience with cost accounting as a railroad official.

ton-mile cost is based, complainants revised the above figures so as to eliminate the estimated cost of the special terminal services from the line-haul factor. This reduced the line-haul factor to 7.23 mills per ton-mile, making the total average cost from the 14 points to Boston $4.96 per ton, and the corresponding averages to New York $6.12 for crane handling and $6.34 for handling by man power. These average costs to New York are respectively 123.4 and 127.8 per cent of the average cost to Boston. The differences between the average costs in favor of Boston are $1.26 and $1.38 per ton, or 6.3 and 6.9 cents per 100 pounds, respectively.

C–7. EX-LAKE GRAIN RATES

Importance of traffic: Boston is especially interested in the rates on ex-lake grain. This is a very important part of its commerce, because grain is about the only export commodity available to it for use as bottom cargo, and such cargo which will balance the lighter loading top cargo is very attractive for ships. During the 10 years from 1920 to 1929, inclusive, grain constituted 43.6 per cent of Boston's export tonnage. As will be shown in more detail later, the grain traffic through the port of Boston has suffered a marked decline in recent years. This is a matter of much concern to complainants, as grain is needed to attract more ships, and the service afforded by more ships would attract other traffic.[19]

Grain movement: Ex-lake grain originates principally in Canada. Buffalo is the lower lake port through which most of it moves when exported via North Atlantic ports in this country. It is expected, however, that the completion of the Welland Ship Canal, together with the lower rates applicable from Oswego, N. Y., will eventually result in much of the traffic being diverted to that port. Of the American North Atlantic ports, New York receives by far the largest portion of the ex-lake grain, followed by Baltimore, Philadelphia, and Boston in the order named. For example, in 1929 the total number of bushels of grain exported were approximately 60,000,000 via New York, 17,600,000 via Baltimore, 9,420,000 via Philadelphia, and 4,104,000 via Boston.

Methods of handling: At Boston the grain is transferred through water-front elevators directly to the ship's hold. This is also possible at New York when the ships come to the water-front elevators, but the bulk of the traffic there is passed through the water-front elevators to lighters or grain boats which take it to ship's side, and the grain is transferred to the ship by floating elevator. At Philadelphia most of the grain is transferred through water-front elevators direct to ships, but some of it is lightered or barged as at New York. At Baltimore the grain is transferred through water-front elevators direct to the ships, the same as at Boston. Grain moves to Boston over the Boston & Albany or the Boston & Maine. When it is exported by steamships docking at other terminals in the harbor, the ship is shifted at the expense of the steamship company or the shipper.

Boston versus New York: The rates on ex-lake grain from Buffalo to Boston and New York are the same, 15.17 cents. This includes a charge of 1 cent per bushel for handling through the lake elevators and a similar charge for handling through the water-front elevators at the ports. At New York the Erie makes an allowance to a subsidiary for lighterage of 3 cents per 100 pounds, or 60 cents per ton. Complainants regard this as a fair lighterage cost for grain, considering the much greater costs shown by New Jersey on other traffic. The floating elevator also receives 1 cent per bushel for transferring the grain from the lighters to the ship, but this charge is borne by the shipper and does not come out of the carrier's line-haul revenue. Deducting 1 cent per bushel for elevation at the lake elevators on traffic to both ports, and 3 cents for lighterage at New York, the net rates are 10.5 cents to New York and 13.5 cents to Boston.[20] These rates yield the New York Central 4.8 mills per ton-mile for its distance of 438 miles to New York, compared with 5.5 mills per ton-mile for 494 miles to Boston. The ton-mile yield to Boston is 115 per cent of that to New York, although it should normally be less for the longer haul. The car-mile earnings, based on 80,000 pounds per car, are 19.2 cents to New York and 22 cents to Boston. A somewhat similar showing is made with respect to traffic moving over other lines and respecting the rates from Oswego, which are 1.5 cents under Buffalo to both ports.

Port differentials: The rates on ex-lake grain from Buffalo to Philadelphia and Baltimore are 0.5 cent lower than to New York and Boston. The short-line distances are 479 miles to Boston, 411 miles to New York, 431 miles to Philadelphia, and 408 miles to Baltimore. In the Boston Maritime case, the original report found that there could be no undue prejudice to Boston with respect to these rates, because those to Boston are controlled by different lines from those to Baltimore and Philadelphia. It was stated that this situation might be corrected by exercise of the minimum rate power, but complainants had not invoked the exercise of that power. The view was expressed, however, "that no adequate reason exists for port differentials in favor of Philadelphia and Baltimore in the case of the ex-lake rates on grain in bulk from Buffalo for export." Upon further hearing, 126 I. C. C. 199, complainants did invoke exercise of the minimum rate power, but the evidence was found insufficient to warrant its exercise. The following conclusions were reached by the commission at page 215:

"The situation may be summed up, then, as follows:

"If we were to prescribe maximum or minimum reasonable export rates on ex-lake grain from Buffalo, we would in either case prescribe identical rates to New York, Philadelphia, and Baltimore, confining such rates to the service ending with the spotting of the car at the water-front elevator and requiring any further terminal service to be covered by a special charge or charges. We would further find that the same rate might lawfully be established and maintained to Boston. The record, in our opinion, amply justifies such conclusions. But it has not been shown that the present rates are higher than maximum reasonable rates or lower than minimum reasonable rates, nor does the record enable us to determine what the maximum and minimum limits of reasonableness would be. Nor does the record warrant a finding of undue preference and prejudice under section 3. The conclusion is inevitable that the present rates are not unlawful."

The present record does not warrant any different conclusions from those above quoted.

C–8. RATES FROM AND TO NEW ENGLAND

New England traffic: Aside from ex-lake grain and its products, Boston's water-borne commerce originates at or is destined to points mainly in New England. This is one of the leading manufacturing areas of the country and produces a large volume of exports. Even the export traffic from New England points moves much more via New York than Boston. A survey of New England's foreign trade by the United States Department of Commerce discloses that approximately 65 per cent of New England's exports of manufactured products in 1928 moved via New York and less than 14 per cent via Boston, the balance moving principally by rail to Canada. The great preponderance of the movement via New York is attributed largely to the more frequent sailings from that port, but lighterage is also an important factor in conjunction with the switching charges and expense of shifting vessels at Boston. New England shippers represented by complainants' witnesses who now ship most of their traffic via New York would prefer to ship more of it via Boston if they could do so on as favorable a basis.

Comparisons of net rates: Complainants compare the rates on carload traffic between New England points and Boston versus New York after deducting the special terminal costs hereinbefore mentioned; that is, the average cost of lighterage at New York and the cost of loading or unloading the cars at Boston. These comparisons are based on the rates in effect at the time of the hearings but would not be materially affected by substituting the new class rates. For example, on lard compound and substitutes from Pittsfield, Mass., a commodity rate of 15 cents applies over the Boston & Albany in connection with the New York Central to New York lighterage points, 163 miles, while the fifth-class rate of 23.5 cents is applicable over the Boston & Albany to Boston, 151 miles. After deducting the New York Central's cost of lighterage, the net rate to New York is only 3.3 cents compared with a net rate of 23.1 cents to Boston for a shorter distance. On cotton-piece goods from Chicopee, Mass., a commodity rate of 36.5 cents applies over the Boston & Maine in connection with the New Haven to New York lighterage points, 134 miles, while the third-class rate of 39 cents applies over the Boston & Maine to Boston, 118 miles. After deducting the New Haven's lighterage cost the net rate of 18.5 cents to New York is less than one-half of the net rate of 38.6 cents to Boston for a shorter distance. On dried beet pulp to Springfield, Mass., the New Haven maintains a commodity rate of 14.5 cents from New York lighterage points, 131 miles, compared with a rate of 16 cents applicable over the Boston & Albany from Boston, 98 miles. The routes are different here, but the rate from New York is only 80 per cent of the New Haven's lighterage cost. On hemp to Ludlow, Mass., there is a commodity rate of 17.5 cents from New York lighterage points over the West Shore and Boston & Albany, 248 miles, compared with the fifth-class rate of 16 cents applicable from Boston over the Boston & Albany, 93 miles. After deducting the lighterage cost the net rate of 6.5 cents from New York for 248 miles is less than one-half of the net rate of 15.6 cents from Boston for 93 miles. The foregoing are illustrative of numerous similar comparisons. They show that after deducting the average cost of lighterage the net rates to or from New York are out of all proportion to those to or from Boston.

Percentages of first class: Complainants also show that the commodity rates maintained by the New Haven to and from New York on export and import traffic are in numerous instances a lower percentage of the first-class rates than are the class rates applicable on the same commodities to and from Boston. These comparisons are based on the new class rates under the Eastern Class Rate case, and the distances used to or from New York are those to or from Harlem River plus 40 miles. For example, on cordage, rope, and twine from North Plymouth, Mass., there is a commodity rate of 21.5 cents to New York, 270 miles, which is 24.4 per cent of first class; while the fifth-class rate of 14 cents

[19] Complainants quote from the Port Series No. 2, issued jointly by the War Department and the Shipping Board, as follows:

"More vessels may be attracted to Boston through the restoration of the through export traffic, and particularly the rapidly dying grain trade. Grain and flour are important to Boston's success as a port, because they are the only heavy commodities normally available for shipment in large quantities to the European countries from which Boston's imports are largely received. The restoration of the grain trade, however, is apparently dependent upon a rate situation which will place this port upon a more favorable basis."

[20] An additional 1 cent per bushel should be deducted for passing the grain through the water-front elevators at both ports, but this was not done in complainant's computation. It would simply make the net rates that much lower to both ports.

applicable to Boston, 35 miles, is 51 per cent of first class. If the rate to Boston were the same percentage of first class as that to New York it would be 10 cents, or 4 cents less than the present rate. On the same articles from New Bedford, Mass., there is also a commodity rate of 21... cents to New York, 262 miles, which is 24.4 per cent of first class; while the fifth-class rate of 16 cents to Boston, 52 miles, is 34 per cent of first class. If the rate to Boston were the same percentage of first class as that to New York, it would be 11.5 cents, or 4.5 cents less than the present rate. On jute yarn to Thompsonville, Conn., there is a commodity rate of 25 cents from New York, 162 miles, which is 34.7 per cent of first class; while the fourth-class rate of 34 cents applicable from Boston, 134 miles, is 50.7 per cent of first class. If the rate from Boston were the same percentage of first class as that from New York it would be 23 cents, or 11 cents less than the present rate. The foregoing are illustrative of other comparisons of a similar nature. In each instance the rates to or from New York include lighterage. The average cost of that service ranging from 74 to 84 per cent of the above rates to or from New York has not been deducted in these comparisons.

Relief sought: In view of the competitive situation as between the ports, complainants urge that the rate relationships as between Boston and New York on traffic from and to New England should not be any more favorable to New York than under the first-class rates, plus a reasonable charge for lighterage where that service is performed. The rates on water-borne traffic to or from Boston include loading or unloading of the car on the pier, while the rates to or from pier stations served by car float at New York also include loading or unloading of the car. Complainants urge that lighterage is an entirely distinct service, which is of special value to shippers and steamship companies but unusually expensive for the railroads. The record affords strong support for these contentions.

Eastern Class Rate case: As previously indicated, the record in these cases with respect to the costs of lighterage and car-float service at New York is very much more comprehensive than that in the Eastern Class Rate case, which was decided without prejudice to the conclusions which might be reached in these cases. In that case the New England scale was prescribed for application to and from New York based on the distances to and from Harlem River plus 40 miles or the distances to and from Spuyten Duyvil plus 10 miles. This makes the New Haven's rates to and from its pier stations and for lighterage deliveries higher than those to and from its Harlem River terminal; but the New York Central's rates to and from its rail terminals on Manhattan also apply to and from its pier stations and for lighterage deliveries. The 40 miles allowed over Harlem River adds from 2 to 6 cents to the fourth-class rates, from 2 to 4 cents to the fifth-class rates, and from 1 to 3 cents to the sixth-class rates. These additions are not far out of line with the New Haven's shore-to-shore costs for the car-float service to and from its pier stations, which average $1.07 per ton, or about 5 cents per 100 pounds; but they are entirely inadequate to cover its corresponding cost for lighterage of $2.91 per ton, or about 14.5 cents per 100 pounds. When the expense of transferring the freight between car and lighter and between lighter and pier or ship is added to the shore-to-shore costs the New Haven's total lighterage costs are $3.60 per ton on westbound traffic and $3.73 on eastbound traffic, or 18 and 18.65 cents per 100 pounds, respectively. The difference between these costs for lighterage and car floatage to or from pier stations is too striking to be ignored. It may be compared with the difference of 7 cents between the fifth-class rates of 20 cents for 100 miles and 27 cents for 200 miles and with the difference of 12 cents between the fifth-class rates of 20 cents for 100 miles and 32 cents for 300 miles under the Eastern Class Rate case.

The present record shows that the cost of lighterage has become a matter of very great concern to the New Haven. It has instructed its agents to solicit the routing of lighterage freight by its Sound steamship lines. These lines dock on the west side of Manhattan and do not lighter local traffic. This also makes a more economical lighterage operation for export and import freight.

Unlike the class rates, commodity rates between New York and New England generally recognize a difference between deliveries at regular stations in Manhattan or Brooklyn and lighterage deliveries, the latter being from 1.5 to 5.5 cents higher than the former in most instances. A separate charge for lighterage in connection with both class and commodity rates would not only promote uniformity but it would tend to discourage use of the expensive lighterage service where delivery could be taken through the more economical car-float facilities.

C–9. SPECIAL RATE SITUATIONS

Bananas: The United Fruit Co.'s pier at Boston does not have any direct rail connection. Bananas are handled from this pier by car float to the Boston & Maine and New Haven terminals. Shipments for the Boston & Albany are handled in the same way through the New Haven. A separate charge of $6.50 per car is made by the railroads for the car-float service. This charge is absorbed on shipments to points west of the Hudson River or north of the Canadian border, but only about 6 per cent of the movement is to that territory. On the remaining 94 per cent of the movement to points in New England the car-float charge of $6.50 per car is assessed in addition to the rates from Boston. Complainants compare the carload rates on bananas from Boston and New York to New England points as follows:

Rates on bananas

To—	From Boston		From New York	
	Miles	Cents	Miles	Cents
Bangor, Me.	243	59.5	442	59.5
Rockland, Me.	191	56	390	59.5
Waterville, Me.	188	55	387	59.5
Rutland, Vt.	167	50	266	50
St. Albans, Vt.	200	59.5	370	59.5
Newport, Vt.	231	58.5	357	59.5

It will be noted that although the distances are considerably less from Boston, the rates are either the same or only a little higher from New York. The rates from New York include lighterage or car floatage in lieu of lighterage, while an additional charge of $6.50 per car applies for car floatage on shipments from Boston. This situation clearly operates to the disadvantage of the port of Boston.

Vegetable oils: At Boston vegetable oils are pumped from the ship direct to tank cars. At New York such oils are pumped from the ship to tank barges which proceed to the rail terminal and the oils are then pumped from the barges to tank cars. The railroads make an allowance to the shippers for this service of 6.5 cents per 100 pounds, but 2 cents of this amount is charged back for services performed by the railroads in transferring the oil between barge and cars, so the net amount paid by the railroads to the shippers is 4.5 cents. Formerly there was quite a movement of vegetable oils through the port of Boston to Toronto and Hamilton, Ontario, Canada. The rate from Boston was 30 cents as compared with 34.5 cents from New York, or a difference of 4.5 cents. It will be noted that this rate difference just offset the net allowance at New York. In April, 1931, the rate from New York was reduced to 30 cents, and the movement through Boston stopped.

Lumber: At Boston lumber arriving by water is loaded into the cars by the shippers without expense to the railroads. At Philadelphia and Baltimore the cost of loading lumber is absorbed by the railroads where they receive a revenue of not less than 9 cents per 100 pounds. The railroads serving the ports of Philadelphia and Baltimore are different from those serving Boston. Moreover, it is doubtful whether there is any competition between these ports with respect to the lumber traffic. It does not appear, therefore, that an order requiring the railroads to make a charge for loading lumber at Philadelphia and Baltimore would benefit the port of Boston.

C–10. DECLINE OF THE PORT OF BOSTON

Total tonnage: Notwithstanding Boston's natural advantages as a port and its facilities for direct and economical interchange between rail and ship, its commerce has not kept pace with the other North Atlantic ports and especially New York. While Boston's total water-borne commerce has shown some increase, it has not been as great as that of New York or the country as a whole. For example, from 1923 to 1929 the total water-borne commerce of the United States increased 28.3 per cent, while that of New York increased 35.8 per cent, and Boston increased only 16.1 per cent. Boston's rate of increase was also less than that of Philadelphia and Baltimore. The increase at Boston was due largely to petroleum and coal which are not general cargo and therefore do not attract general-cargo ships.

Division of tonnage: Boston has decreased while New York steadily increased its proportion of the total foreign commerce. For example, in 1922 the combined foreign commerce of the two ports amounted to 27,000,000 tons, of which New York had 22,762,000 tons, or 84 per cent, and Boston had 4,257,000 tons, or 16 per cent. Seven years later, in 1929, their combined foreign commerce was 29,903,000 tons, of which New York had 27,177,000 tons, or 91 per cent, and Boston had 2,725,000 tons, or 9 per cent. It will be noted that New York's proportion of the total tonnage increased 7 per cent while Boston had a corresponding decrease. From 1922 to 1929 New York also increased its proportion of the total foreign commerce of the five North Atlantic ports from 56 to 60 per cent. In 1922 New York handled 95 per cent and in 1929 its proportion was 97 per cent of the total exports through the ports of New York and Boston.

Entrances and clearances: The vessel entrances and clearances through the Massachusetts and New York customs districts also disclose that Boston has not kept pace with New York either in respect to the number of vessels or the tonnage carried. For example, in 1900 the number of vessels entered through the Massachusetts district was 52 per cent of those through the New York district, but in 1910 this ratio had declined to 43 per cent, and in 1928 to 32 per cent. Likewise, in 1900 the tonnage entered through the Massachusetts district was 27 per cent of that through the New York district, but in 1910 this ratio had declined to 21 per cent, and in 1928 to 19 per cent. With respect to vessel clearances, the ratio of Massachusetts to New York declined from 50 per cent in 1900 to 21 per cent in 1928, and the tonnage ratio also declined from 25 to 12 per cent during the same period.

Export tonnage: The decline of the port of Boston is especially noticeable with respect to its export commerce. From an average of 991,164 tons annually during the 10 years from 1905 to 1914,

inclusive, Boston's exports declined to an average of 412,917 tons annually during the 10 years from 1920 to 1929, inclusive. During these same periods New York's export commerce increased from an average of 7,596,237 to 11,641,792 tons per year. Using the average tonnage per annum during the 10 years from 1905 to 1914 as 100 per cent, Boston's export tonnage declined to 55.9 per cent in 1920 and 30.6 per cent in 1929, while New York's tonnage increased to 132.3 per cent in 1920 and 146.6 per cent in 1929. The corresponding figures for Philadelphia and Baltimore show that their tonnage increased in some years, but in 1929 was 72.7 per cent for Philadelphia and 75.1 per cent for Baltimore of the 10-year average.

Value of exports: The decline in Boston's exports and increase in those of New York is also shown by a comparison of the values of the domestic merchandise exported through the customs districts of Massachusetts and New York, as follows:

Values of exports of domestic merchandise through customs districts of New York and Massachusetts, years ended on dates shown

Year	Massachusetts	New York
June 30, 1891	$70,719,517	$337,806,277
June 30, 1900	110,952,069	507,930,476
June 30, 1910	68,246,499	634,288,230
Dec. 31, 1920	182,806,127	3,204,788,339
Dec. 31, 1924	46,269,119	1,618,008,798
Dec. 31, 1925	45,001,143	1,740,841,173
Dec. 31, 1926	36,185,328	1,631,154,936
Dec. 31, 1927	38,026,576	1,689,143,316
Dec. 31, 1928	43,038,296	1,731,488,298

It will be noted that the values of the exports through the Massachusetts customs district in the years since 1920 are considerably less than in the earlier years, while those through the New York customs district have been much greater in recent years than in the years prior to 1920. In the year ended June 30, 1900, the ratio of Massachusetts to New York was approximately 1 to 5, while in 1928 it was about 1 to 40.

Grain traffic: The decline of Boston's export commerce is most serious with respect to the grain traffic. This has declined from between 30,000,000 and 35,000,000 bushels annually from 1898 to 1901, inclusive, to approximately 3,000,000 bushels annually from 1925 to 1928, inclusive. During the 10 years from 1905 to 1914, inclusive, Boston's exports of grain averaged 16,345,165 bushels per year, and during the 10 years from 1920 to 1929, inclusive, this average dropped to 6,390,029 bushels. For the same 10-year periods, New York's exports of grain increased from an average of 44,339,375 bushels to 99,308,186 bushels. Philadelphia also increased from an average of 17,496,181 to 30,539,999 bushels, and Baltimore increased from 27,885,359 to 39,003,925 bushels. New York's increase amounted to 124 per cent, while those of Philadelphia and Baltimore amounted to 75 and 40 per cent, respectively, and Boston's decrease amounted to 61 per cent. There has been a falling off in the exports of grain through all the ports in the last few years, but the above-mentioned 10-year averages seem to afford a fair picture of the relative trend of the various ports over a period of years.

Boston a port of call: In recent years Boston has gradually become a mere port of call. Steamships arriving there can not obtain sufficient cargo for the return voyage and proceed to other ports for additional cargo. This adds between 10 and 12 days to the 12 to 14 days required for direct service. The tonnage now available at Boston justifies direct service to and from but few foreign ports. On the other hand, 90 per cent of New York's sailings are direct without calling at other ports. The fact that Boston is generally the first port of call may in part account for its import commerce not having suffered so much as its export commerce. In the representative month, November, 1929, vessels in the foreign trade loaded outbound from Boston only 8.5 per cent of their inbound tonnage for that port. If greater outbound tonnage were available at Boston, however, it would naturally be accorded direct service to more foreign ports.

Diversion of ships: Steamships scheduled to call at Boston are frequently ordered by radio to omit calling at that port and proceed direct to New York. In such cases the cargo consigned to Boston is unloaded at New York and forwarded to Boston either by rail or coastwise line. The consignee is allowed only 48 hours' free time where the freight arrives by rail, whereas he would be allowed six days' free time on the docks if the ship called at Boston. Each ship diverted from Boston would leave in the port at least $1,500 for stevedoring, checking, pilotage, towage, and various fees. Approximately 50 steamships of several lines were so diverted from Boston in 1929, and 114 steamships in the year ending June 30, 1930. If there had been a charge for lighterage at New York, many of these ships would probably have found it more economical to call at Boston.

Lighterage a factor: The decline of the port of Boston as compared with New York has been due to various factors, but undoubtedly free lighterage has been one of the most important factors in helping New York. If a charge were made for lighterage at New York, Boston's natural advantages and facilities for direct interchange would naturally attract more tonnage, and the ships always go where the tonnage is available.

C–11. SEPARATELY ESTABLISHED CHARGES

The Boston complaint is in harmony with the New Jersey complaints in seeking the establishment of separate charges for the terminal services at New York. The evidence, however, indicates that Boston is primarily interested in securing a separate charge for lighterage to and from steamships on their piers. It is also interested in securing separate charges for car floatage and trucking when those services are performed in lieu of lighterage to and from steamships on their piers. But its complaint does not apply to the local traffic having origin or destination in New York, which constitutes the bulk of the traffic handled through the pier stations and off-track stations. About the only traffic handled through those stations which is covered by the Boston complaint is less-than-carload traffic. Such traffic is now generally subject to separate charges if lightered, and when car floated to or from pier stations must be trucked by the shipper between the pier station and steamship pier unless covered by through billing. Boston, therefore, does not appear to have much, if any, interest in the establishment of separate charges for car floatage or trucking to and from regular stations or team tracks.

The Boston complainants do not advocate the discontinuance of lighterage at New York, but they urge that it is a distinctly different service, which should be charged for separately so that the charges will be borne by those who use the service. They point out that the failure to do so must burden other traffic, because the lighterage costs constitute such a large proportion of the rates, especially to and from New England. While complainants ask for a charge reflecting the cost of the service, they apparently recognize that it may not be practical to reflect the entire cost in all cases. It is pointed out that separately established charges now apply for switching to or from piers not reached by the line-haul carrier at Boston. A separate charge for lighterage and car floatage or trucking in lieu thereof would remove the alleged undue prejudice by reason of such switching charges, also that resulting from the split-delivery system, the storage-in-transit provision, the car floatage of bananas, and other situations hereinbefore mentioned.

While the Boston complaint asks the establishment of separate charges for lighterage at other North Atlantic ports, complainants' evidence regarding lighterage was confined almost entirely to New York, and they introduced no evidence regarding the cost of lighterage at any other port.

C–12. THE CONSTITUTIONAL QUESTION

Complainants contend that the "concessions" granted by the carriers at New York violate clause 6, section 9, Article I of the United States Constitution, which provides that:

"No preference shall be given by any regulation of commerce or revenue to the ports of one State over those of another."

A similar contention was made by Boston in the Boston Maritime case, with respect to the port differentials. Regarding that contention the commission said at page 542 of the original report:

"The complaints are brought under the interstate commerce act and invoke exercises of powers thereby delegated to us by Congress under the commerce clause of the Constitution. Clause 3, section 8, Article I. As an agency of Congress we must assume that in laying statutory duties upon us it has not transcended its powers."

Complainants deny that they regard the interstate commerce act as unconstitutional, but they urge that it should be so administered as not to violate the Constitution. The view is also expressed that by reason of the above-quoted constitutional provision any preference whatsoever of the ports of one State over those of another must be held to be an undue preference under section 3 of the act. This apparently contemplates a different rule for applying section 3 where the ports of different States are involved than would otherwise apply. Such an application of section 3 would clearly be unsound.

In Sand, Gravel, Crushed Stone, and Shells (155 I. C. C. 247), a distance scale was prescribed for application on the commodities indicated by the title between points in the Southwest. A charge of 8 cents per ton in addition to the scale was allowed for crossing the Mississippi River at New Orleans and Baton Rouge, La. In Commission *v.* Texas & N. O. R. Co. (284 U. S. 125), it was contended that this charge for crossing the river gave a preference to ports in Texas over New Orleans and Baton Rouge in violation of clause 6, section 9, Article I of the Constitution. In rejecting this contention the Supreme Court said at page 131:

"Congress, acting under the commerce clause, causes many things to be done that greatly benefit particular ports and which incidentally result to the disadvantage of other ports in the same or neighboring States. The establishing of ports of entry, erection and operation of lighthouses, improvement of rivers and harbors, and the providing of structures for the convenient and economical handling of traffic are examples. Pennsylvania *v.* Wheeling & Belmont Bridge Co. (18 How. 421, 433–435). And see Armour Packing Co. *v.* United States (209 U. S. 56, 80). The construction for which appellants contend would strip Congress of much of the power that it long has been accustomed to exert and which always has been held to have been granted to it by the commerce clause. It is clear that the Constitution does not forbid the allowance for ferrying the Mississippi at Louisiana ports."

These cases must be decided under the provisions of the interstate commerce act, which the Supreme Court's decision shows is not affected by the constitutional provision invoked by complainants.

D. Defense's contentions and evidence

D–1. IN GENERAL

While the defense was presented jointly by the defendants serving New York Harbor and the New York interveners, most of the witnesses were called by the interveners. The evidence is directed principally to the New Jersey complaints, but much of it also applies to the Boston complaint, and some of it is directed primarily to that complaint. Among the matters urged in defense of the complaints are the so-called unity of the port of New York, railroad competition, the New York State canals, alleged reasonableness of the New York group, comparisons with other terminal and rate groups, the New York Harbor case (47 I. C. C. 643), investments claimed to have been made in reliance on that decision, disruption of the rate structure that would result from New Jersey's proposals, the port differentials, and various matters urged in defense of the free-lighterage practice. For convenience, rebuttal evidence relating to the subjects covered by the defense will be considered in connection therewith. Separate briefs were filed by the trunk-line defendants, the State of New York jointly with various other New York interveners, the Port of New York Authority in the Boston case only, the city of New York, certain of the contract terminals, and others.

D–2. PORT UNITY

One of the grounds most strongly urged by the defense is the so-called unity of the port of New York or the metropolitan district. This unity is not defined but various matters are referred to as showing its existence. On the other hand, New Jersey denies that there is any unity as to freight rates.

Commercial and social unity: Among the matters referred to are that the entire area is commonly referred to as the metropolitan district, that a large number of people who work in New York have their residences in New Jersey, that northern New Jersey is included in the same customs and immigration districts as New York, and that the banks of northern New Jersey do business with the Federal Reserve Bank of New York. The regional survey sponsored by the Russel Sage Foundation defined the metropolitan area as extending into New Jersey on a radius of 40 miles from the city hall in New York. In making this definition it considered the area within which the New York newspapers circulate, the sphere of service covered by New York's retail and wholesale establishments, the use afforded New York's hotels and theaters by outlying communities, and the rapid-transit facilities available for commuters and others. More important probably than any of the foregoing is testimony that throughout the metropolitan district there are industries engaged in the manufacture of the same articles, drawing their raw materials from the same sources, and disposing of their products in common markets. This evidence coincides with New Jersey's evidence regarding competition and is not disputed.

The interstate compact: In 1917 a joint commission known as the New York-New Jersey Port and Harbor Development Commission was established by the legislatures of the two States. This commission after an exhaustive investigation reported a comprehensive plan for improving and developing the port's terminal facilities. Its principal recommendations were that an automatic electric system be constructed to serve Manhattan, that standard belt lines be developed to serve all other parts of the port, that railroad and marine operations not eliminated should be consolidated, and that a port authority be created to carry out the plan.

In 1921 the legislatures of the two States with the consent of Congress authorized the commissioners to sign an agreement or compact. This pledged "faithful cooperation in the future planning and development of the port of New York," but it was expressly provided that nothing therein should impair the powers of any municipality to develop or improve port and terminal facilities. It further provided for the creation of the Port of New York Authority, with the powers therein enumerated. Any action of that body was required to be concurred in by at least two members from each State, and it was also provided that the governor of each State could exercise a veto power over the action of any commissioner therefrom. Either State had the right to withdraw from this agreement in the event that a comprehensive plan for the development of the port should not be adopted by both States on or before July 1, 1923. Such a comprehensive plan was adopted in 1922, and provided certain "principles to govern the development." Among these were unification of terminal operations, so far as possible; the construction of bridges, tunnels, and highways; an underground automatic electric system for Manhattan; and 16 belt lines for other parts of the port district. The port authority was authorized and directed to proceed with the development of the port in accordance with this plan.

Certain witnesses for the defense, including the acting Governor of New York State and the mayor of New York City, expressed the view that the State of New Jersey had violated the compact in filing and prosecuting its complaint. It is not claimed that there was any express agreement regarding the filing of complaints or the maintenance of the rate structure, but apparently the view expressed is based mainly on the pledge to cooperate in development of the port. This can not fairly be construed as binding either State to refrain from attacking the rate adjustment. Such a construction would seem to contemplate a perpetuation of the existing rates, including situations which the port authority itself regards as discriminatory against New Jersey. Even if it had been expressly so agreed, that could not restrict or limit in any way the jurisdiction of this commission.[21]

Bridges and tunnels: The work of the port authority has been most apparent in its construction and operation of bridges and tunnels. It has built two bridges over the Arthur Kill between New Jersey and Staten Island, and it has about completed another bridge across the Kill von Kull between Bayonne and Staten Island. The aggregate cost of these three bridges to the date of the hearing was $16,859,724.60. The Hudson River vehicular bridge from One Hundred Seventy-eighth Street in New York to Fort Lee, N. J., has recently been opened at a cost of $42,123,462.65 to the end of 1930. The Holland Tunnel under the Hudson River was also built by commissions created by the legislatures of New York and New Jersey. It cost $42,007,988, which was evenly divided between the two States. In connection with the plea for the continuance of free lighterage and car floatage on the ground of port unity, New Jersey points out that the port authority charges tolls for the use of the bridges and tunnels under its jurisdiction.

Police and fire protection: In 1834 a treaty was entered into between the States of New York and New Jersey for the settlement of a boundary dispute. Under this treaty New York was given jurisdiction over the waters of New York Bay, the Hudson River, and Kill von Kull. Pursuant thereto New York City has always afforded police and fire protection over all these waters, including those adjacent to the New Jersey shore. This protection is afforded through the marine divisions of its police and fire departments, whose total cost is over $1,500,000 per year. New York is simply complying with the terms of the treaty, which also conferred certain benefits upon it.

Steamship rates: The defense refers to the steamship rates being the same to and from both sides of the harbor, except some of the rates via the coastwise lines which are assailed by the New Jersey Traffic Advisory Committee. However, it should be noted that the steamship companies do not generally perform a pick-up and delivery service throughout the harbor, and where some of the coastwise and intercoastal lines perform lighterage, there is no charge in some cases, but in others there is an additional charge for that service.

Unity as to rates: The defense's contentions and arguments regarding port unity seem to assume that there is now a unity as to rates. This is far from correct as pointed out by the New Jersey complainants. For example, Newark takes the same rates as New York to and from points more than 100 miles distant in trunk-line territory, but it must pay higher rates than New York for similar distances to and from many points in New England. New Jersey points in the metropolitan district are generally not in the New York group but the Philadelphia group with respect to commodity rates to and from New England. New York and Jersey City are in the same group on all-rail traffic to and from the South and Southwest, but where the traffic to and from the same points crosses the harbor in the other direction for movement via the coastwise lines the Jersey City rates are often higher than New York. In some instances New Jersey points in the metropolitan district take the same rates as Buffalo and other points near the Canadian border on traffic moving via the coastwise lines. There is also considerable variation in the rates for deliveries by lighter in different parts of the port. For example, such deliveries will be made up on the Harlem River without charge in addition to the New York rates, but an additional charge of $60 per lighter is made to or from Port Newark. Free lighterage is performed to and from Port Ivory, Staten Island, but immediately across the Arthur Kill at Elizabethport, N. J., there is an additional charge of $27 per lighter. On like traffic from the same points of origin there are eight different rates for lighterage deliveries on the New Jersey side of the port, and there are even more on the New York side.

Unity as to rates would be promoted rather than destroyed by requiring the same grouping in all directions with a uniform charge for lighterage throughout the port.

D–3. RAILROAD COMPETITION

Another of the grounds strongly urged by the defense is competition between the various railroads serving the port of New York. It is contended that such competition necessitates a continuance of the group adjustment.

New York Central: The defense regards the New York Central with its rail line down the west side of Manhattan as the dominant factor in the situation. They refer to the proposed improvements on that line as further strengthening its position. The alleged dominance of the New York Central is denied by New Jersey, which points out that it is not the short or rate-making route except to and from points east of Utica, N. Y. Moreover, it does not participate in joint rates between New York City and a large part of official territory not served by its lines. Nevertheless, shippers located adjacent to the rails of the New York Central would probably use it in preference to trucking to or from the pier stations or team tracks of the other lines wherever possible. Whatever may be the importance of the New York Central with respect to local traffic to and from Manhattan, clearly it has no advantage over the other lines with respect to export, import, and coastwise traffic. Such traffic must be lightered or trucked to and from

[21] Incidentally, it should be remembered that none of the New York rate groups coincide with the boundaries of the port-authority district as described in the compact.

the steamships or their piers, and the New York Central handles as much of it as possible over the West Shore.

Manhattan team tracks: The New York Central has team tracks in its Thirty-third Street yard on the west side of Manhattan. Most of the New Jersey lines also maintain team tracks contiguous thereto. The New York Central can serve its team tracks by rail switching, while the New Jersey lines must use car floats. There is no other difference in the service. Apparently New Jersey recognizes that it would not be practical to require higher rates for the car-float service to and from these team tracks than those of the New York Central, as it asks for the same rate differences in favor of New Jersey with respect to both classes of service.

Bronx situation: The New York Central maintains four main freight stations, including team tracks, in the Bronx. This is that part of New York City north of the Harlem River. All of the New Jersey lines, except the West Shore, also maintain team track or pier stations on the Harlem River. The latter facilities, which are served by car float, compete with the New York Central. The car floats in moving to and from these stations through the East River pass several pier stations on the east side of Manhattan, the rail terminals at Wallabout Bay, and some of the contract terminals in Brooklyn. The defense urges, therefore, that higher rates could not be maintained to and from these East River stations than to and from the Harlem River stations, citing Lautz Marble Corporation *v.* E. R. R. Co. (115 I. C. C. 543, 136 I. C. C. 183). New Jersey suggests that the Bronx rates be made the same as Manhattan and Brooklyn, but there is no evidence that the New York Central's rail service to and from its Bronx stations is any more difficult or costly than similar service on the New Jersey side. The defense regards this situation as practically controlling of the issues, but it should be noted that it applies only to car floatage to and from regular stations.

Hoboken Shore Line: This is the short name for the Hoboken Manufacturers' Railroad, which operates 1.5 miles of line along the Hoboken water front. The Erie and the West Shore interchange with this short line by direct rail switching, but the other trunk lines interchange with it by car float. They could interchange with it by rail switching, but that requires intermediate switching over other lines, and apparently they prefer to do so by car float. There is some discussion as to whether an additional charge for car floatage should be applied on traffic to and from the Hoboken Shore Line, but New Jersey repeatedly expressed a willingness that any additional charge for marine service to and from New York be applied to similar service along the New Jersey shore. An additional charge for car floatage to and from the Hoboken Shore Line might necessitate discontinuance of that service, but the rail switching would still be available and could probably be improved. Apparently this car-float interchange service would not be affected by a charge for lighterage and its substitutes.

Lighterage: All of the trunk lines are on an equal footing with respect to lighterage to and from ships or piers on the eastern side of the harbor, and they would so continue if a separate charge were imposed. The defense, however, contends that such a charge would prevent competition for traffic to and from points on the New Jersey or Staten Island shore which are reached by the rails of only one carrier. As an example, they refer to a ship docked at the Erie's Pier 9 in Jersey City and urge that other lines could not compete for traffic to be interchanged with such a ship. The situation would be similar to that now prevailing at Port Newark, except it is served by three lines, additional charges applying for lighterage to or from the other five trunk lines. It would also be similar to the situation at Boston, where New England traffic must pay additional charges to reach a ship docked elsewhere than at the line-haul carrier's terminals. However, there are generally joint rates applicable via interior junctions to and from New York Harbor, and apparently shipments can generally be routed over any line for delivery at the Erie's Pier 9 at the joint rates. But sometimes it may be desired to divert a shipment to that pier after its arrival over another line, which could not be done without paying additional charges, because there is no reciprocal switching or absorption of switching charges in the New York Harbor district. Such an arrangement which is common in other large terminal districts would permit the utmost competition without the necessity of lighterage on the New Jersey side.[22]

Railroad competition undoubtedly has had an influence in bringing about the group adjustment, and it affords some justification for grouping the rail and car-float terminals on both sides of the harbor, but the absence of a charge for lighterage is not essential to the maintenance of such competition.

D–4. NEW YORK STATE CANALS

Erie Canal: The defense attributes great importance to the old Erie Canal between Buffalo and Albany in building up the port of New York. This canal was completed in 1825 before the construction of any of the railroads to New York Harbor. The fact is emphasized that its entire cost of $6,000,000 was borne by the State of New York, although New Jersey also benefited from the canal. On the other hand, New Jersey thinks that the Erie Canal was of no greater importance than the old Morris & Essex Canal and the Delaware & Raritan Canal across New Jersey, which brought coal from the mines of Pennsylvania to New York Harbor. The latter canals were apparently built without the help of New York, and their peak tonnage in 1866 was not much less than the Erie Canal. It is unnecessary to weigh the relative importance of the Erie Canal and the New Jersey canals, but there can be no doubt that in the early days the Erie Canal was an important influence contributing to the supremacy of the port of New York. The canal traffic reached its peak about 1872, however, after which it declined due to competition of the railroads and the antiquated canal boats which were towed by mules. The canal seemed to be gradually going out of business early in the present century, when agitation arose for deepening it to 12 feet and for self-propelled boats.

Barge canal: The improvement of the old canal to make the barge canal and the construction of several branches was begun in 1904 and completed in 1918. The total cost to the State of New York was about $175,000,000, but the State constitution forbids the collection of tolls. The substitution of self-propelled boats for towage by mules reduced the time in transit between New York and Buffalo from between 20 and 30 days to about 10 days. Since then the canal tonnage has gradually increased, but it has not yet equaled the tonnage of the old Erie Canal in its most prosperous days. Its total traffic of around 3,000,000 tons per year is small in comparison with that of any one of the trunk-line railroads, which in 1928 ranged from 27,575,131 to 214,887,139 tons. It is also small in comparison with water traffic moving on the Kill von Kull, Arthur Kill, Newark Bay, and Passaic and Hackensack Rivers, which in 1930 amounted to 57,544,266 tons. Grain constitutes the largest portion of the canal tonnage, and petroleum is the next most important commodity. There has been a marked increase in the canal tonnage of these commodities in recent years, and they now constitute over one-half of the total tonnage of the canal. In 1928 the canal barges brought approximately 40,000,000 bushels of grain to New York Harbor, or almost 40 per cent of the total receipts of grain at that port. The canal is closed to navigation during the winter months, or about one-third of the year. The record indicates that the barge canal is a factor of some importance, but it does not appear to be a very serious competitor of the railroads except with respect to the grain traffic and possibly a few other bulk commodities.

Effect on rates: The defense contends that the rates to and from the New York group are lower than they would have been but for the influence of the canal. There is general evidence with respect to the influence of the canal on the rail rates in the past, but there is not much evidence regarding specific rates having been depressed. The barge rates on grain are much lower than the rail rates, but it does not appear that there is any particular relationship between them. No doubt many of the rates were affected by canal competition in the past, but there is nothing to show that the present rates are generally so affected. The class rates and many of the important commodity rates are now based on uniform distance scales prescribed by the commission.

It is further contended that the canal has had an influence in bringing about the New York group. The barge terminals are on the New York side of the harbor, but the barges also handle traffic to and from points in New Jersey. This is especially true of petroleum, sugar, and copper, which are refined along the New Jersey shore. The barge rates are the same on both sides of the harbor, and while this probably does not necessitate a similar adjustment of all the rail rates, it may properly be considered in determining the propriety of the group adjustment.

Separate charges: It does not appear that the canal competition precludes a separate charge for lighterage. Such charges now apply to and from a large part of the harbor, including the copper and oil refining district along the Arthur Kill. Grain is by far the most important commodity handled by the canal barges. A separate charge for lighterage would create an inducement for ships to come to the water front elevators on either side of the harbor. The record shows that ships will always go wherever cargo is available. The railroads could then afford to make lower rates to meet the canal competition where they do not have to perform the expensive lighterage service.

D–5. REASONABLENESS OF GROUPING

In general: The defense asserts that grouping is the predominant characteristic of the country's rate structure. Numerous rate groups and decisions approving such groups are referred to in support of this assertion. On the other hand, New Jersey points out that the trend of the decisions in recent years has been toward placing rates on a distance basis, and in so doing, many groups have been broken up or reduced in size. Nevertheless, reasonable groupings are still permitted, especially of terminal districts and closely related areas. There is merit in the defense's contention that long-established groups should not be lightly disturbed, but long existence can not justify the inconsistencies, discriminations, and lack of balance in the present adjustment to and from the New York Harbor district.

Size of groups: The size of the New York groups on intraterritorial and interterritorial traffic, respectively, is compared with those of various other groups under the Eastern Class Rate case. On traffic to and from points more than 100 miles distant in trunk-line territory, the average distance between all outer-edge points in the New York group is 38.7 miles. This is compared

[22] All of the railroad terminals on the New Jersey side are connected by rail, principally through the so-called Belt Line No. 13. This was one of the belt lines proposed in the comprehensive plan, and the first one to materialize. Various parts of it are owned by different lines, but its operations have been co-ordinated under a unified control.

with the corresponding average of 41.84 miles between all outer-edge points in the Chicago intraterritorial group and 88.8 miles between all such points in the Pittsburgh intraterritorial group. On traffic to and from central territory the maximum distance across the New York group is 96 miles, compared with corresponding distances of 76 to 136 miles across various other interterritorial groups in trunk-line territory. The distances across the New York group are also shown to compare favorably with those across various northern groups on traffic to and from southern territory under the Southern Class Rate Investigation, 100 I. C. C. 513, 128 I. C. C. 567. It should be noted, however, that under both of those class-rate adjustments arbitraries above the group rates are sometimes allowed for exceptional services within the group, such as those of a short line with light traffic density or a narrow-gage line requiring transfer of the freight.

The size of the New York groups can not be regarded as excessive if consideration is not given to the costs of the marine services equated into miles of average rail transportation. Even when the equivalent miles for car floatage to and from regular stations are considered, the group would still be no larger than some other terminal districts or groups. But when the equivalent miles for lighterage are added to the rail distances, it makes in excess of 200 to 400 miles. That is larger than any other similar group which has been approved when attacked in recent years.

Proposed New Jersey group: The proposal of New Jersey's principal traffic witness that practically all points in New Jersey be grouped together on traffic to and from central territory would make a group considerably larger than the present New York group. It would include many points which, aside from being in the same State, are less closely related than those in the New York group. The mayor of Trenton testified that his city would object to being grouped with Jersey City. Of course, lighterage is entirely different from any service afforded at interior points in New Jersey. But if a separate charge were made for that service, the present New York group for deliveries from the car would appear to be more reasonable than the proposed New Jersey group on traffic to and from central territory.

Most of the evidence relating to the reasonableness of the grouping is considered under other headings, such as port unity, railroad competition, and other terminal and rate groups.

D-6. OTHER TERMINAL AND RATE GROUPS

An important part of the defense are comparisons with other terminal and rate groups throughout the country. It is contended that these comparisons show that the grouping at New York Harbor is not unreasonable. If the New York grouping should be condemned, it is urged that these other groups would also have to be condemned.

Class rate groups: As previously indicated, the New York class-rate groups are comparable in size with other such groups in official territory, but it is not shown that any car-floatage, lighterage, or trucking services are performed by the carriers in such other groups with the exceptions hereinafter considered.

Commodity rate groups: Among the comparisons are the groups applicable in connection with the rates on yellow-pine lumber, petroleum, newsprint paper, lime, brick, cement, and iron or steel articles. These are all groups of producing points or areas, most of which originated with the carriers, and the action of the commission has been mainly in the direction of reducing their size. They show that rate groups much larger than the New York groups have been approved, but the conditions affecting such groups are obviously different, and these comparisons are not so pertinent as those with other terminal districts or groups surrounding large cities.

Transcontinental rate groups: The extensive groups applicable in connection with the transcontinental rates are too well known to require description. Their establishment by the carriers has been the result of water competition and other conditions peculiar to this traffic. Notwithstanding the great size of the transcontinental groups, it is interesting to note that the exceptional terminal services at New York Harbor are given special consideration by the carriers in their divisions even with respect to these rates.

Other terminal districts: The defense offered detailed comparisons with the terminal districts or groups at Hampton Roads, Va., San Francisco, Calif., Chicago, St. Louis, and Kansas City, Mo., Cleveland and Cincinnati, Ohio, Louisville, Ky., Detroit, Mich., and Rochester, N. Y. The only ones, however, in which any car floatage, lighterage, or trucking services were shown are the first four above mentioned, which will therefore be given very careful and thorough consideration.

D-7. HAMPTON ROADS

Physical situation: The defense's comparison which most closely resembles the New York Harbor situation is with Norfolk, Portsmouth, and Newport News, Va., which together constitute the port of Hampton Roads. Newport News is on the north side of Hampton Roads; while Norfolk and Portsmouth are on the south side, separated from each other by the Elizabeth River. The Chesapeake & Ohio Railway Co. alone serves Newport News, and it operates a car-float and barge service to and from Norfolk. The water distance to and from the Chesapeake & Ohio's terminal in Norfolk is 14 miles, but it is only 7 miles to and from its float-bridge connection with the belt line hereinafter mentioned. The Southern Railway Co., Atlantic Coast Line Railroad Co., and Seaboard Air Line Railway have their terminals in Portsmouth, and they operate car floats or barges across the Elizabeth River to and from water-front stations in Norfolk. The Pennsylvania reaches Norfolk by car float from Cape Charles, Va., 24 miles by water and 8 miles by rail to its terminal. The Norfolk & Western Railway Co., Virginian Railway Co., and Norfolk Southern Railroad also have their terminals in Norfolk. All of the lines on the Norfolk-Portsmouth side of the harbor, including the Chesapeake & Ohio's float bridge, are connected by the Norfolk & Portsmouth Belt Line Railroad Co., which is owned jointly by all of the above-mentioned trunk lines and is regarded as an extension of their rails.

Industry lighterage: A small amount of lighterage is performed by part of the lines within the lighterage limits at Norfolk and Portsmouth but not at Newport News. This service includes less-than-carload shipments of 10,000 pounds or more as well as carload traffic, except coal and certain other commodities. Unlike at New York, shippers are required to load or unload their carload shipments to or from the lighters, but the carriers will load outbound less-than-carload shipments of 20,000 pounds or more.[32] Lighterage is not performed to or from industries served by the belt line. Before the construction of that line there were a large number of industries on the water front of Norfolk and Portsmouth which were served by lighter, but since then most of them have moved back to locations on the belt line. At the present time there are nearly 500 industries at Norfolk and Portsmouth, of which only about 20 are located on the water front. There are only six small industries on the water front in Norfolk and none in Portsmouth which do not have rail service. It is estimated that 99 per cent of the carload traffic to and from local industries in Norfolk is handled by rail switching, the charges of connecting lines being absorbed by the line-haul carrier. The lighter service is demanded principally by a few shippers of less-than-carload traffic, who would otherwise have to dray their shipments to and from the freight stations.

Steamship lighterage: The piers where the steamships dock on both sides of Hampton Roads have rails for practically their entire length. Lighterage is not necessary, therefore, in transferring freight between cars and ships, but there is a small amount of lighterage to and from the offside of ships on the Norfolk-Portsmouth side. The Chesapeake & Ohio has an arrangement with the steamship companies for the ships to call at Newport News whenever there is 150 tons or more of cargo, and where there is not that amount the Chesapeake & Ohio will lighter it to or from ship side at Norfolk or Portsmouth. The record indicates that practically all of the ships call at Newport News, however, and the lighterage service appears to be negligible. Traffic moving over a line on the Norfolk-Portsmouth side to or from a ship docked at another carrier's terminal on that side can be switched to or from ship side, the line-haul carrier absorbing the switching charges, but sometimes it is lightered to or from the offside of vessel instead. This movement also appears to be negligible, however, as the ships will generally shift from one terminal to another where there is 125 tons or more of cargo. Moreover, most of the export, import, and intercoastal freight other than coal is handled through the Norfolk Tidewater Terminals, which are served by the belt line and are outside the lighterage limits.

Rate equalization: The rates to and from Norfolk and Portsmouth appear to be the same. The Pennsylvania's rates to and from Norfolk generally apply to and from Cape Charles and probably other intermediate points. The rates to and from Newport News are also generally the same as Norfolk for hauls of 150 miles or more to the North, West, or South. Following a dispute over divisions, the equalization of Newport News with Norfolk was discontinued on traffic to and from a large part of southern territory. This was found to result in unjust discrimination and undue prejudice against Newport News, which was found entitled to the same rates as Norfolk for hauls of 150 miles or more to the South. (Chamber of Commerce of Newport News v. S. Ry. Co., 23 I. C. C. 345.) The parity as between Norfolk and Newport News was again disturbed by the carriers in applying the distance scale prescribed in the Southern Class Rate Investigation, supra, which did not specifically deal with the Norfolk-Newport News situation. This resulted in another finding under section 3 again requiring restoration of the rate parity for hauls of 150 miles or more to the South. (City of Newport News v. Aberdeen & R. R. Co., 159 I. C. C. 159.) At the same time the Chesapeake & Ohio's rates on export, import, and coastwise traffic between Norfolk and certain points on its line 150 miles or more distant were found unduly prejudicial and preferential to the extent that they exceeded the Newport News rates. (Norfolk Port Commission v. Chesapeake & O. Ry. Co., 159 I. C. C. 169.) This completed the equalization of Norfolk and Newport News on most traffic moving 150 miles or more in all directions.[33] In the last-cited case, however, the commission declined to require the Chesapeake & Ohio to absorb the charges of the Norfolk Tidewater Terminals for handling the traffic to and from ship side at its terminal. Lighterage to and from ship side or local industries was not in issue in either of the above-cited cases.

Switching charges: In another case decided contemporaneously with the two last above-cited cases, it was found that where the Newport News rates are the same as Norfolk-Portsmouth on traffic to and from the South it was unduly prejudicial and preferential for the carriers to collect switching charges for deliveries on con-

[32] The carriers sought to discontinue this loading service on outbound less-than-carload shipments, but their schedules were found not justified in loading of less-than-carload freight. (91 I. C. C. 394.)

[33] An exception is anthracite coal from Pennsylvania, as to which Newport News was denied the same rates as Norfolk in City of Newport News v. B. & O. R. R. Co., 96 I. C. C. 425.

necting lines at Norfolk-Portsmouth while collecting no such charges at Newport News. (Norfolk-Portsmouth F. T. Comm. *v.* Aberdeen & R. R. Co., 159 I. C. C. 177.) It should be noted that Newport News is not in the same switching district as Norfolk and Portsmouth, which caused the difference in the practice regarding the collecting of switching charges. This case appears to support New Jersey's contention that the practice of collecting additional charges for lighterage deliveries in a large part of the New Jersey section of the port of New York while no such charges are made in other parts of the port where the line-haul rates are the same results in undue prejudice and preference.

Conclusions as to comparison: There is considerable similarity between the Hampton Roads and New York Harbor situations so far as concerns equalization of the rates to and from the rail terminals on both sides of the port. The principal difference between the two is that there is a better balancing of the advantages and disadvantages of equalization as between Norfolk and Newport News, and for this reason there was no objection by either to such equalization in the cases cited. The reports in those cases do not indicate that there was any evidence regarding the marine costs at Hampton Roads, but the Chesapeake & Ohio claimed that its car-float service was equal to its rail haul between Newport News and Richmond, Va., 75 miles. That would be comparable with the equivalent miles shown here for car floatage to and from regular stations at New York, but not with the equivalent miles shown for lighterage which average from 247 to 286 miles for all the trunk lines serving that port. The lighterage service at Norfolk-Portsmouth appears to have been established to meet conditions which existed before the construction of the belt line, and its present use there is inconsequential in comparison with New York Harbor where there are hundreds of industries along the water front and the bulk of the freight is interchanged between the railroads and steamships by lighter.

Everything considered, the above-cited cases afford considerable support for equalization of the rates to and from the rail and car-float terminals on both sides of New York Harbor for hauls above a reasonable minimum in all directions; but they have no bearing on the question of a separate charge for lighterage, except the last-cited case indicates that all parts of the port should be treated alike in this respect.

D–8. SAN FRANCISCO BAY

Points of similarity: The New York Harbor situation is similar in many respects to that of the communities bordering on San Francisco Bay, in California. San Francisco occupies the end of a hilly peninsula, separated by the bay from Oakland, Alameda, Berkeley, and Richmond, which are all in the same metropolitan area. The Southern Pacific Co. has the only rail line into San Francisco, and it also has lines on the east side of the bay. The line into San Francisco was unusually expensive to construct, the Dumbarton Bridge across the lower end of the bay costing about $1,500,000, and the bay-shore cut-off which has several tunnels cost between $8,000,000 and $9,000,000, or about $1,000,000 per mile. The Southern Pacific, Western Pacific Railroad Co., and Atchison, Topeka & Santa Fe Railway Co. operate car floats between their rail terminals on the east side of the bay and their terminals in San Francisco, the water distances being 5.6, 6.6, and 10 miles, respectively. This service is similar to the car-float service to and from off-line team tracks at New York but differs from that to and from the pier stations in that shippers load and unload their own carload freight at San Francisco. The cities on the east side of the bay have an advantage of location on traffic to and from most points, but they are on an equal basis with San Francisco to and from considerable territory on the north and south. Both sides of the bay must use car-float service on traffic to and from points served by the Northwestern Pacific Railroad Co. Car floatage is not necessary and the distances are approximately the same by the Southern Pacific which is the rate-making line from both sides of the bay to the important territory on the south, including Los Angeles, Calif.

Lighterage: The one outstanding difference between San Francisco and New York is that no lighterage is performed by the railroads on either side of San Francisco Bay. It seems significant that at this important port situated so similarly to New York the railroads have never found it necessary to perform any lighterage either to and from local industries or the steamship lines. That is because the piers where the ships dock in San Francisco are served by a belt line owned and operated by the State of California. This line has about 58 miles of track along the water front, serving team tracks and industries as well as the piers, which latter are also owned by the State. Traffic interchanged with this line is switched by it directly to and from ship side on the piers at a charge of $4.50 per car, which is absorbed by the trunk lines. The car floatage performed by each of the trunk lines between one point on each side of San Francisco Bay, without any breaking of bulk in transit, can not be compared with lighterage to and from the more than 600 piers throughout the lighterage limits of New York, with its double handling of the freight at the railroad's expense. When necessary the steamships will shift from one pier to another at San Francisco, provided the tonnage is sufficient to warrant the expense, but if lighterage is performed by private companies it is paid for by the shipper or steamship company.

Oakland case: The interstate class rates to and from San Francisco and Oakland are generally the same, even for short hauls, which are subject to the minimum class rates. In Oakland Chamber of Commerce *v.* P. Co. (100 I. C. C. 55), Oakland assailed these rates to and from various points to the east or northeast in California and Nevada. It sought lower rates from San Francisco in recognition of its advantage of location with respect to these points. This advantage was measured by the car-float cost, which was shown as averaging 69.2 cents per ton for the Southern Pacific, and by the difference in distance ranging from 57 to 88 miles on traffic moving over the Dumbarton Bridge from or to San Francisco. It should be noted that this car-float cost is comparable with the costs for car floatage to and from pier stations at New York, but not with the lighterage costs there which are shown as averaging around $2 per ton. Likewise, the above differences in distance are comparable with the equivalent miles for car floatage to and from pier stations at New York but not with those for the lighterage service. The rates assailed were shown to be affected by water competition on the Sacramento, San Joaquin, and other rivers. Upon consideration of the foregoing and other facts the rates assailed were found not unreasonable or unduly prejudicial to Oakland. This case also affords considerable support for grouping the rates to and from the rail and car-float terminals on both sides of New York Harbor; but as lighterage was not involved, it has no bearing upon the propriety of imposing a uniform charge for that service throughout the port.

South San Francisco case: South San Francisco is an industrial community on the Southern Pacific's bay-shore cut-off about 5 miles south of the San Francisco city limits and the former switching limits, but a part of the metropolitan district. In South San Francisco Chamber of Commerce *v.* S. P. Co. (53 I. C. C. 285), complainant attacked the Southern Pacific's proportional rate of 2.5 cents which was then added to the San Francisco rates on certain interstate traffic to and from South San Francisco. It was found that this rate was not unreasonable but was unduly prejudicial to the extent it exceeded the charges on traffic switched to and from points within the San Francisco and Oakland switching districts. This case is cited by the defense, but it also appears to support New Jersey's contention that it is unduly prejudicial and preferential to charge more for lighterage deliveries in a large part of the port of New York than is charged for similar service within the lighterage limits.

D–9. CHICAGO DISTRICT

Compared with New York: Next to the New York metropolitan district, the Chicago district is the most important terminal district in the country. This terminal district which is bounded by the Elgin, Joliet & Eastern Railway Company's line and Lake Michigan is approximately 45 miles long by 40 miles wide and covers about 1,750 square miles of territory. The Chicago switching district, which is within the terminal district, is approximately 40 miles long by 12.5 miles wide and covers an area of about 500 square miles. It is the largest switching district in the country and is served by 22 trunk lines and 15 terminal lines with a total of over 5,000 miles of track within the district. About 1,000 miles of this trackage is elevated, and there are about 40 miles of depressed track. The carriers serving Chicago have coordinated their terminal facilities to a large extent through the use of belt lines and other joint arrangements, which is in marked contrast to the situation at New York, especially with respect to lighterage. The maximum movement within the Chicago switching district is 67.6 miles, and the average is from 25 to 40 miles each way. The longest distances are comparable with the equivalent miles shown for car floatage to and from pier stations at New York but not with those for the lighterage service there.

Rates and switching charges: All points within the Chicago terminal district generally take the same rates in every direction, with certain exceptions. The rates to and from the switching district generally include switching to and from points on other lines without additional charge over the Chicago rates. In this respect the Chicago situation differs from that in the New York metropolitan district, where there is a separate switching district for each city, and additional charges generally apply for switching to and from points on other lines. There is also a difference with respect to local movements within the district, the single-line switching charges at Chicago being generally 2 cents per 100 pounds, or about $12 per car, while much higher class rates generally apply between different cities in the New York district. The above switching charge is less than the stevedoring cost of transferring freight to and from lighters at New York, the composite figures for two handlings by man power and trucks being 84.7 cents per ton on eastbound freight and 78.5 cents per ton on westbound freight.

Tunnel service: The Chicago Warehouse & Terminal Co. operates approximately 62 miles of freight railroad in tunnels under the downtown district of Chicago. The tunnel lines are electrified, and the tracks are 2 feet wide. The cars, which hold about as much as a truck, are raised and lowered in elevators at the stations and places of business served. The tunnel company is a common carrier subject to the act and interchanges freight with the trunk lines. Of course, the freight has to be transferred between the trunk-line cars and tunnel cars, and apparently it is principally less-than-carload package freight. During a test period the tunnel lines handled 11.8 per cent of the total less-than-carload freight compared with 25.2 per cent handled in trap cars and 61.5 per cent drayed by the consignors or consignees. The tunnel company receives from the trunk lines 9 cents per 100 pounds or $1.80 per ton on all freight handled for them. In addition, it receives from the shippers 5 cents per 100 pounds or $1 per ton on inbound freight delivered at its universal stations and 2.5 cents per 100 pounds or 50 cents per ton on all other freight, which amounts are paid over and above the Chicago rates. The fact that additional charges are made for this service, which in-

volves a transfer of the freight, indicates the propriety of similar charges for lighterage at New York.

Erie's car floatage: The Chicago & Erie Railroad Co. alone operates a car-float service on the Chicago River to and from two stations, where it has freight houses and team tracks. The car-float movement of 2.5 to 5 miles is in addition to a switching movement of 21 miles beyond the Chicago & Erie's yard at Hammond, Ind. There is used in this service 1 tugboat and 4 car floats of 8-car capacity each, which handled a total of 95,000 tons of freight in 1928. This equipment may be compared with the Erie's floating equipment at New York Harbor, where it has 12 tugboats, 35 car floats, and 248 other boats. The cost of repairs, maintenance, and operation of the floating equipment at Chicago in 1929 amounted to $42,133 compared with corresponding costs for the Erie's marine freight service at New York of $3,630,170. Aside from its volume the Erie car-float service at Chicago is comparable with the car floatage to and from pier stations at New York.

Lighterage: The Merchants Lighterage Co. operates a lighterage service on the Chicago River in connection with some but not all of the trunk lines. The Chicago & Erie is the only party to this arrangement whose system lines serve New York Harbor. Lighterage is performed on the main river and part of its north and south branches, but not along the lake front except at the municipal pier, and not on the Calumet River which penetrates an important industrial district in South Chicago. The Chicago rates are applied to and from a station maintained by the lighterage company and also industries along the river on carload traffic and less-than-carload shipments of not less than 10,000 pounds. The lighterage company acts as agent for the trunk lines, who pay it 6 cents and 9.5 cents per 100 pounds on carload and less-than-carload freight, respectively. It will be noted that the cost to the trunk lines of $1.20 per ton on carload traffic is considerably less than the average lighterage costs at New York. There are two lighters used in this service at Chicago, and they handled 55,000 tons of freight in 1928. That is equivalent to less than 10 carloads of 20 tons each per working day as compared with an average of 12,704 loaded cars handled into and out of the Chicago terminal district each day during a test period without counting through traffic. The above lighterage equipment and tonnage may also be compared with the 1,228 lighters operated by the trunk lines at New York Harbor, which in 1929 lightered 9,092,342 tons in their own equipment and 2,233,348 tons more in outside equipment. The relatively insignificant lighterage service performed at Chicago should not have much weight in considering the extensive and expensive service at New York Harbor, especially as there is no issue of undue prejudice and preference as between New Jersey and Chicago.

Tunnel and lighterage case: In 1915 some of the trunk lines proposed to cancel the application of the Chicago rates on traffic handled in connection with the tunnel company and the lighterage company. They failed, however, to present any evidence regarding the reasonableness of the increased charges that would result, and their schedules were found not justified. (Rates in Chicago Switching District, 34 I. C. C. 234.) There was no issue of discrimination on account of charging more for lighterage in some parts of the port than others as at New York Harbor. Since that case was decided the carriers have been permitted to establish additional charges for the tunnel service over and above the Chicago rates. Under all the circumstances the case cited can not be regarded as of much importance with respect to the issues presented in these cases.

Optional trucking case: The carriers serving Chicago have recently proposed to provide for the transfer of less-than-carload freight between the freight houses of the trunk lines and the so-called universal stations of the tunnel company and certain other lines by truck or dray in lieu of rail service at their option. This practice was found justified, although the carriers were required to amend their proposed schedules. (Trucking L. C. L. Freight in Lieu of Rail Service, 185 I. C. C. 7.) This case affords some support for the practice with respect to trucking to and from inland stations at New York, but it did not involve any question of store-door delivery.

D–10. ST. LOUIS—EAST ST. LOUIS

Separated by river: St. Louis, Mo., and East St. Louis, Ill., are separated from each other by the Mississippi River. There are, however, four railroad bridges across the river between these points. The cost or value of three of them are shown as $1,120,000, $3,345,000, and $8,000,000. These amounts are equivalent to a large number of miles of average railroad, but there is no evidence in regard to the cost of handling traffic over these bridges. That service is performed principally by the Terminal Railroad Association of St. Louis, which is owned by 15 of the trunk lines. The Missouri Pacific Railroad Co. also operates a car ferry across the river a short distance south of St. Louis. The rates for hauls of 100 miles or more are generally the same to and from St. Louis and East St. Louis, which are in the same switching district, and apparently the switching charges of connecting lines are generally absorbed.

Off-track stations: It has long been the practice of the railroads to truck less-than-carload freight between their rail stations and off-track stations in St. Louis and East St. Louis. This service is performed by a trucking company, which receives from the railroads various allowances for the trucking and other services at the off-track stations. These allowances are shown as ranging from $2.25 to $2.75 per ton, but those amounts have been reduced somewhat as a result of Transfer in St. Louis and East St. Louis by Dray and Truck, 155 I. C. C. 129, 177 I. C. C. 316. The present allowances of $1.64 to $2.70 per ton are comparable with the allowances of 11 and 12 cents per 100 pounds paid by the Erie for trucking and station services on traffic handled through its inland stations in New York.

Direct-delivery service: Trucking is also performed between the rail stations in East St. Louis and shippers' places of business in St. Louis, but unlike the off-track station service the railroads pay only a portion of the trucking expense and the balance is paid by the shippers. The division of the trucking expense between the railroads and shippers is supposed to represent the cost of trucking to and from a constructive station which is assumed to exist at the west end of the Eads Bridge. Apparently the allowances paid by the railroads for this service of 1 cent and 2 cents per 100 pounds on carload and less-than-carload shipments, respectively, represent the smaller portion of the total expense of trucking to and from the shippers' places of business.[2] This service is referred to as direct delivery or a modified form of store-door delivery in the above-cited case.

Trucking to storage: In the original report in that case at pages 136, 137, the commission also considered a practice of trucking certain carload freight to and from warehouses in the upper floors over some of the off-track stations at the expense of the railroads. This practice was referred to as virtually amounting to store-door delivery of carload traffic placed in storage and was condemned in the following language:

"As a matter of law, the carrier is obligated to deliver carload freight at a public team track or at a private industry track. The only other alternative at St. Louis is the delivery through the constructive station. Any practice of according service in addition to this, such as that entailed in the movement of carload freight from recognized team tracks in East St. Louis or St. Louis to warehouses located above off-track stations is gratuitous, has no warrant in fact or in law, is open to serious abuse by way of discriminations, is an unwarranted concession to those receivers who thus avoid an expense of drayage rightfully to be borne by them, and should be discontinued immediately.

Conclusions as to comparison: The grouping of St. Louis and East St. Louis together with the Missouri Pacific's car-ferry service in competition with the lines using the bridges affords some support for permitting a grouping of the rail and car-float terminals on both sides of New York Harbor for hauls over 100 miles. The trucking practices at St. Louis and East St. Louis which were approved in the above-cited case also afford considerable support for permitting such group to include the inland stations at New York, but they strongly indicate the propriety of requiring shippers to pay at least a portion of the expense of any form of store-door delivery in addition to the rail rates.

D–11. ANALYSIS OF MARINE COST DATA

Changes in costs: The defense showed that the coal and fuel oil used by the tugs and lighters cost most of the trunk lines less per ton in 1930 and 1931 than in October, 1924. The Baltimore & Ohio's reduction was from $5.08 to $4.63 per ton; that of the Central of New Jersey from $3.65 to $1.91 per ton; the Lackawanna showed no change; the Erie's costs were not on a comparable basis; the Lehigh Valley's reduction was from $1.95 to $1.75 per ton; that of the New York Central from $1.42 to $1.05 per barrel of oil; and that of the Pennsylvania from $2.10 to $1.72 per ton. The amounts of coal or fuel oil consumed were not available, however, and no attempt was made to show the effect of these price changes on the lighterage or car-floatage costs.

Evidence was also introduced to show that the expenses of maintaining floating equipment in 1928–1930 were considerably less than in 1921–1923, which period was used in the Stuart study. The reduction claimed is from a monthly average of $445,107 to $349,502, or 21.5 per cent, but corrections made by New Jersey bring it down to 15.3 per cent. This reduction appears to be due partly to much more traffic being trucked in 1928–1930 than in 1921–1923, and the 1928–1930 period included more than a year of the business depression, which resulted in a marked reduction in the tonnage handled as well as the expenses. For example, trucking in lieu of lighterage increased from 107,199 tons in 1923 to 1,414,056 tons in 1929, while the tonnage lightered by the trunk lines other than the New Haven declined from 11,021,118 in 1929 to 7,642,825 in 1930. It is doubtful, therefore, whether the reduction in maintenance expenses reflects any substantial reduction in the costs per ton of freight lightered or car floated.

Whatever effect the above-mentioned items have on the lighterage and car-floatage costs is probably offset by the higher wages of employees previously referred to, which is the largest item of cost in connection with lighterage. At any rate, it is unnecessary to determine the costs exactly, in view of the conclusions hereinafter reached. See Commission *v.* Texas & N. O. R. Co. (284 U. S. 125), where the Supreme Court recently said, at page 132:

"Neither the failure of the commission separately to ascertain and state nor the absence of evidence to show the cost to carriers of the ferry service requires annulment of the rates prescribed for transportation between the places on the east bank of the Mississippi and points west of the river."

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[2] Drayage in St. Louis District (188 I. C. C. 153), decided September 27, 1932, the Southern Railway Co. and the Mobile & Ohio Railway Co. were permitted to increase their allowance for the direct-delivery service on less-than-carload traffic from 2 cents to 5 cents per 100 pounds upon a showing that the expense attributable to that part of the trucking between the rail stations and the constructive station amounted to over 6 cents per 100 pounds.

Possible economies: The New York Port Authority's annual report for 1916 reviewed a study which indicated that the tugboat costs could be reduced $174,000 per month through a system of central dispatching and pooling of tugboats. It is also pointed out that the idle-time cost of towing equipment amounted to $343,626.78 in one month. After referring to these figures, the New York interveners urge that "it would be inequitable to require a change in rates predicated upon costs which reflect wasteful operations which the carriers could eliminate." On the other hand, New Jersey urges that this is additional proof of the present wasteful practices, which it seeks to have corrected by the imposition of charges which would encourage direct interchange between rail and ship. The possibility of unifying the marine operations of the eight trunk lines serving New York Harbor has been discussed for years, but these cases must be decided upon the basis of the existing situation and not some contingency which may never happen.

Variation in costs: An analysis of the data underlying the Stuart study by New York's expert disclosed considerable variation in the costs for lighterage and car floatage in different parts of the harbor, in different classes of equipment, as to different commodities, and as between the different railroads. For example, the shore-to-shore costs per ton for lighterage in all classes of equipment are shown to average $1.56 for Brooklyn, $1.25 for lower Manhattan, and $1.37 for New Jersey. There is greater variation in the costs as between some of the smaller zones, where the range is all the way from 47 cents to $14.43 per ton. In both of these extreme cases, however, the tonnage was very light, and the expert who analyzed the figures did not regard such zones as representative. The average lighterage costs per ton for different classes of equipment are shown as $1.279 for covered barges and refrigerators, $1.627 for open lighters and hand hoists, $1,633 for power hoists, and $2,305 for steam lighters. The variation in shore-to-shore costs according to commodities ranges from an average of $1.028 per ton for products of agriculture to $1.662 per ton for manufactured products, which latter constitute the largest portion of the tonnage.

Apparently the purpose of this showing is to indicate the impracticability of making rates to suit the varying costs, but there is no proposal to vary the rates for similar services in different parts of the port, as to classes of lighterage equipment, or as to different commodities except grain. The distinction between lighterage and car floatage to and from pier stations rests not alone on the fact that the average shore-to-shore costs for the former are more than double those for the latter, but there is also a difference in the nature and value of the services as hereinbefore shown, and lighterage involves a breaking of bulk and double handling of the freight at carrier expense.

Controlling factors: The conclusion of the above-mentioned expert regarding the variations in marine costs is that the controlling factors are the tons handled per trip and the delays at terminals other than those of the railroads, while the towing distances are relatively of no importance. This accounts for the much greater average shore-to-shore costs for lighterage and car floatage in lieu thereof than for car floatage to and from pier stations, because the latter is more concentrated and permits heavier loading of the car floats, and the former involves more delays especially at steamships or their piers. The unimportance of towing distances also indicates the lack of justification for higher charges for lighterage to and from some parts of the port than others.

D-12. COMPARISON OF SERVICES AND COSTS

The defense stresses certain rail deliveries in northern New Jersey which it urges exceed the switching service to or from the car-float bridges and lighterage piers on the New Jersey shore and in some instances equal to the marine service to or from New York.

Erie's branch lines: The Erie has numerous branch or side lines in northern New Jersey. Through trains from the West are brought into its Croxton yard just west of Jersey City, and cars for these branches are distributed from there. Trains from Croxton to the branches average about 20 loaded cars, while inbound trains from the branches average only about 11 loaded cars. This service involves more or less back haul on over 40 per cent of the traffic to and from these branch lines. The distances from the Croxton yard range all the way up to 49.1 miles to Sterling Forest at the end of the Greenwood Lake branch. This maximum haul approaches the equivalent miles shown for car floatage to and from pier stations but not those for lighterage which range up to 319 miles for the Erie.

Other New Jersey deliveries: The Lackawanna's through trains from the west are brought into its Secaucus yard west of Jersey City, and cars for points on its line through Newark are hauled back west for distances ranging up to about 15 miles. The Central of New Jersey back hauls traffic for Bayonne from Jersey City, about 6 miles. The West Shore through trackage rights over the Lehigh Valley serves the Bayonne district, which is 14 miles beyond its Weehawken yard. Pennsylvania deliveries in Jersey City involve several classifications and somewhat complicated switching. The foregoing shows that many rail deliveries in northern New Jersey involve more service than that to and from the car-float bridges or lighterage piers on the New Jersey shore, especially when consideration is given to the concentrated movement to and from the latter points. The conclusions hereinafter reached make ample allowance for this situation.

Hoboken Shore Line: The most stress is laid by the defense on the service to and from piers or team tracks served by the Hoboken Shore Line. This 1.5-mile long road serves most of the steamship piers on the New Jersey shore, but its operations are cramped and difficult because of the physical location. Comparison is drawn between the cost to the trunk lines of handling a 20-ton carload to or from ship side at these piers by switching, car floatage, and lighterage. Only one or two of the trunk lines have direct rail connections with the Hoboken Shore Line, and the others reach it through intermediate switching or trackage rights. This showing indicates that the switching service costs five of the lines from $27 to $39.95 per car, while car floatage costs three lines from $33.36 to $37.01 per car, and lighterage costs from $31.30 to $44.12 per car. The amounts paid for switching, however, include all operating expenses, taxes, rentals, and return on investment, while the car-floatage and lighterage costs do not include any float-bridge or lighterage-pier expenses, any taxes on such shore property, or any return on investment in floating equipment or shore facilities. The report in the Wharfage Charges case discloses that interest on investment and taxes alone amounted to 47 cents per ton, or $9.40 for a 20-ton carload. The above costs for switching and lighterage or car floatage are not, therefore, on a comparable basis.

Both the above switching and car-float costs include $27 per car for switching and handling to or from the ship side by the Hoboken Shore Line. The tracks of that line extend out on only 1 or 2 of the 12 piers, and freight generally has to be trucked several hundred feet between cars on the shore and ship side on the piers. This no doubt accounts for the rates or allowances received by that line, which are generally 60 cents per ton where the shippers do the loading or unloading and $1.35 per ton where it performs the handling to or from ship side. The latter may be compared with the average cost of 50 cents per ton for unloading freight on the docks at Port Newark and with the Atlantic Port Railway's allowance of 60 cents per ton, which includes switching and loading or unloading at that port. It may also be compared with the costs of 40 to 45 cents per ton for loading or unloading cars on the piers at Boston. When interest on investment, taxes, and maintenance expenses on the pier facilities are taken into consideration, however, the record indicates that the total cost for direct transfer where the rail extend onto the piers amounts to about $1 per ton. See section E-2 of this report. The Hoboken Shore Line's charges can not, therefore, be regarded as typical of the costs for direct interchange at modern rail-water terminals, but even they are considerably less than the average lighterage costs.

The defense also compares the cost of switching a 20-ton carload to or from team tracks on the Hoboken Shore Line with the cost of car floating a similar car and switching it to or from team tracks on Manhattan. The first-mentioned costs range from $12 to $24.95 per car, including $12 to the Hoboken Shore Line for switching about 2,000 feet. The total costs shown for the movement to or from Manhattan team tracks range from $9.18 to $10.83 per car. It is admitted, however, that the latter do not include numerous items of cost assignable to the team-track switching, which it is estimated amount to between 10 and 15 per cent. Moreover, they do not include all of the taxes or any return on investment as do the switching charges on traffic to or from team tracks of the Hoboken Shore Line. Nevertheless, this showing seems sufficient to indicate that the costs of car floatage to or from Manhattan team tracks are probably no greater than the maximum cost of switching to or from team tracks on the Hoboken Shore Line.

Conclusions: Rail deliveries in northern New Jersey frequently involve more service than switching to and from the car-float bridges or lighterage piers, and in some instances such deliveries appear equal to car floatage to and from team tracks or pier stations, but they can in no case be regarded as equivalent to the lighterage service with its double handling of the freight at railroad expense.

D-13. CONTRACT TERMINALS

Interest in cases: The so-called contract terminals have a vital interest in these cases. Their interest concerns not only the possible effect on the amount of freight handled by them but also their ability to attract and hold industrial tenants and steamship companies which use their facilities. In 1929 the Bush Terminal Co. and Bush Terminal Railroad Co. handled a total of 1,025,290 tons of carload and less-than-carload freight; the Brooklyn Eastern District Terminal handled 1,062,788 tons, excluding coal and coke; the New York Dock Railway handled 527,458 tons, including coal and coke; and the Jay Street Terminal handled 509,548 tons, excluding coal and coke. This traffic is handled both for industries located within the terminals and for outside industries, the latter exceeding the former in some instances.

Compared with Hoboken Shore Line: The defense compared the cost to the trunk lines of handling traffic by car float to or from the contract terminals with the cost to them of switching to or from the Hoboken Shore Line. On carload traffic which the Hoboken Shore Line loads or unloads it generally receives $1.35 per ton. This exceeds the average allowances or divisions of certain contract terminals, which range from $1.14 to $1.32 per ton on carload traffic, but the latter do not include loading or unloading. A fairer comparison is of the costs for delivery at both the contract terminals and the Hoboken Shore Line for handling by the shippers. This shows that the costs to the various trunk lines on a 20-ton carload switched to the Hoboken Shore Line range from $12 to $24.95 per car, depending on the intermediate switching necessary. The last-mentioned amount exceeds the corresponding costs under the above average allowances or divisions for car floatage to or from the contract terminals. It is doubtful, therefore, whether the comparative costs warrant higher

rates for car floatage to or from the contract terminals than those applicable for switching to or from the Hoboken Shore Line.

Costs on less-than-carload traffic: The average allowances or divisions on less-than-carload traffic are $1.30 per ton for the Bush Terminal Co., $1.28 for the Brooklyn Eastern District Terminal, and $1.32 for the Jay Street Terminal. These amounts are substantially less than the $1.45 per ton which the trunk lines pay the Hoboken Shore Line on less-than-carload traffic. They are also considerably less than the average cost of 10 cents per 100 pounds for delivering or receiving less-than-carload shipments in large terminals as found in the Southern Class Rate Investigation (100 I. C. C. 513), at page 638. These figures indicate that there is no justification for higher rates on less-than-carload shipments car floated to or from the contract terminals than those on similar traffic switched to or from the Hoboken Shore Line and possibly other New Jersey points in the metropolitan area.

Effect of additional charges: It is predicated that an additional charge for car floatage to and from the contract terminals would result in the diversion of traffic both to the trucks and to other ports. Undoubtedly such a charge would have a serious effect on the business of the contract terminals, but it is not believed that a charge for lighterage would be quite so serious a matter to them. They perform no lighterage for the trunk lines, and there is an additional charge now for lighterage of less-than-carload traffic. Of course, its extension to carload traffic would have a tendency to draw steamships which now dock at the contract terminals to the New Jersey or Staten Island shore. But the Bush Terminal and the New York dock terminals which are principally interested in the steamship business could apparently handle at least part of the steamship traffic by car float and switch it to or from ship side. All of the Bush Terminal piers and some of those in the New York dock terminals are now equipped with railroad tracks. The Brooklyn Eastern District Terminal, which does not appear to be so much interested in the steamship business, might even benefit from a lighterage charge. It would tend to divert traffic from the expensive lighterage service with its double handling of the freight to the car-float service to and from the terminals. That would apparently benefit not only the terminal companies but also the trunk lines because of the much lower cost to them.

D–14. NEW YORK HARBOR CASE

The defense leans heavily upon the New York Harbor case (47 I. C. C. 643), decided December 17, 1917. That was a complaint by what was designated the "Committee on Ways and Means to prosecute the case of alleged rate and service discrimination at the port of New York" and others. It represented an attempt to secure for New Jersey lower rates than New York on traffic to and from the West because of the lighterage and car-float services. The complaint was dismissed, and the defense contends that such action should be followed here in the absence of evidence of changed conditions. The grounds for the dismissal were summarized in the following quotation from page 739:

"If we could overlook the fact that historically, geographically, and commercially New York and the industrial district in the northern part of the State of New Jersey constitute a single community; if we could disregard the fact that the freight rates in this country are not and never have been constructed solely with regard to the specific cost of operation; if it were not clear that the establishment of rate groups is in some instances beneficial alike to the carriers and to the public; if we could forget for the moment that both sides of the port of New York always have been and doubtless always will be accorded the same rates by the boat lines; were it not for the fact that to grant the relief asked would inevitably disrupt the whole structure of rates to and from the Atlantic seaboard, and this without any substantial showing by the complainants that the present adjustment operates to their actual injury; if we could disregard the fact, abundantly established by the evidence of record, that the communities of northern New Jersey have prospered under the present rate adjustment; and if we were not persuaded that cooperation and initiative must eventually bring about the improvements and benefits which the complainants hope to attain through a change in the rate adjustment—then we might conclude that the present rates result in undue prejudice to the people and the communities on whose behalf this complaint was filed. On the evidence now before us that conclusion can not be reached.

Differences in issues: While the New York Harbor case was similar to the present New Jersey cases in that complainants sought lower rates for New Jersey than New York on traffic to and from the West, the issues differed in many respects. One of the most important differences is that the complaint in that case contained no allegation of undue prejudice and preference because of charging higher rates for lighterage and car floatage in lieu of lighterage to and from some parts of the port than others. The report did not even show that such a situation existed, and apparently it was not brought to the commission's attention. Another important difference is that there was no issue of undue prejudice and preference as between Boston and New York in any of the respects dealt with in Boston's complaint and evidence. The rates via the coastwise routes to and from the South and Southwest were LOT in issue, and the report does not indicate that the commission was advised as to the situation with respect to those rates. With regard to the rates to and from New England it was stated at page 717:

"It is true that on shipments to New England the rate structure is not favorable to complainants, and that it gives New York an advantage, but the rates to and from New England are not in issue in this proceeding."

In the case cited complainants excluded the export and import rates leaving only the domestic rates in issue. Here the Boston complaint is confined to export, import, and coastwise traffic, and the New Jersey complainants appear to be at least as much interested in the export and import traffic as in the domestic traffic. There are several other issues which took up a substantial part of the report in that case which are not involved in the present case. On the other hand, there are several issues here in addition to those above mentioned which were not present in that case. Perhaps the most important difference is that complainants there did not ask for the establishment of separate charges for the terminal services, and the report therefore did not consider that question. Nevertheless, there were references on pages 734 and 735 to the possibility of imposing specific terminal charges, which indicated that this might eventually be the solution of the problem.

The above-cited case does afford strong support for permitting the grouping of both sides of New York Harbor, but obviously it can not be regarded as controlling with respect to issues which were not raised or decided in that case.

Philadelphia basis sought: Complainants in the New York Harbor case sought rates for New Jersey 2 cents under New York. That would have placed New Jersey on the Philadelphia basis, and it would have resulted in extending the Philadelphia group to the Hudson River, including Staten Island which is a part of New York City. This situation appears to have been very influential in the decision to dismiss the complaint.

A similar situation would result here so far as concerns the export rates and most of the import rates if those to and from New Jersey points should be reduced 2 cents.

New York Central: Another situation stressed in the New York Harbor case was that regarding the New York Central. Complainants there sought lower rates for New Jersey than New York solely because of the marine services. Thus the relief sought apparently did not apply to the New York Central's all-rail rates to and from Manhattan. It had long been the practice of that line to maintain the same rates to and from both sides of the harbor. If the New Jersey rates were reduced, it was not seen how the New York Central could be prevented from applying the same rates to and from New York, which would have made its New York rates lower than those of the other lines. The commission did not then possess the minimum-rate power.

As hereinbefore indicated, the New York Central situation would complicate the imposition of additional charges for car floatage to and from regular stations and team tracks, but it would not prevent a separate charge for lighterage by all the lines throughout the port.

Terminal costs: The evidence regarding terminal costs in the New York Harbor case differed greatly from such evidence in these cases. Referring to complainants' principal witness on that subject it was said at page 672:

"Before proceeding to an analysis of the cost figures introduced by him, it is proper to observe that his estimates are most general in character, that his figures were not scientifically compiled, and that they represent merely his best judgment as to the cost of the various operations. * * * Under these circumstances the estimates of this witness are not particularly helpful, but they are supported in a general way by other evidence of record and they will be briefly summarized."

The estimated cost shown there for lightering westbound carload freight of $1.07 per ton, including the handling costs, may be compared with the composite costs shown here of $2 per ton where the freight is transferred by crane and $2.225 per ton where it is transferred by hand power and truck. The shore-to-shore cost study introduced in these cases is probably as thorough and reliable as any ever presented to the commission, while the transfer costs are the actual contract rates paid for that service in most instances. If any further proof were needed, it is afforded by the finding in the Wharfage Charges case that the average cost is $2.75 per ton, which includes certain items not included in the above-mentioned composite costs.

Lighterage versus car floatage: It is somewhat surprising to find that the report in the New York Harbor case indicated that lighterage cost less than car floatage to and from pier stations. The estimated cost there shown for lighterage of westbound carload freight was $1.07 per ton as compared with $1.25 per ton for car floatage of eastbound carload freight to pier stations. The latter figure included 10 cents per ton for switching to the float-bridge classification yard, while no switching was included in the lighterage cost; but even if that 10 cents per ton be excluded from the car-float costs, they would still exceed those shown for lighterage. The present record shows that the shore-to-shore costs for lighterage average substantially more than double those for car floatage to and from pier stations, without considering the fact that lighterage involves at least two handlings of the freight as compared with only one on car-float freight to or from pier stations and no handling by the railroad of such freight to or from off-line team tracks.

The report in the New York Harbor case indicated that lighters as well as car floats are used to serve the pier stations and contract terminals. On the other hand, the present record shows that such facilities are almost entirely, if not altogether, served by car float, while lighters are employed to pick up and deliver freight elsewhere than at regular stations or team tracks. The report in

that case also failed to bring out various other reasons for distinguishing between lighterage and car floatage to and from regular stations or team tracks, which are developed here as shown by this report. These differences in the statement of facts together with the evidence which indicated that lighterage cost no more than car floatage to and from pier stations probably account for the failure to distinguish between those services in that case. Nevertheless, it was apparently recognized that they did stand on a somewhat different footing, for at page 738 it was said that but for the long existence of the practice "it would be difficult now to require the extension of the rail rates so as to include lighterage." The long existence of the practice as a defense of free lighterage will be considered in another place.

Other differences in evidence: The report in the New York Harbor case indicates that the record there differed in many other respects from the present record. For example, there was no equating of the lighterage costs into equivalent miles of average rail transportation. There was no reference to the steamship permit system nor the burdens it imposes on the railroads. The development of Port Newark had not been completed at that time, and the report contained only five lines with reference to the plans for its development. The evidence appears to be much different with respect to the injury suffered by New Jersey. It is unnecessary to extend this report by pointing out other differences in the evidence. That the present record is much more comprehensive than that in the case cited is shown by the fact that it contains 7,843 pages of testimony, 533 exhibits, and 2,552 pages of briefs as compared with 4,017 pages of testimony, 168 exhibits, and 907 pages of briefs in that case.

Changes in law: The transportation act, 1920, and the Hoch-Smith resolution have been passed since the decision in the New York Harbor case. The Hoch-Smith resolution does not appear to have any important bearing on the issues here despite the contention of the Boston complainants. The minimum-rate power and section 15a added by the transportation act seem more important. Section 15a particularly seems to warrant a most careful consideration of the question of imposing a separate charge for lighterage in view of the evidence regarding its relatively high cost, the unusual burdens it places on the railroads, and their need of additional revenue.

D–15. INVESTMENTS IN RELIANCE ON RATE ADJUSTMENT

It is contended that large investments have been made on the faith of the continued unity of the port, much of which has been made since the New York Harbor case.

New York City: Since 1870 the city of New York has been acquiring water-front property within the city. It now owns 73 per cent of the Manhattan water front, 33 per cent of the Bronx water front, 20 per cent of the Brooklyn water front, 12 per cent of the Queens water front, and 7 per cent of the Staten Island water front. It owns and controls 60.5 per cent of the piers within the city limits. The total assessed valuation of water-front land owned by the city is over $216,000,000, and the assessed value of the land and improvements is over $280,000,000. The record does not show how much of this investment has been made since the New York Harbor case, but the average annual expenditures from 1920 to 1929 are said to have been $6,400,000.

The city has embarked on a plan of reconstructing many of its piers, which seems to be required because the slips between the piers are too narrow to accommodate the larger ships now in use together with the lighters and tugs. It has also commenced the establishment of a rail-water terminal at Jamaica Bay, Long Island, which is outside the lighterage limits but is reached by the Long Island Railroad.

Contract terminals: The assessed value of the real estate and improvements of the Bush terminal is $58,943,500, of the New York Dock terminals, approximately $31,000,000, and of the Brooklyn Eastern District terminal, over $10,000,000. The last-mentioned company has spent $950,000 for real estate and $1,400,000 for fixed property and equipment since January 1, 1917. It was testified that this investment was made on the faith of continued unity of the port, and that it was doubtful whether it would have been made had there not been that unity and free floatage.

Effect on investments: The above-mentioned investments may properly be taken into consideration, but it is not to be inferred that they would be destroyed by the establishment of a separate charge for lighterage. Undoubtedly a very large portion of the steamship business of the port would continue to be transacted on the New York side. That is especially true of the steamships carrying a considerable number of passengers as well as freight, because passengers generally desire to land on Manhattan. The probable effect of a lighterage charge on the contract terminals has already been discussed in section D–13 of this report. The city of New York would certainly bear the largest loss, whatever it might be; but it is worth noting that the city owns piers on Staten Island, which do not appear to be used very much at present, and they would be among the first to benefit from ships seeking piers with direct rail connections. Of course, the capacity of the Staten Island piers is limited, and all of the present facilities for direct interchange on the New Jersey side would be insufficient to draw a very large proportion of the steamship business of the port. The change would therefore be gradual as additional facilities were developed for direct interchange.

New York Harbor case: The contention that investments were made in reliance on the decision in the New York Harbor case overlooks certain expressions in that case, which gave notice that the adjustment there approved was not necessarily to be regarded as permanent. The following quotations are from pages 734, 735, and 738, respectively:

"The unusual cost of the terminal service at the port of New York and the plans of the carriers serving the port to invest many millions of dollars in new terminals add peculiar interest to the question whether the railroads can continue indefinitely their policy of rendering valuable terminal services without imposing specific terminal charges therefor.

* * * * * * *

"Although it is probable that the time will soon come when the carriers will find it necessary to accord adequate recognition in the rate structure to the heavy and ever-increasing expense of terminal operation, it can not be said at the present time that their failure to do so leads necessarily to the conclusion that their rates are unduly prejudicial or otherwise unlawful.

* * * * * * *

"It may be observed, however, that the position taken by the complainants is in a measure justified from an economic viewpoint, and that while at the present time all parts of the metropolitan district may with propriety be grouped for rate-making purposes, there may come a time when the burden of handling the enormous tonnage in and out of the port will be so onerous that Manhattan itself may need such relief as lower rates to and from the New Jersey shore would in part afford."

Regardless of the foregoing expressions, however, it is well settled that investments made in reliance on the continuance of a rate adjustment can not prevent the removal of undue prejudice and preference. Otherwise shippers could insure the continuance of a preferential adjustment by making such investments. See Atlas Portland Cement Co. *v.* C., B. & Q. R. R. Co. (81 I. C. C. 1), where, in reversing three previous decisions regarding the application of the Chicago district rates on cement from Buffington, Ind., it was said, at page 15:

"The argument that the location of the cement mill at Buffington was based on the belief in the unbroken maintenance of the district rate is not persuasive. Rights to interstate rates are determined by and under the interstate commerce act."

D–16. DISRUPTION OF RATE STRUCTURE

The defense contends that New Jersey's proposal that a spread of 6 cents be established between New Jersey points and New York City on all long-haul traffic except bulk grain to and from points on the North, West, or South could not be put into effect without extensive disruption of the rate structure.

Eastern class rates: It would almost certainly require changes in the class rates prescribed to and from other groups which are not here in issue. For example, if the rates to and from Weehawken were placed on the Trenton basis to and from central territory, as proposed by New Jersey's principal rate witness, they would generally be lower than the rates to and from less distant and intermediate points in other groups such as Albany and Kingston, N. Y.

Northern New York: The application of rates between points in northern New York and Bayonne, for example, 6 cents or any amount less than New York City would in many instances result in higher rates for the shorter hauls to and from Manhattan and the Bronx. Such deliveries in the Bronx do not require any marine service or other unusually expensive operations.

Southern class rates: A reduction of 3 cents in the class rates between New Jersey points and southern territory would require reductions in many of the rates to and from the Philadelphia group, also those to and from the Harrisburg, Pa., and Hagerstown, Md., groups, and in some instances of those to and from the Baltimore group. The resulting blanket would extend down the eastern shore to and including Cape Charles, Va.

Lime rates: In Northwestern Ohio Lime Mfrs. *v.* Pennsylvania R. Co., 159 I. C. C. 9, rates were prescribed on lime from producing points in Ohio to destinations in trunk-line territory. If the rates prescribed to New York were reduced 2 cents for application to northern New Jersey, they would be the same as those prescribed to the Philadelphia group, which extends almost to Harrisburg and Elmira, N. Y. On the other hand, if the rates prescribed to New York were increased 2 cents, they would be the same as those prescribed to Boston and Rockland, Me. Obviously, no greater reduction or increase could be made without changing the rates prescribed to other groups.

Petroleum rates: In Petroleum and Its Products, 171 I. C. C. 286, rates were prescribed on petroleum products from the mid-continent field to destinations in official territory. If the rates prescribed to New York were reduced 2 cents for application to northern New Jersey, they would be the same as those prescribed to Philadelphia, Reading, and Scranton, Pa., and Binghamton, N. Y. On the other hand, if the New York rates were increased 3 cents, they would be the same as those prescribed to Boston and Portland. No reduction could be made in the New Jersey rates without making them lower than those prescribed to Albany, which are the same as New York.

Transcontinental rates: Any change in the transcontinental rates to create a spread between New Jersey and New York would necessitate revision of the rates to and from an extensive territory. For example, any reduction in the class rates to and from New Jersey would have to be blanketed back almost to Pittsburgh and Buffalo, about 400 miles. Any increase in the class rates to and from New York would probably have to be applied to and from all of New England. Many of the commodity rates to and from New Jersey could not be reduced without blanketing the rates back as far as Colorado, approximately 1,800 miles.

The foregoing is sufficient to show that a splitting of the New York group would so disrupt the rate structure as to require extensive revision not only of rates voluntarily established by the carriers but in many instances of those prescribed by this commission. However, a separate charge for lighterage and car floatage or trucking in lieu thereof throughout the port would have no such effect as hereinafter shown.

D–17. FOURTH-SECTION COMPLICATIONS

Many of the possible fourth-section complications have been considered in D–3 railroad competition and D–16 disruption of rate structure. There only remains to be considered the fourth-section allegation in the State of New Jersey's complaint, possible fourth-section departures in connection with the rates over differential water-rail routes, and the question of whether a charge for lighterage and car floatage or trucking in lieu thereof would result in fourth-section departures.

Fourth-section allegation: The State of New Jersey alleges that the allowances given by the trunk lines for lighterage, car floatage, and trucking result in violations of the long-and-short-haul rule of the fourth section. A similar contention was found to be without merit in Atlas Portland Cement Co. *v.* C. R. R. Co. of N. J. (85 I. C. C. 611). See also Interstate Commerce Commission *v.* Detroit, G. H. & M. Ry. Co. (167 U. S. 633), where the Supreme Court held that a fourth-section violation did not result from the performance of free cartage at a farther distant point which was not performed at an intermediate point taking the same rates.

Differential water-rail routes: Rates are maintained over the water-rail route via Hampton Roads to and from points in the Middle West which are made differentials under the all-rail rates. A similar differential basis applies over the water-rail route via New London, Conn., the Central Vermont Railway, and the Canadian National Railways system to and from western points. In both cases the ships dock on Manhattan, but the same rates are maintafned to and from points in northern New Jersey. If the all-rail rates to and from the New Jersey points were made lower than those to and from New York, the water-rail routes would either have to depart from the differential basis or their rates would violate the fourth section.

Lighterage charge: In Lautz Marble Corp. *v.* E. R. R. Co. (115 I. C. C. 183, 136 I. C. C. 183) and several cases which have followed it all points within the lighterage limits of New York Harbor were held to be intermediate with respect to through traffic moving across the harbor. This finding was based upon the fact that the same rates applied to and from all points within the lighterage limits, and it was accordingly held that they should be treated as a unit. It does not follow, however, that a similar decision would be required if a separate charge should be made for lighterage and car floatage or trucking in lieu thereof. Under such circumstances lighterage deliveries could not be regarded as a unit with the rail terminals and car-float stations. As hereinbefore pointed out in section B–12, lighterage is a service beyond the railroad and car-float terminals which is analogous to store-door delivery.

Through carload traffic is moved across the harbor on car floats at comparatively low cost, while lighterage involves a transfer of the freight from cars to lighters and a second handling when it is removed from the lighters. Trucking in lieu of lighterage also involves two handlings by the railroad which are not necessary in the case of through carload freight. Such car floatage in lieu of lighterage as is performed is generally to and from steamships, and that involves one handling of the freight by the railroad which is not performed in moving through carload traffic across the harbor. There is also a difference in that the former involves the floating of two cars for one load, as explained in section B–6. The shore-to-shore costs alone are much higher for lighterage and car floatage in lieu thereof than for the car-load interchange movement, the respective averages for all the trunk lines being $1.48 and 17 cents per ton. If a separate charge for lighterage would violate the fourth section, there must be departures now by reason of the charges for lightering less-than-carload shipments and certain other freight hereinbefore mentioned. It seems more reasonable to conclude, however, that charges for such special services which differ from those performed on through traffic do not enter into the question of violating the fourth section.

Moreover, it does not appear that lighterage and car floatage or trucking in lieu thereof are performed between the same points as the car-float interchange movement. The New Haven's rail terminals at Harlem River are expressly excluded from the lighterage limits. In State Docks Commission *v.* Louisville & N. R. Co. (176 I. C. C. 473) it was held that a charge for switching at the Alabama State Docks in Mobile, Ala., did not result in a fourth-section violation, because that movement was not included in the movement to the farther distant point. Everything considered, it does not appear that a separate charge for lighterage and car floatage or trucking in lieu thereof would violate the fourth section.

D–18. EFFECT ON CARRIERS' REVENUES

The trunk-line defendants urge that complainants' proposals would result in great reductions in their revenues. They also refer to their need for additional revenue as shown by the application for increased rates and the temporary increases granted in the Fifteen Per Cent case, 1931 (178 I. C. C. 539). It is argued that this phase of the case alone should preclude the granting of the relief sought.

On the other hand, New Jersey shows that the lighterage, car floatage, and trucking performed by the trunk lines without additional charge costs in excess of $30,000,000 per year. That is based on almost 20,000,000 tons so handled at New York Harbor in 1923, exclusive of grain lightered and interchange traffic. It points out that if a separate charge of only 3 cents per 100 pounds or 60 cents per ton were applied to that tonnage it would increase the revenues of the trunk lines approximately $12,000,000 per year. If such a charge were confined to the more than 9,000,000 tons lightered and car floated or trucked in lieu of lighterage the increase in revenue would still be well over $5,000,000 per year. Of course, some revenue losses would result from other findings hereinafter proposed, but it is believed that the net result would be quite a substantial increase in the carriers' revenues.

D–19. DEFENSE OF FREE LIGHTERAGE AND FLOATAGE

The defense contends that free lighterage and car floatage are in the best interests of the port of New York as a whole, including New Jersey. It urges that an additional charge would tend to discourage lighterage and induce shippers to forward their shipments with instructions which would preclude handling them in lighterage service. That is not denied by any of the complainants and is undoubtedly correct in so far as the direct-interchange facilities and steamship docking thereat would permit. In fact, New Jersey's position is that this would be a desirable result, because it would tend to eliminate the expensive and unnecessary lighterage service, wherever direct interchange could be effected.

Flexibility and economy: The flexibility of lighterage is emphasized by the defense, and it is urged that lighterage requires no investment in roadbed or tracks. In both of these respects it is comparable with trucking as well as in other respects hereinbefore noted. The defense regards lighterage as superior to direct interchange, when consideration is given to the investment required in facilities and the congestion and delay claimed to be incident to direct interchange. This is denied by complainants, who point out that direct interchange is successfully and economically carried on at Boston, Philadelphia, Baltimore, New Orleans, San Francisco, and other ports. They also refer to the views of the United States Shipping Board and the War Department as expressed in the Port Series No. 20, an extract from which is quoted in section B–31 hereof. Complainants do not deny that lighterage has many advantages and is a valuable service, but their position is that lighterage is worthy of its hire and should pay its way. There is merit in this contention, especially as it is shown that the class rates and rates on iron and steel articles were not made with any reference to the unusual cost of that service.

Attractiveness to steamships: Lighterage enables a ship to dock anywhere in the harbor and interchange freight with all of the railroads. It is urged that it would be a great disadvantage to the steamship lines if a ship could only interchange with one railroad at whose pier it docked. Lighterage also enables a ship to load or unload on both sides at the same time. For instance, a ship can be unloading to the pier and loading from lighters on the other side, and thus reduce by about one-half its time in port. This is a matter of much importance, as the profitable operation of a steamship depends to a large extent on making a quick turn around. Offside loading from lighters also saves space on the steamship pier, and pier rentals are high in New York. There can be no doubt that lighterage is of considerable value to the steamship companies, and free lighterage makes the port more attractive to them. This is not denied by complainants, who suggest that the steamship companies should pay for the lighterage service. As previously indicated, it is unnecessary to decide that question, but there would be nothing to prevent the steamship companies from absorbing a charge for lighterage and thus bearing a portion of the expense of that service. Of course there would be an inducement for them to seek piers with direct rail connections, but other considerations would probably prevent most of them from doing so, at least for a long time to come.

Diversion of commerce: As there are only 21 piers on the continental side of the harbor with tracks on them, the defense urges that all of the steamship freight could not possibly be interchanged at these piers. They contend, therefore, that the effect of a lighterage charge would be to divert commerce to other ports, such as Philadelphia and Baltimore. Of course, Boston expects that a charge for lighterage would enable it to secure a larger share of the foreign commerce, especially that from and to New England. New Jersey, however, believes that the present supremacy of the port of New York would not be endangered, because of its many advantages, such as greatest population, largest harbor, most railroads, superior banking facilities, closeness to important manufacturing areas, shorter distances than Philadelphia or Baltimore to most foreign ports, and frequent steamship sailings to all ports of the world. As hereinafter shown in section E–8, the port differentials are generally more favorable to New York as compared with Philadelphia and Baltimore than the relative distances to the respective ports would warrant. Considering all of these advantages, together with the evidence regarding the proportion of export and import tonnage moving through the various ports referred to in section C–10, there is no reason to suppose that New York would lose its position as the leading port of the country because of a reasonable charge for lighterage. The position of the port as a whole might even be strengthened when more of the rail-water traffic is interchanged directly between car and ship.

Quoting prices abroad: Foreign buyers like to have prices quoted by American exporters on the basis of a delivered price including all transportation charges. If there were an additional



charge for lighterage, the total charges would depend upon where the ship might dock. Witnesses for New York fear that this might interfere with quoting prices to foreign customers. They also say that it would increase the clerical work of the freight forwarders. New Jersey has no apprehensions on that score and points out that New Jersey exporters have always paid different rates to ship side, depending on which side of the harbor the vessel docks. There is a somewhat similar situation at Boston where additional charges apply for switching New England traffic to piers not served by the line-haul carrier, and no complaint is made of difficulty in quoting prices on traffic moving through that port.

Cost of market produce: The primary food market for the entire metropolitan district is located on the lower west side of Manhattan. Large quantities of food sold there are car floated to pier stations in this district, and any additional charge for that service would be reflected in the market prices. It does not appear, however, that much of this traffic is lightered, and it would not be materially affected by a charge for that service. In any event, the effect would be no more than any similar change in the rates such as occurs from time to time.

Character of traffic: The city of New York argues that the present method of interchanging freight between the railroads and steamships at New York is justified because of differences in the character and value of the foreign commerce handled through that and other north Atlantic ports. It is shown that the average value of the imports and exports through the New York customs district is $141 per ton as compared with $63.10 for the Philadelphia customs district, $35.37 for the Maryland customs district, and $74.81 for the Virginia customs district. The corresponding average of $128.30 per ton for Boston, however, is not much below that for New York. It would seem that the relatively high value of the traffic moving through New York should make it all the more able to stand a charge for lighterage.

The difference in the character of the freight lightered from the total traffic of the various railroads is also referred to as impairing the weight to be given the equivalent miles for the lighterage service. As the lighterage costs were equated into equivalent miles upon the basis of the average cost of all rail transportation, they may not be the same as if the rail costs were confined to the lighterage traffic. Nevertheless, the comparison of the lighterage costs with the average cost of all rail transportation shows the relatively high cost of the lighterage service. This showing is also confirmed by evidence introduced by the defense regarding the cost of lightering particular commodities. For instance, it was shown that the shore-to-shore cost of lightering coffee was 90.1 cents per ton, and adding the Lackawanna's transfer costs of 78.4 cents per ton, makes a total cost of $1.685 per ton. After deducting this amount from the Lackawanna's revenue of $4.90 per ton under the joint rate on coffee from New York to La Crosse, Wis., it has left $3.215 for its rail haul of 396 miles. On the basis of the Lackawanna's net ton-mile revenue for its rail haul, the above lighterage cost is equivalent to 215 miles of rail transportation. Similar illustrations regarding various other commodities show equivalent miles for lighterage ranging from 258 to 379 miles.

Long existence of practice: The fact that free lighterage has been practiced for so many years is emphasized by some of the New York interveners. In the Five Per Cent case (31 I. C. C. 351), the commission suggested various means of increasing the carriers' revenues aside from a general increase in rates. Among the matters referred to were the free-ligherage practice and the free transportation of the private cars of other lines. Following that investigation the carriers proposed certain changes in their lighterage and storage regulations at New York. These changes included a new charge of 3 cents per 100 pounds for lightering westbound less-than-carload shipments received with a carload of lighterage-free freight, but they did not provide any charge for lightering carload shipments. The above-mentioned charge on less-than-carload shipments was found justified in Lighterage and Storage Regulations at New York (35 I. C. C. 47). The carriers never saw fit to make any further attempt to comply with the above-mentioned suggestions, but the free transportation of the private cars of other lines has recently been ordered discontinued in Use of Private Passenger Train Cars (155 I. C. C. 775). That order was sustained by the Supreme Court in Louisville & N. R. Co. *v.* United States (282 U. S. 740), and Kansas City Southern Ry. Co. *v.* United States (282 U. S. 760), which cases are authority for the proposition that the long existence of such a practice does not make it lawful. Of course, there is a difference between the two practices above referred to, but long existence is not a valid defense to a clearly established violation of the act.

D–20. LIGHTERAGE AND FLOATAGE LIKENED TO SWITCHING

The New York interveners, on brief, attempt to liken lighterage and car floatage to switching, and the waters of New York Harbor are referred to as the water belt. The Port of New York Authority especially urges that lighterage is the equivalent of reciprocal switching, which is practiced in many other large terminal districts throughout the country. Under a reciprocal switching arrangement, each line switches for all the others, and its charges are generally absorbed by the line-haul carriers. There is no such arrangement with respect to either switching or lighterage in the New York Harbor district. Where a ship brings in cargo destined to points on seven of the trunk lines, each of them sends its own lighters to the steamship pier. If one railroad should lighter for the others, additional charges would be assessed for that service.

The absorption of switching charges of connecting lines is generally limited to certain maximum amounts. For example, the maximum amounts per car that will be absorbed are $3.75 at Cleveland, $6.70 at San Francisco, $8 at Detroit, $9 at Louisville, and $11.10 at Kansas City. These amounts may be compared with the costs shown here for lightering average carload shipments of various commodities, ranging from $36.66 for a 21.23-ton carload of paints and varnish to $107.75 for a 51.63-ton carload of iron and steel articles. The lighterage costs are also several times as much as most of the switching charges shown of record, including some prescribed by this commission, and based on cost of the service. For example, see Boston Wool Trade Association *v.* Director General (69 I. C. C. 282), hereinafter referred to as the Boston switching case; Switching at Kansas City (96 I. C. C. 538); Switching at St. Louis and East St. Louis (120 I. C. C. 216); and Switching Rates in Chicago District (177 I. C. C. 669).

Switching generally involves no breaking of bulk at the carrier's expense, while both lighterage and trucking in lieu thereof involve at least two handlings of the freight at railroad expense. Car floatage in lieu of lighterage bears more resemblance to switching, but it also generally involves one handling of the freight at railroad expense. As previously explained, such car floatage as is performed in lieu of lighterage is principally of refrigerator-car traffic to or from steamships, and this involves the floating of two cars for one load. That distinguishes this service from the switching as well as from car floatage to and from pier stations, team tracks, or the contract terminals. Of course ordinary switching involves no marine service.

As previously indicated, the shore-to-shore costs for both lighterage and car floatage in lieu thereof average considerably in excess of those for car floatage to and from pier stations or team tracks. Apparently both lighterage and car floatage in lieu thereof to steamships are governed by the permit system, which has no counterpart in switching service so far as disclosed by this record. Another difference from switching practice is that each lighter is manned by a captain who generally stays on it to guard the freight until delivered, although railroad employees also guard freight on steam tracks. Of course, switching is performed only to and from points reached by the rails, whereas lighterage is a service beyond the rail ends and additional to switching.

Everything considered, there is no escape from the conclusion that lighterage and its substitutes are more than the equivalent of ordinary team-track or private-siding delivery such as is generally covered by the line-haul rates. See cases cited in section B–27 of this report.

D–21. WHARFAGE CHARGES CASE

In opposing separate charges for lighterage, car floatage, and trucking services the defense relies to a large extent on the Wharfage Charges Case (93 I. C. C. 609, 157 I. C. C. 663, and 174 I. C. C. 263). In the second report cited it was found at page 692:

"That the record does not warrant the prescription of a tariff rule requiring the accessorial or terminal charges to be stated separately from the line-haul rates on export, import, coastwise, and intercoastal traffic to and from Atlantic and Gulf ports."

The issues in that proceeding related largely to the adequacy of the separate charges generally maintained for wharfage, handling, storage, and dockage at South Atlantic and Gulf ports, and the imposition of such charges where not already in effect. While the second report also involved the question of imposing separate charges for lighterage and car floatage in lieu thereof at North Atlantic ports, only a few pages of the report were devoted to that service, and it was not considered in the other two reports at all. That was a general investigation instituted at the request of the Secretary of War, and there was no complaint by New Jersey or Boston, such as we have here. The report did not show that different rates apply for lighterage deliveries in various parts of New York Harbor, and apparently the record with respect to lighterage was meager as compared with that in these cases. There was not even any mention of trucking in lieu of lighterage, which is more important than car floatage in lieu of lighterage.

While the port costs at North Atlantic ports were said to have been based on a uniform formula, those at South Atlantic and Gulf ports were not on a comparable basis because of the inclusion of different items at the various ports. Thus there was no reliable basis upon which to prescribe separate charges for the terminal services at all the ports, especially the South Atlantic and Gulf ports which were the primary subject of the investigation. Another reason given for declining to require separate charges for the port services was that this might have an important effect on the line-haul rates, which were not there in issue. Probably the most important reason is contained in the following quotation from page 686:

"Interested parties were repeatedly invited upon the record to present evidence to show injury wrought by the long-existing practice of publishing single-factor rates to cover the entire transportation service from point of origin of the freight to ship side. No substantial evidence tending to establish such injury was produced. This record does not warrant the issue of an order requiring the separate publication of the constituent elements of rates to ship side."

In the present cases, however, the evidence is convincing that free lighterage has retarded the development of shipping facilities and business on the New Jersey shore, that higher rates for lighterage deliveries in some parts of New York harbor than others

operate to the disadvantage of the former, and that a uniform charge for such service is the most practical way of correcting the situation. See sections B-8 to B-12, inclusive, and B-30 of this report. Moreover, it is shown that free lighterage at New York affords that port an advantage over Boston, which has contributed to the latter's decline as a port in comparison with New York, and this advantage could best be removed by the imposition of a charge for that service. See sections C-8 to C-11, inclusive.

The differences in the issues and evidence above referred to warrant a different conclusion in these cases from that reached in the above-cited case so far as concerns lighterage and its substitutes at New York harbor.

D-22. INJURY TO NEW JERSEY

The defense contends that complainants must show injury to New Jersey from the rate adjustment and that they have failed to make such proof. The defense also introduced evidence intended to negative the existence of such injury to New Jersey.

Population: The New Jersey section of the metropolitan district showed a greater percentage gain in population from 1880 to 1930 than did New York City or the entire metropolitan district. This appears to have been due in large part to the residential population of Manhattan Island's having reached a saturation point, its population in 1930 having been less than in 1910 or 1920 and about the same as in 1900. Other boroughs of New York City, such as the Bronx and the Queens, have increased in population much more rapidly than the New Jersey section. Some New Jersey cities, particularly Hoboken which is more dependent upon the steamship business, have suffered a material decline in population.

Prosperity: The defense refers to evidence introduced by complainants regarding the industrial importance of New Jersey, which is centered in the six northeastern counties of the State, and it ranks very high in this respect. Upon cross-examination of complainants' witnesses, it was brought out that their industries have generally grown and expanded over a period of years. The increase in manufacturing activity, assessed valuations, and bank deposits in northern New Jersey are also compared with New York City. These comparisons indicate that the growth of northern New Jersey has more or less kept pace with New York City. For example, from 1880 to 1927 the value of products manufactured in Greater New York increased about 8.6 times, while those of Newark increased about 7 times, Jersey City about 3.4 times, and Paterson about 8 times. Jersey City's trend was upward until 1919, when it reached a peak which was not equaled in any subsequent year; whereas New York showed an increase every year after 1919, except the depression year of 1921. Similar comparisons for other years might show different results, but it is unnecessary to go into the matter further, as complainants admit that New Jersey has shared in the general prosperity previous to the hearings with some exceptions such as Hoboken. It is not essential to prove lack of prosperity in order to obtain relief from an improper rate adjustment.

Steamship business: The trunk-line defendants refer to various rail-water terminals already built or planned on the New Jersey shore. The principal one recently constructed is that of the Pennsylvania Dock & Warehouse Co. in Jersey City. This terminal which is served by the Pennsylvania R. R. has 3 piers with 2 tracks down the center of each and 3 large warehouses on the shore. It is said to be the most modern terminal in the harbor but does not have rails along the stringpiece so that open-car freight can be transferred direct by the ship's sling. The principal rail-water terminal planned for the future is the so-called Bayonne project, which has been discussed since previous to the New York Harbor case. It does not appear, however, that the facilities already constructed have brought a materially larger share of the steamship business to the New Jersey side of the port. As indicated in sections B-3, B-30, and B-31, New Jersey with over 40 per cent of the water-front of the port has only about 10 per cent of its steamship business, although most of the steamship traffic moves from or to that side of the port.

The defense suggests that New Jersey's failure to receive a larger share of the steamship business of the port is due to lack of a central administrative control, which would afford larger bonding power for the purpose of building steamship facilities. The record, however, indicates that the facilities now available for berthing steamships on the continental side of the harbor have not yet been used to their capacity. For example, Port Newark is only used to about 25 per cent of its capacity, and most of New York City's piers on Staten Island appear to be unused. Whether a central administrative control would help New Jersey acquire more shipping business is entirely speculative, but it is certain that a charge for lighterage would encourage greater use of that side of the port. This indicates that the absence of a charge for lighterage is a primary cause for the retarding of New Jersey's shipping business.

Benefits to New Jersey: Over 18 per cent of the export, import, and coastwise traffic handled in lighterage service is lightered between points on the New Jersey shore. The defense, therefore, urges that New Jersey benefits from the free-lighterage practice and would be injured by the imposition of a charge therefor. However, representatives of the State of New Jersey, the New Jersey traffic advisory committee, the New Jersey State Chamber of Commerce, the cities of Newark and Jersey City, the chambers of commerce of Hoboken and Bayonne, and numerous New Jersey industries who supported the complaints appeared to be unanimous in favor of a charge for lighterage. Many of them also expressed a willingness that the same charge be imposed when lighterage is performed between points on the New Jersey side of the port.

New Jersey opposition: There was some opposition to the complaints from industries with plants in New Jersey. The principal ones were the National Sugar Refining Co. and the General Foods Corporation. These concerns have plants on both sides of the harbor but professed to be interested mainly because of their New Jersey plants. These plants are served by both rail and lighter, but they regard the lighterage as superior to the rail service. The National Sugar Refining Co.'s preference for lighterage is apparently due to the fact that it affords service by all the trunk lines instead of only the one or two whose rails reach its plant, and this is said to avoid delays when shipments are made to points on other lines. The General Foods Corporation's private siding has such a limited capacity that all shipments can not be made by rail, and when shipments are made by lighter they are delivered to the stringpiece by conveyors and the railroad performs the loading, which affords considerable saving to the shipper. The greater value of the lighterage service to shippers is all the more justification for imposing an additional charge for the service.

Conclusions: It is doubtful whether New Jersey has been injured because of the grouping of the rail and car-float terminals on both sides of the harbor; but it is safe to conclude that free lighterage has operated to retard the development of shipping facilities and business on the New Jersey shore; and there can be no doubt that the charging of higher rates for lighterage deliveries in a large part of the New Jersey section of the port than for similar service in other parts of the port is a material handicap and injury to the former, as admitted by defense witnesses. See sections B-8 to B-12 of this report.

D-23. VIEWS OF NEW YORK PORT AUTHORITY

The Port of New York Authority intervened in opposition to the Boston complaint; but it did not intervene in the New Jersey cases, seemingly desiring to maintain a neutral attitude as between the States which created it.

Previous cases: Other New York interveners introduced in evidence extracts from the annual reports and minutes of the Port Authority, which showed the attitude taken by it in previous cases in opposition to any splitting of the port or the imposition of additional charges for lighterage, car floatage, or trucking. In the Eastern Class Rate case the original report at page 432 stated that the views of the Port Authority "are entitled to important weight, since it has been specifically authorized by the laws of the States of New York and New Jersey to participate in commerce cases involving the commerce of the port district." Whatever may have been the power of the Port Authority to speak for New Jersey in previous cases, clearly it has no authority to do so in the present New Jersey cases. One of them is a complaint filed by the State of New Jersey through its attorney general upon authority of its governor and legislature. Under the compact the governor is authorized to exercise a veto over the actions of the measure of the Port Authority from his State, and that body can not act without the concurrence of at least two members from each State.

Present cases: Nevertheless, the views expressed by the Port Authority in its brief in the Boston case regarding discrimination against New Jersey seems significant as coming from a neutral source. It not only favors the same grouping on traffic to and from New England as on that to and from the West, but it regards the present practice of charging higher rates for lighterage deliveries in some parts of the port than others as discriminatory against New Jersey. The following is quoted from its brief:

"The lighterage limits of New York Harbor are not logical. Very important parts of the New York port group have been excluded. This is particularly true of Port Newark. Under the principles of port grouping clearly established by the commission there is no possible justification for an arbitrary delimitation of the lighterage limits which excludes important parts of the harbor area from lighterage or equivalent switching service.

The reference to "equivalent switching service" apparently means a reciprocal switching arrangement under which New Jersey shippers would enjoy the services of all the trunk lines at the New York rates the same as lighterage shippers. That would correct the discrimination only in part, as there are many industries in New Jersey not located directly on any railroad, and lighterage includes loading of carload freight and other advantages not enjoyed by shippers from team tracks or private sidings. See sections B-11 and B-12 of this report. Moreover, reciprocal switching is not specifically brought in issue by the complaints.

The Port Authority, however, thinks that the lighterage limits can not be extended here, because the New Jersey complaints do not so request. The State's complaint specifically assails the practice of performing lighterage, car floatage, and trucking without additional charge while refusing to do so at points in New Jersey as unduly prejudicial and preferential. It asks the removal of such undue prejudice and preference, which is sufficient basis for an order to that effect.

D-24. DEFENSE OF BOSTON COMPLAINT

What follows relates primarily to defense of the Boston complaint, but it should be understood that this is not all of the defense to that complaint, as many of the matters previously considered are applicable to it as well as the New Jersey complaints.

Different carriers: The New York interveners urge that a valid order under section 3 of the act could not be issued to remove undue prejudice to Boston and preference of New York, because the carriers serving those ports are not the same except the New

York Central and the New Haven. It is doubtful whether other lines could be required to maintain a separate charge for lighterage in the Boston case, unless the minimum-rate power is exercised; but if such a charge is required in the New Jersey cases on traffic from and to points west of the Hudson River, the Boston complaint could practically be confined to New England traffic.

Competitive conditions: The Port of New York Authority contends that the Boston complaint must be dismissed because the export and import rates to and from New York are controlled by competitive conditions which do not exist at Boston. This is said to be "from a legal standpoint the heart of the case." The competitive conditions referred to are principally the larger number of railroads serving New York and which afford it a much greater drawing power for traffic as compared with Boston. The New York State Barge Canal is also referred to as distinguishing the competitive situation at New York and Boston. It will be noted that both of these conditions relate to traffic from or to points west of the Hudson River and do not affect traffic from or to New England. Complainants do not deny that there is greater competition at New York than at Boston on traffic from and to points outside of New England, but they urge that they are entitled to relief from discrimination brought about by that competition. The cases cited by the defense in support of its contention are mostly old decisions prior to Swift Lbr. Co. *v.* Fernwood & G. R. Co. (61 I. C. C. 485) and Pioneer Lbr. Co. *v.* Director General (64 I. C. C. 485) which were upheld in United States *v.* Illinois Central R. Co. (263 U. S. 515). In overruling a somewhat similar contention there, the Supreme Court said at page 525:

"The innocent character of the discrimination practiced by the Illinois Central was not established, as a matter of law, by showing that the preferential rate was given to others for the purpose of developing traffic on the carrier's own lines or of securing competitive traffic. These were factors to be considered by the commission; but they did not preclude a finding that the discrimination practiced is unjust. Such was the law even before transportation act, 1920. Texas & Pacific Ry. Co. *v.* Interstate Commerce Commission (162 U. S. 197, 218, 220) Interstate Commerce Commission *v.* Alabama Midland Ry. (168 U. S. 144, 167, 175). In view of the policy and provisions of that statute, the commission may properly have concluded that the carrier's desire to originate traffic on its own lines, or to take traffic from a competitor, should not be given as much weight in determining the justness of a discrimination against a locality as theretofore. For now, the interests of the individual carrier must yield in many respects to the public need, Railroad Commission of Wisconsin *v.* Chicago, Burlington & Quincy R. R. Co. (257 U. S. 563); New England Divisions case (261 U. S. 184); and the newly conferred power to grant relief against rates unreasonably low may afford protection against injurious rate-policies of a competitor, which were theretofore uncontrollable."

As shown in section D–3 of this report, railroad competition may interfere with the charging of higher rates to and from the rail and car float terminals on the eastern side of New York Harbor than those on the western side, but it does not prevent the imposition of a separate charge for lighterage throughout the port. Also as shown in section D–4, the barge canal may afford some justification for grouping the rail and car float terminals on both sides of the harbor, but it does not preclude a separate charge for lighterage, and in fact such a charge would help the railroads to meet the canal competition on the important grain traffic.

Difference in distances: The defense stresses the greater distances to New York than to Boston. Of course, this applies only to traffic from and to points west of the Hudson River, as Boston is closer than New York to most points in New England. The distance of 207 miles from the Harlem River to Boston is especially emphasized by the defense, but Boston shows that there is no movement of export, import, or coastwise traffic to or from that port via the New York gateway. An exhibit introduced by the defense shows that the rate-making distances to Boston from the 105 key points in central territory are via Rotterdam Junction, N. Y., in every instance except five points on or south of the Ohio River. The average rate-making distances from the 105 key points are 807 miles to New York and 923 miles to Boston, or a difference of 116 miles. Boston is undoubtedly at a disadvantage with respect to the distances from and to points outside of New England, but it must be remembered that distance is used simply as a convenient means of measuring service, and Boston shows that the cost of service from representative points to ship side at Boston is substantially less than to ship side at New York.

Fourth section: It is urged that lower rates between western points and Boston than New York would violate the fourth section of the act. There has been no substantial movement of waterborne traffic to or from Boston via New York for years, but routes are open that way, and it is an important gateway for other traffic. The fourth section would, therefore, probably prevent higher rates to and from New York than Boston, but that would not be true of a separate charge for lighterage as shown in section D–17 hereof.

Port differentials: The Port of New York Authority on brief reviews numerous cases involving the port differentials. In none of these cases does there appear to have been any showing of the cost of service to and from the respective ports such as we have here. The more important and most recent of the cases involving the rates to and from Boston have already been considered in sections C–6 and C–7 hereof. Baltimore Chamber of Commerce *v.* Ann Arbor R. Co. (159 I. C. C. 691), will be considered in connection with Philadelphia and Baltimore's evidence in section E–8 hereof. It should be noted that the differential adjustment does not apply on traffic from and to New England.

Switching at ports: The defense stresses the fact that at Boston switching is performed through a densely populated area, where there are numerous grade crossings, and in some instances the rails run along the streets. On the other hand complainants show that the density of population is even greater at New York, and similar operating difficulties exist there, notably on the New York Central's line down the west side of Manhattan. The record indicates that in some instances the conditions affecting switching at Boston may be more difficult than at New York, and in other instances the opposite is true, but on the whole there does not appear to be any material difference in that respect, except the distances which average slightly greater at New York than at Boston.

The suggestion of the New York interveners that the switching service at Boston is "very probably" equal to the switching plus lighterage at New York is therefore without merit. This is also shown by a comparison of the lighterage costs with the costs shown for switching at Boston in the Boston Switching case, supra. Such costs were based upon data furnished by the carriers in that case and introduced in evidence here without objection. As found by the commission at pages 297 and 298, the costs for all switching performed by the New Haven at Boston averaged $5.95 per loaded car and for the Boston & Maine $5.96 per car, including in each case 6 per cent return on investment. The operating expenses alone amounted to only $3.03 and $3.96 per car for the respective lines. Some allowance should be made for increased wages since the above costs were determined as of 1920, but even so they would not be comparable with the lighterage costs shown here, which range from $36.66 to $107.75 per average carload of various commodities.

D–25. COSTS TO BOSTON VIA NEW YORK

The defense attacks Boston's comparison of the cost of transporting traffic to and from ship side at Boston and New York, respectively, as entitled to no weight. As shown in section C–6 hereof, this cost data relates to traffic from and to 14 representative points, all but one of which are west of the Hudson River. The principal objections raised are as follows: (1) The line-haul factor is based on the average ton-mile cost of transporting all carload traffic and not the specific traffic under consideration; (2) the cost of switching at the ports was not segregated from the line-haul factor and shown separately; (3) routes to Boston via New York Harbor were not included from four or five points which might use such routes; and (4) consideration was not given to the higher costs of transportation in New England.

Line-haul factor: It is true that the average ton-mile expense of transporting all carload traffic may not be the same as the cost of transporting the water-borne traffic, but it is recognized that there is no other practical method of determining the line-haul costs. While costs so determined might not afford a satisfactory basis for prescribing maximum reasonable rates, it is believed that they afford a fair basis for judging the relative costs and rate relationships as between the ports.

Switching costs: As indicated in section D–24 hereof, the switching performed at Boston does not on the whole differ materially from that performed at New York. The inclusion of the switching costs in the line-haul factor was not therefore unfair to either port.

Routes via New York: As previously indicated, there is no movement of water-borne traffic to or from Boston via New York Harbor. However, the New Haven's average shore-to-shore cost for the car-float interchange service across New York Harbor is only 11 cents per ton, and the corresponding average of all the lines is only 17 cents. The inclusion of these costs in some of the routes from 4 or 5 of the 14 points would not have any material effect on the average costs.

Higher costs in New England: The line-haul factor used by Boston assumes that the ton-mile costs are the same throughout official territory. The defense introduced evidence to show that operating costs are higher in New England than in the remainder of official territory, but such evidence does not indicate the percentage difference between the average costs. Reference is also made to various cases in which it was recognized that operating costs are higher in New England, including New England Divisions (66 I. C. C. 196). On the other hand, Boston shows that the New England lines have gained more in operating efficiency than those in other territories during recent years. It also contends that most of the factors tending to show higher costs in New England relate to local traffic within that territory and not to interterritorial traffic. In the Eastern Class Rate case a scale was prescribed for central and southern New England about 10 per cent higher than the basic scale for the remainder of official territory, but the basic scale was applied on interterritorial traffic to and from New England. The record here does not afford any better basis for judging relative costs and rate levels in the respective territories. However, we have recomputed complainants' original cost figures upon the basis of allowing 30 per cent higher costs for that part of the haul in New England. This increases the average cost from the 14 representative points to ship side at Boston from $5.25 to $5.74 per ton. The latter amount is still 63 cents per ton less than the corresponding costs shown to ship side at New York when the transfer to and from lighters is performed by crane and 85 cents less when the transfer is performed by man power and trucks.

Cost analysis: An analysis of Boston's cost figures discloses that the line-haul factor does not take into consideration the fact

that the average ton-mile costs are for an average haul of only 148.2 miles, whereas the hauls from the 14 representative points average 561 miles to New York and 630 miles to Boston. Thus under complainant's method of computation the line-haul factor includes terminal expenses at New York which are three and seventy-eight one-hundredths times the average for all revenue traffic and at Boston four and twenty-five one-hundredths times such average. When suitable adjustments are made for the difference in length of hauls and allowing for 30 per cent higher costs in New England, the average costs originally shown from the 14 representative points to ship side at Boston are reduced to $4.11 per ton, and the corresponding costs to New York are reduced to $5.10 and $5.32 per ton, depending on whether the transfer is by crane or man power and trucks. These New York costs are, respectively, 124.09 and 129.44 per cent of the Boston cost. The differences in favor of Boston are 99 cents and $1.21 per ton, or approximately 5 and 6 cents per 100 pounds, respectively.

Special terminal costs: The special terminal costs shown in section C–5 hereof for transferring the freight between cars and vessel at Boston do not include any interest, taxes, or maintenance expenses on the pier facilities, but neither do the lighterage costs at New York include such expenses on the lighterage piers. While these expenses at the Army supply base and Commonwealth Pier in Boston probably exceed those at the lighterage piers in New York, it does not appear that the railroad bears all of such expenses at the first-mentioned piers. As they are owned by the United States and State Governments, there would apparently be no taxes. Much freight is trucked to and from these piers, and bears a portion of the interest and maintenance expenses through a wharfage charge of 25 cents or more per ton. The steamship companies also bear a portion through a dockage charge of 10 cents per ton at the Commonwealth Pier. A large part of the Army base is leased to business concerns for storage or other purposes, which should cover a large portion of the interest and maintenance expenses. When consideration is given to all of these factors, the record indicates that there is not much difference between the average amounts per ton attributable to interest on investment, taxes, and maintenance expenses on the pier facilities at Boston and New York, respectively.

Everything considered, therefore, it is believed that the average costs hereinbefore mentioned to Boston as compared with New York are on a fairly comparable basis.

D–26. RATES ON NEW ENGLAND TRAFFIC

In defense of Boston's showing in sections C–8 and C–9 hereof with respect to the rates between New England points and Boston versus New York, the defense points out that commodity rates to or from New York were compared with class rates to or from Boston, but they are generally rates on which traffic moves. The defense also refers to other instances where Boston has commodity rates lower than the class basis which applies to New York, and there are many more instances where class rates apply to both ports. Even with respect to the rates referred to by the defense, however, it is apparent that after deducting the average cost of lighterage, which is 18 to 18.65 cents per 100 pounds for the New Haven, most of the New York rates are relatively much lower than the Boston rates. It is claimed that rates which include lighterage and are not much if any in excess of the average cost of that service do not burden other traffic, but it is difficult to see how they could fail to have that effect.

Competition: The only justification offered for the maintenance of relatively lower rates on New England traffic to and from New York than Boston is competition. The form of competition emphasized most is motor trucking, but apparently this is just as great to and from Boston as New York. Holyoke, Mass., and other points referred to in this connection are as close or closer to Boston than to New York. Water transportation is also available between New York and some points on or near Long Island Sound, but some of the principal boat lines are subsidiaries of the New Haven, and apparently they maintain the same rates as the rail lines. Market competition is greater at New York than at Boston with respect to some commodities, but this competition relates primarily to domestic traffic not here in issue. The competition of the New Haven with the New York Central for traffic from or to the west side of Manhattan is mentioned, but this also relates only to local traffic, as export, import, and coastwise traffic has to be lightered by the New York Central the same as the New Haven. However, the record shows that the New Haven has instructed its agents to solicit the routing of lighterage freight by its boat lines which dock on the west side of Manhattan and do not lighter local traffic. Even if competition be somewhat greater at New York than at Boston, that does not necessarily require a dismissal of the complaint. See cases cited in section D–25 hereof.

New England opposition: There was some opposition to the Boston complaint from representatives of New England industries, principally the Associated Industries of Massachusetts. This organization is not interested in helping the port of New York as compared with Boston, and its witness indicated that its members would be glad to see an adjustment which would help build up the port of Boston, provided their industries are not hurt. It appears that the opposition is based mainly on the possible effect on domestic traffic to and from New York and points beyond involving a movement across New York Harbor. That traffic is not in issue under the Boston complaint, but it is feared that a charge for lighterage and car floatage on export and import traffic would lead to the application of similar charges on domestic traffic. The record indicates, however, that comparatively little domestic traffic from or to New England is lightered, and the separate charges hereinafter proposed could not affect the bulk of such traffic which is car floated to or from pier stations and the contract terminals nor any of the through traffic car floated across the harbor.

Port services: In defense of Boston's showing in sections C–4 and C–9 hereof with respect to such matters as split deliveries, allowance for shifting steamers, storage in transit, and the car floatage of bananas, the New York Central shows that its practices at New York are the same as those of the other trunk lines serving that port. This might constitute a defense if the other lines are permitted to continue such practices, but clearly it would be no defense if they are required to establish a charge for lighterage and its substitutes in the New Jersey cases.

D–27. INJURY TO PORT OF BOSTON

The defense contends that complainants have failed to prove that the rate adjustment has injured the port of Boston. They emphasize the fact that Boston's total foreign commerce has increased despite the decline in its exports. As shown in section C–10, however, Boston's increase has not kept pace with that of New York, and the latter has been steadily increasing its proportion of the combined commerce of the two ports. The marked decline in Boston's export traffic is claimed to have been due to causes other than the rate adjustment, as indicated below:

Ocean differentials: The first cause suggested is the elimination of the former ocean differentials, but it is not shown that there was ever any ocean differential in favor of Boston as compared with New York. The record shows that New York is Boston's principal competitor, and apparently Boston's losses have been mainly to New York. That is especially true of traffic from and to New England, which could hardly be expected to move via Philadelphia or Baltimore. Notwithstanding Boston's natural advantages as a port, its facilities for direct interchange between car and ship, and its advantage of location with respect to most points in New England, less than 14 per cent of New England's exports move via Boston, compared with 65 per cent via New York.

Grain traffic: Another cause suggested with respect to the grain traffic is the increased movement through Canadian and Gulf ports. The figures quoted in section C–10, however, show that the average annual tonnage of grain moving through New York increased 124 per cent from 1905–1914 to 1920–1929, while Boston suffered a decrease of 61 per cent. The movement via the barge canal showed a much greater percentage increase than the lake-and-rail movement to New York, but the latter increased over 100 per cent and averaged about three times the canal tonnage in 1920–1929. It is urged that if the rail rates to New York are increased, more grain would move via the canal; but as previously indicated, a separate charge for lighterage would place the railroads in a better position to meet the canal competition by operating to stop their service at the water-front elevators and thus save the lighterage expense.

Industrial importance: Reference is made by the defense to the fact that the Boston metropolitan district is the fourth largest in the country; that it has made gains in various ways, and holds a leading place in many industries. This indicates that there is no reason within Boston itself for the decline in its export commerce.

Terminal service: The Port of New York Authority suggests that "the rigidity of the terminal service at Boston and the lack of coordination between the several terminals is a serious handicap to the port and explains in part the failure of the port to attract a larger volume of commerce." This apparently has reference to the fact that no lighterage is performed by the railroads at Boston, and additional charges apply for switching New England traffic to or from piers not served by the line-haul carriers. That is one way in which complainants contend that New York is preferred over Boston, and they ask that this be corrected by the imposition of a charge for lighterage.

Conclusions: There can be no doubt that free lighterage gives New York a material advantage over Boston, and it has been one of the principal reasons for New York drawing commerce from Boston. This is proved by New York's own evidence that a charge for lighterage would tend to divert commerce to other ports. While this evidence refers to Philadelphia and Baltimore particularly, it is apparent that Boston would receive the benefit as to New England traffic. Of course, New York has many natural and other advantages which also help it, but that is no reason for adding the further advantage of free lighterage.

E. Philadelphia and Baltimore's evidence

E–1. PHILADELPHIA

Statement of position: Counsel for the Philadelphia interveners stated their position as follows:

"First. We are against any action by the commission to change or unbalance the rate relationships now in effect to the existing potential rail ends, based upon the long-standing port differentials, at the instance of any of the complainants.

"Second. We join in the application of the State of New Jersey and its allied complainants, and the city of Boston, that your honorable commission make an order directing the filing of schedules separating the line haul from the terminal charges, rendered after the existing potential rail end.

"Our position is that the port of Philadelphia is subjected to undue prejudice within the meaning of the transportation act by the absorption of accessorial costs, such as lighterage, truck haulage in lieu of lighterage, free warehousing, and car floatage after the actual or potential rail end, which are not required to be furnished in the port of Philadelphia.

"We do not, however, join with the complainants in any application to separate from the line-haul charges, services involved in bringing the consignment to the actual or potential rail ends."

The term "potential rail end" is explained as meaning "that point in the line-haul transportation of freight where the ability to furnish actual physical rail transportation ceases and some other form of transportation is substituted." It is further pointed out that in the case of car floatage the rails may be regarded as continuing across the harbor on the floats, which carry the cars and bring them into contact with the rails on the other side. It is understood from the foregoing and other expressions in the brief of the Philadelphia interveners that they do not advocate additional charges where cars are merely floated across the harbor to or from other railroads or regular terminal facilities; but they do favor such charges for lighterage and its substitutes, which involve a greater and more expensive service. See sections B–4 to B–6, inclusive, and B–15.

Terminal facilities: Philadelphia has 68 projecting piers capable of accommodating ocean vessels, and 60 of them are equipped with railroad tracks. Cars are generally switched to or from ship side, and the traffic is almost exclusively handled direct between car and ship. The Philadelphia Army base, which is now operated as the Tidewater Terminal, has two main piers, one 1,300 feet and the other 1,500 feet long, with two tracks down the center of each pier and two apron tracks, and is capable of berthing about 15 ships. The city of Philadelphia has spent over $16,000,000 in constructing 11 modern piers, equipped with depressed tracks extending down the center and an apron track on each side, and it has spent about $40,000,000 more for real estate and harbor improvements. The largest portion of the Philadelphia water front is privately owned, and the private investment therein exceeds $160,000,000. The present facilities can accommodate at one time about 250 ships, but additional facilities could be developed to take care of about 90 more ships.

Prejudice and preference: While the New Jersey Traffic Advisory Committee's complaint alleges undue preference of Philadelphia and Baltimore, its principal rate witness stated that New Jersey has no objection to its present relationships with those ports on traffic from and to the west. The Philadelphia interveners oppose the Boston complainants' allegation of undue preference of Philadelphia and Baltimore, but as that allegation has clearly not been sustained for reasons previously indicated in sections C–6 and C–7 and which will also be dealt with in sections E–2 and E–3, it is unnecessary to discuss that issue here. On the other hand, Philadelphia contends that it is unduly prejudiced and New York unduly preferred "by the absorption of the excessive costs for marine service in New York Harbor." In support of this contention, it is urged that application of the Boston complainants' cost formula would produce substantially greater rate differences in favor of Philadelphia as compared with New York. As this contention goes beyond the issues under the complaints, however, no finding will be made with respect to it here, but it may be noted that the findings hereinafter proposed will incidentally remove the undue prejudice claimed by Philadelphia.

Apparently Philadelphia would be willing to have a separate charge established for lighterage at that port if such a charge is required at New York.

E–2. BALTIMORE

Position on issues: The Baltimore interveners oppose the complaints in Nos. 23040 and 23327 in so far as they allege undue preference of that port. Inasmuch as the complaints do not raise direct issues as between Baltimore and New York, these interveners took no position one way or the other with respect to the imposition of additional charges for lighterage and other terminal services at New York Harbor. They do not, however, recede from the position taken in previous proceedings "that the present Atlantic port differentials are inadequate and deprive Baltimore of the benefits of its advantage of location as compared with other Atlantic ports."

Advantage of location: Baltimore is located farther inland than any other Atlantic port and hence nearer to the important cargo districts in the Middle West. It urges that it is entitled to the benefit of this natural advantage, and cases are cited to show that such an advantage may not be neutralized or destroyed by a rate adjustment. The Baltimore interveners show that New Jersey's proposal that Jersey City take the Trenton basis of rates from and to central territory would deprive Baltimore of much of its advantage of location as compared with Jersey City. They also show that application of the Boston complainants' cost formula would generally result in much large rate differences in favor of Baltimore as compared with Boston than the present port differentials. The record indicates that those differentials were established in partial recognition of the shorter average distances from differential territory to Philadelphia and Baltimore as compared with New York and not with any regard to differences in the terminal costs. In the Boston Maritime case, supra, the commission at page 597 of the original report referred to the port differentials as follows:

"They do not accurately reflect transportation conditions, first, because they are uniform, and second, because the lesser distances from differential territory to Philadelphia and Baltimore as compared with New York and Boston are reflected only in part."

Terminal operations: The bulk of Baltimore's water-borne commerce is handled through the marine terminals of the railroads. These terminals are equipped with rails on the piers so that cars can be switched to or from ship side, and the freight is generally interchanged direct between car and ship. All of the terminals are connected by rail so that marine service is not necessary, but where traffic arrives over one line for a ship docked at another line's terminal, much of such traffic is interchanged between the railroad terminals by car float or lighter. The water movement is short and only takes from 15 to 35 minutes. There is no offshore loading or discharging of vessels by the use of lighters at this port.

Municipal development: The city of Baltimore through its port development commission has entered upon a comprehensive program contemplating the eventual expenditure of $50,000,000 for the construction and improvement of piers, wharves, and other water facilities. So far the only major project completed by this commission is the McComas Street ocean terminal used by the Western Maryland Railway. This terminal which cost approximately $8,400,000 is one of the most modern and efficient rail-water terminals on the Atlantic seaboard.

Port costs: The Baltimore interveners without objection introduced in evidence the port costs at the various north Atlantic ports as found in the Wharfage Charges case. The average costs there found for transferring freight between car and ship were $1.05 per ton at Hampton Roads, $1.06 at Baltimore, $1.03 at Philadelphia, $2.75 at New York, and $1.85 at Boston. These average costs include certain items such as interest on investment, taxes, and maintenance expenses on the pier facilities, which are not included in the special terminal costs at Boston and New York referred to in sections C–5 and D–25. On rebuttal Boston showed that the carriers made certain errors in reporting the costs for that port in reply to the questionnaire in the case cited. After correcting these errors the Boston costs average 99 cents per ton, or approximately the same as the other ports except New York.

The foregoing does not indicate that the failure to publish separate charges for the port services places Boston at any disadvantage compared with Philadelphia, Baltimore, or Hampton Roads. On the other hand, it shows that separate charges at New York would not be unfair to that port even though none are required at the other ports, provided the charges at New York do not exceed the difference between the average costs there and at the other ports.

E–3. BALTIMORE PORT CASE

In Baltimore Chamber of Commerce *v.* Ann Arbor R. Co. (159 I. C. C. 691), herein referred to as the Baltimore Port case, Baltimore sought increases in its differentials under New York on export and import traffic from and to differential territory. Philadelphia also intervened and sought corresponding increases in its differentials under New York. Their contention that the existing differentials were inadequate was based mainly on the costs of transferring freight to and from ship side at the various ports. While there was an alternative request that separate charges be imposed for the water transfer, the case was tried primarily with a view to increasing the differentials so that the terminal costs would be reflected in the line-haul rates. That would have required the New Jersey side of New York Harbor to pay rates based on the cost of lighterage even when that service is not performed. It might also have had the indirect effect of making Boston pay rates based on the cost of lighterage which is not performed at that port.

The complaint was dismissed and among the reasons advanced therefor were the following: (1) That the total costs of the service to and from the respective ports were not shown; (2) that the rates had not been tested by the application of a strict distance scale; and (3) that complainant was principally interested in the rates on ex-lake grain, as to which Philadelphia and Baltimore have a 0.5-cent differential under New York, although the short-line distances are approximately the same.

Line-haul costs: The present cases differ from the Baltimore Port case in that the line-haul service between points west of the Hudson River and northern New Jersey is generally the same as that to and from New York, except for the somewhat greater distances to and from the latter. The Boston complainants have supplied the deficiency of the evidence in the Baltimore Port case by showing the total average cost of service to and from ship side at Boston as compared with New York.

Distance scale: Since the Baltimore Port case was decided, the commission has prescribed a distance scale of class rates in the Eastern Class Rate case. That scale and the key rates made with relation thereto apply on domestic traffic from and to the ports and superseded the port differentials as to such traffic. Under the rates prescribed in that case the differences to and from Philadelphia or Baltimore under New York are generally greater than the port differentials. For example, from 18 representative points in all parts of differential territory the average difference on all of the classes in favor of Baltimore under New York is 7.8 cents as compared with the differential of 3 cents in all of the export and most of the import class rates. It should be noted that the above-mentioned average rate difference is based on the distances to the ports, without taking into consideration differences in the terminal costs.[35]

Ex-lake grain: While complainant in the Baltimore Port case was principally interested in the rates on ex-lake grain, the New Jersey complainants' evidence here does not indicate that they have any more interest in that traffic than the rest. As shown in section C–7, the distances from Buffalo to the ports do not warrant the 0.5-cent differential to Philadelphia and Baltimore under New York on ex-lake grain. However, this differential equivalent to $1 per ton is considerably less than the differences in the average port costs hereinbefore referred to, which are $1.69 per ton at

[35] The rates prescribed in the Eastern Class Rate case to and from Philadelphia and Baltimore are based on actual distances plus 10 constructive miles as at New York.

Baltimore and $1.72 at Philadelphia less than at New York. The charge hereinafter proposed for lightering bulk grain at New York is also substantially less than such differences in the average port costs after deducting therefrom the differential on ex-lake grain. In other words, New York's relationship to Philadelphia and Baltimore will still be more favorable to New York than would be warranted by the differences in average costs for the transfer between car and ship at the respective ports.

Separate charges: Only one short paragraph of the report in the Baltimore Port case was devoted to the question of establishing separate charges for transferring freight between car and ship. It referred to the long existence of the practice of publishing 1-factor rates to ship side at North Atlantic ports, but that is offset here by the numerous cases cited in section B–32 hereof which support a separate charge for the transfer between car and ship. It also pointed out that there was no proof of injury by reason of the publication of 1-factor rates to ship side. In that respect the proof there apparently differed from the evidence here both of New Jersey as shown in sections B–9 and B–12 and B–30 and of Boston as shown in sections C–4 to C–10, inclusive.

The report in the Baltimore Port case indicates that the issues and evidence there differed widely from those here under both the New Jersey and Boston complaints. In that case the controversy was not so much over the establishment of separate charges as with respect to increasing the port differentials. Moreover, it is not certain whether the same conclusions would have been reached after the decision in the Eastern Class Rate case. Everything considered, therefore, the Baltimore Port case should not be regarded as controlling with respect to the issues here upon a much more comprehensive record.

F. Summary and conclusions

F–1. GROUPING

Indefensible grouping: The present grouping of points surrounding New York Harbor must be condemned for the reasons indicated in sections B–20 to B–25, inclusive. As shown in section B–28, the groups are variable and inconsistent, New Jersey points being included where they have the advantage of location but often excluded where New York has the advantage. This is especially true with respect to the rates to and from New England which are dealt with in section B–24 and the rates via the coastwise lines which are dealt with in section B–25. There is thus no balancing of advantages and disadvantages in the group adjustment. See cases cited in section B–28.

The defense made but little attempt to justify the difference in grouping where New Jersey has the advantage of location and where New York has the advantage. The New York interveners offered no defense in that respect, and as shown in section D–23, the Port of New York Authority acknowledged that the grouping should be the same in all directions. The question therefore arises whether the discrimination which is practically admitted should be removed by separating the New Jersey points from the New York group as sought by New Jersey or by making the grouping the same in all directions as advocated by the port authority.

Group justification: More or less justification for the grouping of New Jersey points with New York is found in the defense's evidence regarding port unity considered in section D–1, railroad competition considered in section D–2, the New York State canals considered in section D–3, the situations at Hampton Roads, San Francisco, Chicago, and St. Louis dealt with in sections D–3 to D–10, inclusive, disruption of the rate structure considered in section D–16, and fourth-section complications considered in section D–17. The last two seem especially important. All of these and other matters urged by the defense together afford much justification for including New Jersey points in the New York group.

Previous cases: As shown in section D–14, the New York Harbor case affords strong support for grouping both sides of New York Harbor, although it is not controlling on the question of imposing a separate charge for lighterage because of differences in the issues, the evidence, and the law. The Hampton Roads cases referred to in section D–7, the San Francisco cases referred to in section D–8, and the St. Louis cases referred to in section D–10 also afford considerable support for grouping the rail and car-float or motor-truck terminals on both sides of the harbor, but none of these cases involved lighterage. The grouping of New Jersey points with New York was approved in the Eastern Class Rate case and the Iron and Steel case, although as shown in section A–2, such action was taken on meager records with respect to that question and without prejudice to our conclusions here.

Conclusions: The weight of the evidence and previous cases support a grouping of the rail and car-float or motor-truck terminals on both sides of New York Harbor, including all regular stations and team tracks on the New York side, provided the grouping is made no less favorable to New Jersey points where their traffic crosses the harbor for movement to or from New England and via the coastwise lines. In the case of the coastwise movement, it should be noted that the service from and to New Jersey points in all instances involves lighterage or its equivalent.

The Long Island Railroad is only about 100 miles long, and New Jersey offered very little evidence regarding the rates to and from points on that line. The class rates to and from points in northeastern New York were revised in the Eastern Class Rate case to the same basis as prescribed to and from the remainder of trunk-line territory. The record does not warrant any revision of the rates to and from points in northeastern New York and on the Long Island Railroad, except such as may result from the findings hereinafter proposed regarding lighterage and its substitutes.

F–2. LIGHTERAGE

Service distinguished: Lighterage is distinguishable from rail switching and car floatage to and from regular stations or team tracks, because lighterage is a service beyond railroad terminals analogous to store-door delivery, as shown in section B–12; it involves at least two handlings of carload freight by the railroad, as shown in section B–5; it is a much more expensive service, as shown in sections B–15, B–18, and D–20; it has superior advantages for shippers, as shown in sections B–11 and B–12; and it is subject to the steamship permit system and is largely for the benefit of the steamship companies, as shown in sections B–13 and B–19.

The relatively small amounts of trucking and car floatage in lieu of lighterage are also distinguishable from rail switching and the service to and from regular stations or team tracks for the same or other reasons indicated in sections B–6, B–11 to B–13, B–15, B–18, and D–20.

Discriminatory situation: As shown in sections B–8 to B–11, inclusive, the charging of higher rates for lighterage deliveries in a large part of the New Jersey section of the port than for similar deliveries within the lighterage limits is a clear discrimination. Practically no evidence was offered in defense of this situation and it is without justification in the record. As shown in section B–11, important witnesses for the defense admitted that it constitutes a handicap to that section of the port, including Port Newark. The Port of New York Authority also freely acknowledged the discrimination, as shown in section D–23.

Prejudice cases: That the above-mentioned situation requires a finding of undue prejudice and preference is clearly shown by the decision in Constructive and Off-Track Freight Stations, which is quoted in section B–12, and by other cases cited in the same section. It is also shown by the Port Newark Lumber Loading case referred to in section B–10, the Hampton Roads switching case referred to in section D–7, and the South San Francisco switching case referred to in section D–8. Many other cases could be cited in support of such a finding, but it is unnecessary to do so.

Method of removal: The next question to be determined is how the above-mentioned discrimination shall be removed. In that connection consideration should be given to the unusual character of the lighterage service with its double handling of carload freight by the railroads, as described in section B–5; its relatively high cost and the probability that it burdens other traffic, as shown in sections B–15, B–18, C–5, and C–8; its special value to shippers and steamship companies, as shown in sections B–11 to B–13, inclusive, and D–19; that it is a service not generally performed by the railroads and which the shippers or steamship companies must themselves provide at most other ports, as shown in section B–14; that the class rates and rates on iron and steel articles were not made with any reference to the unusual cost of the lighterage service, as shown in section B–29; that lighterage and its substitutes are more than the equivalent of ordinary team-track delivery such as is generally covered by the line-haul rates, as shown in section D–20; and that an additional charge for the service would afford the railroads a much-needed increase in their revenues, as shown in section D–18.

The foregoing considerations all point to the propriety of requiring that the discrimination be removed by the imposition of uniform charges for lighterage and its substitutes in addition to the line-haul rates. Such a charge would be well supported by the numerous cases cited in section B–32.

Other discrimination: The discrimination against New Jersey by reason of free lighterage is not confined to points on navigable waters outside the lighterage limits. While the expensive lighterage service is performed without additional charge to and from points beyond the carrier's rails, additional charges generally apply for switching to or from points not reached by the line-haul carrier in New Jersey. As shown in section B–29, all New Jersey rail points are deprived of their natural advantage of location by reason of the grouping with lighterage points. Even New Jersey rail points within the lighterage limits appear to have suffered in that respect. As shown in sections B–30 and B–31, shipping on the New Jersey side has been retarded and the direct interchange of freight betwen car and ship discouraged by free lighterage. A finding of undue prejudice and preference would be in accord with the Galveston-New Orleans case cited in section B–29.

The only practical method of removing all of the discrimination above referred to is by requiring that an additional charge be made for lighterage.

Boston complaint: As separate charges for lighterage are required in the New Jersey cases on traffic from and to points west of the Hudson River, the Boston complaint in that respect can be confined to New England traffic. There is even more reason for a lighterage charge on traffic from and to that territory, because the lighterage costs are generally a larger proportion of the rates, the absence of such a charge almost certainly burdens other traffic, and it is a clear discrimination against Boston, as shown in sections C–4, C–5, and C–8 to C–10, inclusive.

Upon the facts stated in the sections above referred to, there can be no doubt that on traffic from and to New England free lighterage at New York is unduly preferential of that port and unduly prejudicial to Boston.

Amount of charges: The separate charges herein proposed for lighterage and its substitutes take into consideration the difference between the average shore-to-shore costs for the lighterage service and for car floatage to and from pier stations or team tracks, as shown in section B–15; the difference between the average costs shown for the line haul and delivery to ship side at Boston and New York, respectively, as shown in sections C–6 and D–25; the difference between the average costs for transferring freight between car and ship at New York, on the one hand, and at Philadelphia, Baltimore, and Hampton Roads, on the other, as shown in section E–2; the fact that a substantial part of the lighterage tonnage is handled by outside lighterage companies at a cost to the trunk lines of 60 cents per ton, as shown in section B–16; and the advisability of keeping the charges to a minimum so as to avoid undue disturbance of the existing economic situation. Consideration has also been given to all the other facts referred to in this report.

In the case of bulk grain there are several reasons why the lighterage charge should be less than on other traffic. The rates on ex-lake grain, which constitutes the bulk of the grain tonnage, are relatively low; the transfer to and from lighters is less expensive to the railroads; and the lighters are probably loaded more heavily than the average on all traffic, which would make for lower costs. It is also noted that New Jersey suggests a charge for lightering bulk grain which is one-half of the charge suggested on other traffic.

It is impossible to fix the charges upon an exact mathematical basis; but, everything considered, it is believed that 3 cents per 100 pounds or 60 cents per ton on all carload traffic except bulk grain and 1.5 cents per 100 pounds or 30 cents per ton on bulk grain would be fair and reasonable minimum charges.

F–3. FINDINGS

No. 22824: In this case the commission should find as follows:

(1) That the grouping of New Jersey points with New York City, including all regular stations and team tracks, at the same rates on traffic from and to points west of the Hudson River is not unreasonable, unduly prejudicial, or otherwise unlawful, except as hereinafter found;

(2) That the performance at defendants' expense of lighterage, and car floatage or trucking in lieu thereof, to and from points other than regular stations or team tracks within the lighterage limits of New York Harbor, without charge in addition to the line-haul rates on traffic from and to points west of the Hudson River, while contemporaneously failing to perform or exacting additional charges for similar services on like traffic to and from New Jersey points on navigable waters outside such lighterage limits where the extra-towing charges apply, is and for the future will be unduly preferential of such points within the lighterage limits and unduly prejudicial to such New Jersey points;

(3) That the undue prejudice and preference found in the last preceding paragraph should be removed and prevented by the establishment and maintenance of separate charges for lighterage, and car floatage or trucking in lieu thereof, on the traffic described to and from points other than regular stations or team tracks within said lighterage limits and on such navigable waters in New Jersey where the extra-towing charges apply, which charges shall be uniformly 3 cents per 100 pounds or 60 cents per ton on all carload traffic except bulk grain and 1.5 cents per 100 pounds or 30 cents per ton on bulk grain in addition to the line-haul rates;

(4) That the rates assailed between points in the New York Harbor district and points west of the Hudson River are, and for the future will be, unduly prejudicial to New Jersey points in that district and unduly preferential of New York City to the extent that the rates for lighterage, and car floatage or trucking in lieu thereof, to and from points other than regular stations or team tracks, fail to exceed those for rail origin or delivery at such New Jersey points by the amounts specified in the last preceding paragraph; and

(5) That the commission has no jurisdiction to pass upon the alleged violation of the Constitution; and the other alleged violations of the interstate commerce act have not been sustained.

No. 23040: In this case the commission should find as follows:

(1) That the rates assailed between New Jersey points which take the New York rates to and from points more than 100 miles distant in trunk-line territory, on the one hand, and points in New England more than 100 miles from Harlem River on the New Haven or Spuyten Duyvil on the New York Central, on the other hand, are and for the future will be unduly prejudicial to such New Jersey points and unduly preferential of New York City to the extent that they exceed or may exceed the corresponding rates from and to regular stations in Manhattan and Brooklyn, plus the charges proposed in No. 22824 for lighterage and its substitutes wherever that service is performed to or from points other than regular stations or team tracks;

(2) That the rates assailed via the rail-water and rail-water-rail routes to and from points in the South and Southwest are, and for the future will be, unduly prejudicial to New Jersey rail points which take the New York rates on all-rail traffic to and from the same points, and unduly preferential of New York City to the extent that such New Jersey rates exceed or may exceed the corresponding New York dock rates, which are filed with and subject to the jurisdiction of this commission, by more than 3 cents per 100 pounds or 60 cents per ton; and

(3) That the other allegations of this complaint have not been sustained, except such as may be covered by the findings in No. 22824.

No. 23327: In this case the commission should find as follows:

(1) That the alleged undue prejudice to Boston and undue preference of New York with respect to traffic from and to points west of the Hudson River will be removed under the findings in No. 22824, making it unnecessary to pass upon that issue here;

(2) That on export, import, coastwise, and intercoastal traffic from and to points in New England, the performance at defendants' expense of lighterage, and car floatage or trucking in lieu thereof, to and from steamships or steamship piers at the port of New York, without charge in addition to the line-haul rates to and from regular stations in Manhattan and Brooklyn, while contemporaneously performing no lighterage and making additional charges for car floatage and for switching to and from steamships or steamship piers not reached by the line-haul carrier's rails at the port of Boston is, and for the future will be, unduly preferential of New York and unduly prejudicial to Boston;

(3) That the undue prejudice and preference found in the last preceding paragraph should be removed and prevented by the establishment and maintenance of separate charges on the traffic described for lighterage, and car floatage or trucking in lieu thereof, to and from steamships or steamship piers at the port of New York, as provided in section 6 of the act, which charges shall be the same as those hereinbefore proposed in No. 22824 and in addition to the line-haul rates to and from regular stations in Manhattan and Brooklyn;

(4) That the rates assailed on export, import, coastwise, and intercoastal traffic from and to points in New England are, and for the future will be, unduly prejudicial to Boston and unduly preferential of New York to the extent that the relationship of the rates as between those ports is more favorable to New York than under the basis prescribed in the Eastern Class Rate case on domestic traffic to and from Boston as compared with regular stations in Manhattan and Brooklyn, plus the charges hereinbefore proposed for lighterage and its substitutes wherever that service is performed to and from steamships or steamship piers at the port of New York;

(5) That the rates assailed from and to Boston as compared with Philadelphia, Baltimore, and Hampton Roads are not unreasonable or unduly prejudicial to Boston; and the failure to publish separate charges for lighterage at the other ports named is not unreasonable or unduly prejudicial to Boston; and

(6) That the commission has no jurisdiction to pass upon the alleged violation of the Constitution; and the other alleged violations of the interstate commerce act will either be removed under the previous findings or have not been sustained.

Nothing herein is to be construed as requiring increased rates over any route embracing a water line, which is not railroad controlled and subject to the provisions of section 5 (11) of the act. Previous decisions in other cases should be modified to the extent necessary to carry into effect the foregoing findings.

Appropriate orders should be entered.

APPENDIX A

Table of contents of proposed report omitted.

APPENDIX B

Allegations of complaint in No. 22824, as amended.

I

Authority for filing complaint.

II

(a) Status of defendants as common carriers.

(b) Defendants engaged in transportation of carload and less-than-carload freight in domestic and foreign commerce, including that handled through the port of New York, from and to the following points:

(1) From various points in New York City and within the free-lighterage limits of New York Harbor to various other points in the United States, Dominion of Canada, and Mexico.

(2) From various points in said three countries to various points in New York City and said free-lighterage limits.

(3) From various points in New Jersey to various points in said three countries, including New York City.

(4) From various points in said three countries, including New York City, to various points in New Jersey.

(c) That the averments herein apply to the New York Central Railroad Co. as lessee and operator of the West Shore Railroad; as operator of the lines east of the Hudson River between Albany and the Borough of Manhattan; and as operator of all other lines which it operated on the date of filing this complaint.

III

(a) That defendants have established and exact certain class and commodity rates for the transportation described in subparagraph (b) of Part II above.

IV

(a) Competition between various localities in New Jersey and New York City.

(b) That in the transportation described in Part II above, various localities in New Jersey have a natural advantage of location in comparison with New York City, which should be recognized in substantially lower rates to and from those localities than to and from New York.

V

This part of the complaint is set out in full below:

"(a) That, in connection with the transportation of property as described in Part II above, and the application and exaction of their established rates, each of the defendants (1) assumes and bears the cost and expense of lightering certain shipments of property and hauling certain shipments by means of car floats and motor trucks at the port of New York and at said city of New York and gives certain allowances out of said rates as compensation for said lighterage, car-float, and trucking services and various services incidental thereto; (2) refrains from assuming and bearing the cost and expense of car floating, lightering, and trucking other shipments transported at said rates to and/or from various points in the State of New Jersey and refuses to perform lighterage, car floatage, or trucking services and to assume or bear such cost and expense in connection with the transportation of the shipments last mentioned; and (3) thereby gives undue and unreasonable preference and advantage to said city of New York, to various shippers who obtain transportation of property by the defendants to and from said city of New York and to that freight traffic and subjects the State of New Jersey, various localities in New Jersey, various shippers who obtain transportation of property to and from points in New Jersey and their freight traffic to undue and unreasonable prejudice and disadvantage, in violation of section 3 of said act.

"(b) That by assuming and bearing the cost and expense of car floatage, lightering, loading, unloading, and transferring certain shipments of property and by giving allowances as compensation for car floatage, lightering, and transferring shipments at said New York Harbor, and by giving allowances, out of said rates, as compensation for trucking certain shipments of property by means of motor trucks on the public streets and highways to and/or from so-called inland stations, universal stations, off-track stations, constructive stations, and private premises of shippers and so-called trucking in lieu of lighterage and by giving various other allowances, at said city of New York, said defendants charge, demand, and receive a less compensation from various persons for certain interstate transportation of property to and/or from said city of New York rendered by said defendants than they charge, demand, and receive from other persons for doing for them a like and contemporaneous service in the interstate transportation of a like kind of freight traffic to and/or from points in New Jersey under substantially similar circumstances and conditions, in violation of section 2 of said act.

"(c) That through giving allowances, as described in subparagraph (b) next preceding, each of said defendants reduces its compensation for longer-haul transportation of property to and/or from said city of New York, below the amount of compensation which it exacts for shorter-haul transportation of similar property to and/or from various points in New Jersey, and thereby violates section 4 of said act.

"(d) That certain of said rates described in Part III above are applicable to transportation of freight westward from New York Harbor to various points in New Jersey located east of the Delaware River and to various points in the United States located west of said river, and to transportation of property eastward from those points to New York Harbor; that said rates applicable for that transportation to or from points east of said river include a factor of 4 cents per hundred pounds, and other amounts per hundred pounds, as compensation for said car floatage and lighterage service; that said rates applicable for said transportation of property to or from the points west of said river do not include similar separate factors of compensation for said car-floatage and lighterage service, and therefore through exaction of said rates the defendants give undue and unreasonable preference to said city of New York and various localities located west of said river and to various shippers in said city and said localities and to their freight traffic and subject the State of New Jersey, various localities in New Jersey, various shippers in New Jersey and their freight traffic to undue and unreasonable prejudice, in violation of section 3 of said act.

"(e) That said rates, described in Part III above, include, (1) rates that apply to all-rail transportation of property to and/or from said New York City; (2) rates that apply to all-rail transportation of property to and/or from said points in New Jersey; and (3) rates that apply to transportation of property to and/or from said New York City and points within the free-lighterage limits of New York Harbor, by railroad in conjunction with car float, lighterage, and/or trucking service; that said rates are unjust and unreasonable, in violation of section 1 of said act, and by establishment and exaction of said rates said defendants subject the complainants, various shippers, and rate payers located at points in New Jersey and their freight traffic to undue and unreasonable prejudice and disadvantage and unduly prefer and advantage said New York City, various shippers and rate payers located at said New York City, and at points within said free-lighterage limits and their freight traffic, in violation of section 3 of said act.

"(f) That said defendants have not stated 'separately' in their published and filed tariffs and schedules their charges for said lighterage service and trucking service and said defendants have thereby disregarded and violated the provisions of section 6 (1) of said act.

"(g) That the said defendants, by means of the unreasonable rates, preferences, and prejudices, and the unjust discrimination described in Part V hereof, unjustly deprive localities in New Jersey of their natural advantages in geographical location and unjustly retard the growth and development of industry and commerce therein, and unjustly retard the development of water-front and other property therein available for development and deprive said localities of the benefit of taxes attendant upon such development, and unjustly stimulate and develop industry, commerce, and property values in competing territory in the city and State of New York, and thereby unjustly prevent the natural development of population, business opportunities, and property values in said localities, and unjustly and unlawfully create a preference of the ports of the State of New York over the ports of the State of New Jersey in violation of Article I, section 9, clause 9 of the Constitution of the United States.

"(h) That certain of said rates, described in Part III above, apply to railroad, car-float, lighterage, and/or motor-truck transportation service between various points and New York City and certain of those rates apply to railroad transportation service but not to car-float, lighterage, or motor-truck service between those points and various points in New Jersey, and each of those two classes of rates are of the same level or measure, and, further, the defendants have not established lower rates for application to the service last mentioned, and by their refusal to establish and apply such lower rates and by exaction of the higher rates for the transportation service last mentioned the defendants give undue and unreasonable advantage to said city of New York and the traffic mentioned first and subject the State of New Jersey and the last-mentioned traffic to undue and unreasonable prejudice and disadvantage in violation of section 3 of said act.

"(i) That said defendants, through affording 'free lighterage service' at New York Harbor, which is an unlawful practice, violate sections 2 and 3 of said act."

VI

Prayer for an order requiring defendants to cease and desist from the alleged violations of the act, to establish in lieu thereof just and reasonable rates to and from said points in New Jersey and New York City, and to publish separate charges for lighterage, car-float, and motor-truck services at New York Harbor.

MOTIONS TO DISMISS

The New York Central lines in answering the original complaint in No. 22824, also that in No. 23040 and in No. 23327, moved to dismiss each complaint as to them on the ground that it failed to state the issues with the particularity required by the commission's Rules of Practice. They also moved to dismiss the issues raised by paragraph (g) of Part V in No. 22824 and a similar paragraph in No. 23327 on the ground that such issues are beyond the commission's jurisdiction. These motions were general in character, not joined in by any of the other defendants, and did not appear to warrant dismissal as to these lines. Accordingly they were denied by the commission without prejudice to consideration of the jurisdictional question in the final decision. The motions did not apply to the amended complaint in No. 22824.

DISCUSSION OF ISSUES

At the opening of the hearings counsel for New Jersey was interrogated by defense counsel in regard to the complaints. It was then stated that where reference is made in No. 22824 to "various" points or localities in New Jersey all points in the State are included, except the allegations regarding denial of free lighterage and car floatage, which include all points on navigable waters outside the lighterage limits. In reply to an inquiry regarding paragraph (a) of Part V, it was stated that complainant's position would be that if free lighterage, car floatage, and trucking are to be continued on the east side of New York Harbor such services must be afforded on the west side of the harbor. The word "allowances" used in paragraphs (a), (b), and (c) of Part V was said to include allowances both to shippers and others, such as outside lighterage companies, truck operators, and the contract terminals. It was stated that the allegation of unreasonableness in paragraph (e) of Part V includes the rates to and from New York and that this was intended as an appeal to the minimum-rate power if the facts should warrant its exercise. It was agreed that the transcontinental rates might be excluded from the complaint in No. 23040, but they are included under the complaint in No. 22824. All questions propounded to counsel for complainants regarding the allegations of the complaints were fully answered at this time.

During the hearings statements were made to the effect that defense counsel did not understand the issues. When the examiner asked what was not understood, counsel for the trunk-line defendants did not refer to any particular part of the complaints, but to complainants' Exhibit No. 1. This is a volume of 240 pages, divided into 76 parts, and containing thousands of rates assailed and shown for comparison. It was claimed that defense counsel could not tell which rates are assailed and which shown merely for comparison. Counsel for New Jersey pointed out which of the 76 parts contain only rates assailed, which contain only rates not assailed, and which contain both rates assailed and not assailed. Examination of the exhibit discloses no reason why anyone familiar with the complaints could not readily distinguish the rates assailed from those not assailed. This exhibit was not offered for the purpose of pointing out any infirmities in particular rates, but merely to present a comprehensive showing of the rate structure under consideration.

Upon brief counsel for New Jersey states that the complaint in No. 22824 does not include the rates to and from New England nor those via the coastwise steamship lines. These rates are not

expressly excepted from the complaint, but the New England carriers and the coastwise lines are not named as defendants, so such rates may be deemed excluded from this complaint.

Upon brief counsel for the trunk-line defendants states that "the complaints in this case are rather vague as to whether the all-rail rates of the New York Central to Manhattan are attacked," but they are treated as in issue because evidence was received directed against such rates. Paragraph (c) of Part II in No. 22824 alleges that the averments of the complaint apply to the New York Central as operator of its lines east of the Hudson River between Albany and Manhattan as well as its other lines; and paragraph (e) of Part V, hereinbefore quoted, specifically assails the all-rail rates to and from New York City as unreasonable and unduly prejudicial and preferential in comparison with those to and from New Jersey points. The complaints in the other two cases do not specifically refer to the all-rail rates to and from New York, but they do bring in issue the freight rates to and from that point generally without excepting the all-rail rates. The evidence of the defense in the three cases applied to the all-rail rates as well as other rates to and from New York, and the record does not indicate that there was any misunderstanding in this respect. Defendants' briefs do not express any other doubt or criticism concerning either of the complaints in these cases.

Defendants were not required to present their evidence until more than six months after the close of the evidence for the New Jersey complainants and about 90 days after that of the Boston complainants. All parties were permitted to file reply briefs 30 days after the opening briefs in these cases. The defense, therefore, was accorded a better opportunity of meeting the complainants' evidence and arguments than is usual in most cases.

APPENDIX C

EXAMINER'S RULINGS ON EVIDENCE

Commission practice: The procedure in cases before the commission follows that of the Federal courts, but the technical rules of evidence are not enforced as strictly as in court. The propriety of this greater liberality in the application of the rules of evidence has been repeatedly recognized by the Supreme Court. In Interstate Commerce Commission *v.* Baird (194 U. S. 25), the court said at page 44:

"The inquiry of a board of the character of the Interstate Commerce Commission should not be too narrowly constrained by technical rules as to the admissibility of proof. Its function is largely one of investigation and it should not be hampered in making inquiry pertaining to interstate commerce by those narrow rules which prevail in trials at common law where a strict correspondence is required between allegation and proof."

In Interstate Commerce Commission *v.* Louisville & N. R. Co. (227 U. S. 88), the court said at page 93:

"The commission is an administrative body and, even where it acts in a quasi-judicial capacity, is not limited by the strict rules, as to the admissibility of evidence, which prevail in suits between private parties. (Int. Comm. Com. *v.* Baird 194 U. S. 25.)"

In United States *v.* Abilene & S. Ry. Co. (265 U. S. 274), the court said at page 288:

"The mere admission by an administrative tribunal of matter which under the rules of evidence applicable to judicial proceedings would be deemed incompetent does not invalidate its order. Interstate Commerce Commission *v.* Berro, 194 U. S. 25, 44; Spiller *v.* Atchison, Topeka & Santa Fe Ry. Co., 253 U. S. 117, 131. (Compare Bilokumsky *v.* Tod, 263 U. S. 149, 157.)"

And in Western Paper Makers' Chemical Co. *v.* United States, 271 U. S. 268, the court said at page 271:

"* * * In making its determinations the commission is not hampered by mechanical rules governing the weight or effect of evidence. The mere admission of matter which under the rules of evidence applicable to judicial proceedings would be deemed incompetent does not invalidate its order. (United States *v.* Abilene & Southern Ry., 265 U. S. 274, 288.)"

It is well settled, however, that only matters which have been introduced in evidence may be considered, and that rule has been followed in these cases.

Witnesses' qualifications: Numerous objections were made to the qualifications of witnesses, especially those who gave opinion evidence. For example, it was urged that witnesses should not be permitted to testify regarding the economic effect of a rate adjustment on the community. Generally, such witnesses had some special means of knowledge with regard to the subject matter because of their occupation or investigations. Such evidence offered by both sides was received with the understanding that it would be given only such weight as it seemed entitled to in the light of the objections and all other facts of record. It is believed that this was proper, although such evidence has not been given as much weight as other facts of record. In some instances it has been entirely disregarded, as where a nonexpert witness quoted from a civil engineer as expressing his own views at pages 1933–1936 of the record. In Wigmore on Evidence (2d ed.) it is stated in section 560:

"Secondly, and emphatically, the trial court must be left to determine, absolutely and without review, the fact of possession of the required qualification by a particular witness. In most jurisdictions it is repeatedly declared that the decision upon the experimental qualifications of witnesses should be left to the determination of the trial court."

Hearsay: Evidence not within the personal knowledge of the witness was excluded when objected to as hearsay. A review of the record discloses exceptions at pages 718 and 859, which evidence may be deemed excluded. Letters contained in New Jersey's Exhibits Nos. 39 and 40 and Boston's Exhibit No. 473 have also been disregarded and may be deemed excluded.

Admissions: Certain evidence offered as admissions or declarations against interest was received under the exception to the hearsay rule permitting such evidence. In some instances, however, a review of the record discloses that the declaration was not against the declarant's interest when made, and such evidence has been disregarded. Thus the extracts from the Boston & Maine's off-line agency reports offered at pages 3502–3503 and the extracts from briefs in docket No. 13010 offered at pages 3762–3766 may be deemed excluded. Declarations against interest by a single defendant have been considered as binding on only that defendant, as in the case of information furnished by the New Haven which is referred to at pages 3620–3621 of the record.

Counsel for the Brooklyn Eastern District Terminal strenuously objected to receipt of the Stuart marine cost study. It was argued that while this evidence might be binding on the trunk-line defendants which participated in the study, it was not binding on the contract terminals which took no part in it. This question need not be decided, since the evidence was clearly admissible against the trunk lines, and the findings and order herein will be directed against those defendants. Moreover, Mr. Stuart who supervised the investigation, appeared as a witness and was cross-examined, which took it out of the hearsay rule. The report of the investigation also appears to have been a public document of the Port of New York Authority.

Public documents: A well-established exception to the hearsay rule permits the receipt in evidence of matter contained in public documents, without the necessity of calling the authors of such documents. Under this exception, there was received in evidence extracts from the Port Series, issued jointly by the War Department and Shipping Board. Although the defense strenuously objected to such extracts, they also offered evidence derived from the same and similar sources. Extracts from the Port Series were not only received in evidence but quoted in the report in the Boston Maritime case (95 I. C. C. 539, at p. 547).

Lorenz formula: The Boston complainants offered in evidence computations based on the so-called Lorenz formula for the purpose of proving that operating costs are no higher in New England than in the remainder of official territory. This evidence was excluded upon objection that Doctor Lorenz was not present so that he could be cross-examined upon the formula. The commission is asked upon brief to review this ruling. It was in accord with the commission's action upon an appeal from the examiner's ruling in another case. Even if error was committed in excluding this evidence, however, it was without prejudice in view of all the facts stated and conclusions recommended in this report.

Relevancy: While numerous objections were made to evidence as irrelevant, not much evidence was offered by either side which could be regarded as wholly irrelevant. Where any irrelevant evidence crept in it has simply been disregarded in the preparation of the report. Every effort was made to keep down the size of the record, without curtailing the rights of the parties.

Divisions: Both sides offered evidence regarding the divisions received by different carriers. While the carriers' divisions are sometimes said to be a matter of no interest to shippers, they seem to be relevant in these cases, because the absence of a charge for lighterage is claimed to burden other traffic, and the divisions throw light on that question. The objections were based only on relevancy.

APPENDIX D

Combined costs for lighterage

	Shore to shore	Labor between car and lighter	Labor at steamships	Total
Baltimore & Ohio R. R. Co.:				
Eastbound freight—				
Hoisted by crane	$1.53	$0.15	$0.287	$1.967
Handled by man power and trucks	1.53	.51	.287	2.327
Westbound freight—				
Hoisted by crane	1.53	.15	.433	2.113
Handled by man power and trucks	1.53	.51	.433	2.473
Central R. R. Co. of New Jersey:				
Eastbound freight—				
Hoisted by crane	1.22	.135	.296	1.653
Handled by man power and trucks	1.22	.36	.298	1.878
Westbound freight—				
Hoisted by crane	1.22	.135	.376	1.731
Handled by man power and trucks	1.22	.36	.376	1.956
Delaware, Lackawanna & Western R. R. Co.:				
Eastbound freight—				
Handled at covered piers	1.14	.359	.2975	1.7965
Handled at open piers	1.14	.386	.2975	1.8235
Westbound freight—				
Handled at covered piers	1.14	.359	.425	1.924
Handled at open piers	1.14	.386	.425	1.951

Combined costs for lighterage—Continued

	Shore to shore	Labor between car and lighter	Labor at steamships	Total
Erie R. R. Co.:				
Eastbound freight—				
Hoisted by crane	$1.56	$0.135	$0.302	$1.997
Handled by man power and trucks	1.56	.36	.302	2.222
Westbound freight—				
Hoisted by crane	1.56	.135	.433	2.128
Handled by man power and trucks	1.56	.36	.433	2.353
Lehigh Valley R. R. Co.:				
Handled at Communipaw—				
Eastbound, all freight	1.37	.36	.302	2.032
Westbound, all freight	1.37	.36	.433	2.163
Handled at National Docks:				
Eastbound, box-car freight	1.37	.465	.302	2.137
Westbound, box-car freight	1.37	.465	.433	2.268
Eastbound, open-car freight	1.37	.16	.302	1.832
Westbound, open-car freight	1.37	.16	.433	1.963
Handled at Claremont Terminal—				
Eastbound, box-car freight	1.37	.365	.302	2.037
Westbound, box-car freight	1.37	.365	.433	2.168
Eastbound, open-car freight by hoisters	1.37	.16	.302	1.832
Eastbound, open-car freight by gantry cranes	1.37	.135	.302	1.807
Westbound, open-car freight by hoisters	1.37	.16	.433	1.963
Westbound, open-car freight by gantry cranes	1.37	.135	.433	1.938
New York Central R. R. Co.:				
Eastbound freight—				
Hoisted by cranes	1.55	.135	.302	1.987
Handled by man power and trucks	1.55	.36	.302	2.212
Westbound freight—				
Hoisted by cranes	1.55	.135	.433	2.118
Handled by man power and trucks	1.55	.36	.433	2.343
Pennsylvania R. R. Co.:				
Handled at Manhattan closed piers—				
Eastbound miscellaneous freight	1.64	.4445	.302	2.3865
Westbound miscellaneous freight	1.64	.4445	.433	2.5175
Handled at Greenville closed piers—				
Eastbound miscellaneous freight	1.64	.4445	.302	2.3865
Westbound miscellaneous freight	1.64	.4445	.433	2.5175
Handled at Greenville open docks—				
Eastbound freight	1.64	.2380	.302	2.180
Westbound freight	1.64	.2380	.433	2.311
Composite:				
Eastbound freight—				
Hoisted by crane	1.44	.135	.287	1.862
Handled by man power and trucks	1.44	.36	.287	2.087
Westbound freight—				
Hoisted by crane	1.44	.135	.435	2.000
Handled by man power and trucks	1.44	.36	.425	2.225

CURRENCY REFLATION

Mr. BORAH. Mr. President, I desire to place in the RECORD certain printed material bearing upon the question of reflation. I do not wish to retard the consideration of this bill, therefore I shall not at this time stop to comment. I hope to do so later.

In the Washington Post of this morning I find the following statement:

By Lawrence Sullivan

Describing depreciated currencies and arbitrary control of foreign exchanges as the principal obstacles to the recovery of American farm prices, the United States Department of Agriculture forecasts another year of depressed commodity values and burdensome surpluses during the crop year 1933–34. The official annual "outlook report," compiled by the department in cooperation with extension economists representing 32 States, emphasizes the prevailing "disorganized currency systems" throughout the world as a factor bearing more heavily, perhaps, upon the American farmer than upon any other economic group.

"There is little prospect at present," it concludes, "for an early improvement in the foreign demand for our agricultural products" until the restoration of normal exchange machinery paves the way for an appreciable revival of international trade.

CALLED RECOVERY AID

"Effective international action this year directed toward facilitating international payments, the stabilization of currencies, and the moderation of trade barriers would give a strong impetus toward economic recovery throughout the world," the report adds. But until effective action in this direction is realized, prevailing extraordinary surpluses of wheat and cotton will continue to bear down American farm prices to distress levels.

I also offer certain statements by Mr. Farrell, until recently president of the United States Steel Corporation, appearing in this morning's Herald. I agree with his statement of facts. I do not agree with his remedy.

"It is the most important thing before Congress.

"Not only our business in the United States, but our business throughout the world, is seriously affected by the chaotic state in which many world currencies flounder to-day, and so long as they do flounder it is the course of wisdom for our country to take such cautionary measures as this type of legislation proposes.

"These countries are having the time of their lives in flooding this country with goods on a depreciated-currency basis.

"The whole business structure is inoculated in such a way as to be completely demoralized.

"I believe we are going to evaporate in some lines (of business) unless we act against depreciated currencies.

"Nothing," said he, "is quite so destructive to sound efforts as the presence in our American market of foreign competitive merchandise priced at levels so low that American competition is not possible unless we bring down our whole economic structure to the low strata of some of our chief competitors."

On January 27, at the annual meeting of the Midland Bank of London, Reginald McKenna, former Chancellor of the Exchequer, had this to say, as it appears in the New York Times:

"We have had now," he continued, "the experience of sterling divorced from gold for 16 months, and nothing catastrophic has happened. The clear evidence of improvement in a number of countries off the gold standard has no counterpart in those still on gold, whose position, generally speaking, has become worse."

DEMANDS PRICE RISE FIRST

He said that raising the price level in Great Britain, regardless of what happens elsewhere, was of first importance.

"But is it possible to raise our internal price level?" he went on. "Particularly, can we do so by monetary management? If we can and do, will it not be evidence of that abhorrent thing, inflation? In actual circumstances we have so much ground to recover that I confess the thought of inflation, so long as it is controlled, does not alarm me. In these days the word no longer is a term of reproach, though some tender consciences find ease in using the innocent substitute, reflation.

"It is, I believe, possible to achieve a rise in the internal price level by monetary management, and I have not been shaken in this opinion by the frequent charge that reflation has already been tried and found wanting, both in Great Britain and the United States. If we examine the course of affairs in these two countries, we shall find that deliberate monetary management, specifically designed to raise the price level, has not been tested in either.

"In our own country, it is true, expansion of credit has been effected, but only under conditions which could give it but partial success in raising the price level. And partially successful it has been, for our price level has not been accompanied by a downward movement in gold prices. In the United States, notwithstanding the current talk of vast new credit having been pumped effectively into the banking system, the experiment has not been tried at all. Reflation means the expansion of bank deposits, and therefore of potential purchasing power, to such an extent as will restore the price level to the point at which it stood before the present great slump began."

The MacMillan committee was composed of a group of men recognized for their ability the world over in economic and financial affairs. I quote a single paragraph from their report:

We are emphatically of the opinion that, even if a further fall of wholesale prices be avoided, their stabilization at approximately the present level would be a serious disaster for all countries of the world alike, and that the avoidance of such an event should be a prime object of international statesmanship. * * * Consequently, even the continuance of the present price level * * * must prolong business losses and * * * unemployment. * * * Governments and central banks will be blamed * * * social unrest will tend to make moderate and rational remedies more difficult the longer they are delayed. * * * Our objective should be, in so far as it lies within the power of this country to influence the international price level, first of all to raise prices a long way above the present level, and then to maintain them at the level thus reached with as much stability as can be managed. We recommend that this objective be accepted as the guiding aim of the monetary policy of this country.

Prof. Robert W. Thompson, of the Columbia School of Political Science, in a pamphlet which has come to my desk, makes the following statement, among others:

We are face to face with a grave situation at the moment and currency reform has become imperative. The crushing weight of the depression has fallen upon debtors and producers without working capital and they should not be left to the tender mercy of the relentless creditor and the sheriff. If, during an era of expansion and excessive credit, debts were contracted which can not be liquidated, distress sales of commodities and foreclosure of real estate bring despair to the man who can not quickly mobilize his assets to meet the demands of his banker.

Manipulations of greedy bankers and money lenders and the reluctance of capitalists and conservative statesmen to depart from past practice, and the letter of the law which has brought on in large measure such deplorable conditions may well urge us on to the verge of desperation. No matter that live credits are being translated into bad debts, defaulted mortgages and uncol-

lected judgments, the banker who cashed in on an inflated market, will not hear to a devaluation of the dollar, he wants to increase its potency and purchasing power.

ANNA POKORNY

The PRESIDING OFFICER (Mr. BRATTON in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 3147) for the relief of Anna Pokorny, which were, on page 1, line 6, after "of," to strike out all down to and including "months," in line 7, and insert "$5,000," and on page 1, line 11, after "Jersey," to insert ": *Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. WAGNER. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts and joint resolution:

On January 24, 1933:

S. 5059. An act to extend the time for completing the construction of a bridge across Lake Champlain, at or near Rouses Point, N. Y., and a point at or near Alburgh, Vt.;

S. 5260. An act granting the consent of Congress to the Board of Supervisors of Marion County, Miss., to construct, maintain, and operate a free highway bridge across Pearl River at or near Columbia, Miss.; and

S. 5261. An act granting the consent of Congress to the Board of Supervisors of Monroe County, Miss., to construct, maintain, and operate a free highway bridge across Tombigbee River at or near Old Cotton Gin Port, Miss.

On January 26, 1933:

S. 3675. An act relating to the deferment and adjustment of construction charges for the years 1931 and 1932 on Indian irrigation projects; and

S. 4597. An act to restore to their former retired status in the Regular Army of the United States persons who resigned such status to accept the benefits of the act of May 24, 1928 (45 Stat. 735), and for other purposes.

On January 27, 1933:

S. 5131. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Cannelton, Ind.; and

S. 5232. An act to extend the time for completing the construction of a bridge across the Missouri River at or near St. Charles, Mo.

On January 30, 1933:

S. J. Res. 240. Joint resolution to provide for the quartering, in certain public buildings in the District of Columbia, of troops participating in the inaugural ceremonies.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed, without amendment, the bill (S. 5484) to extend the time during which certain provisions of the act of February 27, 1932, relating to improving the facilities of the Federal reserve system to meet the needs of member banks in exceptional circumstances, shall be effective.

DISTRIBUTION OF GOVERNMENT-OWNED COTTON

Mr. WALSH of Massachusetts. Mr. President, if I may have the attention of the senior Senator from Connecticut [Mr. BINGHAM] while the clerk reads the telegram which I send to the desk, I will then ask the Senator a question in regard to the matter presented for consideration in this telegram.

The PRESIDING OFFICER. The clerk will read.

The legislative clerk read as follows:

BOSTON, MASS., *January 30, 1933.*

Hon. DAVID I. WALSH,
United States Senate:

Can not something be done to effect immediate passage of bill appropriating stabilization corporation's cotton holdings to use of Red Cross. Apparently everyone agrees this legislation should be passed and the only question is when this will occur. This matter has now dragged on about eight weeks. In the meantime employment at mills that might fill resulting orders from Red Cross is adversely affected and the needy to whom the articles might be distributed are suffering. Can not measure be taken to end this seemingly absolutely unnecessary situation.

WHITTENTON MANUFACTURING CO.

Mr. WALSH of Massachusetts. Mr. President, several similar telegrams and letters have reached me within the past week. I inquire of the Senator from Connecticut, who has been interested in getting action upon the bill referred to in the telegram, when we can expect to get action on this measure? Must we wait until the winter is over and this particular kind of relief is unnecessary?

Mr. BINGHAM. Mr. President, the Senator knows that I have repeatedly tried to call the matter up. The junior Senator from Utah [Mr. KING] has agreed from day to day that his motion to reconsider the vote whereby we adopted the conference report on the bill to give cotton to the Red Cross should be taken up. I see that the Senator from Utah is on the floor and that the Senator from Tennessee [Mr. MCKELLAR] is also on the floor. The Senator from Tennessee was interested in an amendment which was not retained in the bill by the conferees.

I hope very much that the Senator from Massachusetts will urge upon his colleagues on the other side of the aisle that we may get action on the conference report. As it is a privileged matter, and would not displace the appropriation bill, I wish that the Senator from Utah would move now to take up his motion for reconsideration, which, being privileged, would not displace anything, and let us get it out of the way.

I agree entirely with the Senator from Massachusetts that this is a matter of necessity; that the granting of this cotton would bring relief during the remaining days of the winter to a very great number of families, and would also give employment to those who are engaged in the making of bedding and in the making of the clothing contemplated. I hope very much that that might be done.

Mr. MCKELLAR obtained the floor.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Massachusetts?

Mr. MCKELLAR. I yield.

Mr. WALSH of Massachusetts. Mr. President, I ask unanimous consent——

Mr. MCKELLAR. Mr. President, before that is done, I will ask the Senator to let me make a statement.

Mr. WALSH of Massachusetts. I ask unanimous consent that at 4 o'clock we lay aside the pending measure——

The PRESIDING OFFICER. The Senator from Tennessee has the floor. Does he yield?

Mr. MCKELLAR. Mr. President, I prefer that the Senator postpone his request just a moment, in view of what I am going to say to the Senator from Connecticut.

The Senate passed the Red Cross cotton bill, and put into it a provision that the Farm Board should not profit by the gift of cotton for charitable purposes. I thought that was a wise provision, the Senate thought so, and we put it in the bill.

Mr. BINGHAM. I offered no objection to it.

Mr. MCKELLAR. The conferees struck it out; and, under the conference report, in addition to appropriating money for the redemption of the cotton and turning the cotton over to the Red Cross, as should be done, and should be

done speedily, it would also be provided that a certain portion of the money would go to the Farm Board.

There is probably a majority of the Members of the Senate who are opposed to appropriating any more money for the Farm Board. I am one of those Senators myself. I do not think it ought to be done; and before the Senator asks unanimous consent to take up this matter for reconsideration, I am going to prefer a unanimous-consent request myself. My request is this, that the bill be sent back to conference and the Senate conferees be instructed by the Senate to insist upon the Senate amendment cutting out any sum to the Farm Board.

Every one of us on this side realizes, I think, that this bill should be passed speedily. I myself would like to see it passed instantly. But I do not like to be bludgeoned into making an appropriation for the Farm Board in the name of charity, which, in my judgment, would do no good to the country. That is the whole question. I ask unanimous consent that the bill be sent back to conference with instructions, and I believe much time will be saved.

Mr. BINGHAM. Mr. President, I hope the Senator will permit us to vote on this question. If the Senate chooses to vote in the way the Senator has suggested, I have no objection. I do not want to take any time on it.

Mr. McKELLAR. I thought the Senator was very much in favor of getting this bill passed.

Mr. BINGHAM. I am.

Mr. McKELLAR. If the Senator is, he will accept my proposal. If he is not, he will fight for the appropriation which would go to the Farm Board. I, for one, am opposed to any further appropriations to the Farm Board, and I believe a great majority of the Senate is opposed to it. That is the only question in this case.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. McKELLAR. In just a moment. This is an indirect method of bludgeoning the Senate into voting an additional appropriation to the Farm Board, which does not need and should not have any additional appropriation.

I yield to the Senator from Oregon.

Mr. McNARY. Mr. President, I do not know what attitude the senior Senator from Connecticut [Mr. BINGHAM] may take, but for myself I object to the proposed unanimous-consent agreement. I do that, not because of any particular views I may have, but, in the absence of the senior Senator from South Carolina [Mr. SMITH], who had this matter in charge, and who is home to-day detained by illness, I would not feel that I should consent to a unanimous-consent agreement in his absence.

Mr. McKELLAR. Mr. President, I can understand the Senator's position exactly, and I do not disapprove of it in the slightest. I just wanted to show the good faith of those of us who have felt that this indirect appropriation ought not to be made for the Farm Board in any such way as that proposed. If we want to appropriate money for the Farm Board, let us appropriate it directly, and not indirectly, under the name of charity.

Mr. KING obtained the floor.

Mr. BINGHAM. Mr. President——

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Connecticut?

Mr. KING. I yield.

Mr. BINGHAM. The Senator from Tennessee has stated that a majority of the Senate agree with him. Why will he not let us vote on the matter, and get it out of the way without any further debate? The Senator accuses me of holding this matter up. I have done nothing but try to get action. I have taken no time on the matter at all. It has been postponed from day to day and from week to week, and all I am asking is that the Senate vote on it and let us see whether the Senate wants to accept the conference report or defeat it. If it is defeated, the matter will go back to conference.

Mr. McKELLAR. Mr. President, if the Senator had not been insistent upon the position——

The PRESIDING OFFICER. The Senator from Utah has the floor. Does he yield?

Mr. KING. I yield.

Mr. McKELLAR. If the Senator and those associated with him had not been insisting that, in violation of the expressed will and vote of the Senate, we must indirectly under the name of charity appropriate for the Farm Board, this matter would have been settled two weeks ago; and it ought to have been settled two weeks ago, and an agreement by the conferees of the kind that was made, in my judgment, was not justified.

Mr. KING. Mr. President, I would like to say to my friend from Massachusetts that the controversy which has delayed the passage of the measure grows out of this fact: The bill as it came from the House called for an appropriation direct out of the Treasury of the United States to pay liens and charges against the cotton amounting to about $10,000,000 or $12,000,000. There was no appropriation to the Farm Board to help liquidate the indebtedness which it had incurred. We have already appropriated $500,000,000 for the Farm Board. The bill, as it came from the House, provided an additional appropriation of approximately $10,000,000 or $12,000,000. The Farm Board let the stabilization corporation have money for the purpose of purchasing the cotton, taking, of course, the obligations of the stabilization corporation.

The stabilization corporation, after the purchase of the cotton, borrowed money upon the cotton which comprehends probably 80 to 90 per cent of the present market value of the cotton. So the Farm Board has an equity, after all these liens are discharged, of from 10 to 20 per cent. The Farm Board and the friends of the Farm Board are very anxious to get another appropriation out of the Treasury to relieve it of paying the charges and liens against the cotton. I was unwilling and the Senate was unwilling to make another appropriation to the Farm Board. We were perfectly willing—I speak for myself and the Senator from Tennessee——

Mr. WALSH of Massachusetts. And I am with the Senator on that matter.

Mr. KING. We were willing that the cotton should be used for the purpose indicated, but we insisted that the Farm Board should itself pay the charges and not tax the taxpayers of the United States an additional $10,000,000 or $12,000,000. When that matter was brought to the attention of the Senate, the Senate accepted an amendment offered by the Senator from Tennessee, with a slight modification which I had the honor of submitting, and it was unanimously adopted. The able Senator from Connecticut [Mr. BINGHAM] accepted the amendment. It went to conference and the conferees—and I make no criticism at all—reported back promptly disagreeing to the Senate amendment. I do not believe the Senate conferees quite comprehended the significance of the action of the Senate or the amendment which had been incorporated in the bill by the vote of the Senate.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. KING. Certainly.

Mr. WALSH of Massachusetts. The Senator has made a very fair statement of his position. Will not the Senator agree that at 4 o'clock we shall lay aside the appropriation bill temporarily and take up this matter and have a roll call upon his motion and dispose of it one way or the other?

Mr. KING. I have no objection.

Mr. WALSH of Massachusetts. Let us do that and show the country that we can function occasionally; that a few Senators can not hold up indefinitely a relief measure.

Mr. KING. I do not quite like the Senator's suggestion, if he will pardon me, that a few men can hold up indefinitely relief measures. In the first place, I showed from the record that out of the 500,000 bales of cotton which we had heretofore appropriated, the cost of which was $40,000,000, only about 64,000 bales have been requisitioned, and the residue of the 500,000 bales of cotton are still under the

control of the Red Cross. They have not requisitioned them. It is true they have made commitments for the larger part, but the demands have not been so great as to compel the requisitioning of the entire 500,000 bales of cotton.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. KING. In just a moment. After having given $40,000,000 to the Farm Board, after they had obtained $500,000,000 and squandered more than $300,000,000, the proposition is to give them $10,000,000 or $12,000,000 more in order to pay debts which they should pay themselves. I am perfectly willing to pass the bill with the amendment. The Senate adopted a provision allowing the Farm Board to deliver the cotton to the Red Cross, but let the Farm Board pay the charges and liens which it has incurred on the cotton.

I yield now to the Senator from Connecticut.

Mr. BINGHAM. One of the things which the bill does, which the previous bill did not do and which is greatly needed at the present time, is to permit the cotton to be used for bedding, for making blankets and comfortables which are needed this winter. The previous bill, in the opinion of the Red Cross and their attorneys, did not permit the cotton to be used for that purpose. That is one reason why there is haste in the matter.

While the Senator has been so courteous as to yield to me, may I say that I have no interest in the Farm Board or its machinations or dealings one way or the other. My only interest from the beginning has been to try to get the cotton where it could be had by people who are suffering. I hope very much the Senator will yield for the agreement suggested by the Senator from Massachusetts.

Mr. KING. Let me ask the Senator a question. The amendment to which the Senator just referred and which provided that the cotton might be utilized for making bedding was eliminated in conference, was it not?

Mr. BINGHAM. The language "bedding" is in the House bill. It was not believed that the language which the Senate put in, consisting of the words "comfortables and blankets," was necessary since those articles are included in the term "bedding."

Mr. WALSH of Massachusetts. Mr. President, I think the Senator from Utah has made a very fair statement and I think that an opportunity ought to be given him to move that the bill be recommitted. He has made a forceful argument in favor of that position, but I would like now to ask unanimous consent that the pending measure be temporarily laid aside at 4.30 o'clock this afternoon and that the measure to distribute Government cotton to the Red Cross be taken up and disposed of before we conclude business to-day. I ask unanimous consent to that end.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts?

Mr. GORE. Mr. President, I have no desire to delay the consideration of the bill appropriating additional cotton for the Red Cross. I think one of the dangers implied in it is clearly revealed by the statement just made by the Senator from Connecticut. In addition to clothing heretofore authorized, the bill includes bedding. No one can foretell what additional articles will be included in future legislation. When we start this movement there is no stopping place. I shall have some further observations to make on this point when the bill comes up for passage. I object to its consideration at this time, and I object to the unanimous-consent request of the Senator from Massachusetts.

Mr. WALSH of Massachusetts. That closes the matter. I call for the regular order.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Massachusetts?

Mr. GORE. I have already objected. I do not think the Senate ought to be coerced into extending charity to the Farm Board as a condition precedent to extending charity on behalf of the suffering women and children of the country.

The PRESIDING OFFICER. Objection is made.

DEBTS, PUBLIC AND PRIVATE

Mr. GEORGE. Mr. President, I ask unanimous consent to have inserted in the RECORD an article appearing in the New York Times of January 29, 1933, by Mr. Charles Merz on Debts, Public and Private.

In connection with that article I wish to read for the RECORD a brief extract from a statement submitted by Mr. Charles G. Moses, one of the officers of the West End Association of New York City, a well-known New York realty man, dealing in a very practical way with the mortgage indebtedness, in this instance upon city property. Mr. Moses enumerates several methods which he considers worthy of adoption, among which was this one:

> A scaling down in the amount of the principal sum of the mortgage to a point where the owner can finally save at least some of his equity.
>
> "The last named," he explains, "may seem a bit drastic, but it is in line with a general tendency to reduce overcapitalized funded debt, and will, in my opinion, help to make secure the interests of stock and bond holders, policyholders, and depositors far better than attempting to force liquidation of hundreds of millions of dollars of property in a market that does not exist."

The entire article is illuminating, but I shall not ask to have it inserted in the RECORD beyond the brief excerpt which I have read.

Mr. McKELLAR. Mr. President, may I ask the Senator whether or not he has asked to have printed in the RECORD the charts and formulas in connection with Mr. Merz's article?

Mr. GEORGE. No; I did not ask that that be done.

Mr. McKELLAR. I think that would be very illuminating if it could be done. The charts are the principal part of the article, as I inferred when I read it yesterday in the New York Times.

Mr. GEORGE. The charts are the basis of the article but the facts are stated in the article. I would ask, if it is consistent with the rules of the Senate, that so much of the charts be included in the RECORD as may be necessary.

The PRESIDING OFFICER. The view of the present occupant of the Chair is that under the rule that would have to be submitted to the Joint Committee on Printing.

Mr. GEORGE. I do not care to do that. I shall not ask that that be done.

The PRESIDING OFFICER. The article will be printed in the RECORD as requested.

The article is as follows:

DEBTS, PUBLIC AND PRIVATE: A VAST PROBLEM—A NEW ESTIMATE OF THE AMOUNT OF INDEBTEDNESS IN THE UNITED STATES, AND A SURVEY OF THE PROPOSALS ADVANCED FOR LIGHTENING THE GREAT BURDEN BROUGHT ABOUT BY THREE YEARS OF DEFLATION

By Charles Merz

One of the dominant questions before Congress is the problem of public and private debts contracted on a vanished scale of prices.

Undermined by three years of depression and deflation, values of every kind of property—farm land, city real estate, common stocks, plant equipment, wheat crops, stores of unused cotton—have fallen far below their levels of 1929. Meantime, interest must be paid by many borrowers on debts incurred at predepression prices.

These circumstances explain why both branches of Congress now have before them measures planned to ease the burden of the debtor. It is for this purpose that bills have been drafted to refinance farm mortgages, to liberalize existing bankruptcy laws, to facilitate reorganization of railways threatened with receiverships. Dissatisfied with such steps as these, and convinced that only a sudden rise in prices can relieve the debtor, a considerable bloc in Congress clamors for currency inflation.

The problem of public and private debt raises questions of deep importance to every group of creditors and debtors. Yet, while theories of how to proceed in the present situation can be plucked off every bush, singularly little information has been made available concerning the amount of indebtedness which must now be carried on the basis of deflated values.

The purpose of this article is to present an estimate of the total amount of this indebtedness and to outline the proposals made for dealing with different phases of the problem it involves.

THE DEBT STRUCTURE

The table at the top of the page is based on hitherto unpublished figures prepared specifically for this purpose by the National Industrial Conference Board. Statisticians of the board do not regard their present estimate as final. It may be revised as a result of later studies. Any attempt to estimate the amount

of debt outstanding encounters many difficulties, since the information available is widely scattered and must be pieced out by more or less arbitrary allowances for items to which existing records furnish no clue. In order to ascertain the principal of the debt and the annual interest charge in any year, it is sometimes necessary to infer the interest from the principal and sometimes the principal from the interest.

Two sets of figures are given in the table. The first shows the estimated domestic debt of the United States in 1922, the first year of our golden era of postwar prosperity. The second shows the estimated debt in 1929, the year which witnessed both the peak of this prosperity and the beginning of depression.

For 1922 the figure, in round numbers, is $115,000,000,000. For 1929 it is $155,000,000,000. The latter figure is much smaller than other estimates, published recently, of the amount of predepression debt which the American people have attempted to carry through a period of severe deflation. Most of these estimates are in the neighborhood of two hundred billion, and one, which has received much prominence, is as high as two hundred and thirty-four billion.

VARIATION IN ESTIMATES EXPLAINED

The discrepancy is not accidental. It is due to the fact that in these larger estimates assets or liabilities arising from the same transaction have frequently been counted twice. For example, most of these estimates include figures for urban real estate mortgages held by banks, insurance companies, and other lenders. But they also include bank loans, which are made in part on these same urban mortgages. This plainly results in double counting of some of the indebtedness outstanding. Similar duplications appear in other places.

The important point, in a compilation of this sort, is to select figures which consistently represent either the assets of the lender or the obligations of the borrower. Unless this precaution is observed—and estimates which place the domestic debt of the United States in 1929, as high as $200,000,000,000, appear to disregard it—the same debt counted both as an asset and as a liability will inevitably pad the total figures.

The estimates presented in this article are based consistently on the obligations of the borrower. The figures arrived at by this method show a net increase of $40,000,000,000 in the domestic debt of the American people during the prosperous years from 1922 to 1929. This was equivalent to a compounded increase of 4.4 per cent a year. During the same period population increased at the rate of 1.4 per cent a year and industrial production, computed on the basis of the annual index numbers of the Federal Reserve Board, increased by 4.8 per cent a year.

Debt, therefore, was increasing more rapidly than population during the golden era of prosperity before 1930, but less rapidly than industrial production. However, the rate of change in indebtedness varied widely among different groups of debtors. This will be seen if we now consider each of the five main classes of borrowers among whom the total burden of domestic indebtedness is distributed—noting in each case the changes that occurred during the period from 1922 to 1929, the amount of indebtedness now outstanding, after three years of depression, in so far as estimates are available, and the various plans for relief of each group of debtors now pending before Congress.

I. Farm debt

Estimates of farm debt are based on figures of the Department of Agriculture. They show a relatively small increase (amounting to $141,000,000) in farm mortgages between 1922 and 1929, accompanied by a larger decrease ($1,300,000,000) in other forms of farm debt.

No authoritative figures for 1933 are now available. But officials of the Department of Agriculture have estimated that the mortgage debt may have declined from $9,241,000,000 in 1929 to about $8,500,000,000 at the present time, owing largely to foreclosures. In this case the total amount of farm indebtedness now outstanding would be between eleven and twelve billion dollars.

It is clear that the farmer's present problems are not due to a large volume of debt contracted in the years immediately preceding the depression. While domestic debt as a whole was increasing by $40,000,000,000 between 1922 and 1929, farm debt actually declined by about one billion. The farmer's difficulties are due primarily to two factors—first, to a burden of debt contracted as early as 1915–1920—a 6-year period during which farm mortgages practically doubled, on land then selling at inflated values; second, to the sharp decline in the value of farm commodities since 1929, accompanied by a crippling loss of foreign markets.

THE DECLINE OF INCOME

Gross income from farm production in the United States in 1932 is estimated by the Department of Agriculture at $5,240,000,000, compared with $11,911,000,000 in 1929. In the last three years the farmer has lost nearly 60 per cent of the dollars which paid his bills in 1929, while the amount of his mortgage debt has been reduced only nominally, perhaps by as much as 7 or 8 per cent, and principally through the harsh method of foreclosure.

This is the nub of the problem of farm indebtedness. But the burden of a disproportionate decline in income and in mortgage debt is by no means evenly distributed among all farmers. More than half of the farms in the United States are wholly free of mortgage, and more than two-thirds of the remainder are mortgaged at less than half their value. This brings the farm-mortgage problem within narrower limits than the bare figures themselves suggest.

* * * * * * *

II. Railroad debt

The second great group of borrowers is composed of the railroad companies. Figures showing their funded debt are readily available in reports of the Interstate Commerce Commission. Between 1922 and 1929 this debt increased from $11,502,000,000 to $12,459,000,000. During the same period it is estimated that unfunded indebtedness decreased from five hundred and twelve millions to two hundred and fifty-one millions. Total indebtedness of the railroads was increasing during the prosperous years before 1930, but at a slower rate than the average gain either in population or in industrial production.

At the end of 1931, after two years of depression, the funded debt of the railroads amounted to $12,739,000,000—an increase of $280,000,000 since the end of 1929. No figures for the end of 1932 are now available, but it is certain that the debt has not been reduced. Meantime earnings of the railroads have been drastically curtailed. Net operating income dropped from $1,274,000,000 in 1929 to $324,000,000 in 1932—a loss of 74.6 per cent.

Of the 138 legally solvent Class I roads only 38 finished the first 10 months of 1932 without a deficit. Of the 100 which showed a deficit, 45 did not earn their operating expenses. The remaining 55 covered costs of operation, but did not earn enough to meet fixed charges. Since receivership may legally follow any failure to pay fixed charges it is a contingency which must be faced by many roads, unless earnings improve, costs are reduced, or new loans are received from public or private lenders.

THE VITAL HANDICAP

The problem is unquestionably a difficult one, but the core of it is the amount of fixed charges which must be met in the immediate future. Less than 3 per cent of the funded debt of the railroads matures in 1933 and less than 4 per cent in 1934. Nearly 80 per cent of the entire bonded indebtedness is not due for redemption until after 1941. No one can possibly foresee at the present time what the railroads will earn eight years from now, or what value the dollar will command in terms of the commodities it can purchase.

For the transportation companies therefore the problem is not one of liquidating their entire debt at present prices, but of meeting charges which fall due at a time when their earnings have been greatly depleted by loss of traffic. Two ways of dealing with this problem have been proposed to Congress.

The first is to extend additional Government credit to roads in need of it. The desirability of averting railway receiverships was one of the chief motives of Congress in establishing the Reconstruction Finance Corporation in January of last year, and during 1932 loans to the carriers amounting to $359,000,000 were authorized by this agency, with the approval of the Interstate Commerce Commission.

There are still roads that possess collateral which they can pledge with the Reconstruction Finance Corporation when they need to borrow. But there are many other roads which have largely exhausted such collateral. For their benefit it is now proposed that the reconstruction finance act be amended to permit loans to railways without collateral, upon certificate from the Interstate Commerce Commission that in its judgment the ability of the borrower is reasonably assured by its past record of earnings and its prospects for the future.

FACILITATION OF REORGANIZATIONS

The second proposal is to amend existing bankruptcy laws in order to facilitate the reorganization of railroads threatened with receiverships. As the Interstate Commerce Commission pointed out in its last report, "Much of the delay, expense, and difficulty involved in a receivership and reorganization is due to the opportunity afforded under our present laws for a minority, no matter how small, to make trouble without regard to the interests of the property as a whole." The proposed amendment would authorize reorganizations which have received the approval of the Interstate Commerce Commission, of two-thirds of the stockholders, and of holders of two-thirds of each class of claims against the road.

This proposal is consistent with the first point in the program of railway legislation advocated by Mr. Roosevelt during the presidential campaign. He then recommended "that the Government announce its intention to stand back of the railroads for a specified period, its help being definitely conditioned upon acceptance by the railroads of such requirements as may in individual cases be found necessary to readjust top-heavy financial structures through appropriate scaling down of fixed charges."

III. Public debt

The third great group of borrowers in the United States consists of public agencies—Federal, State, and local.

The indebtedness of these public authorities has followed no consistent course. Between 1922 and 1929 State and local debt increased from $7,154,000,000 to $13,452,000,000, a swift advance amounting on the average to 9.4 per cent a year. But during this same period a succession of large surpluses enabled the Federal Government to reduce its own indebtedness from twenty-two thousand nine hundred and ninety-six million to sixteen thousand seven hundred and forty-three million. Debt retirement in Washington almost offset debt expansion in the States, counties, and municipalities, with the result that the aggregate amount of public indebtedness increased only nominally—from $30,150,000,000 in 1922 to $30,195,000,000 in 1929.

Since 1929, however, the figure has mounted rapidly. It is estimated that State and local debt now stands at about $15,472,000,000, an increase of approximately 15 per cent in the last three years. Meantime the series of surpluses in Washington has ended,

and the Federal Government has been forced to borrow heavily in order to meet successive deficits and to provide funds for the Reconstruction Finance Corporation. Its debt now stands at about $20,375,000,000, an increase of 22 per cent since the end of the fiscal year 1929. The total of all public debt in the United States at the present time may thus be estimated at $35,847,000,000. This is about one-third larger than the total of both farm debt and the funded debt of the railways.

TWO COURSES OPEN

Short of default or redemption by the Federal Government of some of its obligations by the device (now proposed in Washington) of issuing new currency, there are only two ways in which public agencies can reduce the burden of their indebtedness. The first is through economies which will enable them to apply toward amortization part of the funds now used to cover current expenditures. The second is to refinance existing obligations at lower interest rates as the opportunity occurs.

There is much discussion at the present time of the possibility of such refinancing by the Federal Government. First Liberty loan bonds amounting to $536,000,000 and bearing interest at 4¼ per cent are now "callable"—that is, the Government may redeem them on three months' notice at any time it chooses. On October 15 the great fourth Liberty loan series, amounting to $6,268,000,000 and also bearing interest at 4¼ per cent, becomes callable. About 35 per cent of the entire Federal debt can thus be redeemed during the next 12 months if the Government decides to substitute new securities for old ones. In a recent message to Congress President Hoover described as "essential" the refunding of "outstanding high-interest-bearing Liberty bonds into bonds bearing a lower rate of interest."

Such action would be similar to the recent conversion by England of nearly £2,000,000,000 of her war debt, previously bearing interest at 5 per cent, into new bonds bearing only 3½ per cent—with a consequent saving to the British Treasury of £30,000,000 a year.

IV. Corporate debt

Up to the present point we have considered debts of farmers, of railways, and of public agencies amounting in the aggregate to about $55,000,000,000 at the peak of prosperity in 1929 and to about $60,000,000,000 at the present time. We now come to a fourth class of indebtedness, exceeding (at least in 1929) the total obligations of all three of these groups. This is the indebtedness of corporations.

Figures showing the bonded debts and mortgage liabilities of all corporations are given in the annual reports of the Treasury Department, Statistics of Income. But figures concerning unfunded indebtedness are not so readily obtained. The method used by the National Industrial Conference Board in preparing its estimate has been to compute the principal of the unfunded debt from the interest—the latter figure being available in the Treasury Department's publications.

By this method the total debt of corporations (other than railways) is estimated at $42,386,000,000 in 1922 and at $74,661,000,000 in 1929. During this period the average rate of increase in corporate debt amounted to 8.4 per cent a year—a more rapid rate than that shown for any other class of indebtedness we have thus far considered, except the indebtedness of State and local governments. Factors contributing to this increase included a great expansion of loans to corporations on urban real estate, loans for the extension of plant equipment and loans to investment trusts and other financial institutions which expanded so rapidly during this period.

LIQUIDATION HEAVY

No estimate can now be made of the amount of corporate indebtedness outstanding at the end of 1932. Income-tax returns for that year will not even be filed until March 15 and the Treasury Department's analysis of the debts and interest charges shown in these returns will not be published until 1934. Nevertheless, it is certain that a large amount of the indebtedness outstanding in 1929 has been written off the books, and that at many points the process of liquidation, whether voluntary or compulsory, has been carried far.

Figures compiled by R. G. Dun & Co. for the years 1930–1932 show no less than 86,590 business failures during these three years, with aggregate liabilities of more than $2,322,000,000. Loans on securities, which reached the spectacular total of $17,000,000,000 in 1929, have now been scaled down to less than $6,000,000,000. In New York City alone more than 18,000 foreclosure actions during the last three years have liquidated indebtedness on urban real estate assessed at over $1,100,000,000, and the same process of liquidation has been in progress in all parts of the country. Obligations incurred by manufacturers for such purposes as the extension of plant equipment have in some cases been readjusted through cooperative action on the part of creditors.

THE PROSPECT AHEAD

Liquidation is still under way. The financial reorganization of corporations which are not properly capitalized for a period of lower prices and smaller profits requires the reduction of fixed charges, the funding of floating debts, the conversion of maturing obligations into new types of securities, and in some cases mergers and sales of assets.

It is proposed that Congress facilitate such steps, where they are necessary, by amending the legal code which now governs corporate reorganizations. The plan is similar to that proposed in the case of the railways. Its chief purpose is to prevent a small minority of creditors from blocking reorganization in the hope of obtaining favored treatment for their claims.

Such action, favored by leaders of both political parties, was recommended by Attorney General Mitchell in his last report to Congress. He then pointed out that in many cases "the cumbersome process of corporate reorganization through equity receiverships and mortgage foreclosures affords no hopeful opportunity for speedy reorganization of going concerns, embarrassed by debt, even through agreement of large majorities of their creditors."

V. Individual debt

We come now to the last of the five main groups of borrowers. It includes individuals (other than farmers) and partnerships. With this group we complete the list. For there is no way in which people can borrow, single-handedly or collectively, except in the capacity of public agencies, corporations, partnerships, and individuals.

An approximate figure for the amount of indebtedness outstanding, in the case of individuals with incomes of more than $5,000, can be obtained from reports of the Treasury Department by capitalizing the amount of interest paid. In its compilation of the total debt the National Industrial Conference Board has added to this figure an arbitrary but reasonable estimate of the indebtedness of partnerships and of individuals with incomes below $5,000. The conclusions reached by this method show an estimated debt of $16,933,000,000 in 1922 and of $24,971,000,000 in 1929. Of the latter figure about one-half represents loans on mortgages.

METHODS OF REDUCTION

For obvious reasons it is even more difficult to guess at the present amount of indebtedness owed by individuals and partnerships, after three years of deflation, than to guess at a corresponding figure for the indebtedness of corporations. But it is clear that the same processes which have reduced one type of debt have reduced the other. Many of the casualties on Dun's list of failures have been individuals and partnerships. A large part of the reduction of loans on securities has scaled down personal as well as corporate obligations. Foreclosure of mortgages has accomplished the same end, though the process has meant for many small owners the wiping out of equities which represented years of labor.

In July of last year Congress enacted the home loan bank law, intended to relieve the mortgage situation. Bills now pending in the House of Representatives, designed to facilitate corporate reorganizations, also include provisions amending the existing bankruptcy laws in their application to individuals. The purpose of these provisions is not to release solvent debtors from payment of their obligations at the expense of the general public, but to encourage a reasonable adjustment between creditor and debtor, according to the circumstances of each case.

ALTERNATIVE POLICIES

From this summary of the debts of different groups of borrowers in the United States several conclusions may be drawn:

First. During the prosperous years before the depression the most rapid increase of indebtedness occurred in the case of corporations. Debts of railways, of partnerships, and of individuals (other than farmers) increased at a slower pace. The net debt of all public agencies practically stood still. Farm indebtedness fell slightly.

Second. Since 1929 the debt of public agencies has increased substantially. There has been some increase in the obligations of railways. Farm debt has continued to decrease slightly. Larger reductions appear to have been made in the case of partnerships and individuals and much larger reductions in the case of corporations.

Third. Within each field of indebtedness, except that of public agencies, adjustments are constantly in progress which bring fixed charges into line with a lower price level and thereby strengthen the influences making for recovery. Some of these adjustments are reached by voluntary agreement. When the creditor is less willing to compromise, they take the form of bankruptcies and foreclosures.

Fourth. Measures are now pending before Congress which would facilitate adjustments of the first sort—that is, by voluntary agreement. These measures are not planned on the theory that every private debt in the United States, no matter when and how contracted, is precisely like every other private debt. They distinguish between different groups of borrowers and, within different groups, between the merits of individual debts and claims.

* * * * * * *

The debt structure

[The interest-bearing debt, classified by borrowers—a preliminary estimate prepared by the statistical department, National Industrial Conference Board]

(In millions of dollars)

Borrowers	1922		1929	
	Principal	Interest	Principal	Interest
1. Farmers:				
Mortgages	9,100	568	9,241	554
Other debts	4,283	257	2,983	179
	13,383	825	12,224	733

The debt structure—Continued

(In millions of dollars)

Borrowers	1922		1929	
	Principal	Interest	Principal	Interest
2. Steam railroads:				
Funded debt	11,502	539	12,459	581
Unfunded debt	512	31	251	15
	12,014	570	12,710	596
3. Public agencies:				
Federal	22,996	990	16,743	690
State and local	7,154	420	13,452	801
	30,150	1,410	30,195	1,491
4. Corporations:[1]				
Funded debt	15,498	855	33,962	1,856
Unfunded debt	26,888	1,613	40,699	2,442
	42,386	2,468	74,661	4,298
5. Individuals and partnerships[2]	16,933	1,016	24,971	1,499
Total	114,866	6,289	154,761	8,607

[1] Other than steam railroads. [2] Other than farmers.

REFINANCING OF FARM MORTGAGES

Mr. GEORGE. Mr. President, before I take my seat let me say that the Banking and Currency Committee this morning had hearings upon one or more of the measures dealing with the refinancing of farm mortgages. I wish to take occasion to say that in this time of stress if the conservative element of our population is not anchored to something, the public men of this day may have occasion hereafter to regret it. There is nothing to which they can be anchored with half the assurance of the ultimate perpetuity and stability and progress of our civilization than the land of the country.

I wish to take occasion to say that I have not now the slightest sympathy for and I shall oppose to the last ounce of my power any proposal to refinance farm mortgages or home mortgages in the interest of the creditor class alone. The hour has certainly come when some one must insist that the refinancing of homes and farms must be on the basis of readjusted valuations and in the interest of the debtor as well as of the creditor. Particularly, Mr. President, would I feel it my duty to resist to the last any effort to refinance farm mortgages through direct further bounties to the Federal land banks or to the joint-stock land banks. Those institutions I would of course treat justly, but if refinancing farm mortgages is to be for the benefit strictly of the creditors and of some of the agencies in this emergency that have failed in their service, then I think it would be equally the patriotic duty of any man in public life at this hour to oppose the refinancing, as I believe it would be his duty to favor any sound scheme of refinancing if the interest of the debtor is also to be taken into account.

I want to take occasion to thank the Banking and Currency Committee for the very patient and, I hope, very helpful hearing this morning upon a bill which I had the honor to introduce in this body, as well as a bill introduced by the Senator from North Dakota [Mr. FRAZIER].

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. KING. Mr. President, I send to the desk a notice in writing of a motion to suspend the rule. Under the rules the notice must be read, and I ask that the notice now be read.

The PRESIDING OFFICER. The clerk will read the notice.

The legislative clerk read as follows:

NOTICE OF MOTION TO SUSPEND RULE

Pursuant to the provisions of Rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of Rule XVI for the purpose of proposing to the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes, the following amendment, viz, on page 16, line 16, after the word "each," to insert the following: ": *Provided further*, That no refund in excess of $20,000 shall be paid until the determination by the Commissioner of Internal Revenue of the overpayment has been transmitted to and approved by the United States Board of Tax Appeals, under such rules as it may prescribe, and the commissioner shall disallow the part thereof not so approved."

Mr. BINGHAM. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BINGHAM. What motion is now pending before the Senate?

The VICE PRESIDENT. The Senator from Nevada [Mr. ODDIE] has sent an amendment to the desk, which is pending.

Mr. ODDIE. Mr. President, I will ask that that amendment lie on the table and that the amendment of the Senator from Tennessee [Mr. MCKELLAR] may be first considered.

Mr. MCKELLAR. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Senator from Nevada withdraws his amendment temporarily.

Mr. MCKELLAR. I ask that the amendment which is pending before the Senate may be stated.

The VICE PRESIDENT. The amendment proposed by the Senator from Tennessee will be stated.

The LEGISLATIVE CLERK. On page 58, line 2, after the numerals "$19,000,000," it is proposed to insert the following: ": *Provided*, That no part of the money herein appropriated shall be paid to any company for carrying air mail under a contract with the Government in an aggregate sum exceeding 50 per cent of the amount paid by the Government to it at the present time."

INFLATION OF THE CURRENCY

Mr. THOMAS of Oklahoma. Mr. President, I desire at this point to call the attention of the Senate to a news item that appears in to-day's Washington Herald under the following heading:

Roosevelt tells advisers he'll O. K. reflation—Reported prepared to accept some kind of change in currency.

This is an article by Fraser Edwards. I ask that the entire article, which is rather short, may be printed in the RECORD at this point in connection with my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ROOSEVELT TELLS ADVISERS HE'LL O. K. REFLATION—REPORTED PREPARED TO ACCEPT SOME KIND OF CHANGE IN CURRENCY

By Fraser Edwards

President-elect Roosevelt has assured advisers he will sign a measure for controlled currency reflation, it was learned yesterday by Universal Service.

While the President elect was represented as being open-minded on the proper plan to adopt, he was said to be prepared to accept some form of currency inflation in order to raise commodity prices and ease the financial stringency of the Nation. He still is studying the question.

MAKES GLASS HESITATE

As a consequence of this commitment, Senator CARTER GLASS (D.), of Virginia, according to his friends, is hesitating about accepting the post of Secretary of the Treasury, which they say has been offered to him by Roosevelt.

Currency inflation will be one of the paramount issues before the special session of Congress, all leaders concede. What form it will take no one is prepared to say at this time.

This issue has been dinned into the ears of Roosevelt by both Democratic and Progressive partisans. They say they have his promise to accept some plan worked out by the new Democratic Congress.

PLANS NUMEROUS

A number of plans have been proposed. They range from the reduction of the gold content of the dollar to the old Bryan proposal of silver at 16 to 1 and a flood of greenbacks.

The President elect has indorsed none of these plans. He is said to prefer the mildest form of inflation, a plan that can be adopted by statute and changed without difficulty if it fails to accomplish the desired results or when the desired results are achieved.

One of the men closest to Roosevelt, after discussing the currency question with him, said:

"Mr. Roosevelt said he was prepared to experiment with the currency situation. He wants a sound currency, as we all do, but he will sign a bill that will enable people to pay their debts."



PRAISED, DENOUNCED

The inflation issue was aired thoroughly during the recent debate on the Glass banking reform bill. It was advocated in different forms by a dozen Democratic and Progressive Senators. It was denounced vehemently by GLASS and others.

Because of GLASS's violent opposition to inflation, which he said would make American currency "as worthless as wall paper," his friends say he would not become Secretary of the Treasury if Roosevelt embraced the inflation policy.

Mr. THOMAS of Oklahoma. Mr. President, as I read the news item, I get the impression that the President elect, when he becomes President, will approve and sign any bill that shall provide for a reasonable expansion or reflation or addition to the amount of currency in circulation.

In this connection, Mr. President, I call the attention of the Senate to a few news stories and editorials appearing in the public press of yesterday and to-day. I first call attention to the editorial page of the New York Times of Sunday, January 29. The leading editorial is headed as follows:

Defying "Control."

I read the first paragraph, as follows:

We are hearing a great deal in this country about "regulated inflation." Nobody favors an unlimited issue of fiat money. Not even Senator BORAH would have the depreciation of the currency go beyond a certain point. The calamitous experience of Germany in printing marks until a billion or two of them were worth only a dime stands as a continuing reminder and warning before the eyes of even our extreme inflationists. But they keep on talking about the need of a large expansion of our circulating medium, though always strictly under "control" of some unspecified kind. The only assurance they give us is that somehow or other we shall "pull up" in time to prevent such complete devaluation of money as drove Germany almost to ruin and despair 10 years ago. The trouble with this theory is that when you once begin to go down the steep decline of a depreciated currency there is no stopping until you make the final crash.

On the same page I find this editorial under the following heavy heading:

Revolution undefined.

And on the same page I find another editorial under the heavy heading:

Debts and prices.

I cite these editorials, Mr. President, as evidence that the largest newspaper in America, if not in the world, is now seriously considering the question of relief and is giving particular attention to the suggestion of a reasonable inflation of the currency as a relief measure.

In support of the news story just introduced in the RECORD that the President elect is in favor of some form of reasonable inflation or reflation of the currency, I call attention to a news item in yesterday's New York Times under the heading:

Would put barter on national basis—

And the subheading:

P. P. Gourrich suggests plan to use due bill as medium for exchange of goods. Trade groups included. Economist proposes Reconstruction Finance Corporation to start scheme. Little effect on retail business seen.

I call attention next to an article in the New York Times of January 28, under the date line Princeton, N. J., and a headline reading as follows:

Barter plan wins widening interest. Princeton group, sponsor of plan, reports more than 200 units active in Nation. Movement gains daily.

Mr. President, the stories recite that in many places throughout the country, for the want of money and credit, the people are forced to resort to some form of barter plan.

I next call the attention of the Senate to an Associated Press dispatch from Bismarck, N. Dak., the headlines of which are as follows:

North Dakota may adopt scrip plan. Legislature considering two systems as emergency measure.

The Associated Press dispatch is very short, so I ask that the entire item may be printed in the RECORD at this point in connection with my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The dispatch referred to is as follows:

NORTH DAKOTA MAY ADOPT SCRIP PLAN—LEGISLATURE CONSIDERING TWO SYSTEMS AS EMERGENCY MEASURE

BISMARCK, N. DAK., January 28.—North Dakota's legislators are considering two plans to adopt scrip on a state-wide scale.

Both proposals call for issuance of scrip by the state-owned bank of North Dakota as an emergency measure to make money "easier" and aid the State's farmers in paying their debts.

A "bond currency" bill, introduced by Representative H. T. Peterson, is now before the house banking committee.

The other plan, suggested by North Dakota's State treasurer, Alfred S. Dale, is for negotiable scrip issued by the Bank of North Dakota, the State treasurer, or the treasurer of any political subdivision of the State.

Revenue stamps of 3 cents for each $1 would be affixed to the scrip with each transaction, making the scrip redeem itself in 35 transactions.

On presentation to the State treasurer or treasurer of other governing units, the certificate with stamps attached would be redeemed at the face value of the certificate in United States legal tender.

Peterson's proposal calls for issuance of noninterest-bearing bonds by the Bank of North Dakota in exchange for certificates of indebtedness of the State or any of its political subdivisions.

The bond currency would be issued by the bank on application for loans by the State or other governmental units, including counties and towns. They would remit to the bank warrants or certificates of indebtedness and be paid face value in "bond currency."

Mr. THOMAS of Oklahoma. The next news item I desire to call to the attention of the Senate is one of this date or perhaps of yesterday under the headline:

World's jobless total 30,000,000.

Loss in wages alone is put by International Labor Office at $21,000,000,000. Huge sums spent for aid. Universal reduction of hours of work to provide more employment is urged.

I call attention to another news story in one of the large newspapers under a headline as follows:

Commodity prices reach new lows.

This article is under a New York date line of January 26.

I next call the attention of the Senate to another news story in one of the late newspapers, the headings of which read as follows:

Car loadings lower in week.

I call attention to another news item with headlines as follows:

Commodity average declines for week. Has been lowered each week since year-end. London slightly lower.

Under that heading is a dispatch to the New York Times, under the date line New Haven, January 29, the first paragraph which I will read, as follows:

Prof. Irving Fisher's index number of commodity prices, based on 100 as the average for 1926, is 55.5, which compares with 56.4 a week ago, 57.3 two weeks ago, 57.4 three weeks ago, and 57.6 four weeks ago.

I submit these items of news as evidence that times are getting worse instead of getting better, and I base such conclusion upon the proposition that the dollar is going higher and higher and commodity prices are going lower and lower.

I next call the attention of the Senate to a headline in the Washington Post of Sunday, January 29. It is the leading editorial in that publication and the heading of the editorial is:

New York wants a dole.

I read the first paragraph.

No sooner had Governor Roosevelt left Albany than New York came knocking at the door of the Federal Government for emergency aid. So long as Mr. Roosevelt was in charge of New York's affairs he upheld the principle that each State should look after its own destitute people. But the new governor, Herbert H. Lehman, took one look at the $140,000,000 deficit which Governor Roosevelt had left him, and directed a plea for $45,000,000 to Washington.

On the same editorial page, Mr. President, which contains the aforementioned editorial, I find the second leading editorial with the following headline:

What they barter.

That editorial catalogues the class of barter that is now going on throughout the United States.

I next call the attention of the Senate to a news item in to-day's New York Times, the item being under a heading, as follows:

Briton urges rise in value of silver.

The subheadings are as follows:

Sir Robert Horne, in a broadcast from London, says low price perpetuates trade slump. Hopes for action here. Ex-Chancellor of Exchequer believes Britain and United States can aid recovery.

I now read from one paragraph of the story, as follows:

The man who lives on the soil can no longer buy from the manufacturer. He in his turn finds his trade so constricted that he can not meet his establishment charges, and he shuts down. Unemployment stalks like a malevolent specter alike through country lanes and city streets, and it is lasting so long that the world is almost numbed with despair.

The British Government has declared its intention to employ all reasonable measures to raise wholesale commodity prices. I shall not elaborate this matter further, because, so far as I can judge, the policy of the Government of the United States is directed to the same object.

Mr. President, inasmuch as apparently the responsible leader of the United States soon to be is now convinced that something must be done to cheapen the dollar, I desire to make plain, if I may, my position upon this question.

Mr. President, I am in favor of cheapening the buying power of the American dollar. If this can be done, to the extent that the dollar is cheapened to the same extent will commodity prices be increased.

I am not in favor of going off the gold standard; neither am I in favor of reducing the gold content of the dollar, our unit of exchange. I do not think it necessary at this time even to consider going off the gold standard; neither do I think it necessary to consider the proposition of reducing the gold content of the dollar. It occurs to me, however, that those who will stop to think must be of the conviction that no relief is possible save by raising commodity prices; and that, in my judgment, could be done only by cheapening the dollar.

I think economists and those who will stop to think for a moment are agreed that the dollar, in buying power, can be cheapened; and I now suggest three methods for bringing this about.

I suggest, first, the the Federal Reserve Board, acting through the Federal reserve banks, again begin buying Government bonds, paying for such bonds Federal reserve notes. It is true that last year the Federal reserve system did enter upon this policy. It is true that the Federal reserve system did buy some eleven hundred millions of Government bonds, paying for such bonds $1,100,000,000 in Federal reserve notes. But, Mr. President, as soon as the Congress adjourned the Federal reserve system ceased this policy, and stopped buying Government bonds; and because this policy was discontinued the circulation diminished rather than increased, and to-day we have even less money in circulation than when the Federal Reserve Board started buying Government bonds. I suggest a renewal of this policy as one plan for increasing circulation and making money more plentiful, and to the extent that money becomes more plentiful, money will become cheaper, and as money becomes cheaper commodity prices will rise.

Secondly, I suggest as an additional policy for placing more money in circulation, the encouragement of the national banks of the Nation to avail themselves of the law known as the Borah-Glass amendment, enacted as a part of the home loan banking act. If the national banks will avail themselves of this opportunity, they can practically double the amount of their circulation; and to the extent that the national banks take advantage of this opportunity, to that extent will the circulation be increased.

Then as a third proposal, Mr. President, I ask unanimous consent, out of order, to introduce a bill, and ask that it be read.

The VICE PRESIDENT. Without objection, the bill will be introduced. Is there objection to the reading of the bill? The Chair hears none, and the bill will be read.

The bill (S. 5561) to provide funds for meeting the existing and the increasing deficit of the Federal Treasury, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency, as follows:

Be it enacted, etc., That for the purpose of meeting the existing and the increasing deficit of the Federal Treasury the Secretary of the Treasury is authorized and directed to provide for the issuance from time to time of bonds of the United States as provided by law. Such bonds shall be payable 30 years from their respective dates of issue, except that the Secretary of the Treasury may, in his discretion, provide for a later period of payment of any issue of such bonds if, in his opinion, it is necessary in the public interest. Such bonds shall be in such denominations as the Secretary of the Treasury may prescribe, shall bear interest, payable quarterly, at the rate of 2 per cent per annum, and shall have all the rights and privileges accorded by law to other 2 per cent bonds of the United States: *Provided*, That the rate of interest paid upon said bonds if/or while on deposit with the several Federal reserve banks shall be an amount fixed and agreed upon by and between the Secretary of the Treasury and the Federal Reserve Board, and in no event shall such rate be more than the rate specified herein. The total amount of such bonds herein authorized and directed to be issued shall from time to time be fixed by the Secretary of the Treasury.

SEC. 2. The Secretary of the Treasury is authorized and directed to prorate any issue of such bonds among the several Federal reserve banks as per agreement with and order of the Federal Reserve Board. Each bank receiving any such bonds is hereby authorized to issue Federal reserve bank notes in an amount equal to the face value of the bonds received by it, and such bonds shall be held as collateral security for such bank notes as provided by the Federal reserve act, as amended by Public, No. 2, Seventy-second Congress, being an act to provide emergency financing facilities for financial institutions, to aid in financing agriculture, commerce, and industry, and for other purposes, approved January 22, 1932, and as further amended by Public, No. 44, Seventy-second Congress, being an act to improve the facilities of the Federal reserve system for the service of commerce, industry, and agriculture, to provide means for meeting the needs of member banks in exceptional circumstances, and for other purposes, approved February 27, 1932. Such notes shall be of such denominations (including denominations of $1 and $2) as may be authorized by the Federal Reserve Board and, except as provided in this act, shall be subject to all the provisions of law relating to the Federal reserve notes.

SEC. 3. Such bank notes shall be legal tender in payment of all debts, public and private, except where otherwise expressly stipulated by contract, and shall be receivable for customs, taxes, and all public dues. When issued by the several Federal reserve banks as provided herein, such notes shall be placed to the credit of the Secretary of the Treasury and shall be by the said Secretary of the Treasury paid out in meeting Federal salaries, public pay rolls, estimates for public works, and other special and general expenses of the Government.

SEC. 4. Upon the recommendation of the Secretary of the Treasury, the Federal Reserve Board may require the several Federal reserve banks to sell Government bonds held by such banks in order to withdraw from circulation currency herein authorized to be placed in circulation.

SEC. 5. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such amounts as may be necessary to carry out the provisions of this act.

SEC. 6. This act may be cited as the "dollar stabilization act."

Mr. THOMAS of Oklahoma. Mr. President, in support of the bill just introduced and read, I ask permission to have printed, in connection with my remarks, an article by the junior Senator from Montana [Mr. WHEELER], entitled "Democrats Must Act Swiftly or Lose Public Confidence, Warns Senator WHEELER."

The VICE PRESIDENT. Without objection, it is so ordered.

The article referred to is as follows:

DEMOCRATS MUST ACT SWIFTLY OR LOSE PUBLIC CONFIDENCE, WARNS SENATOR WHEELER

By BURTON K. WHEELER, United States Senator from Montana

Unless the Democrat Party speedily develops a leadership capable of grasping the issues involved in the recent campaign, and of giving effect to the demands of the American voters who put the party in power, the Democracy will, before another 12 months have passed, be as bankrupt and discredited as is the Republican Party and its leadership.

We were intrusted with the Government by 20,000,000 voters. They voted Democratic last November not because, in millions of cases, they were Democrats by conviction, but for a number of other reasons.

Chief among those reasons was an absolute determination to repudiate the Republican leadership which they rightly held as largely responsible for the emergency in which we are struggling.

It has been the traditional policy of the Republican Party to confer special privileges, to create privileged economic groups.

This was the real purpose of the tariff, which favors the manufacturing interest as a whole. In this great interest the special pets have been the textile manufacturers, the steel producers, and, since the war, the chemical industry.

It is significant that these special favorites of a favored group have been among the bitterest and most uncompromising enemies of the wage earners. When they could mulct the consumer by exacting exorbitant prices they have done so without conscience.

Other favored groups have been the railroads, whose land grabbing, financial chicanery, and favoritism to special groups of shippers directly caused two of the great panics of the last century. With the benediction of the Republican Party they looted the public domain.

A third carefully fostered special interest has been that of the bankers. Amenable as the Republican Party was to special privilege, the bankers for many years successfully resisted all proposals to make the banks safer for the people and more responsible to investors.

One of the direct causes of the present crisis was the iniquitous Hawley-Smoot Tariff Act, the full bloom of Republican tariff policy.

FAVORED—BUT DENOUNCING THOSE WHO SOUGHT AID

As for the railroads, in spite of all the favors extended them, or, perhaps, because of those favors, many of them are bankrupt today, many others are near it, and hundreds of thousands of investors are in danger of losing their savings.

I need not amplify the astounding story of reckless greed, crime, and irresponsibility exhibited by the banking fraternity during and since the war.

They financed the insane speculative mania that crashed into ruin in 1929.

Since then they have busied themselves in cutting wages and salaries, throwing millions of helpless workers out of employment.

While they were getting special favors at the hands of the United States they were constantly denouncing any other group that sought legislative assistance.

But immediately after the stock break of 1929 we find them coming to the United States on bended knees, begging for the Reconstruction Finance Corporation to save the banks, insurance companies, and railroads from bankruptcy.

This, the bankers pretended, would likewise bring back the price of farm commodities in this country.

Such are a few of the choicer fruits of Republican Party policy. These fruits, that policy, were repudiated with overwhelming emphasis last November by 20,000,000 American voters. The repudiation took the form of hurling the Republican Party from power and placing the reins in the hands of the Democratic Party.

But the reins were given us with the expectation, or at least with the hope, that we would justify the change made by the voters and the confidence they placed in us.

Are we justifying that hope? Are we strengthening the confidence?

We are doing neither one nor the other.

Members of the party spent the first few weeks following the election in devising schemes to avoid a special session of Congress.

We were put in power to grapple with this crisis and most emphatically to mitigate its rigors. It was expected we would proceed with this task at the earliest possible moment.

There should have been no question in the mind of any Democrat in or out of Congress that a special session is imperative.

The leadership which fails to understand this has already failed and merely awaits the inevitable sentence by the people.

While there was a plank in the Democratic platform which talked about "sound money" there was no one on the committee or in the convention who could tell you what sound money meant.

By reason of the depreciated currencies in other countries the first step that should be taken by the newly elected Democratic Government is to grapple with the money situation so as to make it possible for us to carry on trade in the world markets.

Are we as Democrats simply going to offer some bauble to try to fool the people? Or are we going to find the courage to face the facts as they exist and rearrange our money system so that we can deal with other nations that are off the gold standard? Or are we going to allow England and France to regulate our money system?

France did not consult us when it depreciated the franc. England did not consult us when it went off the gold standard. Yet many Democrats are saying we dare not regulate our own system until we have consulted the bankers of England and France.

The Republicans have been making a great clamor at the insistence of their banker friends about balancing the Budget. What does our leadership do about it? Absolutely nothing beyond carrying on the foolish and impossible policies of the Republicans.

We have not heard a single original contribution from Democratic leadership about Budget balancing. We seem quite willing to join the Republicans in another and more disastrous attack upon wage and salary scales, which the Republican-banker conspiracy insists must be slashed in the interest of what they advertise as "economy" and is, in reality, economic and social suicide.

We are committed to a "beer bill." Some such measure should undoubtedly be enacted this session because our party pledged it. But the sort of measure pending will not restore the beer the people demand and for that reason it will not provide a substantial contribution toward the national revenue.

We are committed to "farm relief." On this it is too early to speak finally.

UNEMPLOYED VICTIMS HAVE RECEIVED NO COMFORT

But nothing yet offered by the Democratic leadership in Congress will add a penny to the farmers' incomes or do a single thing toward stopping the ruinous deflation that overwhelms agriculture.

And what of the 12,000,000 unemployed wage earners? What of the hundreds of thousands of home owners who are faced with the loss of their homes? What of the millions of destitute, cold, and hungry men, women, and children in the land? What of our idle factories, mills, and mines?

Has our Democratic leadership said anything helpful about these? Not a word. Have these victims of a cruel emergency received any comfort from us? Not a crumb.

It is my considered opinion that unless the Democratic Party recognizes its responsibility as its opportunity, unless it grasps that opportunity swiftly, firmly, and courageously, it is doomed and will be destroyed by an angry and outraged America.

TREASURY AND POST-OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The VICE PRESIDENT. The question is on the amendment of the Senator from Tennessee [Mr. McKELLAR].

Mr. JOHNSON. Mr. President, I have asked the Senator from Tennessee if he would permit me to proceed with an amendment to which I hope there will be no particular objection.

The VICE PRESIDENT. Does the Senator from Tennessee withdraw his amendment?

Mr. McKELLAR. Temporarily, until the amendment of the Senator from California can be disposed of.

Mr. JOHNSON. Mr. President, on the 11th day of January last I gave regular notice in writing, according to the rules, that I should move for a suspension of the rules to permit the particular amendment to which I advert to be introduced and to be heard by the Senate. That amendment I desire to perfect; but first, I think, if it be considered to be new legislation, not germane to the subject matter of the bill, that it will be essential for me to obtain the consent of two-thirds of the body to present the amendment.

I desire to say, by way of parenthesis, that in my opinion the legislation presented is germane to the bill, and does not require any such procedure; but in order to be on the safe side the notice has been regularly given. It is printed in the RECORD of January 11 at page 1642, and I am ready to proceed with it.

Mr. McKELLAR. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Tennessee?

Mr. JOHNSON. I yield to the Senator from Tennessee.

Mr. McKELLAR. Will the Senator state what the proposed amendment is? I have not been able to get a copy of it and have not read it.

Mr. JOHNSON. The amendment is to require the purchase of domestic supplies for public use and the use of domestic material in public buildings and works.

Mr. WALSH of Massachusetts. The so-called "Buy American" bill.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator a question?

Mr. JOHNSON. Yes, sir.

Mr. ROBINSON of Arkansas. Is the Senator proposing the amendment that was presented by himself on January 10 (calenday day of January 11), 1933, or is he proposing to substitute something for that amendment?

Mr. JOHNSON. I desire to substitute for it what is termed the Wilson bill, that has passed the House of Representatives.

Mr. ROBINSON of Arkansas. I have sent for a copy of that bill. I have not been able to get it yet.

Mr. JOHNSON. If it would suit the convenience of the Senate, it might be that we could proceed by permitting the presentation of the amendment and its perfection, and then it could lie over until to-morrow if it were desired.

Mr. ROBINSON of Arkansas. I think that would be well.

Mr. McKELLAR. I hope the Senator will take that course. I believe it would be better, as I have not looked at the amendment, and other Senators around me say that they have not.

Mr. JOHNSON. Very well.

Mr. MOSES. Mr. President, if the Senator will yield, may I suggest that in any event it probably would be better to have a vote upon the motion which the Senator has filed for the suspension of the rules in order that the way may be perfectly clear for whatever course is taken.

Mr. JOHNSON. I am perfectly willing to proceed in that fashion, then perfect my amendment, and let it lie on the table, so that any Senators who may desire to study it may have ample opportunity.

Mr. McKELLAR. So that it could be printed to-night and be on the desks to-morrow morning for the use of Senators.

Mr. JOHNSON. I have no objection at all to that course, sir.

Mr. BINGHAM. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Connecticut?

Mr. JOHNSON. I yield.

Mr. BINGHAM. Is the amendment, in its perfected form, to be the equivalent of the bill which was recently reported out of the Committee on Commerce with amendments?

Mr. JOHNSON. Yes, sir; that is exactly the amendment which I desire to present.

Mr. BINGHAM. That bill is now on the calendar.

Mr. JOHNSON. It is on the calendar; but the danger of never reaching it upon the calendar has led me to pursue this course.

Now I ask that the motion to suspend the rules may be put.

The VICE PRESIDENT. The Senator from California moves to suspend the rules for the purpose of offering the amendment which will be stated—or does the Senator desire to have it stated?

Mr. JOHNSON. No; I will state it subsequently.

Mr. KING. Mr. President, what is the motion?

The VICE PRESIDENT. It is a motion to suspend the rules so as to make the amendment in order.

Mr. JOHNSON. So that the amendment may be in order without question.

Mr. KING. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. If the motion just submitted by the Senator from California shall prevail, will that obviate the necessity of obtaining a two-thirds vote?

The VICE PRESIDENT. It will take a two-thirds vote to adopt it.

Mr. McKELLAR. It takes two-thirds now. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator will state it.

Mr. McKELLAR. Does it take a yea-and-nay vote to determine the two-thirds?

The VICE PRESIDENT. It is not necessary, but any Senator may demand the yeas and nays.

Mr. McKELLAR. I understand that.

The VICE PRESIDENT. The Chair might want it. The Chair does not know at present.

Mr. JOHNSON. I ask that the motion be put.

Mr. ROBINSON of Arkansas. Mr. President, I do not know the provisions of the amendment. I am not familiar with it. I wonder if the Senator would suggest the absence of a quorum, in order that all Senators who are interested in it may have an opportunity of being here.

Mr. JOHNSON. I should be very glad to do that, Mr. President; but I thought the other course would answer the purpose of permitting us to perfect the amendment, let it lie upon the table then until to-morrow, and then it would be printed, and all would have the opportunity to see it. Will the Senator permit that course, please?

Mr. ROBINSON of Arkansas. I shall not object to it.

Mr. GORE. Mr. President, I am not quite sure that I understand what is proposed. I do not wish to obstruct the consideration of this "buy-American" scheme, and I should be perfectly willing if it could be arranged by the Senator from California to perfect his amendment; but I should not be willing to have the rules suspended by a mere viva voce vote.

Mr. President, I may want to offer some amendments to this proposition myself. I may wish to offer amendments providing that no State shall buy anything that is not produced within the State, and that no county shall buy anything that is produced outside the county, and that no farmer shall be allowed to buy anything at all or sell anything that he grows on his farm, and also to offer a motion that the American eagle shall be displaced as the emblem of the Republic and a terrapin be substituted in its stead—a terrapin closed up in its shell and hermetically sealed. If trade is a curse let us stop it.

Mr. JOHNSON. Mr. President, ample opportunity for those very intelligent amendments will be afforded the Senator from Oklahoma, of course; but the only thing that is asked now is that permission be given for the presentation of the amendment. We will argue it out subsequently, and be very glad to argue it out subsequently. I thought there was nothing unusual in the request that the two-thirds consent may be accorded for the presentation of the amendment. The amendment will be presented, it will lie upon the table, and to-morrow, if it can then be reached, will be reached with full opportunity accorded every Member to present his views respecting it and any amendments that he may desire.

Mr. KING. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. Does it require suspension of the rules, which would require a two-thirds vote, in order merely to present the amendment which the Senator from California has in mind?

The VICE PRESIDENT. The amendment may be presented at any time.

Mr. KING. I have no objection to the Senator from California presenting it and speaking upon it at length; indeed, I shall welcome the opportunity being afforded the Senator in order to explain his views. I do not wish, however, to consent to an abrogation of the rule.

Mr. GORE. Mr. President, I wish to express the same sentiment. I am anxious to facilitate the presentation of the amendment. I am sure the Senator from California has every facility for doing that. The only point is, I do not wish the rules of the Senate to be suspended. They could be suspended by a two-thirds majority, but possibly there would be a third who would prevent that. If so, I should not wish the matter to be passed over without an expression of the views of the Senate.

Mr. ODDIE. Mr. President, will the Senator from California yield to me?

Mr. JOHNSON. I yield.

Mr. ODDIE. The Committee on Appropriations considered an amendment quite similar to the one suggested, which was to have been offered on the floor by the Senator from South Carolina [Mr. BYRNES]. The Senator from South Carolina, however, and the Senator from California, have discussed the amendment, and I believe the differences between the two bills have been ironed out, and the understanding is that the amendment of the Senator from California will be the one the committee will approve. I hope the motion of the Senator from California will be carried. I think it is a very necessary thing.

Mr. ROBINSON of Arkansas. Mr. President, I suggest to the Senator from California that he offer his amendment perfected, that it be then discussed, and perhaps an agreement can afterwards be reached. I suggest that the question of the suspension of the rules be taken up afterwards.

Mr. JOHNSON. I think it is absolutely essential that we have at this time permission for its presentation by a suspension of the rules, if that be necessary.

Mr. ROBINSON of Arkansas. My idea is that the Senate can suspend the rules if it chooses to do so after it understands just what the proposition is. I should prefer to have the Senator pursue the course I have suggested.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. JOHNSON. I yield.

Mr. TYDINGS. I do not want to do anything to delay the Senator's request, but I do know that four or five Senators who are in line with the general philosophy of his amendment are absent, and I was wondering whether the Senator would yield for the suggestion of the absence of a quorum, so that an amendment might be offered if any one wishes to offer one.

Mr. JOHNSON. It will not be necessary, because I will adopt the suggestion of the Senator from Arkansas. I will perfect the amendment, with the consent of everybody, the amendment may be printed, and to-morrow, if it be necessary, we will take up the question of the consent of two-thirds to the presentation of the amendment, if that be required. With that understanding I present a modification of the amendment that is found printed at page 1572 of the CONGRESSIONAL RECORD of the session dated January 11, 1933, and I ask that it be printed, and to-morrow, if opportunity presents, I will make the motion for the suspension of the rules if it be essential, and then proceed with the amendment, if we can do it, upon the bill.

Mr. WALSH of Massachusetts. Mr. President, for the sake of the RECORD, may I inquire whether the amended bill the Senator is now presenting contains the amendments which I offered for certain interests and certain producers?

Mr. JOHNSON. Yes; two of them.

Mr. BLAINE. Mr. President, does the Senator's proposed amendment textually follow House bill 10743, reported by the Committee on Commerce?

Mr. JOHNSON. Yes. There are, however, a few brief amendments, which have been presented in conjunction with the Senator from Massachusetts, the Senator from Connecticut, and various others.

Mr. JOHNSON's amendment, intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, was ordered to lie on the table and to be printed, as follows:

On page 87, after line 15, insert:

"TITLE V

"That when used in this title—

"(a) The term 'United States,' when used in a geographical sense, includes the United States and any place subject to the jurisdiction thereof;

"(b) The terms 'public use,' 'public building,' and 'public work' shall mean use by, public building of, and public work of, the United States, the District of Columbia, Hawaii, Alaska, Puerto Rico, the Philippine Islands, American Samoa, the Canal Zone, and the Virgin Islands.

"SEC. 2. Notwithstanding any other provision of law, and unless the head of the department or independent establishment concerned shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, shall be acquired for public use. This section shall not apply with respect to articles, materials, or supplies for use outside the United States, or to be used for experimental or scientific purposes, or if articles, materials, or supplies of the class or kind to be used, or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in commercial quantities and of a satisfactory quality.

"SEC. 3. (a) Every contract for the construction, alteration, or repair of any public building or public work in the United States shall contain a provision that in the performance of the work the contractor, subcontractors, material men, or suppliers, shall use only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, except as provided in section 2: *Provided, however,* That if the head of the department or independent establishment making the contract shall find that in respect to some particular articles, materials, or supplies it is impracticable to make such requirement or that it would unreasonably increase the cost, an exception shall be noted in the specifications as to that particular article, material, or supply, and a public record made of the findings which justified the exception.

"(b) If the head of a department, bureau, agency, or independent establishment which has made any contract containing the provision required by subsection (a) finds that in the performance of such contract there has been a failure to comply with such provisions, he shall make public his finding, including therein the name of the contractor obligated under such contract, and no other contract for the construction, alteration, or repair of any public building or public work in the United States or elsewhere shall be awarded to such contractor, subcontractors, material men, or suppliers with which such contractor is associated or affiliated, within a period of three years after such finding is made public.

"SEC. 4. This act shall take effect on the date of its enactment, but shall not apply to any contract entered into prior to such effective date."

Mr. BRATTON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BRATTON. Has disposition been made of all committee amendments?

The VICE PRESIDENT. All except the economy amendment, and that is to go over until all individual amendments have been disposed of. All the committee amendments have been disposed of with that exception.

Mr. McKELLAR obtained the floor.

Mr. BYRNES. Mr. President, will the Senator from Tennessee permit me to offer an amendment, as to which I know there will be no controversy, simply to perfect language?

Mr. McKELLAR. I yield.

The VICE PRESIDENT. The Senator from Tennessee yields to the Senator from South Carolina so that he can present an amendment, which will be read.

The LEGISLATIVE CLERK. On page 65, line 15, after the word "the," the Senator from South Carolina moves to insert the words "President or of the," so as to read:

(b) For the maintenance, operation, and repair of any Government-owned motor-propelled passenger-carrying vehicle not used exclusively for official purposes; and "official purposes" shall not include the transportation of officers and employees between their domiciles and places of employment, except in cases of medical officers on out-patient medical services and except in cases of officers and employees engaged in field work the character of whose duties makes such transportation necessary and then only as to such latter cases when the same is approved by the head of the department or establishment concerned. The limitations of this subsection (b) shall not apply to any motor vehicles for official use of the President or of the heads of the executive departments.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. BINGHAM. Just a moment.

Mr. BYRNES. Mr. President, the amendment would simply place the automobiles of the President in the same class with automobiles of the Members of the Cabinet, exempting them from the provisions limiting the amount to be spent for maintenance and operation of official cars.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, I now offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The LEGISLATIVE CLERK. On page 58, line 2, after the numerals "$19,000,000," the Senator from Tennessee proposes to insert the following proviso:

Provided, That no part of the money herein appropriated shall be paid to any company for carrying air mail under a contract with the Government in an aggregate sum exceeding 50 per cent of the amount paid by the Government to it at the present time.

Mr. McKELLAR. Mr. President, on page 58 of the bill will be found an item for the inland transportation of mail by aircraft, amounting to $19,000,000. The effect of my amendment, if it is adopted, will be to reduce that amount to $9,500,000, or to cut it in two.

Mr. President, much has been said about violating contracts. This reduction can be made without the violation of any contract. The Postmaster General has complete au-

thority in all of the contracts to reduce the route, to reduce the service, to reduce the number of ships, or to make any other change he desires to make.

I turn to page 301 of the hearings on the air mail contracts and read as follows from one of the contracts:

7. It is hereby further stipulated and agreed that this contract may be terminated whenever, in the judgment of the Postmaster General, the interest of the Postal Service shall so require, upon serving notice upon the contractor at least 45 days prior to such termination, provided that in case of such discontinuance of service, as a full indemnity to the contractor, one month's extra pay, based on the average pay for the preceding 6-month period or the full period of service, if less than six months, shall be allowed.

In the testimony of Postmaster General Brown before our committee he said that these services could be reduced. Many of the contracts provide for night flying and also for day flying. On one of the routes as many as eight services across the continent are now provided. There would be no trouble about reducing under this amendment.

Mr. President, as to the advisability of it, a Senator told me to-day, in speaking of one of these domestic air mail contracts, that the contractor, or some member of the firm, stated that really the Government subsidy was so large in his particular case that it was embarrassing.

It seems to me that with conditions as they are, and with the conditions which confront this country, we ought not to give these enormous subsidies to the aircraft companies. They certainly might be cut in two. There is no reason why they can not be cut in two.

I am not going into the subject of carrying mail by air. I have always been very much in favor of air mail. I know the Senator from Utah [Mr. KING] will recall that in 1917 or 1918, not long after I came to the Senate, I introduced and had passed a bill providing for an air mail route from here to New York, and the next year one from New York to San Francisco. The Government ran those services and afterwards transferred them to private enterprises, and they are now in the hands of private enterprises.

I remember there was very much objection to the expenditure of $100,000 for a trial air mail route between here and New York. Afterwards there was great objection to the expenditure of a million dollars. But now we are asked to pay in subsidies to air mail companies $19,000,000, and that does not include the subsidies we are paying for lighting the air routes and arranging the routes. My recollection is that it is something like $15,000,000 additional.

We are doing too much for these companies, especially in these hard times. Our Government is so badly behind in its running expenses that it seems to me to be indefensible for the Congress to appropriate these vast sums for air mail companies.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. McKELLAR. In just one moment. I want to call the attention of the Senate to just one illustration of what we are doing. There are four big lines, but the Ludington Line is not one of the four. The Ludington Line, as Senators know, runs a service from Washington to New York. That line has never been given a subsidy. Just the other day it established a new line from Nashville, Tenn., to Knoxville, and to Bristol, to Lynchburg, and to Washington, and they are getting along without subsidies. They are doing the business without Government subsidy. If a line like the Ludington Line can get along in this day of depression without a Government subsidy, it seems to me that subsidies ought to be done away with. We should not contribute, out of an empty Treasury, these vast sums of money, when many of our own people are starving, and many millions of them, some eleven million, I believe, are without employment at all. I offer this amendment for the purpose of asking the Senate at least to cut down the subsidy 50 per cent.

Now I yield to the Senator from Michigan.

Mr. VANDENBERG. I should like to ask the Senator two or three questions.

Mr. McKELLAR. I will be delighted. If I can, I shall answer them.

Mr. VANDENBERG. The first question relates to whether we have an unqualified right to change the contract.

Mr. McKELLAR. Will the Senator yield to me just a moment?

Mr. VANDENBERG. I heard what the Senator read. I simply want to ask the Senator if there is any controversy over the question whether we have it within our power to change these contracts. Is that controverted?

Mr. McKELLAR. So far as I am able to ascertain, it is not controverted in the slightest. We took the testimony of the Postmaster General on this subject, which is to be found on pages 35 and following of the Senate hearings on this very bill. He did not controvert it. He said that it could be done. They have ample authority in the contract for cutting down the services, so to speak. They have ample authority in the contract for cutting down the service, so as to make it accord with the 50 per cent reduction, and it is so admitted. I am quite sure, from reading the contract, that there is not the slightest question about the right to reduce the appropriation as provided for in the amendment.

Mr. VANDENBERG. Very well; that settles that question. I might say to my friend from Maryland that it is a question which differentiates this problem and the one upon which we were voting earlier in the day.

Let me ask another question: Would it be more practical simply to reduce the total and permit the Postmaster General to allocate the reduced total in whatever aspect he considers to be the best for the service?

Mr. McKELLAR. I am very happy that the Senator asked that question. My purpose is, if the amendment is adopted, then to offer a further amendment striking out $19,000,000 and inserting $9,500,000 in accordance therewith.

Mr. VANDENBERG. Then, another question: Would it be practical in any degree to increase air mail postage rates to a point where the service would be self-sustaining?

Mr. McKELLAR. I can not answer that question. I am inclined to think that those who desire air mail service should pay for it. But whether or not it would be feasible I do not know. In other words, the Senator knows that in all transportation the cost of the transportation can be fixed higher than the traffic will bear. We would not want to do that, because we do not want to exclude air mail.

Mr. VANDENBERG. If it were practical?

Mr. McKELLAR. If it were practical, it ought to be done, by all means, or substantially done, at all events.

Mr. VANDENBERG. If it could be done, there certainly would be no objection to the maintenance of air mail service to any extent?

Mr. McKELLAR. Indeed, not only is there no objection to it, but I think every thinking man would be delighted to have it. But it ought to stand on its own bottom, certainly to the very largest extent possible.

Mr. VANDENBERG. Then, would the Senator have any objection to adding a further clause to his amendment which would permit the contracts to continue so long as they are self-liquidating?

Mr. McKELLAR. I think that would be legislation, and I am afraid it would make the amendment out of order. I should not like to have it tacked on this amendment, but later I shall be glad to confer with the Senator about it.

Mr. VANDENBERG. That would be a fair proposition, would it not?

Mr. McKELLAR. Offhand, it would appear so.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Maryland?

Mr. McKELLAR. Certainly.

Mr. TYDINGS. The amount of the appropriation is $1,900,000. May I ask the Senator from Tennessee what is the amount of money required to meet the contracts now made by the Government?

Mr. McKELLAR. As explained by Postmaster General Brown and as the contracts themselves explain, the service could be reduced on each one of the routes.

Mr. TYDINGS. How much?

Mr. McKELLAR. Whatever the Congress would desire to fix. It is a matter under the contract entirely in the discretion of the Congress as to how much shall be paid.

Mr. TYDINGS. Suppose we wipe out the whole $19,000,000, would it be a violation of the Government contracts?

Mr. McKELLAR. I do not think so.

Mr. TYDINGS. Is there any question about it?

Mr. McKELLAR. The Senator is a lawyer, just as I am, and I will let him read the contract. This is the provision in the contract. I read from page 301 of the air mail contracts:

It is hereby further stipulated and agreed that this contract may be terminated whenever in the judgment of the Postmaster General the interests of the Postal Service shall so require, upon serving notice upon the contractor at least 45 days prior to such termination: *Provided*, That in the case of such discontinuance of service, as a full indemnity to the contractor, one month's extra pay based on the average for a six months' period or the full period of service if less than six months, shall be allowed.

Mr. TYDINGS. Under that contract I think anyone would say the Government had the right on 45 days' notice to wipe out the entire contract. I think the Senator has cleared that up. The first part of his amendment reads:

That no part of the money herein appropriated shall be paid to any company for carrying air mail under a contract with the Government that has not been declared valid by a court of competent jurisdiction.

Mr. McKELLAR. Those last words have been stricken out of the amendment as prepared and sent to the desk.

Mr. TYDINGS. What words have been stricken out?

Mr. McKELLAR. It now reads this way:

No part of the money herein appropriated shall be paid to any company for carrying air mail under a contract with the Government in an aggregate sum exceeding 50 per cent of the amount paid by the Government at the present time.

Mr. TYDINGS. In other words, the Senator is going to cut the subsidy in half?

Mr. McKELLAR. Yes.

Mr. TYDINGS. But the Senator has eliminated that portion of the amendment which would compel the airplane company to go into court and have its contract declared valid before it could get any of the money?

Mr. McKELLAR. That is true.

Mr. TYDINGS. What the Senator really does is to strike out $1,900,000 and insert in lieu thereof, in effect, $9,500,000?

Mr. McKELLAR. Yes; if the amendment is agreed to, that is what will be done.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from New York?

Mr. McKELLAR. I yield.

Mr. COPELAND. I am not as well informed as I might be regarding air mail contracts. I know more about the ocean mail contracts. I take it from what the Senator said that in these air mail contracts there are liberal provisions for cancellation. Is that true?

Mr. McKELLAR. Not only liberal, but it gives express authority to the Postmaster General to do it. In other portions of the contract it is also provided that he may reduce the number of services on the lines or routes. For instance, as Mr. Brown stated, he could do away with night flying entirely or day flying entirely. There is this difference between night and day flying. In the daytime the planes usually carry passengers, but that is not true of night flying to the extent that it is of flying in the daytime. People fly more in the daytime than they do at night.

Mr. COPELAND. I am really astonished to find that the contracts are written on a different basis than those relating to ocean mail.

Mr. McKELLAR. There is a difference, as the Senator well knows from the testimony. The air mail contracts and the ocean mail contracts are very different.

Mr. COPELAND. Of course, we could not do with ocean mail contracts what the Senator mentions, but I am anxious to have his views about air mail contracts.

Mr. McKELLAR. If the Senator will look at page 301, at the top of the page, under paragraph 7 of the air mail contracts, he will find it.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield further to the Senator from Maryland?

Mr. McKELLAR. Certainly.

Mr. TYDINGS. As I understand, the mail rate for airplane mail is fixed by law.

Mr. McKELLAR. No; it is fixed by the Postmaster General.

Mr. TYDINGS. In that event would it not be well to give the Postmaster General, along the lines of the proposition advanced by the Senator from Michigan [Mr. VANDENBERG], some authority to raise or lower the rates, as the case may be, with the idea of increasing the revenue? If the service is self-sustaining, we would not want to cut it down; but what we are trying to do is not to have money taken out of the Public Treasury for this particular service. If the Postmaster General could raise the rate a cent or two per letter and after experimenting a month or two increase the revenue, I would be glad to increase the appropriation to the extent of the increased revenue.

Mr. McKELLAR. As I said to the Senator from Michigan when he first presented the suggestion a few moments ago, I think it is an exceedingly wise suggestion, and the only reason why I am not willing to accept it on this amendment is that I am afraid it would be legislation and not in order.

Mr. VANDENBERG. Can the Senator tell me the total postal receipts from air mail last year?

Mr. McKELLAR. I have a very general recollection about it. It was about $6,000,000.

Mr. VANDENBERG. In other words, it is about one-third of the cost?

Mr. McKELLAR. Yes; just about that. I am not positive as to the figures.

Mr. ODDIE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Nevada?

Mr. McKELLAR. I have finished what I wanted to say if anyone else wishes to take the floor.

Mr. ODDIE obtained the floor.

Mr. COPELAND. Mr. President, will the Senator yield to me for a moment to ask the Senator from Tennessee a question?

Mr. ODDIE. I yield for that purpose.

Mr. COPELAND. I want to ask the Senator from Tennessee if there is any dispute as to the right of the Postmaster General to change the contract?

Mr. McKELLAR. I think not. Does the Senator mean to modify or annul it?

Mr. COPELAND. To modify it.

Mr. McKELLAR. I am certain there is no question about it.

Mr. COPELAND. I should like to have it clearly understood on the floor of the Senate that the contention is made by the Senator from Tennessee that under the air mail contracts the Postmaster General has the right to make certain modifications. I am not advised about it. I know that is not the case as regards ocean mail contracts.

Mr. McKELLAR. It is a very different kind of contract that is made with the ship companies.

Mr. COPELAND. I am anxious that those here who are interested in the air mail may be fully advised as to the situation. I myself have had a great interest in the subject because I thought it had to do with the development of aviation and I felt kindly disposed toward it; but I am in no position to defend the proposal of whether the contract shall or shall not be modified. I think the Senator from Tennessee has raised a very important point.

Mr. McKELLAR. The Senator has the contract before him. That condition prevails in the contract.

Mr. VANDENBERG. Mr. President, will the Senator from Nevada yield?

Mr. ODDIE. Certainly.

Mr. VANDENBERG. I would like to pursue the suggestion which the Senator from Maryland [Mr. TYDINGS] and I previously brought to the attention of the Senator from Tennessee. Would it be feasible and has an appropriation

ever been made in such form as to make the appropriation read something like this:

Nine million five hundred thousand dollars, and any sum in excess thereof which may be produced by revenues of the air mail.

Mr. McKELLAR. I doubt if that would be in order on this bill, and I hope the Senator will not undertake to offer it that way on the pending bill.

Mr. VANDENBERG. The thing I am trying to do, as the Senator will observe, is to permit the service to make itself self-sustaining, if it wants to expand itself on a self-sustaining basis.

Mr. McKELLAR. But remember that even if we cut it in half we are giving it probably one-third more than the revenues now produced.

Mr. VANDENBERG. I understand, and I am not quarreling with the Senator's purpose in that aspect. I am asking if we could not find a way to make it sufficiently elastic to meet a subsequent situation in which it might be made self-sustaining.

Mr. McKELLAR. I doubt if that would be good legislation under any circumstances. I understand the point the Senator makes, and I would like to pass some measure that would reach the conclusion the Senator suggests. However, I hope he will not offer it as an amendment to this particular amendment.

Mr. GLASS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nevada yield to the Senator from Virginia?

Mr. ODDIE. I yield.

Mr. GLASS. I find myself in agreement with the suggestion just made by the Senator from Michigan [Mr. VANDENBERG]. No one would object to the air mail if people who want air mail are willing to pay for it. But the last suggestion made would seem to me to involve a subsidy of $9,000,000 to begin with.

Mr. McKELLAR. Twice the amount that the air mail produces.

Mr. GLASS. Yes.

Mr. McKELLAR. Which would be, I think, too much in any event.

Mr. GLASS. I think it is a complete fad, and I have said so in the committee over and over again. It is nothing but a fad. It is not a necessity. We have the best railway mail service in the world, and if anybody finds that the best railway mail service in the world is inadequate for his particular purposes and fancy, he can resort to the day letter or the night letter of the telegraph companies, without any taxation on the people of the country, and, if he finds that that is not adequate for his purposes, he has the long-distance telephone service available to him. It is nothing but a fad, and, in my judgment, it is a wicked expenditure of the taxpayers' money in these times of dreadful necessity.

Mr. McKELLAR. Mr. President, may I say to the Senator from Virginia, in order to show what the air mail is doing to the railroads' mail business, that in 1931 we paid the railroads $111,634,000 for carrying the mails; in 1932 that amount was reduced to $103,000,000, and the bill now pending provides for the next fiscal year an appropriation of only $97,000,000. It will thus be seen that the air mail service is very much in competition with the railroads, and, of course, it costs the Government a great deal more, and I doubt if the public is benefited to any very great extent. As the Senator knows, he and I have taken the same position about it in the Committee on Appropriations for a long time, and I agree with everything he has said about the subject.

Mr. GLASS. In other words, the Government is pursuing practices that are undermining the railroads of the country and then we are appropriating hundreds of millions of dollars to save the railroads.

Mr. McKELLAR. That is right.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. The Senator from Nevada has the floor. Does he yield to the Senator from Louisiana?

Mr. ODDIE. I will yield in just a moment. I wish to give some figures which I think will be helpful. In the last two and a half years the Post Office Department has made four reductions in the rates for carrying the mail. For instance, first from $1.26 a mile to 85 cents a mile, then to 72 cents, then to 62 cents, and in November, 1932, the rate was further reduced to 45 cents a mile.

To further reduce the appropriation which the House has provided in this bill would seriously cripple the air mail service. This question has been fought on the floor of the Senate for some time past, and it has been demonstrated that the American people desire the service to be continued and improved. It has been increased to a large extent, and the Department of Commerce has done wonderful work in providing ground facilities, making flying safe, and night flying has been added. The American people are receiving a great service, which they do not want to lose.

I have many figures here which I would like to present, but I will not do so at this time. I will, however, ask to have placed in the RECORD a statement on the aircraft industry in general by the Aeronautical Chamber of Commerce of America contained in the Senate committee hearings on the Treasury and Post Office appropriation bill from page 82 to page 92, not including the illustrations. This statement gives a very good résumé of the aircraft industry generally.

The PRESIDENT pro tempore. Without objection, the statement will be printed in the RECORD.

The statement referred to is as follows:

AERONAUTICAL CHAMBER OF COMMERCE OF AMERICA (INC.),
New York City, December 9, 1932.

Hon. TASKER L. ODDIE,
United States Senate, Washington, D. C.

DEAR SENATOR: I have the honor to transmit to you herewith a memorandum on "The aircraft industry and appropriations for the fiscal year 1934." I am sending this memorandum to you in the hope that the facts stated therein may be of use to you in consideration of such aviation matters as may come before Congress.

If there is any additional information which you would like to have, please consider our organization at your service.

Yours very truly,

CHARLES L. LAWRENCE, *President.*

[Memorandum]

THE AIRCRAFT INDUSTRY AND APPROPRIATIONS FOR THE FISCAL YEAR 1934

THE FEDERAL GOVERNMENT AND THE NATIONAL AVIATION PROGRAM

(A survey of the scope, significance, and present and future mission of the national aviation structure, with particular reference to its function in the present economic situation)

NOTE.—All figures for the calendar year 1932 are of necessity estimates, based on careful study of data from what we believe to be reliable sources.

INTRODUCTION

As the time arrives for consideration of the 1933–34 National Budget a great deal of thought is being given to what amounts, in various categories, should most fittingly be allotted by the Nation through Congress to the country's aviation structure. The aspects of the Budget affecting aviation naturally are of vital concern to the aviation industry, which has developed itself and its resources in tune with the requirements of commerce and of an effective but economical national defense program.

In expressing its views of the conditions affecting the allotments for aeronautical purposes, the aviation industry recognizes fully the economic situation facing Government and business. Consideration of the economic exigencies serve only to strengthen the industry's confidence that the aeronautical establishment never was more vital to national welfare than at the present time, that its peculiar attributes are especially valuable in seeking business revival and expansion.

* * * * * * *

The aviation industry frankly hopes that the cooperation of the Government will be continued along the lines indicated:

1. Provision of air-mail compensation sufficient to assure operation of the present services, which include the highly organized passenger and express system, at their highest possible scope and efficiency, and to make necessary adjustments to increase their effectiveness where most needed. This involves the full administration of the Watres bill, approved by Congress for the development of an adequate national mail and passenger system in the service of business.

2. Assurance of the continuation of the vital services to all phases of aviation—commercial and military—as rendered by the Department of Commerce in accordance with policies initiated by Congress through the air commerce act of 1926.

3. Assurance of logical and economical procurement programs for the Army and Navy in line with the time-honored policies of

national defense, and similar to the recent 5-year procurement programs.

* * * * * * *

We feel that there are only four legitimate reasons in favor of any appropriation from the next Congress. An appropriation must—

1. Help sustain or increase employment.
2. Contribute to the recovery of general business.
3. Contribute to the economic structure of the next decade; anticipate the future economic needs of the country.
4. Assure an element essential to national defense.

* * * * * * *

How closely do allotments for aeronautical purposes meet the requirements outlined? How are aviation's requests for continued Government cooperation justified?

I. Aviation allotments and employment

We believe that the general employment situation will be influenced substantially by the provisions for the national aviation program made by the next Congress. Appropriations for the year ending June, 1932, for (1) military procurement, (2) the air mail, (3) Federal airways and allied administration totaled $79,158,531.

Outside the Government services—which include the employees of the Aeronautics Branch of the Department of Commerce, employees of the Post Office Department concerned with air mail, and the military aviation branches—there are approximately 30,000 persons making up what is designated as the aviation industry. About 6,500 are engaged in air transportation, about 9,200 in commercial and military aircraft production, about 2,300 in commercial and military aircraft engine production, and about 12,000 in miscellaneous flying services, airport operations, servicing stations, and the like. The first three categories are notably affected by the amount of Government participation in aviation. The latter category is scarcely less so. And, as will be shown, the influence of the Federal aviation program does not stop with the aviation industry itself. It reaches out into many fields.

Though numerically these groups may not compare impressively with larger industries, their importance soars in the light of their highly specialized and expert nature. The average person engaged in aviation must be specially trained, must acquire expensive experience, and must be competent to an unusual degree. Few other industries depend so much upon the capacity of the average individual.

This is due largely to the fact that the aeronautical industry still is, for the most part, in an engineering stage. The history of the automotive industries and others is being repeated in aviation. Thus, a vast amount of experimental and engineering work requiring highly trained specialists must precede anything approximating quantity production or large-scale operation with the benefit of low labor costs. Meeting high labor costs is one of aviation's problems to-day.

INFLUENCE FAR-REACHING

The extent to which the Government may influence the general employment problem is indicated by the distribution of the 1932 appropriations. Of the $41,796,231 made available for military procurement, for instance, almost half was devoted directly to labor. This was, of course, the largest single item. The same proportion applies also to the disposition of the $27,000,000 for foreign and domestic air mail. These two appropriations affect directly about 18,000 persons.

Indirectly many more are affected. The manufacturing and airline organizations spend about one-fourth of the appropriations outside their fields. The manufacturers, for instance, acquire a great deal of fabricated and raw materials from a wide variety of sources. Much of the factory's work consists of assembling parts fabricated elsewhere, another evidence of the engineering characteristic of aircraft manufacturing. The acquisition of fabricated and raw materials causes a much wider spread of Government money than appears on the surface. The same is true of the money applied to air mail. About one-fourth finds its way to the manufacturing departments of the industry in payment for new aircraft and engines, thus stimulating those branches. The balance finds its way into the gasoline and oil industries, telephone and telegraph services, and miscellaneous allied activities. Infiltration of the appropriations through many ramifications is obvious.

AVIATION PERSONNEL A NATIONAL ASSET

The basic elements of aeronautical manufacturing and air transportation are capital, mechanical equipment and engineering, and trained operating personnel. Experienced and skilled personnel are the most important and the most difficult to replace. The present staffs throughout the country represent years of intimate association with the development of commercial and military aviation. Many personnel adjustments have been made already on account of economic pressure, but many others have been made from time to time by the industry itself in the interest of greater service to commerce and to national defense. We believe it to be to the best interests of the Nation to guard against further unfavorable personnel adjustments. Conservation of personnel in aviation is conservation of a definite national asset.

II. Air transportation essential to business recovery

We believe that air transportation, which has come to be the capstone of the civil aviation industry, is indispensable to the recovery of business and to business expansion in the next decade. It is recognized as the most recent refinement in transportation. It has taken its place in the series of transportation improvements, which have included the clipper ship, the steamship, the railroad, electric car, and the bus. Not an experiment or a luxury, it already is an integral part of our economic system and any qualification of its effectiveness is as unthinkable as turning back a decade in other transportation and communication services.

Because air transportation provides speed and mobility supplied by no other medium, its development in the economic structure becomes a matter of national concern. The stringencies of the economic period merely make the investment more potent.

AIR TRANSPORTATION SUPPLEMENTS OTHER TRANSPORTATION MEDIA

Enough emphasis can not be placed, we believe, on the fact that air transportation is a supplement to other transportation media. It replaces none of them. It supplies a service which no others can supply and therefore is not a rival to any existing form of transportation. Its relations to others is similar to that between the telephone and the telegraph. The former has supplemented the latter and, as is usually the case, has stimulated its business in certain directions. Air transportation becomes another element in the transportation structure and our economic system to-day would be unpardonably backward without it. The harmonious functioning of all methods in a complete transportation service is needed to cope best with business conditions, present and future.

AIR MAIL ESSENTIAL TO AIR TRANSPORT SYSTEM

The Government participates in this new transportation function through appropriations for the air mail and for the airways system. The air mail service is and has been the heart of air transportation. Without it the air transport system could not be anywhere near as well developed as it is to-day and, consequently, any retractions from the present contracts would be reflected seriously throughout the entire aeronautical industry and by general business.

AIRWAYS ALSO ESSENTIAL TO AIR TRANSPORT

Fundamental to the maintenance of a satisfactory standard in air transport, in business and private flying, and in national defense operations is the Federal airways system, developed on the necessary interstate basis by the Department of Commerce. This national project was provided for by Congress in the air commerce act of 1926, and the reasons for it are just as sound to-day as then. The air transport system would have to suspend operations were the Federal aids to air navigation eliminated. Even a partial curtailment would threaten its effectiveness and, far more important, seriously jeopardize the safety of its operation.

In other words, commerce needs the service of air transportation and to make this possible the Federal airways, obviously, must be maintained at their fullest capacity. Failure to do so, we are convinced, would be the falsest kind of economy.

AIRWAYS A FEDERAL RESPONSIBILITY

The airways system is primarily a Federal responsibility because of the fact that State boundaries must give way to a national system if the full effectiveness of air transportation is to be achieved. The airways are the modern counterpart of the lighthouse service and other aids to shipping, traditional functions of the Government.

They constitute as real avenues of commerce up and down and across the country as the highways and the railroads. The radio communications and radio range beacons, the weather service, the beacon lights, the intermediate landing fields, and other component parts form the new channel of commerce.

SPEED, THE ALLY OF BUSINESS

The value of a developed transportation medium varies directly with the speed with which it is able to operate satisfactorily. Speed has been the main characteristic of modern business, and it was but logical that air transportation would arrive in answer to the constant demand for more and more speed. It is significant, too, that faster aircraft and more efficient operating methods have aided in increasing the speed of air transportation as use of the service grew.

Trade follows speed. Improved transportation media have played fundamental rôles in each broad period of economic development. Thus, the clipper ships, because of their ability to get about the globe faster than their rivals, enabled this country to achieve a leading position in foreign commerce early in the nineteenth century. Steamships later arrived on the scene with their superior speed, and the constant refinement in their performance has been particularly noticeable in recent years in the commissioning of record-breaking liners.

The pony express will be identified forever with the development of the West. Then came the faster railroads with which the opening up of the West was immeasurably quickened. Communication by mail was supplemented by the telegraph and that in turn was supplemented by the telephone and radio. Supplementing all other forms of transportation and communication we have to-day the air transport service.

The virtue of speed is seen in a number of basic business operations. Financial houses are among the greatest users of the air mail because it cuts down the interest charges and other losses on commercial paper by lessening time taken in transit. Quick turnover in capital is of obvious benefit to the credit market. Fast transportation also aids in quick turnover in merchandise stocks. Smaller stocks can be carried safely with the assurance that needed additions can be secured in a hurry and that fast delivery can be made to the consumer. Speed also has an important bearing in taking advantage of prices and in the intense competition imposed by changing styles. Furthermore, the economy of time means economy of money, or it can mean greater results for the outlay

invested. For instance, fast communication and transportation permit considerably extended executive control over a business territory.

The amount of additional speed which air transportation actually provides is indicated by the fact that mail, passengers, and express may be transferred from New York to San Francisco by air to-day in 27 hours eastbound, 31 hours westbound, as compared to 3 days and 12 hours by railroad, and between New York and Los Angeles in less than 23 hours eastbound, 26 hours westbound, as compared to 3 days and 11 hours by rail. Corresponding savings are made by the air lines linking Montreal and Miami, Winnipeg and New Orleans, Victoria and San Diego, Atlanta and Los Angeles. And these times are being reduced within a few months by the introduction of faster equipment.

RECORD JUSTIFIES FEDERAL SUPPORT

Though aviation, particularly air transport, is a comparative youngster in our national organization, it is able to present a formidable record in justification of the cooperation it has received from the Government and in justification of the place in the economic scale claimed for it. Furthermore, it is able to point to this record with the additional satisfaction that its services have been supplied with decreasing unit costs to the Government and to the public. This is a particularly important point in these days of economic stress.

The cost to the Post Office Department of having the air mail carried by the domestic contractors has decreased from an average of $1.09 per mile in 1929 to 80 cents per mile in 1931 and 57 cents per mile this year. The miles scheduled for air mail planes per day stood at 101,089 on September 1. This means that the air transport companies are attempting to perform their original assignments without the benefit of the compensation originally arranged.

One of the most remarkable air transport developments anywhere in the world is the foreign air mail system which has been built up under the sponsorship of the Post Office Department. This system calls for 11,000 miles of flying daily with mail, passengers, and express into Canada and south throughout Latin America. The nominal advantages of transportation by air are vastly increased in sparsely settled areas which are for the most part poorly served by ground transportation media. These services have placed an extremely effective tool in the hands of our interests engaged in foreign trade.

During the first eight months of 1932 the United States air mail planes in domestic and foreign operations flew 32,459,482 miles, carried 5,369,575 pounds of mail, 903,322 pounds of express, and 336,409 passengers.

Passenger fares have been steadily reduced. In 1929 the fares averaged about 15 cents per mile, considerably above the average rate charged by other ground transportation media. Quite naturally, time and experience were required to determine the proper rate. Scaling downward began and with the adjustments came increased patronage and expanded operations. The rate now averages throughout the country slightly more than 6½ cents per mile.

Both air mail and passengers have benefited by the constant stepping up of speed on the air lines. Though cooperation has existed between operators and the Government and between the operators themselves, there still remains a healthy competition typical of American business methods. The rates are more or less standardized; the great factor of speed with safety is the object of most intense refinement.

Furthermore, the routes have been pushed out in many directions to tap every area, so that there are more than 25,000 miles of mail airways, providing air mail service in all sections of the country. Mail planes actually land at 164 points; close coordination of operations of ground and air transport media provide the necessary connections with the air mail so that a letter dispatched in a community off the air lines will be transferred in a few hours to an air mail stop and be flown on to its destination.

Improvements have been made also in the number of times per day mail is flown over certain important routes, thus again reducing transit time by frequent pick-ups and increasing the value of the air mail service and enhancing its economic contribution.

Appropriations for the Federal airways system has enriched the country by the installation of 19,000 miles of airways lights for night navigation. More than 400 intermediate fields have been built. More than 90 radio range and radio marker beacons have been provided to guide pilots along the true airways when visual references are lacking, and 59 radio communication stations are in operation to broadcast the all-important weather information and other important data. The communication system is augmented by a far-flung system of teletypewriter machines which serve 13,000 miles of the airways. Two hundred and thirty-four meteorological stations have been established on the airways for the specific purpose of collecting and interpreting at frequent intervals the type of data useful for aeronautical purposes. There are more than 500 other weather stations providing aerological data.

CHART SHOWS GAIN

Exhibit A shows the growth of some of the main factors in air transportation. The appropriations for air mail have grown, but they have not increased as much, relatively, as have the services which they directly and indirectly account for. Air mail appropriations for 1932 were six times the amount of 1927, and air mail poundage is six times the 1927 figures. Passenger traffic has multiplied forty-one times in the same period, express ninety-six times, and miles flown annually in scheduled air transport almost ten times. In other words, for every dollar spent by Congress in furnishing air transportation many times as much return is being realized to-day as compared with 1927.

High standards in air transportation have been established under Federal supervision. Standards have been fixed also in the construction and operation of civil aircraft. Miscellaneous aviation operations, both commercial and private but outside the scheduled transport system, have ripened into effective servants of the business man under Federal supervision and leadership. The caliber of the work and personnel made possible through appropriations has a direct bearing upon the safety, business stability, and general progress in civil aviation affairs.

By-products of the Federal aviation program have reacted notably to the benefit of other activities. For instance, the exceedingly close relation between satisfactory air transport operations and the state of the weather has been responsible for the development of meteorology to a degree inspired by no other activity. Again, radio direction instruments have been perfected for operating in what used to be impossible weather.

COST TO GOVERNMENT LOW

The investment made in the Federal airways system is little enough. The actual cost of airways construction is approximately $500 per mile. Operation and maintenance averages $200 per mile per year. These facilities are available, in all their capacity for flexibility and expansion, to all phases of civil and military aviation. These figures are impressively low in comparison with the known cost of $9,000 per mile for a first-class highway.

It is especially important to note that a substantial proportion of the appropriation for domestic air mail is offset by the revenue from stamps for air mail matter.

The economic return from this investment in the airways is tremendous. Their traffic capacity is unlimited and they can be adjusted with comparative ease to accommodate changing conditions. Furthermore, what air transportation alone is able to offer the public to-day is unrivaled service of speed and mobility (that is, freedom from the limitations imposed by fixed nature and traffic characteristics of tracks and highways) right now far exceeds the return which any older form of transportation was able to offer at a comparable period in its history. This high return should be even more striking in the next decade.

Consideration should again be given in this connection to the economic significance of air transport's function as a supplement of other forms of transportation. Air transportation rounds out the transportation system. The close relationship is indicated by interchange of passengers and coordination of schedules between air lines and bus and railroad services.

III. Aviation in the economic trend

The economic trend inevitably is in the direction of increased speed. The demand for speed accounts for the automobile, the express highways, the express trains, subways, crack liners, the telephone, the airplane, and the airship. While all forms of transportation have their place, the service now being performed by air transport clearly indicates that 'n the next decade of business and industry the airplane and airship will prove particularly adaptable to the tempo and spirit of the times.

We can not escape the fact that economy of time is economy of money. For this reason it has long been a precept that mail shall travel by the fastest means of transport, as governed by conditions and necessity. This may be all air, all rail, all boat, or all dog sled, or a combination of these forms. Is it not logical to expect that air mail must occupy an increasingly important place in business of the future, and that by the same token all other forms of air transportation will likewise grow in value?

What is being built to-day, necessary and effective as it is, is at the same time an invaluable investment for the coming years. The economic life of the country in the next decade or two will derive incalculable benefit from the equipment already serving us through progressive government and private enterprise. Air transportation is an instrument by which we aid contemporary economics and coincidentally prepare wisely and solidly for the business and industrial future.

IV. Aviation industry essential for national defense

A strong civil aviation structure is a national defense asset. Civil aeronautics occupies a particularly important position in any national defense consideration because of its unique ability to supply immediately for national defense purposes both a key transportation service and a key manufacturing organiaztion.

At the same time the permanent national defense organization continues to make essential contributions to the welfare of commercial aviation. The military services have been responsible for refinements and developments in equipment, operating, and manufacturing technique, and miscellaneous branches of aviation, which have formed the basis of a great deal of the success of commercial operations. In fact, there have been a number of periods when military aviation has provided the vital stimulation to sustained commercial progress.

No other transportation system could be adapted as quickly and effectively to the requirements of national defense as the air transport organization and the associated Federal airways system. The air lines' maintenance bases, distributed strategically throughout the country, alone constitute a military asset of extremely impressive proportions. (See Exhibit B.) These are supplemented by more than 90 repair stations approved by the Department of Commerce and operated by commercial concerns. The indispensable nature of the hundreds of commercial and municipal airports throughout the country, part of the civil aviation structure, was demonstrated strikingly in the Air Corps maneuvers of 1931.

Capacity and skill in aircraft production are matters for deep concern in both military and commercial aeronautics. Since all but one aircraft manufacturing plant in this country are commercial, the civil aviation industry must be in tune with the requirements of normal times, and must be prepared to bear the brunt of tremendous and sudden expansion to meet national defense needs. The basis for capacity and skill in military production lies in the military procurement programs. Again the program of the Government works two ways at once—while equipping the military forces with essentials it is providing the civil plants with desirable business and improving their ability to supply the commercial market.

For their own sake, as well, the services need to be assured of adequate procurement programs. They keep fresh blood, so to speak, flowing into the national defense structure in the form of up-to-date equipment. They assure constant progress in types, design, and operating technique. Such planning obviously is superior to the alternative of periodic spurts of heavy buying with inevitable penalties in cost to the Government. Continuation of the methods embodied in the recently completed 5-year program is highly to be desired.

In recent years the proportion of military to commercial aircraft construction has grown, as indicated by Exhibits C and D. This is not because military procurement has increased. It is due rather to the fact that military procurement has remained fairly constant while commercial production has felt the pressure of the times. The dependence of the commercial plants on military production at the present time is obvious. The protection of these plants is essential for the sake of both their availability for national defense purposes and their ability to serve the commercial markets.

The following charts (Exhibits C and D) indicate the degree to which the commercial manufacturing industry has had to depend upon military aircraft and engine production programs in recent years. It will be noted that commercial production has dropped off while military procurement has remained fairly constant, accounting for the greatly increased proportion of the military over commercial work. Note also the steady drop in airplane and engine plants and plant employees.

V. In summary

Thus the air transport and Federal airways system and the civil manufacturing and servicing facilities constitute an indispensable element in our economic organization. They are of vital importance for their commercial services alone. But they take on additional importance in the light of the fact that while serving the needs of commerce and without extra burden they fit impressively into our national defense needs; and still more importance must be ascribed to civil aviation when its inevitable rôle in the next decade is realized. Already the modern tool for speeding up and otherwise aiding our economic life, it is certain to serve forthcoming business and industrial life even more effectively.

Therefore, we believe the Federal Government fully justified in continuing its participation along the lines already established and proven productive of high returns in the fields of commerce and national defense.

Scheduled air transport operations of American air lines

	1926	1927	1928	1929
Planes	95	144	204	619
Passengers	5,782	12,594	52,934	165,263
Air mail	433,649	1,222,843	3,632,059	7,772,014
Express	6,467	12,495	35,376	197,538
Scheduled miles flown	2,025,824	3,922,304	10,472,024	20,242,891
Employees	527	840	1,740	4,430
Number of operators	19	24	32	27

	1930	1931	1932
Planes	637	720	655
Passengers	385,910	457,753	520,000
Air mail	8,513,675	9,351,195	7,266,000
Express	286,798	885,164	1,372,000
Scheduled miles flown	28,833,967	43,395,478	51,206,000
Employees	6,350	7,000	6,500
Number of operators	35	41	42

AIRPLANES PRODUCED

Year	Military		Unit value	Commercial		Unit value
	Units	Value		Units	Value	
1925	447	$5,174,024	$11,575	268	$1,499,634	$5,595
1926	532	6,154,708	11,569	604	2,716,319	4,497
1927	621	7,528,383	12,123	1,565	6,976,616	4,457
1928	1,219	19,066,379	15,641	3,542	17,194,298	4,854
1929	677	10,832,544	16,221	5,357	33,624,756	6,276
1930	747	10,723,720	14,355	1,937	10,746,042	5,547
1931	812	12,971,028	15,974	1,582	6,655,738	4,207
First 7 months, 1932	364	6,047,105	16,612	369	1,529,231	4,144
1932, estimate	575	9,797,000		500	2,075,000	

ENGINES PRODUCED

Year	Military		Unit value	Commercial		Unit value
	Units	Value		Units	Value	
1925	(1)	(1)	(1)	(1)	(1)	(1)
1926	842	$4,080,871	$4,846	(1)	(1)	(1)
1927	1,397	6,550,533	4,689	(1)	(1)	(1)
1928	2,620	12,407,920	4,735	632	$979,600	$1,550
1929	1,861	8,600,530	4,621	5,517	17,895,300	3,243
1930	1,841	10,823,423	5,879	1,925	6,255,493	3,249
1931	1,800	10,417,718	5,786	1,955	4,148,131	2,121
First 7 months 1932	757	4,474,197	5,910	417	1,152,929	2,764
1932, estimate	1,082	6,400,000		600	1,658,400	

COMMERCIAL AND MILITARY AIRPLANE PLANTS

Year	Number plants listed	Number actually doing business	Employees
1925	44	(1)	2,701
1926	62	(1)	(2)
1927	70	(1)	4,422
1928	78	(1)	(2)
1929	101	92	16,105
1930	100	67	12,000
1931	82	46	11,500
1932	55	31	9,200

COMMERCIAL AND MILITARY ENGINE PLANTS

1925	4	(1)	(2)
1926	5	(1)	(2)
1927	6	(1)	(2)
1928	17	(1)	(2)
1929	32	30	5,977
1930	34	28	3,500
1931	31	19	3,150
1932	20	11	2,300

Mr. KING. Mr. President, will the Senator yield?

Mr. ODDIE. I yield first to the Senator from Louisiana who asked me to yield a few moments ago.

Mr. LONG. What I want to find out is this: I understand that this amendment proposes to reduce the appropriation from $19,000,000 to $9,000,000, or about 50 per cent. Is $19,000,000 what the service cost last year?

Mr. ODDIE. It cost a little more than that last year. The appropriation provided in the pending bill is a reduction from last year's appropriation.

Mr. LONG. I should like to have the attention of the Senator from Tennessee, if I may. As I understand, the Senator does not intend to cut out the air mail service altogether, but only desires to reduce the amount appropriated for that service?

Mr. McKELLAR. I merely propose to reduce it one-half.

Mr. LONG. Does any department of the Government contend that such a reduction can be made without seriously impairing the air mail service?

Mr. McKELLAR. The Postmaster General does not desire the service to be reduced at all. Instead of that, he wanted the appropriation increased from $19,000,000 to $20,000,000, but he said that there was no doubt in the world about Congress having the right to reduce it if it saw fit.

Mr. ODDIE. But he also said that the reduction suggested by the Senator from Tennessee would ruin the air mail service.

Mr. McKELLAR. Oh, no.

Mr. ODDIE. The Senator will find that, in answer to a question by the Senator from New Hampshire [Mr. MOSES], the Postmaster General made that statement in so many words.

Mr. McKELLAR. A man may be beguiled into saying almost anything when the very lovable Senator from New Hampshire is seeking to beguile him.

Mr. LONG. What did the Postmaster General say?

Mr. McKELLAR. He gave as the reason why it should not be done that he was reducing the cost per mile and enlarging the service. The Postmaster General is a very enthusiastic advocate of subsidies to mail carriers, but at

the same time he admitted that there was no question about the right of the Congress to reduce it.

Mr. LONG. The point I am making is this: I voted to cut out——

The PRESIDENT pro tempore. The Chair will inquire if the Senator from Nevada has yielded the floor.

Mr. ODDIE. I yield the floor.

The VICE PRESIDENT. Then, the Chair would like to get the question of recognition determined. The Chair recognized the Senator from Connecticut [Mr. BINGHAM] when he thought the Senator from Nevada had yielded the floor on a prior occasion. The Senator from Nevada had not yielded the floor at that time. Therefore, recognition now goes to the Senator from Connecticut.

Mr. BINGHAM. Mr. President, the amendment offered by the Senator from Tennessee will wreck commercial aviation in America; there can be no question about that. Any one who has studied the facts and figures as to commercial aviation knows that if the sum now paid by the Government to the lines carrying the mails shall be cut down arbitrarily by 50 per cent, at least 90 per cent of them will go out of business; there can be no question about that.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BINGHAM. I did not interrupt the Senator when he was speaking, and I want to say just a few words about this subject. I happen to have spent a good many years studying it, and I feel very keenly about it.

We have gradually increased our air service to cover the United States in a very remarkable manner. Some people think we have gone too fast; but, as was pointed out by the Senator from Nevada [Mr. ODDIE] a few moments ago, the amount that we pay per mile for carrying the mail has been very greatly reduced, and as fast as the Postmaster General—and he has entire access to the books of the companies—is able to find out that they are getting, in his opinion, more than they ought to get for carrying the mail, he makes a new agreement with them, and the amount per mile is reduced. He then takes the money which he saves by not paying them so much per mile as they previously received to open up other lines. As a result, Mr. President, notwithstanding the depression, the number of passengers carried in the air and the number of miles flown during the past three years have steadily increased. If we want simply to knock this industry on the head, if we want to put the companies out of business, we will adopt this amendment on the mistaken idea that it is going to save us money.

I know the Senator from Virginia [Mr. GLASS] does not believe in the air mail. He thinks that is a foolish expenditure of money and that our citizens ought to be satisfied with the ordinary mail, and, if one is in a hurry, that he should use the telegraph service. He has an entire right to that opinion, of course, and he will vote to reduce the amount; but I submit, Mr. President, if we believe $19,000,000 is more than we think we can afford to spend at this time in promoting aviation in America, while we may reduce the amount down, do not let us reduce it to such an extent as to put out of business the companies that are now carrying the mail.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Connecticut yield to the Senator from Virginia?

Mr. BINGHAM. I yield.

Mr. GLASS. The Senator knows perfectly well that $19,000,000 is not all that we spend for promoting aviation.

Mr. BINGHAM. Oh, no.

Mr. GLASS. The amount is approximately $40,000,000.

Mr. BINGHAM. We spent a great many million dollars in keeping airways lighted, in keeping airways open, and in establishing and maintaining them, through the Department of Commerce, and we do it chiefly for the benefit of the mail service. We do not give the air mail companies contracts except where airways have been opened. We have encouraged the people of this country to spend large amounts of money on airports. Many of the larger cities of the country are building very extensive and first-class airports. I see the Senator from Louisiana on his feet. I know that in his State there is now being constructed one of the best airports in the world. If we blindly slash the amount of money paid to these companies, we will put them out of business and there will be nobody to use the airports. It is the most unintelligent way of doing business.

The present Postmaster General has, and after the 4th of March the new Postmaster General, who will belong to the party of the Senator from Tennessee, will have the right to reduce the contracts as far as can be done and still keep the lines going and it will naturally be to their interest to do so; but blindly to say that no company shall receive more than 50 per cent of what it is being paid at the present time is an absolutely wrong way of proceeding unless we want to destroy the air mail and commercial aviation.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Connecticut yield to the Senator from Louisiana?

Mr. BINGHAM. I yield.

Mr. LONG. Various localities and communities, regarding this aircraft travel as a growing business, have established airports and lights and facilities in the expectation of an increase in the air mail business. I have been led to believe that $40,000,000 was a drop in the bucket as compared to the amount we spend for the Navy. We spend for the Navy several hundred million dollars a year. It looks to me as if we are cutting off the least expensive and most desirable and probably the best service from the standpoint of national defense. I think $10,000,000 is too little to talk about for this service when we are spending hundreds of millions on the Navy.

Mr. BINGHAM. Mr. President, in the first place, to promote air commerce by the carriage of the mail and by the granting of subsidies such as are granted to-day by the very flexible contracts under which the Postmaster General operates does not mean giving large amounts of money to any one company. None of those companies is paying any dividends to-day. None of those companies is able to pay any income tax. They are running on a very narrow margin, barely able to get along. In the case of a few companies carrying mail from New York to San Francisco by way of Chicago the amount received for the mail carried pays the entire cost—a subsidy, if one chooses to call it so, but actually it is not a subsidy; it is an amount paid for services rendered.

Mr. President, it may not be generally known that, under these contracts, if there is only one service, the rate is so much per mile; if there are two services per day, the rate is cut down by perhaps 25 per cent of the original rate. The Senator from Tennessee spoke about one company having eight services. I do not happen to know of any company that has eight services, but if any company has three services or more, the rate is then cut down 50 per cent of the original contract.

Mr. President, these contracts are not of a kind to permit the companies to make money. As I have said, they are barely able to meet expenses to-day. Furthermore, by keeping these companies going we are furnishing a certain amount of experience for pilots, and that is a very valuable part of the national defense. We are, furthermore, giving the industry a certain amount of business, not a great deal for there are not a great many planes involved, but it does furnish something that keeps the industry going in addition to contracts, which are constantly being reduced, for the aviation service of the Army and of the Navy.

To reduce this amount in this arbitrary fashion, blindly, is simply to put these companies out of business. They are not obliged to carry the mail. They have not that kind of a contract. They can not tell the Postmaster General a year from now, "You must pay the same amount that you are paying to-day." Within the next three months, after the new Postmaster General comes in, he can get these companies together, and he can say to them, "I do not want to pay you more than half what I am paying now." If they show him that they can not possibly run on that, he can make the amount whatever he thinks is wise and

just to keep those companies going. If he will not give them enough to operate on, then they are not obliged to operate, and they will have to go out of business; and that is what will happen to more than three-quarters of the companies.

Mr. President, the Senator from Tennessee [Mr. McKELLAR] has spoken about the experience of the Ludington Line, running from Washington to New York. It happens that that line has been able to operate fairly well, without paying any dividends, without any contract for carrying the mail. There is a line running from New York to Washington which has a contract to carry the mail. The difference between the two companies is this: The line carrying the mail has to have two pilots per plane, and has to have radio on the plane. It has to have a kind of service that seems safer to the Postmaster General. The Ludington Line has operated extremely well, and has built up a very large clientele; and in operating between the cities of Washington and New York by way of Baltimore and Philadelphia it goes over a territory where there are many millions of people living. By operating about one plane for every train operated on the Pennsylvania Railroad they succeed in getting enough passengers to keep going; but except for the line from New York to Chicago and the lines from Chicago to the Pacific coast, there is probably no other place in the country where a line can hope to run merely on the business it can secure, without aid from the United States Government.

Mr. President, I hope most sincerely that everyone interested in aviation will realize that the Postmaster General can cut the rates by agreement as fast as he learns that they are too high, and that he is doing so, and that unless we want to put commercial aviation in America out of business this amendment ought to be defeated.

Mr. ODDIE. Mr. President, a few minutes ago I referred to a question asked the Postmaster General by the Senator from New Hampshire [Mr. MOSES]. I find it on page 134 of the hearings. He said to the Postmaster General:

> Before you leave, I should like to get into the record your opinion as to the effect upon the air mail service if the appropriation is cut as proposed by the amendment offered by the Senator from Tennessee.

The Postmaster General replied:

> It would ruin it.

Mr. NORRIS. Mr. President, I do not want to be put in the attitude that one might infer I was in if he takes the position of the Senator from Connecticut when he says, "If you are a friend of aviation, you ought to vote against the amendment of the Senator from Tennessee."

I am wondering all the time, when I listen to this debate, what has become of our economy program—what has become of the desire to try to make our Budget balance. I believe, Mr. President, that I am a friend of aviation. I know that I want to be a friend of aviation. I would not want to put anything in the way of the success of the aviation business.

I have voted, and I expect to vote, against a good many appropriations where I am voting against what would be my judgment under any ordinary circumstances. If we are going to follow out the plan of economizing, that every one of us in general wants to follow out, we must vote against many appropriations that we would like to see passed and utilized in the various activities of the Government. Unless we do this, we are absolutely going to fail in bringing about the economies that all of us undoubtedly desire, and that most of us have promised to the people of the United States. We must give up some of our favorite appropriations because of the terrible financial condition in which the Government now finds itself.

I repeat, unless we are willing to do that, we might just as well throw to the winds our ideas of economy and trying to balance the Budget without issuing bonds to do so.

Maybe that would be right. Maybe we ought not to cut down any of these appropriations where any reasonable excuse can be given for their existence; but that has not been our attitude. That has not been in accordance with the promises we have been making to the people. After all, nobody believes that aviation and the carrying of the mail through the air are necessary for the upkeep of the Government. After all, when we take the clothing off this appropriation, it is a subsidy.

I am not complaining against the man who believes in that kind of a subsidy under any ordinary circumstances. Under normal conditions I would be willing to go a reasonable distance, because I should like to develop and help the aviation business, but I do not want to do it on a theory that I do not believe to be true.

We do not need the flying machine in the carrying of mails. We have facilities that we are keeping up for the carrying of mails that under any reasonable conditions are sufficient to meet the needs of the people.

The man who writes a letter in New York, and wants it delivered in San Francisco or Chicago, has, without the flying machine, a very expeditious, reasonable, and—compared to aviation—economical method of having his message carried to its destination. After all, when we clear this subject of all its disguises, it is only an indirect method of subsidizing a business. Under ordinary conditions I should feel that to a limited extent we ought to subsidize it; but that time does not exist now, Mr. President. Now we have to cut out all unnecessary appropriations if we would meet the program of economy that everybody wants to see carried out, and this is one of them.

It seems to me, no matter how much we may like it, no matter how much we may be in favor of developing the airplane and the doing of all kinds of business through the instrumentality of the flying machine, that we have reached a time here now when we can not afford to use public money to carry it on. At least, that is the way I look at it; and unless we are going to economize all along the line, I for one, am not in favor of compromising part of the way. I want every activity of the Government to bear its share of the economy that we must put into force.

Here is a place where, as far as the Government is concerned, we can economize without any injury to anyone. Admitting for the sake of argument that it will injure the airplane business, that is true almost universally. Every time we economize anywhere we will either directly or indirectly, and usually both directly and indirectly, injure to some extent, some activity of some corporation or some individual. We can not economize without doing that. If we are not going to do that, let us throw overboard the idea of economy and not try to economize and see where we come out. At least we ought not to be professing that we are going to cut these appropriations to the bone when we are talking in glittering generalities, and then, when we come to real action, forget the promises that we have made and the desire that I think all of us have to try to cut down the appropriations.

Mr. LONG. Mr. President, probably my viewpoint is actuated by a little selfishness. Down in several of our cities we have tried to extend our airport facilities. We have spent millions and millions of dollars building airport facilities in New Orleans. We have spent a large amount of money building airport facilities in Baton Rouge. We have the third attack wing of the United States Army located in Shreveport, La. A large amount of money is being spent in building airports in other places. In our State we have expended all this money in the hope and in the belief that transportation by air was a coming, and not a going, proposition.

Now we are debating over $10,000,000. I can well see that all that the Senator from Nebraska says is very logical. We ought to economize wherever we can; but we are not economizing here, Mr. President. Forty millions of dollars is all that is charged to have been spent in air work for the Army and for the Navy and for the air contracts. Suppose we cut $10,000,000 of it off: We have cut it down to $30,000,000, and we have crippled the domestic air industry of America. If we ever promote and build up and improve our air service, it is going to be done by contributing to and by expanding it domestically.

I think that our chief agency of national defense is going to be the aircraft, Mr. President; and if we are to-day spending from three to four hundred million dollars a year on the Navy, and I do not know how many millions on the Army, and planning to spend several hundred millions more on the Navy—and we are going to have to spend some of that money—I think it is the weakest kind of a thing for us to do now, with all the commercial bureaus, and the cities and the towns and the boards and the States having spent millions and millions and hundreds of millions of dollars depending upon air mail service and air transportation and the improvement of this service, to be niggardly about the thing, and to take a chance on giving this kind of service a black eye at this particular time.

Mr. ODDIE. Mr. President——

Mr. LONG. I yield to the Senator from Nevada.

Mr. ODDIE. I should like to ask the Senator if he receives many air mail letters from his home State?

Mr. LONG. Plenty.

Mr. ODDIE. And is it not a fact that these letters that come by air mail facilitate the public business, in the Senator's opinion?

Mr. LONG. I want to say, Mr. President, that I know that probably the mail I receive and the mail I send is unimportant. My constituents and other friends might be better off if they did not write me at all or if I wrote them less; but I do say that I have the feeling that the air mail which I receive constitutes part of a very valuable service.

As an example, a charge was made here in a newspaper yesterday morning requiring voluminous documents and date in order to enable me to answer it here to-day; and I was able to telephone to New Orleans, and the letter was sent by air mail in the darkness, and I had it on the floor of the Senate this morning.

I want to economize as much as anybody does; but all the leading journals and periodicals that I read—and I do not read too many—tell us that if we ever defend ourselves in another war, it is going to be a war in the air. We know that in the World War we spent millions and hundreds of millions of dollars trying to build up an air service for this country, and that after having spent all of the hundreds of millions of dollars we were a third-rate proposition in the war when it came to the air. We never were able in the great World War to cope with the aircraft of our enemies.

We have in my home State—I say this because it probably will explain my selfishness in the matter—several large concerns, none of which have air mail contracts, some of which hope maybe some day they will get some, I guess; but we have any number of persons who have interested themselves in the air service.

I hope that we will not cripple this service for the little stake of $10,000,000. It does not mean that that $10,000,000 would be thrown away. The Democratic administration is coming in, and everybody knows the Democratic Party can be depended upon not to spend too much. If the Postmaster General, or the President of the United States, who appoints him, feels that these contracts ought to be reformed, he can reform them. He is not required to carry them out if he does not want to. This provision would not require him to spend any such sum of money as is stated. But certainly to say that every contract is to be cut down 50 per cent is unwise. What kind of business would that be? Either we have sat here in this Chamber and allowed things to go on which should not have gone on or we would be making a mistake to say that every contract that has been made should be cut 50 per cent. If these contracts have been within the bounds of reason, we know that they could not be cut down 50 per cent of the amount they have been carrying without injury to the service. The Postmaster General might find in one case that the contractor has been receiving three-fourths too much, perhaps in another case would find that the contract ought to be cut out altogether; I do not know about that. But for every one of the contracts to be cut down 50 cents on the dollar would mean that if they have been anywhere within the bounds of reason—and nobody is contending that they have not been—we could not continue our air service in this country to-day.

Mr. BINGHAM. Mr. President, does not the Senator know that the Postmaster General can cut down the rates on any line?

Mr. LONG. Yes.

Mr. BINGHAM. They do not have to have the same rates on every line.

Mr. LONG. The Postmaster General can regulate these rates just as he sees fit. He can make the rate for carrying the mail by airplane from Florida to Washington one thing, and the rate for carrying the mail by airplane from New York to Washington another. He can regulate that. But I say that for us to try to regulate that matter in a haphazard way, to say that every contract is to be just 50 per cent of what it has been, is not scientific.

Mr. TYDINGS. Mr. President, granting that what the Senator from Louisiana says is so, he must bear in mind that when the Army and Navy appropriations come before the Senate an effort will be made to reduce the appropriations for those services, which are the real defense factors of the country, in my humble judgment; and if we are going to appropriate money for national defense, we should not cut down the Army and the Navy. We would better cut down the civil service or cut it out than to cut down the Army and the Navy, assuming we are making this appropriation upon the grounds of national defense.

If the Senator will yield just a moment further——

Mr. LONG. I yield further.

Mr. TYDINGS. Undoubtedly every dollar we cut off the Army and the Navy, the airplane sections of the Army and the Navy must take their proportionate amount, and certainly, from the standpoint of defense, it would be better to cut out the civil fliers than to cut down the Army and Navy fliers, who have had training in combat work, in pursuit work, in locating ships at sea, in Army maneuvers, in Navy maneuvers, in sending messages from the air to artillery, in sending messages from the air to battleships and destroyers, in scouting over the ocean. Certainly, if we must choose between cutting out one or the other, from the standpoint of national defense, it is best to cut out somewhat on the civil side than to cut our defense forces.

Mr. LONG. I am glad the Senator mentioned that, because I can show him just how wrong he is, and I am sure he will admit it.

If we had had to depend upon men who had been trained to shoot a gun in the Army, when we started out to organize the Army for the World War, we would have had a difficult task. We can depend on the American soldiers because in their private, domestic pursuits they learn how to shoot a gun. If we want to develop an air service, we are going to have to train men so they will know something about the air service. If we have, in order to train a man to run an airplane, to put him in the Army, and not build up a civilian air service, we will wind up with nobody knowing anything about a plane but a few thousand men in the Army or the Navy. We are trying to provide that the men of this Nation shall know just as much about the air as those of any other nation. We are getting some little good out of training the men in the Army, but we will get a far greater amount of good out of the expenditure of the small amount of money called for in this bill. We are asked to appropriate $19,000,000 to extend the air service, to teach people how to build airplanes, and that will result in building up our country. They are lighting the rights of way, and things of that sort.

Mr. TYDINGS. Mr. President, will the Senator yield again?

Mr. LONG. Just a moment. We are getting thousands and thousands of people to-day trained in the airplane service who never would have been in it if they had had to depend upon getting their training in the Army or the Navy. We will get soldiers to operate our airplanes out of civilian life, when the time of emergency comes. We are

not going to build up the Army in time of emergency from what we have in the regular personnel of the Army and the Navy.

I am against maintaining big armies, which we do not need if we can get a reserve organization. We are only spending $10,000,000, and we are actually accommodating the States, and accommodating the cities. They have depended upon it, and we are getting the air mail service. That is worth something, at least.

Let me make a comparison: $500,000,000 is being spent on the Navy. Now it is proposed to cut off $10,000,000 in the air service. We are spending $111,000,000 on mail contracts on the railroads. $10,000,000, when compared with $111,000,000, is not a lot of money. I do not know exactly how much is being spent on the Army, but it is many millions of dollars, and it is proposed to cripple what every writer on earth says is the one service we will have to depend upon for national defense.

Mr. TYDINGS. Mr. President, will the Senator yield again?

Mr. LONG. I yield.

Mr. TYDINGS. I would like to point out to the Senator from Louisiana that at the last session of Congress an effort was made to cut down every supply bill 10 per cent. That generally was accepted until it came to the Army and Navy appropriation bills. It was found then, as I recall, that the effort to cut down those supply bills was lost because many Senators took the position that it was not safe to cut the Army and Navy appropriation bills any farther than they were projected in the estimates sent down by the Budget and revised by the Senate and House committees.

I want to say to the Senator from Louisiana that there is a lot in what he says. I do not deny that these airplanes have certain defense value, and I, like the Senator from Nebraska, feel that in normal times I would not for one instant make the contention I have been making. But I do want to call the Senator's attention to the fact that when we get to the Army and the Navy appropriations, he will find it very difficult to effect economies in those appropriations. Unless we can make economy in services such as that under consideration, there will be no economy.

I may finally say this, that, in my humble judgment, the time is coming, even with the President performing miracles, when the new administration comes in, when every dollar this Government may possibly spare is going to be needed in a welfare program for next winter. It is not going to be easy to change the barriers and the conditions to economic recovery in a month, or six months, or a year, and if we are prudent and wise, we will look ahead and cut down on all normal activities we can, to the end that we will have money for the extremely necessary program of welfare and unemployment relief when the snows of next winter fly. Heaven knows, it has been difficult enough to get employment campaigns under way now, and when next winter comes, unless there is a business pick-up, which I hope will come, it will be much more difficult for the communities to raise their community funds.

There are airplane factories in my State, and they have begged me to vote against these cuts, and those interested in some of them are the best friends I have in the world, some of them contributed to my campaign, and many of them have worked for me. So it is very embarrassing for me to advocate these cuts. But may I say to those people back in Baltimore that, in the end, a cut now will save their business, because if we do not straighten this Government out and cut off the waste, and bring it down to a sound basis, and have some money for the unemployed and for rehabilitation, they will not have their airplane factories in the long run anyway.

Mr. BINGHAM. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. BINGHAM. In reply to what the Senator from Maryland just said, if the Senator wants merely to save money, let him cut the appropriation down to whatever he thinks it ought to be, but let us not adopt an amendment which simply would put all the companies out of business, which is what the pending amendment would do.

Mr. TYDINGS. What does the Senator mean by that?

Mr. BINGHAM. The amendment offered by the Senator from Tennessee provides that—

> No part of the money shall be paid to any company for carrying air mail under contract with the Government in an aggregate sum exceeding 50 per cent of the amount paid by the Government to it at the present time.

Mr. TYDINGS. Let me say to the Senator from Connecticut that the Senator from Tennessee, as I understand it, proposes to revise his amendment so as to carry out the Senator's intention, and strike out the words the Senator has just read.

Mr. McKELLAR. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. McKELLAR. It has been suggested that the proposed amendment be changed so as to provide as follows: To strike out $19,000,000 and to insert in lieu thereof $9,500,000, and that when the net receipts from domestic air mail exceed the sum of $9,500,000, then such excess shall be used for this purpose by the Postmaster General in addition to the said sum of $9,500,000.

Mr. LONG. The Senator means when it gets to be self-sustaining?

Mr. McKELLAR. In other words, when the receipts from the service exceed $9,500,000, in order to encourage these companies, the excess shall be used in addition.

Mr. BINGHAM. Mr. President, does not the Senator from Louisiana think that it would be just as fair to say that the money we spend on rural free delivery——

Mr. LONG. Should be cut 75 per cent? Certainly.

Mr. BINGHAM. Unless the rural free delivery pays for itself?

Mr. LONG. Yes. Why not say that the Army shall pay for itself? Why not say that the Navy shall pay for itself?

Mr. McKELLAR. Mr. President, will the Senator yield to me for a reply to what has just been said?

Mr. LONG. Yes; I yield to the Senator.

Mr. McKELLAR. The Senator from Connecticut asks why it would not be just as reasonable to make the rural free delivery self-sustaining.

Mr. LONG. On principle.

Mr. McKELLAR. I think there is a good deal in what the Senator has to say, but let me ask the Senator a question, in reply. For the last three years this Government has been behind $5,200,000,000 in running expenses, and our deficit is increasing $200,000,000 a month. Where would the Senator get the money to pay these extravagant subsidies out of the Treasury?

Mr. LONG. Does the Senator want me to tell him?

Mr. McKELLAR. I would like to have the Senator do so.

Mr. LONG. I put that all in the newspapers, and in the RECORD. The Senator failed to read it. I have explained all that.

Mr. McKELLAR. Will not the Senator tell us again? How would he do it?

Mr. LONG. That has been answered. I was accused of filibustering. I told the Senate that at great length here the last three weeks, and the Senator from Tennessee voted to stop me when I was trying to inform him; and now it develops that he did not even hear what I said, and wants me to tell him again. I will not do it. [Laughter.]

Mr. McKELLAR. I accept the Senator's explanation.

Mr. LONG. I knew that the Senator from Tennessee would be fair about it now that he remembers it. I will get for the Senator a memorandum of the pages where I made the explanation, for there are several of them.

Where are we to get the money? I am not going to argue that just for the moment; I will come to that in a little while. What I am saying is this: We are about to cripple an industry that the Government has had the State of Louisiana spend $5,000,000 on this year, and we are only one little State. We went out and floated bonds. Only yesterday we got $1,300,000 from the Reconstruction Finance Cor-

poration to complete an airport at New Orleans which we have been working on all this time. We built highways to the airport. We spent over $5,000,000. I do not know how much other States have spent, but I venture the assertion that my State is not an exception. The State of Florida spent several million dollars and Maryland has done likewise.

Mr. TRAMMELL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Louisiana yield to the Senator from Florida?

Mr. LONG. I yield.

Mr. TRAMMELL. A great many of the Florida towns have established airports and spent the public money for that purpose. I imagine the expenditures run into the millions of dollars.

Mr. LONG. I know that is so; and yet now it is proposed to clip the wings of all of us by taking $10,000,000 off of the air mail service, which costs only $19,000,000 all together. If Senators want to save something, I suggest that they attack the War Department and the Navy Department. We can a great deal better afford to have one less dreadnaught for the next year than to discontinue the air mail service. I do not want to have one less dreadnaught built, but I would rather dispense with one battleship than to cut off half of the air mail service.

Mr. President, we have barely started into the airplane business yet. We are only getting started. We are not up to date with airplane service. Foreign countries are away ahead of us. They have supported it much better than we have. We are not keeping up with it. In my opinion the appropriation ought not to be reduced below $19,000,000, and then spend $400,000,000 for the Navy and perhaps as much more for a building program. We ought to be spending a greater percentage of our funds for the air service. We are not hurting anybody in particular when we do not build a battleship, but when we interfere with the air service we are hurting every town in the country. Every little municipality that has not had an airport has arranged to put up one. They have gone into debt. If there was ever any idea that we were going to reduce the air program, we certainly ought not to have allowed our people to spend all the money they have and encouraged them in this way for years to put up airports, and then suddenly say that we have decided that the air mail contracts are not any good and that we ought to have been carrying the mail by train all the time.

If the Congress had said last year or the year before any such thing as that, we would have been in a position to do it. But now the Senate comes along—after having encouraged everybody in the United States to go out and light up the airways, North, East, South, and West, from one end of the country to the other, and to build airports—when the people became accustomed to air mail service, and says we are going to cripple it. I submit that is not good sense and it is not good business.

I voted with the Senator from Tennessee for his amendment to strike out a subsidy for the Seatrain Co. which goes to New Orleans. I voted to strike that out. I voted to strike it out—although it is my city that is affected—because I could not see where a national service was being rendered. But if Senators are talking about discontinuing the air service after the municipalities have equipped themselves to provide for it, I submit that we are striking out one of the most valuable and most progressive things we have undertaken in the country.

The Senator from Tennessee talks about economy. I will show him where we can economize. If he will build up a first-class air service it will save this country not less than 25 per cent of the cost of the Navy and the Army. If this country will build up an air-trained people, according to the economists and statisticians without one single exception, whether in the Army or the Navy or anywhere else, it will save 25 per cent of the cost of the national defense. It will probably save the country $100,000,000, for it will develop the air service, and it is on the way to saving that much now.

Mr. ODDIE. Mr. President, before I ask for a recess I want to put some figures in the RECORD.

Supplementing the figures I presented a few minutes ago regarding reductions in the rate per mile paid air mail contractors, I will state that under the first formula of $1.26 per mile two and a half years ago, 1,932,439 miles per month were being flown. Now they are flying 2,927,349 miles a month.

Mr. President, I oppose the amendments reducing the amount in the bill. I feel that it will do harm if either of these amendments is adopted. The wages paid the air-mail pilots will probably have to be reduced. I will resist with every power that I have any reduction in the pay of these men. These brave, noble men who are flying our mail every day and night, through all kinds of weather, are entitled to what they are getting, if not more, and either one of these amendments will probably mean a serious reduction in their pay. Their occupation is necessarily a hazardous one, and we certainly should not cut down the appropriations in this bill for air mail, which cuts will probably make necessary the reduction of their pay if the service is not to be seriously crippled or ruined.

Mr. HALE. Mr. President, I dislike to put myself in the attitude of one who is criticizing this honorable body of which I am a Member. I realize the importance of the amendment that is before us and the other amendments which have been offered and which will be offered to the pending bill. But, the fact remains that we are not making satisfactory progress with the appropriation bills. We have but 1 day left of this month, 24 legislative days next month, and 3 legislative days in March, before the end of the session. Unless we speed up and get somewhere with legislation and unless the whole Senate takes hold and helps, we are not going to get the appropriation bills through at this session of Congress.

Mr. President, I am going to insist that the Senate begin holding night sessions. It is absolutely necessary to do so, if we are going to make any progress. There is other important legislation besides the appropriation bills that ought to be attended to at this session. Not only will there be no time to get the appropriation bills through, but there will not be time to take up any other measures unless we make much better progress than we are now making.

Mr. ROBINSON of Arkansas. Mr. President, it is apparent that we are not making as much progress in the disposition of appropriation bills as we should. I have no criticism to offer of anyone or of the management of the bill, but the bill has already been before the Senate several days. We have only disposed of a few amendments. The features of the bill which are calculated to provoke long discussion remain undisposed of. I wish to join with the Senator from Maine [Mr. HALE] in the request that we try to speed up our work all we can.

It will not be possible to dispose of the appropriation bills and other legislation which ought to be considered if we devote 10 days or two weeks to a single bill. There are less than five weeks remaining of the present session and there are many measures which require attention. Certainly we ought not to take so much time on an appropriation bill. I hope we may make better progress. It will be necessary to hold night sessions unless we can find some way to move forward a little faster.

Mr. McKELLAR. Mr. President, I agree with all the Senator from Maine and the Senator from Arkansas have said. I want to say that I shall join with the Senators in every effort to expedite the bill. I think we ought to make greater progress than we have made to-day. We should use every effort not only to get this bill through, but to get all the appropriation bills through at the present session of Congress.

Mr. HALE. Mr. President, I would like to say that to-morrow, with the cooperation of the Senator in charge of the bill, I shall ask the Senate to hold a night session.

THE JOURNAL

Mr. FESS. I ask unanimous consent for the approval of the Journal for the calendar days of Friday, January 27, and Saturday, January 28, 1933.



The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

CLAIMS OF THE SEMINOLE NATION OR TRIBE OF INDIANS—VETO MESSAGE (S. DOC. NO. 177)

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which was read, as follows:

To the Senate:

I return herewith without approval S. 4340, an act authorizing the District Court of the United States for the Eastern District of Oklahoma to hear and determine certain claims of the Seminole Nation or Tribe of Indians.

The tract of land therein described was formerly owned by the Seminole Tribe of Indians in Oklahoma. It was appraised and sold at public auction as provided by law. The full consideration was paid and title to the land has passed into the hands of a bona fide purchaser through transactions with the Government had in the utmost good faith. There is no substantial basis for thinking that Congress was without power to grant authority to the Secretary of the Interior to make the sale. There would seem to be no justification for now authorizing a committee of the tribe to bring a harassing suit against a private owner who bought and paid for this property in good faith many years ago. Moreover, this legislation might prove to be a precedent for private litigation affecting many other titles and large sums of money through other than the regular procedure. The rights of the Indians, if any, can be presented and adjudicated by the Court of Claims in the litigation pending before it under the act of May 20, 1924.

I attach hereto a letter from the Secretary of the Interior setting forth the views of the department on the bill.

HERBERT HOOVER.

THE WHITE HOUSE, *January 30, 1933.*

Mr. THOMAS of Oklahoma. Mr. President, just a word in explanation of the bill. In the Seminole Indian Nation in Oklahoma for years we had a school for the benefit of the Indian children of such tribe of Indians. Some years ago oil was discovered in that section of the State. The land upon which the school was located was desired by some of the large oil companies. The Seminole Tribe did not desire to dispose of the land.

The Secretary of the Interior tried to get the Seminole Tribe to enter into an arrangement for the sale of the property. The Indians refused to consider the sale of the property, and the chief refused to execute the deed. Whereupon the chief was removed and another chief appointed. The second chief likewise refused to sign the deed. And when it was discovered that no Indian could be secured to assume the rôle of chief who would sign the deed the Secretary of the Interior proceeded to sell the land himself and signed the deed as the guardian of the Indians. The land was sold, the deed was signed and approved by the Secretary of the Interior, and it has since proved to be oil property.

The Indians have never been satisfied with the transaction. Some time ago, as a representative in part of the tribe of Indians, I introduced a bill authorizing the tribe to go into the Federal court of the eastern district of Oklahoma and present their claims against the oil company, in the hope, of course, that the deed might be set aside and the property restored to the Seminole Tribe of Indians.

The Congress passed the bill and now the President has seen fit to veto the measure asked for by the wards of the Government. Not having the time now to go into the matter fully and thoroughly, I ask unanimous consent that the bill, with the message, lie upon the table for future consideration by the Senate.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

RELIEF OF AGRICULTURAL INDEBTEDNESS

Mr. SHIPSTEAD. I ask unanimous consent to introduce a bill, and, in order to save time, I ask that a short explanatory statement may be printed in the RECORD as a part of my remarks.

The PRESIDENT pro tempore. Is the Senator desirous that it be printed, together with the text of the bill?

Mr. SHIPSTEAD. The bill is quite extensive; but I should like, if there is no objection, to have the text of the bill printed.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

The bill (S. 5562) to relieve agricultural distress through the consolidation and adjustment of indebtedness and the reduction of the rate of interest thereon, to release frozen credits and stimulate the recovery of business, to create in the Department of Agriculture an administration of agricultural loans with which will be consolidated, in the interest of economy and efficiency, all agencies of the Federal Government concerned with agricultural credit, and for other purposes, was read twice by its title, referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the "Agricultural loan administration act of 1933."

SEC. 2. It is hereby declared to be the policy of Congress that the loaning of money to persons engaged in the production and distribution of agricultural products, and all undertakings relating, directly or indirectly, to agricultural credit in any of its phases, are affected with a public interest and that the proper regulation of the conditions under which the business of loaning money and of extending credit to persons engaged in producing and distributing agricultural products shall be carried on should be considered as an integral and inseparable part of the power of Congress to regulate commerce among the several States.

SEC. 3. The purposes of this act are hereby declared to be as follows:

(a) The consolidation of agricultural indebtedness;

(b) The relief of agriculture from onerous charges upon indebtedness to the Federal Government and to private lenders;

(c) The orderly facilitation of credit to agriculture for the seasonal movements of commodities and livestock;

(d) The stabilization, to a reasonable and practicable extent, of the range of prices obtainable by agricultural producers for what they produce, with reference to trustworthy indices of general price levels;

(e) The encouragement of all dependable marketing cooperative processes and devices calculated to cheapen the cost of distribution of agricultural products and their derivatives among consumers thereof at home and abroad;

(f) The reinforcement of buying power among all elements of the population of the United States through the restoration and preservation of equilibrium between consuming demand and reasonable costs of producing and distributing agricultural products;

(g) The consolidation in the Department of Agriculture in an administration of agricultural loans, in the interest of economy and efficiency, of all the powers, duties, and functions of the governmental agencies heretofore established by the Federal Government; and

(h) The improvement of the standard of living of the people of the United States.

SEC. 4. (a) There is hereby created in the Department of Agriculture an administration of agricultural loans, hereinafter referred to as the administration. The President, by Executive order, shall, within 60 days from the date of enactment of this act, consolidate and coordinate in the administration all executive and administrative bureaus, agencies, offices, or corporations (except those in the Department of Agriculture), especially created for or concerned in the administration of laws relating to agricultural credit in any of its phases, including the Federal Farm Loan Board, the Federal land banks, the Federal intermediate credit banks, the regional agricultural credit corporations of the Reconstruction Finance Corporation, and the Federal Farm Board and all agencies subject to its jurisdiction, and the President shall likewise transfer to the administration the duties, powers, and functions now vested in the bureaus, agencies, offices, or corporations so consolidated and coordinated, and the whole or any part of the records or public property belonging thereto. The Secretary of Agriculture shall, within 10 days from the date of enactment of this act, transfer to the administration all bureaus, agencies, offices, or corporations in the Department of Agriculture which are concerned with agricultural credit in any of its phases, together with the duties, powers, and functions now vested by law in such bureaus, agencies, offices, or corporations, including the whole or any part of the records and public property belonging thereto. The personnel of any bureaus, agencies, offices, or corporations so consolidated and coordinated in or transferred to the administration, may, in the discretion of the commissioner of agricultural loans, be transferred to and given employment in the administration, subject to such change in designation and organization as the commissioner may deem necessary.

(b) Upon the completion of the transfers to the administration provided for in this section the Federal Farm Board and the

Federal Farm Loan Board, and the offices of the appointive members thereof, shall be abolished; and all powers, duties, and functions vested (1) in such boards and the members thereof, (2) in the Secretary of Agriculture under the Reconstruction Finance Corporation act, as amended, and the emergency relief and construction act of 1932, and (3) in the Reconstruction Finance Corporation, with respect to regional agricultural credit corporations, shall be vested in the administration and shall be exercised, except as otherwise provided in this act, by the commissioner of agricultural loans.

SEC. 5. (a) There shall be at the head of the administration a commissioner, to be known as the commissioner of agricultural loans, to be appointed by the President, by and with the advice and consent of the Senate. The commissioner shall hold office for a term of nine years and shall receive a salary of $10,000 a year. No commissioner shall be eligible for reappointment.

(b) The commissioner shall have general supervision over the administration of this act, and is authorized, in accordance with the civil service laws, to appoint, and, in accordance with the classification act of 1923, as amended, to fix the compensation of such assistants, officers, and employees, and to make such expenditures (including expenditures for rent at the seat of government and elsewhere, and for printing and binding, law books, books of reference, and periodicals) as may be necessary to carry out the purposes of this act.

(c) The commissioner is authorized to establish regional offices at any place within the United States or its Territories and possessions whenever in his opinion such establishment is necessary to carry out the purposes of this act, but, so far as practicable, the work of the administration shall be carried on through the bureaus, agencies, offices, and corporations consolidated and coordinated in and transferred to the administration under section 4. The Federal land banks shall be the principal offices of the administration in their respective Federal land-bank districts, and after the date of enactment of this act such banks shall be known as principal offices of the administration of agricultural loans.

(d) Within 30 days after the date of enactment of this act the commissioner shall prepare, and within 50 days after such date he shall publish, a compilation of all regulations issued by the bureaus, agencies, offices, and corporations so consolidated and coordinated in and transferred to the administration, which the commissioner shall deem to be necessary and appropriate to continue in effect for the purposes of this act, and from the date upon which such consolidation of regulations takes effect, as determined by the commissioner, all other regulations of such bureaus, agencies, offices, or corporations not included in such consolidation of regulations shall be without legal force and effect. A copy of such consolidated regulations shall be furnished upon request to any person applying therefor, and to every corporation which has any business relations with or which is in process of transacting any business with any of such bureaus, agencies, offices, or corporations.

(e) In addition to the consolidation of regulations hereinbefore provided for, the commissioner is authorized to make such further rules and regulations as he may deem necessary and appropriate for carrying out the purposes of this act, but before any such regulations are issued the commissioner shall submit the same to the advisory council and to the Secretary of Agriculture for their information and recommendations.

(f) Within 60 days after the date of enactment of this act the commissioner shall transmit to the Director of the Budget, and the President shall transmit to the Congress, an estimate of the appropriations required by the administration for the balance of the fiscal year ending June 30, 1933, and for the fiscal year ending June 30, 1934. For the expenses of the administration there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $500,000. The unexpended balances of all appropriations for administrative expenses of the bureaus, agencies, offices, or corporations consolidated and coordinated in and transferred to the administration under section 2 shall be covered into the Treasury as miscellaneous receipts upon the expiration of 60 days after the date of enactment of this act.

(g) The commissioner shall submit estimates of expenditures and receipts of the administration to the Director of the Budget, and he shall submit to the Comptroller General of the United States all accounting records which are required under the provisions of the budgeting and accounting act of 1921, as amended.

(h) The commissioner shall cause to be prepared and published prior to the 1st day of February of each year a handbook containing, in simple language, a statement of the procedure to be followed by applicants for loans from the administration and a summary of all regulations issued by the commissioner during the preceding calendar year for the purpose of carrying out the provisions of this act. Such handbook shall be distributed at cost by the Public Printer.

(i) The commissioner shall transmit to the Congress in January of each year a report on the state of agricultural credit in the United States during the preceding calendar year and the factors which fundamentally affect it. The commissioner shall also submit to the Secretary of Agriculture for inclusion in the annual report of the Department of Agriculture a report showing the operations of the administration for the fiscal year preceding the issue of such annual report, and he shall include in the appendix to the report submitted to the Secretary of Agriculture an independent report by the board of review of the administration with respect to administrative and budgetary matters of concern to the board.

SEC. 6. There shall also be in the administration five assistant commissioners of agricultural loans, to be appointed by the President, by and with the advice and consent of the Senate. Each assistant commissioner shall hold office for a term of three years and shall receive a salary of $7,000 a year. Such assistant commissioners shall perform such duties as the commissioner may prescribe and, in addition, they shall have general supervision over the various divisions of the administration hereinafter provided for.

SEC. 7. (a) There shall also be in the administration an advisory council, to be composed of three members appointed by the President, by and with the advice and consent of the Senate. Such appointments shall be made with due regard to representation on the council of different sections of the country. No person shall be appointed as such member who has not had a broad experience in the field of agricultural credit and related fields. Terms of office of the members first taking office after the date of enactment of this act shall expire, as determined by lot, one at the end of 6 years, one at the end of 9 years, and one at the end of 12 years after the date of enactment of this act. The term of office of a successor to any such member shall expire 12 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term. The members appointed for 6 and 9 years, respectively, shall be eligible for reappointment, but no member appointed for a term of 12 years shall be eligible for reappointment. Each such member shall receive a salary of $9,000 a year.

(b) It shall be the duty of the advisory council to determine the general policy of the administration, and to render opinions upon all questions submitted to it in writing by the commissioner of agricultural loans, including questions relating to the interpretation of this act and of relevant legislation, questions relating to the loan policies of the administration, and like general questions; but the opinions of the advisory council shall not be binding upon the commissioner. All such opinions shall be duly recorded in a journal and shall be transmitted annually to the Congress by the commissioner as an appendix to his report on the state of agricultural credit.

(c) The advisory council shall have a secretary, to be selected by the council, and such additional clerical assistants as it may require, to be assigned to the council by the commissioner.

SEC. 8. (a) There shall be in the administration of agricultural loans the following divisions:

(1) The division of titles and records, which shall receive and record all transcripts of mortgages or original mortgages on land, and all chattel mortgages, warehouse receipts, and other collateral instruments held by the administration, and transact all business relating to the validity of title, and the due and proper form of the instruments; and shall have general jurisdiction over all files of the administration.

(2) The division of loans, which shall state and carry out the loaning policy of the administration, regulate and supervise appraisals, and conduct all correspondence relative to new or old loans secured by mortgages on farm land and buildings, and shall certify to the divisions of finance and of accounts the action it has taken in each instance.

(3) The division of seed, crop, and livestock loans, which shall be concerned with all short-term and intermediate-credit operations, appraise the value of security proffered in each instance, accept and deposit with the division of titles and records all chattel mortgages, warehouse receipts, and other collateral instruments, and certify to the divisions of finance and of accounts the action it has taken in each instance.

(4) The division of finance, which shall receive all funds paid into the administration, and make disbursements of such funds as provided by law, and in accordance with the regulations of the Comptroller General.

(5) The division of accounts, which shall compute and record all payments due to or payable by the administration, prepare and certify all bills, pay rolls, vouchers, and like instruments.

(6) The division of property, which shall have general charge of all property, equipment, supplies, and material belonging to the administration.

(7) The division of operations, which shall be responsible for the administration of all property taken in foreclosure, and all crops and livestock acquired by the administration under the provisions of this act, and shall render current reports in detail of its action in each instance, to the divisions of loans, finance, and accounts, and shall pay to the division of finance all proceeds from the operations of management or of sale, pursuant to regulations to be prescribed by the commissioner.

(8) The division of research, which shall study all economic, statistical, and related problems arising out of the administration of this act.

(9) The legal division, which shall supervise the preparation of all legal cases before the board of review of the administration, and before the courts of record in the United States.

(10) The personnel division, which shall establish and maintain personnel records in accordance with the civil service act, as amended, and the classification act of 1923, as amended.

(b) Each such division shall be under the control and administration of a director to be appointed by the commissioner. Each such director shall receive a salary of $6,000 a year. The commissioner is also authorized to appoint an assistant director for each

such division and to assign thereto such other employees as may be necessary to carry out the work of the division. No assistant director or other employee in any division shall receive a salary in excess of $5,500 a year.

SEC. 9. (a) There shall be in the administration a board of review consisting of seven members, to be appointed by the President, by and with the advice and consent of the Senate. Each member shall hold office for a term of six years and shall receive a salary of $7,500 a year.

(b) The board shall have jurisdiction to hear and determine all questions arising out of the administration of this act and the extension of agricultural credit thereunder. The hearings of the board shall be public, and all persons interested in any such question shall be notified and afforded a reasonable opportunity to be heard, in accordance with such rules of procedure, practice, and evidence as the board shall prescribe. In each case brought before the board for determination an assistant commissioner shall be designated by the commissioner as attorney for the administration.

(c) An appeal may be taken to the commissioner from any decision of the board within 30 days from the date such decision was rendered, and the decision of the commissioner upon any such appeal shall be final; except that the circuit courts of appeals and the Court of Appeals of the District of Columbia shall have exclusive jurisdiction to review the decisions of the commissioner (except as provided in section 239 of the Judicial Code, as amended); and the judgment of any such court shall be final, except that it shall be subject to review by the Supreme Court of the United States upon certiorari in the manner provided in section 240 of the Judicial Code, as amended. Upon such review such courts shall have power to affirm or, if the decision of the commissioner is not in accordance with law, to modify or to reverse the decision of the commissioner, with or without remanding the case for a rehearing, as justice may require.

(d) The decisions of the board and the decisions of the commissioner on appeal from the board shall be published each month in an official edition.

(e) The board shall select its own secretary, recorder, and reporters, and such additional assistants as the board may require shall be assigned to the board by the commissioner.

SEC. 10 (a) The administration of agricultural loans is authorized and directed to accept from any individual or joint-stock land bank, national farm-loan association, insurance company, or any other institution organized under the laws of the United States, or of any State or Territory, engaged in the business of making loans on farm mortgages, any obligations which are secured by duly recorded first mortgages on farm lands and buildings, but no such obligations shall be accepted by the administration unless the holders thereof are willing to receive in exchange for such obligations certificates to be issued by the commissioner. Each such certificate shall be in an amount equal to the face value of the obligation received by the administration plus interest thereon accrued and unpaid at the time of the presentation of such obligation to the administration and shall be convertible at the Treasury of the United States or at any Federal reserve bank into bonds of the United States of the character described in section 11, except that the amount by which the face value of the certificate exceeds the highest multiple of $50 shall be paid in cash. All such obligations accepted by the administration under this section shall be accompanied by an assignment to the administration of the mortgages securing the farm indebtedness evidenced by such obligations. With the consent of the mortgagors, the administration shall provide for refinancing the farm indebtedness secured by such mortgages on an amortization plan providing for the payment of the principal and interest by means of a fixed number of annual or semiannual installments sufficient to extinguish the indebtedness within an agreed period of not to exceed 47 years. The farm indebtedness so refinanced shall bear interest at the rate of 2¼ per cent per annum, and the amount of each such installment shall be covered into the sinking fund provided in section 11; except that not to exceed one-ninth of all amounts received by the administration as interest shall be covered into the Treasury as miscellaneous receipts. As a condition to refinancing the indebtedness secured by any such mortgage the mortgagor shall agree not to assume any further financial obligation with respect to the farm land or buildings covered by such mortgage without first obtaining the consent of the administration. At any time during the first five years after the date of enactment of this act the commissioner is authorized to grant an extension of time for the payment of such installments for not to exceed two years from the date on which the same are due.

(b) The administration is further authorized to accept, under the terms and conditions provided in subsection (a), any obligations which are secured by other than duly recorded first mortgages on farm lands and buildings if such obligations are offered to the administration either at the time the obligations secured by such first mortgages are offered or within such time thereafter as the commissioner may by regulation prescribe; except that if any such obligation is offered to the administration at any time after the expiration of the time so prescribed by the commissioner it shall be accepted by the administration only on condition that the holder thereof agrees to accept in exchange therefor a certificate of the character described in subsection (a) in an amount equal to the value of such obligation computed on the basis of the fair market value of the farm land and buildings securing such obligation as determined upon a reappraisal thereof by the administration.

(c) The administration is further authorized and directed to refinance the farm-mortgage indebtedness due to the Federal land banks on the same terms and conditions as are applicable with respect to the farm-mortgage indebtedness taken over by the administration under subsection (a) of this section.

(d) In so far as practicable, the administration shall provide for an adjustment of the terms of the loans heretofore made by any bureau, agency, office, or corporation consolidated and coordinated in or transferred to the administration under section 4 which are not secured by duly recorded first mortgages on farm lands and buildings, in a manner corresponding to that employed with respect to farm indebtedness which is refinanced under subsection (a) or (c) of this section.

(e) All new loans made by the administration within a period of nine years from the date of enactment of this act shall be secured by a duly recorded first mortgage on farm lands and buildings and shall be made on the same terms and conditions with respect to amortization and rates of interest as are applicable under this section with respect to farm indebtedness taken over or refinanced by the administration; except that in the case of loans made for agricultural purposes (including crop production) and for the raising, breeding, fattening, or marketing of livestock where it is impracticable to secure the same by a duly recorded first mortgage on farm lands and buildings, such loans shall be made on such terms and conditions and on such security as the commissioner shall prescribe, but in no case shall the combined interest rate and amortization payment exceed 3½ per centum per annum.

SEC. 11. (a) The Secretary of the Treasury is authorized and directed to borrow from time to time on the credit of the United States and to issue bonds to be known as United States agricultural loan bonds, in such form as he may prescribe. Such bonds shall be in denominations of not less than $50, and shall mature 50 years from the date of their issue, except that the Secretary of the Treasury may, upon 90 days' notice, call in at any time any such bonds which are outstanding 30 years after such date. Each such bond shall bear interest at 2 per centum per annum and shall bear the circulation privilege. The principal and interest of such bonds shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt, both as to principal and interest, from all taxation (except estate, inheritance, and gift taxes, and surtaxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. Such bonds shall be issued by the Secretary of the Treasury from time to time as required for the purposes of this act in such amounts as may be certified by the Commissioner of agricultural loans. Such bonds shall be available for the purposes of this act at the Treasury of the United States, or at the Federal reserve banks, under regulations to be prescribed by the commissioner, with the approval of the Secretary of the Treasury.

(b) There is hereby created in the Treasury a cumulative sinking fund for the retirement of the bonds issued under this section. The sinking fund and all additions thereto are hereby appropriated for the payment of such bonds at maturity or for the redemption thereof before maturity by the Secretary of the Treasury at such prices and upon such terms and conditions as he shall prescribe, and shall be available until all such bonds are retired. The average cost of the bonds purchased shall not exceed par and accrued interest. Bonds purchased, redeemed, or paid out of the sinking fund shall be canceled and retired and shall not be reissued.

(c) The Secretary of the Treasury is authorized to sell in the open market or otherwise such amounts of United States agricultural-loan bonds or other obligations of the United States as may be necessary to provide funds for the administration of agricultural loans for carrying out the purposes of this act, and there is hereby authorized to be appropriated all amounts obtained from the sale of such bonds or obligations for such purposes. Such bonds shall be first offered at not less than par, as a popular loan, under such regulations to be prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein. Any portion of the bonds so offered and not subscribed for may be otherwise disposed of by the Secretary of the Treasury at not less than par. No commission shall be allowed or paid in connection with the sale or other disposition of any such bonds.

(d) The Secretary of the Treasury shall submit to Congress at the beginning of each regular session (until all bonds issued under this section are retired) a report of the action taken under the authority contained in this section.

SEC. 12. If any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

Mr. SHIPSTEAD. Mr. President, there have been signs for a long time that a major crisis was coming in the matter of long-term loans on land. The accumulation of indebtedness has threatened to ruin agriculture as a whole. The Nation is vitally interested, and has always been vitally interested, in the stability and prosperity of its agricultural producers. Many acts of government can be cited, from the earliest days of the Republic, to demonstrate that sound public policy was considered to be based upon intelligent assistance to agriculture. It may be that from time to time acts were committed inconsistent with this general intention, but

the general intention has been repeatedly affirmed. We have passed various important acts to provide and stabilize agricultural credit in all its phases, short term and long term, on land, on crops, in livestock.

And now in this last session of the Seventy-second Congress we are faced with the necessity of reconsidering the whole subject, and of furnishing facilities greater than we have heretofore thought necessary. Many bills have been introduced in this session. Some are predicated upon the theory that Congress should cut down the principal of public loans secured by mortgages, just as Congress has already authorized the Secretary of Agriculture to adjust, within reasonable discretion, loans secured by crops and other chattels. Others contemplate the reduction of the interest rate and leave the principal untouched. Both schools of thought expect private lenders to come in with their mortgages and take whatever compensation is provided for them.

As I think over this complicated question, I believe that I see certain basic principles. First, we all want the problem out of the way for the balance of the current economic crisis, and for as much longer as we can see ahead. Secondly, we want a solution that is in line with basic objectives in recovery, that is, we do not wish to settle the farm credit problem by resort to measures that will throw everything else into worse conditions than we have now. Thirdly, those basic objectives of a sound program of recovery seem to begin with the urgent need of getting the unemployed back to work not by job sharing and wage cutting, but by providing credit for producers in industry, and legitimate distribution in commerce. But the banks will lend only on Government securities, and all the money that has gone to them from the Treasury to absorb the shock caused by their own imprudent policies before 1930 has stayed right where it went, and has not gone on to help industry. So that making funds available to industry is indispensable, whether it is done by conferring upon the reserve banks power to do a general banking business, or through the Reconstruction Finance Corporation, or through releasing the frozen hundreds and thousands of millions of dollars tied up in farm mortgages. Fourthly, I see the paramount necessity of getting interest rates down at all costs, for all the Nation. I am convinced that a sound and lasting public policy can be worked out to provide for low interest rates at the same time that quickened and stimulated industry leads to a gradual reabsorption of the unemployed, and a gradual rise in commodity prices, and a gradual increase in the volume of traffic, and of transaction. I am convinced that the key log in the jam will continue to be the farm-credit situation, unless we provide some comprehensive scheme for lowering rates and on such a scale as will be calculated to fix the standard interest rates of the country for at least 8 or 10 years. And we will need that long to repair the damage, and recover equilibrium.

Fifthly, I wish to get through this operation soon. Time is important in this matter. It will not do, in my opinion, to start some elaborate process of revaluation. We have no William the Conqueror to ordain the preparation of a domesday book, in which would be the revaluation of all land, farm or city, and all improvements thereon. Theoretically I accept the idea of revaluation of the capital structure of the Nation, but practically I find it quite impossible. It seems to me like deciding upon several capital operations at one and the same time upon a famished and anemic patient, instead of giving him rest and nourishment and composure to face the operations. I am prepared to take mortgages, even second mortgages, at their face value and provide so low a rate of compensation upon the security I give for them as to reduce carrying charges by at least one-half. By doing so I believe that we will achieve much more than merely to solve the farm problem, serious and indispensable as this is. We hold down interest rates generally and contribute to make recovery possible upon a basis that does not involve too much mortgaging of future income for the Nation as a whole. Writing down capital sums and letting interest take care of itself would probably lead to a scramble for funds and a very high interest rate. Holding down the interest rate, but leaving the capital unimpaired, would have the effect of freeing funds for industry without asking the farmer to carry a loan which in a few years might again paralyze his efforts.

It is not generosity to mortgagees that prompts me to propose that we take all mortgages at par of the amount due plus unpaid interest but cold considerations of the practical necessity of liquidating the whole complicated situation at once. I think that this bill will do it, and I invite the attention of the Senate to the following statement which summarizes its provisions.

This bill undertakes to make possible the expeditious, efficient, and inexpensive refinancing of all the farm indebtedness in the United States of whatever character. It aims to consolidate all agencies of the United States Government primarily concerned with agricultural credit, whether long time or short term, set up by the farm loan act of 1916, the rural credits act of 1923, the agricultural marketing act of 1929, and the Reconstruction Finance Corporation act of 1932; and to effect this object the bill creates a new agency in the Department of Agriculture, to be known as the administration of agricultural loans, to which it proposes to transfer all the powers, functions, and duties of the Federal Farm Loan Board and the Federal Farm Board and, so far as they have to do with agricultural credit, those of the Reconstruction Finance Corporation and the Secretary of Agriculture. Greater efficiency and economy seem certain to result from the elimination of overlapping services and from the intelligent coordination of the functions of these various establishments. The Federal land banks will become the principal regional offices of the administration.

Under the bill all first mortgages held by land banks would be taken over at par by the administration of agricultural loans, with all unpaid interest, and all first mortgages held by other mortgagees would be taken at par if offered for this purpose.

The mortgagor would contract a new mortgage for this total outstanding of principal and unpaid interest upon the face value of which he would make an annual payment of 3½ per cent, and the interest rate would be uniformly 2¼ per cent, thus amortizing the mortgage in about 46½ years. A 2-year moratorium upon these payments would be permitted, under regulations prescribed by the administration. Second mortgages and other junior liens secured by land or buildings would be taken over at par and assimilated with the old first mortgages, in the making of the new first mortgages, provided the holders of second mortgages and similar liens would offer them within a reasonable time to be prescribed; otherwise, if offered at any later time, their mortgages would have to be submitted for revaluation upon a basis of reappraisal of the fair value. All loans for seed, crop production, and like objects secured by chattel mortgages and other collateral would be adjusted by a special division of the new administration in accordance with general principles defined in the bill.

Under this bill the farmer will pay interest at the rate of 2¼ per cent on his mortgage plus 1¼ per cent per annum to pay off principal, making a total annual charge of 3½ per cent instead of 6 per cent or more as at present.

None of the assistance thus accorded to farmers would be granted unless they explicitly committed themselves to incur no further indebtedness on their land without the prior consent of the administration during the life of such mortgages.

The mortgagees would receive from the United States Treasury, upon presenting receipts for their first or second mortgages, bonds of the United States to be known as the United States agricultural-loan bonds, maturing in 50 years, but callable after 30 years. These bonds would bear 2 per cent interest and would be tax free (except from inheritance, estate, gift taxes, and surtaxes). They would be issued in denominations of $50, $100, $500, $1,000, $5,000, and $10,000 and would bear the circulation privilege for national banks. Odd amounts not divisible by 50 would be paid in cash. For example, the Federal land banks, which would hereafter be the branches of the new administration, receiving these bonds, would be in a position to offer them at par to holders

of their present outstanding bonds in exchange for the latter, or to sell them in the market, and with the proceeds purchase their outstanding bonds to-day commanding a rather low price. Similarly, the outstanding securities of the other establishments which the bill contemplates winding up would be taken in exchange or acquired by purchase. Thus there would be no increase in the aggregate indebtedness of agriculture, but a writing down of interest rates on all that is now outstanding; and the 50-year bonds would be retired at the same rate as the 46 or 47 year mortgages (plus the 2 years of breathing space for the nearly insolvent agricultural producers). The bill contemplates new business which would be held to a 3½ per cent basis including amortization of principal for at least nine years. Thus, it is hoped to keep the general interest level down in this country, at least for agriculture, during the period of reconstruction lying ahead, when the liquidation of the inheritance of debts can be carried out in an orderly fashion, with no destruction of private property, and no discouragement of real saving. The bill contemplates driving out of business the high-interest second-mortgage racketeer and freeing agriculture from the threat of perpetual servitude. It also protects the farmer against his own improvident incurring of new indebtedness.

The bill has numerous other administrative features, such as the creation of an advisory council solely concerned with agricultural-credit policy and a board of review to deal with litigation and controversies arising out of the operation of the law. The bill also declares the loaning of money to agriculture to be a business having a public interest of the Nation as a whole, subject to the power of Congress to regulate commerce; but the bill makes no immediate use of the power thus defined.

It is believed that this measure will greatly simplify the process of according credit to those engaged in agriculture in the United States and render it inexpensive to them, and at the same time relieve the Nation as a whole of the burden of heavy expenditure. Moreover, a great deal of money now tied up in frozen farm loans will be liberated, and insurance companies and other lenders will be in a position to reinvest their money, even though on a lower average interest level. They will at least recover the principal sums of their investments. This should provide additional sources of capital for industry and other purposes.

There are several thousand people now employed in this field by the Federal Government directly, with a total annual outlay in salaries approximating $2,000,000; and there are probably a still larger number in the numerous land banks, joint-stock banks, and other subordinate corporations receiving an aggregate in salaries much greater than $2,000,000.

The entire major personnel of the new administration would receive less than $175,000 yearly in aggregate salaries; and any agency authorized to refinance the total—conceivably exceeding $10,000,000,000—of farm indebtedness, in the business world, would carry a far larger salary item for its responsible officers. It is expected that a saving of several million dollars can be effected in administrative costs under this bill. The saving to the Nation as a whole from the rehabilitation of agriculture will be incalculable.

FINANCIAL CONDITION OF THE REPUBLIC OF COLOMBIA

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent that there may be printed in the RECORD an abstract of the indebtedness, defaults, revenues, resources, security pledges, original and present market values, and so forth, of the departments and municipalities of the Republic of Colombia, being a statement of the financial condition of that Republic.

There being no objection, the abstract was ordered to be printed in the RECORD, as follows:

STATISTICAL ANALYSIS OF THE FINANCIAL POSITION OF COLOMBIAN DEPARTMENTS AND MUNICIPALITIES

The following statistical analysis of the financial position of the various departments and municipalities of Colombia is based on the best available information taken, in most part, from official sources, but it is not entirely complete in many instances, inasmuch as many departments and municipalities have not given out pertinent statistics with respect to their financial affairs. The independent bondholders committee for the Republic of Colombia, therefore, does not assume responsibility for the accuracy of the statistics, although it is believed to be correct as far as can be ascertained by its statistical staff.

Every bond issue has been analyzed separately, the analysis showing the amount of debt outstanding, annual debt service thereon, and interest in arrears to the end of 1932. The nature of the lien guaranteeing each issue is recorded and the amount of pledged revenues under each issue for several years is shown. In addition, the revenues and expenditures of each department and municipality for five years are given and a 5-year average of total revenues and expenditures is compiled upon which the ratios of debt charges are calculated in order to indicate the approximate financial condition of the various debtors over a period of time, inasmuch as revenues have had a considerable decline in the past three years, and current returns do not necessarily reflect the proper position of the debtors. Likewise, debt charges are based on the debt presently outstanding, which debt did not exist to the same extent in previous years, being created largely in the past five years. Various items are shown in round numbers and are calculated in many instances, inasmuch as statistics obtained with regard to finances of Colombian departments and municipalities vary with the source from which they have been obtained.

The statistical representation of the financial position of the departments and municipalities and the ratios which have been compiled are an attempt to indicate the approximate financial position of the departments and municipalities. The percentage of pledged revenue to interest and debt service respectively indicates the number of times by which the receipts from pledged revenues have covered the debt-service charges of each issue. The calculations are based usually on the latest year of pledged receipts available. The ratio of total interest and total debt service to the average revenue indicates the percentage of the revenue of each department and municipality required to meet respective debt charges. A large ratio indicates heavy debt charges with respect to income of the debtor and as such must be considered burdensome, although the Colombian departments and municipalities own and operate various railways and public utilities which are revenue producing, and this factor is lightening the burden. Such ratios would be considered normal if they were approximately 25 per cent for the departments and approximately 30 per cent for the municipalities.

The prices at which the various bond issues were offered are included as well as the price of the bonds at the close of the year 1932, showing the abnormally low quotations at which the bonds are presently valued and the liquidation of which would involve an unwarranted sacrifice on the part of the bondholders.

REPUBLIC OF COLOMBIA

Antioquia (Department of), Series A, B, C, and D, 7%, 1945: Outstanding, $17,100,000; defaulted July 1, 1932; partial payment, $23.80 per $35, coupon of July 1, 1932.

Annual debt service:

Interest	$1,200,000
Sinking fund	745,000
Interest in arrears to end of 1932	792,000

Security of issue: First lien upon 75% of the tobacco revenues of the department; also first lien on the properties and earnings of the Antioquia Railway, including all extensions with a few exceptions.

Receipts from pledged revenues, year ended June 30

	Net operating income of the railway (calendar year)	Net deficit (after fixed charges of railway)	Tobacco receipts
1928	$1,829,300	$284,480	$2,389,800
1929	2,089,260	378,100	2,622,071
1930	2,183,424	431,000	2,279,691
1931	1,902,283	884,472	2,115,886
1932			[1] 1,731,749

[1] Official estimate.

Pledged revenues to interest of this issue, approximately 260 per cent.

Pledged revenues to debt service, including sinking fund of this issue, approximately 160 per cent.

Position of the department: Antioquia has an area of 25,019 square miles and a population of about 1,000,000. It owns and operates the Antioquia Railway, due to which the bulk of the debt has been contracted.

Total debt, approximately	$42,000,000
External	28,900,000
Internal	13,100,000

Year ended June 30—	Revenues	Expenditures
1929	$9,530,313	[1] $13,280,678
1930	7,345,023	9,271,916
1931	6,916,659	9,099,576
1932 budget	6,394,386	6,394,386
1933 budget	5,035,465	[2] 5,035,465

[1] Includes $5,000,000 capital expenditures. [2] Not including external debt service.

Annual revenue (5-year average)	$7,046,150
Annual expenditures (5-year average)	7,616,500
External-debt interest	2,005,000
Total debt interest	2,922,000
Total debt service (including S/F; appr.)	3,900,000

Ratio of total debt interest to average revenue, 41.5 per cent.

Ratio of total debt service (including S/F to average revenue), 55.3 per cent.

NOTE.—On or about March 2, 1932, departmental assembly approved an ordinance notifying the foreign creditors that the department was unable to appropriate any amount of funds in the fiscal year beginning July 1, 1932, for foreign-debt service.

Originator of issue: Bankamerica-Blair Corporation.

Participating: E. H. Rollins & Sons; Chase, Harris, Forbes Corporation.

Offered in 1925 and 1926 at 90 and 95½.

Present price, December 31, 1932, 7.

Antioquia (Department of), Series 1, 2, and 3, 7 per cent, 1957: Outstanding, $11,500,000; defaulted April 1, 1932; paid $7 per $35, coupon of April 1, 1932.

Annual debt service:	
Interest	$805,000
Sinking fund	195,000
Interest in arrears to end of 1932	725,000

Security of issue: First lien upon 75 per cent of the gross receipts of the liquor tax; 75 per cent of slaughterhouse taxes; and upon 100 per cent of the registration taxes.

Receipts from pledged revenues, year ended June 30

	75 per cent liquor	75 per cent foreign liquor revenues	75 per cent slaughter-house	Registration	Total
1929	$1,800,055	$156,898	$468,914	$262,081	$2,696,948
1930	1,140,226	105,767	410,145	165,554	1,821,692
1931	919,006	126,203	397,573	126,499	1,569,281
1932 [1]	870,350	110,296	374,334	100,066	1,455,046

[1] Official estimates.

Pledged revenues to interest of this issue, approximately 180 per cent.

Pledged revenues to debt service of this issue, approximately 145 per cent.

Originator of issue: Guaranty Co.

Participating: International Acceptance Bank.

Offered in 1927 at 93.

Present price (December 31, 1932). 6¾.

Cundinamarca (Department of), 6½–1959: Outstanding, $11,537,000; defaulted May 1, 1932; paid $19 per $32.50 coupon of May 1, 1932.

Annual debt service:	
Interest	$750,000
Sinking fund	151,000
Interest in arrears to end of 1932	525,000

Security of issue: Direct first lien upon the gross revenues of the department derived from its monopoly on distilled liquor and taxes thereof, taxes on foreign liquors, and slaughterhouse and tobacco taxes, after deducting the participation of the municipalities.

Receipts from pledged revenues, year ended June 30

	Liquor	Tobacco (net)	Slaughter-house	Total
1929	$2,944,900	$776,100	$262,000	$3,983,000
1930	3,606,000	733,700	265,500	4,605,200
1931	2,168,700	684,900	255,200	3,108,800

Pledged revenues to interest of this issue, approximately 415 per cent.

Pledged revenues to debt service of this issue, 345 per cent.

Position of the department: Cundinamarca has an area of 10,810 square miles and a population of 1,500,000, with its capital the city of Bogota.

Dollar loan	$11,500,000
Other external debt	3,000,000
Internal (maximum)	1,000,000
Total debt	15,500,000

Year ended June 30—	Revenues	Expenditures
1928	$5,807,470	$6,511,980
1929	8,257,326	8,281,040
1930	9,912,899	8,240,092
1931 [1]	5,131,192	2,757,308
1932 [2]	8,273,050	8,273,050

[1] Only 6 months.

[2] Budget which was subsequently revised placing expenditures at 6,621,925 pesos as against 7,363,077 pesos in 1931.

Annual revenue (5-year average)	$7,600,000
Annual expenditures (5-year average)	7,400,000
External-debt interest, approximately	$1,000,000
Total debt interest, approximately	1,100,000
Total debt service	1,400,000

Ratio of total debt interest to average revenue, 14.5 per cent.

Ratio of total debt service to average revenue, 18.4 per cent.

NOTE.—On or about March 10, 1932, the departmental assembly approved an ordinance prescribing a new order of payment on departmental obligations relegating service on public debt to practically last place. On April 10, 1932, the assembly voted to suspend making deposits against debt service due in New York after it rejected the scrip plan as unconstitutional.

Originator of issue: J. & W. Seligman & Co.

Participating: E. H. Rollins & Sons; Redmon & Co., Graham, Parsons & Co.

Offered in 1928 at 95½.

Present price (December 31, 1932), 10.

Caldas (Department of), 7½-1946: Outstanding, $8,591,000; defaulted July 1, 1932.

Annual debt service:	
Interest	$645,000
Sinking fund	222,000
Interest in arrears to end of 1932	650,000

Security of issue: First lien upon 93 per cent of tobacco tax; 85 per cent of liquor tax; 50 per cent of the slaughter tax; and a first mortgage upon the properties of the Caldas Railway and its gross receipts.

Gross receipts from pledged revenues, year ended June 30

	Liquor	Tobacco	Slaughter-house	Gross railway revenues	Total revenues
1928	$1,855,866	$1,628,100	$220,000	$1,039,000	$4,742,966
1929	1,514,100	1,691,100	215,100	989,800	4,320,200
1930 [1]	691,900	1,310,800	125,300	427,670	[2] 2,555,670
1931 [3]	587,080	978,000	177,480		
Estimated 1932	1,200,000	1,980,000	330,000	560,000	4,070,000

[1] 9 months.

[2] Net receipts applicable to bonds for full year 1930 partly estimated was $2,757,790.

[3] 6 months.

Pledged revenues (1930) to interest of issue, 427.5 per cent.

Pledged revenues to debt service, 318 per cent.

Position of the department: Caldas has an area of 5,419 square miles and a population of about 657,000. It operates its railways and cableways.

External	$8,600,000
Internal	4,400,000
Total debt	13,000,000

Year ended June 30 (in pesos)—	Extraordinary revenues	Total revenues	Expenditures on public works	Total expenditures
1928	1,091,000	7,509,000	2,731,000	7,299,000
1929	1,369,000	5,653,000	1,144,000	5,566,000
1930	1,525,000	5,057,000	1,314,000	5,201,000
1931 [1]	(2)	5,568,000	(2)	5,568,000
1932 [1]	1,563,000	5,505,000	1,972,000	5,505,000

[1] Budget figures. [2] Not available.

Annual revenue (5-year average including the railroad income but excluding extraordinary items)	$5,858,400
Annual expenditures (same basis)	5,827,800
External-debt interest	645,000
Total debt interest	995,000
Total debt service	1,250,000

Ratio of total debt interest to average revenue, approximately 17 per cent.

Ratio of total debt service to average revenue, approximately 21.3 per cent.

Originator of issue: Baker, Kellogg & Co.

Participating: Blythe, Witter & Co.

Offered in 1926 at 95½ and 98.

Present price (December 31, 1932), 12.

Cauca Valley (Department of), 7½–1946: Outstanding, $3,408,500; defaulted October 1, 1932.

Annual debt service:	
Interest	$256,000
Sinking fund	142,000
Interest in arrears to end of 1932	175,000

Security of issue: By first lien upon the tobacco tax, 80 per cent of the slaughterhouse tax, and 80 per cent of the liquor tax.

Receipts from pledged revenues

Year ended June 30—	Tobacco	Slaughter-house	Liquor	Total
1929	$1,307,740	$248,210	$1,784,960	$3,340,910
1930	730,730	235,600	1,250,800	2,217,130
1931	541,057	225,242	843,578	1,609,877
1932 (estimated)	725,000	240,000	944,000	1,909,000

Pledged revenues to interest of this issue (1932), 645 per cent.
Pledged revenues to debt service of this issue, 400 per cent.
Position of the department: Cauca Valley has an area of about 11,000 square miles and a population of about 650,000.

External	$7,250,000
Internal	1,250,000
Total debt	8,500,000

Year ended June 30—	Revenues	Expenditures
1929	$4,950,189	$5,176,258
1930	3,308,500	4,355,402
1931	2,093,356	3,227,298
1932	2,350,244	[1] 1,438,328
1933 [2]	2,167,000	2,167,000

[1] Only 6 months.
[2] Budget estimates; provision for debt service amounted to 29,090 pesos as against 268,000 pesos in previous fiscal year.

Annual revenue (5-year average not including extraordinary expenditures which apparently pertain to public works)	$2,624,000
Annual expenditures (not clear of what they consist)	3,053,360
External-debt interest	535,000
Total debt interest	700,000
Total debt service	1,000,000

Ratio of total debt interest to average ordinary revenue, 19 per cent.
Ratio of total debt service to average ordinary revenue, 27.5 per cent.
NOTE: The department made no provisions for its external-debt service on its 1932–33 budget, according to the budget.
Originator of this issue: J. & W. Seligman & Co.
Participating: Baker, Kellogg & Co.
Offered in 1927 at 98.
Present price (December 31, 1932), 10.
Cauca Valley (Department of), 7 per cent, 1948: Outstanding, $3,865,000; defaulted June 1, 1932.

Annual debt service:	
Interest	$270,550
Sinking fund	151,000
Interest in arrears to end of 1932	150,000

Security of issue: First lien upon the registry and mortgage tax; second lien upon the tobacco tax; first lien upon 90 per cent of the foreign liquor tax; and second lien upon the liquor (domestic) and slaughter taxes, subject to 7½ per cent dollar loan of 1926. In addition, it is secured by a first pledge of 1,150,000 pesos par value of 8 per cent gold bonds of the Sociedad Constructora de la Carrebera del Pacifico owning the Cali-Buenaventura Highway and 600,000 pesos par value capital stock of the same corporation.

Receipts from pledged revenues

Year ended June 30—	Total receipts, less prior charges	Registry and mortgage tax	Foreign liquor tax	Total, less prior charge
1929	$2,935,900	$148,500	$195,000	$3,279,400
1930	1,812,100	70,770	80,100	1,962,970
1931	1,204,800	52,770	42,500	1,300,070
1932 (estimated)	1,504,000	60,000	99,000	1,663,000

Pledged revenues to interest of this issue (1932), 614 per cent.
Pledged revenues to debt service of this issue, 394 per cent.
Originator of this issue: Baker, Kellogg & Co.
Participating: Field, Glore & Co.
Offered in 1928, at 96.
Present price (December 31, 1932), 7½.
Santander (Department of), 7–1948: Outstanding, $1,791,000; defaulted April 1, 1932; paid $28 per $35, coupon of April 1, 1932.

Annual debt service:	
Interest	$125,500
Sinking fund	63,500
Interest in arrears to end of 1932	100,000

Security of issue: First lien upon net taxes derived by the department from distilled liquor and tobacco.

Receipts from pledged revenues

Year ended June 30—	Tobacco, net revenue	Liquor, net revenue
1928	$196,900	$565,420
1929	247,900	493,430
1930	(1)	482,550
1931	(1)	344,430

[1] Estimated to be at least $200,000.

Pledged revenues to interest of this issue, 434 per cent.
Pledged revenues to debt service of this issue, 288 per cent.

Position of the department: Santander has an area of about 12,500 square miles and a population of about 600,000. It is the center of the petroleum industry.

External	$1,791,000
Internal	709,000
Total debt	2,500,000

Year ended June 30—	Revenues	Expenditures
1928	$2,321,140	$1,905,372
1929	2,256,963	2,782,791
1930	4,272,776	4,186,818
1931	(1)	3,879,453
1932 [2]	2,541,385	2,541,385

[1] Placed at approximately $3,200,000.
[2] Budget data.

Annual revenue (5-year average)	$2,918,450
Annual expenditures	3,059,164
External-debt interest	125,500
Total debt interest	190,000
Total debt service	250,000

Ratio of total debt interest to average revenue, 6.8 per cent.
Ratio of total debt service to average revenue, 8.6 per cent.
Originator of issue: Redmond & Co.
Participating: E. H. Rollins & Sons.
Offered in 1928 at 94.
Present price, December 10, 1932, approximately 10.
Tolima (Department of), 7 per cent, 1947: Outstanding, $2,112,000; defaulted May 1, 1932; paid $27 per $35, coupon of May 1, 1932.

Annual debt service:	
Interest	$150,000
Sinking fund	90,000
Interest in arrears to end of 1932	100,000

Security of issue: First lien upon 90 per cent of the liquor revenue, slaughterhouse, tobacco, and foreign-liquor taxes.

Receipts from pledged revenues

Year ended Apr. 30—	Liquor	Slaughter-house	Tobacco	Foreign liquor	Total
1928	[illegible]	$281,874	$337,506	$45,171	$1,173,281
1929	1,126,302	324,444	380,329	99,547	1,930,622
1930	1,302,089	331,771	385,011	68,771	2,087,642
1931	860,351	236,382	311,446	37,090	1,545,269

Pledged revenues to interest of this issue (1931), 927 per cent.
Pledged revenues to debt service of this issue (1931), 579 per cent.
Position of the department: Tolima has an area of about 9,100 square miles and a population of about 450,000.

External	$2,112,000
Internal	888,000
Total debt	3,000,000

Year ended Apr. 30—	Revenues	Expenditures
1928	$1,307,750	$1,302,114
1929 [1]	4,983,018	5,007,042
1930	2,736,331	2,794,765
1931 [2]	1,785,975	1,931,961
1932 [3]	1,979,909	1,979,644

[1] Includes the extraordinary budget.
[2] For 8 months ended Dec. 31.
[3] Budget figures; includes a provision for debt service of 552,325 pesos, against 492,867 in 1931 and 755,136 in 1930.

Annual revenue (5-year average)	$2,133,590
Annual expenditures (5-year average)	2,198,100
External-debt interest	150,000
Total debt interest	250,000
Total debt service	340,000

Ratio of total debt interest to average revenue, 11.7 per cent.
Ratio of total debt service to average revenue, 16 per cent.
Originator of issue: Redmond & Co.
Participating: E. H. Rollins & Co.
Offered in 1928 at 93½.
Present price, (December 31, 1932), 8.
Bogota (municipality of), 6½–1947: Outstanding, $2,257,000; defaulted April 1, 1932.

Annual debt service:	
Interest	$147,200
Sinking fund	96,000
Interest in arrears to end of 1932	200,000

Security of issue: First lien upon the majority of shares and dividends thereon of the United Electric Power Co.; first lien upon the city's share in the taxes of the Department of Cundinamarca on liquor, tobacco, and slaughterhouses; and a second lien upon other municipal taxes.

Receipts from pledged revenues

Year ended Dec. 31—	Pledged and income taxes	Earnings of pledged shares
1928	$756,715	$166,612
1929	890,656	217,524
1930	865,847	201,186
1931 (6 months only)	427,726	132,043

Pledged revenues to interest of this issue, 800 per cent.
Pledged revenues to debt service of this issue, 485 per cent.
Position of the city: Bogota has a population of about 225,000. It is the capital of Colombia. The city has a substantial interest in the utilities operating in Bogota.

External (dollar bonds)	$7,006,000
Other external debt	1,800,000
Internal	1,200,000
Total debt	10,000,000

Year ended Dec. 31—	Revenues	Expenditures
1928	$3,020,741	$2,988,125
1929	3,215,726	2,787,229
1930	2,582,168	2,700,387
1931	2,458,133	(1)

[1] Not available; it was reported that tax collections in arrears amounted to approximately 1,500,000 pesos.

Annual revenue (5-year average)	$2,750,000
Annual expenditures (5-year average)	2,750,000
External-debt interest	675,000
Total debt interest	760,000
Total debt service	1,060,000

Ratio of total debt interest to average revenue, 27.5 per cent.
Ratio of total debt service to average revenue, 38.5 per cent.

NOTE.—Early in 1932 a resolution was passed by the city council requesting the American bondholders to reconsider the loan terms, and a committee was appointed to arrange to end the proposition of the National Government whereby scrip was to be issued in the place of interest due to bondholders.
Originator of issue: Baker, Kellogg & Co.
Participating: P. W. Chapman & Co.; Tucker, Anthony & Co.
Offered in 1927 at 91.
Present price (12/10/32), approximately 10.
Bogota (city of), 8 per cent, 1945; Outstanding, $4,749,000; defaulted April 1, 1932.
Annual debt service:

Interest	$385,000
Sinking fund	200,000
Interest in arrears to end of 1932	400,000

Security of issue: First lien upon the gross income from the real-estate taxes and all the public utilities owned and operated by the city. These include trainways, waterworks, electric power plants, markets, etc.

Receipts from pledged revenues, year ended December 31, 1931[1]

Gross revenues of utilities	$1,327,260
Real-estate taxes	296,018
Total	1,623,278

Pledged revenues to interest of this issue, 800 per cent.
Pledged revenues to debt service of this issue, 510 per cent.
Originator of issue: Dillon, Read & Co. No participants.
Offered in 1924 at 98.
Present price, December 31, 1932, 14.
Medellin (municipality of), 7 per cent 1951; Outstanding, $2,644,000; defaulted December 1, 1931; paid $10.80 per $35, coupon of December 1, 1931.
Annual debt service:

Interest	$186,500
Sinking fund	84,475
Interest in arrears to end of 1932	250,000

Security of issue: Secured by a first lien upon the physical properties of the public utilities and net earnings of such properties. In addition, the issue is secured by a first lien upon all the revenues of the municipality.

Receipts from revenues pledged, year ended December 31

	Gross income of utilities	Net before depreciation
1929	$1,551,980	$830,780
1930	1,669,000	840,000
1931	1,489,195	845,743
1932*	367,072	187,405

* Three months only.
[1] Only 6 months.

NOTE.—Ratios were not calculated because net income is not available, inasmuch as depreciation is not given.
Position of the municipality: Medellin has a population of about 120,000. It is the capital of Antioquia. Medellin owns and operates the utilities of the city. Debts have been largely contracted for the construction of new hydroelectric plants which are said not to have been completed as yet. The city, however, is applying part of debt service for completion of its electric properties, this being to the benefit of the bondholders, according to the municipality's contention.

External	$11,000,000
Internal	2,500,000
Total debt	13,500,000

Year ended Dec. 31—	Revenues	Expenditures
1928	$2,970,000	[1] $8,039,975
1929	3,016,500	[1] 6,916,394
1930	(2)	(2)
1931	3,327,072	3,516,652
1932 [3]	3,976,469	3,976,469

[1] Include extraordinary expenditures but amounts are not known.
[2] Not available.
[3] Budget estimates.

Annual revenue (5-year average)	$3,200,000
Annual expenditures (estimated, not clear as to what it includes)	3,800,000
External-debt interest	731,500
Total debt interest	931,000
Total debt service	1,200,000

Ratio of total debt interest to average revenue, 29.1 per cent.
Ratio of total debt service to average revenue, 37.5 per cent.

NOTE.—In November, 1931, the municipality authorized the suspension of debt service by requesting a moratorium on its external debt, inasmuch as the continuance of service payment was impossible.
Originator of issue: Hallgarten & Co.
Participating: Kissell, Kinnicutt & Co. (not Kidder, Peabody & Co.); Halsey, Stuart & Co.
Offered in 1927 at 93½.
Present price (December 31, 1932), 12¼.
Medellin (municipality of), 6½, 1954: Outstanding, $8,378,000; defaulted December 1, 1931; paid $9.10 per $32.50 coupon of December 1, 1931.
Annual debt service:

Interest	$545,000
Sinking fund	177,050
Interest in arrears to end of 1932	600,000

Security of issue: None. It is the only Colombian issue (department and municipality) which is not specifically secured.
Originator of issue: Hallgarten & Co.
Participating: Kissell, Kinnicutt & Co. (now Kidder, Peabody & Co.); Halsey, Stuart & Co.
Offered in 1926 at 93¼.
Present price (December 31, 1932), 7½.
Cali (municipality of), 7 per cent, 1947: Outstanding, $2,408,000; defaulted May 1, 1932.
Annual debt service:

Interest	$169,000
Sinking fund	103,700
Interest in arrears to end of 1932	200,000

Security of issue: First lien and mortgage on the waterworks and on the principal items of improved real property owned by the municipality. Also secured by a first lien upon all the revenues except the municipality's participation in the departmental revenue.

Receipts from revenues pledged—Year ended December 31

	Total receipts
1928	$855,719
1929	915,279
1930	707,065
1931[1]	312,512

Pledged receipts to the interest of this issue, 353 per cent.
Pledged receipts to debt service of this issue, 225 per cent.
Position of the municipality: Cali has a population of about 125,000. The city was reported to have properties with a value of about $2,500,000 in 1928.

External	$2,408,000
Internal	592,000
Total debt	3,000,000

Year ended Dec. 31—	Ordinary revenue	Extraordinary revenue	Expenditures
1928	$972,407	$1,108,369	$1,783,192
1929	1,040,088	336,408	1,336,155
1930	805,484	263,584	1,055,896
1931	690,307		(*)

* Not available.
[1] Only 6 months.

Annual revenue (4-year average)	$875,000
Annual expenditures	950,000
External-debt interest	169,000
Total debt interest	215,000
Total debt service	318,500

Ratio of total interest to average revenue, 24.5 per cent.
Ratio of total debt service to average revenue, 36.4 per cent.
Originator of issue: Field, Glore & Co.
Participating: Baker, Kellogg & Co.
Offered in 1927 at 93.
Present price, approximately, 8.

NOTE.—The Colombian peso is equal to United States $0.973 at par, but its current value is being regulated and quoted at $0.955.

SPANISH-AMERICAN WAR VETERANS' PENSIONS—ADDRESS BY HON. RICE W. MEANS

Mr. ROBINSON of Indiana. Mr. President, a few days ago, on Friday, January 20, 1933, Col. Rice W. Means, a former Member of this body, delivered a radio address, upon invitation of the National Broadcasting Co., on the subject of the Spanish War Veterans' Pensions. It is a very interesting address and full of information which I think the Senate ought to have. I ask unanimous consent to have it printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Thirty-five years ago May Day the world received news of the wonderful victory of Dewey and his fleet. That moment we became a great world power. Our people lifted their eyes from the horizon of domestic affairs and saw their relationship to the other peoples of the world.

Our country was totally unprepared for war. When the President called for volunteers, men responded immediately. They were hastened to camps in southern States located in places that we go to war in behalf of suffering humankind.

The young men from the North and the young men from the South marched away shoulder to shoulder. The wounds from the great civil strife were healed by the patriotism of those sons of America.

Our country was totally unprepared for war. When the President called for volunteers, men responded immediately. They were hastened to camps in southern States located in places which were considered most convenient but which, in most instances, were insanitary and injurious to the health of the command. The doctors had little or no medicine. They were without experience in the handling of large groups of men. What uniforms they had were heavy ones for service in the North and not fit to be worn by men in service in the Southland and in the Tropics. The commissary department absolutely broke down. The whole country was shocked by the "embalmed beef scandal" and the terrible epidemic of fever that broke out in those camps. Men were taken to the Tropics without proper clothing or food and without medicines. It is a wonder that any of them lived to tell the story of their experiences.

Those men carried liberty to Cuba; they fed the starving in Puerto Rico, took happiness to the Philippine Islands, provided for the open door in China, and stamped out the yellow fever in our Southern States. They carried the sunlight of American ideals into the darkest places of the world. They were the cause of the building of the Panama Canal. The period from 1900 to 1907 has been declared by statisticians to be the most prosperous in the entire existence of this Nation. It has been truly called the "golden era."

Through their insistence this Nation provided for a national defense. Their organization was dedicated to be a valuable aid to the Army and Navy and the Government of the United States during any future war.

The Spanish War, including the Philippine campaign, lasted 4 years, 2 months, and 14 days. Congress has repeatedly declared that to be the period of the war. Sixty-one per cent of the men saw service in the Tropics and the other 39 per cent in the fever-infected camps in this country.

DEFINITE POLICY EXISTED

When those veterans entered the service there was in existence a definite fixed veterans' policy established by the Congress of the United States in the year 1862 and amended in 1890. That policy constituted a definite promise to those men. It was a part of their enlistment contract, as definitely known as if it had been in words written therein.

When this Nation entered into the World War the Congress on October 6, 1917, declared a new veterans' policy by which the Government of the United States would reward the officers and enlisted men of the World War. It provided for compensation, family allowances, increased pay, additional pay because of continued service, vocational training, a new rating schedule, and the advantage of presumptions in aid of proof. No one at that time ever suggested that this same act or any part of the benefits it gave to the boys of the World War was to apply to the veterans of the Civil War or of the Spanish War.

Now certain leaders of organized business, after a period of 34 years, have asked the Government to repudiate its solemn obligation to those Spanish War veterans and thus take away all pension rights unless they can prove their disabilities to be service connected. They must know that is an impossibility. There are no medical or hospital records in existence of sufficient value to constitute such proof.

DIFFICULT TO GET RECORDS

The Surgeon General of the United States Army, in a report to the Secretary of War as of date June 30, 1899, said: "It was difficult to obtain, even from the regular regiments when in the field, the monthly reports of sick and wounded required by the regulations. This was due in part to the impossibility of having a full staff of regular medical officers with each regiment, on account of the limited number of the regular Medical Corps, and of the many members of that corps who had to be assigned to important administrative duties as chief surgeons or corps, division, and brigade surgeons on duty in hospitals and hospital ships, medical supply depots, etc.

"Many surgeons on contract, with no experience in the keeping of the records of sick and wounded, had therefore to be assigned to duty with the regiments. Chiefly, however, was this difficulty due to the unusual conditions under which the Medical Department was required to do its duty during and after the attack on Santiago. Something may be understood of these conditions when I state that the casualty lists required to be forwarded to my office by each surgeon immediately after an engagement with the enemy were not received for a month after the fighting had ceased. When they arrived they were found to be written in pencil on blank sheets torn, apparently, from private letters and other such scraps of soiled and weather-stained paper as could be obtained in the trenches or in the camps to which the regiments were afterwards withdrawn.

CHIEF SURGEON'S REPORT

"Later, when the health of the troops broke down under the exposure and fatigue of the campaign, with malarial fevers prevalent, yellow fever spreading, and from 100 to 200 men in each regiment claiming attention at sick call every morning, even the best trained and most energetic medical officer found it difficult to keep a satisfactory record of his cases, while others gave up the attempt to do so and devoted the whole of their energies to the care of their sick men."

Now, let us inquire into the conditions surrounding the service of the men in the Philippine Islands.

The chief surgeon of the Eighth Army Corps, in an official report to the Surgeon General, United States Army, said:

"SIR: I have the honor to herewith submit report of a special examination as made by the writer of the First South Dakota Volunteer Infantry, one of the units of his division, on account of complaint from headquarters at Manila that 'so many men from this expedition have been sent in from duty for treatment.'"

In order to ascertain present physical condition of troops, this regiment was selected by "lot."

"Total number of men examined was 540, balance of the regiment (over 600) being in hospital in Manila, Corregidor Island, or elsewhere. A very few were away on detached service.

"Of the entire number examined only 96 were normal. The unique feature of this examination was the condition of the heart; 179 of those examined had a pulse rate from 85 to 100, and 191 ranged from 100 to 150 (normal is 72).

"A large majority of these tachycardiacs had normal temperatures, the exception being an occasional slight rise. These observations were under exceptionally quiet conditions, men sitting, with absolutely nothing in the surroundings tending to excitement. Many of these cases used no tobacco, and the majority were young men. Those not on 'sick report' made no complaint of condition.

"These men have been either on the firing line, in the trenches, or on outpost duty almost continuously since February 4, 1899. Their sleep has been broken night after night by the now famous night attacks of the enemy, and during a great part of this time they have been exposed to the tropical sun at midday, poor water, no shelter at night, no bathing facilities or change of clothing, and from date of leaving Calumpit there was about two weeks of subsistence upon 'travel ration' only.

"This somewhat extensive campaign has demonstrated the fact that the white man in the Tropics can not endure the same amount of nerve tension and physical exertion that he can in the Temperate Zone.

"From many personal inspections, careful observations during this campaign, together with the result of the above examination, it is the opinion of the writer that the entire Second Division, Eighth Army Corps, is near a physical breakdown, and it is herewith recommended that each unit be relieved from duty as rapidly as it can be replaced by fresh troops and sent in from the front for rest and recuperation.

"Very respectfully, your obedient servant,

"HENRY F. HOYT,

"Major and Chief Surgeon, United States Volunteers."

ADHERED TO OLD POLICY

"When those men were discharged, they did not seek special legislation for their benefit. They willingly adhered to the policy then in existence, deeming it to be a part of their contract with the Government. It is well to bear in mind that President Roosevelt, an active, enthusiastic member of our organization, whose attitude toward veterans was well known, would have caused the enactment of special legislation for our benefit had we asked him so to do. Spanish War veterans had every reason to believe that the Government would carry out its solemn obligations to them

and would grant benefits in the same manner and in like amounts as were then or would thereafter be granted to veterans of the Civil War.

The United States Court of Claims, in a decision which has been cited with approval by the United States Supreme Court, has defined a pension to be: "A pension is a periodical allowance of money to a person, in the nature partly of a gratuity and partly of payment for past benefits conferred; payment because it is supposed to be in consideration of previous services rendered to the Government or the public, for which the compensation before made, if any, was inadequate in proportion to the benefits received and the ability of the nation in its prosperity to pay."

NATIONAL ECONOMY LEAGUE

The National Economy League, that illegitimate child of organized business and international bankers, appeared before the joint committee of Congress authorized to examine into all existing legislation and report to the Congress a veterans' policy, and testified through the medium of their attorney, Mr. Marshal Bullitt. I quote from the record:

"Mr. BULLITT. There is no reason for this dole.

"Senator ROBINSON. A dole! Do you mean that this money paid to veterans is a dole?

"Mr. BULLITT. Yes; nothing but a pure dole; and the position of the Economy League is that there is no reason for its payment; that it is a dole, a gratuity for nothing."

If he had uttered those words in the years 1898 or 1918, he would have been incarcerated as an enemy of his country. His present employers would have at that time called it treason.

ISSUE IS CLEAR CUT

The issue has been made; it is clear cut and understandable. The amounts received by Spanish War veterans have never been questioned. The issue is: Were the services of those veterans of such value to this Nation and its people as to warrant a payment of the benefits they now receive as a reward for those services? Or were their services valueless and the amounts now received by those veterans a dole, a gratuity for nothing?

It seems hardly possible that citizens would so far forget themselves as to besmirch the services of America's only volunteer army. Because of those services more benefits flowed to this country than from any other conflict in which this country has been engaged since the day of independence.

The New Orleans Times-Picayune, in a recent editorial said: "If ever a war pension was justified by logic and sentiment, it is that small amend made to the most patriotic and worst-treated army ever assembled by the American Republic."

We are content to submit our case to the Congress and to the patriotic people of the United States. We are proud of our service, proud of our country, and proud of our contract of enlistment which has been partly performed on the part of the Government and fully performed on the part of Spanish War veterans. The Congress will never consent to this Government's repudiating that contract. They will declare in no uncertain language the debt to Spanish War veterans must be paid.

BONDS OR CHARITY—ADDRESS BY REV. CHARLES E. COUGHLIN

Mr. NYE. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by Rev. Charles E. Coughlin. It contains so much valuable information and thought that I believe it to be deserving of the attention of the Senate.

There being no objection, the address was ordered printed in the RECORD, as follows:

It appears that religion has lost much of its charm and forcefulness in the scheme of our modern civilization.

This is so true that more than 60 per cent of our fellow citizens profess no allegiance whatsoever to any organized church. They regard dogmas as unscientific presumptions. They look upon morals as unreasonable impositions.

While the Bible is regarded as a book to be revered, it is oftentimes considered archaic to maintain that its contents are revealed truths.

This is most unfortunate, especially when we are confronted with the momentous problems of the present day.

For a short period of time the world of men more or less became disciples of the goddess of a science divorced from religion. Like a meteor in the night she appeared on the distant horizon of the eighteenth-century sky. Brighter and more beautiful she loomed through the years, transforming darkness into apparent sunshine. Then, at the very moment when men deemed that day had dawned forever, there was a hissing sound as this vagrant of the heavens dashed herself into the depths of an ocean of blood where mingled the rivers of sorrow which flowed from the wounds of the Great War.

Night returned from its darkness, more terrible than ever. Men once more began their gropings and their searchings after light. When, lo! through the clouds of doubt there appeared the dim silver shining of the morning star, God's ambassador, heralding the approach of the eternal Sun of Justice, Christ Jesus, the Light of the World!

My friends, it were inexpedient for me to scorn the magnificent developments attributed to the scientific experimentation of the century which has passed. Too well are you acquainted with the progress of steam and of electricity, with the marvels of chemistry, with the secrets of physics which now are so commonplace. Too well have we all tasted of the sweets of their victories. Our generation, equipped with a new ammunition of learning and fortified with new weapons of science, has fought battles on the frontiers of a new world of progress—frontiers which were uncharted on the maps of our grandparents' knowledge.

Nevertheless, I honestly lament the absence of religious principles during this period of magnificent material achievement—principles designed not to impede progress; not to retard the advance of science; not to perpetuate the abuses of the past, but, on the contrary, religious principles which are intended to reach out a guiding hand to science as together they both seek their way from the deserts of bondage to the meadows of liberty; from the winter of discontent to the summer joys of happiness.

Unguided by faith or by Biblical principles, what solution has science offered to liquidate the imponderable debts accumulated by the Great War or to stem the ever-increasing tide of losses which threaten to engulf us?

With all the gifted intelligence resident in the minds of economists, which one of them, divorced from religion, has approached the problem of unemployment with such clarity of thought as is manifest in the legislation of the Mosaic Law or in the verses of Saint Paul's inspired Letter to the Corinthians, chapter the thirteenth?

Not one of them! These problems which are deep-rooted in man's social relations, one to another, have baffled a Pericles and an Aristotle of old, and will continue to defy lesser minds to-day unless the dim, fluttering candle of reason gives way to the lustrous, shining of the Light of the World!

God's standard has been bartered for an impossible gold standard. Debts and financial rights have been deemed more precious than love and human rights.

I

First. Let us consider the stupendous debts which are devastating our farms, confiscating our homes, divorcing our life's savings, destroying our industries, and throwing into inevitable bankruptcy our once prosperous country.

As you are already apprised of the fact, our national and private debts have reached approximately $235,000,000,000.

Definitely related to these debts is a conservative loss of $264,000,000,000, sustained by our citizens during the past three years.

This total of nearly $500,000,000,000 is so staggering that our capacity to pay has long since become an impossibility.

Now, with what solution do the sacred Scriptures supply us when we are confronted by such a perplexing situation?

Read with me the twenty-fifth chapter of the Book of Leviticus. There you find inscribed the following words:

"Thou shalt sanctify the fiftieth year, and shalt proclaim remission to all the inhabitants of thy land; for it is the year of jubilee. Every man shall return to his possession, and everyone shall go back to his former family. * * *

"In the year of jubilee all shall return to their possessions.

"When thou shalt sell anything to thy neighbor or shalt buy of him * * * thou shalt buy of him according to the number of years from the jubilee. * * *

"Do not afflict your countrymen."

Here, then, both a principle and a practice are expressed.

The principle is plainly this, namely, that debts have a limitation and an ending. They must not afflict your fellow countrymen, nor, in any event may they endure in perpetuity.

It is a principle which plainly infers that financial rights have a termination and that human rights are eternal.

It is a principle which was not abrogated under the Christian dispensation; for Christ came to perfect and not to destroy.

It is a divinely inspired principle which seemingly has not filtered through the minds of those into whose hands the destiny of our Nation has been placed.

"Do not afflict your countrymen!" What care they for this economic inspiration that was born in heaven?

If it fits not into the philosophy of creditors, let it perish. Let poverty reign; let stark starvation run rampant through our countryside; let evictions multiply. In a word, crush out human rights. Pillory them in every public place to teach a broken-hearted people that financial rights are supreme.

How inconsistent we so-called Christians are. Invokers of the name of God in our political speeches. Builders of churches with our ill-gotten gains. Mumblers of prayers in public places. And hypocrites when actions would be more eloquent than words.

II

Take up and read not only those of you who still cling to the outstretched hand of religion, but also those of you who, oppressed by debt, have forsaken her guidance to wander aimlessly down life's treacherous pathway.

Take up and read this twenty-fifth chapter of Leviticus in its entirety.

And what else shall you find?

At least one more principle that is applicable in our present day when the Budget is unbalanced, when taxes are being multiplied, when unemployment has reached a national crisis, and when the concentration of wealth in the hands of a few rides ruthlessly on under the whip and spurs of bonds and interest.

Let me read for you the passage at hand:

"If thy brother be impoverished and thou receive him as a stranger and sojourner, and he live with thee, take not usury from him nor more than thou gavest.

"Thou shalt not give him thy money upon usury, nor exact of him any increase of fruits. * * *

"If thy brother, constrained by poverty, sell himself to thee, thou shalt not oppress him with the service of bond servants."

Usury! Interest! Bonds! Taxation!

Were we religiously minded, it would not be difficult to apply this principle to-day.

It is a long, sordid story, my friends, in the telling of which I shall try to be brief.

Many of our social and economic sorrows are traceable to the lust for power and to the greed for gold which dictated the policies which culminated in the Great War.

No one seriously denies that this wholesale carnage was an inevitable sequence to the commercial and financial greed which characterized the age of reason.

This is a serious statement to make. It is one which should not go unchallenged unless substantiated by facts.

For a moment let us disregard the European nations and focus our attention upon America.

If you recollect, we entered the Great War on Good Friday in the year 1917.

On the eve of that eventful day our Senate was assembled.

Long into the hours of Holy Thursday night serious-minded men debated both on grounds of patriotism and of righteousness whether or not we should take up arms against the Central Powers.

The night when nearly 1,900 years before the Master supped with His apostles and said to them, "This is the chalice of the new and eternal testament which shall be shed for you and for many unto the remission of sins!"

The night when Judas betrayed Him for 30 pieces of silver!

The night of Gethsemane with its horrors, with its infuriated mob.

The night when were spoken the words, "Put up thy sword into its scabbard. Know ye not that they who use the sword shall perish by it."

The short-lived night when Annas and Caiaphas gloried in their passing triumph.

The clock in the Senate Chamber moved toward midnight.

Frenzied words passed to and fro.

Voices were filled with emotion.

Was there ever such nervous tension before in the history of that august body? Never! Never!

The hands of the clock ticked off the seconds, the minutes.

It was 10 minutes to 12—and yet no decision had been made.

From his seat rose a white plumed, fearless, honest man. It was Senator James Reed, of Missouri.

"If you must declare war," said he, "for God's sake, do it now before it becomes Good Friday."

And then the bells of midnight began to toll the yearly requiem for the Prince of Peace.

The Senate had waited too, too long.

Waited for the anniversary of His death day to declare the most iniquitous war that was ever waged.

It was the Good Friday of that memorable year of 1917.

It was the doomsday of thousands of America's youths who, like the innocent victim of old, were herded to their Calvary of sacrifice to be crucified between the two thieves of gold and greed.

On that eventful day the president of the bank board of the United States was Mr. W. P. G. Harding.

If the Senators knew not why they declared war, at least Mr. Harding was not ignorant.

On March the 22d previous to the declaration, mind you, he knew that eventually we would commit ourselves against the Central Powers. He knew it and knew why, as is evident from these historic words—words that shall go down to blot with shame the pages of American history. Mr. Harding said:

"As a banker and creditor, the United States would have a place at the peace-conference table, and be in a much better position to resist any proposed repudiation of debts, for it might as well be remembered that we will be forced to take up the cudgels for any of our citizens owning bonds that might be repudiated."

What a confession, my friends; what a paradox to Christian teaching; what a burlesque on human rights. To think of it we must take up the cudgels, we must rush headlong into a sea of blood, we must sacrifice our boys, we must crush the hearts of their mothers, we must multiply barbarously the orphans in our fair land, we must crucify again the Prince of Peace, we must consign to hell the doctrines of charity—all for the sake of bloody bonds, owned by private citizens, and bought at their personal risk. Bonds which to-day sleep in vaults where wealth lies buried but which to-morrow shall rise like ghosts from graves in hell to haunt and to torment both us and our children.

Some future historian, my friends, will have both the courage and the honesty to analyze that statement of the president of the bank board of the United States and to tell fearlessly to the generations to come that our entrance into the Great War was motivated not to make the world safe for democracy but to make the bonds and debts collectible by our private lenders.

Christ was betrayed again for 30 dirty pieces of silver. And once again they who thus used the sword shall perish by it.

What had happened to evoke such a heinous, sinful statement from the official mind of the president of the bank board of the United States?

Briefly, this is the outline of the facts:

We are discussing the year 1917.

For three years previous to this date American corporations had been waxing fat on the war materials which they were shipping, chiefly to England and to France.

Already billions of dollars worth of wheat, of cotton, of arms and munitions had been poured into the lap of the Allies. Hardly a penny in actual money had been extended to them.

Now, in 1917, it seemed certain that Germany would be victorious. If so, it seemed equally certain that England and France and the Allies would repudiate their debts to private bondholders in the United States.

Thus, it appeared that the private contracts entered into directly by American munition manufacturers with the allied Governments of Europe would be disavowed.

So we went to war to save our thirty pieces of silver; to guarantee that the Allies, whom our wealthy citizens had staked for three years, would win and therefore pay.

Now, the United States as a nation, after 1917, was officially participating in the conflict.

Now, the complexion of the loans to the Allies was undergoing a change. Their payment was being made secure by the bodies and souls of innocent men.

More than ever in 1917 arms, munitions, coal, and foodstuffs were required by the Allies as well as by our own Army and Navy. But from this year on our Federal Government, which means the American taxpayer, undertook to carry the burden.

Roughly estimated, $14,000,000,000 of war material was loaned to the Allies by the broad shouldered American taxpayer until eventually came the armistice, and with it a second chapter of bond history was written.

For behold! The $14,000,000,000 worth of material—of wheat and of cotton, of meat and coal and munitions which we shipped abroad to England, to France, to Italy, to the Allies—was summarily canceled. Their war debts were officially wiped out!

Meanwhile the American producers of these war materials had been paid in American dollars.

Meanwhile Government interest-bearing bonds had been sold to our banks and to our citizens to raise these dollars. Those who were crucified to the cross of poverty must offer up sacrifice to those, their fellow citizens, who sat upon the thrones of the Herods of wealth.

Do you understand? The taxpayers of the United States assimilated the debts canceled so generously to the European nations. We assimilated the debts; and the taxpayers, through the medium of bonds, began to pay back the manufacturers of munitions and bullets used to kill and to destroy.

Oh, indeed, if the debts had been canceled in favor of the foreigners, the bonds representing them and piled upon the backs of the American public had not been canceled! They still remained. Our citizens were still pledged to redeem these bonds which our Government had issued to pay the great corporations of America for their profitable contribution in having made a shambles of the civilized world.

We who thought that the flower of our youth had been sacrificed to make the world safe for democracy now agreed with President Wilson when he disillusioned us with the statement: "This was a commercial war."

Thus, once more I stress the point that as a result of the Great War the citizens of this Nation are, in one sense, debtors to the war profiteers of this country.

Their profits ran into billions of dollars. And as a result of it all there sprang up in our midst in a period little over one year and a half 16,500 more millionaires than we had before we entered the conflict.

Let me give you a few examples from the official records in our Federal archives.

First comes the Bethlehem Steel Co. The profits of this corporation for the years 1911, 1912, and 1913 averaged $3,075,106 per year. But in 1915 the profits jumped to $17,762,813. In 1916 they totaled $43,503,968. And in 1918 they pyramided to $57,188,769.

Second. Twenty-nine leading copper-producing companies from 1915 to 1918 had a surplus of $330,798,593 compared with the surplus of $96,711,392 on the same day of 1914.

Third. The United States Steel Corporation, with a capital stock of approximately $750,000,000, made a profit in 1916 and 1917 alone of $888,931,511.

Fourth. In the Senate Document 259 of the Sixty-fifth Congress there are made manifest the profits gained by American business during the year 1917. This document contains 388 pages of almost unbelievable facts.

In the meat-packing business alone half of the concerns made a profit of more than 50 per cent, and a sixth of them admit they made a profit of over 100 per cent.

Of the 340 coal producers in the Appalachian field 79 of them reported profits between 50 and 100 per cent; 135 of them testified that they profited to the extent of 100 to 500 per cent; 21 reported profits of from 500 to 1,000 per cent; and 14 testified that they made profits of more than 1,000 per cent.

Of course, my fellow citizens, immediately following the Great War $14,000,000,000 which Europe owed us at that moment in 1918 were summarily canceled. But that does not signify that the United States Government bonds which floated these debts and which eventually are payable by your tax money and by mine—it does not signify that these were canceled. For generations to come the American people will be paying out taxes to the dollar-a-year profiteer who already had grown fat upon the misery of a stricken people.

Perhaps the truthful historian to whom I referred a few moments ago will regard the Great War as the death knell to a system of irrational capitalism which greedily profiteered upon misery, and to a system of financial control which waxed fat upon the bonded debts of a patient people.

And so to-day, my friends, the American people are demanding the normalization of the American dollar—a dollar that was abnormalized and rendered dishonest by the issuance of war bonds, by the inflation of domestic credit at home, by the breakdown of foreign commerce and trade, and by the subsequent flight of currency money from the channels of circulation.

To-day as in the year 1862, we are being terrorized and tyrannized by the philosophy which then was spoken by the house of Rothschild to the American bankers.

In a letter, known as the "hazard circular," received by every bank in the State of New York and in New England on that date, we find the following statement:

"The great debt that capitalists will see to it is made out of the war must be used as a means to control the volume of money. To accomplish this, the bonds must be used as a banking basis."

Thus everyone is aware that money is controlled both by the debts and the profits arising from the war and by the multiplicity of bonds, bloody bonds, which bind us to the past and prevent us striving for the better things of the future.

No wonder that to-day following the Great War it is just as true as in the days following the Civil War that bankers are adverse to the issuance of currency money to replace the existing interest-bearing bond money that is sucking the lifeblood from our Nation.

In 1872 a mighty group of New York bankers sent the following circular to every bank in the United States. It reads as follows:

"DEAR SIR: It is advisable to do all in your power to sustain such prominent daily and weekly newspapers, especially the agricultural and religious press, as will oppose the issuing of greenback paper money, and that you also withhold patronage or favors from all applicants who are not willing to oppose the Government issue of money. * * * To repeal the law creating national-bank notes, or to restore to circulation the Government issue of money, will be to provide the people with money, and will therefore seriously affect your individual profit as bankers and leaders."

Thus the question of issuing noninterest bearing Government money to replace the interest-bearing bond money has become a national issue.

The principle of Scripture supports Government non-interest-bearing money. The principle of bankers stands firmly behind the bond money.

"If thy brother be impoverished," says the Scripture—and God knows as a Nation we are not only impoverished, but we are on the verge of bankruptcy—"if thy brother be impoverished and weak of hand, take not usury from him nor more than thou gavest."

By which principle do the people of this Nation wish to stand?

By the principle revealed by Almighty God to His chosen people or by the policy advocated in the financial documents which I quoted?

Billions of dollars of war bonds bearing interest and multiplying wealth at the expense of our misery!

Or the equivalent of these bonds handed to their present possessors in new currency at which they will scoff and say: "Fiat money" as if it were not backed by gold; as if it were not cleaner and holier than the blood money of war bonds to which they cling!

It would be billions of sterile currency dollars which the present bondholders would perforce invest in industry or in other tax-bearing bonds.

It would help substantially to end the famine of money from which we are suffering.

Religion! Faith! Revelation. These things, so taught the proud rationalist of the previous century, were relics of the uncultured past. Let us replace them with the clay god of reason. Let us substitute for God's word the word of erring man.

If in ancient days it was taught that thou shalt not oppress thy brother, we of this new age shall shout from the housetops and preach in the press that this absurdity must terminate once and for all.

If bonds and interest were forbidden even in the dim past of Mosaic days, we of this age of reason shall teach a new doctrine that there can be no progress, no concentration of wealth in the hands of a few unless these instruments of tyranny are revived.

If there needs be such an illusion as religion, says the rationalist, bind it and cabin it up within the narrow precincts of a Sabbath day, for it has no place in the bank, no place in the stock exchange, no place in the secular life of a world's prosperity.

Oh, my fellow men, what price have we paid for this philosophy, for our cleverness, for our rationalism; what sacrificial victim have we offered up at the feet of this dirty god of clay!

With tears in our eyes, with hearts filled with sepentance, we have sadly staggered under the weight of this cross; we became its victims until we were crucified between the thieves of greed and gold. But to-day I trust that we are glimpsing the first rays of a new sunrise, of a revived faith, of a happy Easter morn of resurrection from the dead past.

Once more we shall take up and read the Scriptures. Once more we shall turn to that beautiful letter which Paul inscribed to the Corinthians and read therein God's philosophy of man's relation to his fellow man as we put aside once and for all the rugged individualism, the pagan selfishness, and the cursed exploitation which have temporarily replaced it in the days just passed.

"If I speak with the tongues of men and of angels, and have not charity, I am become as sounding brass, or a tinkling cymbal.

"And if I should have prophecy and should know all mysteries and all knowledge, and if I should have all faith, so that I could remove mountains, and have not charity, I am nothing.

"And if I should distribute all my goods to feed the poor, and if I should deliver my body to be burned, and have not charity, it profiteth me nothing.

"Charity is patient, is kind; charity envieth not, dealeth not perversely, is not puffed up, is not ambitious, seeketh not her own, is not provoked to anger, thinketh no evil; rejoiceth not in iniquity, but rejoiceth with the truth; beareth all things, believeth all things, hopeth all things, endureth all things.

"Charity never faileth away: whether prophecies shall be made void or tongues shall cease or knowledge shall be destroyed.

"For we know in part: and we prophesy in part.

"But when that which is perfect is come, that which is in part shall be done away.

"When I was a child, I spoke as a child, I understood as a child, I thought as a child. But, when I became a man, I put away the things of a child.

"We see now through a glass in a dark manner; but then face to face. Now I know in part; but then I shall know even as I am known.

"And now there remain faith, hope, and charity, these three; but the greatest of these is charity." (I Cor. xiii, 1–14.)

And that, my friends, is the beautiful philosophy which God reveals to us—the doctrine of charity which is counter to the doctrine of rugged individualism. Charity, which looks into the soul of your fellow man and sees there not only the facial expressions of another human being but the borrowed splendor of the God who created him!

Charity bids us love our fellow men not for what they are in themselves but because God dwelleth in the temple of their hearts.

Charity, greater than all things, greater than all power, all wealth, teaches us to love the Lord our God with our whole heart, with our whole soul, with our whole mind, and our neighbor as ourselves. Charity teaches us that whatsoever we do unto the least of God's little ones we do unto Him!

Without charity you can not even pretend to Christianity.

Thus, my friends, shall we go down the highway of time perpetuating the hypocrisy of the past? Shall we endeavor to work hardship and exploitation upon our fellow man, knowing that whatever we do unto him we are doing unto Christ?

Oh, rob, steal, profiteer, and exploit, bend low and break your fellow citizens! Every time you lift a lash of oppression; every time you raise a scourge of exploitation you are lashing Christ again at the pillar in Pilate's hall, you are driving home once more the thorns of worry into His brow; you are crucifying Him upon the cross of Calvary!

Whatsoever you do to the least of His little ones you do unto Him!

Unless we adopt this doctrine, proclaimed both by Catholic and Protestant and revered by Jew, let us be honest and take the name of God from our coins; erase the image of Christ from our minds, and become pagans in deed and in name both. Like Magdalen of old, or like the thief upon the cross, let us turn to the crucified Christ, beg for forgiveness, and from Him the promise shall come to-day as of old, "This day thou shalt be with Me in paradise."

DISTRIBUTION OF GOVERNMENT-OWNED COTTON—CONFERENCE REPORT

Mr. BINGHAM. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Connecticut?

Mr. ODDIE. I yield.

Mr. BINGHAM. Mr. President, it is obvious that to-morrow we shall be occupied all day long, and somewhat into the evening, with the pending appropriation bill. It is well known that we have been endeavoring now for some weeks to get a little relief for those who are cold by distributing through the Red Cross cotton that is owned by the United States Government.

The bill for that purpose passed the House; it passed the Senate with amendments; it went to conference; the conferees agreed; the House has adopted the conference report; it came to the Senate; the report was adopted by the Senate; but when the Senator from Utah happened to return to the floor and discovered that it had been adopted, he, very properly, in his own right, entered a motion to reconsider.

We have been endeavoring now for some 10 days to get the Senator from Utah to press his motion to reconsider. I realize that I or any other Senator might have pressed it; but, out of courtesy to him and his desires, I have refrained from doing so. Now we have been told by the chairman of the Appropriations Committee that we have got to hold night sessions in order to secure the passage of the appropriation bills. I wonder if the Senator from

Utah will not be willing—it is not very late—to take the matter up at this time?

I dislike to make a motion, but we have had a promise from him at least three times during the last 10 days that the report might be taken up on either the next day or the next day but one. The Senator realizes that winter is progressing, and that every day's delay means additional discomfort for thousands of people. I appreciate the fact that the Senator has very strenuous objections to certain features of the bill, but the Senator from Tennessee has assured us to-day that the majority of the Senate are in sympathy with him; so why not let us vote on the question as to whether the conference report shall be agreed to or, if the Senator wishes to make his motion, vote on the question of sending the bill back to conference? Let us vote on it and get somewhere. It seems to me it is not quite fair for two or three Senators who are particularly interested, although they have every right to oppose a certain feature of the bill to which they object and which was agreed to in conference with the House, to prevent us from giving any relief through the Red Cross.

I dislike to emphasize this matter any more, but it does seem to me we have a right to have this question settled once and for all and as promptly as possible. If it be true, as the Senator from Tennessee says, that a majority of the Senate wants to send it back to conference to see if we can not write a better bill, let us send it back. I do not want to delay it, and I beg of him that he will not delay it any longer, but let us vote on the question this evening and determine whether or not we want to send the bill back to conference.

Mr. McKELLAR and Mr. KING addressed the Chair.

The PRESIDENT pro tempore. The Senator from Nevada continues to hold the floor. To whom does he yield?

Mr. ODDIE. I yield first to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, the Senator is not charging me with delay? I have no objection to voting on the question right now.

Mr. BINGHAM. Then let us vote.

Mr. McKELLAR. And I asked unanimous consent to proceed a while ago, but the Senator objected.

Mr. BINGHAM. No; I did not object. The Senator wanted to ask unanimous consent that Senators who believed in the bill as it stands at present should waive consideration and that the bill should be sent back to conference. That is quite a different thing from voting on it.

Mr. McKELLAR. I merely suggested there was no reason in the world why we could not expedite the matter by sending it back to conference and upholding what the Senate has already done and not vote a subsidy to the Farm Board.

Mr. BINGHAM. Let us vote on it now without further discussion.

Mr. KING. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Utah?

Mr. KING. I do not want to take the Senator from Connecticut off the floor.

The PRESIDENT pro tempore. The Senator from Utah is recognized.

Mr. KING. Mr. President, the Senator from Connecticut knows that the Senator from Oklahoma objected to his motion a little while ago. The Senator is absent from the Chamber. When he shall return in the morning I will have not the slightest objection to the consideration of the report, but I want to say to the Senator that there is more involved than what he attempts to indicate to the Senate. He does not seem to think it is important to take ten or twelve million dollars out of the Treasury. Under the bill as it passed the Senate the Farm Board would be compelled to pay out of its funds obligations which it had directly or indirectly brought about. I want to save the Treasury of the United States that ten or twelve million dollars. I have not any objection at all to the bill which passed the Senate. The Senator from Tennessee and myself indicated when the measure was before us and when the amendment was tendered by the Senator and later amended by myself that we had no objection to the bill with the amendment which was offered and which was unanimously accepted by the Senate. The bill went to conference; the action of the Senate was disregarded entirely; the House bill was brought back as a conference report; and I have simply urged that we have an opportunity to consider the entire question.

I should like to see the bill passed, but not in a form to take ten or twelve million dollars out of the Treasury of the United States. The Farm Board obtained an appropriation of $500,000,000. It has now on deposit in the Treasury of the United States adequate funds for the purpose of meeting the obligation, the lien, upon this cotton; and the only controversy between the Senator and myself is that I insist that we shall not take the money out of the Treasury but let the Farm Board pay its own obligations.

Though he is struggling with the Economy Committee and the Appropriations Committee to balance the Budget, and insisting that we balance the Budget, he is perfectly willing to dip into the Treasury of the United States and take out ten or twelve million dollars more instead of taking it out of the funds which belong to the Farm Board. I am perfectly willing when the Senator from Oklahoma shall return to the Chamber to-morrow morning to have the matter taken up for consideration.

Mr. BINGHAM. Mr. President, that is the fourth time the Senator from Utah has said he would be "perfectly willing" to take the matter up at some future date. I hope that this time he may succeed in doing so. I will refrain from making a motion now. I realize that it is late. The Senator incidentally said that he objected to my motion. I made no motion, although I have every right to do so and perhaps I am wrong in not making the motion. The Senator from Massachusetts asked unanimous consent that the matter might be considered at 4.30 to-day. The Senator from Oklahoma entered an objection to that; but, Mr. President, I now give notice that to-morrow morning when the Senate shall meet, unless the Senator from Utah chooses to do so I will ask for the consideration of the motion to reconsider which he has entered.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. McKELLAR. I desire to have printed and lie on the table a proposed substitute for the amendment which I offered this afternoon.

The PRESIDENT pro tempore. The amendment in the nature of a substitute proposed by the Senator from Tennessee will be printed and lie on the table.

RECESS

Mr. ODDIE. I move that the Senate stand in recess until 12 o'clock noon to-morrow.

The motion was agreed to; and (at 5 o'clock and 25 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, January 31, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 30 (legislative day of January 10), 1933

SECRETARY IN THE DIPLOMATIC SERVICE

Robert G. McGregor, jr., of New York, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a secretary in the Diplomatic Service of the United States of America.

PROMOTIONS IN THE REGULAR ARMY

To be first lieutenant

Second Lieut. Francis Elliot Howard, Infantry, from January 21, 1933.

DENTAL CORPS

To be captains

First Lieut. Leland Grant Heder, Dental Corps, from January 9, 1933.

First Lieut. Samuel Rush Haven, Dental Corps, from January 14, 1933.

First Lieut. Mallery Carpenter Jones, Dental Corps, from January 22, 1933.

CHAPLAINS

To be chaplain with the rank of major

Chaplain Perry Orlando Wilcox (captain), United States Army, from January 20, 1933.

HOUSE OF REPRESENTATIVES

MONDAY, JANUARY 30, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Heavenly Father, Thou art still stretching out Thine arms of love to claim us as Thine own. O Thou in whom power and pity blend tenderly and freely, Thou dost give us all things. By many considerations Thou dost restrain us from evil impulses and wrongdoing. O fill us with the visions, the charities, and the enthusiasms of a new life and make us Christian in deed and in truth. Create in us new instincts, new desires, new powers of thought and feeling and will. Almighty God, may we prescribe to-day sovereign remedies that shall bless and brighten every hearthstone in all the land. In the name of Jesus our Savior. Amen.

The proceedings of the Journal of Saturday, January 28, 1933, were read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 4412. An act to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes.

The message also announced that the Vice President had appointed Mr. REED and Mr. FLETCHER members of the Joint Select Committee on the part of the Senate as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of useless papers in the War Department.

JOINT COMMITTEE ON INTERNAL-REVENUE TAXATION

Mr. COLLIER, pursuant to section 710 of the revenue act of 1928, submitted a report by the Joint Committee on Internal Revenue Taxation, dated January 28, 1933, covering refunds and credit of internal-revenue taxes for the calendar year 1931, which was referred to the Committee on Ways and Means and ordered printed.

ORDER OF BUSINESS

The SPEAKER. If the House will permit, the Chair will make a statement so the Members may know the order of business for the day.

It has occurred to the Chair that probably it would be well to begin suspension of the rules at once. Next Tuesday is Consent Day and we can devote almost the entire day to the Consent Calendar. However, if we should get through with the suspensions in time to-day the Chair hopes the House can spend an hour or more on some of the bills on the Consent Calendar. The Chair understands there are some bills on the Consent Calendar that are quite important and are perhaps emergency matters; but the Chair thought it best to first recognize the gentleman from Alabama, Mr. STEAGALL, then the gentleman from Mississippi, Mr. COLLIER, and then the gentleman from Texas, Mr. SUMNERS.

CALENDAR WEDNESDAY

Mr. RAINEY. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday of this week be dispensed with.

The SPEAKER. Is there objection?

There was no objection.

IMPROVEMENT OF FACILITIES OF THE FEDERAL RESERVE SYSTEM

Mr. STEAGALL. Mr. Speaker, I move to suspend the rules and pass the bill (S. 5484) to extend the time during which certain provisions of the act of February 27, 1932, relating to improving the facilities of the Federal reserve system to meet the needs of member banks in exceptional circumstances, shall be effective.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 10(b) of the Federal reserve act, as amended (U. S. C., Supp. 6, title 12, sec. 347b), and the second paragraph of section 16 of the Federal reserve act, as amended by section 3 of the act entitled "An act to improve the facilities of the Federal reserve system for the service of commerce, industry, and agriculture, to provide means for meeting the needs of member banks in exceptional circumstances, and for other purposes," approved February 27, 1932 (U. S. C., Supp. 6, title 12, sec. 412), are amended by striking out the date "March 3, 1933" wherever it appears and inserting in lieu thereof "March 3, 1934."

The SPEAKER. Is a second demanded?

Mr. McFADDEN. Mr. Speaker, I demand a second.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, this is a Senate bill which has also been reported by the House Committee on Banking and Currency. We are asking the House to pass the Senate bill in order to simplify the procedure.

The purpose of the bill is to extend for one year the operation of the second and third sections of the Steagall-Glass bill, which was passed last year.

Section 1 of this bill permits Federal reserve banks to make loans to a group of five banks upon the joint obligation of those banks. This is permanent law under the original act.

Section 2 of the bill authorizes Federal reserve banks, under exigent circumstances, to make loans on collateral not eligible for loans under the general provisions of the Federal reserve act; but no such loans are permitted under this provision of the bill except to banks not in position to offer eligible collateral, and such loans must be approved by not less than five members of the Federal Reserve Board, and a rate of interest must be imposed amounting to 1 per cent in excess of the highest interest rate obtaining in the Federal reserve district in which the loan is to be made; and under the bill no such collateral pledged to a Federal reserve bank is permitted to be used as a basis for note issue by the Federal reserve bank.

Under this provision considerable loans have been made to banks that otherwise could not have obtained the accommodations that were extended.

Any bank with a capital not in excess of $5,000,000 is permitted to apply for such loans. Only 62 banks are excluded from this provision of the bill.

Mr. SNELL. Will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. SNELL. I understood the gentleman to say that the banks in quite considerable number have been taking advantage of these provisions, and that a good many loans have been made under the provisions of the bill.

Mr. STEAGALL. A substantial number; yes. Loans made aggregate $134,000,000.

Mr. SNELL. And I understand there is no opposition anywhere to this extension.

Mr. STEAGALL. There is not the slightest opposition, so far as I know. There was no opposition in the committee and the Senate passed the bill unanimously.

The proposal before us is to extend the last two provisions of the act for a period of one year.

The third section of the Glass-Steagall bill authorizes the Federal reserve banks to use Government securities in lieu of commercial paper as collateral for note issue. The purpose of the legislation was to ease the gold position of the banks and the country and to free something like $1,000,000,000 of gold that was tied up at that time as security for note issue, the banks carrying, as I recall, 77 per cent in gold against the note issue when, under the law, it was never contemplated they should carry more than 40 per cent. Under the original Federal reserve act banks are permitted to use obligations of member banks secured by Government bonds as a basis for note issue. The bill permits freedom of action in the operation of the Federal reserve banks that will enable them to adopt liberal policies in extending credit and in expanding the currency in the effort to relieve conditions.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. STEAGALL. I will.

Mr. LaGUARDIA. I heard the gentleman with a great deal of interest when the original bill was before us. But admitting that it eased the credit, admitting that it has permitted some expansion of the currency, it certainly has not been reflected in the commodity prices. Can the gentleman account for that?

Mr. STEAGALL. Of course, that is true in the sense that we have not witnessed a rise in the commodity price level, as many of us so much desire. I am not sure that the gentleman's suggestion is literally true, for the reason that he leaves out of the calculation the clearly beneficent effect of this legislation as it affected the lack of confidence and general trend downward that might have been much worse than they have been.

Mr. LaGUARDIA. I concede that it eased credit in some instances, but it would seem to me that the banks have not carried out their duty. Senator Pomerene told me that most of the large banks were 86 per cent liquid, and yet would not extend credit.

Mr. STEAGALL. The gentleman's suggestion leads us somewhat afield in regard to the bill under consideration, and would certainly extend the discussion along lines that can hardly be allowed in the limited time. The truth of the situation is—and I think the gentleman from New York is in accord with me—it is important that the credit situation be kept easy; and I think it is important, in view of the breaking down of bank credit, that we should supply more money with which the people buy commodities.

I am in accord with the gentleman's view so long as measures in that direction are kept within the proper bounds and under proper control and do not operate to destroy confidence or reach the point where there might be danger of defeating purposes contemplated.

In my view of the matter, if we were to expand the currency or coin gold and silver in great amounts, it would not relieve the situation in this country unless such money could be put in circulation. So long as the available supply of money or currency is tied up in banks, idle and unused, we can not return to normal conditions.

Wrapped up in that problem and playing a stupendous part is the lack of confidence. The business of the country requires bank credit, and bank credit depends on the deposits of the public. The public will not deposit unless they are assured their deposits are safe.

There is an unfortunate state of fear in the mind of the public to-day. Worst of all, this fear is not limited to the depositing public, but the bankers themselves are afraid. Conservative banks, banks operated in accordance with sound rules of banking developed by experience, solvent banks, no matter how well they are managed, are in continual danger of frightened depositors, liable any day to rush in demanding cash to cover their deposits.

I believe—and I think the gentleman from New York agrees with me—that we ought to require the banking system in this country to apply the principle of insurance to bank deposits. [Applause.] It is a thoroughly recognized principle universally applied in the business affairs of the world.

I believe that if we had employed the vast resources set up by the Government for the operation of the Reconstruction Finance Corporation and used a portion of the money that has been loaned by the Reconstruction Finance Corporation to insure deposits of the public, that their deposits would be protected against loss, confidence would have been restored, and, instead of having a decline of ten or fifteen billion dollars in bank deposits, the banks would have more money than ever and, above all, free to employ their deposits as a basis for bank credit. We can never work out of our difficulties without the normal use of bank credit. Ninety-five per cent of the Nation's business is done with bank credit, and to afford the credit banks must have deposits and be free to use them.

Mr. CELLER. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. CELLER. Has there been any substantial demand for additional printing of Federal reserve notes? If the gentleman knows that, will he kindly state it?

Mr. STEAGALL. There is one of the difficulties. There is not the demand, because confidence is lacking and business is paralyzed. Everyone knows that he has no collateral that will be accepted as security or that anybody will loan money on.

Mr. CELLER. In other words, what is needed is more bank credit in place of more currency.

Mr. STEAGALL. What we need is a restoration of confidence and a resumption of bank credit in the business of the country. We need more confidence and more money.

At the time the Glass-Steagall bill was passed Federal reserve banks had only $416,000,000 of gold not required under the law. They were carrying nearly $1,000,000,000 as collateral for note issue beyond the 40 per cent required by law. By using Government securities in place of gold, using Government securities instead of commercial paper, banks are in position to release that amount of gold for use in connection with additional note issue. It makes possible an easy credit policy and encourages banks to use their credit facilities to the improvement of prices and business conditions.

Mr. Speaker, I reserve the remainder of my time.

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. PATMAN].

BANKERS' BONUS BILL

Mr. PATMAN. Mr. Speaker, I respectfully take issue with the distinguished gentleman from Alabama [Mr. STEAGALL], chairman of the Committee on Banking and Currency. This bill is a bankers' bonus bill. It is not an expansion measure; it will not expand the currency. It is very doubtful that it will expand credit except for the purpose of speculation. What do you want your gold reserve used for? Do you want it used for speculation, to be used by a few bankers for that purpose, or do you want it used in trade and commerce? If you want it used in trade and commerce, you had better vote against this bill. I know the bill is going to pass, because we have not the time to inform the membership about its proposals. If we had the time, I believe you would be convinced that it is not sound legislation.

FIAT MONEY SECRETARY OF TREASURY

If you take Mr. Mills's definition of fiat money, this is a fiat money bill. Imagine Mr. Mills, Secretary of the Treasury, and Mr. Meyer, governor of the Federal Reserve Board, coming up here and advocating the issuance of fiat money! For whom? Not for the people, but to put more idle dollars into the vaults of the big banks that already have plenty of idle dollars in them. You might just as well expect more commodities to move over the railroads if you put more idle box cars on the railroad tracks as to expect business to pick up by giving a few large banks more idle dollars to do business with. They are not going to do business with them.

FEDERAL RESERVE STILL DEFLATING COUNTRY

The Federal reserve system instead of expanding the currency, as the gentleman from Alabama [Mr. STEAGALL],

suggested was possible under this bill—and I will admit it is possible, but not probable—is actually contracting the currency to-day. For every dollar that is put in circulation under the terms of the Glass-Borah amendment to the home loan bank bill, the Federal reserve system is taking a dollar out of circulation. Instead of expanding the currency, as they should, they are actually contracting the currency to-day, and if you want to give them a better opportunity of continuing this depression and using the reserves of gold of the people of this Nation for the purposes of speculation and not for trade and commerce, then vote for this bill.

GAG RULE

I am very sorry that bills like this and the bankruptcy bill are brought up under suspension of the rules. If any kind of bill should be passed under suspension of the rules, I would prefer to pass an appropriation bill in that way and give more time for legislation like this and legislation like the bankruptcy act. If we make a mistake in an appropriation bill, the same bill will be before us the next year and we can correct that mistake, but whenever we pass a bill like the bankruptcy bill it is permanent law, it can not be changed the next year, and it should certainly be thoroughly discussed in the House of Representatives before it is passed. I am sorry that the condition of the calendar is such that the leaders have seen fit to bring this legislation and the bankruptcy proposal up under suspension of the rules. They are very important measures. Great principles are involved, and they should be discussed more thoroughly.

AMENDMENT SUGGESTED

This bill, for instance, should contain a very material amendment. We have no opportunity of offering that amendment. It is an amendment that was suggested by me to the committee, but the committee said that this is only for one year, and that they would not consider it as this time, but I shall tell you what the amendment is. Under section 16 of the Federal reserve act the law states that whenever Federal reserve notes are delivered by the Federal reserve agent to the Federal reserve bank, an interest charge shall then be collected for those notes to go into the Public Treasury of the United States. Why was that written into the law, a mandatory provision like that? It was written into the law in order that those who are permitted to use the credit of this Nation, which represents a mortgage on all of the homes and other property of all of the people in the country, shall pay a small interest charge for the use of that credit.

BANKERS EXPEDITIONARY FORCE

This bill should contain a provision requiring payment for the use of the Government credit if it is going to be used by a few large bankers in order to speculate with.

Under the home loan bank bill two banks, the National City Bank and the Chase National Bank, can obtain $272,000,000 in money on Government bonds and still get interest on the bonds they place on deposit as collateral security for that money. Under this bill they are not restricted to $272,000,000, but they can get $500,000,000 by putting up an obligation of this Government that is drawing interest and getting money and using the money and also getting interest on the bonds. If you believe in debt-secured and bond-secured money and believe in paying the banks a bonus to take money, vote for this bill.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. McFADDEN. Mr. Speaker, I yield three minutes to the gentleman from Mississippi [Mr. BUSBY].

Mr. STEAGALL. Mr. Speaker, I yield three minutes to the gentleman from Mississippi [Mr. BUSBY].

The SPEAKER. The gentleman from Mississippi is recognized for six minutes.

Mr. BUSBY. Mr. Speaker, I am favorable to the bill which is presented to extend for another year the provisions that were originally incorporated in the Glass-Steagall Act. The Glass-Steagall Act as administered was a disappointment. It did not pan out as the Members of Congress hoped it would.

TREASURY AND FEDERAL RESERVE MUST AID

I want to say this to you, and I hope you will bear it in mind, that it is absolutely impossible for any monetary policy devised by legislation in Congress to be successful if the Treasury officials are opposed to that legislation and its workings and if the Federal Reserve Board and the Federal reserve system is opposed to that legislation's being put into effect. It is not possible, Mr. Speaker, for the Congress of the United States to lay down by legislation any monetary policy which will become effective if we do not have cooperation by the Treasury and by the Federal reserve system. Let me call attention to the manner in which this proposition has been dealt with.

FEDERAL RESERVE BANKS HAVE FAILED TO HELP

It is possible to issue Federal reserve notes on 40 per cent gold and 60 per cent eligible paper and Government bonds. The two largest Federal reserve banks in this country are in Chicago and New York. The January statement in the Federal Reserve Bulletin, page 39, shows that the New York bank had $616,000,000 in gold back of its $587,566,000 notes in circulation, and it had $30,000,000 in eligible paper and only $5,000,000 in Government bonds. Chicago used $699,000,000 in gold, $14,000,000 in eligible paper, and $22,000,000 of Government bonds to back its $692,150,000 notes in circulation. It will be noted that those two banks alone used and are using at the present time $1,316,500,000 of this country's gold to back their issues of reserve notes in circulation of only $1,279,716,000, or a $1.03 of gold for each dollar of reserve notes in circulation. It will be noted also that the two banks used only $65,000,000 of eligible paper and $27,000,000 of Government bonds, a total of—except $1,316,000,000 gold—of only $92,000,000. Now, what is the result of that?

OVER 100 PER CENT GOLD USED BY BANKS

You have just 6 per cent of eligible paper and national bonds back of the note issues of the Federal reserve banks of New York and Chicago and 1.03 per cent of gold back of their notes in circulation. That is the way they have been cooperating in handling this proposition, and of using the advantage that will be given by the provisions of the act that is now before you.

There is another thing I want to refer to. You have been told the banks are full of cash. The banks are not full of cash. They have not got the money, and they can not make loans because they do not have money in their vaults to make loans safe. Somebody said if you issued new currency and put it out among the people it would soon get back into the vaults of the banks. The banks have $700,000,000 in their vaults. I am sure they would feel a lot more comfortable if they had a billion or so additional in their vaults. They have $600,000,000 excess reserves in the Federal reserve banks. They owe the Federal reserve system $300,000,000 on borrowings. They are indebted to the Government for $9,032,000,000 for postal savings deposited in the banks. It is required by law that postal savings be deposited in banks. They owe the Reconstruction Finance Corporation $475,000,000. Bank assets are absolutely static, except for the little amount of cash they have, and what they call their liquid assets, which for the most part are Government bonds. What does a bank do business on? It makes loans in the community, and it owns an interest in the properties of that community, which property is the security for its loans, and when the properties of a community get to the point where they will not sell at public auction, the bank has to carry them on its books as long as it can.

BANKS ARE NATURAL INFLATIONISTS

Banks are natural inflationists because to them is entrusted "bank credit money" which is made at will by the banks and borrowers. Banks in good times will not let business proceed on a level. They make loans and inflate the "medium of exchange." The banks of the country have been given the opportunity and the duty of furnishing nine-tenths of the circulating medium that goes into business. We hear a great deal about the fear of "inflating the currency," but you hear very little about the most dangerous of all "inflations," that of bank credits—increased loans—



gambling credit loans often—the kind of inflation which skyrocketed prices and brought the present ruin upon the country.

The SPEAKER. The time of the gentleman from Mississippi has expired.

Mr. McFADDEN. Mr. Speaker, a year ago, when this particular bill was passed, it was stated to the House that it was an emergency bill. Those people who appeared before committees representing the Treasury and Federal reserve system stated that they wanted to use this bill to release the gold which was tied up back of Federal reserve notes and in the Federal reserve system; that the free gold in the United States was down to a low point of about $450,000,000. There were demands from abroad which were embarrassing to the Federal reserve and the Treasury at that time. It was also stated that they wanted to help out many of the little banks so that they could use their Government bonds to secure relief in this emergency. Now we find, a year after the bill has been in operation, that this emergency act is still required; that the situation has not been relieved. It is a fact, however, that the gold reserves of the country have been replenished by shipments of gold from abroad; and, as I recall it, the Secretary of the Treasury stated to the committee the other day that something over $1,100,000,000 was the free-gold reserve at this time, although there is some question in my mind regarding the accuracy of that, because of the uncertainty with which the Secretary stated it. The press informed us a few days ago, in a communication that was apparently sent to the Senate by Acting Governor Hamlin, of the Federal Reserve Board, that the first section of this bill has not been operative, owing to some defect which forbids the administration of the act, and that the relief which was intended to be given to the small banks has not been extended. Whether or not loans have been applied for is an uncertain question.

The uses under this bill have come where advances have been made to the large banks, where they have been authorized to make loans to them in the aggregate not exceeding $5,000,000 against paper which is eligible, for the substitution of Government bonds. The method under which this release of gold comes about is through the permitting of the substitution of Government bonds for eligible paper as security for Federal reserve notes. The gentleman from Mississippi [Mr. BUSBY] has pointed out this morning the small amount of paper that is used by the two largest Federal reserve banks. They find it more convenient to use Government bonds than to use eligible paper. The truth of the matter is, and we must recognize it, that the original provisions providing for the use of eligible paper in connection with the issuance of Federal reserve notes, has almost completely broken down, and the banks of the Federal reserve system are holding increased amounts of investment securities and we now have gone back to the old basis, which was largely the argument back of the creation of the Federal reserve act, that we must get away from Government bond-secured currency, because Government bond-secured currency was not elastic. The big banks find it more convenient to use United States bonds than eligible paper.

I am sure some of the older Members who were here during the enactment of the Federal reserve law will recall the argument that this was the one great thing we were getting away from. Now we find we were taking a step backward and continuing the use of Government bonds, and under this act a substitution of Government bonds for eligible paper can be made to almost any extent. Still it is advocated here, and put forward as an emergency piece of legislation.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. Very briefly.

Mr. MAY. Is it not a fact there are approximately $45,000,000,000 of deposits in the entire banking system of the country, approximately $12,000,000,000 of which are invested in Government bonds?

Mr. McFADDEN. The gentleman is practically correct, yes; and I may add right here that the real purpose of this bill is to aid the Treasury in carrying on its operations with foreign countries in connection with gold shipments and in order to stimulate the market for Government bonds. Perhaps this is a proper thing to do, but we might just as well recognize the fact that the banks of the United States are carrying almost three-quarters of the indebtedness of the United States to-day. The banks are frozen with Government securities almost to the extent, if not to a greater extent, they were in 1929 with stock exchange securities; and if the same situation developed where all at once everybody was selling Government bonds, we would see what the price of Government bonds would do in such a situation. I do not say that it will happen, but I do say that the Government bonds of the United States, for the benefit of the people, might better be held by the investors of the country than by the banks of the country. The banks of the country find themselves frozen now to a great extent with assets which are unliquid in addition. To-day, because they do not know what else to do with their money, they are being used to handle these Government bond transactions.

Mr. Speaker, my position in regard to the Federal reserve system is pretty well known to the Members of this House. I have pointed out repeatedly that the greater part of the economic distress was because of the change of policy in the operation of the Federal reserve system. What this House should do, instead of passing this kind of punitive legislation, is to go into the fundamental operations of the Federal reserve system and understand what effect the maladministration of this system is having on our whole economic and financial structure.

Mr. Speaker, I have had pending in the Committee on Rules for over a year a resolution proposing to make this study, this investigation, if you please, of the operations of the Federal reserve system. Nothing has been done except the holding of a hearing last year, at which the Treasury and the Federal reserve people discussed and resisted the matter. Action was postponed until after the election on the theory that if the investigation were made then it might get into politics.

I may say to the responsible leadership of this House that it is making a mistake if it does not give consideration to this resolution for the investigation of the operation of the Federal reserve system. Go into fundamentals and you will come nearer solving this whole economic problem than in any other manner. All these bills that are being passed deal with the effects and not the causes of this situation.

I stated in the committee the other day when this matter was up before the committee, that so far as I was concerned I was not going to support any more petty amendments to the Federal reserve act until we had gone into the fundamental causes and operations of the Federal reserve system so we could act intelligently; and that is my position at this moment.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield the balance of my time to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, in February of last year, in a time of the greatest peril, the President summoned to the White House Republican and Democratic members of the Senate and House Committees on Banking and Currency. He laid before us the situation as far as in my belief it was prudent for him to do. This is, if I understand aright, the episode he had in mind when in the course of the campaign he disclosed that at one time there was grave danger we would have to go off the gold standard within a few days. Had we gone off the gold standard then, we would have plunged ourselves into the depths of disaster. The President asked, under these circumstances, that we take out of the so-called Glass banking bill three sections and give them temporary life. We so did, and by an overwhelming, possibly a unanimous vote in both branches—I do not recall its exact size—we enacted this legislation to continue for one year.

We had hoped that by this time need for it would no longer exist, but most lamentably the need still exists. Therefore, in the judgment of your committee, unanimous,

I think, with the possible exception of the gentleman from Pennsylvania, we advise that the life of this bill be extended for one year, again in the hope that before 12 months have passed the emergency occasion for it will have ended.

If the committee had changed the proposal at all, I am confident it would have so done by advising that the provisions be made permanent.

[Here the gavel fell.]

The SPEAKER. The question is on the motion to suspend the rules and pass the bill.

The question was taken; and two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

A similar House bill (H. R. 14252) was laid on the table.

FEDERAL GASOLINE TAX

Mr. COLLIER. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 14416) to make the Federal gasoline tax effective until June 30, 1934, as amended.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 629 of the revenue act of 1932 is amended by striking out the following: ", or after June 30, 1933, in the case of articles taxable under section 617, relating to the tax on gasoline."

SEC. 2. Section 617 of the revenue act of 1932 (relating to the tax on gasoline) is amended by adding at the end thereof a new subsection to read as follows:

"(d) Refund of the tax imposed by this section may be made to a State, or political subdivision thereof, in the amount of any tax under this section which has been paid with respect to the sale of gasoline purchased by it after this subsection takes effect for use solely in the exercise of an essential governmental function."

The SPEAKER. Is a second demanded?

Mr. HAWLEY and Mr. HASTINGS demanded a second.

The SPEAKER. Is the gentleman from Oregon opposed to the bill?

Mr. HAWLEY. I am not.

The SPEAKER. Is the gentleman from Oklahoma opposed to the bill?

Mr. HASTINGS. I am.

The SPEAKER. The Chair recognizes the gentleman from Oklahoma [Mr. HASTINGS] to demand a second.

Mr. COLLIER. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

Mr. COLLIER. Mr. Speaker, it was the hope of every member of the Ways and Means Committee when the gasoline tax was imposed that it would run for only one year; but in view of the fact that the condition of the Treasury is about as bad now as it was then and that our deficit is continually increasing, and in view of the further fact that of all the taxes we imposed the gasoline tax as a revenue-producing tax has proved to be more fruitful than any of the others, we have found it is absolutely necessary to continue it for another year.

The verbiage of the bill may mislead some of the Members. All the taxes in section 617 expire in 1934, except gasoline, which was especially exempted, and we simply remove the exemption by this bill.

In the first month of July last we collected very little money from the gasoline tax, because the taxpayer had 30 days in which to pay, but in the months of August, September, October, November, and December we have collected $63,000,000, and it is estimated that this tax will bring in $137,000,000 by the 1st of July of this year. The experts state that by reason of the fact that we collected so little the first month, the $137,000,000 is practically based on a period of 11 months, and I think we can estimate about $145,000,000 to $150,000,000 as the amount to be received from this tax from July 1, 1933, to July 1, 1934.

Mr. TREADWAY. Will the gentleman yield?

Mr. COLLIER. I will.

Mr. TREADWAY. Is it expected there will be any other form of revenue taxation reported before the close of the present session?

Mr. COLLIER. It is not.

Mr. LAMNECK. Will the gentleman yield?

Mr. COLLIER. I yield.

Mr. LAMNECK. I have had considerable correspondence about the discrimination against the dealer with respect to refunds when selling to States or other government agencies. Has this matter been corrected in the provisions of the bill?

Mr. COLLIER. The committee added an amendment which provides that any State or political subdivision thereof, whenever this tax is paid, may get refunds from the Government where the gasoline is used for purely government functions.

Mr. LAMNECK. When sold by either a dealer or a refiner?

Mr. COLLIER. Yes. We had the very point raised by the gentleman in mind.

Mr. WARREN. Will the gentleman yield?

Mr. COLLIER. I yield.

Mr. WARREN. I happen to be one who thinks this particular tax is a most unwarranted transgression, we might say, on the rights of the States. I wonder if the committee, headed by the gentleman, is considering making this Federal tax a permanent thing?

Mr. COLLIER. Without agreeing to the gentleman's premise as to this being distinctly a State tax matter, I may say they did beat us to it. There has been much pro and con discussion about that. I do not care to go into any argument of the matter, but the States have invaded the Federal Government field in the taxing of cigarettes and other things and for this reason we had the Joint Committee on Internal Revenue Taxation bring in this report, which I have just submitted, and which I commend to the reading of every Member of the House.

In answer to the gentleman's question in regard to the permanency of this tax, I may say to the gentleman from North Carolina that this question was asked the committee a number of times during the hearing. Every tax in section 617 expires in 1934, including now the gasoline tax. I can not tell what the condition of the Treasury will be a year from now, nor what a future Congress may do, but it is not the intention of the present committee to make this a premanent tax. It is only an emergency matter.

Mr. DOUGHTON. Will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. As the matter was discussed in committee, this was simply a tax imposed to meet a temporary emergency or until a general revision of the revenue law could be taken up, and there was no thought at all in the committee to make this permanent legislation.

Mr. COLLIER. The House never put this tax in effect in the original instance. It came from the other body, and it is not the present purpose to make this tax permanent.

Mr. KNUTSON. Is it the chairman's hope that in another year we will be able to do away with this tax?

Mr. COLLIER. It certainly is.

Mr. HOUSTON of Hawaii. Will the gentleman yield?

Mr. COLLIER. I yield.

Mr. HOUSTON of Hawaii. Would not the gentleman accept an amendment to add Territories to the government units referred to in the bill as to which refunds may be made on gasoline purchased for State or government purposes?

Mr. COLLIER. I would have to submit a parliamentary inquiry to find out whether that could be done. I would have no objection myself.

Mr. WHITLEY. Will the gentleman yield?

Mr. COLLIER. Yes.

Mr. WHITLEY. What procedure would a municipality have to take in order to get the refund?

Mr. COLLIER. The administration of that will be set out by the Treasury. I do not know just what it is, but, of course, it will be a rather easy matter.

Mr. BOLAND. Will the gentleman yield?

Mr. COLLIER. Yes.

Mr. BOLAND. I would like to ask the chairman of the Ways and Means Committee whether he expects to give any

consideration to the tax on busses and trucks, as called for by the bill which I have introduced. The bill has been before the Ways and Means Committee for some time.

Mr. COLLIER. I may say to the gentleman that, personally, I would like to go into that tax, but owing to the fact that we have only five or six weeks between now and adjournment of Congress, I will have to answer the question in the negative. It is not the purpose of the committee to do that at this time.

Mr. BOLAND. Will the chairman have the committee take it up next session?

Mr. COLLIER. I will not have that opportunity. If the committee is willing to go into it, the chairman will be willing to go into it with it.

Mr. CULLEN. Will the gentleman yield?

Mr. COLLIER. I yield.

Mr. CULLEN. With all due deference to the chairman of the Ways and Means Committee, of which I am a member, I want to say to the gentleman from Pennsylvania [Mr. BOLAND] that in regard to the motor-bus tax, we discussed it informally in the Ways and Means Committee, and it was suggested that that matter go over to the next session when in all probability another tax bill will be considered. And if there is any effort to distinguish between the bills to be considered by the next Congress the gentleman from Pennsylvania's bill would receive preference.

Mr. BOLAND. I am happy to know that, because it is an important matter before the people to-day, and it is really a way of raising revenue for the Government that would balance the Budget.

Mr. COLLIER. In conclusion, I want to say that the committee knows that this gasoline tax is a disagreeable tax. In fact, I have not found any one that is pleasant. I reiterate that in taking the picture of the Federal Treasury we can not go along without this tax without invading a field that would be more obnoxious than this.

Mr. GIFFORD. Will the gentleman yield?

Mr. COLLIER. I yield.

Mr. GIFFORD. I would like to ask the gentleman if he has considered those who oppose the principle of the sales tax—will they vote for this already too-much-taxed article?

Mr. COLLIER. I am hopeful that the bill may pass.

Mr. GIFFORD. Hopeful that they will lay aside their principles.

Mr. COLLIER. It has always been the custom to levy special excise taxes, and this bill violates no principle of established precedents.

Mr. CAVICCHIA. Will the gentleman yield?

Mr. COLLIER. I yield.

Mr. CAVICCHIA. As I understand, the State that buys from the refinery pays no tax. But if an individual sells to the State, he does pay the tax. Does the bill correct that?

Mr. COLLIER. It attempts to.

Mr. CAVICCHIA. The dealer pays the tax, and the Government makes a refund.

Mr. CHINDBLOM. Will the gentleman from Mississippi [Mr. COLLIER] yield?

Mr. COLLIER. I yield.

Mr. CHINDBLOM. I want to call attention to the language of the bill, which is:

> Refund of the tax imposed by this section may be made to a State, or political subdivision thereof, in the amount of any tax under this section, which has been paid with respect to the sale of gasoline purchased by it after this subsection takes effect for use solely in the exercise of an essential governmental function.

It appears plain to me that the refund will be made to the State or political subdivision of the State, and the dealer who sells the gasoline to the State will have to make an arrangement with the State or the political subdivision.

Mr. COLLIER. I think that is true.

Mr. CAVICCHIA. If the gentleman from Illinois [Mr. CHINDBLOM] is correct, you are not curing the matter. I want to know whether the refinery and the dealer are put on the same basis in dealing with the State or political subdivision. Heretofore the refinery had the better end of it.

Mr. COLLIER. The dealer will have to go to the State to get his refund. I imagine he keeps books and will have no difficulty in so doing.

Mr. CAVICCHIA. The private dealer will have a great amount of money held up for months, whereas the refinery has no money tied up at all.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield?

Mr. COLLIER. Yes.

Mr. CHINDBLOM. In my opinion, inasmuch as the refund is given on account of the purchase by or for a State or political subdivision thereof, and since the refund shall be made to the State or to the political subdivision thereof, it will be made in that manner in every case, whether the seller is a refiner or a wholesaler or a retail dealer. I do not see how there can be any question about that.

Mr. COLLIER. Mr. Speaker, I thank the gentleman for his contribution, and I reserve the remainder of my time.

Mr. HASTINGS. Mr. Speaker and Members of the House, if gentlemen will recall the history of this legislation, when the revenue bill was under consideration a year ago, a tax on gasoline was not included in the bill as it passed the House, but was added as an amendment over in the Senate. It was then stressed that it was emergency legislation and that the condition of our Treasury made it necessary to include it only for one year. A great many of us who were opposed to this legislation indulged in the hope that it would not be continued. The only thing that I see at all good about this bill is that it continues the tax for only one year. However, I want you to know that we are not deceived. I fear that many years will elapse before this Federal tax is removed from gasoline.

I am opposed to it for two reasons. First, I think there ought to be something left for the States to tax. The genial chairman of the committee evaded the question the gentleman from North Carolina asked, whether gasoline had been previously taxed by the Federal Government. I think this is the first instance. This field has been used by every State in the Union. The lowest State tax on gasoline is 2 cents a gallon. My recollection is that the highest is 7 cents. I think the average State tax is about 4 cents. We find in some States that some of the counties have a county tax and some of the cities have a municipal tax on gasoline. So that, in my judgment, gasoline is paying a disproportionate share of the taxes, or the people who use gasoline are.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. CHINDBLOM. It appeared before the committee that while the price of gasoline, f. o. b. at the refinery, is 3½ to 4 cents per gallon, there are places in the United States where the total of the State, Federal, and local taxes amounts to 10 cents per gallon on gasoline.

Mr. HASTINGS. I thank the gentleman for his contribution. I have just stated that gasoline is taxed from 2 to 7 cents, and that, in addition, counties and cities impose an additional tax.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. HASTINGS. Yes.

Mr. RANKIN. I agree with the gentleman from Oklahoma. I opposed this tax before. I think this is the opening wedge to usurp the gasoline tax and to driving the States out of this field. When you do that, under present conditions, we will not have much left to tax.

Mr. HASTINGS. I was about to remark that the State and local subdivisions have been taxing gasoline for a number of years. The Federal Government has now entered the field, and you know it is driving the States to a larger ad valorem tax, and that is what I want to discuss with you for just a moment. Throughout practically every State in the Union the gasoline tax is used for the purpose of building roads, matching the Federal contribution to roads, maintaining roads, and building bridges. We had hoped

in Oklahoma and in a number of other States that sooner or later we should be able to redistribute more of the gasoline tax to the several counties, and that the money derived from the tax could be use in lieu of this heavy ad valorem tax on farm lands. On Wednesday last I tried to discuss this question of farm mortgages, and to analyze a bill which I have introduced, which is now pending before this committee. In yesterday's New York Times it is reported that the farm mortgages throughout the United States aggregate $9,100,000,000, and that the other farm indebtedness aggregates a little more than $4,283,000,000, making the farm indebtedness total about $13,283,000,000.

One of the reasons for the present condition of the farmer is that the Federal Government is entering every field of State taxation, including gasoline, and therefore the States can not tax some of the things as much as they otherwise would and redistribute the taxes back to the counties and to the school districts so as to be able to reduce the ad valorem tax on farm lands. In my judgment, the question of the ad valorem tax on farm lands and of farm mortgages is the most pressing thing that comes before this Congress for consideration. Of course, Congress can not lower the ad valorem tax on farm lands; but we can keep from placing a tax on gasoline. We can leave that for the several States, and the States can tax gasoline and the amount of money derived from that source can be redistributed back to the several school districts, and in that way the States would be able to lower the ad valorem tax on farm lands. You have seen in the last few days where distressed farmers out in Iowa have resisted the sale of land under foreclosure. You read in the newspapers yesterday where that had been done in Minnesota. You find it all over the South and the West, and the trouble is just beginning. I warn the membership of the House that there must be some legislation looking to a relief of the ad valorem tax on farm lands; and when you go into the field of taxing gasoline, which has never been entered before and was not entered last year by the affirmative action of the House, you are invading the prerogatives of the States. Yesterday I read the hearings on this revenue bill, held last year. The gasoline tax was not originally advocated by the Secretary of the Treasury; and when he appeared before the committee, he invited attention to the fact that it was a tax imposed by the States and was regarded as a State tax.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. VINSON of Kentucky. I understood the gentleman to say that the Secretary of the Treasury did not initially recommend this?

Mr. HASTINGS. He did not.

Mr. VINSON of Kentucky. On January 13 last year when the Secretary came here, he did not, but after they figured out that they needed $320,000,000 additional, then he did recommend it, and the committee and the House did not add it to the bill.

Mr. HASTINGS. I am glad to have the gentleman's correction. I read his original statement on yesterday; and when he was asked whether or not he advocated it, he invited attention to the fact that this field had been entered by practically every State in the Union, and it was regarded as a field that ought to be left to the States.

The next point I wish to make is this: The chairman of the committee stated a few moments ago the wholesale price of gasoline was around 3 or 3½ cents a gallon. The average State tax per gallon is 4 cents. If we add 1 cent a gallon Federal tax, that makes 5 cents a gallon. In other words, we will be taxing gasoline by this bill, when added to the average State tax, 166⅔ per cent of the wholesale price.

Mr. YON. Will the gentleman yield for a question?

Mr. HASTINGS. I do.

Mr. YON. It is the gentleman's idea, is it not, that this field of taxing gasoline should be left to the exploitation of the States?

Mr. HASTINGS. Well, I did not use the word "exploitation." But I do think it ought to be left to the States, and I think the gentleman's State taxes gasoline 7 cents a gallon.

Mr. YON. My State taxes it 7 cents a gallon, and in some municipalities there is another cent added; and when they pay the Federal tax, it will be 9 cents a gallon.

Mr. HASTINGS. I think the highest tax is in Florida, and perhaps the next highest, or the same, 7 cents, is in the State of Tennessee.

Mr. YON. Still, I think that ought to be left to the States entirely.

Mr. HASTINGS. I am glad the gentleman from Florida agrees with me.

Mr. GIFFORD. Will the gentleman yield?

Mr. HASTINGS. I do.

Mr. GIFFORD. I should like to ask the gentleman from Oklahoma and the gentleman from Kentucky [Mr. VINSON], who is so anxious about his tobacco industry, with 166⅔ per cent tax on gasoline and almost that tax on tobacco, would the gentleman not prefer a general sales tax of 2½ per cent on all things?

Mr. HASTINGS. No, sir. I will answer flatly. I made an extended speech last year against the sales tax. I was opposed to the sales tax then, and I am opposed to a sales tax now.

Mr. GIFFORD. Is the gentleman opposed to a sales tax on tobacco?

Mr. HASTINGS. I have tried to express myself as vigorously as I possibly could.

Mr. GIFFORD. But the gentleman has always supported the sales tax on tobacco?

Mr. HASTINGS. I have not taken any active part in taxing tobacco. I have not extensively studied the tobacco question; but I want to say again, if the gentleman will permit, that I am opposed to a sales tax. I was opposed to it last year, and I am opposed to it now.

Let me say again, a great many of the States and local subdivisions have anticipated the gasoline tax for the payment of bonds which they have issued. I think some of the States have also, yet this is a further entering wedge that looks to permanently invading the field by the Federal Government. I think that gasoline and the gasoline industry pay too great a proportion of the taxes both for State, municipal, and Federal Governments.

Mr. DISNEY. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. DISNEY. Will the gentleman please discuss the effect of this tax on the two important industries, that is to say, the oil business and the automobile business, if the gentleman has gone into its effect upon those two important industries.

Mr. HASTINGS. Of course, it is very important. In our State and in every State where petroleum is produced, there is a gross-production tax. That tax in Oklahoma is 3 per cent of the gross proceeds. Then we place a license tax on automobiles.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. HASTINGS. I do.

Mr. CHINDBLOM. Reference was made to a general manufacturers' sales tax. The sales tax recommended last year by the Ways and Means Committee at the rate of 2¼ per cent would have placed a tax on gasoline of nine-tenths of 1 mill. That would not have been burdensome, would it?

Mr. HASTINGS. Well, the gentleman answers himself. What question does the gentleman want to ask me?

Mr. CHINDBLOM. My question is this: If the gentleman would support a general sales tax, the burden on gasoline would be the same as on every other article, and it would not be burdensome.

Mr. HASTINGS. Yes. I tried to explain to the gentleman from Illinois and to the Members of the House in some remarks that I made to the House when that bill was being considered, that I was opposed to a tax on consumers, and I am opposed to a sales tax. I went into that rather extensively when the bill was considered in the House before.

Mr. CHINDBLOM. We would all be happy if we did not have to vote for any taxes.

Mr. GIFFORD. Will the gentleman yield further?

Mr. HASTINGS. I yield.

Mr. GIFFORD. I had expected the remarks of the gentleman from Oklahoma would lead to the argument that a tax on gasoline was a depressive tax on industry, on the gasoline and automobile business in general. Was that the gentleman's idea?

Mr. HASTINGS. I did intend to discuss that, but my attention was diverted to other things; but that is the fact.

Mr. GIFFORD. The gentleman realizes that the tobacco interests argue that the tax which the gentleman and I pay on cigarettes has a general depressive effect on that industry. We still ride and we still smoke. Is that not the reason this tax is a favored tax?

Mr. HASTINGS. Well, I suppose that is one of the reasons.

Mr. GIFFORD. The gentleman does not think it has a depressive effect on the automobile industry?

Mr. HASTINGS. Yes; I think it has.

Mr. RANKIN. Will the gentleman yield?

Mr. HASTINGS. Yes; I yield.

Mr. RANKIN. There is quite a difference between a gasoline tax and a tobacco tax. Gasoline has become almost one of the necessities of life, and it is utterly impossible to carry on the business of this country as now constituted without the use of gasoline.

When you place this additional tax on it, you are placing an additional burden on the man of enterprise who has to use gasoline in his business.

Mr. HASTINGS. Mr. Speaker, I reserve the balance of my time.

Mr. COLLIER. Mr. Speaker, this bill was unanimously reported by the committee. I now yield all my remaining time to the gentleman from Oregon [Mr. HAWLEY], to dispose of in any way he may see proper.

Mr. HAWLEY. Mr. Speaker, I yield three minutes to the gentleman from Massachusetts [Mr. TREADWAY].

Mr. TREADWAY. Mr. Speaker, the argument of the gentleman from Oklahoma, who has just taken his seat, to my mind is about the best proof we can have that we should pass this bill. He brings in the question of the Federal Government stepping aside in order to permit States to lay as large a tax upon gasoline as they may see fit. I believe the levying of taxes to meet the expenses of running the Federal Government certainly should take precedence over the levying of taxes for local purposes. Further than that, he also made a splendid argument in behalf of the manufacturers' excise tax which was reported to this House by the Ways and Means Committee last year.

As has been pointed out, nine-tenths of a mill would have been the tax on gasoline had the House seen fit to adopt the recommendations of the Ways and Means Committee. Therefore, when we come to placing a gasoline tax as an emergency measure, I do not think the Members of the House who voted against the excise tax will have any excuse whatsoever to oppose this bill. We would not have needed a 1-cent gasoline tax had we passed the manufacturers' excise tax as we should have done at the last session. This, it seems to me, covers the point at issue.

The excessive amounts which certain States, particularly Florida, are charging in the nature of gasoline taxes is unfair. Instead of its being said that gas is taxed 166 per cent in some instances, it should be said that practically 99 per cent of it is levied by the States. I, for one, have bought a good deal of gasoline in the State of Florida. I hope to buy more. I am proud of the State roads in Florida, but I do not think tourists ought to be called upon to support all the institutions of the State of Florida.

Mr. YON. Mr. Speaker, will the gentleman yield?

Mr. TREADWAY. I can not yield.

I think in view of the emergency in which we find ourselves, the impossibility of balancing the Budget, and the statement the chairman has made that this is the only tax measure the Democratic majority intends to bring in, we should pass this gasoline tax and give the Federal Government this opportunity of securing at least a portion of the revenue needed to run the affairs of government.

Mr. Speaker, I yield back the balance of my time.

Mr. HASTINGS. Mr. Speaker, I yield two minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Speaker, when this tax was before the House last year, I made some inquiry as to the amount of tax that was being paid on gasoline in the several States. I do not have the figures with me, but at that time I had them and I became convinced that the farmers of my State, and perhaps of other States, are paying a great deal more in Federal gasoline taxes than is equitable; and that the law which Congress passed last year, and which this bill will continue for another year, does them injury. For example, the amount of gasoline consumption in Iowa, when compared to the gasoline consumption in continental United States, is much higher proportionally than is the population of the State when compared to the population of the United States. The gasoline-tax law which Congress passed last year and which this bill will continue for another year does an injury to the farmers of Iowa and, I think, also to the farmers of the United States as a whole. This is true because the amount paid by the farmers of my State under this tax is much more than they should pay as measured by their population, their wealth, their income, their proportion of other Federal taxes, or their ability to pay.

This is a discrimination against the farm sections. If there is any person on earth who needs to use gasoline, it is the farmer. He uses it in his tractors, in his farm machinery, and in his engines. He must have it. He trucks his livestock and grain to market with it; he runs his automobile by it. And, if there is any business man on earth who needs an automobile, it is the farmer, because he lives at a great distance from the place where he must go to do business. A business man in the city is not compelled to use an automobile, because he can go to and from his home, his office, his bank, his store, or his factory in a taxi or a street car. But the farmer has no such accommodations. He must use an automobile. He can not carry on without it. He is the one business man in the world who must have it.

This bill further taxes him unjustly and out of all proportion when considered in the light of cardinal principles of just and fair taxation and is a discrimination against that basic industry which we all know is in the greatest distress. Almost every wind that blows, the click of many telegraph instruments, the voices in the air, the dispatches in the daily papers—all bring fresh intelligence to this Congress of the suffering and destitution which have overtaken those engaged in that industry. If you will not listen to those who are asking for relief, if it is settled that you will not help them affirmatively and quickly, if you are decided to continue to fiddle while Rome burns, you may of course do so and go on with your irresolution and static inertia, but in any event and for every reason you should not add new burdens for the farmer to carry and new taxes for him to pay.

Mr. HAWLEY. Mr. Speaker, I yield two minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD of Georgia. Mr. Speaker, I am not in favor of the extension of the Federal gasoline tax and, therefore, shall not vote for this bill. I voted against the imposition of this tax last year. I feel that Congress is going entirely too far in this matter; and unless a halt is called at once, the States will not have any source of revenue other than the present objectionable ad valorem property tax. For this reason, and others, I am also opposed to all other similar excise taxes for national purposes. I am opposed to, and at the last session of Congress voted against, all excise taxes on candies, cool drinks, cosmetics, and other similar articles. I am still very much opposed to them and will fight them at every opportunity.

I am most anxious for the States and local governments to be able to relieve the home owners and others of much, if not all, of the present ad valorem taxes and, for this reason, am very much opposed to all these excise taxes, and also purpose to fight in every way possible the so-called

manufacturers' general sales tax, regardless of the form in which such proposal may be presented.

It will be remembered that I bitterly opposed and voted against the bank-check tax and also the postage increase at the last session of this Congress. The check tax is unwarranted, is an unnecessary and unfair nuisance, and causes more trouble and annoyance than is at all right or necessary in order to raise the small amount of revenue derived from this source. I am very much opposed to it as a national means of raising revenue.

The increase of postage on first-class mail from 2 cents to 3 cents should never have taken place. It is not fair and does much more harm than good. The first-class mail had been paying a profit to the Government, and there was absolutely no excuse for Congress to make this increase.

Many Members say that Congress must simply impose these burdens in order to raise revenue that we must have at this time. I feel that this is an erroneous idea, but I have heretofore presented my views rather fully along this line, and time will not permit further elaboration of this subject at this time.

Mr. HAWLEY. Mr. Speaker, under the existing law, the tax on gasoline is included in a paragraph containing several items. The tax on these items expires on June 30, 1934, with the reservation, however, in the case of gasoline, on which the tax expires June 30, 1933. This bill strikes out that reservation and allows the gasoline tax to continue until June 30, 1934, at which time all the taxes under that paragraph will cease.

It has been stated that the States have had the gasoline tax heretofore as a source of revenue and that the Federal Government is invading the prerogatives of the States. I do not agree that either the States or the National Government have any prerogative or exclusive right to the use of any tax. The United States first taxed tobacco. A great many States tax tobacco now. The United States established the income tax. Many States have established an income tax since then. The United States introduced the estate tax as a measure of raising revenue, and later, upon the insistence of the States, the Federal Government yielded to them 80 per cent of the income from this tax.

The United States is endeavoring to deal fairly with the subdivisions of the Union, namely, the States and their political subdivisions. There now comes a time in our history when the National Government, which has contributed large sums of money to many enterprises more of a State character than of a national character, finds itself as the result of the Great War in serious difficulties in the matter of revenue. The pending bill provides that the Federal Government take a very small proportion of the gasoline tax.

It has been stated that the States use the proceeds of the gasoline tax for roads. They are not using it all for roads. Many of the States are diverting it to other uses than that of road construction or road maintenance. The United States has contributed tremendous sums to the construction of roads. So, taking it as a whole, the necessities of the States as compared with the Union and considering that the Federal Government is bearing many burdens that are more strictly of State character than of national character, I think the continuance of the gasoline tax for one year at the low rate of 1 cent a gallon is entirely justified.

The SPEAKER. The question is on the motion to suspend the rules and pass the bill.

The question was taken; and on a division (demanded by Mr. WARREN and Mr. RANKIN) there were—ayes 136, noes 49.

Mr. RANKIN. Mr. Speaker, I object to the vote on the ground there is not a quorum present and make the point of order there is no quorum present.

The SPEAKER. The gentleman from Mississippi makes the point of order there is not a quorum present. The Chair will count. [After counting.] Two hundred and sixty-one Members present, a quorum.

Mr. RANKIN. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

So the bill was passed.

ESTABLISHMENT OF A UNIFORM SYSTEM OF BANKRUPTCY THROUGHOUT THE UNITED STATES

Mr. SUMNERS of Texas. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 14359) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, as amended.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act of July 1, 1898, entitled "An act to establish a uniform system of bankruptcy throughout the United States," as amended by the acts of February 5, 1903, June 15, 1906, June 25, 1910, March 2, 1917, January 7, 1922, May 27, 1926, and February 11, 1932, be, and it is hereby, amended by repealing sections 12 and 13 thereof and by adding thereto a new chapter to read as follows:

"CHAPTER VIII

"PROVISIONS FOR THE RELIEF OF DEBTORS

"SEC. 73. Additional jurisdiction: In addition to the jurisdiction exercised in voluntary and involuntary proceedings to adjudge persons bankrupt, courts of bankruptcy shall exercise original jurisdiction in proceedings for the relief of debtors, as provided in sections 74, 75, and 76 of this act.

"SEC. 74. Compositions and extensions: (a) Any person excepting a corporation may file a petition, or, in an involuntary proceeding before adjudication, an answer within the time limited by section 18 (b) of this act, accompanied in either case, unless further time is granted, by his schedules, stating that he is insolvent or unable to meet his debts as they mature, and that he desires to effect a composition or an extension of time to pay his debts. The term 'debt' for the purposes of an extension proposal under this section shall include all claims of whatever character against the debtor or his property, whether or not such claims would otherwise constitute provable claims under this act. Upon the filing of such a petition or answer the judge shall enter an order either approving it as properly filed under this section, if satisfied that such petition or answer complies with this section and has been filed in good faith, or dismissing it. If such petition or answer is approved, an order of adjudication shall not be entered except as provided in subdivision (j) of this section: *Provided, however*, That in staying the action for adjudication in an involuntary proceeding the court shall make such stay conditional upon such terms for the protection and indemnity against loss by the estate as may be proper, and that in any other proceeding under this section the court may, as the creditors at the first meeting may direct, impose similar terms as a condition of delaying the appointment of a trustee and the liquidation of the estate. Any person by or against whom a petition is filed shall be referred to in the proceedings under this section as a 'debtor.' The term 'creditor' shall include for the purposes of an extension proposal under this section all holders of claims of whatever character against the debtor or his property, whether or not such claims would otherwise constitute provable claims under this act.

"(b) After the filing of such petition or answer, the court may upon reasonable notice to creditors and attorneys of record appoint a custodian or receiver, who shall inventory the debtor's estate and exercise such supervision and control over the conduct of the debtor's business as the creditors at any meeting or the court shall direct.

"(c) The court in cases involving extension proposals where it is not necessary to appoint a custodian or receiver shall promptly call the first meeting of creditors, stating in the notice that the debtor proposes to offer terms of composition or extension, and inclosing with the notice a summary of the inventory, a brief statement of the debtor's indebtedness as shown by the schedules, and a list of the names and addresses of the secured creditors and the 15 largest unsecured creditors, with the amounts owing to each as shown by the schedules.

"(d) At the first meeting (1) the debtor may be examined; (2) the creditors may nominate a trustee, who shall thereafter be appointed by the court in case it becomes necessary to liquidate the estate as provided in subdivision (j) of this section; and (3) the court shall, after hearing the parties in interest, fix a reasonable time within which application for confirmation shall be made. The court may later extend such time for cause shown, and may require, as a condition of such extension, additional terms for the protection of and indemnity against loss by the estate as may be proper.

"(e) An application for the confirmation of a composition or extension proposal may be filed in the court of bankruptcy (1) after, but not before, it has been accepted in writing by a majority in number of all creditors whose claims have been allowed, including secured creditors whose claims are affected by an extension proposal, which number must represent a majority in amount of such claims; (2) failing to obtain the acceptance of a majority in number of all creditors whose claims have been allowed, including secured creditors whose claims are affected by an extension proposal representing a majority in amount of all claims as in clause (1) the debtor may file a proposal for an extension, including a feasible method of financial rehabilitation for the debtor which is for the best interest of all the creditors, including an equitable liquidation for secured creditors whose claims are affected; and the money or security necessary to pay all debts which have

priority unless waived and the costs of the proceedings, and in case of a composition the consideration to be paid by the debtor to his creditors, have been deposited in such place as shall be designated by and subject to the order of the court.

"(f) A date and place, with reference to the convenience of the parties in interest, shall be fixed for a hearing upon each application for the confirmation of the composition or extension proposal, and such objections as may be made to its confirmation.

"(g) The court shall confirm the proposal if satisfied that (1) it includes an equitable and feasible method of liquidation for secured creditors whose claims are affected and of financial rehabilitation for the debtor; (2) it is for the best interests of all creditors; (3) that the debtor has not been guilty of any of the acts, or failed to perform any of the duties, which would be a ground for denying his discharge; and (4) the offer and its acceptance are in good faith, and have not been made or procured except as herein provided, or by any means, promises, or acts herein forbidden. In application for extensions the court shall require proof from each creditor filing a claim that such claim is free from usury as defined by the laws of the place where the debt is contracted.

"(h) The terms of an extension proposal may extend the time of payment of either secured or unsecured debts, or both, and may provide for priority of payments to be made during the period of extension as between secured and unsecured creditors. It may also include specific undertakings by the debtor during the period of the extension, including provisions for payments on account, and may provide for supervisory or other control over the debtor's business or affairs during such period by a creditors' committee or otherwise, and for the termination of such period under certain specified conditions.

"(i) Upon its confirmation an extension proposal shall be binding upon the debtor and his secured and unsecured creditors: *Provided*, That such extension or composition shall not impair the lien of any secured creditor, but shall affect only the time and method of its liquidation.

"(j) Upon the confirmation of a composition the consideration shall be distributed as the court shall direct, and the case dismissed. Upon the confirmation of an extension proposal the court may dismiss the proceeding or retain jurisdiction of the debtor and his property during the period of the extension in order to protect and preserve the estate and enforce the terms of the extension proposal.

"(k) The judge may, upon the application of the parties in interest, filed at any time within six months after the composition or extension proposal has been confirmed, set the same aside and reinstate the case, if it shall be made to appear upon a trial that fraud was practiced in the procuring of such composition or extension, and that knowledge thereof has come to the petitioners since the confirmation thereof.

"(l) If the debtor shall (1) fail to comply with any of the terms required of him for the protection of and indemnity against loss by the estate; or (2) fail to apply for confirmation within the time fixed therefor; or (3) have applied for confirmation and confirmation has been denied; or (4) without sufficient reason default in any payment required to be made under the terms of the composition or extension proposal, the court may appoint the trustee nominated by the creditors at the first meeting, and if the creditors shall have failed to so nominate, may appoint any other qualified person as trustee to liquidate the estate except debtors engaged in farming or the tillage of the soil unless they consent. The court shall in addition adjudge the debtor a bankrupt if satisfied that he commenced or prolonged the proceeding for the purpose of delaying creditors and avoiding an adjudication in bankruptcy, or if the confirmation of his proposal has been denied.

"(m) The filing of a debtor's petition or answer pleading for relief under this section shall subject the debtor and his property, wherever located, to the exclusive jurisdiction of the court in which the order approving the petition or answer as provided in subdivision (a) is filed. In proceedings under this section, except as otherwise provided therein, the jurisdiction and powers of the court, the title, powers, and duties of its officers and, subject to the approval of the court, their fees, the duties of the debtor, and the rights and liabilities of creditors, and of all persons with respect to the property of the debtor, shall be the same as if a voluntary petition for adjudication had been filed and a decree of adjudication had been entered on the day when the debtor's petition or answer was filed and any decree of adjudication thereafter entered shall have the same effect as if it had been entered on that day.

"(n) After the filing of the petition, as provided in subdivision (a) of this section, the court, on such notice and on such terms, if any, as it deems fair and equitable may enjoin secured creditors from enforcing their rights in security held by them until the confirmation of the composition, or the extension has been denied by the court.

"(o) Notwithstanding the provisions of this act, in any proceedings under this section involving a plan of extension the following fees, and none other, shall be charged to the debtors;

"For the clerk's fees, $2;

"For the referee, upon entry of order of confirmation, $10 if the total assets as shown by the schedule are $10,000 or less, and $5 for each $5,000 of assets, or fraction thereof, that exceeds $10,000; and

"Upon the filing of a petition the filing fee in all cases shall be $5.

"(p) The judges of the courts of bankruptcy shall appoint sufficient referees to sit in convenient places to expedite the proceedings under this section, and where the business and conditions permit there shall be at least one in each county: *Provided*, That hearings and examinations before the referee shall be held in the county of the debtor's residence.

"SEC. 75. Corporate reorganizations: (a) Any corporation which could become a bankrupt under section 4 of the act, drainage, irrigation, levee, sewer, and paving improvement districts established under the laws of the State of their creation, except as hereinafter provided, may file a petition, or, before adjudication in an involuntary proceeding, an answer, stating that the corporation is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization. The petition shall be filed with the court in whose territorial jurisdiction the corporation, during the preceding six months or the greater portion thereof, has had its principal place of business or its principal assets. The petition or answer shall be accompanied by payment to the clerk of a filing fee of $100, which shall be in addition to the fees required to be collected by the clerk under other sections of this act. Upon the filing of such a petition or answer the judge shall enter an order either approving it as properly filed under this section if satisfied that such petition or answer complies with this section and has been filed in good faith, or dismissing it. If the petition or answer is so approved, an order or adjudication in bankruptcy shall not be entered and the court in which such order approving the petition or answer is entered shall during the pendency of the proceedings under this section have exclusive jurisdiction of the debtor and its property wherever located, for the purposes of this section. The corporation shall be referred to in the proceedings as a 'debtor.'

"(b) A plan of reorganization within the meaning of this section (1) shall include a proposal to modify or alter the rights of creditors generally, or of any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise; (2) may include, in addition, provisions altering the rights of stockholders generally, or of any class of them; (3) shall provide adequate means for the execution of the plan, which may include the transfer of all or any part of the property of the debtor to another corporation or to other corporations, or the consolidation of the properties of the debtor with those of another corporation, and the issuance of securities of either the debtor or any such corporation or corporations, for cash, or in exchange for existing securities, or in satisfaction of claims or rights, or for other appropriate purposes; and (4) may deal with all or any part of the property of the debtor. The term 'securities' shall include evidences of indebtedness, either secured or unsecured, stock, certificates of beneficial interest therein, and certificates of beneficial interest in property. The term 'stockholders' shall include the holders of voting trust certificates. The term 'creditors' shall include for the purposes of a reorganization proceeding under this section all holders of claims of whatever character against the debtor or its property, whether or not such claims would otherwise constitute provable claims under this act.

"(c) Upon approving the petition or answer, the judge (1) may temporarily appoint a trustee or trustees of the debtor's estate, who shall have all the title and shall exercise subject to the control of the judge and consistently with the provisions of this section all the powers of a trustee appointed pursuant to section 44 of this act, and, subject to the court's control, the power to operate the business of the corporation, shall fix the amount of the bond of such trustee or trustees, and require the trustee or trustees to give such notice as the order may direct to creditors and stockholders and to cause publication thereof to be made at least once a week for two successive weeks of a hearing to be held within 30 days after such appointment, at which hearing or any adjournment thereof the judge may make permanent such appointment, or terminate it and appoint a substitute trustee or substitute trustees, and may appoint an additional trustee or additional trustees, and shall fix the amount of the bond of the substitute or additional trustee or trustees; (2) may, for cause shown, authorize the trustee or trustees to issue certificates for cash, for such lawful purposes, and upon such terms and conditions and with such security and such priority in payments over existing obligations, secured or unsecured, as may be lawful in the particular case; (3) shall require the debtor, at such time or times as the judge may direct, and in lieu of the schedules required by section 7 of this act, to file such schedules and submit such other information as may be necessary to disclose the conduct of the debtor's affairs and the fairness of any proposed plan; (4) shall determine a reasonable time within which the claims and interest of creditors and stockholders may be filed or evidenced and after which no such claim or interest may participate in any plan, except on order for cause shown; the manner in which such claims and interests may be filed or evidenced and allowed, and, for the purposes of the plan and its acceptance, the division of creditors and stockholders into classes according to the nature of their respective claims and interests; (5) shall cause reasonable notice of such determination and of all hearings for the consideration of any proposed plan, or of the dismissal of the proceedings, or the liquidation of the estate, or the allowance of fees or expenses, to be given creditors and stockholders by publication or otherwise; (6) if a plan of reorganization is not proposed or accepted within such reasonable time as the judge may fix, or, if proposed and accepted, is not confirmed, may, whether the proceeding be voluntary or involuntary, dismiss the proceeding or direct the trustee or trustees to liquidate the estate, as the interests of the creditors

and stockholders may equitably require, provided that if the proceeding is involuntary it shall not be so dismissed until after a hearing upon notice sent to the creditors and stockholders; (7) may allow a reasonable compensation for the services rendered and reimbursement for the actual and necessary expenses incurred in the proceeding by officers and parties in interest, including reorganization managers and committees or other representatives of creditors or stockholders, and their attorneys or agents; and (8) may refer any matters to a special master, who may be one of the referees in bankruptcy, for consideration and report, either generally or upon specified issues, and allow such master a reasonable compensation for his services. Any creditor or stockholder shall be heard on the question of the appointment of any trustee or trustees, and on the proposed confirmation of any reorganization plan, and upon filing a petition for leave to intervene, on such other questions arising in the proceeding as the judge shall determine.

"(d) A plan of reorganization which has been approved by creditors of the debtor, being not less than 25 per cent in amount of any class of creditors and not less than 10 per cent in amount of all the creditors of the debtor, whose claims or interests would be affected by the plan, may be proposed by the debtor or by any creditor or by any stockholder at a hearing duly noticed for its consideration or for the consideration of any other plan of reorganization similarly proposed.

"(e) A plan of reorganization shall not be confirmed until it has been accepted in writing and such acceptance shall have been filed in the proceeding by or on behalf of creditors holding two-thirds in amount of the claims of each class whose claims or interests have been allowed and would be affected by the plan, and, unless the judge shall determine after a hearing that the debtor is insolvent, by or on behalf of stockholders of the debtor holding two-thirds of the stock of each class: *Provided, however,* That if adequate provision is made in the plan for the protection of the interests, claims, and liens of any class of creditors or stockholders in the manner provided in subdivision (f), clause (5) of this section, then the acceptance of the plan by such class of creditors or stockholders shall not be requisite to the confirmation of the plan. With such acceptance there shall be filed a statement, verified in such manner as the judge shall require, showing what, if any, claims and shares of stock have been purchased or transferred by those accepting the plan after the commencement or in contemplation of the proceeding, and the circumstances of such purchase or transfer: *Provided, however,* That if the judge is satisfied that by reason of the number of securities outstanding and the extent of the public dealing therein the preparation of such a statement would be impractical, he may direct that it be not filed.

"(f) Upon such acceptance, and after hearing such objections as may be made to the plan, the judge shall confirm the plan if satisfied that (1) it is equitable and does not discriminate unfairly in favor of any class of creditors or stockholders; (2) all amounts to be paid by the debtor or by any corporation or corporations acquiring the debtor's assets, for services or expenses incident to the reorganization, have been fully disclosed and are reasonable, or are to be subject to the approval of the judge; (3) the offer of the plan and its acceptance are in good faith and have not been made or procured by any means or promises forbidden by this act; (4) the plan provides for the payment in cash of all costs of administration and other allowances made by the court; (5) the plan provides with respect to stockholders not accepting the plan (unless the corporation shall have been found to be insolvent) and who do not become bound by the plan under the provisions of subdivision (g) of this section adequate protection for the realization by them of the value of their equity, if any, in the property of the debtor dealt with by the plan, either by a sale of the property at not less than a fair upset price or by appraisal and payment in cash of the value of such stock, or, at the objecting stockholders' election, of the securities allotted to such stockholders under the plan, if any; and the plan provides with respect to creditors not accepting the plan, and who do not become bound by the plan under the provisions of subdivision (g) of this section adequate protection for the realization by them of the value of their liens on or claims against the property of the debtor dealt with by the plan, either (a) by the sale of such property subject to such liens or claims, or (b) by the sale free of such liens or claims at not less than a fair upset price, and the transfer of such liens or claims to the proceeds of such sale, or (c) by appraisal and payment in cash of the value of such liens and claims, or, at the objecting creditors' election, of the securities allotted to such liens and claims under the plan; (6) the debtor, and every other corporation issuing securities or acquiring property under the plan, is authorized by its charter, and has obtained such authority as may be required by the laws of the United States or of any State or Territory or subdivision thereof, to take all action necessary to carry out the plan.

"(g) Upon such confirmation the provisions of the plan shall be binding upon (1) the corporation, (2) all stockholders thereof, (3) all creditors whose claims are payable in cash in full under the plan, (4) all creditors entitled to priority under subdivision (c) of this section, whose claims are not payable in cash in full under the plan, provided two-thirds in amount of such creditors shall have accepted the plan in writing filed in the proceeding, (5) all other unsecured creditors, provided two-thirds in amount of such creditors shall have accepted the plan in writing filed in the proceeding, and (6) all secured creditors of each class of which two-thirds in amount shall have accepted the plan: *Provided, however,* That any secured creditor who is unwilling to accept the benefits provided for him under the plan may file with the clerk at any time prior to the confirmation of the plan a demand in writing that his lien be afforded the protection required by subdivision (f), clause (5) of this section, in which event he shall be entitled to such protection of his interests. The confirmation of the plan shall discharge the debtor from its debts except as provided in the plan.

"(h) Upon confirmation of the plan the property dealt with by the plan shall be transferred by the trustee or trustees to the debtor or the other corporation or corporations provided for by the plan, free and clear of all claims of the debtor, its stockholders and creditors, except such as may consistently with the provisions of the plan be reserved in the order directing such transfer. Upon the termination of the proceedings a final decree shall be entered discharging the trustee or trustees and closing the case.

"(i) If a receiver of all or any part of the property of a corporation has been appointed by a Federal, State, or Territorial court, whether before or after this amendatory act takes effect, the corporation may nevertheless file a petition or answer under this section at any time thereafter, but if it does so and the petition or answer is approved, the trustee or trustees appointed under the provisions of this section shall be entitled forthwith to possession of such property, and the judge shall make such orders as he may deem equitable for the protection of obligations incurred by the receiver and for the payment of such reasonable administrative expenses and allowances in the prior proceeding as may be fixed by the court appointing said receiver. If a receiver has been appointed by a Federal or State or Territorial court prior to the dismissal, under subdivision (c) clause (6), of a proceeding under this section, the judge may include in the order of dismissal appropriate orders directing the trustee to transfer possession of the debtor's property within the Territorial jurisdiction of such court to the receiver so appointed, upon such terms as the judge may deem equitable for the protection of obligations incurred by the trustee and for the payment of administrative expenses and allowances in the proceeding hereunder. For the purposes of this section the words 'Federal court' shall include the district courts of the United States and of the Territories and possessions to which this act is or may hereafter be applicable, the Supreme Court of the District of Columbia, and the United States Court of Alaska, and the District Court of the United States for the Territory of Hawaii.

"(j) In addition to the provisions of section 11 of this act for the staying of pending suits against the debtor, such suits shall be further stayed until the question of the confirmation of a proposed plan of reorganization has been determined; and until such determination the judge may, upon notice and for cause shown, enjoin or stay the commencement or continuance of any judicial proceeding to enforce any lien upon the estate.

"(k) A certified copy of an order confirming a plan of reorganization shall be evidence of the jurisdiction of the court, the regularity of the proceedings, and the fact that the order was made. A certified copy of an order directing the transfer of the property dealt with by the plan as provided in subdivision (h) of this section shall be evidence of the transfer of title accordingly, and if recorded shall impart the same notice that a deed, if recorded, would impart.

"(l) If an order is entered directing the trustee or trustees to liquidate the estate pursuant to the provisions of clause (6) of subdivision (c) of this section: (1) The case may be referred to a referee as provided in section 22, who shall be compensated as provided in section 40, except that such compensation shall not exceed a total of $7,500 in any single case; (2) the first meeting of creditors shall be held as provided in section 55, upon notice as provided in section 58; (3) a trustee or trustees shall be appointed as provided in section 44, and be compensated as provided in section 48; (4) claims which are provable under section 63 may be proved as provided in section 57, except that the time within which proof may be made shall not expire until six months after the date of the last publication of the notice of the first meeting; (5) debts shall be entitled to priority as provided in section 64; (6) sales shall be made as provided in subdivision (b) of section 70; (7) dividends may be declared and paid as provided in section 65. None of the sections enumerated in this subdivision (l), except subdivisions (g), (l), (j), and (m) of section 57, and subdivisions (a) and (e) of section 70, shall apply to proceedings instituted under this section 75 unless and until an order has been entered directing the trustee or trustees to liquidate the estate. All other provisions of this act, except such as are inconsistent with the provisions of this section 75, shall apply to proceedings instituted under this section, whether or not an order to liquidate the estate has been entered. For the purposes of such application, provisions relating to 'bankrupts' shall be deemed to relate also to 'debtors'; 'bankruptcy proceedings,' or 'proceedings in bankruptcy,' shall be deemed to include proceedings under this section; the date of the order approving the petition or answer under this section shall be taken to be the date of adjudication, and such order shall have the same consequences and effect as an order of adjudication.

"(m) Whenever in this act the words 'receiver' or 'trustee' are used, same shall mean a natural person, except, however, upon good cause affirmatively shown by any interested party or parties that it is for the best interests of the debtor or the plan generally, the court may appoint a corporation, but such corporation shall not be appointed in a multiplicity of cases.

"(n) Nothing contained in this section whatsoever shall be construed or be deemed to affect or apply to the stockholders, creditors, or officers of any corporation operating a railroad or railroads owned in whole or in part by any municipality and/or

owned or operated by a municipality, or under any contract to any municipality by or on its behalf or in conjunction with such municipality under any contract, lease, agreement, certificate, or in any other manner provided by law for such operation."

"SEC. 76. Reorganization of railroads engaged in interstate commerce: (a) Any railroad corporation, but subject to first having obtained the approval of the Interstate Commerce Commission, may file a petition stating that the railroad corporation is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization. The petition shall be filed with the court in whose territorial jurisdiction the railroad corporation, during the preceding six months or the greater portion thereof, has had its principal or executive or operating office. The petition shall be accompanied by payment to the clerk of a filing fee of $100, which shall be in addition to the fees required to be collected by the clerk under other sections of this act. Upon the filing of such a petition the judge shall enter an order either approving it as properly filed under this section, if satisfied that such petition complies with this section and has been filed in good faith, or dismissing it. If the petition is so approved, the court in which such order approving the petition is entered shall, during the pendency of the proceedings under this section, have jurisdiction of the debtor and its property wherever located, for the purposes of this section. The railroad corporation shall be referred to in the proceedings as a 'debtor.' Any railroad corporation, the majority of the capital stock of which having power to vote for the election of directors is owned or controlled, either directly or indirectly through an intervening medium, by any railroad corporation filing a petition as a debtor under this section, or substantially all of whose properties are operated by such a debtor under lease or operating agreement may file, with the court in which such other debtor had filed such a petition, and in the proceeding upon such petition under this section, a petition stating that it is insolvent or unable to meet its debts as they mature and that it desires to effect a plan of reorganization in connection with, or as a part of, the plan of reorganization of such other debtor; and thereupon such court shall have the same jurisdiction with respect to it, its property, and its creditors and stockholders as the court has with respect to such other debtor. Creditors of any railroad corporation, being not less than 25 per cent in amount of any class of creditors and not less than 10 per cent in amount of all creditors of such railroad corporation, whose claims or interests would be affected by the plan proposed by them, may, if the railroad corporation has not filed a petition under this section, but subject to first having obtained the approval of the Interstate Commerce Commission, file with the court in which such railroad corporation might file a petition under the provisions of this section, a petition stating that such railroad corporation is insolvent or unable to meet its debts as they mature and that such creditors propose that it shall effect a plan of reorganization; upon such filing of such a petition a copy thereof shall be served by the petitioning creditors forthwith upon the railroad corporation; the railroad corporation shall, within 10 days after such service, answer such petition; if such answer shall admit the jurisdiction of the court, that the claims of the petitioning creditors constitute the amounts necessary to entitle them to file such petition under this section, and that the railroad corporation is either insolvent or unable to meet its debts as they mature, the court shall enter an order approving the petition as properly filed under this section, and the proceedings thereon shall continue with like effect as if the railroad corporation had itself filed a petition under this section; if such answer shall deny either the jurisdiction of the court or that the claims of the petitioning creditors constitute such necessary amounts or that the railroad corporation is insolvent or unable to meet its debts as they mature, the court shall summarily try the issues, and if it shall find that the petition has been properly filed under this section, the court shall enter an order approving the petition as so filed, and the proceedings thereon shall continue with like effect as if the railroad corporation had itself filed a petition under this section; otherwise the court shall dismiss the petition.

"(b) A plan of reorganization within the meaning of this section (1) may include a proposal to modify or alter the rights of creditors generally, or of any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise; (2) may include, in addition, provisions altering the rights of stockholders generally, or of any class of them; (3) shall provide adequate means for the execution of the plan, which may include the transfer of all or any part of the property of the debtor to another corporation or to other corporations or the consolidation of the properties of the debtor with those of another railroad corporation, or the merger of the debtor with any other railroad corporation and the issuance of securities of either the debtor or any such corporation or corporations, for cash, or in exchange for existing securities, or in satisfaction of claims or rights, or for other appropriate purposes; and (4) may deal with all or any part of the property of the debtor. The term 'securities' shall include evidences of indebtedness, either secured or unsecured, bonds, stocks, certificates of beneficial interest therein, and certificates of beneficial interest in property. The term 'stockholders' shall include the holders of voting trust certificates. The term 'creditors' shall include, for the purposes of a reorganization proceeding under this section, all holders of claims of whatever character against the debtor or its property, whether or not such claims would otherwise constitute provable claims under this act. Nothing contained in this act shall be construed as amending or in any way altering the provisions of the railway labor act, as amended and supplemented.

"(c) Upon approving the petition as properly filed the judge (1) may temporarily appoint a trustee or trustees recommended by the Interstate Commerce Commission of the debtor's estate, who shall have all the title, powers of a trustee appointed pursuant to section 44 or any other section of this act, and, subject to the judge's control, shall have the power to operate the business of the railroad corporation; the judge shall fix the amount of the bond of such trustee or trustees and require the trustee or trustees to give such notice as the order may direct to creditors and stockholders and to cause publication thereof to be made at least once a week for two successive weeks of a hearing to be held within 30 days after such appointment, at which hearing and/or any adjournment thereof the judge may make, upon such recommendation, permanent such appointment, or may terminate it and may, upon such recommendation, appoint a substitute trustee or substitute trustees, and may, upon such recommendation, appoint an additional trustee or additional trustees, and shall fix the amount of the bond of the substitute or additional trustee or trustees; any creditor or stockholder shall be heard on the question of the appointment of any trustee or trustees; (2) may for cause shown, and with approval of the Interstate Commerce Commission, authorize the trustee or trustees to issue certificates for cash, for such lawful purposes, and upon such terms and conditions and with such security and such priority in payments over existing obligations, secured or unsecured, as might in an equity receivership be lawful; (3) shall require the debtor, at such time or times as the judge may direct and in lieu of the schedules required by section 7 of this act, to file such schedules and submit such other information as may be necessary to disclose the conduct of the debtor's affairs and the fairness of any proposed plan; (4) shall determine a reasonable time within which the claims and interests of creditors and stockholders may be filed or evidenced and after which no such claim or interest may participate in any plan, except on order for cause shown; the manner in which such claims and interests may be filed or evidenced and allowed, and, for the purposes of the plan and its acceptance, the division of creditors and stockholders into classes according to the nature of their respective claims and interests; (5) shall cause reasonable notice of such determination, or of the dismissal of the proceedings, or the allowance of fees or expenses, to be given creditors and stockholders by publication or otherwise; (6) if a plan of reorganization is not proposed or accepted within such reasonable time as the judge may, upon cause shown, fix, or, if proposed and accepted, is not approved, shall dismiss the proceeding; (7) may, subject to the approval provided in subdivision (f) of this section, allow a reasonable compensation for the services rendered and reimbursement for the actual and necessary expenses incurred in connection with the proceeding and plan by the Interstate Commerce Commission, officers, parties in interest, reorganization managers, and committees or other representatives of creditors or stockholders, and their attorneys or agents; and (8) may on his own motion or at the request of the Interstate Commerce Commission refer any matters for consideration and report, either generally or upon specified issues, to one or more of six special referees, who may also perform all the functions and exercise all the powers of referees in bankruptcy and who shall be appointed by the President of the United States, by and with the advice and consent of the Senate, each for a term of six years, except that the first two appointments shall be for two and the next two appointments for four years. Authority is herewith granted for the appointment of such special referees and such additional special referees as may be required. Such special referees shall sit in Washington, D. C., and in such other places as may be designated in any instance by the judge referring a matter to them on his own motion or at the request of the commission, and shall receive such compensation as shall be allowed them by such judge, with the approval of the Interstate Commerce Commission, including reasonable traveling and subsistence allowances, and shall be subject to all applicable provisions of this act, except fees, regarding referees in bankruptcy. For all purposes of this section 76, claims against a railroad corporation which would have been entitled to priority over existing mortgages if a receiver in equity of the property of the debtor had been appointed by a Federal court at the date of the filing of the petition hereunder shall be entitled to such priority, and holders of such claims shall be treated as a separate class of creditors. Any creditor or stockholder shall be heard on the question of the proposed approval of any reorganization plan, and upon filing a petition for leave to intervene on such other questions arising in the proceeding as the judge shall determine. The debtor, or the trustees if appointed, shall within 15 days or, upon cause shown, such other time as may be directed by the judge, prepare (1) a list of all known bondholders and creditors of, or claimants against, the debtor and the amounts and character of debts owing to them or claims by them against the debtor, with the last known post-office address or place of business of each creditor or claimant, and (2) a list of the stockholders of the debtor, with the last known post-office address or place of business of each. The contents of such lists shall not constitute admissions by the debtor or the trustees in a proceeding under this section or otherwise. Such lists shall be open to the inspection of any creditor or stockholder of, or claimant against, the debtor, during reasonable business hours, upon application to the debtor or trustees, as the case may be.

"(d) Before creditors and stockholders of the debtor are asked to accept any plan of reorganization, the Interstate Commerce Commission shall, after due notice, hold a public hearing at which the debtor shall present its plan of reorganization and at which, also, such a plan may be presented by or on behalf of creditors of the debtor, being not less than 25 per cent in amount of any class of creditors and not less than 10 per cent in amount of all the creditors of the debtor whose claims or interest would be affected by the plan. Following such hearing, the commission shall render a report in which it shall recommend a plan of reorganization (which may be different from any which has been proposed) as it shall find will be equitable, will not discriminate unfairly in favor of any class of creditors or stockholders, will be financially advisable, and will be compatible with the public interest. In such report the commission shall state fully the reasons for its conclusions, and it may thereafter, upon petition for good cause shown, modify any of its findings and conclusions in a supplemental report stating the reasons for such modification. Thereafter the plan of reorganization recommended by the commission shall be submitted to the creditors and stockholders of the debtor for acceptance or rejection, together with the report or reports of the commission thereon; and the commission may at the same time afford an opportunity to accept or reject any other plan of reorganization.

"(e) A plan of reorganization shall not be transmitted by the commission to the court until it has been accepted in writing and such acceptance shall have been filed in the proceeding by or on behalf of creditors holding two-thirds in amount of the claims of each class whose claims or interests have been allowed and would be affected by the plan, and, unless the judge shall have determined after a hearing that the debtor is insolvent, by or on behalf of stockholders of the debtor holding two-thirds of the stock of each class: *Provided, however,* That if adequate provision is made in the plan for the protection of the interests, claims, and liens of any class of creditors or stockholders in the manner provided in subdivision (f), clause (5), of this section, then the acceptance of the plan by such class of creditors or stockholders shall not be requisite to the approval of the plan. With such acceptance there shall be filed a statement, verified in such manner as the commission shall require, showing what, if any, claims and shares of stock have been purchased or transferred by those accepting the plan after the commencement or in contemplation of the proceeding, and the circumstances of such purchase or transfer. If the United States is directly a creditor or stockholder, the Secretary of the Treasury is hereby authorized to accept or reject the plan for the United States.

"(f) Upon the acceptance as provided in subdivision (e) the Interstate Commerce Commission shall reopen the proceeding in which it recommended the plan of reorganization, for the purpose of considering the accepted plan and if the commission finds, after due notice and a public hearing, that (1) the accepted plan is equitable and does not discriminate unfairly in favor of any class of creditors or stockholders; (2) all amounts to be paid by the debtor or by any corporation or corporations acquiring the debtor's assets, for services or expenses incident to the reorganization and cost of financing, have been fully disclosed and are reasonable; (3) the offer of the plan and its acceptance are in good faith and have not been made or procured by any means or promises forbidden by this act; (4) the accepted plan provides for the payment of all costs of administration and other allowances made by the court; (5) the accepted plan provides, with respect to stockholders of any class when two-thirds in amount of that class have not accepted the plan (unless the railroad corporation shall have been found to be insolvent), adequate protection for the realization by them of the value of their equity, if any, in the property of the debtor dealt with by the plan either by a sale of the property at not less than a fair upset price, or by appraisal and payment in cash either of the value of such stock or, at the objecting stockholder's election, the value of the securities, if any, allotted to such stock under the plan, and the plan provides with respect to any class of creditors not accepting the plan, and who do not become bound by the plan under the provisions of subdivision (g) of this section, adequate protection for the realization by them of the value of their liens on or claims against the property of the debtor dealt with by the plan, either (a) by the sale of such property subject to such liens or claims, or (b) by the sale free of such liens or claims at not less than a fair upset price, and the transfer of such liens or claims to the proceeds of such sale, or (c) by appraisal and payment in cash of either the value of such liens and claims or, at the objecting creditors' election, the value of the securities allotted to such liens and claims under the plan; (6) the debtor, and every other corporation issuing securities or acquiring property under the plan, is authorized by its charter to carry out the plan and should be granted for that purpose by the commission such further authority as may be necessary under and consistent with the provisions of the interstate commerce act; and (7) in respect of the financial advisability of the plan and otherwise, the consummation of the plan is compatible with public interest; the commission is hereby authorized and directed thereupon and without further proceedings to grant, subject to the provisions of the interstate commerce act as amended, authority for the issue of any securities or the assumption of any obligations by the debtor or by any other railroad corporation in accordance with the accepted plan, and likewise authority for the transfer of all or any part of the property of the debtor to another corporation or to other corporations or the consolidation of the properties of the debtor with those of another railroad corporation, or the merger of the debtor with any other railroad corporation to the extent that such transactions are contemplated by the accepted plan and are consistent with the provisions of the interstate commerce act, as amended. In such proceeding the commission shall also fix the compensation to be paid to reorganization managers, special referees, trustees, officers, parties in interest, committees, or other representatives of creditors or stockholders for services rendered and reimbursement for the actual and necessary expenses incurred in connection with the proceeding and plan: *Provided,* That unless good and sufficient reasons appear therefor no allowance for fees or compensation shall be made to officers of corporations who acted as managers or in any capacity in connection with the reorganization when such corporation had an interest in the matter.

"(g) Thereupon the commission shall transmit the accepted and approved plan, its findings, and the record in the proceedings to the court, and the said plan upon approval by the judge on the said record shall be final and binding upon (1) the corporation; (2) all stockholders thereof; (3) all creditors whose claims are payable in cash under the plan; (4) all creditors entitled to priority under subdivision (c) of this section, whose claims are not payable in cash in full under the plan, provided two-thirds in amount of such creditors shall have accepted the plan in writing filed in the proceeding; (5) all other unsecured creditors, provided two-thirds in amount of such creditors shall have accepted the plan in writing filed in the proceeding; and (6) all secured creditors of each class of which two-thirds in amount shall have accepted the plan. The approval of the plan shall discharge the debtor from its debts except as provided in the plan. In the event that the judge should disapprove the plan on the said record he shall enter an order together with his reasons therefor.

"(h) The provisions of the revenue act of 1932, sections 721, 722, 723, 724, and 725, shall not apply to the issuance, transfers, or exchange of securities or filing of conveyances to make effective such reorganization, mergers, or consolidations.

"(i) Upon approval of the plan the property dealt with by the plan shall be transferred by the trustee or trustees to the debtor or the other corporation or corporations provided for by the plan, free and clear of all claims of the debtor, its stockholders, and creditors, except such as may consistently with the provisions of the plan be reserved in the order directing such transfer. Upon the termination of the proceedings a final decree shall be entered discharging the trustee or trustees and closing the case.

"(j) If a receiver of all or any part of the property of a corporation has been appointed by a Federal or State court, whether before or after this amendatory act takes effect, the railroad corporation may nevertheless file a petition or answer under this section at any time thereafter, but if it does so and the petition is approved the trustee or trustees appointed under the provisions of this section shall be entitled forthwith to possession of such property, and the judge shall make such orders as he may deem equitable for the protection of obligations incurred by the receiver and for the payment of such reasonable administrative expenses and allowances in the prior proceeding as may be fixed by the court appointing said receiver. If a receiver has been appointed by a Federal or State court prior to the dismissal, under subdivision (c), clause (6), of a proceeding under this section, the judge may include in the order of dismissal appropriate orders directing the trustee to transfer possession of the debtor's property within the territorial jurisdiction of such court to the receiver so appointed, upon such terms as the judge may deem equitable for the protection of obligations incurred by the trustee and for the payment of administrative expenses and allowances in the proceeding hereunder. For the purposes of this section the words 'Federal court' shall include the district courts of the United States and of the Territories and possessions to which this act is or may hereafter be applicable, the Supreme Court of the District of Columbia, and the United States Court of Alaska.

"(k) In addition to the provisions of section 11 of this act for the staying of pending suits against the debtor, such suits shall be further stayed until the question of the approval of a proposed plan of reorganization has been determined; and until such determination the judge may, upon notice and for cause shown, enjoin or stay the commencement or continuance of any judicial proceeding to enforce any lien upon the estate.

"(l) A certified copy of an order approving a plan of reorganization shall be evidence of the jurisdiction of the court, the regularity of the proceedings, and the fact that the order was made. A certified copy of an order directing the transfer of the property dealt with by the plan as provided in subdivision (h) of this section shall be evidence of the transfer of title accordingly, and if recorded shall impart the same notice that a deed if recorded would impart.

"(m) All other provisions of this act, except such as are inconsistent with the provisions of this section 76, shall apply to proceedings instituted under this section. For the purposes of such application, provisions relating to 'bankrupts' shall be deemed to relate also to 'debtors'; 'bankruptcy proceedings' or 'proceedings in bankruptcy' shall be deemed to include proceedings under this section; the date of the order approving the petition under this section shall be taken to be the date of adjudication, and such order shall have the same consequence and effect as an order of adjudication.

"(n) The term 'railroad corporation' as used in this act means any common carrier by railroad engaged in the transportation of persons or property in interstate commerce, except a street, suburban, or interurban electric railway which is not operated as a part of a general railroad system of transportation."

SEC. 2. This amendatory act shall take effect and be in force from and after the date of its approval, and shall apply as fully to debtors, their stockholders and creditors, whose interests or debts, whether secured or unsecured, have been acquired or incurred prior to such date, as to debtors, their stockholders and creditors, whose interests or debts have been acquired or incurred after such date. Proceedings under sections 74 and 75 of this amendatory act may be taken in proceedings in bankruptcy which are pending when it takes effect.

The SPEAKER pro tempore (Mr. WOODRUM). Is a second demanded?

Mr. DYER. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Is the gentleman from Missouri opposed to the bill?

Mr. DYER. I am.

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, this is an important bill, and I ask unanimous consent that the time for debate may be extended to 2 hours, 1 hour to be controlled by myself and 1 hour to be controlled by the gentleman from Missouri [Mr. DYER].

The SPEAKER pro tempore. The gentleman from Texas asks unanimous consent that the time for debate on the bill be extended to two hours, the time to be equally divided and controlled by himself and the gentleman from Missouri. Is there objection?

Mr. MICHENER. Mr. Speaker, reserving the right to object, this is possibly the most important bill that has been or will be before this Congress at this session; certainly, the most important bill that has been before the Congress in years in its ultimate effect.

The bill is to be considered under suspension of the rules, which permits 20 minutes of debate on the side. I am informed that when the chairman of the Judiciary Committee was recognized and moved to suspend the rules, he also added the statement to suspend the rules and pass the bill with amendments.

I want it understood that the committee knows nothing about the amendments which are proposed. We have not seen them; we do not know what they are, and under the procedure the gentleman from Texas has unlimited authority to offer such amendments as to him may seem advisable.

Some of us have a number of amendments which we feel are of vital importance and which the Department of Justice insists upon, and we should like an opportunity to offer these amendments.

Mr. BLANTON. Mr. Speaker, I ask for the regular order. The proposed amendments were all read from the Clerk's desk immediately following the reading of the bill.

The SPEAKER pro tempore. The regular order is demanded. Is there objection to the request of the gentleman from Texas?

Mr. MICHENER. Mr. Speaker, I do not think the gentleman wants to be quite so unfair.

Mr. BLANTON. I shall not insist on the regular order if the gentleman is not going to make an extended speech in time that others may want.

Mr. MICHENER. This would not be taken out of the time for debate.

Mr. BRITTEN. Why can not the gentleman submit a unanimous-consent request to offer such amendments?

Mr. MICHENER. If the gentleman will let me proceed, that is what I am coming to.

I would like to couple with the unanimous-consent request of the gentleman from Texas the request that amendments which were embodied in the memorandum prepared by the Solicitor General, which were submitted to the House on Saturday last and which are included in Saturday's RECORD, be also in order.

The SPEAKER pro tempore. The Chair can not entertain the request of the gentleman from Michigan at this time. Is there objection to the request of the gentleman from Texas that the time for general debate be extended to two hours?

Mr. DYER. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Texas how many amendments he has in connection with this bill, which I am advised were not presented to or considered by the Judiciary Committee.

Mr. SUMNERS of Texas. Mr. Speaker, may I say to my friend from Missouri that if I have the opportunity I am going to direct attention to the amendments, and I believe every member of the committee will recognize that these amendments simply clarify the measure and do not add materially to the provisions of the bill.

Mr. DYER. How many amendments are there, may I ask the gentleman?

Mr. SUMNERS of Texas. Five or six.

Mr. DYER. I think if we added two or three hundred amendments, Mr. Speaker, we would not clarify the bill.

Mr. LAGUARDIA. It depends on who is trying to understand the bill.

Mr. DYER. I shall object to two hours if there is no chance to amend the bill except by the amendments which have been offered by the gentleman from Texas and about which we know nothing. I shall not object to 1 hour or 30 minutes on the side.

Mr. SUMNERS of Texas. Mr. Speaker, may I suggest to the gentleman from Missouri that I agree with the gentleman from Michigan that this is an important piece of legislation. I have no disposition to make a speech on the bill, but we are all engaged here in a common effort to do the thing that is right. We may have gone about it in the wrong way. I hope the gentleman will not object.

Mr. DYER. Is the gentleman's request to have one hour on the side?

Mr. SUMNERS of Texas. Yes.

The SPEAKER pro tempore. The gentleman from Texas asks unanimous consent that the time for debate be extended to two hours, to be equally divided and controlled by the gentleman from Missouri [Mr. DYER] and himself Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. CELLER. Mr. Speaker, do I understand the arrangement to be that the request of the gentleman from Texas is modified by the request of the gentleman from Michigan?

The SPEAKER pro tempore. No.

Mr. SUMNERS of Texas. Mr. Speaker, in view of the observations made in reference to the amendment, I ask unanimous consent that I may have 10 minutes in which I may direct the attention of gentlemen of the House to the amendments that have been proposed, not to be taken out of the time, neither for the bill nor against the bill.

Mr. DYER. We would not know any more about the bill after we take two hours than we know now, and I object.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that it may be in order to offer such amendments to the bill as were submitted to the House on Saturday last and printed in the CONGRESSIONAL RECORD, a part of the memorandum suggested by the Solicitor General of the United States.

The SPEAKER pro tempore (Mr. WOODRUM). Is there objection to the request of the gentleman from Michigan?

Mr. LAGUARDIA. Reserving the right to object——

Mr. BLANTON. I make the point of order against the request, that it is out of order. The motion has been made to suspend the rules and pass the bill, and the Chair has recognized the gentleman from Texas [Mr. SUMNERS], and I have demanded the regular order.

The SPEAKER pro tempore. Does the gentleman from Texas object to the request?

Mr. BLANTON. I make the point of order that it is out of order; I have demanded the regular order.

Mr. CHINDBLOM. The unanimous-consent request is not out of order.

The SPEAKER pro tempore. The point of order is tantamount to an objection. Objection is heard. The gentleman from Texas is recognized for an hour.

Mr. BLANTON. I made the point of order that the request was not in order. I had demanded the regular order.

Mr. RAMSPECK. Mr. Speaker, I object to the request of the gentleman from Michigan.

Mr. MAPES. A point of order, Mr. Speaker.

The SPEAKER pro tempore. The gentleman will state it.

Mr. MAPES. I think it is rather important that the Chair should not decide that the unanimous-consent request is out of order. It seems to me that it is in order. The House may do by unanimous consent almost anything it wants to do, and I do not understand how the request to submit a unanimous consent can be ruled out on a point of order.

Mr. MICHENER. As I understand the situation, the gentleman from Michigan submitted a unanimous-consent request, and the gentleman from Texas made a point of order against that request, and the Speaker overruled the point of order.

Mr. BLANTON. The gentleman from Georgia objected to the request.

The SPEAKER pro tempore. The gentleman from Georgia has already objected to the request. The gentleman from Texas is recognized for one hour.

Mr. SUMNERS of Texas. Mr. Speaker, I ask to be notified when I have used five minutes.

Gentlemen of the House, if you are interested in these amendments, turn to your bills. The first is on page 9, at the end of line 15, add the following:

The judges of the courts of bankruptcy shall appoint sufficient referees to sit in convenient places to expedite the proceedings under this section, and where business and conditions permit there shall be at least one in each county, provided the hearings and examinations before the referee shall be held in the county of the debtor's residence.

Mr. STAFFORD. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. STAFFORD. Would it be agreeable for the gentleman to have the Clerk report each amendment?

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that the Clerk report the amendments, not to be taken out of my time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read as follows:

Page 9, line 16, strike out subsection (p), beginning in line 16 and ending in line 19, and insert in lieu thereof the following: "The judges of the courts of bankruptcy shall appoint sufficient referees to sit in convenient places to expedite the proceedings under this section, and where the business and conditions permit there shall be at least one in each county: *Provided*, That hearings and examinations before the referee shall be held in the county of the debtor's residence."

In line 21, page 9, strike out the word "including" after the word "corporation" and insert "which could become a bankrupt under section 4 of the act."

Page 10, beginning with the word "any" in line 2, strike out the language "any corporation which could become a bankrupt under section 4 of this act may file such a petition or answer."

Page 22, beginning with line 22, strike out all of section 2 and, beginning in line 1 on page 23, strike out all of section 3.

Page 27, after the word "act" in line 9, insert "nothing contained in this act shall be construed as amending or in any way altering the provisions of the railway labor act as amended and supplemented."

Page 32, in line 21, after the word "shall," insert the word "have" and strike out the word "determine" and insert in lieu thereof the word "determined," so that it will read "shall have determined."

Page 33, after the word "transfer" in line 10, insert "If the United States is directly a creditor or stockholder, the Secretary of the Treasury is hereby authorized to accept or reject the plan for the United States."

Page 35, line 20, after the word "plan," insert "and are consistent with the provisions of the interstate commerce act as amended."

Page 40, line 1, strike out the parentheses and the letter "o" and insert in lieu thereof "Sec. 2," and at the end of line 7, after the word "date," insert "proceedings under sections 74 and 75 of this amendatory act may be taken in proceedings in bankruptcy which are pending when it takes effect."

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield before he starts with the amendments?

Mr. SUMNERS of Texas. Yes.

Mr. CHINDBLOM. Were any of the amendments recommended by the Solicitor General incorporated in the amendments just reported by the Clerk?

Mr. SUMNERS of Texas. I do not know.

Mr. McKEOWN. If I may be permitted to answer the question, all of the amendments in sections 74 and 75 were recommended by the Solicitor General.

Mr. CHINDBLOM. My question is whether the amendments recommended by the Solicitor General in the document printed in the RECORD last Saturday are included in the amendments that have been reported now.

Mr. McKEOWN. Not all of them.

Mr. MICHENER. One or two formal ones.

Mr. LaGUARDIA. None of them in the railroad reorganization. I want to make that clear.

Mr. CHINDBLOM. I am very glad that the gentleman made it clear.

Mr. SUMNERS of Texas. Mr. Speaker, this bill in its first provisions seeks to retain as far as it may the present economic organizations, to make it possible for the bankrupt or distressed creditor to avail himself of the machinery of the Federal courts and effect if he can a settlement with his creditors. The philosophy of the bill rests upon the assumption that it is better for all parties concerned that these various activities—farms, businesses, and so forth—shall be kept intact than to break them up and undertake out of the junk to find something that shall go to the creditors. With regard to the railroad features of the bill—and I am touching only a few high spots—it is recognized, I believe, by everybody who understands the situation that many of the railroad companies must soon reorganize. They must reorganize through equity receiverships or reorganize under some such proceeding as is provided in this bill. The general plan with regard to individuals, with regard to corporations which are not railroads, is identical except as it is required to be modified by reason of the difference in the character of the things being dealt with.

With regard to the plan for the reorganization of the railroads, and I am not speaking technically accurately, an effort has been made to utilize the organization and expert knowledge of the Interstate Commerce Commission, to assist the court, sitting as a court of bankruptcy, and in a sense relate the Interstate Commerce Commission to the court of bankruptcy much as a master in chancery is related to the court whose master he is.

In the framing of this bill in so far as it relates to interstate railroad companies, of course, the Congress may act under two powers, the power conferred by the interstate commerce clause of the Constitution and the power conferred by the bankruptcy provision of the Constitution. Then, of course, there is that other power, incidental power, namely, the equity power of the courts. With regard to that feature of the bill, I doubt that it can be very much objected to. With regard to the provisions of the bill which are applicable to farmers and persons in that class, and I think still within the constitutional powers, an effort is made to preserve a breathing spell, to go as far as the Congress can constitutionally go to ease up on the ouster suits and foreclosures which are taking place in this country. This is incidental of course to the general powers and plan embodied in the bill. That is a very important provision of the bill, a very important feature of the bill. Just how much good will come from that will depend much upon some additional contemplated legislation.

Mr. SIROVICH. Will the gentleman yield for a question?

Mr. SUMNERS of Texas. I yield for a very brief question.

Mr. SIROVICH. On page 11, section 3, I think that section provides the means, under the guise of the bankruptcy act, to accomplish mergers and consolidations of corporations in violation of the Sherman and Clayton Acts. I would like to have the gentleman interpret that section.

Mr. SUMNERS of Texas. I do not have time to go into detail, but I do not believe so. Mergers are not per se illegal. Certain mergers may be effected which do not vio-

late the antitrust act. No merger is authorized by this bill which violates the law.

Mr. CULLEN. Will the gentleman yield for a question?

Mr. SUMNERS of Texas. I yield.

Mr. CULLEN. Is there anything in this bill that will cause tax liens of municipalities and States to be wiped out?

Mr. SUMNERS of Texas. That will wipe them out?

Mr. CULLEN. Yes.

Mr. SUMNERS of Texas. There is not.

Mr. CULLEN. That is a point that has been raised by the city of New York, and I am anxious to have that point cleared up.

Mr. SUMNERS of Texas. May I say to the gentleman there is no disturbance by this bill of the relative relationship of liens, and certainly no disturbance of tax liens in this bill.

Mr. GARBER. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. GARBER. What will be the preferential status given loans made by the Government to the railroads, over investments in stocks and bonds?

Mr. SUMNERS of Texas. They are not given by this bill any preferred status which they do not now have and to whatever degree now preferred the status is not lessened. They are not disturbed.

Mr. LAGUARDIA. In answer to that, I would suggest that they are treated as creditors. All loans made under section 2 of the transportation act.

Mr. GARBER. On the same status as investment creditors?

Mr. SUMNERS of Texas. Mr. Speaker, I am sorry I can not yield further.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. EATON of Colorado. My question concerns the last amendment which would attempt to make this bankruptcy statute immediately applicable to pending cases. Is that correct?

Mr. SUMNERS of Texas. Yes; with some qualifications, I believe.

Mr. EATON of Colorado. Does the gentleman consider it constitutional and proper legislation to apply it to bankruptcy cases now pending?

Mr. SUMNERS of Texas. I can not yield further. I am sorry.

Mr. HORR. May I be permitted to ask the gentleman a question?

Mr. SUMNERS of Texas. I yield.

Mr. HORR. May I inquire whether or not, where the word "reorganization" is used, the gentleman is of the opinion that this would encourage consolidations of railroads?

Mr. SUMNERS of Texas. They could not be consolidated in violation of the interstate commerce act.

Mr. HORR. They would first have to go through that?

Mr. SUMNERS of Texas. They would first have to go through that.

Mr. LANKFORD of Georgia. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. LANKFORD of Georgia. In a case where a farmer owes over half of his debts to a loan concern, can he file a petition under this bill without getting the consent of that creditor who holds over one-half of his claims?

Mr. SUMNERS of Texas. I think so.

Mr. HASTINGS. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. HASTINGS. Is this a unanimous report from the Committee on the Judiciary?

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. DYER. Mr. Speaker, I desire to use five minutes.

Mr. Speaker, the Congress obtains jurisdiction of this matter because of the provision in the Constitution that authorizes the Congress to establish uniform bankruptcy laws. This is supposed to be an amendment to the bankruptcy act in three sections. One of them has to do with individuals. Another has to do with corporations that are now subject to the bankruptcy act. The other section, section 76, is a new effort to put in the railroads which are not now subject to the bankruptcy laws.

The first two, Mr. Speaker, are, in effect, to establish a moratorium for debtors. It is not a far stretch when I say it is akin to what is already being done in some sections of the country by those who owe debts, and are preventing foreclosures. This is to do the same thing, in effect, legally.

I do not know, Mr. Speaker, about the amendments that have been offered, except as I have listened to them as they have been read by the Clerk. The chairman of the Committee on the Judiciary has not given the members of the committee of which he is chairman an opportunity to find out about them before he presented them. That is true largely of the whole bill. Of that committee of some 22 members, I dare say, Mr. Speaker, there are not 5 members who know what this legislation will or will not do. It was considered by two or three members. The gentleman from Oklahoma [Mr. MCKEOWN] has worked upon the first two provisions. The gentleman from New York [Mr. LAGUARDIA] has worked upon the railroads. They have conferred with numerous people, most of them outside the committee room. We have held no hearings; and you are asked to-day to vote to suspend the rules and pass one of the most complicated and important pieces of legislation that have been before this House in more than 20 years of my service here.

It was stated this morning by the gentleman from Texas [Mr. PATMAN] that you are asked to-day to vote up or down an important piece of legislation under suspension of the rules, whereas we come here and spend two or three days in general debate, talking about anything and everything, upon an appropriation bill. Some Members say, "Let us pass it and let us send it to the Senate. They will straighten it out." That is a fine way for the House of Representatives to discharge its responsible duty.

Mr. Speaker, let us look at the last section, section 76, the amendment pertaining to railroads.

This legislation will take away from the United States courts what authority they have heretofore had in the reorganization of railroads. It transfers it to the Interstate Commerce Commission, not composed necessarily of lawyers, but of men who come and go. It takes away from the United States courts the authority they have heretofore had in the reorganization of our railroads. It gives to the Interstate Commerce Commission authority in perfecting the plans, not only from the public standpoint but from the standpoint that they are to determine, in effect, upon the plan that has to do with millions of dollars' worth of securities. The courts are not permitted to pass upon the question of the rights of the people in these great concerns. It is only submitted to the courts when the commission has worked out this plan.

Mr. BURTNESS. Mr. Speaker, will the gentleman yield?

Mr. DYER. I yield.

Mr. BURTNESS. What authority have the Federal courts heretofore exercised with reference to the reorganization of railroads? The gentleman suggests that the courts are being deprived of the powers they have heretofore had. I am just wondering what sort of power the courts have had heretofore over the reorganization of the railroads other than the pure liquidation of them in bankruptcy and receivership?

Mr. DYER. Of course, the gentleman knows railroads can go into court. Creditors can go into court. They work out a reorganization. The values of the securities are considered. Now the authority is to be transferred. If the House is in favor of it, then that will be the will of the House, but I think it is a very serious problem, and I, for one, do not approve of taking away from the courts the question of the settlement of these important rights affecting the railroads.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. DYER. I yield to the gentleman from Texas.

Mr. RAYBURN. The gentleman, of course, knows that since 1920 no railroad can issue new securities, either stocks or bonds, in any reorganization without approval of the Interstate Commerce Commission. This does not change that law, and should not.

Mr. DYER. It does not change the law with reference to the issuance of new securities. I agree with the distinguished gentleman from Texas.

Mr. RAYBURN. And, if the gentleman will yield one moment further, with reference to reorganization: They can not do so under this act either without the approval of the Interstate Commerce Commission.

Does not the gentleman think that a body expert in these matters, a body that has made long and painstaking study of them, would have a better idea of a proper reorganization set-up, especially with reference to finances, than the courts would have?

Mr. DYER. Mr. Speaker, the judges of the courts are appointed for life or during good behavior. The members of the Interstate Commerce Commission are not so appointed. A President could appoint all members of the Interstate Commerce Commission during his term of office and have a partisan control of the railroads. We certainly want to prevent such a thing happening.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. DYER. I yield.

Mr. MAPES. It has been difficult for me to figure out just what this bill does, but is it not true that the rights which minority security holders now have under existing law to go into court are taken away from them by this bill?

Mr. DYER. Mr. Speaker, the bill is too important, as has been evidenced by some of the questions that have been asked affecting all the railroads of our country and transferring to the Interstate Commerce Commission of these important matters, to be acted on thus hurriedly. Under this bill they not only have the question of the consideration under which these securities are to be issued, but the plan for reorganization must be submitted to them; it must be equitable, but the plan must be submitted by the Interstate Commerce Commission. Not only must they submit the plan affecting the private rights of those who have money invested in securities, but the question of policy.

Mr. Speaker, my judgment is that we should leave to the Interstate Commerce Commission, as we have largely in the past, the question of policy, but these matters affecting property and rights heretofore under the jurisdiction of the courts should remain there.

In general the plan is to put under the jurisdiction of the Interstate Commerce Commission the reorganization of railroads, and substantially everything in connection with such reorganization has to have its approval.

If a receiver has been appointed by a Federal or State court, whether before or after the act, the railroad may file a petition or answer under this section and thereupon the trustee appointed under the act shall be entitled to possession of the property, and this proceeding will supercede the equity proceeding. Apparently this applies to an involuntary as well as a voluntary proceeding.

While it is a proceeding in court, practically the court is subject to the action of the Interstate Commerce Commission in all important matters.

The railroad, having first obtained approval of the Interstate Commerce Commission, may file its petition, which must be filed in a court having jurisdiction at its principal or operating office.

Creditors of any railroad, not less than 25 per cent in amount of any class, and not less than 10 per cent in amount of all creditors whose claims would be affected by the plan, may file a petition, but must first obtain the approval of the Interstate Commerce Commission. The court classifies the creditors, except there is a provision that claims having priority over mortgages on receivership, which means claims for labor and material, shall be treated as a separate class, and, therefore, 25 per cent of such creditors might be held to be sufficient with 10 per cent of other creditors to file an involuntary petition. The fact that the approval of the Interstate Commerce Commission is necessary would prevent filing of an involuntary proceeding in many cases. Therefore, if a receiver had been appointed in equity, it would seem very unlikely that the Interstate Commerce Commission would authorize an involuntary petition and permit interference with the normal proceeding in equity for reorganization.

Upon approving the petition the court may temporarily appoint a trustee or trustees recommended by the Interstate Commerce Commission, and upon such recommendation may make such appointment permanent or terminate it and appoint other trustees. While it is not clear that the court would not have the right to appoint other trustees of its own selection if the Interstate Commerce Commission permitted the termination of the temporary appointment, yet it is not to be expected that the Interstate Commerce Commission would permit such action without approving the appointment of such substituted trustees. Therefore the trustees would be persons selected by the Interstate Commerce Commission. These trustees, with the approval of the Interstate Commerce Commission, may issue trustees' certificates similar to those authorized by a court of equity, and generally would have the power of receivers.

Before a plan of reorganization can be accepted by creditors the Interstate Commerce Commission shall hold public hearings, following which the Interstate Commerce Commission shall recommend a plan, which will be equitable and compatible with the public interest. The latter provision gives the Interstate Commerce Commission great latitude in determining what is a proper plan. The plan may be satisfactory to the several classes of creditors, but the commission may find that it is not in the public interest. The commission is not required to approve any plan presented by creditors, but may approve a plan different from any which has been proposed, all of which makes it clear that the reorganization will be a reorganization by the commission, which will not be limited to a plan agreed upon, but may be modified as the commission thinks necessary in the public interest.

The commission shall not report the plan to the court until it has been accepted in writing by creditors holding two-thirds in amount of the claims of each class which would be affected by the plan and unless the judge shall find that the railroad is insolvent by stockholders holding two-thirds of the stock of each class and unless provision is made for the protection of certain claims.

The commission must find that the plan is equitable and does not discriminate and that the offer of the plan is in good faith, with provision for protection of the interest of stockholders or creditors not assenting and who are not bound by the plan.

The plan is then submitted to the court, and, if the judge approves, it becomes binding on the railroad and its stockholders and all creditors whose claims are payable in cash under the plan and all creditors entitled to priority, provided two-thirds of their class have assented, and unsecured creditors, provided two-thirds have assented. It does not appear that the judge has any right to modify the plan, and can only approve or disapprove.

If the receiver has been appointed by a Federal or State court, whether before or after the act takes effect, the corporation may file a voluntary proceeding or answer (which indicates that an involuntary proceeding may be filed and if the petition is approved the trustees appointed shall immediately take possession of the property. Until a plan has been approved or the petition dismissed, all other proceedings are stayed.

The method of reorganization by appointment of receivers and the working out of a plan by committees of bondholders with the aid of bankers, and so forth, has been thoroughly tested out, takes a long time, and is the result of compromise, and, if there are creditors who will not assent, the court has the power to order a foreclosure of mortgages, and nonassenting creditors must either accept what is offered them or take their pro rata share on sale. Practically, if the court approves the plan and there are non-

assenting creditors, the court will fix an upset price, which will give them what it thinks is fair to them.

The obvious objection to this bill is that it is a reorganization by the Interstate Commerce Commission, which would control in every respect, and the interposition of the court is simply to give legality to the Interstate Commerce Commission action. Substantially, it amounts to an act authorizing the Interstate Commerce Commission to reorganize railroads not only in the interest of the owners but in public interest, which may mean anything.

It does not seem that it would be more speedy than the present procedure. The usual objection by different classes of creditors and the final agreement by them will not be avoided, except that their rights will be submitted to the Interstate Commerce Commission, which will hold hearings and ultimately decide as to what their rights are and proceedings which may consume more time than the present method.

One of the ideas seems to be that it might be possible to deal with the single class of creditors and require nonassenting creditors of that class to come in. This can not be done under this bill, as all through it the provision is for a reorganization and not the adjustment of the rights of the single class, and therefore all creditors must be taken in except those whose securities are not to be disturbed, as in a case of reorganization plans, which do not deal with certain classes of underlying bonds.

The bill does state that the petition may propose to modify or alter the rights of creditors generally or of any class of them; but it is evident that if applied to a single class it would affect the rights of other classes and stockholders, except in the case of a very simple capital structure.

It is difficult to see how Congress can "modify or alter the rights of creditors," which is the expression used in many places in the bill.

In the first Legal Tender case, which held the act unconstitutional, it was said that a law which necessarily and in direct operation impairs the obligation of contracts is unconstitutional. This decision was overruled a number of times, first on the ground that it was exercise of war power, and later on the ground of the exercise of the right to coin money, and so forth, and in another case arising under the bankruptcy act, in all of which specific grants of power were given to Congress. While the provision of the Constitution forbidding States to impair the obligation of contracts is not directly binding on Congress, the "due process" provision has been construed to mean almost the same thing. The most extreme case was Wilson *v.* New, Two hundred and forty-third United States Reports, page 332, upholding the Adamson Act; but this decision was based on the fact that it did not violate any contracts, and further that it was an emergency act.

In the case of Wolff Co. *v.* Industrial Court, Two hundred and sixty-second United States Reports, page 522, the court said of this decision that—

> It is not too much to say that the ruling in Wilson *v.* New went to the border line, although it concerned an interstate common carrier in the presence of a nation-wide emergency and the possibility of great disaster.

It is hardly possible that the Supreme Court would sustain an act altering or modifying contract rights. Further, as it appears in the case of Wilson against New, and many other cases, the power to legislate as to interstate commerce extends only to those matters which directly affect it, and does not include things which can not have any direct bearing. An argument can be made that the reduction of the fixed charges of carriers is a thing necessary for the continuance of their operation, and, therefore, within the power of Congress; but it is hardly possible that the court would sustain such an argument. If carriers can not bear their present fixed charges, the law provides a method by which they can be reduced, namely, foreclosure and reorganization, which is the method adopted now to accomplish this purpose; but to say that the Interstate Commerce Commission can provide a plan and take away the rights of nonassenting creditors, except by "due process" of enforcing legal rights, can hardly be maintained.

It must also be remembered that "due process" applies not merely to forms of procedure but applies to substantive rights and it is held that a law, although conforming to "due process" but taking away substantive rights, is unconstitutional.

The right attempted to be given by this bill to "alter or modify" contractual rights would go far beyond any power that has ever been yet upheld.

Whether the plan is equitable and does not unfairly discriminate between security holders depends upon the legal rights of the various classes of security holders. Examination of these rights involves the passing upon complicated, legal questions of an essentially judicial character.

Furthermore, the question of private right, to be distinguished from questions of public interest—such as the financial soundness or desirability of the plan, or, more specifically, whether the plan is equitable—depends on whether the securities provided for in the plan, which is financially sound and compatible with the public interest, are distributed among the several classes of security holders in accordance with their respective legal positions.

Should questions of private right be confused with questions of public interest, should not the former be passed upon by the court rather than by the administrative commission charged with passing upon the latter character of questions?

In providing that the plan which was to be submitted to the security holders for acceptance or rejection shall be the plan proposed by the commission, with no regard to plans which may be proposed by security holders, this bill goes far beyond regulation.

This grant of power to the commission to initiate a plan to the exclusion of the desire of the interested creditors vests in the commission the management of security holders' property. Assuming that the commission is given power to deal with questions of private right, is it wise to extend this power beyond the regulation of what the security holders propose to do with their own property?

The provision that creditors and stockholders can not be asked to accept any plan until after a public hearing before the commission means that the present practice of getting securities deposited under a plan, wherever possible, must be abandoned and committees must seek deposit of securities which they propose to represent without having a plan in advance. Practice has shown this to be most difficult. Accordingly, the bill imposes a serious obstacle in securing a responsible representation of securities.

The provision that creditors and stockholders can not be asked to accept any plan before hearing by the commission would seem inconsistent with the provision that at the hearing a plan may be presented by the creditors, being not less than 25 per cent of any class. Almost never would it happen that 25 per cent of a class, other than in the case of small, divisional mortgages, would agree on a plan. Accordingly, it is difficult to see how any plan could be presented at the hearing other than such a plan as the commission might itself propose.

Secondly, it is not intended that a group of fiduciary holders of a bond issue can not get together and work out a plan to which they all agree. A prohibition upon security holders discussing among themselves their own property rights, without first having a public hearing before the Interstate Commerce Commission, is, at least, of doubtful constitutionality.

The grant of power to the commission to initiate a plan submitted to the security holders and then to recall it and propose other plans would seem to make for delay.

Under the provisions of the bill, declaring a policy against compensation to officers of the corporation who act as managers or in any capacity in connection with the reorganization, when such corporation has an interest in the matter, means that the institutions, represented on committees by securities of which such institutions hold large amounts, must donate all the time of their officers for the benefit of other security holders of the same class, while self-appointed committees, wholly without financial interest in

the situation, which are gotten up with such frequency at the present time, under the guise of independent committees, remain free to receive compensation.

The court's action upon the plan, as well as other provisions, raises serious questions as to the constitutionality of the bill.

Mr. SUMNERS of Texas. Mr. Speaker, I yield five minutes to the gentleman from Georgia [Mr. TARVER].

Mr. TARVER. Mr. Speaker, in the brief time allotted to me I desire to draw the attention of the House to subsection (e), subdivision 2, on page 5 of the bill.

This, in my judgment, is the portion of the bill which, together with other paragraphs related to it, carries with it some prospect of relief to a class of people in this country for whose welfare the membership of this House has long been expressing a great deal of concern, and that class embraces the owners of mortgaged farms and the owners of homes who are losing their property by foreclosures. Members of this House have shed many crocodile tears over the fate of many hundreds of thousands of our farmers who are now being deprived of their property under mortgage-foreclosure proceedings who, could they be given a short time in the nature of a moratorium or otherwise, might be enabled to pay off the mortgages and save their homes.

When you vote against this bill you will vote against the sole proposal which will be presented to the Congress at this session by which any character of relief might be afforded to this class of debtors. This subparagraph provides in connection with related provisions that such a debtor may come into a Federal court and file his petition for an extension, together with his plan by which he may eventually, in his opinion, get out of his financial difficulties, and may without the approval of a majority in number and amount of his creditors, secure the approval of the court of an extension of the due dates of his indebtedness and may thereby be enabled for a period of time which in the judgment of the court is reasonable, whether 1 year, 2 years, or 3 years, to avoid the sacrifice of his home by foreclosure. He could not do it under the first portion of that subsection because that part requires the approval of a majority in number and amount of his creditors. We all know that in the great majority of instances, particularly in the cases of farmers whose farms are mortgaged, the majority of their indebtedness is represented by one mortgage. So, if we required that they secure a majority in number and amount of their creditors, the holder of that one instrument would represent a majority in amount and could prevent the successful presentation and consideration of a petition for an extension of time; but with this provision in the bill there is no reason why under the jurisdiction of a sympathetic court willing to consider the troubles of this class of our people and to afford them relief if it can reasonably, they might not be granted an extension of perhaps 1, 2, or 3 years. This might put it within the power of the farmer of the country to secure means to prevent the sacrifice of his home. This provision will also furnish him a club to fend off unreasonable creditors. He can say to them, "Unless you give me reasonable time, I can probably obtain it through the court. Do not foreclose, I will pay you what such a proceeding would cost, and we will both be better off."

As far as I am concerned, I believe the bill should have gone farther, and I intended to offer on the floor an amendment which would have, in substance, provided for a 2-year moratorium without the necessity of going through these proceedings in the case of farm and home owners whose farms and homes were about to be taken away from them by foreclosure proceedings, but under the methods which have been followed in the presentation of this bill to the House it will not be possible to offer this amendment. In my judgment it would be as nearly constitutional, or at least as free from doubt as to its constitutionality, as the provision in subdivision 2 of subparagraph (e) which I have just been discussing.

Under the decision in Isaacs *v.* Hobbs (282 U. S. 734) I am hopeful that the constitutionality of this provision will be sustained. Certainly the Supreme Court will hardly be able to decide it for a couple of years, and in the meantime the distressed debtors will have some relief. But surely, if we can vest courts with authority to extend time, it would seem that we can ourselves provide an extension of time in certain classes of debts by legislative act. It is unreasonable to say that we can give more power than we ourselves, as the Congress, have. The creature can not be greater than the creator. The effect of this amendment, which I do not have the opportunity to offer under suspension of the rules, but which I hope may in substance be added to the bill in the Senate, would be to enable the farm or home mortgagor, when proceedings are filed to foreclose the mortgage, to obtain a stay of proceedings for two years upon application to a Federal court pending his filing an application for extension. The amendment reads:

After section 2, add a new section to be numbered section 3, numbering the succeeding section accordingly:

"SEC. 3. A national emergency in respect to agriculture and home ownership existing, the filing or pendency of a petition or proceeding for the foreclosure of a mortgage or other lien on a farm or home personally occupied by the mortgagor or lienor, or by the family of the mortgagor or lienor, shall, if such filing or pendency occur or exist within two years subsequent to the approval of this act, immediately vest in the court of bankruptcy having territorial jurisdiction the exclusive jurisdiction provided in subdivision (m) of section 74 of the act entitled 'An act to establish a uniform system of bankruptcy throughout the United States,' approved July 1, 1898, as herein enacted by amendment to said act, provided such mortgagor or lienor is insolvent or unable to meet his debts as they mature. The exercise of jurisdiction shall be stayed pending the filing of a petition or answer by the debtor, as provided in subdivision (a) of said section 74, except that it shall be the duty of the court, upon proper preliminary petition by the debtor (which petition shall include an allegation that he thereafter intends to file a petition or answer under such subdivision (a) of said section 74), and after reasonable notice to the mortgagee or lienee and hearing, by proper order to restrain the further prosecution of such mortgage or lien foreclosure proceeding until such petition or answer, as provided for in subdivision (a) of section 74, shall be filed and adjudicated, which said filing must occur within two years after the approval of this act, or such restraining order shall become void and of no effect. Said restraining order shall make proper provision for the protection of the mortgaged property, but the mortgagor shall not be removed from custody thereof. The term 'home' as herein used shall refer to a dwelling occupied by not more than three families and the lot upon which it is located."

Mr. DYER. Mr. Speaker, I yield five minutes to the gentleman from Virginia [Mr. MONTAGUE].

Mr. MONTAGUE. Mr. Speaker, it is not my purpose to discuss this bill. It is impossible to do so under the procedure which we have adopted. It is useless to discuss without the power of amendment, and the power of amendment in this instance is negligible.

A bill of this importance ought not to be sacrificed to a procedure of this character. This bill involves a subject of immeasurable magnitude and, perhaps, consequences, and yet it is put in this particular measure with no special demand for it, and with no opportunity to debate or amend. It had no hearing in the Judiciary Committee. I beg the House to remember it has not been considered in that committee so far as this bill is concerned, but it is thrust before us to-day under suspension of the rules, to be disposed of in the very arbitrary manner which that procedure provides.

I can not agree with the gentleman from Georgia [Mr. TARVER]. I do not think this bill affords the relief which he indicates. This is the only comment I wish to make upon that phase of the matter, and in view of the inability to have a discussion, although a member of the committee, I shall not now trespass upon the House any further.

I yield back the residue of my time, Mr. Speaker.

Mr. DYER. Mr. Speaker, I yield three minutes to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Speaker, I asked for this time merely to draw your attention to the unfair manner, in my opinion, in which this bill is presented to you.



On page 22 I read section 2, which says that the provisions of this amendatory act shall not apply to proceedings in bankruptcy cases pending when it takes effect.

Mr. LAGUARDIA. That has been stricken out.

Mr. EATON of Colorado. I know it has been stricken out, but who said so and how did we find it out? You read the printed bill, and you find it is not going into effect in so far as pending cases are concerned, and then, after the Clerk reads for 15 minutes, amendments which it has taken the reporter 40 minutes to copy, you hear the words:

Proceedings may be taken under sections 74 and 75 pending when this act goes into effect.

When I mentioned this, those who are in the know said, "Stricken out, stricken out." Sure, it was stricken out. The entire bill is changed. It is just like leaving out the word "not."

For the measure to be presented here for debate at this time, without any opportunity to consider the amendments that have been put in here that took 15 minutes to read, I say is unfair to every man in the House. The least you should do is to have the amendments printed in the RECORD and give us at least until to-morrow to read what was read so plainly by the Clerk, but which most of us can not remember at this minute. [Applause.]

Under the general permission to extend my remarks, I want to draw your attention to another amendment in the first sentence of section 75. As it appears in the printed bill, the words are:

Any corporation, including drainage, irrigation, levee, sewer, and paving improving district * * * may file a petition—

And so forth. As I understood the amendment, it was substantially to insert after the word "corporation" the words "which could become a bankrupt under section 4 of the act." Section 4 of the bankruptcy act provides that—

Any person, except a municipal, railroad, insurance, or banking corporation, shall be entitled to the benefits of this title as a voluntary bankrupt.

In the printed bill is a new section 75 providing for the filing of a petition by railroad corporations which are insolvent or unable to meet their debts as they mature. No other section of the bill refers to municipal, insurance, or banking corporations. I submit that it therefore follows that no drainage, irrigation, levee, sewer, or paving improving district, which may be classified as a municipal corporation, is entitled to any benefits under section 75, and by this amendment has been deleted from the bill.

[Here the gavel fell.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield five minutes to the gentleman from Rhode Island [Mr. CONDON].

Mr. CONDON. Mr. Speaker, it is easy to criticize this bill and it is not easy to answer those criticisms in the few minutes allotted to me; in fact, it is impossible.

This is a sincere attempt upon the part of the majority of the Committee on the Judiciary to do something that will relieve debtors from the present condition in which they find themselves. It is not, as some of those who oppose the bill say, tearing the bankruptcy act to pieces and sprawling the act all over with amendments. It is nothing more, Mr. Speaker, than an extension of the present composition feature of our bankruptcy law, and when that composition provision was, in 1874, put into the act of 1867, the same criticisms and the same fears were expressed upon that occasion that the bill was unconstitutional; that it was violating the rights of creditors, and that it was contrary to what was permitted under the grant of power to Congress under the Constitution to pass uniform laws on the subject of bankruptcies; but within the very year that it was enacted the courts passed upon the provision and declared it constitutional.

Examine this bill, you Members of the House of Representatives who are lawyers, you Members of the House who have had some experience in bankruptcy practice, and you will agree that in so far as the individual section is concerned, and in so far as the private corporation section is concerned, there is nothing revolutionary, there is nothing radical in the provisions of the bill.

It is true that in section 76 the railroad corporations are included in the bill, whereas under the present law they are not so included; but it is carefully provided that if the plan with reference to the railroads does not succeed there will be no adjudication of bankruptcy of the railroad.

Mr. Speaker, this bill can be of real benefit to those farm-mortgage debtors who are now suffering the loss of their farms because of defaulted mortgages, and I say to the men and women of this House that should the Robinson-Steagall agricultural refinancing bill pass at this session of the Congress, you will need this provision of the bankruptcy law, not only to give effect to it and protect the agricultural debtor, but you will need it to supplement the provisions of existing law in order to protect the funds of the United States Treasury that may be advanced to these agricultural debtors to continue them in business.

Mr. Speaker, I do not believe the criticism that has been directed at the substance of the bill is justified. I do agree with my distinguished colleague on the committee, Governor MONTAGUE, of Virginia, that this is a very bad way to bring this bill before the House and seek to pass it under suspension of the rules. An amendment of the bankruptcy law that has to cover so many sections, may well be considered with a great deal of concern, particularly by the lawyers of the House, who are deprived of an opportunity to offer what, in their judgment may be legitimate amendments; but aside from this criticism, it seems to me, Mr. Speaker, this bill does something that ought to be done and that ought to be done at this time; and I am satisfied if the bill is enacted into law, the fears that have been expressed outside this Chamber and that will be expressed on the floor of this House to-day will be dispelled by the events that come after it, and it will be pointed to as a real forward-looking amendment of the bankruptcy act, in exactly the same way that the composition provision turned out to be in 1874.

I confess myself to a feeling that the bill might have been drawn in such a manner as to give it more system in the arrangement of its parts and thus produce a readier understanding of its numerous subdivisions and the purpose and effect of them. In this respect it may be that it does not measure up to the standard of legislative draftsmanship of the present bankruptcy act. When it is considered, however, that the bill is a breaking of new ground in this field of the law and that the authors of the original bills and the committee were laboring under pressure of time to report the measure without delay, in order to cope somewhat with the present emergency, captious criticism of its form is quite out of place, especially if its substance affords a measure of relief that will ease the crushing burden of debts now grinding millions of our people into hopeless default and breeding the spirit of revolution.

I believe, Mr. Speaker, that this bill will afford such relief. It will not save from ultimate bankruptcy the unfortunate cases where the debtor is hopelessly involved and can not present to his creditors any plan of adjustment of his debts or any reasonable proposal for a further extension of time to enable him to refinance his obligations and effect payment.

For such cases the bankruptcy act as it exists to-day is the proper remedy and it will be better for the debtor and for the state of business credit in the country that he take advantage of its present provisions and free himself from further legal obligations to his creditors. For the individual or corporation, however, that is possessed of assets which in ordinary times would be sufficient assurance to its creditors of its financial ability to meet its obligations and who needs more than anything else time and perhaps a reasonable concession by way of readjustment in the amount of his debts by his creditors, this bill, if enacted into law, will be a life-line of succor.

It will afford an opportunity under the supervision of the court for all creditors to gather around the table and con-

sult with the debtor without fear of some recalcitrant and perhaps minor creditor or creditors taking unfair advantage while attempts at readjustment are in progress to realize satisfaction of his or their claims out of the prostrate debtor's effects. The court will stay every proceeding of whatever kind that might be the means of subjecting any portion of the debtor's estate to the satisfaction of any debt until a reasonable time is afforded for all classes of creditors to meet with the debtor and work out a solution of his problem, if such a solution is possible.

In the case of private corporations that are not actually insolvent, but are unable to pay their debts as they mature, this measure ought to be of inestimable benefit, not only to the debtor corporation itself but to the creditors also, because it will effectually prevent minority groups of creditors from embarrassing honest and sincere attempts at amicable settlement of the debtor's difficulties and the holding up by them of such proceedings for their own financial benefit and reward.

As for railroad corporations, it will not only prove of some benefit to the corporation and its creditors, but as far as the public interest is concerned it will introduce into the reorganization of these corporations and the readjustment of their capital structures the supervisory approval of the Interstate Commerce Commission in a manner that ought to prove far more effective than it is possible for it to be through court receiverships under existing law.

It has been said that the bill can not and will not help the farmers whose farms are subject to foreclosure sales on defaulted farm mortgages, and this is certainly true if the farmer can not offer any satisfactory plan of readjustment and obtain assistance in refinancing himself. At the present time this is probably the unfortunate condition of the agricultural debtor in a great section of our country, and if there were not to be any hope held out to them of some assistance in refinancing their mortgages this bill would be without interest or importance to them whatsoever. But it is seriously planned to help these farmers by affording them the assistance of the resources of the Federal Government in refinancing their mortgages.

The recently introduced Robinson-Steagall bills in the Senate and in the House have, as I understand it, this very object and purpose in view. Without asserting at this time any intention to support such a measure, it is my belief, forcasting the future by the experience of the recent past, that the Congress will enact such a bill as the Robinson-Steagall measure or something similar to it into law. The bill before us, under such circumstances, will supplement, and I might say implement, the provisions of such a refinancing act by providing a safe and orderly course of procedure under the control of the United States courts exclusively, for arranging the readjustment of the debtor's difficulties by and with funds advanced out of the Treasury of the United States under certain specified terms and conditions, so that, assuming the agricultural refinancing bill becomes a law, this bill will be of actual benefit to all classes of debtors under sections 74, 75, and 76 thereof, and will in addition be a protection to the United States in some degree for such of the public funds as may be advanced by it through the Reconstruction Finance Corporation to assist railroads under these proceedings and through the proposed agricultural refinance corporation to assist agricultural debtors, and it may conceivably be the means of making possible actual relief to home mortgage debtors through the home-loan bank if Congress is persuaded to endow that institution with a like plenitude of power proposed for the agricultural refinance corporation.

It has been objected that this bill is unconstitutional in that it exceeds the grant of power to Congress to pass uniform laws on the subject of bankruptcy. The argument to support this contention, briefly stated, is that inasmuch as this bill does not contemplate the ultimate bankruptcy of the petitioner and the liquidation of his estate and the distribution of its proceeds to his creditors, it is not a bankruptcy proceeding.

It is further argued that the end proposed by a bankruptcy law is the discharge of the debtor as a bankrupt and the liquidation of his estate and not its preservation. This argument would come with more force and cogency were it not for the fact that the existing bankruptcy act contains in section 12 the provision for compositions, which does not contemplate the discharging of the debtor as a bankrupt, but on the contrary affords a method whereby, if coming in or being petitioned into the bankruptcy court, he may avoid adjudication as a bankrupt and preserve his estate by a settlement with his creditors upon the confirmation of which by the court the proceedings in bankruptcy are dismissed.

The constitutionality of this provision was early disposed of in the case of In re Reiman (7 Ben. 455), and this decision was later cited with approval by the Supreme Court in the case of Hanover National Bank *v.* Moyses (186 U. S. 181), wherein the entire bankruptcy act was held constitutional by a unanimous opinion delivered by Mr. Chief Justice Fuller. In the Reiman case Mr. Justice Blatchford, afterwards a member of the Supreme Court, wrote the opinion sustaining the constitutionality of the amendment of 1874 providing for compositions, and quoted this expression from Story's Commentaries, discussing the scope of the bankrupt law as follows:

> Perhaps as satisfactory a description of a bankrupt law as can be framed is that it is a law for the benefit and relief of creditors and their debtors in cases in which the latter are unable or unwilling to pay their debts. And a law on the subject of bankruptcies, in the sense of the Constitution, is a law making provisions for cases of persons failing to pay their debts.

And in answering the question propounded in his opinion, "What is the subject of bankruptcies?" Mr. Justice Blatchford himself made the following sweeping assertion by way of response:

> It is not properly anything less than the subject of the relations between an insolvent or nonpaying or fraudulent debtor and his creditors, extending to his and their relief.

In other words, it can not be doubted that the power of Congress over bankruptcies contemplates all the relations between the debtor and his creditor under the broadest signification and interpretation of the term "bankruptcies."

The bill before us to-day seeks only to do that and nothing more. It is merely a further amplification of the power exercised by Congress in 1874 when it passed the amendment to the act of 1867 providing for compositions. And in this connection it is interesting and instructive to observe that this innovation in the bankruptcy law to which such prompt and vigorous objection was made in the Reiman case in that very year—1874—was enacted during a period of our economic and financial history not unlike that in which we find ourselves to-day. The disastrous panic of 1873 was then running its ruinous course, leaving in its wake closed banks, prostrate industries, with millions of unemployed wage earners and bankrupt business men and farmers.

Then, as now, there was increasing criticism of our currency system and our banking laws. Then, as now, were heard threats of wholesale repudiation of private debts on the part of sorely pressed debtors in the agricultural States of the Union, and this dissatisfaction and unrest gave rise to political movements that did not run their course finally until the opening of the present century.

Congress sought at that time to do something that would allay this spirit of economic revolt on the part of the debtor class of our population as this Congress seeks to do now by the passage of this bill. There is no more reason to suppose that the passage of this act will alarm the creditor classes of the country than did the passage of the Composition Amendment of 1874. There is no reason to believe that the creditor classes will suffer in any way by the liberalization of the composition provision intended by this bill and the extension of it to include within its sphere of operation the reorganization of financially embarrassed private corporations and railroad corporations.

On the contrary, it is fair to assume that the enactment of this bill by Congress will, in the last analysis, be in the

true interest of the creditor as well as the debtor and will do much to allay the rapidly spreading discontent and dissatisfaction among thousands of hard-pressed debtors who view with discouragement and dismay the loss of their homes and their farms, in the acquisition of which they have spent a lifetime of labor. It is far better for the creditor as well as the debtor that these forced sales of property to satisfy debts, impossible of payment at this time, be stayed by the authorized action of our courts of law under a mandate of Congress rather than by revolutionary actions of the debtors themselves acting in open defiance of the law and its duly chosen ministers. In other words, Mr. Speaker, we are presented here to-day with a choice between doing something that will restore a respect for the law on the part of the debtor, by encouraging him to believe and to hope that the legislative department of the Government is sincerely and honestly seeking to assist him in his difficulties, or refusing to do anything at all and thus serving notice to these desperate debtors that their pitiful plight is of no concern to us and that we do not propose to bother ourselves about it.

When called upon to make this choice, regardless of my opinion of the defects of draftsmanship in the bill, or its failure to do all that I would like to see done by it, I choose to support the measure and vote for it even though deprived of an opportunity, under suspension of the rules, to offer amendments. The present situation is too grave, the need for such legislation as this is too imperative, and the welfare of my country and millions of its law-abiding citizens is too much at stake to justify me in opposing this measure. Reasons such as these prompted me to support it in committee and I shall welcome the opportunity to vote for it here to-day.

Mr. DYER. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. OLIVER].

Mr. OLIVER of New York. Mr. Speaker, I rise to enter a protest by the mayor of the city of New York, Hon. John P. O'Brien, against certain features of this bill. He says he is not opposed to the entire bill or to the purpose of those who uphold it, but he opposes it on the ground that he fears that under the terms of the bill the taxes levied by cities in this country might be postponed indefinitely, to the ruin and destruction of municipal government.

He sent a telegram to the distinguished and able leader of the New York delegation, Congressman CULLEN, asking him to have some one voice that opinion in this House.

The telegram is as follows:

Hon. THOMAS H. CULLEN,
House Office Building, Washington, D. C.:

In answer to your telegram I direct your attention to section 104, title 11, United States Code, providing that all taxes legally due and owing by the bankrupt to the United States, State, county, District, or municipality shall be paid in the order of priority here stated, and, further, that no order shall be made for the payment of a tax assessed against real estate of a bankrupt in excess of the value of the interest of the bankrupt estate therein as determined by the bankruptcy court, and upon filing the receipts of the proper public officers for such payments the trustee shall be credited with the amounts thereof, and in case any question arises as to the amount or legality of any such tax the same shall be heard and determined by the bankruptcy court. In re Bradley (16 Fed. (2d) 301), holds that the statute authorized bankruptcy court to determine amount and legality of taxes against bankrupts' estate, and ordinary rules governing collection of taxes do not apply to trustee in bankruptcy. In re Sheinman (14 Fed. (2d) 323). And the Supreme Court in Van Huffel *v.* Harkelrode (284 U. S. 285) held that bankruptcy courts have power to sell real estate of bankrupts free from liens of State taxes, transferring the liens from the property to the proceeds of sale. And at page 229 the court emphasizes that no case has been found in which the power to sell free from the lien of State taxes was denied. Section 104 and the Van Huffel decision prejudicial to the best interests of city. Page 17 of House bill 14359, lines 4 to 14, reads that a plan for reorganization must provide with respect to creditors not acceding to the plan adequate protection for the realization by them of the value of their liens on or claims against the property of the debtor dealt with by the plan either by the sale of such property subject to such liens or claims or by the sale free of such liens or claims at not less than a fair upset price and the transfer of such liens or claims to the proceeds of such sale or by appraisement and payment in cash of the value of such liens and claims or, at the objecting creditor's election, of the securities allotted to such liens and claims under the plan. Under this scheme city's liens in jeopardy. Furthermore, the filing of the petition stays any and all proceedings and city may not enforce its liens until proceedings closed, which may be protracted for years.

JOHN P. O'BRIEN.

He calls to our attention that under the right of petition to postpone the payment of debts the taxes of the municipality or the State, as well as of the Nation, may be postponed in the discretion of the court. We do not know for how long, we can not tell. The wisdom of the postponement is entirely in the mind of the judge. We do not know as a practical proposition how many will file petitions for delay. If this measure is availed of by the vast numbers it seems will take advantage of it, the collection of taxes will be postponed on a large scale for a long time.

Mr. ARNOLD. Will the gentleman yield?

Mr. OLIVER of New York. Yes.

Mr. ARNOLD. The manner of the collection of taxes is in the power of the court under existing law. A party can file a suit to enjoin the payment of taxes, and that is in the hands of the court. This does not do any more.

Mr. OLIVER of New York. I will answer the gentleman. It does not do any more than in a bankruptcy case, but we must realize that when a petition for extension of time is asked for, if the petition complies colorably with the conditions provided in the bill, that entitles the petitioner to an extension of time to pay taxes.

Under the provisions of the bill there will be hundreds of thousands come in, individuals and corporations, and if they get extensions, wholly within the discretion of the court, municipal government will have no certain foundation upon which to base its financial arrangements.

Mr. CULLEN. Will the gentleman yield?

Mr. OLIVER of New York. With pleasure.

Mr. CULLEN. On page 10, subdivision (b), it provides—

A plan of reorganization within the meaning of this section shall include a proposal to modify or alter the rights of creditors generally or any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise.

In the judgment of my distinguished colleague, whom I consider as good a lawyer as there is on the floor of this House, can that not apply to municipalities and States in so far as it relates to taxes, as pointed out by the mayor?

Mr. OLIVER of New York. There is no question about it.

Mr. CULLEN. Then, Mr. Speaker, we have gone far afield when we attempt to pass a bill of this character with only two hours of debate, without having an opportunity to offer amendments which would correct the inconsistencies and cost municipalities and States millions of dollars loss.

Mr. OLIVER of New York. The gentleman is right. Under the Constitution the bankruptcy power given Congress is tremendous. We have the power to shoot the debtor, and I think we have the power to shoot the creditor. It gives us omnipotent power. In this case we are going to be lenient with the debtor, but we may shoot down municipal government if we go too far. [Applause.]

Had the committee held hearings, perhaps the protests of his honor the mayor could have been met by amendment or his fears might have been explained away. This bill affects every dollar invested in the United States. It is not to be wondered at that the public at large have little confidence in its provisions when they have been denied the right to be heard before it was reported to the House.

The protest of the distinguished mayor of New York is the protest of a man whose voice has been dedicated to the public interest for 30 years. He stands in the front rank of the bar of New York. Therefore, what he says is entitled to solemn consideration.

His problems are intricate and delicate. If this bill postpones the payment of taxes in a wholesale way as he claims, his problems are magnified and his difficulties increased.

He sent to Mr. CULLEN the following amendments, which, under the rule that binds us to-day, can not be offered for the consideration of the House:

On page 3, line 14, after the word "character," insert the following: "other than claims for taxes legally due and owing to a State, county, district, or municipality."

On page 11, line 22, after the word "character," insert the following: "other than claims for taxes legally due and owing to a State, county, district, or municipality."

On page 12, line 22, after the word "obligations," insert the following: "other than obligations for the payment of taxes legally due and owing to a State, county, district, or municipality."

On page 15, line 4, after the word "holding," strike out the words "two-thirds in amount" and insert the following: "a majority in number."

On page 15, line 6, after the word "plan," insert the following: "which number must represent a majority in amount of such claims of each class."

On page 16, line 15, after the word "all," insert the following: "taxes legally due and owing to a State, county, district, or municipality."

On page 17, line 9, after the word "claims," insert the following: "other than liens or claims for taxes legally due and owing to a State, county, district, or municipality."

On page 17, line 12, after the word "claims," insert the following: "other than liens or claims for taxes legally due and owing to a State, county, district, or municipality."

On page 18, line 15, after the word "debts," insert the following: "other than those for taxes legally due and owing to a State, county, district, or municipality."

On page 18, line 21, after the word "except," insert the following: "claims for taxes legally due and owing to a State, county, district, or municipality."

On page 18, line 25, at the end of the sentence, insert the following: "The confirmation of a plan of reorganization which includes the transfer of all or any part of the property of the debtor to another corporation or to other corporations, or the consolidation of the properties of the debtor with those of another corporation, shall not be deemed an adjudication to the effect that the plan and the resulting reorganization are not violative of the provisions of Title 15 of the United States Code."

On page 20, line 12, after the word lien, insert the following: "other than liens for taxes legally due and owing to a State, county, district, or municipality."

On page 21, line 11, after the figure "64," insert the following: "except that taxes legally due and owing by the debtor to a State, county, district, or municipality shall not be released, diminished, abated, postponed, or otherwise affected in any proceeding under this section, notwithstanding any provision to the contrary contained in this or any other section of this act; and the amount of such tax claims as duly fixed in the State, county, district, or municipal tribunals of appropriate jurisdiction shall be conclusive and binding upon the Federal courts acting under and pursuant to this section."

Mr. SUMNERS of Texas. Mr. Speaker, I yield myself half a minute, to make this statement, that if we do not do something of this sort as is provided in the bill to help these distressed debtors, the municipalities and States will be owning all of the homes in this country under the foreclosure of their tax liens.

I yield five minutes to the gentleman from Kentucky [Mr. GREGORY].

Mr. GREGORY. Mr. Speaker, ladies and gentlemen of the House, when the passage of this bill was first suggested some months ago I heartily approved it. Nevertheless I must confess that I entertained grave doubts about the constitutionality of the measure and had some misgivings as to the power and authority of Congress to enact such legislation. However, having made a careful study of the history of bankruptcy legislation in this country and the decisions of the courts in relation thereto, I am thoroughly convinced that the bill we are considering this afternoon comes clearly within the purview of the powers conferred on Congress by the bankruptcy clause of the Constitution.

With the limitation placed upon debate, I shall, of course, be unable to go into the merits of the various provisions of the bill. I shall be compelled to review only in a general way the reasons which I entertain for supporting the bill as it is reported by the committee.

Reference has been made by the gentleman from Georgia to the vast number of farmers who are losing their homes. I have seen in my own district farmers driven from their homes by foreclosure, going out with grief and despair, like a specter at the funeral of hope, written on their faces, in an endeavor to get a new start in life. You gentlemen who come from the cities have witnessed the same thing among the laboring class who are home owners in the cities. Something like 700,000 foreclosures of this kind have been made within the last three years, and the time has arrived when we find ourselves faced with the necessity of making some provision whereby this tragedy may be stopped, or the financial life of the Nation will sustain such a shock that it will be unable to withstand it.

I heard in this Chamber last week accusations and censure of snoopers and stool pigeons in the enforcement of certain of our criminal laws. I have been engaged in the practice of law since the days of my early manhood. I have a high regard for the profession to which I belong; but, as in every avenue of human endeavor, we find certain groups of lawyers in practically every city of the country who are snooping around hunting for a sufficient number of accounts, and a sufficient amount, to throw persons into bankruptcy, without regard to the rights or to the benefits that will accrue either to the creditor or to the debtor. Under the provisions of this bill I believe a brake will be placed upon these human vultures whom we find in the cities.

The story of the railroad reorganization in the United States is a very sordid one, as we find it, to the advantage and power of certain financial groups in this country. I am for this bill because of the reorganization plan that is incorporated within it. Regardless of the rights of stockholders, of creditors, and of the public welfare, we have seen great railroad corporations wrecked in order to satisfy the greed of certain financial interests in this country. Under the provisions of this bill a safe and sane way is provided for the reorganization of these great railroad corporations.

I am for this bill, Mr. Speaker, because the exigencies of the times demand it. I am for it because reason approves it. I am for it because simple justice requires it, and I am for it because every generous impulse of the heart urges it upon me. [Applause.]

Mr. DYER. Mr. Speaker, I yield three minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I have asked for this time merely for the purpose of raising a question or expressing a doubt as to the wisdom of passing this bill with the information, or lack of information, which the membership of the House as a whole has about it.

The bill, as far as the railroad title or section of it is concerned is a radical departure from existing law. As stated in the report of the committee, railroads can not now come under the bankruptcy law. Reference was made this afternoon by the gentleman from Oklahoma [Mr. HASTINGS] to an article in yesterday's New York Times. In that article it was stated that of the 138 legally solvent Class I railroads of the country 100 of them last year failed to earn operating expenses and fixed charges, and 45 per cent of that 100 failed to earn even operating expenses, to say nothing of fixed charges.

This bill provides that a railroad corporation, subject to first being able to obtain the permission of the Interstate Commerce Commission, if it is unable to meet its debts as they mature, may file a petition with the court and take advantage of its provisions. The language is broad enough so that the 100 of the 138 legally solvent Class I railroads of the country may come under it if they choose to do so, and if they can get the approval of the Interstate Commerce Commission for that purpose. Upon filing a petition with the court, subject to the approval of the Interstate Commerce Commission, they may transfer their stock from one corporation to another or merge or consolidate with other railroad corporations. Who can tell what the set-up of the railroads of the country would be in the end if all of them who are able to do so should elect to take advantage of this legislation if it is enacted into law? For one I do not care to vote for a bill of this importance without knowing more about it than I have been able to learn. It certainly should not be passed under suspension of the rules, with no opportunity to amend it or to discuss it section by section under the 5-minute rule.

The Committee on Interstate and Foreign Commerce, which has jurisdiction over railroad legislation generally, has never considered the bill except very informally. It did not report it; it knew practically nothing about it until after it was reported by the Committee on the Judiciary one week ago.

The SPEAKER. The time of the gentleman from Michigan [Mr. MAPES] has expired.

Mr. SUMNERS of Texas. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Speaker, I do not think I can be accused of being one of those Members of the House who is easily swept off his feet, who becomes easily excited, and who desires to do radical and ill-considered things. I have been living with the railroad question, as a member of the Committee on Interstate and Foreign Commerce, for many years. At this time I have the honor to be chairman of that committee. Because of that position, everybody who has railroad trouble comes to me. Only last Saturday I had the privilege of sitting for an hour and a half with a group of men appointed by savings banks and insurance companies.

Last year 122 railroads in the United States failed to earn their fixed charges. The condition is no better. It is inevitable that under the old law or under the new law, these railroads must pass through the mill. They must go through the wringer. There is not a question in the world about it. I believe therefore that in order to save confidence, in order to protect stockholders, in order to protect bondholders, in order to protect everyone who is a creditor of a railroad, and the public as well, we should pass this or some other legislation at the earliest possible hour, to put an end to these long-drawn-out, these expensive, these unnecessary, and in many instances these disgraceful receiverships that have happened in the past.

Mr. McCORMACK. Will the gentleman yield?

Mr. RAYBURN. I yield for a question.

Mr. McCORMACK. There is only one feature of this bill that I am disturbed about voting for under suspension of the rules, and that is the railroad provision. I have every confidence in the gentleman from Texas, who is chairman of the committee before which railroad legislation comes. Will the gentleman from Texas state that in his opinion the stockholder, the small creditor, the average person will be protected under the provisions of this bill, so far as it relates to reorganization or liquidation of railroads?

Mr. RAYBURN. To a greater, a larger extent than at the present time.

Mr. McCORMACK. I put it to my friend from Texas because I have such great confidence in him.

Mr. RAYBURN. I answer that, to a much larger extent than he is now.

Let me say one other thing, that the fees of these receiverships can not be allowed by a court until they are approved by the Interstate Commerce Commission. No financial set-up, no reorganization to squeeze out stockholders or do an injustice to the public can come about until the Interstate Commerce Commission, the arm of Congress, the representative of the public in this country, has placed its stamp of approval upon any plan of reorganization. I am convinced that the seriousness of the situation that faces us at this hour demands, in the public interest, that the Congress of the United States pass favorably upon legislation of this character at the earliest possible moment.

Mr. DYER. Will the gentleman yield?

Mr. RAYBURN. I yield.

Mr. DYER. The gentleman says the courts would pass upon it. They will pass upon the plan that is submitted by the Interstate Commerce Commission, but they can not amend that plan or change it. Is that not correct, under this bill?

Mr. RAYBURN. That is correct; and that is exactly what I think the power ought to be. I do not believe there is a judge of a court in this land or that there is a single referee who is appointed by any judge in this country who is as capable as the Interstate Commerce Commission of passing on a set-up for reorganization of a vast railroad corporation. [Applause.]

The proposed section 76 of this bill has been drawn to meet what, in my judgment, is an emergency. I am informed that several important railroad companies and a number of smaller ones face inevitable receivership within the next few months. Legislation of this character was recommended by the Interstate Commerce Commission in its last annual report. The President of the United States and the President elect both recommend such legislation.

This bill provides for reorganization of railroad corporations in advance of receivership, with the consent of interested creditors. Railroad companies are in this situation through the operation of forces they did not foresee. For several years after the railroads were turned back to their owners in 1920, they got along very well. Traffic rapidly increased, and the increased earnings of railroads attracted capital for what appeared to be desirable expansion of their facilities. Since 1929, the railroads have faced a surprising decrease in their business: First, because of business depression; second, because of the astonishing development of new, economical, and competing forms of transportation. With readjustment of their fixed charges, satisfactory to two-thirds of the creditors affected, a number of companies can continue to operate, which might otherwise be thrown into expensive receiverships to the great inconvenience of the public.

This bill provides that the proposed reorganization of railroad companies shall be worked out under the jurisdiction of the courts and that the actual plans shall be formulated under the watchful eye and supervision of the Interstate Commerce Commission. Some object that this bill substitutes the commission, an agent of the Congress, for the courts. As I understand it, it does nothing of the sort. All the proceeding is under the jurisdiction of the court and must have the court's approval before it becomes effective. This bill proposes to place the expert services of the Interstate Commerce Commission at the disposal of the court. Instead of having to rely upon some master who would have to set up his own staff and who would have no, or but little, experience in these matters, the court would rely upon the commission, which would act very much as a master would be required to do. The bill provides that the commission shall take off of the court all of the burden of holding hearings on the proposed plans of reorganization, of recommending a plan to creditors and stockholders who would be affected, of authorizing the issuance of securities and making orders conforming to the interstate commerce act, and of submitting to the court a complete record on which it could determine whether or not, in fairness and justice to all concerned, a plan of reorganization acceptable to two-thirds of the creditors in amount for each class should be approved. If the court does not find that the plan acceptable to the creditors and to the commission is equitable, the court will disapprove it. All of this looks toward prompt, equitable, and economical proceedings.

Further, in the interest of economy and efficiency, the bill provides for six special referees, or more if necessary. These referees are to be appointed by the President of the United States and approved by the Senate. That is in recognition of the great importance of the work that they shall do in serving the judges who may from time to time select them. These special referees merely constitute a panel from which a judge may select one or more to perform for him the same duties which are imposed on a referee in bankruptcy under our present bankruptcy laws. That is to say, instead of having a miscellaneous collection of referees called at the discretion of the courts the courts will look to this panel of at least six men set apart by the President of the United States, with the approval of the Senate, and from this group each judge will select whatever referee or referees may be needed.

Again, in the interest of economy, the fees of trustees, of organization managers, of referees, of attorneys, and of investment bankers are to be recommended to the court by the Interstate Commerce Commission. This is done so that the mind of the court may be enlightened by the findings of a group expert in appraising the value of such services.

Fear has been expressed that with the enactment of this bill the powers of the Interstate Commerce Commission and the courts over consolidations and mergers would be expanded. It is my firm conviction that this proposal in specific pro-

visions safeguards the present consolidation and merger provisions of the interstate commerce act and gives no additional authority to the commission or the courts in these matters.

This bill, if it becomes a law, I believe will better protect bondholders and other preferred claimants in their rights than has been customary in receiverships. I believe that it will result in fair reorganization of the financial structure of many railroad companies, with the consequence that the fixed charges will be greatly reduced and the various classes of creditors will realize much more fully upon their expectancies than would be possible through receiverships. Moreover, it is my opinion, that the expenses of these reorganizations will be much less than of receiverships. Finally, I believe that this is an amendment to the bankruptcy act such as is contemplated by clause 4 of section 8 of Article I of the Constitution of the United States. For these reasons I think this House should promptly pass this bill.

The SPEAKER pro tempore. The time of the gentleman from Texas [Mr. RAYBURN] has expired.

Mr. DYER. Mr. Speaker, I yield four minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Speaker, I am opposed to this bill in its present form. It contains many dangerous provisions that will enable a little group of insiders to engineer through the Federal courts reorganization plans that will completely wipe out individual stockholders who are unable to protect themselves through the employment of attorneys and attendance upon the Federal courts in New York and other great cities where the corporations involved have their principal place of business.

I am opposed to it because it does not offer adequate relief to farmers and individual debtors. The inclusion in the bill of the sections relating to individual debtors was evidently done for the purpose of persuading us to swallow the indefensible provisions of the bill relating to corporations and railroads. The provision in reference to farmers is merely a sop to deceive the unwary into believing that this is a farm relief measure. It is a bait to conceal the hook, and to render the bill enticing to those who do not have the time and opportunity to carefully investigate the legal effects of this bill. It is unfortunate that a measure of such vital importance should be considered under the suspension of the rules which only permits a few minutes for debate and which makes it impossible for Members to offer amendments to safeguard and protect the rights of our people. But let us not deceive ourselves. The real effect of this bill will be to permit a little group of protected insiders to reorganize corporations and railroads at the expense of thousands of scattered and defenseless stockholders and creditors of corporations and railroads.

In order for a farmer or individual debtor to secure a composition of his debts or an extension, there are a number of difficult requirements that he will have to meet. Those who are able to satisfy these requirements do not need the aid of the bankruptcy courts under the provisions of this bill. First, the farmer or individual debtor will have to employ an attorney to file his petition and to prosecute his case through the bankruptcy courts. This will require money, and few farmers or individual debtors are able under the present circumstances to raise money for the purpose of paying attorney's fees. Second, the farmer or individual debtor may be required, as a condition to any extension, to furnish his creditors indemnity against loss. This indemnity would probably consist of a good bond which few individual debtors could furnish under the terrible conditions that prevail throughout our country. Third, the individual debtor, before filing an application for confirmation of a composition or extension proposal would have to secure the consent in writing of a majority in number and amount of his creditors. This, of course, would be very difficult and would involve considerable time and expense to the debtor. Fourth, before the debtor could secure a composition of his debts he would have to furnish the money or security necessary to pay all debts which have priority and the costs of the proceeding and the consideration to be paid to his creditors. There are few, if any, individual debtors who could secure the money or security to deposit with the court, as a condition to any composition. Before the court is permitted to confirm the composition or extension proposal, the court must be satisfied that—

(1) It includes an equitable and feasible method of liquidation for secured creditors whose claims are affected and for financial rehabilitation for the debtor; (2) it is for the best interests of all creditors; (3) the debtor has not been guilty of any of the acts or failed to perform any of the duties which would be a ground for denying his discharge; and (4) the offer and its acceptance are in good faith and have not been made or procured except as herein provided, or by any means, promises, or acts herein forbidden.

I submit, Mr. Speaker, that few, if any, debtors can comply with these difficult requirements. If a farmer had an equitable and feasible method of liquidation, he would not need the aid of the court in dealing with his creditors. With 5-cent cotton, and with high taxes, high interest, and scarce money no farmer can present any feasible method of liquidation. How can anyone under the present conditions show a feasible method of his financial rehabilitation when he can not secure for the products of his labor and investment sufficient returns to pay the expenses of operation, and when the Government itself has been unable to devise any such plan?

Subdivision 4 of section 1 provides that—

> The courts shall in addition adjudge the debtor a bankrupt if satisfied that he commenced or prolonged the proceeding for the purpose of delaying creditors and avoiding an adjudication in bankruptcy.

What other purpose could any debtor have for filing a petition under the provisions of this act except to delay his creditors and keep from becoming a bankrupt? But under this bill, if it could be shown that the individual debtor was seeking to delay his creditors, the court would immediately adjudicate him a bankrupt and his property would be sold at public auction.

Under the provisions of this bill an extension or composition "shall not impair the lien of any secured creditor but shall affect only the time and method of its liquidation." In other words, under this proposed bill no mortgage debts can be scaled down or reduced in amount even though the indebtedness is greater than the reasonable market value of the property. Everyone knows that debts have increased tremendously on account of the increased purchasing power of the dollar. Our debts, with interest and with taxes and other fixed charges, have to be paid in dollars which have suddenly increased in value—in a dollar which now requires 6 bushels of corn instead of 1, 3 bushels of wheat instead of 1, 5 pounds of cotton instead of 1, and 10 shares of United States Steel stock instead of 1.

Many of the debts under which our farmers and individual citizens are staggering have, therefore, doubled and trebled in amount, and yet under this bill no method is provided whereby these debts can be scaled down and whereby the debtor can return to his creditor a dollar worth no more than when he borrowed it. But when the bill comes to deal with corporations, it provides that any reorganization plan can modify or alter the rights of creditors generally, or of any class of them, secured or unsecured, either through the issuance of new securities of any character or otherwise. In other words, corporations can scale down secured and unsecured debts and impair the validity of liens, but a farmer or individual debtor is not given this right. Can anyone explain why the individual debtor is discriminated against in the matter of scaling down secured debts? The farmer has to secure the consent of the majority in number and amount of his creditors, whereas a corporation only has to secure two-thirds of the amount of the claims of each class whose claims or interests have not been allowed and would be affected by the plan. Why this discrimination against the individual debtor in favor of corporations?

Twenty-five per cent in amount of any class of creditors and not less than 10 per cent in amount of all the creditors

of the debtor may propose a reorganization plan in a court located in a judicial district where the principal place of business is situated. It is generally known that the principal place of business of most corporations is in New York City. Therefore, a small group in New York can propose a reorganization plan in the courts of New York, and in order for the multitude of secured and individual stockholders and creditors of the corporation to defend and protect their rights, they would have to go to New York and employ attorneys there to represent them. Since many of these stockholders and creditors have small holdings, they would be unable to defend their rights, and the result would be that they would be wiped out. The reorganization would be accomplished at their expense. The little group of insiders who sold them their stock would regain the title to the corporation.

The bill also provides that in order to carry out the reorganization plan, the proposal may—

Include the transfer of all or any part of the property of the debtor to another corporation or to other corporations, or the consolidation of the properties of the debtor with those of another corporation and the issuance of securities of either the debtor of any such corporation or corporations, for cash, or in exchange for existing securities, or in satisfaction of claims or rights, or for other appropriate purposes.

This provision nullifies the Sherman antitrust law and the Clayton Act. During the past decade we have had more than 1,267 mergers in the United States. This is one of the principal causes for the economic crisis that threatens the very life of this Republic. Many of these mergers were brought about for the purpose of issuing worthless stocks and securities and unloading them on the investing public. Thousands of our citizens have been the victims of these illegal mergers that were formed in violation of the Sherman antitrust law, but with the tacit consent of a sympathetic administration. These mergers not only violated the law and not only dumped upon the market millions of dollars of worthless securities and stocks, but they produced great concentration of wealth in the hands of a few and resulted in enabling the operators of the merged concerns to eliminate competition and fix the prices of their commodities on a plane much higher than agricultural commodities produced through competition. This produced inequality of price levels between agricultural and nonagricultural commodities, threw the economic system out of balance, produced maldistribution of wealth, and contributed materially to the economic collapse that threatens us. Yet in spite of this experience, this Congress proposes by its solemn act to permit wholesale consolidations, mergers, and combinations in violation of the law and to the complete destruction of independence and individual initiative in our economic life.

Paragraph (C) of section 75 empowers the judge to appoint trustees of the corporation with power to operate the business of the corporation and to issue certificates for cash, with security and priority in payments over existing obligations, secured or unsecured. As the law now stands, the court is not permitted to issue receivers' certificates in the case of private corporations unless those creditors whose liens are displaced by such receivers' certificates consent to their issuance. Under this provision thousands of preferred stockholders who purchased in good faith upon the assurance that they would have prior claims against the assets of the corporation would be completely displaced and new creditors would step in and have the first right to the assets of the corporation. This would place the public who subscribed to bonds and to the preferred and common stock of corporations at the mercy of a group of creditors usually representing the large banking interests who will use the process of the court to salvage their private investment and who will eventually bid in the property for a nominal sum in utter disregard of the rights of their creditors and stockholders.

Under this bill an individual debtor is required to file schedules showing all his assets and liabilities, whereas corporations are merely required to submit such schedules "as may be necessary to disclose the conduct of the debtor's affairs and the fairness of any proposed claim." Why this discrimination against individual debtors?

Under this bill, if the corporation is small, a statement must be filed showing "what, if any, claims and shares of stock have been purchased or transferred by those accepting the plan after the commencement or in contemplation of the proceeding and the circumstances of such purchase or transfer. But this statement may be dispensed with if the judge is satisfied that by reason of the number of securities outstanding and the extent of the public dealing therein the preparation of such a statement would be impractical. In other words, in the case of great corporations with imposing groups the court may keep the transactions in the dark and the public will remain in ignorance as to what has gone on behind closed doors. It certainly seems to me that the experience of the past few years shows the necessity for requiring greater publicity as to the financial condition of corporations and the conduct of their business by those in charge. Had the public known more about the conduct of certain corporations during the past 10 years untold suffering and losses could have been avoided.

This bill provides that the term "creditors" shall include for the purposes of a reorganization proceeding under this section all holders of claims of whatever character against the debtor or his property, whether or not such claims would otherwise constitute provable claims under this act. In other words, a suit or judgment for damages against a corporation would constitute a claim under the terms of the act. The claim or judgment of a widow or orphan for damages against a corporation on account of the killing of a husband or father would constitute a claim which could be wiped out by the small group in New York who were engineering the reorganization plan. A suit involving the title to land would constitute a claim that could be disposed of in the courts of New York. When the petition is filed under this proposed bill, the State court is ousted of jurisdiction and the matter is handled by the Federal court, in many instances situated thousands of miles from the home of the creditor or claimant.

We who have practiced law in small towns and whose business consisted of representing poor clients on contingent fees know that it is very difficult to prosecute a claim in the Federal courts against powerful corporations. Litigation in a Federal court is so expensive that few poor claimants can afford to prosecute their claims. The requirement that the litigant shall deposit cash and iron-clad bonds to secure payment of court costs and to have the statement of facts printed, the ability of the judge to comment upon the weight of the evidence, and the enormous other obstacles that stand in the way of a poor litigant give the corporation every advantage. It can encumber the record with a mass of documentary evidence and render the appeal so expensive as to be prohibitive. It can adopt dilatory practices of all kind and character until the poor litigant and his attorney are compelled to accept any proposal made by the corporation. No one knows better than I do. For more than 10 years my practice consisted of representing individual claimants and litigants against corporations. In most instances my firm worked on a contingent fee. If we won, we were paid; if we lost, we received nothing. The corporation had every advantage in the Federal courts, and wherever possible it always removed its cases from the State to the Federal courts. Therefore I am not willing to stand idly by while this monstrous and unfair bill is written into the law of our land. I do not believe that this House would consider this bill for a moment if it had an opportunity to study its outrageous contents and dangerous provisions. I do not believe that the Senate will ever permit it to become the law of the land in its present form.

In the name of the poor litigants who are unable to finance the prosecution of expensive litigation in Federal courts, in the name of hundreds of independent and fearless attorneys who protect the interests of poor litigants throughout this country, in the name of the multitude of individual debtors who can not protect themselves in the

courts of New York and who will be literally wiped out under the monstrous provisions of this bill, in the name of thousands of farmers who will not be deceived by the sop which is offered them as a blind to deceive the real purposes of this bill, I appeal to you to defeat this iniquitous and indefensible measure.

Mr. SUMMERS of Washington. Mr. Speaker, I yield five minutes to the gentleman from Pennsylvania [Mr. KURTZ].

Mr. KURTZ. Mr. Speaker, I have great respect for those persons on the committee and those who are not on the committee, who oppose this bill. When I think of the gentleman from Virginia [Mr. MONTAGUE], the gentleman from New York [Mr. OLIVER], and the gentleman from Missouri [Mr. DYER], I know they are men of ability and, so far as the legal profession is concerned, are among the master craftsmen of this House. I may say, however, that this is quite an extraordinary bill and under ordinary circumstances possibly I would not support it; but there is an extraordinary condition confronting the American people at the present time. When you realize that in one county of Pennsylvania out of a population of 86,000, 44,000 people have received aid within the last year it is time for the Congress of the United States to do something extraordinary.

If it is necessary in time of war that we do things that are extraordinary because war affects all of the people, then it is necessary now to do something extraordinary, because the stress and trial of this depression affect the American people to-day also, affect the woman in the home, the child in the cradle, vigorous manhood, and decrepit old age; every person is affected. Therefore, I, for one, am ready to vote for this particular bill even though it be extraordinary.

It seems to me we can liken the present times to the condition of a man who, in a measure, is ill. A man who has a crushed finger, a man who has a crushed toe, or a man with an aching tooth knows these conditions are local and can be treated locally, and that in the very near future he will be able to enjoy his usual normal health. But when his body is afflicted by some constitutional disease or some terrific fever and he is on the very brink of the grave—then he is not going to get well in a day. All that can be done is something which will alleviate his condition. At the present time not only America, but the whole world, is sick, and whatever we do here will only be a measure of alleviation; it is not going to be a cure because we find that this panic is not confined to the shores of America. It is world wide. We find six nations in South America have overthrown their governments by force and revolution in the last three years, one of them four times, and another three times; and if we can give credence to what people in authority say, all of these governments are worse than their predecessors. Such things are happening all over the world. Almost all of the nations that owe America are asking for moratoria. We are not asking for a moratorium; what we are asking for is a breathing spell for the American debtor. If we can give him that we will cause the American creditor to hesitate in this time of peril, and when he does that he is not only aiding the debtor but likewise himself. This is why I am going to vote for this bill even though it has extraordinary characteristics. [Applause.]

[Here the gavel fell.]

Mr. DYER. Mr. Speaker, I yield five minutes to the gentleman from Nebraska [Mr. BALDRIGE].

Mr. BALDRIGE. Mr. Speaker, there are three main purposes of our bankruptcy law. The first is to bring in under the court's jurisdiction all the assets of the debtor; the second is to distribute those assets in a fair and equitable way; and the third is to give the debtor, who has carried on his business honestly, a clean slate and a chance to start over again.

Our bankruptcy law has failed, mainly because it has not brought in the assets of the estates in proper time to save anything for creditors. The reason it has failed is because there has never been any inducement held out to the debtor to come in and talk over the table with his creditors. As soon as the average debtor sees the situation starting to slip away from him he endeavors to cover up; he can not let his creditors know trouble is coming, because as soon as he does they immediately pounce upon him, and the result is that there has never been any inducement for any debtor to come in and talk with his creditors. Whenever we can provide that inducement for a debtor who realizes that things are getting a little bad, to sit down and talk with his creditors, then the bankruptcy law will be a success, and not until then.

This is exactly what this bill does: It gives the debtor an inducement to come in and talk with his creditor to obtain an extension of time or a compromise. That is a tremendous step in favor of the bankruptcy law. In 65 per cent of the cases in bankruptcy last year no money was paid to the creditors. In the remaining bankruptcy cases only 5 per cent of the general claims were paid. Why? Because creditors could not talk over with the debtor his problem. The debtor usually held off for one or two or three years until everything slipped away from under him. This legislation gives him an inducement to come in and talk to his creditors and say, "I am in trouble; I want an extension of time," and he realizes he might go before the courts and get it, even though his creditors do not consent.

Up to this time whenever anybody started proceedings for an extension, three creditors with claims aggregating $500 could come in and upset the entire negotiation, after weeks and weeks of time and effort by creditors trying to bring the situation around. Under the proposed plan here, this can not be done.

This is a great step in favor of the bankruptcy law and I do not think, when the gentleman from Texas [Mr. DIES] stands up here and shakes the old bugaboo of Wall Street and New York, and tells what an awful thing it is to have to go there, he is going to particularly impress the group of men here, although that might be all right at home when we are campaigning.

Mr. DIES and Mr. WOOD of Indiana rose.

Mr. BALDRIGE. No; I can not yield because I have only five minutes.

Under this bill what can the debtor do? No one has particularly talked about this important part of the bill. Briefly, here is what happens. He first asks his creditors if he can get an extension of time or some sort of compromise. If they say "No, we will not give it to you," then he goes before the judge and states, "Here are all my assets, I will pay so much next year, I will pay so much six months from now, and I will carry on in a certain way. This is a fair and reasonable proposition. Now, will you give me a chance?" If the man has been honest, if the man has carried on his business in the past without any fraud, if he has a fair chance to pay out, nine times out of ten the court is going to say, "We will allow an extension of time and we will allow this man to try to work out of his present situation, and we will see how he makes out. During the interim, if he does not carry out his promise, under the law, the court has the right to stop it and put the man in bankruptcy." I am sorry my time is so short that I can not discuss the reorganization part of this bill that is so important to our railroads. I urge every member to vote for this legislation. [Applause.]

Mr. SUMNERS of Texas. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Speaker, I not only believe this bill has color of constitutionality, but actually is constitutional.

Mr. WOOD of Indiana. Will the gentleman yield for a question?

Mr. CELLER. Briefly.

Mr. WOOD of Indiana. What does the gentleman say with reference to the provision of the Constitution that provides that there shall not be any legislation impairing a contract?

Mr. CELLER. I may say to the gentleman that there is no express prohibition in the Constitution about the Federal Government impairing the obligation of a contract. There is, however, the express prohibition against the States

impairing the obligations of a contract. Let me call attention to the dissenting opinion—Mr. Justice Miller, with whom Swayne and Davis, JJ., concurred—in Hepburn *v.* Griswold (75 U. S. 627), which involved the proposition that no prohibition is placed upon the power of Congress to impair the obligation of contracts. This case was the first of the Legal Tender cases. This minority view became the majority view of the Supreme Court in Legal Tender cases (79 U. S. 549, 550), where we have this language:

> * * * Nor can it be truly asserted that Congress may not, by its action, indirectly impair the obligation of contracts, if by the expression be meant rendering contracts fruitless, or partially fruitless. Directly it may, confessedly, by passing a bankrupt act, embracing past as well as future transactions.

This is obliterating contracts entirely. So it may relieve parties from their apparent obligations indirectly in a multitude of ways. It may declare war, or, even in peace, pass nonintercourse acts, or direct an embargo. All such measures may, and must operate seriously upon existing contracts, and may not merely hinder, but relieve the parties to such contracts entirely from performance. It is, then, clear that the powers of Congress may be exerted, though the effect of such exertion may be in one case to annul, and in other cases to impair the obligation of contracts.

If there is any doubt on our right to pass this bill, I would ask the gentleman to read the Hanover National Bank case, One hundred and eighty-eighth United States Reports, page 181), where the court in sustaining the constitutionality of the present bankruptcy act (act of 1898) said that the powers of Congress were so plenary and so complete as even to go to the extent of inflicting the death penalty upon a bankrupt.

The court in the Hanover case considered the intent of the framers of the Constitution. I quote from the opinion:

> The framers of the Constitution were familiar with Blackstone's Commentaries and with the bankrupt laws of England, yet they granted plenary power to Congress over the whole subject of "bankruptcies" and did not limit it by the language used. This is illustrated by Mr. Sherman's observations in the convention, that "bankruptcies were in some cases punishable with death by the laws of England, and he did not choose to grant a power by which that might be done here"; and the rejoinder of Gouverneur Morris that "this was an extensive and delicate subject. He would agree to it because he saw no danger of abuse of the power by the Legislature of the United States." (Madison Papers, 5 Elliot, 504; 2 Bancroft, 204.) * * *

I repeat that the Supreme Court is in apparent accordance with the proposition that the power of Congress is so broad as to include even the death penalty. If the powers are so complete and so plenary, we certainly have the right to rearrange the rights of creditors, secured or unsecured, or rearrange the rights of bondholders and lienors in any insolvency or bankruptcy proceedings.

Mr. DIES. Will the gentleman yield?

Mr. CELLER. I can not yield, as I have only a few minutes.

I believe this bill is one that provides the greatest good for the greatest number. It is not a perfect bill. It certainly has its flaws. No bill that comes out of any committee or passes this House or the other Chamber is perfect. Such bills always contain some imperfections and we must consider the pending bill in this light.

However, I believe the debtor class of this Nation needs some blood transfusion. It is time we cease drifting. We must apply heroic measures, otherwise you will reduce your farming class to a tenant class; and, goodness knows, you do not want a farmer tenancy in this country.

As for the small tradesmen and merchants, they yearn for something of this sort which will enable them to go to their creditors with a plan of liquidation if given time. If their creditors refuse, this bill will enable them to go to the court and say, "We want to settle; we want to be given a chance to pay our debts; we can not be hurried, we want time; if given time, and not pressed, we can satisfy creditors." Under the present law there can be no composition or extension unless or until a petition in bankruptcy is filed by or against the debtor. In order to get time, the debtor must accept the stigma of bankruptcy. Under this bill that stigma is avoided. Practically the provisions for a moratorium for individual debtors become in this bill applicable to corporation debtors, and ample and liberal provisions are made for fair and equitable reorganizations of private corporations, with appropriate safeguards to creditors, secured and unsecured, to stockholders of all classes, and to those who have claims entitled to priority.

Much has been said about interfering with the priority of liens of municipalities. I have been considerably worried about this situation, and have fine-combed the bill with an eye single to detecting any provision that would militate against the priority of liens against properties for unpaid taxation. I confess I find nothing that would interfere unduly or unreasonably with the rights of municipalities with reference to their liens.

However, Surrogate O'Brien, the present mayor of New York City, has taken certain exceptions to the bill in this regard. I have great respect for his wisdom and opinions. I have known him for many years as a conscientious public servant. His views are entitled to the greatest respect. The parliamentary situation, of course, precludes the offering of any amendments that would meet the objections of Mayor O'Brien. These objections will be taken care of undoubtedly in the Senate or in conference. I assure my friend the mayor that I shall help in this regard.

However, I must direct attention to the evident intention of the framers of the bill to protect municipal liens. On page 21, line 10, subsection 5, we have the general provision:

> Debts shall be entitled to priority as provided in section 64.

Section 64 means section 64 of the present bankruptcy act. Said section 64 is the direction to the trustee to pay all taxes legally due and owing by the bankrupt, first to the United States, then to the State, then to the county, then to the district, and finally to the municipality. These payments are made before payments to creditors, and so forth. Furthermore, on page 5, commencing at line 10, we find that there can be no confirmation of the composition or extension proposal unless—

> The money or security necessary to pay all debts which have priority * * * shall have been deposited in such place as shall be designated by the court.

In addition to these safeguards, on page 6, line 10, it is provided that—

> The terms of an extension proposal * * * may provide for priority of payments.

Under the present act the courts have gone far in construing the right to interfere with liens for State or municipal taxes. Permit me to direct attention to the case of Van Huffel *v.* Harkelrode, Treasurer (284 U. S. 225). The court, Mr. Justice Brandeis delivering the opinion, held that—

> The bankruptcy courts have power to sell real estate of bankrupts free from liens of State taxes, and to transfer liens from the property to the proceeds of sale.

The court held that—

> Like power had long been exercised by Federal courts sitting in equity when ordering sales by receivers or on foreclosure.

Section 75, subdivision (m), provides as follows:

> (m) Whenever in this act the words "receiver" or "trustee" are used, same shall mean a natural person, except, however, upon good cause affirmatively shown by any interested party or parties that it is for the best interests of the debtor or the plan generally, the court may appoint a corporation, but such corporation shall not be appointed in a multiplicity of cases.

This is aimed, specifically, at the practice which has developed in the United States District Court of the Southern District of New York, whereby the Irving Trust Co., of New York, has been made the sole receiver in all bankruptcy cases and in most of the equity receivership cases. This practice must stop. If it does not, it will spread to other jurisdictions.

It has been proven that the Irving Trust Co. is no more efficient, and does not save any more of the creditors' money, than the receivers who acted before the Irving Trust Co. was appointed.

The district judges in New York have made grievous error in disregarding the members of the legal profession in the appointment of receivers. They probably have forgotten that they themselves at one time practiced law.

To avoid the scandals of a few years ago, some of the causes of which were traceable to one of their own members, Judge Winslow, they have set up the Irving Trust Co. as a huge monopoly. Nowhere else in this country does such a condition obtain. It should not exist in New York.

Relative to the difficulties that arose a few years ago, I believe the judges are not blameless. Why did they appoint incompetent and dishonest officials?

There are still honest and efficient lawyers left for appointment as receivers. The qualities of integrity and ability have not entirely departed from the legal profession to reside solely in the Irving Trust Co. These judges have set up a veritable Frankenstein to which they have surrendered all power to appoint not only the receivers but the appraisers, custodians, auctioneers, accountants, trustees, attorneys for trustees, and attorneys for receivers. The Irving Trust Co. now does all the appointing.

There often arises conflict of interests. As the Irving Trust Co. is receiver and trustee in all cases, it finds itself making claims against itself. A bankrupt estate has claims against another bankrupt estate. Thus, the trust company claims against the trust company. Such a situation is intolerable.

Lawyers are not permitted to solicit claims to elect a trustee, but the referee, a judicial officer, under a local court rule is required to send out with his notice for the first meeting of the creditors a printed blank of proof of debt and power of attorney to be executed by the creditors, authorizing the referee to vote for the Irving Trust Co. Thus, in the southern district, the referees have practically a proxy vote for the Irving Trust Co. as trustee. It has always been deemed unethical for a receiver to solicit the appointment of himself as a trustee. Evidently there is a double standard.

One of the principal justifications advanced by local judges for granting a monopoly of receiverships in equity and bankruptcy to the Irving Trust Co. is the argument that it relieves the judges of solicitation by attorneys seeking their own appointment in these cases. I have a great respect for these judges, but their position in this regard is untenable. The bankruptcy law was not enacted for the convenience of these judges nor for their peace of mind. They should have been able to steel themselves against such importunities of friends and lawyers and have rendered themselves impervious to these demands. The bankruptcy statute as written does not permit the action taken by these judges. The present statute provides for creditor control over bankrupt estates, but no creditors can elect their own trustee. They must accept the Irving Trust Co. The referee, with his proxy, sees to that.

The judges have complained that they were tired of political patronage in these appointments, but note what has happened now! There has been set up another kind of patronage—that of the Irving Trust Co. It is now receiver in over 5,000 cases. Under the instant act it becomes receiver, or trustee, in 5,000 more cases. It controls the appointment of thousands and thousands of employees. A trust company in these days might well "stick to its knitting." It is certainly not the business of a trust company to operate railways, manufacture shoes, run retail cigar stores or haberdasheries, or fabricate matches. This company now concerns itself as receiver in practically all lines of industry, most of which are quite unrelated to sound banking and the management of trusts.

It is only human, too, that the officers of the Irving Trust Co. in charge of these matters should favor in their appointments those lawyers who directly or indirectly encourage deposits or trust business with the bank. This is certain, appointments are not made exclusively upon merit or efficiency.

The practice which results in the Irving Trust Co. being appointed as sole receiver has been condemned in no uncertain terms by the New York State Bar Association, the Brooklyn Bar Association, the Westchester County Bar Association, the Richmond Bar Association, the Nassau County Bar, the New York County Lawyers' Association, the Federal Bar Associations of New York, New Jersey, and Connecticut as well as other bar associations.

Hon. Martin T. Manton, presiding judge of the United States circuit court of appeals, recently expressed dissatisfaction with the current practice of appointing the Irving Trust Co. in all bankruptcy cases. He said:

> All integrity, honesty, and understanding have not left the bar just because of the so-called bankruptcy scandal. Lawyers give to bankruptcy cases their individual, personal attention—their humane consideration. They are efficient and competent and, I believe, can handle the exigencies of bankruptcy situations more satisfactorily than a banking corporation.

Judge Manton is a painstaking jurist and speaks out of a richness of experience and knowledge.

I herewith submit a copy of a resolution of the New York County Lawyers' Association, one of the largest bar associations in the country:

> Whereas the judges of the United States District Court for the Southern District of New York in January, 1929, inaugurated the practice of appointing a banking corporation, namely, the Irving Trust Co., as receiver in bankruptcy cases and equity proceedings, and subsequently adopted rules designating that corporation as the standing receiver in bankruptcy; and
>
> Whereas the New York County Lawyers' Association believes that a corporation, which is an inanimate, artificial, and fictitious entity, without soul or conscience, is not an appropriate medium as the arm and conscience of the court for such appointment or to act in any capacity as an "officer of the court"; and
>
> Whereas this association believes that only natural persons, such as business men, lawyers, and other properly qualified individuals, should be intrusted with such functions; and
>
> Whereas this association believes that there are numerous honest, competent, and conscientious business men, lawyers, and other persons who will be willing, ready, and able to act honestly and efficiently as receiver under appropriate bond, if appointed by the said United States district court judges; and
>
> Whereas a careful examination and analysis of the report filed by the Irving Trust Co., dated November 30, 1932, shows this bank to be of no practical advantage to creditors over the administration by the creditors themselves under the bankruptcy law and no improvement for the public interest; and
>
> Whereas this association believes that the practice of appointing one corporation (or any corporation in the place of natural persons) as receiver and trustee in equity and in bankruptcy is unfortunate and results in monopolistic power and in direct control over the bar by a corporation, as well as over business, and should once and for all be wiped out and abolished; and
>
> Whereas this association believes that a monopoly of any nature or character is wholly contrary to the best interests of this community and is abhorrent to the spirit of Anglo-Saxon institutions as well as intolerant to the genius and intent of the common law: Now be it
>
> *Resolved*, That the New York County Lawyers' Association, in this special meeting assembled, disapproves the practice and rules adopted by the judges of the United States District Court for the Southern District of New York under which Irving Trust Co., a corporation, has been designated as standing receiver in bankruptcy and urges the abolition of said rules and practice as well as the practice of appointing corporations as receivers and trustees in United States courts.

Mr. BACHMANN. Mr. Speaker, I yield five minutes to the gentleman from Virginia [Mr. LANKFORD].

Mr. LANKFORD of Virginia. Mr. Speaker, I want to say that I have great respect for the chairman of the committee. I know that he is sincerely trying to help the debtor class, but I do not believe that he has given the consideration to this bill that he ordinarily does to most important measures of this kind.

When I came into the Chamber this morning, I had a conversation with one of the most distinguished lawyers in the country, and he said, "As I read this bill, my mind is one dark spot."

That is the case with me—that is the way it impresses me. I do not know all that is in the bill, but I do know that it breaks down the rules of bankruptcy established after many years and perfected by judicial decisions. If I vote for the bill, I do not know what effect it will have.

If you want to declare a moratorium, let us be fair and honest—let us declare a moratorium. I am prepared to vote for that to give temporary relief to all oppressed debtors, but I do not want to give them what is provided for here; I do not want to break down the precedents of the bankrupt law established for many years.

I believe the bill is unconstitutional.

Take the provision for debtors going into court, who have not secured the consent of the requisite number of creditors. You will have one court in Virginia giving relief under a certain state of facts and a court in West Virginia denying relief under the same state of facts. You might have the same court decide one way to-day and another way to-morrow. You would have no uniformity.

Mr. LAGUARDIA. Is not that true with the administration or enforcement of any law when you go to district judges? It is the uniformity of the law that we want.

Mr. LANKFORD of Virginia. There is no uniformity when you allow a judge presiding to decide the rights of creditors one way and on the same state of facts another judge decides the rights of other creditors another way. Section 8 of the Constitution only gives Congress the right to pass "uniform laws on the subject of bankruptcies." There is no gauge or yardstick to guide the judiciary in uniform decisions.

I think the bill has not been given sufficient consideration. It provides that a referee shall be appointed for every county. In Virginia we have a hundred counties, and if the judge appoints a referee in every county you will have an army of referees, many of them unprepared and not qualified to act. We have referees in most sections at the nearest town and it is a convenience for the farmers to go to these towns or cities where they transact their business; although it may not be in the farmer's own county, most of his creditors are located there. The bill limits the referee to a $10 fee. Do you think you could get competent referees to travel from place to place, take several days, perhaps, to hear these composition cases, and then make his report to the judge, for $10. This bill will break down the efficient referee system which is generally satisfactory in most sections of the country.

Mr. Speaker, I want to say that as much as I would like to go along with the committee, I can not get the consent of my mind to vote blindly for this bill, as indefinite, as uncertain, as destructive to the credit and finance of our country as this bill is. [Applause.]

It no doubt has some merit, especially the railroad portion of it, and if allowed to consider it maturely, and to offer certain essential amendments, I could possibly go along with the committee, but not in its present shape.

Mr. SUMNERS of Texas. Mr. Speaker, I yield 10 minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Speaker, I shall limit myself to a statement of the railroad organization provisions of the bill.

In the first place, railroads are now exempted from the provisions of the bankruptcy law. When a railroad now gets into financial difficulty a creditor applies for an equity receivership. We have had very sad experience with equity receiverships of railroads. If my colleagues will recall the history of railroad finance in this country, they will remember that there is not a railroad in this country to-day that provides a sinking fund for its bonded indebtedness. From the very beginning of railroads there had been no provisions made for depreciation and obsolescence up to the time that the interstate commerce act was enacted by Congress. The whole history of railroad financing is the most sordid, disgraceful page in the history of American industry.

If our railroad magnates were as anxious to move trains as they were to move the stock ticker the railroads would not find themselves in their present plight. From the day Daniel Drew, the drover, sold Jacob Astor, the butcher, a herd of bloated cattle, the peddling of "watered stock" has never ceased. It is strange that both the herder and the butcher were shortly thereafter to become financiers and both active in the manipulation of railroad securities. From that day the unsuspecting public looking for railroad investment has been duped. From that time the friendship and aid of political bosses have been sought and found useful to railroad financiers. That era is about to end. Railroads have been bled white. Shippers have been exploited and equipment run down and become obsolete. A new deal is absolutely necessary. This bill is but one of the preliminary steps to a complete change in railroad financing, management, and control.

The purpose of this bill is to provide, first, that railroads may avail themselves of the provisions of the bankruptcy act, for the purpose of reorganization. So that the first fundamental change is that the railroad itself can petition the court for a reorganization. The reason that we must provide for a reorganization rather than treat the railroads as an ordinary bankrupt is that a railroad is vested with a public duty, a public necessity. Railroads can not be permitted to liquidate according to the fundamental principle involved in bankruptcy. So that as I have stated the railroad itself may go in and petition for reorganization. If the railroad fails to do it and is insolvent or financially embarrassed, then, rather than that a favored creditor or a committee controlled by a bank come in and seek to control the reorganization of that railroad, 25 per cent of any class of creditors may petition the court and submit a reorganization plan.

There has been some confusion in the minds of Members who have spoken to me in not distinguishing between bondholders and stockholders and between unsecured creditors and bondholders. When we talk about secured creditors of railroads, we refer principally to bondholders, because as you all know, supplies and material and labor necessary for the operation of the railroad have priority for a period of six months.

The next thing we did in this bill which is innovation is to bring complete control or, as the Solicitor General says, "giving broad powers to the Interstate Commerce Commission in the initiation, formulation, and approval of the reorganization plan." We do just that. I do not mean to say that such broad powers to the commission meets with the personal approval of the present Solicitor General. It does not. Gentlemen will recall the message of the President of the United States only a few days ago, on January 11, in which he said that the provisions dealing with corporate reorganization should be applicable to railroads, and in such cases the "plan of reorganization should not become effective until it has been approved by the Interstate Commerce Commission." The purpose of this bill is to make that approval effective. It is to make that approval what it is intended it should be, a complete supervision and control of every detail and factor of a reorganization plan. It would be futile to give perfunctory power of approval to the Interstate Commerce Commission if the power were to be left in the court to start hearings de novo and pass upon an entirely different plan. Gentlemen, from the experience of the past we find that legislation of this kind is necessary and at this particular time urgent. An illustration of a case typical of the present unsatisfactory condition of railroad reorganizations may be found in the case of the United States v. Chicago, Milwaukee, St. Paul & Pacific Railroad (282 U. S. 311). In that case the Interstate Commerce Commission, acting under section 20 (a) of the interstate commerce act, sought to prevent the company and stockholders being saddled with exorbitant and unreasonable expenses in the shape of fees and compensation and commissions and charges.

Briefly, out of the assessment, a sum of $4 on each share of stock was set aside to create a reorganization fund. The $4 fund set apart for expenses approximated $9,330,000, of which another fund of $1.50 a share was a part, aggregating about $3,500,000, out of which were to be paid the reorganization managers, various protective committees, counsel, and depositaries. The estimated expenses to be paid from this fund ranged from $2,636,000 to $3,381,000, of which the compensation to be paid to the reorganization managers was $1,044,000.

The commission did not approve of this plan. It found the charges unreasonable and modified the plan to the extent of disapproving of the $1.50 fund and the exorbitant fees and compensation to be paid therefrom. An appeal was taken from the findings and order of the Interstate Commerce Commission and the court set aside the commission's findings and enjoined its enforcement. An appeal was taken to the Supreme Court which affirmed the court below. There is a strong dissenting opinion in this case by Mr. Jus-

tice Stone, in which Mr. Justice Holmes and Mr. Justice Brandeis concur. I shall quote from the dissenting opinion in the course of my remarks. To be perfectly frank, this bill now writes into the statute the law as construed by the dissenting opinion in this case.

The Interstate Commerce Commission at that time acted under authority of section 20 (a) of the transportation act. The majority opinion in the Chicago, Milwaukee, St. Paul & Pacific case emasculates, distorts, and weakens the expressed and clear intent of section 20 (a) of the transportation act. This bill corrects that error and not only restates the original intent and reconfers the originally intended powers, latitude, and discretion, but also adds to the scope, powers, and discretion in repeated provisions that no court, no matter how partial or prejudiced, can honestly escape the duty of properly construing and interpreting the intent of Congress.

The majority opinion in that case simply favored the money mongers; it placed private commissions and fees above public interest.

What do we find? We find that, although section 20 (a) of the transportation act gave the power, and the commission exercised it, the court nullified the commission's action and substituted a plan in full which the commission had disapproved, as stated by Mr. Justice Stone:

> The judgment below, as interpreted by this court, not only makes effective an order different from any the commission has granted but precludes any future action by the commission in the performance of its statutory duty. In this respect the case differs from those in which this court has set aside an unconstitutional condition imposed by State legislation on a foreign corporation seeking to do business within a State. In those cases the judgment of this court in no way restricts the further exercise of the legislative power of the State in any constitutional manner. Here the commission is ousted from the exercise of power which Congress has given it, and an order is sanctioned authorizing an issue of securities which it can not be said the commission has approved, and which this court does not purport to say is appropriate under the statute.

It is to overcome such a condition that we have written into this bill, as I said before, the powers of initiation, formulation, and approval of the plan, and outlined the procedure in such way as to make clear that the judgment and the decision of the Interstate Commerce Commission must prevail. Such powers in no way exceed the power that may properly be given to the Interstate Commerce Commission, as laid down in the case of Interstate Commerce Commission *v.* Union Pacific R. R. (222 U. S. 541). The court there held:

> There has been no attempt to make an exhaustive statement of the principle involved, but in cases thus far decided, it has been settled that the orders of the commission are final unless (1) beyond the power which it would constitutionally exercise; or (2) beyond its statutory power; or (3) based upon a mistake of law.

Naturally, we could not give the commission powers which it could not constitutionally exercise. It is not intended that mistakes of law should not be rectified. But the purpose of the bill is to convey such broad statutory powers to the commission as to give it from the very beginning to the end, complete supervision and control and decision of railroad reorganization.

The next thing the bill does is to take away from bankers the complete power of reorganization. Minority security holders and junior lienors and often stockholders have absolutely no say in the reorganization when it is under the control of these railroad bankers. The equities of all are protected in this bill. Of course, if there is no equity left in a class of security we can not provide it by legislation. Under this bill 25 per cent of the stockholders may present a petition. If the railroad is found to be insolvent, and that is a judicial function, then stockholders are wiped out, and that can not be prevented. If there is nothing back of the stock, naturally there is nothing that we can do in the way of giving value to such worthless stock.

The commission after the petition is approved by the court then holds a hearing under subdivision (d) of this bill, and the plan of reorganization of the railroad may be considered, the plan of reorganization of the creditors may be considered, and after the commission approves of a plan, which may be either of the plans submitted or which may be a modification of any of the plans submitted or which may be an entirely new plan of the commission, then it is submitted back to the creditors for their acceptance. If two-thirds of any class of creditors accept it, it becomes binding upon that class of creditors.

Minority creditors of any class are fully protected in that three alternative methods in the case of stockholders and four alternative methods in the case of other creditors (bondholders) fixing and protecting their equities are provided.

After the plan is accepted it comes back to the commission for its final approval. It is right here where the conflict between the two methods of reorganization comes in, and it is from this point on that there is opposition to this bill. I predict that the opposition will be greatly intensified before this bill finally passes both Houses of Congress. The purpose of leaving the acceptance of a plan until after a plan has been formulated by the commission is to prevent bondholders, creditors, stockholders, from being bound before they know just what the plan will be or what it may do to their interests. It takes from these bank organizers the whip hand and makes their absolute control of railroad reorganization impossible. Then when the accepted plan is before the commission it gives it its final approval and grants the authority necessary for the issuance of new securities under section 20 (a) of the transportation act. The plan now goes to the court for final approval, but this approval is on the record of the case as submitted by the commission to the court. The court can not commence hearings de novo, it can not modify the plan, it can not substitute its plan for the one approved by the commission. If the court disapproves the plan it must file its reasons for so doing. It will be seen that in this way the rights of all concerned are fully protected, as an appeal may be taken from such an order as is now possible under existing law. In this way the bill fully corrects all of the evils created by the decision in the Chicago, Milwaukee, St. Paul & Pacific Railroad case.

Perhaps it will be easier to understand the purpose of the bill and the procedure if I recite each successive step to be taken in the course of a railroad reorganization:

I. Filing of petition:
- a. Who may file petition?
  1. Corporation, with approval of commission.
  2. Creditors holding 25 per cent in amount of any class and 10 per cent in amount of all creditors, with approval of commission.
- b. What must petition state?
  1. Corporation is insolvent; or
  2. Corporation is unable to meet debts as they mature.
- c. Where must petition be filed?
  1. Federal courts after obtaining the approval of the Interstate Commerce Commission.
     - (a) District courts
     - (b) Supreme Court of the District of Columbia.
     - (c) United States court of Alaska.
  2. In district where corporation has had its principal executive or operating office for preceding six months, or greater portion thereof.

II. First step after filing of petition:
- a. Petition filed by corporation—
  1. Court approves petition as properly filed—
     - (a) If it complies with act.
     - (b) If filed in good faith.
  2. Otherwise court may dismiss petition.
  3. If approved, court takes jurisdiction of all property.

II. First step after filing of petition—Continued.
b. Petition filed by creditors—
1. Serve copy immediately upon corporation.
2. Corporation must answer within 10 days; admit or deny—
(a) Jurisdiction of court;
(b) Claims of creditors entitle them to file;
(c) Insolvency; or
(d) Inability to meet debts as mature.
3. If admit these, court approves petition as properly filed.
4. If deny these, court shall immediately try issues and approve or dismiss.
c. Court temporarily appoints trustee or trustees but can only appoint such persons recommended by the Interstate Commerce Commission.
d. Court makes permanent appointment of trustee or trustees but only such persons as are recommended by the Interstate Commerce Commission—
1. Stockholders and creditors to be heard on appointment.
e. Powers of court—
1. With approval of Interstate Commerce Commission authorize trustee to issue certificates for cash—
(a) Which might in an equity receivership proceeding be lawful.
2. Require debtor to file schedules and submit information—
(a) To disclose conduct of debtor's affairs and fairness of any proposed plan.
3. Determine reasonable time for filing, manner of evidencing, and division into classes of claims and interest—
(a) Of stockholders and creditors.
(b) After time limit no claim or interest may participate.
4. Give reasonable notice (by publication or otherwise)—
(a) Of such determination.
(b) Of dismissal of proceedings.
(c) Of allowance of fees or expenses (but first approved by Interstate Commerce Commission).
5. Determine reasonable time for proposing and confirming plan—
(a) May dismiss proceeding if plan not proposed or confirmed within such time.
6. May refer matters to one or more of six special referees—
(a) Referees to be appointed by President, with advice and consent of Senate.
(b) Referees to sit in Washington unless otherwise directed by court.
(c) Referees to receive compensation allowed by court, with approval of Interstate Commerce Commission, and expenses.
7. May permit intervention by creditors or stockholders on questions other than appointment of trustee and confirmation of plan.
8. Shall hear creditors and stockholders on question of approval of plan.

II. First step after filing of petition—Continued.
f. Duties of trustee—
1. Prepare list of all known bondholders, creditors of and claimants against debtor, showing—
(a) Amounts of debts or claims.
(b) Character of debts or claims.
(c) Last known address of creditor or claimant.
2. Prepare list of stockholders with last known address.
III. Proposal of plan of reorganization:
a. Proposals to be filed with Interstate Commerce Commission.
b. Who may propose plans—
1. Debtor.
2. Creditors (25 per cent of any class and 10 per cent of all).
c. Interstate Commerce Commission to hold hearings on plans proposed.
d. Interstate Commerce Commission to issue report approving a plan—
1. Approved plan may be one of those proposed by debtor or creditors.
2. May be different from any of such proposals.
e. Interstate Commerce Commission report to find, respecting plan approved, with reasons—
1. That plan will be equitable.
2. Will not discriminate in favor of any class of creditors or stockholders.
3. Will be financially advisable.
4. Will be compatible with public interest.
f. Interstate Commerce Commission report may be modified by it for good cause shown.
g. Interstate Commerce Commission plan to be submitted to stockholders and creditors for acceptance or rejection.
IV. Acceptance of plan by stockholders and creditors:
a. Acceptance to be filed in writing in proceeding before Interstate Commerce Commission.
b. Who must accept before plan can be confirmed?
1. Creditors holding two-thirds in amount of claims of each class whose claims or interests have been allowed and would be affected by the plan.
2. Stockholders (unless judge finds debtor insolvent) holding two-thirds of the stock of each class.
c. Stockholders and creditors not required to accept plan—
1. Stockholders (less than two-thirds) who dissent, provided—
(a) Plan provides adequate protection for the realization by them of the value of their equity, if any, in the property—
(1) By sale of property at not less than fair upset price.
(2) By appraisal and payment in cash of value of stock held.
(3) (At stockholder's election.) By appraisal and payment in cash of value of securities allotted to such stock under plan.
2. Creditors not accepting plan, provided—
(a) Plan provided adequate protection for the realization by them of the value of their liens on or claims against the property—

IV. Acceptance of plan by stockholders and creditors—Con.
c. Stockholders and creditors not required to accept plan—Continued.
2. Creditors not accepting plan, provided—Continued.
(1) By the sale of property subject to such liens or claims;
(2) By sale of property free of such liens or claims at not less than fair upset price and transfer of such liens or claims to proceeds of sale;
(3) By appraisal and payment in cash of value of such liens and claims; or
(4) (At creditor's election.) Appraisal and payment in cash of value of securities allotted by plan to such liens and claims.

V. After acceptance of plan:
a. Interstate Commerce Commission reopens its proceeding to consider accepted plan.
b. Interstate Commerce Commission transmits accepted and approved plan, findings, and record to the court if it finds—
1. The plan is equitable and does not discriminate unfairly in favor of any class of creditors or stockholders.
2. All amounts to be paid by debtor or its successor for services or expenses incident to reorganization have been fully disclosed and are reasonable.
3. Offer of plan and its acceptance are in good faith and have not been procured by illegal means.
4. Plan provides for payment of all costs of administration and other allowances made by court.
5. Plan provides reasonable and adequate protection to creditors and stockholders not accepting it.
6. Debtor or successor is authorized by charter and should be granted authority to issue necessary securities; and
7. In respect of financial advisability and otherwise the plan is compatible with public interest.
c. Interstate Commerce Commission grants to debtor authority—
1. To issue securities or assume obligations under plan.
2. To transfer property in accordance with plan.
3. To merge debtor property if contemplated by plan.
d. Interstate Commerce Commission fixes compensation to be paid for service and reimbursement for actual expenses incurred in proceeding and plan—
1. To reorganization managers.
2. To special referees.
3. Trustees.
4. Officers.
5. Parties in interest.
6. Committees of stockholders and creditors.
7. Representatives of stockholders and creditors.
e. Court approves plan for record.

VI. After confirmation:
a. Plan is to be binding upon—
1. The corporation.
2. All stockholders thereof.
3. All creditors whose claims are payable in cash thereunder.
4. All creditors who would be entitled to priority if a petition for a Federal receiver instead of a petition under this act had been filed, whose claims are not payable in cash, provided two-thirds in amount have accepted the plan.
5. All unsecured creditors, provided two-thirds in amount have accepted the plan.
6. All secured creditors of each class of which two-thirds in amount have accepted the plan.
b. Confirmation shall discharge debtor from debts, except as otherwise provided by plan.
c. Property to be transferred by trustee to debtor or new corporation free of debts, except as to those reserved.
d. Certified copy of order approving plan shall be evidence—
1. Of the jurisdiction of the court.
2. The regularity of the proceedings.
3. The fact that the order was made.
e. Certified copy of order directing transfer of property shall be evidence—
1. Of the transfer of the title.
2. If recorded, shall impart same notice as recorded deed.

It will now be seen that every creditor has the opportunity of a hearing and can withhold his acceptance until such time as a complete plan is submitted for his decision. Every creditor has the opportunity of joining with any of the various plans that may be submitted for consideration. Heretofore all of this planning and reorganization was under the control of bankers. What little authority might have been vested in the Interstate Commerce Commission was practically removed by the decision in the Chicago, Milwaukee, St. Paul & Pacific Railroad case. Lest it may be said that I am unduly stressing what a good thing the present system of railroad reorganization has been for the bankers and what a bad thing for the creditors and the public, I shall in a moment quote from the dissenting opinion in this case. There is no reason why existing practices should not be changed. As a matter of public policy, Congress must act and take from a small group of bankers the power they now have over railroads and railroad reorganization, save whatever may be salvaged from the railroads, protect the remaining equities of investors, and protect the public interest.

We do not in any way violate any of the fundamental provisions as to property rights; but we do correct the evil which was created in the case laid down in the Chicago, Milwaukee, St. Paul & Pacific Railroad. We do that in keeping with the best thought in this country as to railroad securities. The savings banks of this country who own a large amount of railroad bonds are in favor of this bill. Of course, there is opposition. There are some interests opposed to the bill. Kuhn-Loeb & Co. are against it. J. P. Morgan & Co. are against this bill. Why? Because, as I have stated, they have practically had a monopoly on railroad reorganizations. Some of the provisions contained in the suggestions of the Solicitor General are known as the Swaine plan; the same Mr. Robert S. Swaine who appeared as counsel for the reorganization committee in the Chicago, Milwaukee, St. Paul & Pacific case. In the Chicago, Milwaukee, St. Paul & Pacific case, who benefited? Not the bondholders, not the stockholders, not the public, not the railroads, but some money mongers and some financial procurers and some lawyers in my city, to the tune of several million dollars.

What we have done is to provide an efficient, economical, and expeditious manner of reorganization. Ancillary receiverships are abolished. The bill provides for a trustee; not a political trustee, not a golf trustee of the judge, but a trustee recommended by the Interstate Commerce Commission. It provides for special referees; not local referees but six or more referees to be appointed by the President of the United States and confirmed by the United States Senate.

That is the reason that the bill provides complete supervision and control by the Interstate Commerce Commission of all expenses in connection with the reorganization of a railroad. It will be seen that even the fees and allowances of temporary trustees and permanent trustees are subject to the approval of the Interstate Commerce Commission. The compensation, commissions, and fees of reorganization committees and fees for lawyers and attorneys are all made part of the reorganization expense and subject to the approval of the Interstate Commerce Commission. In this way we have carried out, I believe in every detail, the enlightened, sound, and constructive suggestions contained in the dissenting opinion of Mr. Justice Stone in the Chicago, Milwaukee case from which I read:

The preservation of the transportation system and the stability of its credit essential to its preservation depend not alone upon the ability of individual carriers to meet their obligations, but upon the ability of all to attract the investment of funds in their securities. If such investments are impaired by receiverships of the carriers, followed by reorganizations of excessive cost, and if railroad shareholders, compelled by the necessities of their situation, must contribute to the rehabilitation of their properties excessive amounts upon which the reorganized carrier may not earn an adequate return, railroad credit in a broad sense is affected, the permanency and stability of the transportation system as a whole is impaired, and the public interest suffers. No one familiar with the financial and corporate history of this country could say, I think, that railroad credit and the marketability of railroad securities have not been profoundly affected, for long periods of time, if not continuously, by the numerous railroad reorganizations, in the course of which junior security holders have found it impossible to save more than a remnant of their investment, and that only by the assumption of a heavy burden of expense, too often the result of wasteful and extravagant methods of reorganization.

The public likewise has an interest in the costs of reorganization in so far as they may affect rates and the application of the recapture provision of the transportation act. Such costs may play an important part in the going-concern value of the new company, which is an element of value for rate-making purposes. See Des Moines Gas Co. *v.* Des Moines (238 U. S. 153, 165); Denver *v.* Denver Union Water Co. (246 U. S. 178, 184, 192); Bluefield Co. *v.* Public Service Commission (262 U. S. 679, 686); McCardle *v.* Indianapolis Water Co. (272 U. S. 400, 414). In United Railways *v.* West (280 U. S. 234), a substantial amount was included in the rate base to cover "cost of financing." The mere fact that going-concern value is supplied from sources other than the treasury of the carrier, here the stockholders of the old company who became stockholders of the new, is not material. See United Railways *v.* West, supra. The commission is specially charged with public duties with respect to rates, valuation, and the administration of the recapture provisions. In all these respects the public interest may be adversely affected if railroad securities may be issued to effect, either directly or indirectly, the payment of excessive costs of reorganization.

The financing of a railroad—the issuance of securities by it; the cost of financing and refinancing the cost; expenses, commissions, underwriting of organization of railroads—are all part of that railroad; they are just as essential as roadbeds or car tracks. They are all part of the railroad and so inseparably related and so interwoven as not to be susceptible of separation under the constitutional grant of authority to regulate interstate commerce.

Congress intended and now intends in giving the Interstate Commerce Commission authority to authorize or forbid the issuance of railroad securities real, actual, and effective supervision and jurisdiction of such securities; that authority naturally means not a perfunctory administrative duty, not a supervision of the designs and print of the paper certificates, but complete, thorough, and real supervision and control of all such securities in every financial detail.

Persons investing their money in railroads do so with the full knowledge of the nature of the enterprise—that it is a public necessity and under complete regulation of governmental agencies. The restrictions, limitations, and regulations placed on such enterprises can not and never have been detrimental to the bona fide investor. The trouble is that it is not the investor, but the promoters, money mongers, bankers, shysters, and stock speculators who seek to break down proper supervision of railroads and their securities. It is these gentry that profited by the decision in the Chicago, Milwaukee, St. Paul & Pacific Railroad case (supra), not the investor or the railroads.

Lest there be the slightest doubt as to the wide power and control the new section 76 intends to grant to the Interstate Commerce Commission over railroad reorganization, I will say that it is the intent of the drafters of this section—which was taken from my bills H. R. 13958 and H. R. 14110—and I know the intent of the majority of the Committee on the Judiciary and the House to give the Interstate Commerce Commission broad and complete powers in the initiation, formulation, and approval of any plan for the reorganization of a railroad engaged in interstate commerce—this in addition to correcting the law established in the Chicago, Milwaukee, St. Paul & Pacific Railroad case, as I have repeatedly stated. In other words, we sought and intended to reestablish the law as stated by Justice Stone in the dissenting opinion of that case as concurred in by Justices Holmes and Brandeis.

Labor is fully protected by the specific provision that nothing in the bill shall be construed as in any way amending or altering the provisions of the railway labor act. It was thought necessary to put this provision in because in some instances equity receivers have disregarded the provisions of the railway labor act and have arbitrarily reduced the wage scale. The provision to which I have just referred makes it clear that this can not be done in the future. Even though a railroad is under a trustee, all provisions of the railway labor act are not only applicable to the trustee operating the road temporarily but are binding on the court and the Interstate Commerce Commission.

Here is a constructive bill. It does not go as far as I would like to go. It does not go as far as some of my progressive friends would like to go, but it is the best bill we could get out of the committee at this time. Personally, I agree that the Interstate Commerce Commission should have as full and complete control over insolvent railroads as the Comptroller of the Currency has over insolvent national banks. At the present time the Interstate Commerce Commission is not equipped with the personnel that would be required to take over such duties. I believe that competent and experienced men could be found, but that would necessitate the creation of a new division in the commission and authority from Congress to employ the necessary personnel. Congress is in no temper at this time to create any new departments or divisions and certainly not to create any new jobs. That was a situation I could not ignore. Eventually it will have to be done. The cost of such a division could well be taxed as part of the operating costs of a railroad under such control and operation. But even so, money would have to be appropriated for the current pay and expense of these additional officials. I must say that some of the critics of the bill overlook the fact that it provides fundamental changes and that it takes the initiation and formulation of reorganization plans away—or at least it takes complete control away—from bankers' reorganization committees.

The statement was made that the Committee on Interstate and Foreign Commerce knew nothing about this. I was in constant conference with the distinguished gentleman from Texas [Mr. RAYBURN], chairman of that committee. The Committee on Interstate and Foreign Commerce held an informal hearing. The matter was before the Committee on the Judiciary, because it comes under the jurisdiction of that committee, as it is an amendment to the bankruptcy law. It is easy for any lawyer to take his pencil and write an amendment in a bill of this kind, but to take a bill as technical as a railroad reorganization bill, with its ramifications and far-reaching effects, and seek to amend it by 300 lawyers on the floor of this House, I say, is trying to repair a watch with a sledge hammer. We have worked hard on this bill. We have conferred with the Interstate Commerce

Commission constantly. We have conferred with the president and officials of the Reconstruction Finance Corporation. We have spent hours and hours in the Committee on the Judiciary, and we present what we believe in our judgment to be the best available bill to meet the situation at this time. [Applause.]

Mr. DYER. Mr. Speaker, I yield five minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, this bill is in no sense a general revision of the bankruptcy law. It does repeal sections 12 and 13 of the bankruptcy law, which deal exclusively with compositions under existing law, but at that no rights under existing law are taken away, but are amplified.

In short, a new chapter is added to the bankruptcy law liberalizing the law in behalf of debtors. If this bill becomes a law it will materially affect the creditor class, and especially the secured creditor. The prime purpose is to compel the creditor who refuses to compromise his claim, to accept the judgment of a majority of the creditors in numbers and amount as to that which is feasible under all the circumstances so far as the debtor's assets and his ability to pay are concerned. Thus far little objection can be raised to the bill. However, subsection (e), clause (2) goes farther than anything heretofore contemplated in the law, and permits the court to control compromises or extensions, regardless of the contractual rights of secured creditors. Provided only, that the court finds the action decided upon to be equitable and feasible for the financial rehabilitation of the debtor and for the best interests of the creditors, and that the extension or composition shall not impair the lien of any secured creditor but shall affect only the time and method of its liquidation. There are those among us who doubt the power of the court, under the Constitution, to take away from the secured creditor his right to enforce his lien in accordance with the stipulated contract. Of course, under this proposal the lien is not destroyed, but in many cases the only value of the lien is the right vested in the secured creditor to enforce the lien according to the terms of the contract. A delay may possibly, and in many cases will, impair the contract which the parties have solemnly entered into.

I realize that the courts have already gone a long way in permitting the Federal court to take jurisdiction over all of the property of the debtor, even to delaying the enforcement of liens in forums other than the bankruptcy court having jurisdiction, but it must be remembered that in those cases which have been cited to-day the court acted upon the principle that it was engaged in the orderly liquidation of the debtor's property, with the right to enforce the rights of the secured creditors. The very purpose of the contemplated procedure is to avoid liquidation, and it is at least very doubtful, if the court will ever go so far, under the bankruptcy clause of the Constitution, as to hold at bay indefinitely the right of a secured creditor to take advantage of his contract, in the presumption that the debtor might, if given an extension, some way, somehow, at some time in the future, be able to make the lien as valuable to the creditor as it was when the extension was granted. This is substituting the guess of the court for the written agreement of the parties. I realize that there is a distinction between destroying a lien and modifying the procedure by which a lien is made effective.

Time prevents further discussion of this matter. Suffice it to say that, in my opinion, this subdivision should be stricken from the bill, if constitutional barriers are to be avoided.

The Constitution provides that the Congress shall have power to establish uniform laws on the subject of bankruptcy throughout the United States, and inasmuch as the very purpose of this legislation is not liquidation, but the reverse, there are many who doubt the authority of Congress to pass legislation of this nature. The courts in the past have gone a long way in using the terms "bankruptcy" and "insolvency" interchangeably, and only a modern decision of the Supreme Court can settle this question, and in view of the present status of the law in this respect, and the exigencies of the times, it would seem advisable that an opportunity be given to the court to clarify the law in this regard.

This bill will add a new chapter to the present bankruptcy law entitled "Provisions for the Relief of Debtors." The extensions consist of section 74, dealing with individual debtors; section 75, dealing with corporate reorganization; and section 76, providing for the reorganization of railroads engaged in interstate commerce.

The gentleman from New York [Mr. LAGUARDIA], who has just preceded me, has discussed only the railroad section of the bill. He is the only man on the committee who is entirely familiar with this section. It expresses in general his economic views in reference to railroad reorganization. In fact I think he would go much farther than the bill under consideration, and lodge more authority, if possible, in the Interstate Commerce Commission, thus taking away from the courts the equity power which has heretofore been exercised by the courts and which, in the view of many, is judicial and therefore inherent in the court.

The bill utilizes the Interstate Commerce Commission to the limit in the reorganization of the railroads, and I believe that this should be done, yet I am not in harmony with all of the provisions of the railroad section, and hope that amendments will be made to the bill before it becomes a law.

There has been much discussion among the members as to the genesis of this bill. In the last session a bill providing for a general revision of the bankruptcy law was introduced in the House and in the Senate. Senator HASTINGS introduced the bill in the Senate and I introduced the same bill in the House. The bill was prepared in the Department of Justice. In that bill was a provision providing for corporate reorganization. It was found that the general subject was so controversial that it would be impossible of consideration in the House in the immediate future, and the Department of Justice extracted the section providing for corporate reorganization and prepared a bill which was introduced by Senator HASTINGS. Extensive hearings were held by a joint committee of the House and Senate on the general revision of the bankruptcy law, including the corporate reorganization section. The gentleman from New York [Mr. LAGUARDIA], then took the corporate reorganization bill as introduced by Senator HASTINGS and superimposed upon it his bill. The gentleman from Oklahoma [Mr. MCKEOWN], took the same bill and superimposed upon it his views with reference to insolvent debtors and insolvent corporations other than railroads.

It will be observed that section 75, providing for corporate reorganization, and section 76, providing for reorganization of railroads engaged in interstate commerce, follow the same general lines. After consideration in executive session by the Judiciary Committee, the McKeown bill and the LaGuardia bill were included in one bill and reintroduced by Chairman SUMNERS. Right here permit me to say that section 74 would not be a part of this bill were it not for the insistence and tenacity of the gentleman from Oklahoma [Mr. MCKEOWN], who had definite ideas in reference to extensions to be given to individual debtors.

As I said earlier in the day, this is possibly the most important bill that will come before this Congress. If it becomes a law, it will undoubtedly bring into the Federal courts thousands of cases, for as a practical matter most debtors unable for the moment to meet their obligations will seek the aid of the bankruptcy court, in the hope that some plan of rehabilitation might be worked out by the court and thus bankruptcy and liquidation of assets avoided. Reorganization of the railroads and corporations will involve not only millions but billions of dollars. Revaluation of securities and properties will be dealt with, and the whole financial structure of many industries and institutions will be affected, and it therefore seems unthinkable that this important bill should be brought before the Congress by those in control of the organization of the House, with only the privilege on the part of the House to discuss the matter for two hours. Then to be compelled to vote "yes" or "no" without any possibility of amendment, especially so inas-



much as the parties who will be affected were not permitted to be heard before the Judiciary Committee of the House reporting the bill. We, however, who are opposed to this procedure are confronted with the condition that an emergency confronts the country. Something, if possible, must be done to relieve the debtor generally and to provide a more equitable and less expensive method of reorganization of the railroads.

On Saturday last I presented to the House and inserted in the CONGRESSIONAL RECORD the views of the Solicitor General of the United States on this particular bill including desirable amendments. To-day no opportunity will be given for amendment on any of these proposals. It has been difficult for me under all of these conditions to arrive at a conclusion as to my duty in the premises. I wish that I had time to discuss this bill section by section, with the power to amend, and that others more familiar with the details would explain the bill more fully. This is a hope, however, which can not be realized under this procedure.

This bill is not the handiwork of a majority of the Judiciary Committee, and was not reported in all its details as the deliberate judgment of that committee; but if legislation along this line is to be given consideration at this session, this is the only avenue open. Because of the general necessity of some legislation along this line and in view of the fact that if passed here to-day this bill will go to the Senate where an opportunity to amend can not be prevented, and in view of the further fact that the bill as perfected by the Senate must go to conference and be returned to the House for further consideration, I shall vote for the bill.

Personally I can not assume the responsibility of delaying anything in these strenuous times that might help. It is a start in the right direction, and I am confident that the gentleman from Oklahoma [Mr. MCKEOWN] and the chairman of the committee [Mr. SUMNERS] will realize the necessity of changes and modifications, so let us approach the subject in a spirit of helpfulness and not in a technical spirit.

If I were thoroughly convinced that the bill is clearly unconstitutional, I should not vote for it, but in view of the doubt and the known fact that the Senate will give more consideration than is permitted in the House, I shall support the measure. This is no time for technicalities or niceties, and the necessities of the hour demand heroic treatment.

[Here the gavel fell.]

Mr. DYER. Mr. Speaker, I yield five minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Speaker, if this bill is constitutional, a bill to grant a moratorium would be constitutional. If there is necessity for this bill, and there is necessity for legislation along this line, we should have a moratorium instead of this bill. Our people have two courses to pursue. One is expansion of the currency and the other is bankruptcy. Bankruptcy will help a few large creditors. Expansion of the currency will help everybody.

OBSTACLE IN WAY OF RELIEF

I believe this proposal if enacted into law will be an obstacle in the way of a real relief measure. There is only one way to get a relief measure discussed on the floor of this House and that is by refusing to suspend the rules and pass the bill. Then the Rules Committee can bring in a rule and we can have fair discussion of the bill and the amendments some of us desire to offer on the floor. Ordinarily a bill of this nature would not be brought up under suspension of the rules. Ordinarily there would be hearings and you could send for the printed testimony, read it, and make up your own mind as to whether you wanted to vote for or against this legislation, but this bill has not been considered in committee and they have no printed testimony. There is nothing for you to examine. The bill is hurriedly prepared as evidenced by the fact that several amendments have already been suggested by the chairman of the committee; and other meritorious proposals have already been presented. A bill of this nature should not be hurried through. Under suspension no one can offer amendments to the bill. It will not be read for amendments. We must either take it as it is or vote against it.

SAME OLD BATTLE CRY

We hear the same old battle cry we always hear about helping the farmers, helping the owners of the railroads, the small stockholders, helping the policyholders of the insurance companies, and helping the small banks and small depositors. This is the same old argument that has been made on the floor of this House for the last three years. It is the same argument that was made for the enactment of the Reconstruction Finance Corporation act. Since the enactment of that law it has been discovered that the railroads have been borrowing money from the Government in order to pay themselves, owners of those railroads, dividends on the stocks and bonds they hold; but that bill was passed on the theory that it would help the farmer, that it would help the small man.

NO BENEFIT FOR FARMERS IN THIS BILL

There is no real benefit in this bill for the farmer. There is nothing here that will help the farmer. I venture to say that there is not a Member of this House who has received one letter from one farmer asking him to vote for this bill. This is not a farmer's bill and will not help the farmer. If he had money enough to comply with the requirements of this bill, he would not want to go into bankruptcy; he would feed and clothe himself and his family; he would provide the necessaries of life for them that he is not now able to provide because he has not the money that would be necessary for him to comply with the terms of this bill.

Let me say with reference to the case of a railroad receivership, it is true that the Interstate Commerce Commission will be permitted to look over the plans of consolidation and merger, but when the plans are submitted to the court the court will be under gag rule just as we are. Under the railroad section of this bill local school districts may be deprived of the taxes due from the railroads and the schools may be forced to close in some sections. We are under gag rule to-day. The railroads have borrowed hundreds of millions of dollars from the Government through the Reconstruction Finance Corporation. This bill will enable that debt to be canceled. We are voting to put the courts under gag rule. Now, if you want this double gag-rule system invoked in this House and in this country, vote for this bill. I am not going to be swept off my feet by this argument that it will help the small man. Congress passed the Esch-Cummins railroad law to help the farmer and it ruined him. We passed the Reconstruction Finance Corporation act to help the farmer. Large bonuses have been given to a few powerful bankers to help the farmer. All the bad legislation of the past decade was presented with the argument that it would help the farmer, the wage earner, the small business man, and the home owner.

BONUS FOR BANKERS

The Glass-Borah amendment to the home loan bill provides a way that a few large banks may get a Government bonus of $30,000,000 a year. The Glass-Steagall bill permits a Government bonus of hundreds of millions of dollars to a few bankers. The Reconstruction Finance Corporation measure was a billion dollar Government bonus bill. The word "home" contains lots of sentiment. The home loan bank bill was another measure to finance the financiers. I voted against all these measures, although it was claimed for them that the plain citizen, the farmer, the wage earner, the home owner, the depositors in small banks, and the policyholders would be the beneficiaries. Much is said about the distress of these classes; but when a measure is passed by Congress, it seems that little relief is afforded to them.

Mr. DYER. Mr. Speaker, I yield four minutes to the gentleman from Arkansas [Mr. MILLER].

Mr. MILLER. Mr. Speaker, I am as loath as anyone here to cast a vote that might be construed as denying to any class of people, and particularly the farmers of this coun-

try, a chance to obtain relief from the indebtedness under which they are staggering at present.

During the last session of Congress we passed various legislation that was designed to benefit the wage earner and the farmer. We have poured into the railroad companies and into other corporations in this country millions and millions of dollars in the hope it would filter down to the wage earner and to the farmer, but such has not happened.

Now, this bill comes in here composed of three sections—the corporation section, the railroad section, and the section that it is claimed will benefit the farmers.

I do not want any man in this House to cast a vote for this bill upon the assumption that we are granting any relief to the farmers of this country. I say to you very frankly that it is an empty gesture.

The gentleman from Nebraska said, "Oh, this will provide a means whereby the creditors and the debtor may get around a table." This is true, but on page 3 of the bill it is provided that the creditors are the ones who will dictate the terms of the settlement, and in the absence of adoption of such terms the man goes into bankruptcy.

On the 29th day of February, 1932, the President sent a message to this Congress containing a report of the Attorney General, consisting of 211 pages, in which he pointed out certain facts, and in this message, on the last page, the President said it was necessary to so amend the bankruptcy law that provision may be made to require debtors of this country to pay their creditors out of after-acquired property. This bill is a child of that message; and whenever you think that the little man or the farmer or that the wage earner is to be benefited one iota by this bill, I am of the opinion that you have not read and studied the first section of the bill.

This section was incorporated in the bill for the purpose of obtaining the votes of the representatives from the agricultural States, and the argument is made that it provides a method whereby he may work out a plan with his creditors such as will enable him to pay his debts and thus prevent a foreclosure and sale of his property. I know that this argument is made in good faith by the proponents of the bill, but on page 3 of the bill it is provided—

> That in any other proceeding under this section the court may, as the creditors at the first meeting may direct, impose similar terms as a condition of delaying the appointment of a trustee and the liquidation of the estate.

The words "similar terms" refer to the terms that the court must direct to preserve the estate for the benefit of the creditors. Paragraph (m) on page 8 of the bill provides that the debtor and his property, wherever situated, shall be subject to the exclusive jurisdiction of the court. Nowhere in the bill is any provision made which will assist the farmer or wage earner in obtaining the money with which to refinance himself. On page 5 of the bill it is provided that the court may grant an extension of time, provided—

> The money or security necessary to pay all debts which have priority unless waived, and the costs of the proceedings * * * have been deposited in such place as shall be designated by and subject to the order of the court.

If the debtor had the money or security to pay his debt there would be nothing gained by his being in court. He would not be there. The bill will not stand analysis, and I do not want any of my constituents to obtain the idea that they will be benefited by the bill and I want them to stay out of the court just as long as possible, for one time they go into the court they may be assured that they will not escape therefrom with any of their property unless their property is readily salable for more than enough to pay their debts, and in that case the bill will not apply.

I hope the House will not be misled by this bill and by the arguments of able gentlemen because those who argue that it will save embarrassed debtors are not, in my opinion, familiar with the provisions of the bill. If this bill is passed, I fear that it may be impossible to pass a bill for the purpose of refinancing the indebtedness of the farmers. Under the rules that we are proceeding under such an amendment can not be offered. If it could be offered, I should offer it and insist upon its adoption. In this way we might provide some relief, but without such a provision no relief can be expected. I regret that the other sections pertaining to the reorganization of corporations and railroads should have been placed in this bill, because we can not give relief to the farmers of this country in the same bill in which relief is given to the oppressors of the farmers and wage earners, the railroads and corporations. It seems strange to me that this Congress will not recognize that if we are to aid in rehabilitating agriculture we must give to those engaged in that business the same consideration and the same amount of money that we have provided for the aid of the railroads and other corporations of this country. Instead of this bill being a bill for the relief of the farmer it is a bill to relieve him of what little he has if he is ever taken into court, and since we are prevented from offering amendments to the bill, I find myself unable to support it as I shall not be a party to legislation that will not help but hinder the farmer and wage earner and further impoverish agriculture.

Mr. DYER. Mr. Speaker, I yield the balance of my time to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Speaker, I am sure there is not a Member of this House who would not go to the utmost extent, even in exercising as liberally as possible his best judgment, in order to pass legislation for the benefit of the debtors of the Nation; but there is a homely old saying about killing the goose that lays the golden egg. We can pass laws which make it so easy for debtors that there will hereafter be no creditors. We can enact legislation which makes it so easy for people to avoid their debts that nobody will lend them any money, and I am inclined to think we are in danger of going that far in this bill. Certainly, we should not pass legislation which may endanger the credit system of the country, under the pressure and lash of a suspension of the rules.

Secondly, this bill has been made the vehicle for a particular viewpoint with reference to the management and control of the railroads of this country. This does not belong in a debtors' bill. This bill comes from the Judiciary Committee and should concern itself with bankruptcy questions.

Mr. Speaker, under leave to extend my remarks, I will add that it is universally admitted that railroads are not included in existing bankruptcy legislation, and that this bill does not seek so to include them. Section 76 is entitled and relates entirely to "reorganization of railroads engaged in interstate commerce." It is true that this reorganization is based upon insolvency or inability on the part of a railroad to "meet its debts," but both the railroad company, in filing a voluntary petition, and creditors of a railroad, filing an involuntary petition, must set up that the purpose of the proceeding is to "effect a plan of reorganization." This is plainly legislation relating to interstate commerce and should have been considered and reported by the committee having that jurisdiction. The late James R. Mann, who built up the wide jurisdiction of the committee on interstate and foreign commerce, would certainly not have tolerated this usurpation of its authority. More than that, the members of the Committee on the Judiciary have frankly told us that section 76, relating to the reorganization of railroads, was written by the gentleman from New York [Mr. LAGUARDIA] while sections 74 and 75, relating to the "relief" of individual debtors and the reorganization of corporations, other than railroads, were prepared by the gentleman from Oklahoma [Mr. MCKEOWN]. Both or these gentlemen deserve great credit for their energy and industry, but their devotion and labor do not relieve the balance of the membership of the House from their responsibility. We are thus relieved, however, by the present procedure to pass the pending bill under suspension of the rules, without adequate debate and without opportunity for amendment.

Even for the purposes intended, the bill before us needs considerable amendment. One matter has been brought to my personal attention. The bill provides in paragraph (b) of section 75 that—

The term "creditors" shall include for the purposes of a reorganization proceeding [of a corporation, other than a railroad] under this section, all holders of claims of whatever character against the debtor or its property, whether or not such claims would otherwise constitute provable claims under this act.

I am advised that it was the intention to include under "claims," any liability for damages under executory contracts. Of course, it would have been better, and very easy, indeed, to make this intention perfectly clear. The omission simply furnishes one of many proofs of the mistaken policy in passing important technical legislation of this kind without opportunity for proper consideration in the House. It is no answer that the proposal may be perfected elsewhere. We should perform our full part, both now and later, if necessary.

Mr. SUMNERS of Texas. Mr. Speaker, I yield the remainder of my time to the gentlemen from Oklahoma [Mr. McKEOWN].

Mr. McKEOWN. Mr. Speaker, no matter what different Members may conclude in their own minds as a justification to oppose this bill, I say to you that when you vote against this bill you are voting against a bill that will give the poor debtors of this country an opportunity to protect themselves, and all this talk about not helping the farmers is wrong.

I know my good friend from Arkansas is just as sincere as I am, and he need not have any worry about this measure not helping the farmer. The bill will help the farmer. We have fixed it so it will do that very thing, and I have had to stand up and fight all summer contending for the right of the individuals to have the same extensions and compositions as the corporations.

Mr. Speaker, I know that gentlemen on the other side of the aisle are not going to vote against this bill. It has the indorsement of your President and also of your Solicitor General.

Mr. DYER. Will the gentleman yield?

Mr. McKEOWN. I will say now that you are not going to vote against this bill.

Mr. DYER. The President does not support this bill and neither does the Solicitor General.

Mr. McKEOWN. I can say to you that I have a little communication right here in my pocket from the Solicitor General.

Mr. DYER. Read it.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. McKEOWN. No; I shall not yield now.

Mr. STAFFORD. Whom is the communication from?

Mr. McKEOWN. From the Solicitor General and it says—

I am convinced that if this bill becomes a law it will be one of the most important measures of the depression period.

Mr. CHINDBLOM. Which bill?

Mr. McKEOWN. This bill here.

Mr. EATON of Colorado. The bill as printed or as amended?

Mr. McKEOWN. This letter is from your Solicitor General.

Mr. BACHMANN. What is the date of the letter?

Mr. McKEOWN. It is dated January 28.

Mr. DYER. The Solicitor General sent amendments down here that the gentleman from Michigan [Mr. MICHENER] has called attention to and said they were very important amendments and should be added to the bill.

Mr. McKEOWN. That is correct. There are several, no doubt, that should be made, but that is no reason to oppose the passage of the bill.

Mr. EATON of Colorado. Will the gentleman yield to me for a question?

Mr. McKEOWN. I can not yield; I have but 10 minutes. This bill makes provision for the poor farmer, because, when he can not get an extension from his creditors, by their consent he can go into court, make application, and then show that it is not only for his benefit but for the benefit of the creditors; he can get the extension on the grounds that it will rehabilitate the debtor and be fair to the creditors as well.

What is the situation in the country to-day? People are being put out of their homes right and left, and this bill applies to bankruptcy cases now pending.

After this bill is passed a judge may arrest the ouster proceedings, although the judgment is of record. When the property comes within the jurisdiction of the court he can stay the proceedings.

The President of our country wants this legislation. Mortgagees will welcome this bill, because under the present situation they are having to foreclose their mortgages at a time when there is no market. When the mortgage is foreclosed and the property is put upon the market there are no buyers. The mortgagee does not want that. The merchant wants it so that he can get a respite from small nagging creditors who hold bankruptcy like the sword of Damocles over his head. The wage earner wants the law so as to readjust his lowered income, due to wage cuts, to his installment payments, and save his home. All classes of our citizens will welcome the act to save them from forced liquidation when there is no money with which to buy.

Gentlemen oppose the bill because it may interfere with some legislation. The bill is not intended to take the place of inflation or the coinage of silver or any other remedial measure. This bill is intended to stay the sheriff's hammer and stop the voice of the auctioneer and give us a chance to get a breathing spell, so we can get an opportunity to come out of this depression.

Let me tell you something. You have paving districts and sewer districts in your cities, you have improvement districts; you have levee improvement districts; you have reclamation improvement districts; and all of these are included in this bill, and they can get relief if it is passed.

Gentlemen of the House, I want to say to you who have criticized the Speaker in putting the bill through in this fashion, that you could not get it through in any other way. How else can you put it through? You could not get 12 lawyers to agree to a single amendment or to a single clause. Not a single thing could be agreed on. Why waste time? Let the bill be passed. Put it through the House and start it on its way to final enactment. Let the people of the country have a chance to breathe, and get from under the high tension now burdening the backs of the American debtors. We will never get the depression turned around unless we have something of this kind. Let us give the American people a chance to think and get down to business, and if we pass this bill you will do that very thing. [Applause.]

The SPEAKER. All time has expired, and the question is on suspending the rules and passing the bill.

The question was taken; and on a division (demanded by Mr. DYER) there were 201 ayes and 43 noes.

So, two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

Mr. DYER. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days in which to extend their remarks on this bill.

The SPEAKER. The gentleman from Missouri asks unanimous consent that all Members may have five legislative days to extend their remarks on the bill. Is there objection?

There was no objection.

THE BANKRUPTCY BILL—EXTENSION OF REMARKS

Mr. LANKFORD of Georgia. Mr. Speaker, this is another measure seeking enactment in the name of the farmer. These bills could be more appropriately named by the farmers after they have been tried out on the farmers. This bill has at least a semblance of temporary relief for the farmer, and I favor this feature of the measure, knowing full well that no real lasting relief is afforded and that the bill has many very objectionable features. At best this bill would only secure for the distressed farmer-debtor additional time in which to pay, provided the farmer could raise enough money to pay lawyer fees and court costs. Many farmers and other distressed debtors can not get up enough money to pay a lawyer to handle this matter for them.

I am begging both Congress and the legislature of my State to enact laws giving the farmers and others extensions of their debts as an automatic matter of law without the payment of any attorney's fees or court cost. Then again, we must not forget that real relief can not come from the extension of credit alone but must come from the reduction of the principal and interest due by those who owe and from the placing of the buying power of the dollar on a parity with the buying power of cotton, tobacco, and other products of the farm. The purchasing power of the dollar—the dollar of the banker, farmer, and everybody else—is too high as compared with the purchasing power of what the farmer has to sell. The market value of the dollar must come down or the market value of farm products must go up before the farmer will be able to get any effective permanent relief. To my mind, this can only be brought about by the monetization of farm lands and products so as to reduce the farmers' debts at least half and extend the balance due for a long term of years without interest—all in connection with a contract system of controlling production, marketing, and prices, with proper tax-relief legislation.

No permanent relief can come until Congress quits issuing Government bonds backed up only by the Government's promise to pay, paying interest on these bonds, letting the big banking interest issue tax-free and interest-free money on these bonds and control, as suits the big interest, the inflation, deflation, issuance, and circulation of all our money.

The Government ought not to sell bonds, pay interest on them and thus pay the international bankers to strangle unto death the monetary system of our Nation. As I see it Congress should not authorize the issuance of interest-bearing bonds but, when necessary, issue Government, interest free, notes or money. This would save to the taxpayers millions and billions of money now unnecessarily paid out as interest, and actually reduce the public debt the amount of the annual interest thereon. This is the fundamental trouble with our Nation. Bills may come and bills may go rendering slight or temporary relief but our economic ills will never be permanently cured, while this cancerous monetary growth remains undisturbed.

Again referring to the provision of the pending bill which enables the farmer and others to get extensions of their debts by going into court, paying cost and hiring counsel, let me say that I very much regret that this bill was brought up in the House in such a way as to prevent its amendment; that I hope it will be amended later—if it becomes law—so that this slight relief will go to the farmers without the payment of court cost and attorney's fees. And I here and now promise the farmers living in and near my district that if this bill passes without this amendment I will, upon request, represent any and all distressed farmer debtors to the best of my ability and without the payment of any attorney fees whatever. Let them call on me, and I will be truly glad to do my best for them without charge.

This is no time to exploit our people. It is no time to make attorneys fees, advertising fees, and other charges out of the distress of our people. It is time to help our farmers and all distressed debtors just as they would aid us, without charge, if we were stricken ill at their homes. I regret that this bill can not be amended in the House so that bona fide attempts may be made to perfect the portions that are worth saving and to strike out its dangerous provisions.

Mr. GUYER. Mr. Speaker, the home is the basis of American civilization. It is the strongest link in its chain of destiny. Without it we would have progressed little beyond the culture of the aboriginal races we supplanted. It constitutes the object of all our best endeavors and will be the last and best product of the triumph of public virtue, and even of the tragedy of civic ruin, if that be our fate. First and last, it is the characteristic American institution, peculiar to this country, where womanhood is revered and respected, where her virtues have their finest field of devotion and the noblest opportunity for development. Whatever promotes the sanctity and security of the home strengthens her sovereignty in the circle of the family. No nation ever rises higher than its womanhood. No womanhood ever rose higher than Anglo-Saxon-Celtic womanhood. The American home is the American woman's throne and the Nation's citadel.

At the base of American devotion to the home is the Teutonic love of the soil, the thirst for land; for, whether English, German, or Scandinavian, we are, as a Nation, predominantly and fundamentally Teutonic in origin, however mixed with Celtic blood. This American home at this time as at no other period in our history is imperiled. It is assailed on many fronts. Even its physical existence is menaced. By reason of unprecedented calamities and unparalleled misfortunes the farm home in particular is threatened, and this farm home is the very foundation of our civic structure.

Several economic conditions menace the farmer and the farm home. First, low prices of farm products; secondly, high taxes; thirdly, the mortgage, interest, and other debt problems; and, last, depreciation of foreign currencies which makes ineffective present tariff rates, thus militating against the farmer the same as it does against industry involved in manufacture.

I do not here wish to discuss the price problem, which has made it impossible for the farmer to realize the cost of production, except to state that the House, to meet a great emergency, has passed the allotment-plan measure with the purpose of raising the price of farm products to give the farmer at least a small profit on his crops and that we are endeavoring to reduce the cost of Government and so reduce to a degree the burden of taxes.

I do, however, want to discuss briefly the mortgage and debt problem. By reason of the low prices of farm products the farmer has been caught in the jaws of this depression and is unable to meet payments of interest and taxes, to say nothing of the principal of his mortgaged indebtedness. Even if he were not in debt, which can be said of but few farmers, he would still have a very difficult task to meet current expenses in the operation of his farm. The farmer, like most other business men, reached out in prosperous times, incurring debts which in the usual course of ordinary business conditions he could without difficulty have met when due. But added to adverse business conditions were the ever-increasing tax burdens. The farmer with a mortgage on his farm finds himself utterly unable to meet payments of either interest or principal and delinquent in his taxes, and consequently facing financial ruin and the loss of the farm home which has grown to be a part of his very life and existence. Is it any wonder that he is desperate in this predicament, faced as he is with bankruptcy and the loss of all that he gained in long years of toil from early morning until late at night?

Every Member of Congress from the agricultural districts has been searching for months for a solution that will relieve this critical situation, so that the hard-working, industrious farmer may have a breathing spell during this storm of adversity. Congress has wisely come to the rescue of business, and with its strong arm has buttressed the foundations of our commercial life. This, while indirectly aiding the farmer to a degree, has been of course wholly inadequate to meet his dire need.

In this extremity Members of Congress have worked out this amendment to our bankruptcy law, hoping to rescue the farmer from his desperate condition. While it has been hastily formed and passed under suspension of the rules, it is confidently hoped that after consideration by the other branch of Congress its faults or weaknesses will be eliminated, so that creditor and debtor may mutually work out their problems for the benefit of both. In short, it is devoutly hoped that this measure will provide a moratorium for the farmer until he enjoys more prosperous times.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SUTPHIN, on account of illness.

To Mr. STEWART, indefinitely, on account of the death of Mrs. Stewart.

FRANKLIN D. ROOSEVELT

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, on January 30, 1882, there was born in this country a baby boy who was destined to write his name high on the tablets of history and to become a leader of men in most troublesome times. When he grew to effulgent manhood all nations in the circle of civilization came to know him and to appreciate his worth, and to-day this man is the hope of the world.

Like Washington and Jefferson, he was born to the purple, but like Lincoln he is singularly blessed with the common touch.

A patrician by birth, he possesses in marked degree that love of humanity on which alone is founded true nobility of character.

Thirty-three days hence, standing yonder in front of this Capitol where Lincoln stood, this man will be inaugurated President of the United States. He will take his office at the climax of a depression whose devastating effects are visible everywhere. As he crosses the threshold of the Presidency, he will envision a picture of industrial and agricultural stagnation and unemployment, with attendant hunger and want—a brood of national ills that will test the stoutness of his heart and the strength of his soul.

With humility that befits a sincere patriot who has been called to exalted service, chastened by tremendous responsibility, he will assume a task of economic reconstruction even greater than Lincoln faced 68 years ago when the immortal commoner pledged himself humbly in the sight of his God, "with malice toward none and charity toward all," to bind the Nation's wounds and to rescue the social order from the economic disorganization caused by four frightful years of civil war.

When our chosen servant takes the oath of office the prayers and heart throbs of 120,000,000 people will bear mute testimony to a sorely stricken Nation's trust and confidence, and on this anniversary of his natal day, while he makes ready to shoulder the staggering load the faith of his countrymen has placed upon him, let us all join in wishing good luck and Godspeed to the next president of the United States, Franklin D. Roosevelt, who is 51 years old to-day. [Applause.]

ELECTION OF PRESIDENT AND VICE PRESIDENT, ETC.

The SPEAKER laid before the House a communication from the Governor of Idaho, C. Ben Ross, announcing that the Legislature of the State of Idaho had ratified the proposed amendment to the Constitution of the United States relating to the terms of President and Vice President and Members of Congress and fixing the time of the assembling of the Congress.

RELIEF OF AGRICULTURE

Mr. GLOVER. Mr. Speaker, I ask unanimous consent to extend my own remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. GLOVER. Mr. Speaker, ladies and gentlemen of the House, everyone who has given the subject careful consideration, knows that no Government can succeed that will suffer agriculture to be depressed as it is now in the United States, and we should give consideration to this subject first of all and correctly solve it.

I do not believe that all the trouble with agriculture can be cured by legislation, but it can be helped, and it is my purpose in this address to give you my idea of how it can be helped.

If Congress had given consideration to the farmers' problems first, it would have solved the other business problems of the business world. If our agricultural crops could be raised to a pre-war level, it would start the wheels of industry, the railroads would have plenty to do, it would give work to the 12,000,000 men now out of work, it would enable everyone to pay debts and the banks would have plenty of money without borrowing as many are doing now, merchants could again do business in a normal way, and confidence would be restored.

You will naturally ask yourself this question, What caused all this depression in prices? Next you will ask yourself, Is there any remedy, and if so, what is it? I shall try as best I can to answer these two questions, taking them in their order, and the first one is, What caused all this depression in prices? Some argue that it is overproduction. Let us reason that out and see if it is really overproduction or underconsumption. We have recently had, I think, a clear demonstration of the fact by an experience of the Red Cross. The Committee on Agriculture, of which I have the honor to be a member, prepared and passed a bill through this Congress giving 500,000 bales of cotton, which had been taken over by the Government in trying to stabilize the price of cotton, to the Red Cross to have it made into cloth or exchanged for clothing to give to those who were in need, and which had been brought on them by no fault of their own. It was soon distributed to those in dire need and had only partially relieved them, or a part of them, and then another bill was introduced by this committee to give the Red Cross 350,000 bales additional. In the hearings on this last bill Mr. John Barton Payne, who is at the head of the Red Cross, said it would probably take 2,000,000 bales to relieve all persons in dire need in the United States now. At that rate, if the needs of our people for clothing had been met for the last five years, it would take our 10,000,000-bale surplus off our hands. The same argument is true in the case of any of our agricultural crops. Then the real cause, if this be true, and it is true, is underconsumption and not overproduction.

Underconsumption is brought about by having no medium of exchange, as I will discuss further on in my address. If those in need now had the money with which to buy, the surplus in our food products would soon be reduced to a normal supply in this country.

There are some things that we must produce more of than what is needed for our own consumption, such as cotton, wheat, rice, and other crops in order that the world market may be supplied. And, we must have a world market for them. In my opinion the things that have brought on this condition that agriculture finds itself in is the Smoot-Hawley tariff bill, which has built a wall around the United States so that other nations can not get in here to trade with us. As soon as this legislation was passed by Congress, and I am glad to say I voted against it and fought it, the other nations immediately passed retaliatory legislation against us and we now have our foreign trade, which we once had, going to other countries.

This barrier must be removed and we must establish reciprocal trade relations with them by tearing down this tariff wall and gain back their markets for our surplus crops.

Another cause of the present depressed condition of agriculture and all business as to that matter is the sale in this country of practically worthless foreign securities. It is estimated that between thirty and forty billion dollars of this paper of foreign countries has been sold in this country, and the country drained of that much of its medium of exchange, and this helped to start a money panic which is now on. At least 75 per cent of the money of the United States is now securely hidden away in banks and lock-boxes; and so far as the good it is doing, it might as well never have been coined or issued. Confidence must be restored, and nothing can bring it about more quickly than the restoration of agriculture to its normal conditions.

Another thing that is hurting agriculture is the fact that about four-fifths of the nations of the world have gone off the gold standard of money and are now on a silver standard, and their money, measured by our gold standard, is only worth about 25 cents on the dollar.

Let us see how it affects agriculture. Let us take China and India as an example. We are on a single gold standard, and they are on a silver standard. They have each in the

past years been our best customers in buying our surplus cotton. When they come here now to buy our cotton, they pay in their money about four times what our farmer gets when he sells it under our gold standard. Then if cotton is selling under the gold standard for 6 cents per pound, the buyer from India or China pays 24 cents per pound.

As a result of this condition, these and other countries have been forced to go to growing the short-lint cotton, which is the only kind they can grow; and they buy just enough of our cotton to mix with their short-lint cotton so that it will make clothing for their people. Prior to the last war they only grew a little over 6,000,000 bales of cotton, and now they are growing twelve and a half million bales per year, and that is the only reason you ever have a surplus of cotton.

If we had a bimetallic standard of money, as we should have, we would have no surplus of cotton in two years, because they would quit raising this short-lint cotton and buy our cotton. The same argument is true with other agricultural commodities.

We would not have to change our gold standard at all; just go back to the money of our Constitution, which is gold and silver.

Under a single standard of money it is easy to concentrate wealth as it is now concentrated, and it is the ruin of our Nation to-day.

My answer to the first question which is, What caused all this depression in prices is:

First. It is not overproduction. It is underconsumption.

Second. It was partly caused by draining the country of money by purchase of foreign securities.

Third. It was partly caused by the tariff bill.

Fourth. It was partly caused by the single gold standard.

Fifth. It is partly caused by concentration of wealth and cornering and hiding away money.

The second question was, Is there any remedy; and if so, what is it?

My answer is, Yes; there is a sure remedy and that is to reverse our action and correct the laws and causes that brought it on.

Agriculture would be helped more by providing a way to extend mortgage loans, for a long period of time, at a low rate of interest, than by any one act that Congress could pass. I have a bill pending before the Ways and Means Committee that will relieve this condition if I could get it reported out and passed. I have twice asked for a hearing on this bill, and I hope it or some bill of like kind will be passed.

My bill provides for the carrying of these loans for 10 years at a rate of interest not exceeding 3 per cent. We must save our farm lands and keep them in the hands of farmers who know how to farm them.

THE SHORTER WORKDAY

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks upon the shorter workday.

The SPEAKER. Is there objection?

There was no objection.

Mr. MEAD. Mr. Speaker, with our country in the midst of an unprecedented economic crisis, or as Justices Brandeis and Stone declared in a recent opinion "an emergency more serious than war," our motives must be prompted by a true spirit of patriotic devotion and guided by the light of reason and experience, in order that we may contribute in a large way to the future well-being of our great country.

These are truly times that try men's souls and require the same courage and leadership as those earlier days when Washington and his followers, in the midst of their dark and disheartening period, laid the foundations of our present self-governing institutions. It is the verdict of the most conservative and enlightened opinion of to-day that our present deplorable conditions presage the end of one economic and political era and the beginning of another. Old panaceas, remedies, and measures are obsolete and ineffective in this day. They are gone and belong to a day that is past. Our present remedies must be sound, and our future policies must be forward looking and constructive. Organized labor must be self-reliant, self-confident in its service to our country and our people in this the time of their great need.

Before we suggest remedies we must of necessity review the past which brought about our present calamity. Following the World War an industrial and financial "breakdown" brought on a depression which continued through 1920 until the end of 1922. At that time a "return to normalcy" was the cry and slogan of our economic and political leadership, with wage deflation and a general reduction in costs as the methods whereby trade and industry were to be stimulated and prosperity restored to a stricken country. But this policy proved to be unsound and fallacious and collapsed because of its own basic errors.

A new policy was then inaugurated by a group of public officials and leading industrialists, who held that to return to pre-war wages and standards of living as well as volume of business was both unthinkable and impossible. To them normalcy was a higher and better standard than the standard of 1913. They advocated the increased use of the machines to extend mass production, and to reduce labor costs and other costs of production, the elimination of waste and the standardization of output. It was pointed out that under these new conditions wage and salary rates could be increased while labor and other costs, including prices to consumers, could be reduced, and that a generous margin of profit would accrue to business.

These were considered revolutionary suggestions, but their application resulted in a period of an unprecedented prosperity. This new enlightened and far-seeing policy was accepted by industrial and financial leaders as well as by our labor organizations, and all went well with the country from 1923 until the collapse of the so-called "New Era," in 1929.

This new industrial order outrivaled the eighteenth century industrial revolution in Great Britain when steam power was for the first time applied and the foundation of our present factory system was laid. During this period from 1923 to 1929 improved machinery as well as new processes in our mills, factories, and mines increased to a very large degree the productivity of our workers.

These new American policies and practices astounded other countries, who were quick to send special investigators, students, and even official commissions here to study and to observe our changed systems.

If the sound principles and theories pronounced by the conference of 1923 had been adhered to, the gains of capital would have continued and at the same time the welfare of the masses would have reached to record heights; but the selfish appetite for immediate and unreasonable profits threw the machine out of balance and blasted the hopes of those who believed in the permanency of the new industrial revolution. Failure to stabilize industry, forgetting the need of proper planning, and without any thought of coordinating the activity of all industries were mistakes which doomed the new program. Prices were by no means reduced to the extent to which they might have been. Wages and salaries were not increased in proportion to lower costs and certainly not in keeping with the increased productivity of our workers; and, above all, the hours of service were not shortened to offset reduced employment resulting from mechanical displacements; and, finally, too large a share of output was reserved for profits, thereby diminishing the mass purchasing and consuming power so necessary for a continued and successful operation of the economic machine we were building.

A tremendous crop of share corporation, investment trust, holding companies, and other financial set-ups, all concerned with immediate profits, blossomed forth to condemn the new order to failure even before it got a fair start.

Permanent prosperity under existing conditions was impossible, and we were doomed to disaster by the short-sighted policy of those financially responsible for the control and administration of industry. They refused to apply the principles of the program. In the fall of 1927 disturbing elements began to appear which, in the judgment of far-

sighted leaders, presaged the approaching disaster. Large numbers of our workers were unemployed during the winter of 1927–28, and acute conditions were found in many industrial and commercial centers. The situation was recognized in the United States Senate where a resolution was adopted to investigate this alarming condition.

During that winter it was estimated that 4,000,000 were without gainful employment. Pay rolls were declining, profits were diminishing, and technological unemployment was increasing. The diminishing consuming power of the masses was proportionately reflected in decreasing industrial and commercial activities. The diversion of too large a share of the profits of this new industrial revolution into corporation income instead of increasing consumer demand by the payment of higher wages and salaries doomed the program and destroyed the prosperity we were told should be permanent. Industry continued to slow down throughout the spring and summer of 1929 in proportion to decreased employment opportunities and to diminishing consumer purchasing power, with the result that highly capitalized security values could no longer be maintained and in October of 1929 the world was rocked by the most tremendous stock-market collapse of all times. Following the stock-market crash there came an avalanche of general deflation which passed beyond the control of our financial leadership and now threatens the very existence of our political institutions as well as our economic system. While it was proper to deflate fictitious security and real-estate values, it was a mistake to deflate the earnings of our workers, because it only resulted in a diminishing demand for goods. Unemployment was increased, and the very serious situation that exists to-day developed. Had the avowed principles of the program of 1923 been carried out, if a fair share of the income of that "Golden Age" had gone to wage and salary workers, if a reduction had been made in the work period in direct proportion to displacements made by the machine, if our financial leadership had not been bent on securing immense and disproportionate profits, humanity and industry would have continued to enjoy the new program with its alluring future.

The situation to-day is most serious and only governmental action can rescue the country. So far we have expanded the credit structure of the Nation, lent aid to the railroads and banks, and appropriated for the relief of destitution. All of these measures have proved beneficial to a limited degree, but they have not increased consumer demand. They failed to lessen the ranks of the unemployed. Therefore, the effects of these measures have been but palliative and conserving. We have simonized the surface. While it is true the Congress of the United States has clothed the President with tremendous power and authorized the Reconstruction Finance Corporation to make loans that would actually stem the progress of the depression, they have been slow to act, and in the meantime we are informed that the volume of unemployed will reach its maximum during the coming winter. Human suffering will increase, and unrest bordering on desperation will continue a national menace. A more liberal policy must be adopted by the Federal Government if we are to mitigate the indescribable suffering of millions of our fellow men. The Reconstruction Finance Corporation has assumed a "hard-boiled" attitude with regard to loans to the States for the relief of destitution as well as with regard to the approval of projects and undertakings which would create employment opportunities for large numbers of our people.

Unless the Reconstruction Finance Corporation expedites and accelerates its activities and is guided by the intention and direction of Congress, a period of want and misery of unprecedented proportions is approaching to grip the Nation. Recognizing the unemployment resulting from mechanical displacements, labor-saving processes, and modern system, it is the duty of the Government not only to set an example for others to follow by diminishing the work period of its own employees, but by requiring the adoption of a 6-hour day and a 5-day week on all contracts for public works as well as on all enterprises of a public or private character, authorized by the Reconstruction Finance Corporation and in all fields where Federal authority has the right of authority, a 6-hour day must be mandatory by act of Congress. This was accomplished during the administration of the late lamented Woodrow Wilson when the work schedules on all railroads were reduced from 10 hours to 8, and a further reduction should be approved now from 8 to 6 hours per day.

This policy will not only extend the field of employment but will enable industry to absorb those technologically displaced in recent years. A real 5-day week with fair wages is the only safe basis on which to build for the future. A shorter period with adequate returns for service rendered is both socially and economically sound. It will result in more general employment for all our wage earners. It will increase the efficiency of those on the job and it will increase the leisure of our workers, enabling them to enjoy more of the cultural, spiritual, and family life than was heretofore their privilege.

Adding to the leisure time of our people will increase their demands, accelerate purchasing power, and stimulate the production of certain goods. The shorter workday and the shorter work week make for a constantly growing, higher, and better standard of productivity, health, longevity, morals, and citizenship. During the past century both the workday and the work week have been steadily reduced. The "sunup to sundown" or from "daylight to darkness" work period is over with. The 12-hour day, the 10-hour day, the 7-day week are memories of the past. The Saturday half-holiday, the 5-day week, the 8-hour day—yes, even the 6-hour day—are recent attainments credited to the labor movement of America. Labor now sets itself for a new goal, the universal 5-day week, and on the railroads, where men are paid by the mile, the 6-hour day instead of the 8-hour schedule now in operation, is the object to be achieved, and so the slogan of labor to-day is the "5-day week, the 6-hour day."

In this campaign we expect the same opposition that opposed the shorter workday in the past, for there are those who will not learn even from the terrible human sufferings of the depression. The increasing number of the unemployed during the past several years constitutes the most convincing argument in favor of reducing the work period. It is a forceful appeal for the adoption of the 5-day week and the 6-hour day. We will control the machine or the machine will control us.

OPPOSITION TO INCREASED TARIFF TO OFFSET DEPRECIATED FOREIGN CURRENCY

Mr. McGUGIN. Mr. Speaker, I ask unanimous consent to extend my own remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. McGUGIN. Mr. Speaker, under leave to extend my remarks, I insert the following, which is a statement I placed before the Ways and Means Committee, in opposition to increased tariff rates:

Gentlemen of the committee, your committee is now considering a proposal automatically to increase tariffs in keeping with the depreciation of foreign currencies. Since the enactment of the last tariff bill the British pound has depreciated from $4.86 to $3.30. This is a depreciation of slightly over 32 per cent. If the Congress should accept this proposal automatically to increase tariff rates in proportion to the depreciation of foreign currencies, it would, therefore, mean that the tariff rates would be increased slightly over 32 per cent on every British product imported into the United States. This legislation would mean an increase in the tariff on every commodity of each and every country imported into this country equal to the percentage of depreciation of the particular country's currency since the tariff act of 1930.

Depreciated foreign currencies are causing the United States and the world much economic trouble. Depreciated foreign currencies are either forcing all United States industry—agricultural, mining, and manufacturing—out of the world market or forcing it to take a terrific loss when its products are sold abroad for depreciated currencies, which when returned to the United States is exchanged for American money at a discount of 30 to 40 per cent under the basis of exchange of three years ago. As a general proposition, the manufacturing industry of the United States is simply withdrawing from the world market. This means that the American manufacturing industry is gradually restricting its production and thereby casting more men into unemployment.

The American agricultural industry can not restrict its production. As a result, it is simply going on, producing its products and shipping them abroad. It sells them for depreciated currencies and takes the loss of 30 to 40 per cent on exchange.

In addition to losing our foreign markets or taking a terrific loss on our exports, depreciated currencies are unquestionably giving an advantage to foreign products in the American market over the position of these foreign products at the time of the enactment of the last tariff law.

This proposed legislation can cure only one of the evils growing out of depreciated foreign currencies from which America is suffering. It can save for American industry a monopoly on the American market. That will not give us any reasonable measure of relief. While it will save the American market for American industry, yet, day by day, the American market will vanish. The greatest home market for the American manufacturing industry is agriculture. As long as agriculture must continue to suffer from depreciated foreign currencies, just that long American agriculture will become more and more unable to buy the products of the American manufacturing industry.

Any movement to meet the question of depreciated foreign currencies must meet it in its entirety. It must be such a movement as will permit American industry, agricultural, mining, and manufacturing, to enter the world markets on the old basis with foreign competition. The evil of depreciated foreign currencies presents a money problem. If this problem is to be met by any American legislation, it must be met by monetary legislation. Tariff legislation can not possibly meet it. If I were a doctor, I should try to have more than one kind of pills in my kit for the treatment of various diseases. I should at least have more than one color of pills. While I am a protectionist and believe in protecting the American market for American products against the normal condition of lower wage standards and cheaper living standards abroad, yet I do not believe in trying to meet every economic evil with more tariff.

Tariff can only be a treatment for economic ills growing out of normal foreign competition. Foreign competition is nothing more than merely a secondary cause for the loss of American markets for manufactured products. The principal cause is the economic discrimination which has been going on in this country since the war against agriculture and in favor of highly organized, centralized, and monopolized industry and finance. This has gone on until the 27,000,000 farm people have become impoverished and can no longer buy the products of industry any more than can any other peasantry. This discrimination has virtually reduced the once proud and free American farmer to the economic level of a peasant. In the first instance, the farmer suffered from this discrimination. Now industry and finance are on their knees. The manufacturing industry can not deliver itself from its present dilemma by coming to Congress and obtaining a further right and privilege to pick the pockets of American agriculture. Such a privilege has no value when the pockets of American agriculture are empty.

The principal offender in this discrimination against American agriculture is the steel industry. Following the steel industry and in conjunction with the steel industry, manufacturing industries making products from steel, which are used on the American farm, have done much to aid in bringing about this bankruptcy of the American farmer and destruction of the American market for American industry. Transportation has played its part in this discrimination against agriculture, yet transportation can truthfully say that the steel monopoly is largely responsible for the situation of transportation taking this unfair advantage of agriculture.

The statistics of the Labor Department pertaining to commodity prices prove conclusively the statements which I have here made that the manufacturing industry, and particularly the steel industry, has set up a monopolistic discrimination against agriculture. The Bureau of Labor Statistics, Department of Labor, on January 27, 1933, supplied me with the following wholesale price indices for the years of 1930 and 1932, based upon the 1926 commodities price index of 100:

Commodity	1926 commodities price index	1930	1932	Per cent reduction from 1926
Steel	100.0	97.3	80.9	19.1
Nails and wire	100.0	79.7	74.5	25.5
Steel rails	100.0	100.0	98.6	1.4
Agricultural implements	100.0	95.0	84.9	15.1
Lumber	100.0	85.8	58.5	41.5
All farm products	100.0	88.3	48.2	51.8
Grains	100.0	78.3	39.4	60.6
Livestock and poultry	100.0	89.2	48.2	51.8
Other farm products	100.0	91.1	51.4	48.6
Cotton	100.0	77.1	36.6	63.4
Wheat	100.0	66.0	33.8	66.2

These statistics disclose the following percentage reductions for the year of 1932 compared to the year 1926:

	Per cent
Steel	19.1
Nails and wire	25.5
Steel rails	1.4
Agricultural implements	15.1
Lumber	41.5
All farm products	51.8
Grains	60.6
Livestock and poultry	51.8
Other farm products	48.6
Cotton	63.4
Wheat	66.2

These figures show that everything the farmer buys to carry on his business has taken only a minor part of the reduction since 1926 that he has suffered in the reduction in price for the commodities which he sells. These figures disclose that the two principal commodities which are produced by the American farmer, cotton and wheat, have taken reductions of 63.4 per cent and 66.2 per cent, respectively. We hear it said that the farmer should diversify and shift from cotton and wheat to some other product. These figures disclose that there is no other product to which he can shift for which he will receive a price which is not reduced far more than the prices of the things he buys have been reduced. These figures show that all farm products as a whole have taken a reduction of 51.8 per cent, while the principal things which the farmer buys have taken the following reductions:

	Per cent
Nails	25.5
Agricultural implements	15.1
Lumber	41.5

In addition to this, the farmer is still robbed by transportation and one of the reasons for this is that the steel rails which the railroads buy have depreciated only 1.4 per cent since 1926.

These figures do not tell half the story. This is because even in 1926 and before that time, the farmer was suffering from a tremendous discrimination in those things which he buys made from steel.

There can not be any restoration of the American market for the manufacturing industry until there is a parity between the price of the things which the farmer sells and the things which he buys. We should be able to bring about this parity in a civilized manner. We have failed to do it during the last 13 years. As harsh as this depression may be, it is gradually bringing about this parity. We have reached that point where there is going to be a parity and agricultural prices and manufacturing prices are going to come to a common level, else there will be more and more unemployment and there will never be a profitable condition for American industry. Depreciated currencies are presenting competition in the United States which is doing to the American steel monopoly what the American Government either could not or would not do. The steel monopoly is still doggedly holding on to its prices. As its business has vanished, it has laid more men out of work, and has continued to sit back and take the arrogant attitude, "This is our price, and sooner or later the people will have to pay it." The people will have to do nothing of the kind. In the first place, they can not do it and are not going to do it. In the second place, before they will do it, they will buy foreign steel.

While I believe in protection for honest American industry, yet I do not believe in protection for any American industry which has a monopolistic control on its market and can dominate prices. The steel industry is such an industry. If I had my way about it, I would give the steel industry about six months to get its prices down in keeping with other commodities or I would put steel and all products made from steel on the free list. The price of steel is forcing every American factory engaged in the business of making its products from steel to keep up an abnormal price. In this great machine age the price of every product, manufactured, mineral, or agricultural, must take into consideration the price paid for machinery used to make such a product. This applies to the farmer producing his products with farm machinery, the textile factory making its clothes, and the newspaper plant setting up its type with a linotype machine and printing its paper on a printing press. This abnormal price of steel is holding up a price structure for manufactured products which is making it impossible for those products to be purchased by the people who produce the raw products of the farm and the mine.

We are not coming out of this depression until the 27,000,000 farm people can buy the products of industry and pay transportation charges. They can not buy until there is a parity between the prices of the things which the farmer buys and the things which he sells. The price of farm products is below the 1913 level. Wheat and cotton are selling for approximately one-third the 1913 level. We shall probably be lucky if we can bring farm products up to the 1913 level and industrial prices down to the 1913 level. It would be preferred to bring farm prices up to the industrial level. If I thought this could be done by government, I would be most enthusiastic in my support of such a program. We must not and can not go out of the world markets with our farm products. As long as our two principal farm products are sold on the world market, I do not see how government can bring farm prices up to a point many times the world market. Therefore, I do not know how and do not believe that we can reach a parity of farm prices and industrial prices by bringing farm prices up to the level of manufactured products. I do know how we can reach a price level by bringing manufactured prices down toward the level of agricultural prices. As this is done, I think the farm prices will gradually come up. It may be that we can reach the 1913 level. I should like for us to reach the 1926 level, but my honest judgment tells me that reaching the 1926 level is a dream rather than a reality. The only way that it could possibly

be done would be by drastic monetary inflation and then being able to hold industrial prices at their present level, while agricultural prices come up. That probably can not be done.

While this industrial discrimination has been primarily against agriculture, yet, in the broader sense, this discriminaton has been against the raw products of both the mine and the farm. Oil, copper, and lead are suffering distressingly low prices and are at the same time being forced to pay exorbitant prices for pipe, tools, and operating machinery, all of which is made from steel. The steel industry is bleeding the impoverished oil, coal, lead, and copper industries as it is bleeding agriculture, only to a somewhat lesser degree. The automobile industry is likewise suffering staggering losses and is trying to hold up its production by constantly making better products at a lower price, yet it too is receiving no reasonable cooperation from the steel industry.

This bill is only an effort on the part of the Government arbitrarily to maintain the exorbitant prices of certain manufactured articles. If this bill were to be passed, it should exclude from its benefits any manufactured commodity which is selling at a price above 10 per cent below the 1913 level. It should particularly exclude steel and every manufactured article made from steel. Steel is to-day the pirate in American economic life. This is not only the statement of a western Congressman. It was the statement of the conservative Alexander Hamilton Institute in one of its regular reports issued in the spring of 1932. This report pointed out that during the last two years the price of steel had been pegged and that the price of steel had depreciated 13½ per cent since the peak of 1929, as compared with 31½ per cent depreciation for all other commodities. This report of the Alexander Hamilton Institute further pointed out that the depression of 1921 was broken by a reduction in the price of steel, and that this depression can not be broken until there is at least a 31 per cent decrease in the price of steel from the peak of 1929. If this statement of the institute were true last spring, a greater reduction is now required in the price of steel in order to break this depression.

While the crying need of the country is a reduction in the price of steel, what do we find? We find the president of the United States Steel Co. standing before the Ways and Means Committee of the House of Representatives seeking an increase in tariff, which would only be a governmental guaranty to the steel industry that it may arrogantly keep up its prices, free from any outside competition. Considering the welfare of the Government and the country, I think Mr. Farrell was before the wrong governmental institution when he was before the Ways and Means Committee of the House of Representatives seeking greater tariff protection. I can think of a more proper governmental tribunal before which he and his company might appear.

If the Congress accepts this bill and permits steel to come under its protection, then the Congress becomes a party to the steel conspiracy in restraint of trade, a conspiracy which is standing in the way of economic and social recovery in this country.

If this bill should carry the provision that no manufactured article should receive the benefits of the bill, the current price of which article should be more than a price 10 per cent below the 1913 price level for that commodity, the manufacturing industry would still have an advantage over agriculture. It must be remembered that the very purpose of this legislation is to try to make the American farmer, who is the principal consumer of these articles, pay an arbitrary price for them, which price is above the world level. The truth is, there is no way you can make the farmer pay it. He can not pay it. He must pay transportation charges on his products from the Middle West to the Atlantic coast, ocean transportation charges to Europe, and then sell his articles on an open market for depreciated currency. He simply can not take the proceeds from such a transaction and buy the products of industry, if they are going to be sold at an arbitrarily sustained price. He can no more do it than a man can take 50 cents and buy a dollar's worth of merchandise. Any effort to make the farmer do this only means further stagnation of American industry. This in turn means more unemployment. This bill will make more unemployment instead of less unemployment. This will leave American industry in a position where it will have but one market, the American market. The American farmer, its principal customer, will be wholly unable to buy the products of industry. The enactment of this bill means that by man-made law industry will have only one market, the American market, and that by economic law the American market will vanish more and more.

In pleading against this bill, I am pleading for justice for agriculture and for the true welfare of the manufacturing industry itself. He who follows a course which will make it possible for the American manufacturing industry to have a home market for its products is, after all, the best friend of the American manufacturing industry. A while ago I said that denying the benefits of this act to any manufactured commodity selling at a price which is above a price of 10 per cent below the 1913 level price would still be giving industry an advantage over agriculture. The statistics which I have obtained from the Labor Department bear out this statement.

On the basis of the 1926 commodities price index of 100, the 1932 prices of the following commodities are here compared with the 1913 level:

	Per cent
Steel	+3.8
Nails and wire	+8.4
Steel rails	+28.8
Farm implements	+12.0
Lumber	+4.5
All farm products	—23.3
Livestock	—25.2
Wheat	—29.8
Cotton	—36.4

These figures show that all farm products were selling in 1932 for a price which is 23.3 per cent below the 1913 price, with both prices based upon a 1926 index of 100. If the present price of steel, nails, and farm implements were 10 per cent below the 1913 price, based upon a 1926 index of 100, these articles would still have an advantage over agriculture of 13.3 per cent. Such a condition would make it possible for agriculture to buy some of these products. Under present conditions, with agricultural products 23.3 per cent under the 1913 level, based upon the 1926 price index of 100, it is utterly impossible for agriculture to buy these manufactured products while they have a present price ranging from 3.8 to 28.8 per cent above the 1913 price, based upon their 1926 index of 100.

Mr. McGUGIN. As an illustration of the way in which this legislation is going to be received in the great middle western agricultural section, I wish to cite a recent editorial from the Kansas City Star, and a letter which I received to-day from Mr. R. J. Laubengayer, of Salina, Kans., editor of the Salina Journal. It must be remembered that Salina is in the heart of the Wheat Belt.

[From the Kansas City Star, January 25, 1933]

SHALL WE STOP FOREIGN TRADE?

While there has been some dumping of goods in the United States from countries with depreciated currencies, the situation is apt to be greatly exaggerated by manufacturers who are anxious to shut out every vestige of foreign competition.

Great Britain went off the gold standard in September, 1931. In the next year the value of British exports to this country was 44 per cent lower than in the preceding year. (These are Department of Commerce figures.) The value of imports from France, which remained on gold, declined 40 per cent.

Apparently, France was able to dump more from a gold-standard basis than England was able to dump from an off-gold basis.

Japan made a slightly better showing in exports to the United States after she went off gold. In 11 months her exports to this country declined 35 per cent, while the value of all imports to the United States declined 37 per cent. But the Japanese advantage was exceedingly small, although the yen fell in value almost 60 per cent.

Representative HAROLD MCGUGIN of Kansas was right in telling his Republican colleagues in the House that the question of depreciated currencies abroad can not be met by higher tariffs in the United States. This country has an immense stake in world recovery. If it tries to stop every trickle of foreign trade it impedes the recovery of our customers abroad and prevents them from buying wheat, cotton, and other American products that require an export market.

One reason why the world is in its present plight is that every country has tried to protect itself at the expense of its neighbors; and every country eventually has hurt itself by doing so because the policy has resulted in cutting off the markets for its surplus products.

SALINA JOURNAL,
Salina, Kans., January 27, 1933.

Congressman HAROLD MCGUGIN,
Washington, D. C.

DEAR SIR: I certainly was impressed by the sound position you took on the depreciated currency bill. Your warning to the Republican Party that if they tried to make a tariff question out of a money question they are doomed to failure is not an exaggeration. When you think of the advantages that the special interests have had and compare them with what agriculture has to contend with it makes you boil to think the Republican group would be so damn foolish as to want to involve the party still more along protection lines.

Up until the time agriculture is put on a parity with protected business it is extremly unfair to think of any more tinkering with the tariff, unless it be lowered.

I want to congratulate you upon your courageous stand. I also agree with you that if foreign currency does not advance we may as well recognize the fact that we will have to deflate ours. The moss-back East just does not seem to give a darn what becomes of the Middle West. The northwestern United States, with the advantage the Panama Canal has given it, is in league with the Allegheny East in wanting to improve its condition still further at the expense of the agriculture and central West.

With kindest regards.

Yours very truly,

R. J. LAUBENGAYER,
Publisher The Salina Journal.

FEDERAL GASOLINE TAX

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my own remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. FULMER. Mr. Speaker, on account of the very unfair practice in considering important pieces of legislation under the suspension of rules, the average Member has no opportunity to express himself for or against legislation so considered. For instance, there is only 40 minutes for debate, to be equally divided among those for and against the bill, which makes it rather hard for Members who would like to express themselves, because they are unable to obtain the necessary time.

I voted against the taxation of gasoline when this item was up for consideration in connection with the revenue bill during the last Congress, and I am voting against this bill to-day, which proposes to extend the collecting of these taxes by the Federal Government for another year.

I am opposed to the taxing of gasoline by the Federal Government for several reasons: First, I think there ought to be something left for the States to tax; and, second, most of the States have already taxed gasoline to the extent that a great many people are unable to purchase the same, especially farmers. My State, South Carolina, has a tax on gasoline amounting to 6 cents per gallon. Most of this tax is being used to pay off a very heavy bonded indebtedness, bonds having been issued to build roads in the State. Even at this time, on account of the extra high price of gasoline in the first instance, to say nothing about the 6-cent tax to be added thereon, on account of the serious economic situation existing, especially in South Carolina, the State being largely an agricultural State, it may be possible that the sales of gasoline will be so diminished that even this extremely large amount of gasoline tax will not be sufficient to take care of the bonded indebtedness as planned.

During the debate on this bill something was said about a general sales tax. I voted against the sales tax during the last session of Congress, and I am strongly opposed to a Federal sales tax at this time. I am hoping that we will not be called upon to pass upon a sales tax bill. If we are, I want it understood that I expect to do everything possible to bring about its defeat. This is another tax that can well be left to the States, especially at this time, when most of the States are unable to raise revenue to provide for the proper functioning of the State government.

WAR DEPARTMENT APPROPRIATION BILL

Mr. GIBSON. Mr. Speaker, I ask unanimous consent to extend my own remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. GIBSON. Mr. Speaker, H. R. 14199, the War Department appropriation bill passed by the House of Representatives on January 24, 1933, contains on page 61, lines 1 to 9, the following proviso:

None of the funds appropriated in this act shall be used for the purpose of paying any commissioned officer, active or retired, for his salary in computing which any service has been counted other than active commissioned service under a Federal appointment and commissioned service in any of the military or naval forces of the United States, including the National Guard or the Organized Militia while in the service of the Government of the United States.

The effect of this proviso on graduates of the Military Academy is essentially as follows:

Present rank	Year graduated	Per annum reduction in compensation	Additional approximate percentage cut
Colonel	Prior to 1902	None.	
Lieutenant colonel	Prior to 1905	$211.08	3.1
Major	Prior to 1909	320.88	5.0
Do	Prior to 1912	1,132.56	17.8
Do	Prior to 1916	137.52	2.6
Captain	Prior to 1917	None.	

The effects of this provision on officers in the regular service with prior enlisted or National Guard service is very serious, amounting in some cases to over 30 per cent reduction in compensation.

The proviso will also reduce the pay of National Guard and reserve officers who are called into active service annually for training.

Appended hereto is a table covering the pay status of the different classes from 1900 to 1916, inclusive. This table has been worked out with such data as were at hand. There may be some minor corrections, but I think they are substantially correct.

Pay status of Military Academy classes as of July 1, 1933 (including allowances with dependents), under economy act and present allowances

Class	Present grade	Commutation service	Total service	Monthly pay and allowances		Monthly loss	Per cent
				Present	Taber amendment		
1916	Major	16	20	$434.72	$423.26	$11.46	2.6
1915	do	17	21	446.17	423.26	22.91	5.1
1914	do	18	22	446.17	434.72	11.45	2.6
1913	do	19	23	515.74	434.72	81.02	15.7
1912	do	20	24	529.10	434.72	94.38	17.8
1911	do	21	25	529.10	446.17	82.93	15.7
1910	do	22	26	529.10	446.17	82.93	15.7
1909	do	23	27	542.48	515.74	26.74	5.0
1908	Lieutenant colonel	24	28	542.48	529.10	13.38	2.5
1907	do	25	29	542.48	529.10	13.38	2.5
1906	do	26	30	560.07	529.10	30.97	5.3
1905	do	27	31	560.07	542.48	17.59	3.1
1904	do	28	32	560.07	542.48	17.59	3.1
1903	do	29	33	560.07	542.48	17.59	3.1
1902	do	30	34	560.07	560.07		
1901	Colonel	31	35	558.33	558.33		
1900	do	32	36	558.33	558.33		

It will be noted that the percentage of pay losses varies widely with the different classes. Can there be any justification for the imposition of a pay status that works such inequalities?

Mr. HOGG of West Virginia. Mr. Speaker, I ask unanimous consent to extend my own remarks.

The SPEAKER. Is there objection?

There was no objection.

BANKRUPTCY BILL

Mr. HOGG of West Virginia. Mr. Speaker, personally, I am willing to accept the conclusion of the Judiciary Committee with reference to the constitutionality of this measure, although prior to an examination of the report of the chairman and the opinion of the Solicitor General of the United States I entertained grave doubt as to the constitutionality of this proposal. An examination of the authorities obtained from those sources, supplemented by an independent study of the measure since its introduction, has served to overcome some previous doubt. Yet I am not thoroughly convinced as to its validity.

Further, I am receiving communications from people in whose judgment I have great confidence expressing doubt as to the legality of this bill. It is not my intention to burden the membership with the recital of a long list of decisions supporting well-recognized principles. However, I do wish to call attention to the fact that the decisions in both this country and England defining "bankruptcy," as used in the Constitution of the United States, say that these proceedings are for a twofold purpose. First, the liberation of the debtor; and, second, the distribution of his property. Our own courts passing upon this subject have consistently held that insolvency is not a necessary ingredient of bankruptcy. As a matter of fact, under our own bankruptcy act there need not be even an adjudication in order to confer jurisdiction.

REAL PURPOSE OF BILL

The purpose of this bill is to bring relief to individuals and corporations along the same general lines.

Section 74 relates to individuals. Section 75 deals with corporations, including certain political subdivisions of the State. Section 76 deals with railroad corporations, the latter having been expressly excepted from the original bankruptcy act as well as from the subsequent amendments.

Section 74, dealing with individuals, very plainly provides that the petitioner referred to as a "debtor" may be given

"an extension of time" in which to pay his debts, and as to corporations, the bankruptcy court under certain conditions is given the right to alter the obligations of creditors, secured or unsecured.

Section 76 provides, in so far as it relates to railroads, the approval of plans of reorganization which in effect call upon the creditors to accept certain new obligations in lieu of the ones which they now hold. It is therefore apparent that in all of these instances, dealing with these various types of debtors, the underlying idea and plan are to afford to them additional time within which to pay their obligations.

It is quite apparent that in carrying into effect the provisions with reference to corporations, especially those engaged in transportation, the most complicated types of corporate organization and financing are involved. My sympathy is primarily involved in that portion of the bill extending aid to individuals all over the country threatened with loss of farms and loss of homes. These difficulties have reached shocking proportions and are of such serious nature as to warrant my support of this measure regardless of the complications involved in the sections dealing with corporations.

Incidentally, most of the communications which I have received with reference to this measure have dealt with the corporate sections. Complaint has been lodged on the ground of potential fraud that may be perpetrated in programs or reorganization. This may be true. We can only assume that courts will interpret this amendment the same as they are enjoined to enforce the existing act—upon equitable principles. The most serious question that arises in my mind is as to the ability of the courts to handle such an enormous amount of business that will evidently be thrown upon them. As to the amount, no one knows. That likewise is a question for future solution. We are not to lose sight that this measure is purely one of an emergency nature. Certainly, no one can feel that this country will remain in such depths as we now find ourselves, and for this reason we are justified in taking steps and adopting measures for recovery that might not be countenanced were we dealing with normal problems in normal times.

MINOR AMENDMENTS

I appreciate the care with which the committee has drafted this bill. At the same time there are some few details which I believe should be clarified. Under the bankruptcy act an order of reference is never made until after adjudication. Section 74 of this bill provides that before adjudication is made a debtor in an involuntary proceeding may file his petition seeking either a composition of an extension of time within which to pay his debts. It will be observed that this petition must be filed with the judge who in the event the petition complies with the act under paragraphs B and C after notice may appoint a receiver or custodian. Further, the judge calls the first meeting of the creditors. Paragraph G provides for the confirmation of the proposal of composition or extension. Then we find paragraph O providing for the payment to the referee of a minimum fee of $10 "upon the entry of order of confirmation." I specifically desire to call attention to the fact that the petition is filed with the judge, and paragraph O apparently places confirmation in his control. In the fact of this situation paragraph C provides for the payment of a confirmation fee to the referee. The bill is therefore indefinite as to when the case reaches the jurisdiction of the referee. It is quite apparent that the act contemplates action by the referee because provision is made for the appointment of one such referee in each county.

On pages 22 and 23 wrong numbers are assigned to the last two separate sections. They should be carried as separate paragraphs under section 75.

Reference is also made to page 29, dealing with railroad corporations. Provision is made for the appointment of six—

Special referees who may also perform all the functions and exercise all the powers of referees in bankruptcy, who shall be appointed by the President of the United States. * * * Authority is herewith granted for the appointment of such special referees and such additional special referees as may be required.

This raises two questions: First, the provision is ambiguous as to the number; second, is this not an undue interference between two distinct branches of government? The general bankruptcy law makes provision for the appointment of referees by the respective judges of the district courts. This bill creates a special class of referees independent of the appointments made by judges of district courts, but at the same time clothed with all the powers and duties of the referees provided for in the original act. While I have not personally examined this question in the limited time available since the introduction of the measure, at the same time I feel the manner of these appointments merits some consideration.

Under the present act even before adjudication a person can file with the court an offer of composition. If it appears that a majority of the creditors have assented to this composition, the court can approve it in spite of objection from the minority. In this specific instance we have a full and complete exercise of jurisdiction by the bankruptcy court, even in the absence of adjudication. It would therefore seem, as provided in the present bill, that the court has jurisdiction to hear the petition or answer of the debtor without reference to adjudication. Further, the filing of a petition for an extension of time, by way of precedent, is perfectly proper even in the absence of insolvency.

As I have previously stated, the writers upon the subject as well as all the authorities say that the purpose of a bankruptcy proceeding is to liberate the debtor and also to distribute his property. On this fundamental principle, therefore, we are confronted with a more serious aspect as to the soundness of the present measure. When a debtor merely requests an extension of time, he fulfills neither of these requirements and seeks to obtain neither of these ends. In the absence of precedent in this country and in England, we would hesitate to say that an application or petition for a mere extension of time within which to pay could be considered within the realm of bankruptcy. On principle it could not be classed as bankruptcy, because it did not provide for a distribution of property.

The case of Canada So. R. Co. v. Gebhardt ((1883), 109 U. S. 527), referred to in the committee report by way of dictum from the Supreme Court of the United States, throws considerable light upon this subject. In that case the company had been incorporated under the laws of Canada for the purpose of building and operating a railroad between the Detroit and the Niagara Rivers. In 1871, as part of the program of financing, the company issued bonds totaling $8,703,000 secured by a mortgage on its property. In 1873, apparently unable to meet its obligations on these bonds, the company requested the holders to refund their interest coupons falling due on January 1, 1874, by converting them into new bonds falling due in 1877, and by so doing in effect extend the time of payment. This was assented to by some. In 1875 a bond issue of $2,044,000 was made upon security of a second mortgage. Subsequently the company again found itself unable to meet its obligations and submitted to the bondholders and the stockholders of "a scheme of arrangement" contemplating the issuance for $14,000,000 in bonds payable in 33 years with the interest guaranteed for 20 years by the New York Central and Hudson River Railroad Co. The 1871 bonds were to be exchanged dollar for dollar. The scheme was approved by 108,132 of the 150,000 outstanding shares of stock, by the holders of $7,332,000 of the $8,703,000 of the bonds of 1871; by $1,598,000 of the $2,029,000 of the outstanding second-mortgage bonds.

Upon the presentation of these facts the Canadian Parliament passed the "Canada Southern arrangement act of 1878," declaring the new bonds be a first charge on the property, and that the scheme be deemed to have been assented to by all the holders of the original first-mortgage bonds.

The plaintiff, who as an American citizen holding certain of the 1871 bonds and not assenting to the arrangement, brought suit in the United States against the company upon the past-due coupons and on certain unpaid extension bonds. The defendant pleaded the enactment of the Canada Southern arrangement act of 1878.

In reality the only point before the court was the availability of this act as a defense to the action in this country. The Supreme Court of the United States held that since the act was valid in Canada, under whose law the corporation was chartered and doing business, it should be recognized in this country under the principle of comity. However, by way of dictum, the court made some very pertinent observations of material importance on the constitutionality of the bill now under consideration. On page 532 of the opinion Mr. Chief Justice Waite observed that there was—

> No constitutional provision in Canada against the passage of laws impairing the obligations of contracts, and the Parliament of Canada had, in 1878, the legislative authority over the corporation and the general subjects of bankruptcy and insolvency in that jurisdiction.

The court further says on page 535:

> In the absence of statutory authority or some provision of the instrument which establishes the trust, nothing can be done by a majority, however large, which will bind a minority without their consent. Hence it seems to be eminently proper that where the legislative power exists some statutory power should be made for binding a minority in a reasonable way by the will of the majority; and unless, as is the case in the States of the United States, the passage of the laws impairing obligation of contracts is forbidden, we see no good reason why such provision may not be made in respect to existing as well as prospective obligations.
>
> The nature of securities of this class are such that the right of the legislative supervision for the good of all, unless restrained by some constitutional provision, seems almost necessarily to form one of their ingredients; and when the insolvency is threatened and the interests of the public, as well as creditors, are embroiled by the financial embarrassments of the corporation, a reasonable "scheme of arrangement" may, in our opinion, as well be legalized as are original "composition in bankruptcy." In fact, such "arrangement acts" are a species of bankruptcy acts.
>
> Nor do such Government regulations deprive a person of his property without due process of law. They simply require each individual to so conduct himself for the general good as not unnecessarily to injure another.

MEASURE ENTITLED TO LIBERAL CONSTRUCTION

Again without burdening the membership with the citation of authorities further than to refer to the recent edition of Cooley on Constitutional Limitations, I wish to call attention to a principle of constitutional interpretation. It has always been said that the courts in interpreting the Constitution will constantly bear in mind changed conditions. A shifting idea and comprehensiveness of commerce is a striking illustration. Little did the framers of the Constitution conceive that a century after its adoption Congress would proceed to use the commerce clause as a basis of jurisdiction for the enactment of such a measure as the Mann Act. The courts to-day in interpreting the laws of bankruptcy will take into consideration the changed economic conditions with a world-wide depression and its attendant chaos. They will take judicial notice of the unprecedented commercial failures and the purpose of the present measure to stop distressing and enforced liquidation.

Congress in dealing with the subject of bankruptcy has the inherent right to do any and all incidental things to completely carry into effect the purposes of the act and to seek the end contemplated in this constitutional provision. As has been pointed out in the report of the committee as well also as the opinion of the Solicitor General, the power of Congress in the field of bankruptcy legislation is almost unlimited and in this broad field can legislate in almost any manner with reference to people "who are unable to pay their debts." Certainly there is little difference between people who are unable to pay their debts and those who are unable to meet their obligations as they mature. The two classes are identical, and it seems to me that the description of the people to be benefited by the present amendment is such as to clearly embrace them within the provisions of the Constitution relating to "bankruptcies."

It might be asserted that relief could come from other sources. Some might advocate the expansion of credits. Others, inflation of the currency; remonetization of silver; increase in the tariff. All of these are earnestly advanced as a solution for the present economic ills, yet no one can guarantee that the adoption of any one of these policies will stop the disastrous course of liquidation. It is a matter of speculation and will require time to prove. We can not wait for the testing of theories. We must act affirmatively, and it is my opinion that the passage of this bill furnishes one of the speediest possible methods to stop the continued downward trend of economic conditions. It is a program worthy of trial and one which in no possibility could be attended by any pronounced danger.

For the purposes of comparing the present bill with similar English legislation we here set forth a portion of the English railway companies act, passed August 20, 1867, and found in volume 2, English Statutes, 1867, at page 1332.

ARRANGEMENTS

6. Where a company are unable to meet their engagements with their creditors the directors may prepare a scheme of arrangement between the company and their creditors (with or without provisions for settling and defining any rights of shareholders of the company as among themselves, and for raising, if necessary, additional share and loan capital, or either of them), and may file the same in the court of chancery in England or in Ireland, according to the situation of the principal office of the company, with a declaration in writing under the common seal of the company to the effect that the company are unable to meet their engagements with their creditors, and with an affidavit of the truth of such declaration made by the chairman of the board of directors and by the other directors, or the major part in number of them, to the best of their respective judgment and belief.

7. After the filing of the scheme, the court may, on the application of the company on summons or motion in a summary way, restrain any action against the company on such terms as the court thinks fit.

8. Notice of the filing of the scheme shall be published in the Gazette.

9. After such publication of notice no execution, attachment, or other process against the property of the company shall be available without leave of the court to be obtained on summons or motion in a summary way.

10. The scheme shall be deemed to be assented to by the holders of mortgages or bonds issued under the authority of the company's special acts when it is assented to in writing by three-fourths in value of the holders of such mortgages or bonds, and shall be deemed to be assented to by the holders of debenture stock of the company when it is assented to in writing by three-fourths in value of the holders of such stock.

11. Where any rent charge or other payment is charged on receipts of or is payable by the company in consideration of the purchase of the undertaking of another company, the scheme shall be deemed to be assented to by the holders of such rent charge or other payment when it is assented to in writing by three-fourths in value of such holders.

12. The scheme shall be deemed to be assented to by the guaranteed or preference shareholders of the company when it is assented to in writing as follows: If there is only one class of guaranteed or preference shareholders, then by three-fourths in value of that class, and if there are more classes of guaranteed or preference shareholders than one, then by three-fourths in value of each such class.

13. The scheme shall be deemed to be assented to by the ordinary shareholders of the company when it is assented to at an extraordinary general meeting of the company specially called for that purpose.

14. Where the company are lessees of a railway the scheme shall be deemed to be assented to by the leasing company when it is assented to as follows:

In writing by three-fourths in value of the holders of mortgages, bonds, and debenture stock of the leasing company.

If there is only one class of guaranteed or preference shareholders of the leasing company, then in writing by three-fourths in value of that class, and if there are more classes of guaranteed or preference shareholders in the leasing company than one, then in writing by three-fourths in value of each such class.

By the ordinary shareholders of the leasing company at an extraordinary general meeting of that company specially called for that purpose.

15. Provided that the assent to the scheme of any class of holders of mortgages, bonds, or debenture stock, or of any class of holders of a rent charge or other payment as aforesaid, or of any class of guaranteed or preference shareholders, or of a leasing company, shall not be requisite in case the scheme does not prejudicially affect any right or interest of such class or company.

16. If at any time within three months after the filing of the scheme or within such extended time as the court from time to time thinks fit to allow, the directors of the company consider the scheme to be assented to as by this act required, they may apply to the court by petition in a summary way for confirmation of the scheme.

Notice of any such application, when intended, shall be published in the Gazette.

17. After hearing the directors and any creditors, shareholders, or other parties whom the court thinks entitled to be heard on the application, the court, if satisfied that the scheme has been within three months after the filing of it, or such extended time, if any, as the court has allowed, assented to as required by this act, and that no sufficient objection to the scheme has been established, may confirm the scheme.

18. The scheme when confirmed shall be enrolled in the court, and thenceforth the same shall be binding and effectual to all intents, and the provisions thereof shall, against and in favor of the company and all parties assenting thereto or bound thereby, have the like effect as if they had been enacted by Parliament.

19. Notice of the confirmation and enrollment of the scheme shall be published in the Gazette.

20. The company shall at all times keep at their principal office printed copies of the scheme, when confirmed and enrolled, and shall sell such copies to all persons desiring to buy the same at a reasonable price, not exceeding sixpence for each copy.

If the company fail to comply with the provision, they shall be liable to a penalty not exceeding 20 pounds, and to a further penalty not exceeding 5 pounds for every day during which such failure continues after the first penalty is incurred, which penalties shall be recovered and applied as penalties under the railways clauses consolidation act, 1845, are recoverable and applicable.

Mr. Chief Justice Waite in the Canada Southern case specifically cites a number of instances in England where the effect of these "schemes of arrangement" were nothing more than a compulsory extension of time allotted to debtors within which to meet their obligations. The organic law of England and the United States in this matter can be considered as identical. Although the expression of the Supreme Court of this country on this point is mere dictum, nevertheless, fortified as it is by English precedent, there is no reason to doubt but that this rule would be followed in any concrete case. Upon this basis I am content to consider this dictum as of binding force in this country. The ultimate effect of that decision was to compel creditors to grant to debtors an extension of time within which to meet their obligations without reference to any contractual relations upon which these obligations were founded.

We can use this principle of law as a precedent for the validity of three sections involved in the present bill. If it is proper to accord to railroad organization both in this country and in England extensions of time within which to meet their obligations, on the same principle we can give the same right to individuals and other corporations. It is true that in England they have mentioned a distinction between securities and stocks of quasi-public corporations and those of another character. This distinction was briefly referred to in the Canada Southern case. It is scarcely felt, however, that this is a sufficient reason for discrimination in the operation of the present act. Relying upon the expressions in that case I think it perfectly proper to consider that Congress in legislating upon the subject of bankruptcy is empowered from every standpoint to accept the principle and to compel creditors to grant to debtors extension of time within which "to meet obligations." In communications I have received there has existed some sort of hazy idea that Congress was without power to pass any legislation which would impair vested rights. It is true that Congress can not violate the "due process of law" clause of the fourteenth amendment, but consideration of this measure does not involve the "due process" clause. Again some sort of hazy idea has been advanced that Congress can not interfere with the obligation of a contract. Again this is unfounded because there is no such inhibition upon Congress impairing the obligation of a contract.

This is a restriction placed only upon the several States selling property free from encumbrances, done in almost all bankruptcy cases, although impairing the obligation of a contract, is permissible. Nor is such a procedure the taking of property without due process of law or in violation of other constitutional rights. In this connection see In re National Grain Corporation (1926—C. C. A. 2 Cir., 9 Fed. 2 ed. 802).

As indicating the attitude of the Supreme Court of the United States on this point of restrictions we quote the following from the case of Mitchell *v.* Clark (1884—110 U. S. 633, 29 L. ed. 279).

> It is unnecessary to say that it interferes with the validity of contracts, for no provision of the Constitution prohibits Congress from doing this, as it does the States; and where the question of the power of Congress arises, as in the Legal Tender cases, and in bankruptcy cases, it does not depend upon the incidental effect of this exercise on contracts, but on the exercise of the power itself.

The Circuit Court of Appeals, Second Circuit, In re Franklin Brewing Co. in 1918 (249 Fed. 333) very aptly observes that bankruptcy courts have long been possessed with authority to impair the obligation of contracts. On this point the court says:

> Congress, in the exercise of its constitutional right to establish systems of bankruptcy, may, and indeed always does, impair the obligation of contracts.

There are countless other expressions to the same effect. No one has ever seriously questioned the right of a bankruptcy court to sell property free and clear of existing liens. In every such case the court by its act impairs the obligations of a contract.

MAY HAMPER FUTURE FINANCING

In our zeal to protect the borrower from the evil effects of enforced liquidation and in our efforts to obtain for him a further extension of time within which to meet his obligations, we must not lose sight of the effect of this legislation upon his future efforts to obtain additional financing. We must consider the effect that this legislation will have upon those from whom the present debtor may subsequently endeavor to obtain funds. The effect of the present measure is to enable the debtor to override his original financing contract. If he has in the past obtained money upon a promise to repay within a definite period and now by virtue of this statute is able to extend that contract period, will that same creditor in the future be inclined to invest his money in this type of security? What will be his inclination to lend his money to a type of creditor who by a petition to court can override the original contract of repayment? The creditor with this type of security will never know the exact date of repayment. His attempt to enforce collection through orderly process of court is faced with not only the possibility but a very pronounced probability of his debtor, through the intervening agency of the Federal court, overriding this original contract of repayment. I mention this feature because of its possible future effect on personal financing especially with reference to loans secured by real estate.

In spite of the huge sums of money which are loaned upon farm property through Government agencies, at the same time we can not overlook the other staggering sums which are loaned by individuals. Will not these individuals in the future under such a proposed change in the bankruptcy act withhold their money from this type of loan and further invest in types of tax-free securities which have already exerted such an influence in drying up ordinary sources of commercial investment?

I do not make this observation as an objection or reason for opposition to the bill. This is a matter that can be subsequently adjusted. The real and vital question for solution to-day is immediate relief from many foreclosures and enforced liquidations. I believe this bill will help to accomplish that purpose. It certainly is the groundwork upon which to rear some such program designed as beneficial not only for debtors but likewise for creditors. It will stop per force of law the continuance of the wholesale foreclosures and liquidations from which very little is realized for creditors and through which property values generally are further decreased. This legislative principle is startling but essential.

PROGRESS IN DEFLATION

Mr. AMLIE. Mr. Speaker, I ask unanimous consent to extend my remarks and to include therein a single newspaper clipping of one paragraph.

The SPEAKER. Is there objection?

There was no objection.

Mr. AMLIE. Mr. Speaker, since this depression began it has become a custom for all governmental agencies and public servants from the President down to report all symptoms that might indicate that we were making progress in working our way out of this depression by following a deflationary course—that is to say, by following a policy of laissez faire.

The goal which the economists who advocate this policy have set for us is a point of equilibrium near the bottom where wages, commodity prices and capitalization will be at a point of balance one with the other. When this point has been reached, they argue, business activity will be resumed and we will gradually move back to "normalcy." It is a goal that is theoretically possible of attainment, provided the human misery and suffering that are engendered by the process do not cause a major explosion.

The sponsors of this policy are proceeding upon the theory that the victims of unemployment are possessed of a capacity to endure hardship and starvation that is well-nigh inexhaustible. It is my desire to bring to these self-styled "sound economists" a word of encouragement and hope. Not only is the capacity of these poor wretches to endure punishment well-nigh inexhaustible, but in the process of suffering they tend to work out arrangements which serve to make life more endurable and their capacity to withstand suffering and distress even greater.

Former Chief of Police of the District of Columbia Gen. Pelham D. Glassford, who has been studying the plight of the hundreds of thousands of unemployed young men who are aimlessly drifting about the country, states that they are working out a code of mutual self-helpfulness which makes their plight far more endurable than might otherwise be the case.

Last fall I spent several days in certain parts of the city of Chicago where the unemployed tend to congregate. These men, if they can still be called men, are merely shells of their former selves—mere human husks. They can be more accurately described in the words of Gorky as "creatures that once were men."

But despite this fact, they are developing a code of ethics which serves to make their life more endurable. They are very considerate of one another in the bread lines and do not crowd. Several times I noticed a passer-by throw a cigar butt in the gutter. A number of these men would immediately start walking in the direction of the discarded cigar butt, in the meanwhile looking about furtively to see who else might be bent on the same mission. They did not walk rapidly or rush. When it became apparent to these men moving in the direction of the discarded butt that one of their number was nearer than the others, they would withdraw in his favor and permit him to pick it up without further contesting his right. In this way it will be seen that the unemployed in scavenging for food are building a code of ethics similar in many respects to the code of ethics which governs the members of the legal and medical professions in dealing with each other.

I have been moved to make these remarks in view of the fact that others have observed the situation and been impressed in the same way that I have been. In an article by Edmund Wilson in the New Republic for February 1, 1933, there occurs the following account of life among the unemployed in Chicago:

> There is not a garbage dump in Chicago which is not diligently haunted by the hungry. Last summer, in the hot weather, when the smell was sickening and the flies were thick, there were a hundred people a day coming to one of the dumps, falling on the heap of refuse as soon as the truck had pulled out, and digging in it with sticks and hands.
>
> A private incinerator at Thirty-fifth and LaSalle Streets, which disposes of the garbage from restaurants and hotels, has been regularly visited by people in groups of as many as 20 at a time, who pounce upon anything that looks edible before it is thrown into the furnace. The women complained to investigators that the men took an unfair advantage by jumping on the truck before it was unloaded; but a code had finally been established by which the same people would always come at the same time of day, so as to give everybody a chance.
>
> One widow who used to do housework and laundry, but now had no work at all, fed herself and her 14-year-old son on garbage. Before she picked up the meat she would always take off her glasses so that she could not see the maggots; but it sometimes made the boy so sick to look at it and smell it that he couldn't bring himself to eat it. He weighed only 82 pounds and was badly undernourished.

SENATE BILLS REFERRED

A bill and joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 4412. An act to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking assoications, to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes; to the Committee on Banking and Currency.

S. J. Res. 243. Joint resolution authorizing the President of the United States to extend a welcome to the Pan American Medical Association which holds its convention in the United States in March, 1933; to the Committee on Foreign Affairs.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 14436. An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

ADJOURNMENT

Mr. SUMNERS of Texas. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 53 minutes p. m.) the House adjourned until to-morrow, Tuesday, January 31, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Tuesday, January 31, 1933, as reported to the floor leader:

INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

H. R. 11675, Federal power act.

BANKING AND CURRENCY

(10.30 a. m.)

Hearing on Federal land bank bill (2-year moratorium).

FOREIGN AFFAIRS

(10.30 a. m.)

Hearing, expenses of International Air Conference.

DISTRICT OF COLUMBIA—SUBCOMMITTEE ON PUBLIC UTILITIES

(10.30 a. m.)

Hearings on H. R. 13753, merger of gas companies.

Hearings on H. R. 13349, to confer jurisdiction on Court of Claims to determine claim of Alexandria, Mount Vernon, Washington Railway Co.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

895. A letter from the chairman of the Joint Committee on Internal Revenue Taxation, transmitting a report by the Joint Committee on Internal Revenue Taxation covering refunds and credits of internal-revenue taxes for the calendar year 1931 (H. Doc. No. 535); to the Committee on Ways and Means and ordered to be printed.

896. A communication from the President of the United States, transmitting a draft of a proposed provision pertaining to an existing appropriation for the Department of State, making the unexpended balance of the appropriation for the International Radiotelegraphic Conference, Madrid, Spain, available for any North American radio conference or conferences growing out of the Madrid conference (H. Doc. No. 536); to the Committee on Appropriations and ordered to be printed.

897. A letter from the president of the Chesapeake & Potomac Telephone Co., transmitting a comparative general balance sheet of the Chesapeake & Potomac Telephone Co. for the year 1932; to the Committee on the District of Columbia.

898. A letter from the Chesapeake & Potomac Telephone Co., transmitting a report of the Chesapeake & Potomac

Telephone Co. to the Congress of the United States for the year 1932, as required by law; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. COLTON: Committee on the Public Lands. S. 3475. An act to amend section 5 of the act approved July 10, 1890 (26 Stat. 664), relating to the admission into the Union of the State of Wyoming; with an amendment (Rept. No. 1940). Referred to the Committee of the Whole House on the state of the Union.

Mr. STEVENSON: Committee on Banking and Currency. H. R. 13855. A bill to amend section 5219 of the Revised Statutes, as amended; without amendment (Rept. No. 1941). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. PITTENGER: Committee on Claims. H. R. 5457. A bill for the relief of M. R. Welty; with amendment (Rept. No. 1942). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 8402. A bill for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; with amendment (Rept. No. 1943). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 8729. A bill for the relief of John Ball, of Walla Walla, Wash.; with amendment (Rept. No. 1944). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 9907. A bill for the relief of S. A. Rourke; with amendment (Rept. No. 1945). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 10166. A bill authorizing adjustment of the claim of Frank Spector; with amendment (Rept. No. 1946). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 14326. A bill for the relief of Eleanor Wright and William Wright, minor children of Donnie Wright, deceased; without amendment (Rept. No. 1947). Referred to the Committee of the Whole House.

Mr. MARTIN of Oregon: Committee on War Claims. S. J. Res. 197. Joint resolution conferring jurisdiction upon the Court of Claims to render findings of fact in the claim of P. F. Gormley Co.; with amendment (Rept. No. 1948). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SMITH of West Virginia: A bill (H. R. 14499) to amend section 113 of the Judicial Code, as amended (U. S. C., title 28, sec. 194); to the Committee on the Judiciary.

By Mr. GUYER: A bill (H. R. 14500) to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.; to the Committee on Interstate and Foreign Commerce.

By Mr. RAYBURN: A bill (H. R. 14501) to establish the Federal communications and power commission, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mrs. NORTON: A bill (H. R. 14502) to regulate the practice of professional engineering; creating a registration board for professional engineers of the District of Columbia, defining its powers and duties; providing penalties, and for other purposes; to the Committee on the District of Columbia.

Also, a bill (H. R. 14503) to relieve destitution in the District of Columbia; to the Committee on Banking and Currency.

By Mr. KETCHAM: A bill (H. R. 14504) to meet the existing emergency in the agricultural industry, to provide for the reduction of the interest on certain existing farm mortgages, to amend and supplement the Federal farm loan act; to the Committee on Banking and Currency.

By Mr. BRITTEN: A bill (H. R. 14505) for the repeal of the drastic so-called Jones 5 and 10 law; to the Committee on the Judiciary.

By Mr. STEVENSON: Resolution (H. Res. 367) authorizing the printing of the Rules and Manual of the House of Representatives for the Seventy-third Congress; to the Committee on Printing.

By Mr. McREYNOLDS: Joint resolution (H. J. Res. 580) to prohibit the exportation of arms or munitions of war from the United States under certain conditions; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the State of Wisconsin, memorializing Congress to give protection to American producers of wood pulp against unfair competition resulting from the depreciation of foreign currencies; to the Committee on Ways and Means.

Memorial of the Legislature of the State of Nebraska, favoring sound inflation of currency, discontinuance of appropriation for the development of inland waterways, and favoring the speedy passage of a bill providing for the liquidation and refinancing of farm mortgages and farm indebtedness at a reduced rate of interest through the Federal farm loan system; to the Committee on Banking and Currency.

Memorial of the Legislature of the State of Utah, memorializing Congress to support or initiate a movement to stabilize the monetary and credit bases so as to improve world commodity prices; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BUCKBEE: A bill (H. R. 14506) for the relief of Milton T. Cornish; to the Committee on Claims.

By Mr. COOPER of Ohio: A bill (H. R. 14507) for the relief of Charles Augustus McGarvey; to the Committee on Military Affairs.

By Mr. EATON of New Jersey: A bill (H. R. 14508) for the relief of William Sulem; to the Committee on Claims.

By Mr. MOBLEY: A bill (H. R. 14509) for the relief of Andrew Emmett Pope; to the Committee on Naval Affairs.

By Mr. REID of Illinois: A bill (H. R. 14510) for the relief of Arthur E. Mills; to the Committee on Claims.

By Mr. ROGERS: A bill (H. R. 14511) for the relief of Wilson G. Bingham; to the Committee on Military Affairs.

By Mr. WELCH: A bill (H. R. 14512) conferring upon the United States District Court for the Northern District of California, southern division, jurisdiction of the claim of Minnie C. de Back against the Alaska Railroad; to the Committee on Claims.

By Mr. YATES: A bill (H. R. 14513) granting a pension to Andrew J. J. Cornelius; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14514) granting a pension to Sarah E. Linder; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10026. By Mr. ALDRICH: Petition of Ralph H. Field, George E. Murray, Edward J. Hogan, and 20 other citizens of the State of Rhode Island, protesting the order of the Administrator of Veterans' Affairs for review of all disability-allowance awards; to the Committee on World War Veterans' Legislation.

10027. By Mr. BOHN: Petition of citizens of Detour, Mich., favoring the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

10028. By Mr. DAVENPORT: Petition of Rev. N. A. Darling and 110 other citizens of Oneida County, N. Y., favoring the so-called stop-alien-representation amendment; to the Committee on the Judiciary.

10029. By Mr. DELANEY: Memorial of the Senate and House of Representatives of the State of Oregon, urging that foreign goods be stopped from coming into the United States at the expense of the closing of our factories, and that the distress of our citizens be permanently relieved by returning them to work at suitable rates of pay; to the Committee on Ways and Means.

10030. Also, petition of the memorial and executive committee of the United Spanish War Veterans of Brooklyn, N. Y., urging the inclusion in the Navy Department appropriation bill of $600,000 to be used in the training of the Naval Militia; to the Committee on Appropriations.

10031. Also, petition of the Geo. E. Sherman Co. (Inc.), of Brooklyn, N. Y., protesting against the amendment relating to oils and fats in House bill 13991; to the Committee on Agriculture.

10032. By Mr. FITZPATRICK: Petition of the Bronx Chamber of Commerce, favoring the restoration of first-class postal rates to 2 cents an ounce; to the Committee on Ways and Means.

10033. By Mr. GARBER: Petition of the Oregon State Legislature, urging immediate legislative action to stop foreign goods coming into this country at the expense of the closing of our factories and the unemployment of our people, and that the distress of our citizens be permanently relieved by returning them to work at rates of pay and under working hours which will help bring about prosperity in the United States; to the Committee on Ways and Means.

10034. Also, petition of the Miami Beach Chamber of Commerce, Miami Beach, Fla., urging enactment of House bill 11642; to the Committee on Claims.

10035. Also, resolutions adopted at joint meeting of Foreign Trade Club of North Texas and foreign relations committee, Dallas Chamber of Commerce, vigorously protesting against any curtailment of the activity of the Dallas district office of the Bureau of Foreign and Domestic Commerce, and indorsing the Dallas office as an essential service organization to the exporters and shippers of this territory; to the Committee on Interstate and Foreign Commerce.

10036. Also, petition of J. P. Anderson, Logan, Okla., insisting upon the imperative necessity for enacting legislation to stop farm-mortgage foreclosures; to the Committee on Banking and Currency.

10037. Also, petition of the Senate of the State of Oregon, urging payment of the soldiers' bonus; to the Committee on Ways and Means.

10038. Also, petition of the Legislature of the State of California, urging enactment of legislation restoring the public lands within the external boundaries of naval petroleum reserve No. 2, as now constituted, to the public domain of the United States, and transferring the jurisdiction over and the administration thereof and of all leases thereof to the Secretary of the Interior, and revoking and repealing any and all Executive orders and acts of Congress creating or confirming the creation of said naval petroleum reserve No. 2; to the Committee on Expenditures in the Executive Departments.

10039. Also, petition of L. C. Fish, Helena, Okla., urging enactment of legislation to refinance the farm-mortgage indebtedness of the country; to the Committee on Banking and Currency.

10040. Also, petition of the Woman's Christian Temperance Union of Claremore, Okla., urging continued support of the dry cause; to the Committee on the Judiciary.

10041. Also, petition of the board of directors of the Enid Chamber of Commerce, indorsing Garber bill, H. R. 14343, to repeal the tax on bank checks, and H. R. 14344, to restore the 2-cent rate of postage on first-class mail matter, and letter from T. T. Eason, president, Eason Oil Co., Enid, Okla., indorsing H. R. 14343 and H. R. 14344; to the Committee on Ways and Means.

10042. Also, petition urging the enactment of railway pension bills, S. 4646 and H. R. 9891; to the Committee on Interstate and Foreign Commerce.

10043. By Mr. HANCOCK of New York: Petition of Alfred G. White and other residents of Onondaga County, N. Y., favoring the stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

10044. By Mr. LAMBERTSON: Petition of the Topeka Central Woman's Christian Temperance Union, Topeka, Kans., signed by its president, Anna B. Fisher, and its secretary, Mrs. E. E. Wiede, favoring the improvement of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10045. Also, petition of the Woman's Christian Temperance Union of Denison, signed by its president, Mrs. W. O. Fergerson, and its secretary, Mrs. S. C. Tharp, of Denison, Kans., favoring the improvement of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10046. By Mr. LUDLOW: Petition of citizens of Indianapolis, Ind., urging opposition to the legalization of beer or modification or repeal of the eighteenth amendment; to the Committee on the Judiciary.

10047. By Mr. McFADDEN: Petition of the Thirty-seventh Legislative Assembly of the State of Oregon, Senate Joint Memorial No. 1, to stop foreign goods coming into the United States and thereby help the factories and unemployment situation in the United States; to the Committee on Ways and Means.

10048. Also, petition of the Thirty-seventh Legislative Assembly of the State of Oregon, Senate Memorial No. 1, favoring the immediate payment of the soldiers' bonus; to the Committee on Ways and Means.

10049. By Mr. RUDD: Memorial of the Legislature of the State of Oregon, favoring immediate payment of the soldiers' bonus; to the Committee on Ways and Means.

10050. Also, memorial of the Legislature of the State of Oregon, favoring certain legislation in connection with the antidumping act; to the Committee on Ways and Means.

10051. By Mr. SANDERS of New York: Petition of citizens of Monroe County, N. Y., opposing any reduction in the enlisted strength of the United States Marine Corps; to the Committee on Appropriations.

10052. By Mr. SPENCE: Petition of William Cummings and others, of Covington; Nell McInerney, of Ludlow; Jack J. Flesch, of Latonia; Alice Chappius, of Cold Springs; August T. Schiffen, jr., of Fort Mitchell; Joseph Moran and others, of Bellevue; Lucille Palmer and others, of Newport; and B. E. Kettler, of Fort Thomas, all of the State of Kentucky, requesting the valuation of the gold ounce, etc.; to the Committee on Coinage, Weights, and Measures.

10053. By the SPEAKER: Petition of L. F. Harris, requesting an investigation of the official conduct of United States District Judge William Bondy; to the Committee on the Judiciary.

SENATE

TUESDAY, JANUARY 31, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 14359. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the



United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; and

H. R. 14416. An act to make the Federal gasoline tax effective until June 30, 1934.

READING OF WASHINGTON'S FAREWELL ADDRESS

The VICE PRESIDENT. Pursuant to the order of the Senate of January 24, 1901, the Chair designates the Senator from Illinois [Mr. GLENN] to read Washington's Farewell Address on February 22 next.

CALL OF THE ROLL

Mr. BINGHAM obtained the floor.

Mr. FESS. Mr. President, will the Senator yield to me to make the point of no quorum?

Mr. BINGHAM. I yield to the Senator for that purpose.

Mr. FESS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kendrick	Sheppard
Austin	Davis	Keyes	Shipstead
Bankhead	Dickinson	King	Shortridge
Barbour	Dill	La Follette	Smith
Barkley	Fess	Lewis	Smoot
Bingham	Fletcher	Logan	Steiwer
Black	Frazier	Long	Stephens
Blaine	George	McGill	Swanson
Borah	Glass	McKellar	Thomas, Idaho
Bratton	Glenn	McNary	Thomas, Okla.
Brookhart	Goldsborough	Metcalf	Townsend
Broussard	Gore	Moses	Trammell
Bulkley	Grammer	Neely	Tydings
Bulow	Hale	Norris	Vandenberg
Byrnes	Harrison	Nye	Wagner
Capper	Hastings	Oddie	Walcott
Caraway	Hatfield	Pittman	Walsh, Mass.
Carey	Hawes	Reed	Walsh, Mont.
Connally	Hayden	Reynolds	Watson
Coolidge	Hebert	Robinson, Ark.	Wheeler
Copeland	Howell	Robinson, Ind.	White
Costigan	Hull	Russell	
Couzens	Johnson	Schall	
Cutting	Kean	Schuyler	

Mr. FESS. Mr. President, I desire to announce that the Senator from Missouri [Mr. PATTERSON] is necessarily absent because of a death in his family.

I also desire to announce that the Senator from South Dakota [Mr. NORBECK] is detained in the Committee on Banking and Currency.

The VICE PRESIDENT. Ninety-three Senators have answered to their names. A quorum is present. The Senator from Connecticut [Mr. BINGHAM] has the floor.

DISTRIBUTION OF GOVERNMENT-OWNED COTTON—CONFERENCE REPORT

Mr. KING. Mr. President, the Senator from Connecticut has yielded to me for a moment. Some time ago H. R. 13607, to authorize the distribution of Government-owned cotton to the National Red Cross and other organizations for the relief of distress, passed the House and came to the Senate. Several amendments were made to the bill and it was passed and subsequently a conference had between the two Houses. The conferees reported back to the Senate accepting the position of the House and repudiating the action of the Senate. The conference report, during my temporary absence from the Chamber, was called up and adopted. I subsequently and on the same day submitted a motion to reconsider the vote, and that motion is now pending. I desire to proceed with the consideration of the motion.

I thank the Senator from Connecticut for yielding.

Mr. BINGHAM. Mr. President, I understand the Senator from Utah has now moved to reconsider the vote whereby the conference report was adopted. In opposition to the motion I would like to state one or two facts from the Red Cross. On the authority of Judge Payne, chairman of the Red Cross, it was stated on January 28 that the duty imposed upon the Red Cross of distributing clothing from 500,000 bales of cotton to needy people of the United States has been carried out as economically and as effectively as possible. He stated further:

We have purchased to January 20, 1933, chiefly from manufacturers, 56,850,664 yards of cotton cloth and 2,038,643 dozens of finished garments.

The Senator from Utah stated yesterday that a large part of the cotton which had been originally assigned to that organization under the bill last year had not been used. In reply to that may I quote from the testimony of Judge Payne before the House committee:

Mr. PURNELL. What percentage of the requests for cloth have you been able to meet?

Mr. PAYNE. That is a difficult question, because we estimate that the 500,000 bales that we have had to distribute would only meet a little over 20 per cent of the demand; so that we send to the chapters first the cloth for making the clothing and then the garments which they ordered specifically, and leave it to the chapters to distribute to the most needy.

Mr. PURNELL. Then you still have needs in each community unsatisfied?

Mr. PAYNE. Oh, yes.

Mr. PURNELL. How far will this 329,000 bales go toward satisfying the demand?

That is, the amount in the bill now before us.

Mr. PAYNE. Well, there will still be a very large demand.

Mr. PURNELL. As much as 50 per cent?

Mr. PAYNE. We have discussed that, and according to the best estimate that we can make on the facts which are presented by the reports of the chapters and which come to us otherwise, we think the need would require 2,000,000 bales.

In another place in the testimony before the House committee Judge Payne stated that at that time, and the date was December 13 of last year, they had actually used up by commitments all the 500,000 bales except 33,000 bales. They were drawing it from time to time so that at the present time they have nothing to distribute.

The need is very great, and I trust there will be no delay in discussing the matter. I was not one of the conferees, but the Senator from South Carolina [Mr. SMITH], who was in charge of the conference, is here. I trust the matter may be disposed of speedily and that the motion of the Senator from Utah will not prevail.

Mr. McKELLAR. Mr. President, before the Senator from Connecticut takes his seat I desire to ask him a question.

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Tennessee?

Mr. BINGHAM. I yield.

Mr. McKELLAR. How much money will go to the Farm Board under the conference report?

Mr. BINGHAM. Will the Senator address his question to the Senator from South Carolina, who was in charge of the bill in conference? I may say to the Senator that my only interest in the matter is to secure this cotton for bedding and clothing for the unfortunate during the winter. I have no interest whatever in the Farm Board, and took no part whatever in the drafting of the bill nor in its consideration in conference. I only ask that we get the matter settled promptly.

Mr. McKELLAR. I am in entire harmony with the Senator's position in that. I think we ought to get the bill through at the earliest possible moment, but I am not in favor of this appropriation going into the hands of the Farm Board. It is as to that point that I desire to ask my friend from South Carolina the question, How much will go to the Farm Board under the conference report?

Mr. SMITH. Mr. President, the conference report provides for the payment of the amount the Farm Board borrowed on this cotton plus the overhead. That was accepted rather than the Senate provision, that it would be paid for at the market price. Under the provision accepted there will be paid the amount of money the Farm Board had borrowed on this cotton or obligated themselves for, plus the overhead to date; and under those terms I do not know whether, as a matter of fact, the Farm Board will receive anything or not. It seems to me that under the terms of the bill they will be likely to lose the difference between the price paid for the cotton to individual producers who turned it over to them and the liens and other charges against it.

Mr. McKELLAR. They will lose that, anyway.

Mr. SMITH. They will.

Mr. McKELLAR. Suppose they sold it on the market today, that loss would accrue to them, of course.

Mr. SMITH. Of course.

Mr. McKELLAR. Why should the Government step in now and appropriate money for their benefit to that extent?

Mr. SMITH. As I understand, it is just returning to them or obligating to give them what they have borrowed on this cotton and what the overhead amounts to up to date.

Mr. McKELLAR. Last year we specifically provided that that should not be done. I do not just understand how the Senate conferees were willing to adopt a different plan this year. Last year we provided for the market price, and in the Senate this year we simply adopted the same provision we adopted last year. The conferees have changed that, and have arranged it so that the Farm Board will be held harmless against any loss on this cotton. I think that is unfair and unjust to those of us who desire to give this cotton to charity. In other words, apparently, the Farm Board has undertaken to force the Congress to appropriate for their losses because we want to use this cotton for charitable purposes.

Mr. SMITH. I think the Senator, perhaps, is mistaken. I think the only thing the bill now provides is that the Farm Board shall be reimbursed or be allowed to credit itself only with the actual money they borrowed from the banks or those who loaned them the money, plus the overhead, which includes storage, interest, insurance, and so forth.

Mr. McKELLAR. If we are willing to pay for that there is no reason why that should not be done, but they are asking not only for that but they say, "If you want this cotton you must pay all we owe on it, all the charges on it, and in addition to that you must pay what we have lost on it."

Mr. SMITH. I do not think that is correct.

Mr. McKELLAR. That is exactly what the conference report means. We will have the figures here in just a moment; the Senator from Utah [Mr. KING] will present them.

Mr. TYDINGS. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Tennessee still retain the floor?

Mr. McKELLAR. No; I yield the floor.

The VICE PRESIDENT. The Senator from South Carolina is recognized.

Mr. TYDINGS. Will the Senator from South Carolina yield?

Mr. SMITH. I yield.

Mr. TYDINGS. I understand that we are loaning to communities that need assistance from the Federal Government large sums of money. Is it not possible with these large sums of money to acquire the very materials which the bill now before us would give to distressed communities for a sum of money approximating that which it would cost the Government under the Senator's proposal?

Mr. SMITH. Mr. President, as I said in the committee when this matter was being considered, I think, from the standpoint of the Government, it would have been cheaper and more sensible for us to have appropriated money and gone into the market and bought the cotton at the market price; but, no matter what line we follow, the Government stands to lose the amount of money invested in this cotton, whether we take it out of the Farm Board or whether we go on the market and buy it, because the funds of the Farm Board are Government money, and Government money is required if we go and buy the cotton. When the question arises as to the difference between paying the Farm Board the market price for the cotton and the amount of money they borrowed plus overhead and interest—not the value of the cotton, but the amount they had borrowed on it, the amount they had obligated themselves to outside parties for the purpose of carrying the cotton, the interest and storage charges that had accrued, the latter, in my opinion, would be less than the market price.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield further to the Senator from Maryland?

Mr. SMITH. I yield the floor.

Mr. TYDINGS. I think that one of the troubles about relief is that there is no well-considered, ordered campaign for relief. First, we appropriate money and then we supplement that with wheat, and then we supplement it with cotton. It looks to me as if there were no coordination or business policy back of the relief program.

I am not criticizing the particular motion which is pending nor the motive which prompts it, but I think now is the time that we should formulate some general relief policy and not have these hodgepodge measures going through here without the consideration they ought to have.

Mr. KING obtained the floor.

Mr. FLETCHER. Mr. President, may I interrupt the Senator?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Florida?

Mr. KING. I yield.

Mr. FLETCHER. I should like to inquire whether the amount loaned on this cotton exceeds the market price?

Mr. KING. I will answer that question in a few moments.

Mr. President, some Senators may not be fully advised as to the matter in controversy in connection with the matter now before us. The objection to the conference report does not relate to the question of whether a small appropriation should be made for the purchasing of cotton to aid those in distress. I might add, however, that it would be far better, as indicated by the Senator from South Carolina, to appropriate directly from the Treasury such sums as we conceive to be proper and then purchase either the cotton or buy the clothing into which it is designed the cotton shall be manufactured and make distribution of that to those who are in distress than to follow the plan presented in the House bill.

Some Senators may be under the impression that the opposition to the conference report is directed against the provision of the House bill which authorizes the use of 350,000 bales of cotton for the purpose of manufacturing clothing for distribution to the needy. The bill as it passed the House contains a provision that 350,000 bales of cotton now owned by the Farm Board or its agent, the Cotton Stabilization Corporation, but against which there are liens of a considerable sum, shall be delivered to the Red Cross to be used by it in obtaining clothing for distribution to the needy throughout the United States. That bill further provided that the money to pay these charges shall be taken from the Treasury of the United States. In other words, the bill appropriated or authorized the appropriation of approximately ten or eleven million dollars to pay charges and liens against cotton owned by the Farm Board or its agent in order that the cotton might be used by the Red Cross to exchange for clothing. When the bill came to the Senate, the Senator from Tennessee offered an amendment, which was modified, under the terms of which the money should come out of the revolving fund of the Farm Board and not out of the Treasury of the United States.

It is true, as my friend has just stated, that the United States appropriated the money expended and to be expended by the Farm Board, but I insisted, as did the Senate, that the money required to pay these charges and liens against the cotton should be taken from the revolving fund of the Farm Board and not from the Treasury of the United States.

Mr. President, the figures to which reference was made——

Mr. SHORTRIDGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from California?

Mr. KING. I yield.

Mr. SHORTRIDGE. Is there a considerable sum in the revolving fund for that purpose?

Mr. KING. I will come to that, if the Senator will pardon me, but I will say now categorically, yes.

Mr. TYDINGS. Does the Senator intend to offer an amendment to carry that out?

Mr. KING. A motion to reconsider is pending, and at this stage an amendment is not in order.

Mr. President, I have obtained this morning from the Treasury of the United States figures showing that there is in the Treasury of the United States to the credit of the Farm Board $28,680,938. This sum is "earmarked" and is a part of the $400,000,000 appropriated to the Farm Board. I am opposed to now appropriating ten or eleven million dollars from the Treasury of the United States to pay the debts of the Farm Board or its agent when it has $28,680,000 plus to its credit in the Treasury of the United States.

The Farm Board loaned to the Stabilization Corporation a sufficient sum to purchase a large quantity of cotton, a portion of which is the 350,000 bales referred to in this bill before us. It took security, notes, and collateral from the Stabilization Corporation for the money which was loaned for the purchase of this cotton. The Stabilization Corporation, after purchasing the cotton, incurred obligations in part due to the enormous salaries of officers and employees of the corporation, the president of which received $75,000 a year, but which has been reduced, I understand, to $50,000; and to pay for the purchase of additional cotton. At any rate the Stabilization Corporation, which is a creature of the Farm Board, borrowed upon the 350,000 bales of cotton—and it also borrowed upon all the cotton which it purchased—as I am advised, a sum amounting to $8,750,000. In addition, as a representative of the Farm Board told me, there are various charges amounting to $520,000, which constitute a lien upon the cotton. In addition, it will require $1,400,000 to pay for the carrying charges and delivery of the cotton.

Mr. BANKHEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Alabama?

Mr. KING. I will yield in a moment. The aggregate, therefore, charged against this cotton is $10,670,000. Those are the liens and charges against this cotton which I insist shall be paid by the Farm Board out of the $28,000,000 plus which it has in the Treasury.

The Senate adopted this view and so amended the bill, but the conference committee promptly rejected the Senate's views and declared that the liens and charges should be paid by the United States, and that additional taxes shall be levied upon the people to meet the same.

Mr. BANKHEAD. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Alabama?

Mr. KING. I yield.

Mr. BANKHEAD. I should like to know, if the Senator has figured it, what the cotton cost, per pound, under the conference report.

Mr. KING. That is not material, as I see the question. I do not know what it did cost per pound.

Mr. BANKHEAD. It is very material when we consider whether that is the best way to get the cotton, or to go out in the market and buy the cotton.

Mr. KING. In that sense, yes; there are those who believe it would be better for the taxpayers and for those who grow cotton to appropriate enough to purchase the clothing which will be obtained by the Red Cross by using the 350,000 bales of cotton than to adopt the plan provided in the bill before us. It is claimed that four or five million dollars would purchase as much clothing as the Red Cross will obtain by the use of the cotton provided for in this bill, and that such course would stimulate the market to the advantage of the cotton producers. The charges against the cotton to date amount to at least $25 per bale. What they will be at the time of delivery no one can tell, but it is figured that they will amount to $1,400,000.

Mr. BANKHEAD. What is the total cost?

Mr. KING. The total liens and charges against this cotton to-day amount to $10,670,000.

Mr. BANKHEAD. May I ask whether any other payments are required under this conference report besides the liens?

Mr. KING. I think not.

Mr. BANKHEAD. How many bales of cotton are there?

Mr. KING. Three hundred and fifty thousand. The issue before us is very narrow; and I appeal to the Senator from Connecticut [Mr. BINGHAM], who is asking for economy, not to dip into the Treasury of the United States in its depleted condition, and take out approximately $11,000,000, to be used in paying debts of the Farm Board and its agents, thus adding to the stupendous appropriation of $500,000,000 which the Farm Board has already received, when it has $28,000,000 plus in the Treasury of the United States to-day from which the payment should be made.

Mr. SWANSON. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Virginia?

Mr. KING. I yield to the Senator.

Mr. SWANSON. As I understand, if we take out of the Treasury and turn over to the Farm Board the amount necessary to pay for this 350,000 bales of cotton, that will be added to their fund with which they conduct operations; whereas if we require the Farm Board to furnish the cotton out of this $28,000,000 it has on hand, it will discontinue the operations of the Farm Board to that extent.

Mr. KING. Exactly.

Mr. SWANSON. And the only object of this procedure is to have another conference, to see if we can not stop the operations of the Farm Board to that extent. That is the issue; is it not?

Mr. KING. I think the Senator, with his usual clarity of expression and keenness of perception, has indicated the principal point at issue in the matter. The real question is, Shall the view of the House and the Senator from Connecticut [Mr. BINGHAM] prevail—shall we tax the taxpayers of the United States $11,000,000 more in order to give it to the Farm Board, when the Farm Board, after expending more than $300,000,000 plus, much of which was lost and wasted, still has $28,000,000 to waste or expend. I insist, the Senator from Tennessee [Mr. MCKELLAR] insists, and the Senate insisted, that the tax burdens of the people should not be added to by compelling them to pay the $11,000,000 required to discharge the liens referred to, but that the Farm Board should meet the existing obligations.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Massachusetts?

Mr. KING. I yield to the Senator.

Mr. WALSH of Massachusetts. I desire to make an inquiry about another phase of this matter.

Yesterday evening I was in conference with the chairman of the Stabilization Corporation. I was seeking to arrange for the storage of some of this cotton in New England, so that it should be more easily available to the cotton mills. He informed me—and I desire the Senator's opinion about it—that if this bill was enacted the Stabilization Corporation would be out of the cotton business; that there would be no more cotton for them to handle or dispose of. The reason of my inquiry is to find out whether the Senator is in accord with that sentiment; and if so, why should we not abolish the Stabilization Corporation?

Mr. KING. Mr. President, if the obtaining of this 350,000 bales of cotton will result in the stabilization cotton organization having no more cotton to dispose of, we can accomplish the same result by adhering to the Senate amendment. I regret that I have not made myself clear.

Mr. MCKELLAR. Mr. President——

Mr. WALSH of Massachusetts. I did not want to discuss the Senate amendment. What I wanted to bring out was whether or not this bill was leading in the direction of getting us out of the cotton business as a Government function.

Mr. KING. Of course, Mr. President, if we take money out of the Treasury of the United States and go out and

buy cotton of the Stabilization Corporation with liens upon it amounting to $11,000,000, then to that extent we get the Stabilization Corporation out of the cotton business and the Farm Board out of the cotton business; but we are doing it at the expense of the taxpayers of the United States. We have already taxed them $500,000,000. The Farm Board has squandered it all but $28,000,000, which is in cash and in the Treasury. I am insisting that we take the $11,000,000 out of the $28,000,000 that is left of the original $500,000,000 and pay these charges, and then the cotton will be delivered to the Red Cross just the same as if the House bill prevailed.

Mr. WALSH of Massachusetts. I understand that; but what I am trying to ascertain is, Is there a possibility now, with these bales of cotton being passed over to the Red Cross, of getting the Stabilization Corporation out of the cotton business for all time?

Mr. KING. It may require legislation. We ought to abolish the Farm Board; and with the abolition of the Farm Board the activities of the Stabilization Corporation and the Wheat Corporation would soon come to an end.

Mr. McKELLAR and Mr. SHORTRIDGE addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield to the Senator from Tennessee. Then I will yield to the Senator from California.

Mr. McKELLAR. If the Senator will allow me, I will answer the question which the Senator from Massachusetts has just asked.

The Stabilization Corporation, according to its last report, has 1,300,000 bales of cotton. We appropriated last summer 500,000 bales of cotton to be used by the Red Cross. That reduced the amount to 800,000 bales. To take away this 350,000 bales will leave 450,000 bales of the stabilization cotton still in existence, unless within the last few weeks the Stabilization Corporation has disposed of some of it.

Mr. WALSH of Massachusetts. That is not in accordance with the information given me.

Mr. McKELLAR. That is in accordance with the facts.

Mr. WALSH of Massachusetts. The information given me was that this would take all of the cotton which the Stabilization Corporation controls.

Mr. SMITH. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from South Carolina?

Mr. KING. I yield to the Senator from South Carolina.

Mr. SMITH. In addition to the cotton that has been allocated to the Red Cross, the Stabilization Corporation has been liquidating its holdings in the market; and that, in addition to what has been donated or allocated, whatever we may call it, to the Red Cross, has brought them down to where they practically are ready to close up the stabilization activities and go out of business.

Mr. WALSH of Massachusetts. I am glad to have that information. That is in conformity with the information given me, namely, that when this cotton is passed over to the Red Cross they will be ready to go out of business.

Mr. SMITH. Yes.

Mr. KING. There is no doubt that the activities of the Stabilization Corporation in dealing with cotton have demoralized and disturbed the market, and the quantity which it has held over the heads of those who have cotton to sell has had a most depressing effect. I am now asking that we disagree to the conference report and send the matter back to conference, so that the views of the Senate, unanimously expressed, may be further considered. I can not help but believe that a further conference will lead to the acceptance of the views of the Senate, and thus save the taxpayers at least ten or eleven millions of dollars. A conference could be had and within a day or so a report submitted which would, it is to be hoped, be of advantage to the people of the United States, and provide for the cotton in question to be delivered to the Red Cross.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Utah a question?

Mr. KING. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The Senator has just stated that if the conference report be not agreed to, an arrangement will be readily and promptly made that will obviate the payment to the Federal Farm Board of this $12,000,000, or approximately that amount. I wonder if the Senator intended the Senate to understand that he is assured that a conference agreement can be made with such an arrangement.

Mr. KING. Mr. President, perhaps I spoke with an assurance which may not be justified; but in view of the platform declarations that we have made respecting the Farm Board and its abolition, and in view of our platform declarations in favor of economy, and in view of the difficulties we are encountering now to balance the Budget, it seemed to me that the conferees would immediately agree upon the Senate bill and require the Farm Board to discharge the loans and charges referred to, thus saving the taxpayers approximately $11,000,000.

Mr. ROBINSON of Arkansas. The gist of the Senator's statement as I quoted it is a controlling consideration, as I see it. I should not like to vote to reconsider, and recommit this bill to conference, unless some assurance can be given that a different result may be anticipated. In other words, if this cotton is to be made available for purposes of the Red Cross, it ought to be done as promptly as practicable.

Mr. SMITH. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from South Carolina?

Mr. KING. I promised to yield first to the Senator from California [Mr. SHORTRIDGE]. Then I will yield to the Senator from South Carolina.

Mr. SHORTRIDGE. Mr. President, the question put by the Senator from Arkansas, and the responses made, have cleared up in my mind what I intended to have developed. As I understand the statement of the Senator from Utah, the Farm Board now has available funds to meet this requirement.

Mr. KING. Yes; $28,680,000 plus in the Treasury.

Mr. SHORTRIDGE. Exactly; but that amount must be devoted to removing the liens that are now resting on the cotton in question.

Mr. KING. I insist that that shall be done, whereas the House bill says that we shall take it out of the Treasury of the United States.

Mr. SHORTRIDGE. I understand the Senator. In other words, who has the cotton now?

Mr. KING. The Stabilization Corporation, an agent of the Farm Board.

Mr. SHORTRIDGE. And there is a lien amounting to how much?

Mr. KING. Approximately $10,670,000 lien for costs and charges.

Mr. SHORTRIDGE. Precisely. The end in view is to get this cotton into the hands of the needy?

Mr. KING. Yes; into the hands of the Red Cross, so that they may make contracts for the purpose of obtaining clothing to distribute to the needy.

Mr. SHORTRIDGE. Precisely. In order to accomplish that end this lien must be removed, and the Senator's contention is that the Farm Board should devote this money for that purpose?

Mr. KING. To be sure; instead of taxing the people of the United States $11,000,000, when the Farm Board have the money, and they may soon expend it, as they have most of the $500,000,000 placed in their hands by the United States.

Mr. SHORTRIDGE. Whether they have or not, I wished merely to have that point made clear; and it is now clear to me.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I yield to the Senator from Tennessee.

Mr. McKELLAR. In order to see if we can not bring about a ready adjustment of this matter, I am going to ask the Senator from South Carolina, who has the report in charge, if he will not take this bill back to conference and see if he can not work it out there along the lines that have been suggested here this morning. I hope he can. We want to take up the other bill, and we want to get rid of this matter. It is very necessary.

Mr. SMITH. Mr. President, I want to say that this is one time that a matter was more or less thrust upon me. There seems to be an impression abroad that I know more about cotton and the cotton business than most persons; and God knows if that is true, the rest of the Senators ought to be ashamed of themselves.

The situation is just this: The capital of the Farm Board now in actual money is about $28,000,000. I do not know what obligations they have which may take part or all of that; I am not advised. I do not know whether that amount of money is net to carry on with, outside of the operating expenses. It does not make a particle of difference whether we make provision for the difference between the market price and the obligations of the Farm Board, it is Government money. Suppose to-morrow the Farm Board were to go out of business and there was $28,000,000 net; that would be turned into the Treasury, and if this bill were to pass in the form in which it now is, $11,000,000 of that Government money would have to go to furnish the fund made necessary by this measure.

Whether there are commitments against the $28,000,000 I do not know; I do not know what obligations the Farm Board may have outstanding against it. The question is whether we are going to require that the $11,000,000 shall come out of this Government fund which we voted, or whether we are going to make a separate appropriation and leave the $11,000,000 to the credit of the Farm Board. That is the only thing involved. In either event it will come out of money collected through taxes paid by the people of the country.

If it is the opinion of the Senate that the Farm Board is going to lose or squander the $28,000,000——

Mr. KING. We had better get our hands on a part of it soon.

Mr. SMITH. Then the question is how quickly we can salvage some of it. I am not in a position to know about that fund. To me it looked like trying to find the difference between tweedledum and tweedledee. The Government will have to pay it anyway.

Mr. SWANSON. Mr. President, will the Senator yield to me?

Mr. KING. I yield.

Mr. SWANSON. As I understand the proposition, $28,000,000 in the Treasury to-day is to the credit of the Farm Board.

Mr. KING. That is right; it is in law segregated as much as if it were in the Senator's possession.

Mr. SWANSON. As I understand the statement of the Treasury, if this $11,000,000 is appropriated out of the Treasury we shall have to raise money through taxes to furnish that amount.

Mr. KING. Absolutely.

Mr. SWANSON. The only difference is that while the $28,000,000 has been raised, if we take $11,000,000, there will be only $17,000,000 left; but if $11,000,000 is taken out of the Treasury, we shall have to furnish money to put in its place.

Mr. KING. Absolutely.

Mr. SHORTRIDGE. Mr. President, may I ask a question?

Mr. KING. Let me answer what the Senator from South Carolina has suggested, and then I will yield to the Senator.

I may say to my friend from South Carolina that his argument is ingenious but frank. The fallacy of it is that he assumes that the $28,000,000 plus which is in the Treasury of the United States for the Farm Board is available as an asset of the Federal Government. In my opinion, it is not, but is earmarked and belongs to the Farm Board just as the gold which France had at one time in the banks of the United States was earmarked. It was in the vaults of banks, but it was French gold, which could be withdrawn at any time.

While we are debating to-day, the Farm Board may issue warrants and withdraw it. That is possible. If they took it out of the Treasury for any purpose, just or unjust, then we would be confronted with a fait accompli, and probably would have to make an appropriation out of the Treasury and tax the already overburdened people of the United States to raise this $11,000,000 which ought to be paid by the Farm Board.

I now yield to the Senator from California.

Mr. SHORTRIDGE. I was about to ask the Senator this question: What are the outstanding present obligations of the Farm Board?

Mr. KING. I can not answer that, Mr. President. They contend, I am advised—and it is hearsay—that they have assets of the value of one or two hundred million dollars; and, in addition to that, they have the $28,000,000 plus in the Treasury. As I am advised the board contends that those assets consist of property, real and personal, of notes, mortgages, and various forms of security. At any rate, the Farm Board confesses that it lost between two and three hundred million dollars in its operations. It has $28,000,000 plus in the Treasury. It claims that it has assets worth one hundred or two hundred million dollars, and now the effort is to saddle upon the taxpayers of the United States the burden of raising $11,000,000.

Mr. BYRNES. Mr. President, will the Senator yield to me?

Mr. KING. I yield.

Mr. BYRNES. I will ask the Senator whether it is a correct statement of the case to say that $28,000,000 is in the Treasury to the credit of the Farm Board. There is no evidence that they have committed themselves to lend that amount to any of the cooperatives.

Mr. KING. No.

Mr. BYRNES. Then the only question is whether the $11,000,000 necessary to pay the interest and charges upon this cotton shall come as an additional appropriation from the Treasury or out of the Farm Board fund?

Mr. KING. That is the only question.

Mr. BYRNES. Is this correct, too, that if this measure shall go back to conference then the question will be whether the conferees will deny to the people of the United States, who need it, the clothing, which has been referred to on this floor, rather than reduce by $11,000,000 the Farm Board's fund, now amounting to $28,000,000?

Mr. KING. The Senator has stated the proposition in a few words.

Mr. BYRNES. And in voting, the question is whether we shall vote to reduce the Farm Board fund by $11,000,000 or deny to the American people who are in want an opportunity to receive the blankets and clothes which might be accorded them?

Mr. KING. I invite the attention of the Senator from Connecticut and my Democratic friends to an article appearing in this morning's paper containing a statement by the President of the United States, in which he warns the Congress and the people of the country that the appropriations contemplated exceed the Budget estimates. He states:

> The appropriation bills for the next fiscal year for the State, Justice, Commerce, and Labor Departments, together with the independent offices bill, have now been reported out from the House Appropriations Committee.
>
> The President recommended total appropriations for these services of $1,058,741,556, including permanent appropriations amounting to $81,104,553, or $977,637,003, excluding permanent appropriations.
>
> The House committee recommended $1,106,172,818, excluding permanent appropriations, or $128,535,815 increase over the President's recommendations. To this should be added $1,268,480 for deferments which will be required in the fiscal year, making a total increase for these services of $129,804,295.
>
> Since the statement of January 20, which showed on the same basis net increases of about $35,000,000 for the Departments of Agriculture, Interior, Post Office, Treasury, and War, further action by the House on the War Department bill has modified this figure to about $33,500,000.

The totals of the increases over the President's recommendations to date are therefore $163,319,642, and if finally adopted by the Congress will make an increase in the estimated deficit by that amount.

I do not quote these figures as indicating the infallibility of the President, because figures which have come from the White House and from the Treasury Department have not always been accurate. Congress, and the committees of Congress, relying upon them, have been led into serious mistakes. Nevertheless, the warning of the President is timely, and I appeal to Democrats, as well as to Republicans, that upon an issue of economy, reduction of taxes, relieving the American people from their burdens, there ought not to be any division.

Mr. BINGHAM. Mr. President, will the Senator yield to me?

Mr. KING. I yield.

Mr. BINGHAM. It is my understanding that the large amount of money to which the Senator refers, which has been reported by the House committee, is recommended chiefly because of the fact that no effort has been made to change the law regarding benefits to veterans of the World War for disabilities not received in line of duty and not directly attributable to the war, the President having recommended in his message a change in the law which would save about $127,000,000. The fact that the change has not been made necessitates an appropriation in the independent offices bill which causes this very great increase in appropriations over what the President hoped might take place.

Mr. KING. Mr. President, I did not quote from the President for the purpose of indicating the accuracy of the figures which he submitted. I did think, however, that his admonition to Congress and to the country at this time was entirely proper. Of course, I may not comment upon the situation at the other end of the Capitol, but my observations here in this body indicate that we approach with a great deal of timidity the question of reducing the burdens of taxation, and of reducing appropriations; I hope that more admonitions will come, not from the President alone, but from members of the Committee on Appropriations, that unless economies are effectuated, there will be a large deficit which will be passed on to the next administration.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. ROBINSON of Arkansas. I am wondering whether it is possible to accomplish the saving of some time by an arrangement to let the vote by which the conference report was agreed to be reconsidered and the bill go back to conference, and see if a different result can be accomplished in the conference.

Mr. WALSH of Massachusetts. Mr. President, could a stipulation be included in the agreement that the bill be reported back within a day or two?

Mr. ROBINSON of Arkansas. It would be my desire that as prompt action as possible should be had. I do not think we could bind the conferees, particularly those of the other body, to report within a given time.

My thought is this: We are getting near the end of the session. We have spent hours debating this subject already, and I fear will spend hours more. It seems to me that if the arrangement I am now suggesting can be made, we will know, when the bill comes back in a day or two, whether it is possible to reach an agreement which can be quickly worked out in legislation.

I feel that we ought to get action on these matters, and I am going to make the request for unanimous consent in the hope that it will be agreed to, and with the understanding that the bill shall be brought to a final conclusion as speedily as possible.

Mr. WALSH of Massachusetts. Mr. President, may I state that I hope the Senator from Connecticut and the Senator from South Carolina will agree, because it is my opinion that if a vote is taken the bill will be recommitted anyway; and this course will save time, and we shall get speedy action. The Senator from Utah assures us that he will have the bill returned very promptly.

Mr. KING. As far as I have any influence, of course.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oregon?

Mr. KING. I yield.

Mr. McNARY. As one of the conferees I have no objection to that procedure if it is agreeable to the Senator from Connecticut [Mr. BINGHAM]. I do not know what can be accomplished. The able Senator from South Carolina [Mr. SMITH] worked very diligently on this matter, more actively than any of the other conferees. He had the time and the disposition and knew the subject matter. So far as I am concerned as one of the conferees, if the order shall be obtained I shall try to arrange for a conference at the earliest possible moment. I appreciate the necessity for expedition in the matter.

The VICE PRESIDENT. Let the Chair state that the report having been acted upon by the House, the bill would have to go back to the House and a new conference agreed upon.

Mr. ROBINSON of Arkansas. We could ask for a further conference.

The VICE PRESIDENT. The Senate could disagree to the report and insist on its amendments.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the motion to reconsider be agreed to, that the report be disagreed to, that the Senate further insist upon its amendments and ask a further conference with the House, and that the Chair appoint the conferees on the part of the Senate.

Mr. McNARY. Mr. President, may I have the attention of the Senator from South Carolina? Does that proposal meet with his approval?

Mr. ROBINSON of Arkansas. May I make one additional statement first? I appreciate the spirit of the Senator from Connecticut and the Senator from South Carolina and the Senator from Oregon, as well as the attitude of the Senator from Utah. We must find some way to bring matters of this nature to a prompt conclusion. I feel that we are liable to go on debating the subject all day unless we do, and there is no necessity and no justification for prolonging the discussion.

I am not committing myself to a vote to recommit the bill, but I am committing myself to the proposition that we ought to save all the time we can. It is generous of the Senators who handled the bill in conference to make that concession, and I shall certainly stand by them if they feel constrained to reach the same conclusion that is reflected in the present conference report.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oregon?

Mr. KING. I yield.

Mr. McNARY. There is no question about the position of the Senator from Arkansas. We are all in accord in that respect. I am not sure that there would be any change in the attitude of the conferees if the matter goes back to conference. I think we should vote to expedite the consideration of the matter now. I think the quickest way to handle it is to dispose of the question now, without further debate, whether we shall adopt or reject the conference report. In my opinion, the conference report would be adopted. On going back to conference, I am not sure whether we can accomplish anything different or not. I am willing to go back if that is the will of the Senate.

Mr. SMITH. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from South Carolina?

Mr. KING. I yield.

Mr. SMITH. I have no predilection in the matter. I am here to do what the majority of the Senate sees fit to do; but the question is going to be presented, either in conference or on the floor of the Senate, as to whether we shall take out of the Treasury an additional $11,000,000 or whether we shall take it out of the Farm Board. That is the clear-cut issue now. I have no guaranty that the Senate will take either one of the two, or which one of the two we

will take. I am perfectly willing to go back and discuss it with the conferees on the part of the House. But the question, then, is going to be whether or not the money is to be taken out of the Treasury or taken out of the Farm Board. It seems to me we can settle that right now by a vote.

Mr. ROBINSON of Arkansas. Then let us vote.

Mr. SMITH. We would then know the sentiment of the body and which of the two alternatives we will take.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield further to the Senator from Arkansas?

Mr. KING. I yield.

Mr. ROBINSON of Arkansas. If we can reach a vote, I have no objection, but, on the contrary, I would be delighted to take it. I ask the Senator from South Carolina how we are going to reach a vote right now with the Senator from Utah occupying the floor and the Senator from Oklahoma [Mr. GORE] waiting to take the floor and other Senators ready to carry on the debate?

Mr. SMITH. May I ask the Senator from Arkansas, if we are going to filibuster——

Mr. ROBINSON of Arkansas. Oh, I was not talking about a filibuster. I am trying to save time.

Mr. SMITH. So am I.

Mr. ROBINSON of Arkansas. I submit my request for unanimous consent.

The VICE PRESIDENT. Is there objection to the unanimous-consent request of the Senator from Arkansas?

Mr. BINGHAM. Mr. President——

Mr. KING. I yield to the Senator from Connecticut.

Mr. BINGHAM. I agree with the Senator from Oregon [Mr. MCNARY] that the quickest way to expedite the whole matter is to get a vote on it. I appeal to those who have debated it now for the last hour that they rest their case on the debate and let us come to a vote. If there is anything to be gained by agreeing to a reconsideration of the vote, I, for one, would have no objection to it, but it seems to me the Senator from Oregon is entirely correct that the likelihood of our getting favorable action in the conference would be greatly increased if we had a vote of the Senate denying or refusing to accept the decision of the conference. In the interest of saving time in the long run, since the debate is fresh in our minds, and if Senators will be willing to rest their case now instead of unduly prolonging the debate, it seems to me that that would be the best way to instruct the conferees. I hope we may have a vote on acceptance or rejection without further delay.

The VICE PRESIDENT. The Senator from Arkansas has submitted a unanimous-consent request. Is there objection? The Chair hears none, and it is so ordered. The Chair appoints the same conferees—the Senator from Oregon [Mr. MCNARY], the Senator from Nebraska [Mr. NORRIS], and the Senator from South Carolina [Mr. SMITH].

Mr. GORE. Mr. President, I am in entire sympathy with the wish of the Senator from Arkansas [Mr. ROBINSON] to expedite the business of the Senate. There are, however, certain facts which I desire to insert in the RECORD at this point for the enlightenment of the Senate and the guidance of the conferees.

Mr. President, I hold in my hand a letter from a cotton concern in the city of New York, McCampbell & Co. They are dealers in cotton goods. That fact does not appear upon the circular letter which I hold in my hand. It is a circular letter sent to the local agents of the Red Cross throughout the country. I assume from its tone and tenor that it was sent to each and every local Red Cross agent throughout the United States. It solicits those agents to write their Congressmen and to write their Senators urging the passage of the bill. It urges the Red Cross agents to be charitable, to communicate with their Senators and Congressmen advising them as to their duty in the premises. I wish to have the letter read to the Senate.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

The legislative clerk read as follows:

NEW YORK, *January 20, 1933.*

DEAR FRIENDS: If your chapter could use, as Judge Payne recently testified, a great many more garments and additional cloth such as have been distributed to you by us and other manufacturers as a result of the first allotment of Farm Board cotton, it is suggested that you get in touch immediately with both of your Senators and your Representative in Congress, urging immediate action on the bill now pending to provide the remaining Stabilization Corporation's cotton.

There is every evidence that this bill will be passed, and National Red Cross headquarters will eventually be able to arrange for additional distribution of cloth and garments to you; but temporarily at least action by both branches of Congress is being held up. Word from you at this time would undoubtedly focus the attention of the men in Washington on the importance of immediate action.

In addition to writing your own Senators and your Representative, it is suggested that you also write a word of encouragement to the Hon. H. P. FULMER, Member of Congress, who sponsored the original bill and is back of the present legislation.

In writing you in this way the writer is doing so not at the suggestion of Red Cross headquarters but as an individual interested in seeing that the American Red Cross is put in a position to continue the excellent work which it has been doing in providing the needy with clothing.

Yours very truly,

RAYMOND H. STORM,
MCCAMPBELL & CO.

Mr. GORE. Mr. President, this cotton company avow a disinterested desire to see that the people of the country shall have their wants ministered to through the agency of the Red Cross, concealing the fact that they are dealers in cotton goods. That letter is pure propaganda. It is not written in the interest of charity nor in the interest of the suffering people of the country. I may say that I heard suggestions on the floor of the Senate but yesterday that the bill would stimulate employment on the part of operatives in cotton factories. Is that disinterested charity?

But, Mr. President, the anxiety on the part of this concern was superfluous and unwarranted. Their activities were unnecessary. No urge is required to speed legislation of this sort. We have set our feet in this path and there is no turning. The brakes are out of order and the pending bill illustrates the evil character and the evil tendency of such legislation and of such a policy. The measure passed in the last session to distribute cotton goods, limited the bounties of the Government to cloth and clothing. Mark the word "clothing." The pending bill, as might have been expected, goes a step farther. It includes bedding. No one should be surprised. It would be surprising if it were otherwise. The Senate, in order not to be behind, was not content with the word "bedding," but added, out of a superabundance of caution, "quilts and comforts." That was the point which divided the conferees. The Senate conferees finally yielded upon full assurance upon the part of the House conferees that "bedding" included quilts and comforts. So that point is settled.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER (Mr. DICKINSON in the chair). Does the Senator from Oklahoma yield to the Senator from Massachusetts?

Mr. GORE. I am glad to yield.

Mr. WALSH of Massachusetts. I am interested in the Senator's statement, because I have received epistles from my State calling attention to the extent to which they are suffering from the cold and asking that similar action be taken in the furnishing of coal by the several governments to that taken by the Government in the furnishing of cotton clothing and bedding.

Mr. GORE. I would suggest that the Senator advise his constituents to be patient and bide their time. Coal will follow in its train. The next bill that comes will probably include umbrellas and horse collars. [Laughter.]

Mr. WALSH of Massachusetts. Does not what the Senator has stated or is asking lead to the conclusion that if we are to proceed sanely and with due regard to the protection of the Federal Government in the future, whatever relief is expended by the Federal Government ought to be in the nature of cash to the local communities to be distributed as they see fit.

Mr. GORE. Either that or work to be required, for either cash, clothing, flour, or any other contribution. I shall touch that point in a moment.

I have no purpose, Mr. President, to delay the consideration of this measure; still less do I have any expectation of defeating such legislation. That would be contrary to all human experience. A year ago I detailed the course of degeneracy in the Roman Republic. I shall not now repeat further than to state that it began not, indeed, with free corn but with the sale of corn at a price less than the market price. The politicians, however, were not content with that. They insisted that even the reduced price was higher than Roman citizens should be required to pay. The price was further reduced. Finally the price was abolished, and corn was distributed free without money and without price. That was followed in the course of time by free corn, free oil, free wine, free shows, everything free except the inhabitants of Rome itself; they lost their character, and they lost their liberties.

Mr. President, it is said that human nature never changes. That may be true; but human nature reacts differently in different environment; human nature reacts quite differently to one state of environment as compared with another. Sometimes I think perhaps a craven or coward might under different environment have been a martyr or a hero. We can not change heredity; that is certain. We can not change the heredity of one individual, much less of an entire generation; but self-reliance and self-respect were the virtues which made this Republic great, and it can not survive their departure.

In my judgment, responding to the question of the Senator from Massachusetts [Mr. WALSH], I have always thought that work should be required in all possible cases where either flour or clothing is distributed. I happened to be in the town of Brownsville, Tex., not long since. The Red Cross there adopted, in the first instance, a policy requiring work in return for clothing and flour. A member of the board, however, a lady there, inspired by supersensitive consideration for the poor, protested that it was unfair for the poor to have to work in order to enjoy the benefactions of their Government. The practice of requiring work was abandoned. Not long since I was in conversation with a gentleman who has charge of the Red Cross work in one of the largest counties of the great State of Pennsylvania. He was a major in the World War. He has his local agents in towns and communities throughout the county. He told me that when carloads of flour came to his town, in the interest of economy and to save the paying out of cash, he had tried to arrange with the unemployed to unload the flour, upon the promise that they would be paid in flour for their services. They refused the task, answering that they would go across the street and obtain their dole from the local Red Cross agent, not only without money and without price but without work.

I have here a letter which I desire to have read. It will only take a moment. I have, also, another letter which I should like to request to have printed in the RECORD bearing upon this policy. I have purposely omitted the name of the writer of the letters, but they are from a Red Cross agent. I do not wish to embarrass him.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

JANUARY 25, 1933.

MY DEAR SIR: I have been connected with the Red Cross in the distribution of flour and clothing here in ——— County since the first shipment was received until the present time.

There is a bill in Congress at the present time to provide the remaining Stabilization Corporation cotton for distribution by the Red Cross.

I wish you to please be against this bill unless the beneficiary renders some service in return for these supplies.

The people who receive these supplies are of that shiftless, worthless class who are on charity in good times as well as bad. They are nonproducers. Ninety per cent of them did not even plant a garden last year or make any effort to be self-supporting. They have assumed the attitude that the Government is going to support them.

I could write several pages and go into details, but I realize that your time is very valuable, so I ask you from my experience to be against the giving away of supplies to the needy and destitute free of charge.

We have to live and learn and rectify our mistakes when we make them, and I tell you this sure is a mistake that should be stopped.

Very truly yours,

———, ———.

P. S.—If you wish details as to my attitude in this matter, I shall be glad to write you at length.

Mr. GORE. Mr. President, I have had that letter read for whatever it may be worth. It is the fruit of experience. Here we have no experience and probably will not need the experience of others. In response to his suggestion I wired requesting the details. The answer to that request I ask to have printed in the RECORD without taking the time of the Senate to have it read.

The PRESIDING OFFICER. Without objection, the letter will be printed in the RECORD.

The letter referred to is as follows:

AMERICAN RED CROSS,
——— COUNTY CHAPTER,
January 28, 1933.

Hon. T. P. GORE,
Washington, D. C.

MY DEAR SENATOR: Supplementing my letter of a few days ago, in which I requested you to be against the free distribution of the Stabilization Corporation's cotton to the "needy and distressed people of the United States," I am glad to give you my experiences as a worker with the Red Cross in the distribution of flour and clothing and yard goods.

This county has been divided into 15 districts, with a district chairman in each district. This chairman perfects an organization to handle this distribution in his territory.

We thought this method would tend to localize the distribution and the chairman and his helpers would be more or less personally acquainted with all the people in his district, and in this way the people who were not entitled to these supplies would be weeded out.

When the first shipment of flour was received last spring, the method of determining the beneficiaries was more or less vague. I shall give you the various experiences that occurred here in ——— because it is typical of all the districts. The territory in the ——— district is composed of ———, ———, ———, and ——— townships.

Four merchants having knowledge of the inhabitants of this district were selected to pass on the applications. A certain day was designated for the distribution of the free flour. When that day came, the town was well filled with people who wanted a sack of that "Red Cross flour." The word quickly spread to see Mr. So-and-so and get an order for a sack of flour. If a man could not get an order from one of the committee, he went to another one, and so on until he got an order. If a man was a customer of the merchant giving the flour orders, he got a sack of flour by telling the merchant he would not trade with him any more unless he gave him that flour. The result of this method was that the flour was given to practically everyone who applied for it, regardless of whether or not they were entitled to it under the act of Congress. Hundreds were turned away when the supply was exhausted.

Just after this first distribution was completed I was appointed by the chamber of commerce to be in charge of the distribution of Government supplies furnished through the Red Cross for the district.

When the next shipment was received, I had five men who were familiar with the inhabitants of the district to act as a board. The method of procedure was to let three people come before this board at one time. Their application blank was filled out and discussed by the board and then voted on. If three or more voted to give flour, it was given.

This method cut out about 60 per cent of the applicants but was unsatisfactory for the reason that the people who were refused flour made bitter remarks about the gentlemen on the board, and in many instances were so bitter that they threatened them bodily harm.

We could not think of a better method, so this same procedure was employed in disbursing the next shipment.

The annual election of Red Cross county officials was held on November 18, 1932, at which time I was elected county chairman.

I gave the matter of distribution serious thought, and I advised all district chairmen to take applications for flour and clothing and then have a secret committee pass on them. This committee was to be composed of persons who knew the people of the district.

The reason for this being a secret committee, the membership known only to the chairmen and the committee members, is occasioned by the fact that the bitter feeling the applicants hold against the committee and the continual stream of people running to the various members was too much of a strain to be under, and it was practically impossible to get qualified men to pass on the applications on account of this condition. By having

the membership secret the applicants who are refused supplies do not know whom to hound and threaten until given the articles.

All of the districts are using this method and are well satisfied with it.

So much for the distribution. Let us now see what the reactions to this free distribution amounted to.

A man named Edwards lived on the farm of one M. M. Watson last year. Mr. Watson encouraged him to plant garden and other vegetables that he could eat. Mr. Watson put up 500 quarts of fruits and vegetables from his part of the rental. Mr. Edwards could not find a market for his part so he let it rot. He made no effort to can or dry his food. It's true he may not have had receptacles to put it into if he canned it; however, he could have dried lots of it, and he could have had several bushels of beans. He could have saved some of his corn and had it ground into corn meal. The fact is that he did nothing to provide himself and family with food until the next crops could be raised. He moved into town and made the remark that the Government and the Red Cross had to feed him and he would see that they did.

Last week a Mr. Fred Forbis, who lives on his mother's farm up by ———, came to see me. They would not give him any flour up there, and people were getting it and he was entitled to it as well as the rest because the Government sent it here for him. This man has five milch cows from which he sells cream. He has four more that will be fresh in the spring. He has several hogs, chickens, three good horses, and a car. He has plenty of feed for all his stock.

You take the class of people of whom Mr. Edwards is a member and you will find them on charity regardless of what the conditions are, either hard or prosperous. The other class are that greedy, grasping kind who want it because it's free.

The free distribution of these supplies has encouraged a certain class of people to feel that the Red Cross is going to feed and clothe them. The result is they are not trying to make their own living.

If this condition continues, it will work numerous hardships upon the property owners and the good people of the community because these people are encouraged to be shiftless and they will not pay their just debts, their landlords are unable to collect rent from them, and if they are living on a farm, they will not produce sufficient crops to pay a small percentage of the taxes on the farm.

We must work to overcome this condition that is beginning to assert itself, so I would suggest that all future supplies be not given free. Why not require a certain amount of labor in return? This labor could be used on the streets and parks of the cities and the highways of the townships. People could be exempted who are unable physically to perform this labor.

If you could see the jealousy and hatred and shiftlessness that this free distribution is engendering, you would insist upon payment for the supplies in some form or other. I have talked to numerous substantial citizens and they are all of the opinion that these free supplies are ruining the people, and the wrong thing to do.

The reason I wrote you in protest of the free distribution was occasioned by a letter I received from McCampbell & Co., which I am inclosing.

I am also inclosing herewith a portion of my correspondence to the various district chairmen that will probably be interesting in regard to this matter.

I wish to thank you for the interest you have manifested in this matter, and I know that your actions regarding it will be for the best interests of the entire people of the Nation.

Very truly yours,

——— ———.

Mr. COPELAND obtained the floor.

Mr. BINGHAM and Mr. WALSH of Massachusetts addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield; and if so, to whom?

Mr. COPELAND. I yield first to the Senator from Connecticut.

Mr. BINGHAM. Mr. President, in reply to what the Senator from Oklahoma said in the beginning of his remarks, I think it is only fair to state that no one makes any profit out of the transaction. The Senator implies that the person writing the letter did so through motives not worthy, as though he were about to make a profit on the transaction. The letter which I hold in my hand from Judge Payne, the head of the Red Cross, states that there is no profit in the transaction, and that those engaged in manufacturing the cloth and the clothing do not profit from it at all. The only advantage to the manufacturers is in permitting them to employ their workers who are now unemployed. That is a natural and worthy motive on their part, Mr. President, and should not receive the kind of innuendo and insinuation which it has just received in the remarks of the Senator from Oklahoma. With many of his remarks and much that he has said I am in entire accord and entire sympathy, as the Senator well knows; but I had hoped that this matter might be concluded without leading to debate. I was assured some half hour ago if we would agree to let it go at once to conference that there would be no further debate on it, but I see that is a mistake.

Mr. GORE. Mr. President, I hope that the parties concerned are deserving to be acquitted of the imputations I made.

INFLATION OF THE CURRENCY

Mr. COPELAND. Mr. President, because of the crowded condition of the calendar, I should not rise to say a word except for the fact that the letter referred to by the Senator from Oklahoma was written by a gentleman living in my city. I do not know the concern with which he is connected. I have no knowledge whatever of what business this gentleman follows, but he is a constituent of mine.

Mr. President, we are going to have all sorts of plans offered here for inflation. We are going to have all sorts of plans offered for changing the value of the currency. We will have others offered designed to change entirely our fiscal policy. To most of these I am in violent opposition, but, Mr. President, there is the human element in this economic situation that the Congress can not afford to disregard.

In my State, the richest and most populous State in the Union, a million families are being cared for through charity, all their expenses paid for by charity. It is not the fault of these families that we have this economic depression. It is not the fault of the hundreds of thousands of unemployed in my State and other States of this Union that they are unemployed. But, if I know at all the spirit of the American people, I know that we do not want people to be hungry or unclothed or unsheltered.

Mr. President, the Senator from Connecticut has already read the letter of Judge Payne, the head of the Red Cross, to show that no profit accrues to the manufacturer by the use of the cotton about which we have been talking this morning. I can quite see that the anxiety of the concern which wrote the letter which was read this morning by the Senator from Oklahoma is not only to keep their men and women employed, to keep them at work without profit to the concern, but in order that there shall not be more unemployed who will have to be taken care of wholly by charity.

Mr. President, no matter what else we do, we can not afford to let the suffering of the American people go to the point that they will be ready to overthrow existing institutions. There is nobody so dangerous as a hungry man or a man whose family is hungry. Whether we enact any sort of legislation seeking to amend our financial laws in some absurd manner, no matter whether we do or do not do those things—and, of course, I hope we will not do so—we can not afford to let people go hungry or cold.

I had not intended to say one word, but I did not care to have the moment pass without a protest against any criticism of any effort on our part to allay the suffering among the citizens of the richest country in the world.

Senators, I can not speak too strongly on this subject. We can not afford to disregard the conditions in this great country of ours. We may consider it as secure as the seven hills of Rome, but it will not be secure if there are hungry and cold and suffering men and women and boys and girls in the United States.

It was on that account that I took this moment to rise to my feet and protest against any criticism of efforts made to better the conditions of those who are now suffering in our country.

Mr. GORE. Mr. President, let me observe that our institutions will not be safe if we pursue a policy which vitiates the character which has made our country great.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Massachusetts?

Mr. COPELAND. I do.

Mr. WALSH of Massachusetts. I agree with the Senator from New York that we should keep in mind, in connection with the problems before us, the possible danger of disturb-

ances in the social order. I think the Senator on other occasions as well as on this occasion has rendered a valuable service in emphasizing that possibility.

I was interested in what the Senator said about inflation of currency, and I take it that he is opposed to most of the many proposals that have been advanced, if not all of them.

Mr. COPELAND. I am.

Mr. WALSH of Massachusetts. I should like to make an inquiry of the Senator, and I am prompted to do this by something that happened yesterday.

The Senator from Georgia [Mr. GEORGE], in a brief statement to the Senate, called attention to the necessity, in readjusting or refinancing farm mortgages, that any proposal must be on the basis of readjusted valuation in the interest of the debtor as well as the creditor. I do not object to that sentiment, but I should like to inquire of the Senator—perhaps he has not given thought to this aspect of the inflation question—if he does not think that an important service that could be rendered to our country, and one that would be more likely to restore business normalcy than anything else, would be, if it were constitutionally possible, some general move or some general edict reducing debts, private and public, in the same proportion to all classes of people. The difficulties that this involves are apparent to all.

The chief obstacle that we are suffering from is the great mass of debts that is weighing all our people down; and as soon as an industry or an individual or a farmer puts his head up, the debts drag him down. Of course, such a proposal is practically impossible of legal accomplishment, but it is one of the aspects of this question that deserves attention.

We know that the process of liquidation is going on slowly. Indeed, too slowly. It is delaying recovery. Many business concerns are trying to liquidate and compromise their debts, but it is an interminable process. It necessarily prolongs the duration of the depression. This is while a general moratorium on all public and private debts is frequently proposed. It seems to me we would see the dawn of a new day if we could find a process constitutional, of course, to reduce all debts horizontally—a proportionate rate that might be conservative and safe. I believe it would lead toward the beginning of a new day, just as the business man and the individual begin a new day and have a new outlook upon life after they have gone into bankruptcy and are released from the burden of debt that has been crushing them and preventing them from making any progress.

Since the Senator from New York is in accord with me in opposition to many of these proposals to inflate the currency, I should like very much to have his views upon the proposition I have just submitted.

Mr. COPELAND. Mr. President, I feel flattered that the Senator should praise any opinion I may hold on this subject.

For myself, I am firmly convinced that there are three things that must be done:

There must be a reduction of debt.

There must be a reduction of carrying charges.

There must be an increase in the circulation.

We do not need more money. We have all the money we need. The problem is to get it in circulation.

Yesterday I was talking with a great builder in New York. He told me of the burden he is now having in taking back these properties, and the burden of the carrying charge, which comes from the high rate of interest. He spoke of the fact that the savings banks in our State have reduced the rate of interest that they pay to their depositors. He said that if the banks would make the same reduction in the rate of interest charged on the mortgages it would help very materially. I have no doubt that that is true. But there must be found some means of readjustment of this terrific burden of debt, some reduction in the carrying charge of those debts.

Mr. WALSH of Massachusetts. Mr. President, may I interrupt a moment?

Mr. COPELAND. I yield.

Mr. WALSH of Massachusetts. All suggestions we have heard relate to reducing debts of particular classes—a class here and a class there. It seems to me the reduction has to be uniform and general.

Mr. COPELAND. Of course it must be uniform. It is not alone the farmer who is suffering.

Mr. WALSH of Massachusetts. We would put the banker and insurance company out of business if we reduced the debt of every mortgage he held and did not go any farther. We must reduce the debt of the banker as well as the debt of the farmer and the debt of the merchant. It seems to me otherwise we are going to have a financial catastrophe.

Mr. COPELAND. I am sure the Senator has been interested in the suggestions made by the Senator from Georgia [Mr. GEORGE] along that line.

Mr. WALSH of Massachusetts. Very much.

Mr. COPELAND. I think they are worthy of study.

Mr. LOGAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Kentucky?

Mr. COPELAND. I yield to the Senator.

Mr. LOGAN. I have been very much interested in the suggestion of the distinguished Senator from Massachusetts [Mr. WALSH], apparently approved by the Senator from New York, about reducing debts. I wish some one would indicate to me, however, how existing debts can be reduced by an edict, by law, or in any other way, unless it should be by private agreement. I wonder if there is any man living who believes that human greed will allow the reduction of any debt as long as the debtor is solvent.

I do not understand what Senators mean by reducing debts 10 per cent or 15 per cent. The obligation of a contract certainly can not be impaired by any law that we can pass; and certainly human nature never will consent to reduce any debt that is collectible, or even any rate of interest.

So if the Senator from New York realizes, as I believe, the great truth that debts are the trouble with our country more than anything else, if he has any idea, any plan whereby we may reduce debts, I wish he would tell us what it is. I know that we have a bankruptcy bill coming over here, and that probably is a stagger at it, but in my judgment it is just about as nearly nothing as could be offered. It is like nearly all the other plans that are suggested here; they are not feasible, and most of them are not even sensible; and we just go on from day to day talking, talking about things and not doing anything.

I wonder if the Senator from New York or the Senator from Massachusetts could give to the country, and particularly to a humble Senator from the State of Kentucky, just some glimmer of an idea as to how we are going to do those things. I will stay and listen all the rest of the afternoon if he will.

Mr. COPELAND. The Senator will not need to stay, I am sorry to say. If the Senator from Massachusetts and I had a plan which was clear-cut and definite and acceptable, the United States Mint would cast a gold medal to confer upon us because of our wisdom.

I realize that the Senator from Kentucky is entirely right when he talks about the difficulties associated with this subject. Nevertheless, I assume that at some time, some agency of Congress will attempt to find the solution for the problem; and it must be found. The Senator from Georgia [Mr. GEORGE] is proposing, of course, that it shall be by voluntary agreement between creditor and debtor.

Mr. McKELLAR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Tennessee will state it.

Mr. McKELLAR. What is before the Senate?

The PRESIDING OFFICER. The unfinished business before the Senate is the modified amendment of the Senator from Tennessee to H. R. 13520.

Mr. McKELLAR. We have been discussing something else all the morning, and I thought we ought to know.

Mr. GORE. Mr. President——

Mr. COPELAND. Mr. President, a parliamentary inquiry. I assume that that amendment is debatable.

The PRESIDING OFFICER. It is.

Mr. COPELAND. I do not think those of us who in the last 10 minutes have discussed the financial condition of the country have been any farther away from the matter under consideration than often happens when our genial friend from Tennessee holds the floor. I realize, however, that we are taking time that might be used for the important bill which he has in mind.

Mr. McKELLAR. Mr. President, this appropriation bill has to be passed at this session, or ought to be passed at this session; and it does seem to me that we ought to get to it and vote on it as soon as possible.

Mr. HATFIELD obtained the floor.

Mr. GORE. Mr. President——

Mr. HATFIELD. I yield to the Senator from Oklahoma.

Mr. GORE. I merely wish to volunteer one observation, and that is that the Senator from New York [Mr. COPELAND] has stated a dilemma. How to avoid both horns of that dilemma is a question that I can not solve, and I have heard no solution suggested.

He remarked that a friend of his on yesterday suggested that if savings banks would reduce the rate of interest on the loans which they make it would be a long step in the right direction. In the same breath the Senator from New York observed that the debts now outstanding in this country ought to be reduced. When we increase the risk of a loan we increase the rate of interest; and when we suggest the possibility of canceling debts we increase the rate of interest, and we do more: We make people hesitant to lend their money at any rate of interest when we hazard the chance of ever recovering not only the interest but the principal itself. That is a dilemma.

CHANGE IN DATE OF INAUGURATION

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, inclosing a letter from the Governor of Washington, transmitting a certified copy of Senate Joint Resolution No. 3, ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of the President and Vice President and Members of Congress and fixing the time of the assembling of the Congress, which, with the accompanying papers, was ordered to lie on the table and to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, January 30, 1933.

The Hon. CHARLES CURTIS,
President of the Senate.

DEAR MR. CURTIS: I inclose a letter dated January 24, 1933, addressed to you by Governor Martin, of Washington, transmitting a certified copy of Senate Joint Resolution No. 3, ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress. The letter, with its inclosures, was referred to me by the White House.

I may state for your information that I have also received a certified copy of Senate Joint Resolution No. 3 from the Governor of Washington.

Sincerely yours,

H. L. STIMSON.

(Inclosures: Letter, Governor Martin, of Washington, to the honorable the President of the United States Senate, with inclosure.)

STATE OF WASHINGTON,
EXECUTIVE DEPARTMENT,
Olympia, January 24, 1933.

To the honorable the PRESIDENT OF THE UNITED STATES SENATE,
Washington, D. C.

DEAR MR. PRESIDENT: It is my pleasure to transmit to you herewith certified copy of Senate Joint Resolution No. 3, as received and filed in the office of the secretary of state of the State of Washington on the 20th day of January, 1933.

Cordially yours,

CLARENCE D. MARTIN,
Governor of Washington.

STATE OF WASHINGTON,
DEPARTMENT OF STATE.

To all to whom these presents shall come:

I, Ernest N. Hutchinson, secretary of state of the State of Washington and custodian of the seal of said State, do hereby certify that the annexed is a true and correct copy of Senate Joint Resolution No. 3, as received and filed in this office on the 20th day of January, 1933.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the State of Washington. Done at the capitol at Olympia this 20th day of January, A. D. 1933.

[SEAL.]

ERNEST N. HUTCHINSON,
Secretary of State.

By A. M. KITTO,
Assistant Secretary of State.

Senate Joint Resolution 3

Whereas both Houses of the Seventy-second Congress of the United States of America by a constitutional majority of two-thirds thereof propose an amendment to the Constitution of the United States, which is in words and figures as follows, to wit:

"Joint resolution proposing an amendment to the Constitution of the United States

"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

"'ARTICLE —

"'SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January and the terms of Senators and Representatives at noon on the 3d day of January of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"'SEC. 2. The Congress shall assemble at least once in every year and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"'SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"'SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"'SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"'SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission.'"

Therefore, be it

Resolved by the Legislature of the State of Washington:

SECTION 1. That said proposed amendment to the Constitution of the United States of America be, and the same is, hereby ratified by the Legislature of the State of Washington.

SEC. 2. That certified copies of this preamble and joint resolution be forwarded by the Governor of the State to the Secretary of State of the United States, to the presiding officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

Adopted by the senate January 19, 1933.

VICTOR A. MEYERS,
President of the Senate.

Adopted by the house January 19, 1933.

GEO. F. YANTIS,
Speaker of the House.

Filed January 20, 1933, 1.30 p. m.

ERNEST N. HUTCHINSON,
Secretary of State.

DISPOSITION OF CERTAIN LIGHTHOUSE RESERVATIONS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Commerce, transmitting a proposed draft of legislation authorizing the Secretary of Commerce to dispose of certain lighthouse reservations, and for other purposes, which, with the accompanying papers, was referred to the Committee on Commerce.

REPORT OF THE CAPITAL TRACTION CO.

The VICE PRESIDENT laid before the Senate a letter from the president of the Capital Traction Co., transmitting, pursuant to law, the report of the company, showing receipts and disbursements, etc., for the year ended December 31, 1932, which, with the accompanying report, was referred to the Committee on the District of Columbia.

REPORT OF WASHINGTON GAS LIGHT CO.

The VICE PRESIDENT laid before the Senate a letter from the president of the Washington Gas Light Co., transmitting, pursuant to law, a detailed statement of the business of the company, together with a list of stockholders, for the year ended December 31, 1932, which, with the accompanying papers, was referred to the Committee on the District of Columbia.

REPORT OF THE GEORGETOWN GAS LIGHT CO.

The VICE PRESIDENT laid before the Senate a letter from the vice president of the Georgetown Gas Light Co., transmitting, pursuant to law, a detailed statement of the business of the company, together with a list of stockholders, for the year ended December 31, 1932, which, with the accompanying papers, was referred to the Committee on the District of Columbia.

REPORTS OF THE CHESAPEAKE & POTOMAC TELEPHONE CO.

The VICE PRESIDENT laid before the Senate a letter from the president of the Chesapeake & Potomac Telephone Co., submitting, pursuant to law, a comparative general balance sheet of the company for the year 1932, which, with the accompanying papers, was referred to the Committee on the District of Columbia.

He also laid before the Senate a letter from the president of the Chesapeake & Potomac Telephone Co., submitting, pursuant to law, a complete report of the operations of the company for the year 1932, which, with the accompanying report, was referred to the Committee on the District of Columbia.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a letter in the nature of a petition from officers and members of the National Organization Masters, Mates and Pilots of America, signed by its secretary, New York City, N. Y., praying for the passage of legislation known as the Costigan and La Follette emergency relief bill, being the bill (S. 5125) to provide for cooperation by the Federal Government with the several States in relieving the hardships and suffering caused by unemployment, and for other purposes, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the Board of Commissioners of Salt Lake City, Utah, favoring the passage of legislation to exempt from taxation States, State agencies and publicly owned utilities, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the Board of Commissioners of Salt Lake City, Utah, favoring the passage of legislation to establish a standard of integrity and sound economy of municipal bond issues and giving to municipalities which meet such standard the same rights enjoyed by national banks to receive currency on the pledge of their bonds, which was referred to the Committee on Finance.

Mr. FESS presented resolutions adopted by local chapters of the Woman's Christian Temperance Union of Ada, Bucyrus, Clarksville, Cumberland, and Kent; the Lillian Stevens Chapter of the Woman's Christian Temperance Union of Cleveland; the Marion County Woman's Christian Temperance Union, of Marion; the Cuyahoga County Woman's Christian Temperance Union, and the Tedrow Christian Bible School, of Wauseon, all in the State of Ohio, remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

Mr. WALSH of Massachusetts presented the memorial of Mrs. H. E. Wells and sundry other citizens of Northampton, Mass., remonstrating against increased governmental expenditures, which was referred to the Committee on Appropriations.

He also presented memorials and papers in the nature of memorials of sundry citizens of Boston, Chelmsford, Everett, Lowell, Lynn, Malden, Medford, Melrose, and Tewksbury, all in the State of Massachusetts, remonstrating against the repeal or modification of the national prohibition law, which were ordered to lie on the table.

Mr. CAPPER presented memorials of sundry citizens of Oswego, Wellington, and Winfield, all in the State of Kansas, remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law, which were ordered to lie on the table.

He also presented resolutions adopted by the Woman's Christian Temperance Union of Burlington; members of the official board of the Civic Service League and of the official board of the Christian Church, both of Hope; and a resolution adopted at a union Victory Day service of three churches at Jetmore, all in the State of Kansas, protesting against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law, which were ordered to lie on the table.

He also presented resolutions adopted by the Woman's Foreign Missionary Society of Attica; the "What So Ever" Methodist Sunday School Class, of Burlington; members of the Wesleyan Methodist Church of Delphos; the Woman's Home Missionary Society of the Methodist Episcopal Church, the Woman's Foreign Missionary Society of the Methodist Episcopal Church, the United Presbyterian Missionary Society, the United Christian Missionary Society, and the Young Women's Christian Association, all of Stafford; the Ministerial Association of Wellington; and local chapters of the Woman's Christian Temperance Union of Burlington, Denison, Lincoln, Jetmore, Meade, Oakley, and Stafford, all in the State of Kansas, favoring the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

Mr. COPELAND presented resolutions adopted by the Presbyterian Sunday School, of Hancock, and a meeting celebrating the thirteenth anniversary of prohibition, held in the Baptist Church, both in the State of New York, protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

He also presented a petition of sundry citizens of Rockville Center and vicinity, Long Island, N. Y., favoring the making of adequate appropriations for the War Department, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Nassau County Clearing House Association, New York, opposing the publication of loans made by the Reconstruction Finance Corporation, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Syracuse Society of Architects, of Syracuse, N. Y., favoring the passage of revenue legislation adopting a general sales tax, which was referred to the Committee on Finance.

He also presented a petition of sundry citizens of Cortland, Deansboro, Oriskany Falls, and Solsville, all in the State of New York, praying for the adoption of the so-called stop-alien-representation amendment to the Constitution, which was referred to the Committee on the Judiciary.

He also presented a resolution adopted by the Paul Revere Council, No. 190, Junior Order United American Mechanics, of the Bronx, New York, favoring the passage of legislation to carry out the purpose of the "buy American" movement, which was ordered to lie on the table.

He also presented the petition of the Woman's Home Missionary Society, of Norwich, N. Y., praying for the passage of legislation to regulate and supervise the motion-picture industry, which was ordered to lie on the table.

He also presented the petition of the Woman's Home Missionary Society of the Drew Methodist Episcopal Church of Port Jervis, N. Y., praying for the prompt ratification of the World Court protocols, which was ordered to lie on the table.

He also presented a memorial of sundry citizens of Owego and vicinity, in the State of New York, remonstrating against

the repeal or modification of the national prohibition law, which was ordered to lie on the table.

He also presented resolutions adopted by adult members of the Hancock Baptist Church School and the Home Missionary Society of the Methodist Episcopal Church, both of Hancock, and the Woman's Christian Temperance Union of Norwich, all in the State of New York, protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

Mr. GRAMMER presented a memorial of sundry citizens of King County, Wash., remonstrating against the repeal or modification of the national prohibition law, which was ordered to lie on the table.

He also presented the following joint memorial of the Legislature of the State of Washington, which was referred to the Committee on Finance:

House Joint Memorial 2

To the honorable the Senate and House of Representatives of the United States of America in Congress assembled:

We, your memorialists, the Senate and House of Representatives of the State of Washington, in legislative session assembled, most respectfully present and petition your honorable body as follows:

Whereas the immediate and greatest need of this Nation is to establish a fully employed citizenship, and normally functioning private industry offers the most desirable employment opportunities, and the primary and largest market for American produce and manufactures is found in meeting the wants of the American people, and the necessary employment in supplying these wants belongs first to American workmen; and

Whereas without the free flow of gold, the common medium of international values, the exchange rates of many nations' currencies have, by application of the law of supply and demand, become divorced from the actual values of those currencies as measured in buying power within the bounds of the Nation issuing the currency; and

Whereas depreciated currency is seriously handicapping American industry, and our foreign markets are stifled, and our domestic industries face destruction by increased imports from depreciated-currency nations; and

Whereas the economic life of the State of Washington is derived from basic industries, such as lumber, fish, pulp, wheat, fruits, coal, cement, and their allied industries, and the very existence of capital, industry, employment, wages, and our standards of living are based on the profitable operation of these basic industries; and

Whereas the Nation faces an emergency and the differences in money levels have existed for a long period and have not become adjusted; and

Whereas nations whose currencies are depreciated are able to ship merchandise into the United States, pay the existing tariffs, accept American currency in payment, and to make a greater profit on their merchandise than if sold in their own markets; and

Whereas such importations from more than 40 nations of the world into the United States under the existing depreciated-currency conditions has the effect of not only eliminating all tariff structures but of enabling such merchandise to be sold at such a low price in the markets of the United States as to handicap and paralyze American industry and increase unemployment, and the industries of the United States are facing bankruptcy and destruction; and

Whereas we believe that unless this legislation is immediately passed chaos and ruin threaten the financial and governmental structure of the United States; and

Whereas Congressman SAMUEL B. HILL, of the State of Washington, has introduced in the present session of Congress H. R. 13999, the official title of which is: A bill "To prevent loss of revenue, to provide employment for American labor, and to maintain the industries and agriculture of the United States against the effects of depreciation in foreign currencies"; and

Whereas the delay in enacting this bill into law at the present session of Congress is causing continued and alarming increase in unemployment in our industries, American industry and agriculture are being seriously harmed, and in many instances ruined, by this disastrous new form of competition, which is forcing hundreds of thousands of workmen to sacrifice their jobs; and

Whereas the Government of the United States is being deprived of vast customs revenue under existing conditions; and

Whereas equalization measures must be adopted to preserve American jobs for American workmen: Now, therefore, be it

Resolved, That the Senate and House of Representatives of the State of Washington respectfully urge the present Congress now in session, and the President of the United States, to promptly enact into law H. R. 13999; and be it further

Resolved, That this memorial be immediately transmitted to the proper officers and committees of the United States Senate and House of Representatives, and a copy sent to each of the Representatives and Senators representing the State of Washington in the United States Congress; and be it further

Resolved, That this memorial be immediately forwarded to the legislatures of all the States of the United States, requesting that they pass and present similar memorials to Congress; and

Your memorialists will ever pray.

Passed the house January 16, 1933.

GEO. F. YANTIS,
Speaker of the House.

Passed the senate January 19, 1933.

VICTOR A. MEYERS,
President of the Senate.

REGULATION OF MOTION-PICTURE INDUSTRY

Mr. CAPPER. Mr. President, I present petitions signed by 4,961 citizens of Kansas, asking for the enactment of legislation to regulate and supervise the motion-picture industry, which I ask to have received and to lie on the table. As the petitioners state, the motion pictures have untold power for good or evil in national life and character, and in international relations; also that efforts to elevate the movies through cooperation with the industry do not seem to have been overly successful. I hope the Senate takes early and favorable action on this subject.

The VICE PRESIDENT. The petitions will be received and lie on the table.

REPORTS OF COMMITTEES

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (H. R. 9385) authorizing Roy H. Campbell, Charles H. Brown, G. H. Wilsey, and Dr. H. O. Strosnider, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Des Moines River at or near St. Francisville, Mo., reported it without amendment and submitted a report (No. 1128) thereon.

Mr. SHORTRIDGE, from the Committee on Naval Affairs, to which was referred the bill (S. 5539) authorizing the Secretary of the Navy to grant a perpetual easement of 15 feet in width to Pacific Gas & Electric Co., a California utility corporation, over, across, in, and upon the site of the lighter-than-air base, near Sunnyvale, in the county of Santa Clara, in the State of California, for an existing 20-inch gas main, reported it with amendments and submitted a report (No. 1129) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 5498. An act to authorize an increase in the limit of cost of one aircraft carrier (Rept. No. 1131); and

S. 5555. An act to authorize an exchange of lands between the city of San Diego and the United States (Rept. No. 1130).

Mr. GOLDSBOROUGH, from the Committee on Naval Affairs, to which was referred the bill (S. 5214) to correct the naval record of Michael J. Budzinski, reported it with amendments and submitted a report (No. 1132) thereon.

Mr. McNARY, from the Committee on Appropriations, to which was referred the bill (H. R. 13872) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1934, and for other purposes, reported it with amendments and submitted a report (No. 1133) thereon.

SENATOR FROM MINNESOTA

Mr. HEBERT, from the Committee on Privileges and Elections, reported a resolution (S. Res. 343), as follows:

Resolved, That THOMAS D. SCHALL is hereby declared to be a duly elected Senator of the United States from the State of Minnesota for the term of six years, commencing on the 4th day of March, 1931, and is entitled to be seated as such.

The VICE PRESIDENT. The resolution will be placed on the calendar.

THE PURCHASING POWER OF THE DOLLAR

Mr. FLETCHER presented a telegram from A. B. Chitty, president Lewis-Chitty Consolidated, wholesale grocers, of Jacksonville, Fla., which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

JACKSONVILLE, FLA., *January 30, 1933.*

Senator DUNCAN U. FLETCHER,
Washington, D. C.:

Whether lowering the purchasing power of our dollar would be beneficial or not, I can not say. However, unless dollars buy less than they do now producers and traders will be completely broke in next few months. Honesty and brains that our Congress has should find some way to help our people from the debacle we are in. I have bartered flour for pork, sugar for potatoes, and was able to get ahead—do my community good as a taxpayer. Now there seems to be no money to trade with. Banks have their funds in Government securities and are afraid to loan. People who have cash are afraid to invest. If the Wheeler bill is good bill, pass it. If a small group have gotten control of all money, it's serious. Better not wait for a perfect panacea or the waiting will cause a blowup.

A. B. CHITTY,
President Lewis-Chitty Consolidated, Wholesale Grocers.

LICENSE FEES FOR EDUCATIONAL BROADCASTING STATIONS

Mr. SCHALL. Mr. President, it seems to me that the suggestion made by Doctor Coffman, president of the University of Minnesota, contained in a letter addressed to me concerning exorbitant license fees for educational broadcasting stations, is well taken. I ask that Doctor Coffman's letter be printed in the RECORD and referred to the Committee on Interstate Commerce.

There being no objection, the letter was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

UNIVERSITY OF MINNESOTA.
Minneapolis, January 27, 1933.

Hon. THOMAS D. SCHALL,
United States Senator, Washington, D. C.

MY DEAR SENATOR SCHALL: May I call your attention to Senator DILL's bill, No. S. 5201, which provides for somewhat heavy license fees for educational broadcasting stations. It is estimated that under this provision a number of radio stations owned by educational institutions will have to pay annual license fees ranging from $300 to $450 each.

It occurs to me that the imposition of such license fees by the Federal Government on State institutions may involve a constitutional question.

We base our objection to it primarily, however, on the ground that radio broadcasting by colleges and universities is an educational function and not a money-making enterprise. The university radio station here broadcasts informative programs on agriculture, economics, politics, behavior problems of children, modern languages, music, etc. We are unable to see why such activities should have imposed upon them burdensome penalties. Many of the educational broadcasting stations will find the payment of this fee a financial hardship, and will probably have to withdraw from the broadcasting field altogether.

We should like to see this provision removed from the bill, and trust that we may count on your influence toward that end. We beg to assure you of our appreciation of anything you may do in that direction.

Cordially yours,

L. D. COFFMAN, *President.*

REFINANCING OF FARM INDEBTEDNESS

Mr. SCHALL. Mr. President, I am in receipt of a letter from a farmer in the vicinity of Fergus Falls who has just had his home foreclosed by the Federal land bank. He writes me asking what Congress is doing to refinance farm indebtedness.

This question is being asked the country over by farmers in distress in like circumstances. I wish I could tell him something that will be done. Certainly it is most imperative that something be done.

The policy laid down by this Congress last spring, when the additional $125,000,000 was appropriated for stock in the Federal land banks, was that leniency should be shown in the granting of extension of time, and that foreclosures were in each instance to be made only where the farmer had himself despaired of the future and had abandoned his place. Such has also been the policy of the administration, and has been so publicly announced many times. Likewise has the Federal Farm Loan Board stated to the country, leading it to believe that every leniency possible has been extended to the farmer in distress. However, letters keep coming in, all to the effect that such is not the actual practice of the different land banks, and stating that on the contrary instead of granting extensions of time they are as a matter of fact foreclosing, sometimes only on a pretext. Their policy is such as to lead one to believe that they actually are anxious to take over farms where the installments paid back on the debt have been the largest and where the equity is the greatest. Surely the practice of the Federal land banks is not consistent with the policy declared both by Congress and by the President, and it should be an easy matter to grant at least this much consideration to the farmer and the people in distress that they are not evicted from farm and home merely to satisfy some ambitious subordinate of the land-bank system desiring to make a record. This is no time for commercial records; on the contrary, is a time for the Government as a matter of self-preservation to grant every possible consideration. Its pride should be not in commercial records, but humanitarian records.

I ask leave to print the letter in the RECORD and that it be appropriately referred.

There being no objection, the letter was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

FERGUS FALLS, MINN.,
Friberg, January 26, 1933.

DEAR SENATOR: Would you kindly inform me what Congress is doing in regards refinancing farm indebtedness? The sheriff was here to-day and foreclosed on my home by the Federal Land Bank, St. Paul, Minn. Is there anything done besides talk?

D. BUDKE.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TOWNSEND:

A bill (S. 5563) granting an increase of pension to Mary Elizabeth Hall (with accompanying papers); to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 5564) to extend the times for commencing and completing the construction of a bridge across Hudson River at or near Catskill, Greene County, N. Y., and for other purposes; to the Committee on Commerce.

By Mr. WHEELER:

A bill (S. 5565) granting a pension to John Ransom; to the Committee on Pensions.

By Mr. ODDIE:

A bill (S. 5566) to prohibit the importation of articles from certain countries, and for other purposes; to the Committee on Finance.

By Mr. THOMAS of Oklahoma:

A joint resolution (S. J. Res. 247) to provide protection and relief to farmers by aiding them to conserve and liquefy their mineral rights through recognized and established cooperative agencies engaged in the pooling of mineral rights underlying farm lands; to the Committee on Banking and Currency.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated below:

H. R. 14359. An act to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto; to the Committee on the Judiciary.

H. R. 14416. An act to make the Federal gasoline tax effective until June 30, 1934; to the Committee on Finance.

HEARINGS BEFORE COMMITTEE ON INTEROCEANIC CANALS

Mr. SCHALL submitted the following resolution (S. Res. 344), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Interoceanic Canals, or any subcommittee thereof, is authorized, during the Seventy-second Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CURRENCY INFLATION—ARTICLE BY WALTER LIPPMANN

Mr. WALSH of Massachusetts. Mr. President, I suppose there is no subject engaging the public attention so extensively or any subject that is more important at the present time than that of inflation. A good many articles have been put in the RECORD written by various students of that question. I should like to have inserted in the RECORD, in order that we may have all possible information, an article by Mr. Walter Lippmann, entitled, "Which Kind of Inflation." I think it is a valuable contribution to the general discussion of the subject.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Boston Globe, January 25, 1933.]

WHICH KIND OF INFLATION

The discussion about money and prices would be much less confusing if the advocates of various policies would say clearly what they mean. For, as the argument is now running, the public is led to believe that there is a radical or heretic school which wishes to raise prices by monetary devices, and a conservative, or orthodox, school, which does not wish to raise them. The impression is untrue. If we take the proposals of men like Messrs. BORAH, WHEELER, THOMAS, PATMAN, as representatives of the alleged radicals and the policies of the Federal reserve system, as representative of the alleged conservatives, we find that there is no issue between them as to the desirability of raising prices by monetary action. We find, also, that there is no issue between them on the desirability of expanding the supply of money to raise prices.

What, then, is the issue between them? It is whether the wise and effective policy is to raise prices by inflating currency or by inflating credit. Mr. BORAH and his colleagues wish in one way or another to inflate the currency; that is, to issue more dollar bills. The Federal reserve system has for about nine months been inflating the basis of credit in the hope that bankers and borrowers will use that credit to expand investment in productive enterprises.

Both schools agree that an increase in the supply of money ought to have some effect in raising prices, or, to put it in another way, that an increase in the supply of money is the necessary condition of a rise in prices. They differ in the first instance as to which part of our supply of money to deal with. There are two kinds of money in use. There is the currency which we carry around in our pockets or, perhaps, hide in the mattress. Then there are bank deposits which can be cashed into currency, but are for the most part drawn upon by check. The supply of money consists of currency plus bank deposits. The currency inflationists wish to increase the currency; the credit inflationists wish to increase the bank deposits.

The first question, then, is which part of the money supply it is most desirable to increase. How is that question to be answered? A beginning in answering it can be made by looking to see which part of the supply of money has shrunk during the depression. If Mr. BORAH and his friends will study the figures, they will find that the volume of currency in circulation to-day is about 5.7 billion dollars. They will find that in 1929, at the height of the boom, the value of currency was only 4.8 billions. In other words, we actually have nearly a billion dollars more currency to-day, when we are at the bottom of the depression, than we had when business was humming. If more currency will raise prices, why have prices fallen though we have more currency? Surely it is clear that the volume of currency does not determine the level of prices.

Now look at the other kind of money—at bank credit. Here we see a very different picture. In 1929 the volume of bank credit stood at 58.8 billions. To-day it stands at 46.1 billions. Nearly $13,000,000,000 of bank money have been deflated out of existence at a time when prices have fallen so disastrously. Surely, if there is a connection between the quantity of money and the level of prices the connection must be right here. Bank money has shrunk nearly 25 per cent. Wholesale prices have fallen about 35 per cent. There is some sense in arguing that there is a connection between the two. But there is no sense in saying that prices have fallen 35 per cent because there is not enough currency when, in fact, currency has increased 16 per cent.

The currency inflationists have fixed their attention on the unimportant part of the money supply on the currency which, in 1929, was less than one-twelfth of the whole supply and to-day is about one-tenth. The practical question is: If what you wish to do is to increase the quantity of money is there any point in concentrating on one-tenth part of our money? Why not concentrate attention on the nine-tenths.

Though we still have $46,000,000,000 of bank money, the moment currency inflation started, this bank money would begin to shrink. People would call their loans and convert them into gold or some other thing that they could hoard. Therefore, a currency inflation would either have to go to extreme lengths, such as issuing about $12 for every one now out—or there would be less actual money at the end of it than at the beginning.

This is the basic reason why currency inflation is not worth monkeying with. If you issue a little more currency, say $1,000,000,000 or $2,000,000,000 more, and convince people that that is all you are going to issue, it won't make any appreciable difference in the level of prices. If, on the other hand, you issue great amounts of new currency, the amount which would be necessary to bring the total quantity back to 1929, you will make the currency worthless. For no one in his senses will wish to accept a currency which is going to be expanded ten or twelve times. Since no one will trust the money, no one will lend money to the Government or to anyone else. He knows he will never get it back. The result is that the Government can no longer borrow to cover its deficit. It must, therefore, issue more money. The more it issues the more worthless does the money become.

A currency inflation which would really raise prices would have to be such an enormous inflation that it would be uncontrollable. A currency inflation which was moderate and under strict control would not raise prices.

"AN APPEAL TO CONGRESS—STOP MAKING AMERICA 'THE FINANCIAL MILK COW OF THE WORLD'"

Mr. GRAMMER. Mr. President, hearings are now under way before a committee of the House on measures intended to correct our economic losses to domestic industry, which have been brought about by false values created in foreign countries that have gone off the gold standard. The Pacific Northwest has felt the full force of this upheaval in relative values in connection with every major industry of that area. The practical result of our failure to compensate for currency fluctuations in fixing the values of imported articles has been set down in most graphic form by Mr. William D. Welsh, publisher of the Port Angeles Evening News, Port Angeles, Wash., in an article signed by him in the issue of January 17, 1933. From personal knowledge, I am able to assure the Senate that the portrait he pictures is not overdrawn, and that the situation is in fact more desperate than the article indicates. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AN APPEAL TO CONGRESS—STOP MAKING AMERICA "THE FINANCIAL MILK COW OF THE WORLD"

By William D. Welsh

Gentlemen of the United States Congress: This appeal comes from Port Angeles and the vast Olympic Peninsula of Washington State, where industry, fisheries, mining, farming, shipping, commerce, and labor of a once prosperous people have been trampled underfoot by a devastating and unfair competition from nations operating under depreciated currencies. It is not the selfish appeal of one class of Americans against another, for the conditions prevailing here maintain throughout the forty-eight States of America. It is the fervent cry of suffering legions to their representatives in Congress to pass a depreciated currency-correction measure such as H. R. 13999 before the present session ends and before further human suffering ensues.

Port Angeles is located on the shores of Juan de Fuca Strait, which divides Canada from the United States, and on whose waters the commerce of the North Pacific coast ebbs and flows. Port Angeles is located in the heart of the logging, lumbering, fishing, farming, pulp, and paper producing section of the Olympic Peninsula, and is the gateway to the greatest stand of pulp forests remaining in the United States. Up until some 47 nations followed Great Britain off the gold standard, and the domestic trade of the United States became the golden calf to be worshiped and coddled by debased currency nations, this region was one of the most stable and prosperous in America. Gentlemen, that prosperous condition is now only a memory. Mills are silent. Fisheries in the doldrums. Farming in peril. Mining a thing of the past. Business is virtually at a standstill, and hundreds of men daily appear before charity and indigent relief headquarters for odd jobs and bare subsistence rations.

The principal reason for this situation is the competition which our industries face from countries whose currencies are no longer on the gold standard. By reason of the depreciation of their currencies, these countries enjoy a preference in the markets of the United States ranging from 13 per cent for imports from Canada, 35 per cent to 45 per cent for imports from Scandinavian countries, and 50 per cent to 60 per cent for imports from Japan.

The practical working of this situation is that our salmon canners, for example, marketing their product on a normal basis of 75 cents a dozen are meeting the competition of a closely similar article from Japan at a price of 30 cents to 37½ cents. A similar condition exists in the dairy industry, which faces competition from Canada, Denmark, and New Zealand; the manganese industry, facing Russian competition; the pulp and paper industry, whose competition comes from Canada and the Scandinavian countries; and numerous others.

H. R. 13999 corrects this situation. By the simple expedient of placing a countervailing duty on imported articles to equal the

debased percentage of the currency, the world dollar is automatically leveled at American customs ports. If the Japanese currency is off 60 per cent on the day a $100,000 cargo lands in America from that nation, the countervailing duty would be $60,000 on the cargo. Should the cargo be landed the United States Treasury benefits $60,000. Should the duty keep the cargo out of the United States, then American factories and American workmen would be given business and employment manufacturing the articles the Japanese cargo sought to displace.

MOUNTAINS OF AMERICAN MANGANESE

Thirty miles west of Port Angeles, millions of tons of manganese ore have been located and staked out in the Olympic Mountain Ranges awaiting the day when Congress halts the flow of Siberian-mined manganese from being dumped onto the American market. This American manganese is so located that gravity chutes can carry it to railroads already constructed. Thousands of tons of manganese were once mined from the Olympic hills and transported by American railroads and American steamers to the steel mills of the East. Russian competition blotted out the industry. Before the soviet invasion American hard-rock miners were working and happy. Tonnage was provided for railroad trains and work for train crews in transporting the ore to tidewater bunkers here. American longshoremen were busy loading it to American steamers bound through the Panama Canal to steel cities of the Atlantic seaboard. All that ended when the Russian bear stepped into the picture. Wild salal obliterates the tunnel entrances now; railroad rails are rusting, tidewater bunkers are empty, and American steamers call no more. You have permitted Soviet Russian mining to prosper and killed an American mining industry, gentlemen.

COAST FISHING FLEET BEING SCUTTLED

One thousand salmon purse seiner and trolling boats, besides numerous halibut boats, of the Washington fishing fleet, operated out of Quillayute and Neah Bay Harbors, 70 miles west and north of Port Angeles during the spring, summer, and fall seasons. For countless years these boats have been manned by hardy, prosperous seamen, all home owners, boat owners, and taxpayers. Under the debased condition of the Japanese yen, imports of Japanese salmon and other fish damaged markets and dropped prices so low this year that poverty rode the waves with the 1932 fishing fleet, gentlemen. For the first time in history Government vessels and charity organizations donated fuel and food to Pacific-coast fishermen. Many of the vessels are now tied up in this harbor, and many of their owners are living off charity. By failing to equalize currency at the customs ports, gentlemen, you have O. K'd Japanese prosperity and scuttled the Pacific coast salmon and halibut and tuna fleets.

PULP AND SAW MILLS CLOSE DOWN

Port Angeles' sawmill, shingle, pulp, and paper industries ordinarily employ 1,200 men, with an equal number in the woods to harvest raw resources to be remanufactured at tidewater here. Because of the devastating competition from Canada, Sweden, Denmark, Norway, and other countries, but one mill of five is now operating, and most of the logging and pulp-mill camps are down. Because of the highly debased currency of foreign lumber and pulp producing regions, importations of pulp and paper to the three Pacific-coast States during 1932 displaced 4,000 American workmen from 250 days' labor. In plain words, 1,000,000 days' labor was lost to American workmen because you are permitting this debased currency competition to continue unchallenged. And, gentlemen, when a pulp and paper mill stops running that does not mean only that her millworkers are out of work. It also means economic stagnation for the pulpwood cutter in the backwoods, the trucker, the train crews, lime-rock quarrymen, sulphur miners, longshoremen, steamer crews, and other workers.

MENACE OF CHEAP FOREIGN BUTTER

Cubes of New Zealand butter landed on the Pacific coast early in January to cast another depreciated currency shadow on a fundamental American industry—dairying. After freight was paid on the 6,000-mile haul, and 14 cents per pound tariff added, the butter sold at San Francisco for only 26 cents per pound—far under the American butter price for that week. The depreciated currency of the shipping nation made that price possible and cast a shadow over dairy herds in America. The same threat comes from Denmark.

Shipments of Canadian cream, butter, and hogs increased heavily in 1932. The United States lost her United Kingdom wheat trade of 1932 because depreciated-currency countries find it profitable to trade with each other. American wheat shipments to the United Kingdom were 50,000,000 bushels under the 1931 mark, while Canada, Australia, and the Argentine zoomed their exports to new high levels. While Japan was menacing the salmon, sardine, and tuna trade of the United States, she also was able to ruin the American market in France, completely capturing the 1932 French fish market while the United States shipped that nation a bare 5 tons of fish. The debased condition of the Japanese yen turned the trick. The United States railroad and passenger steamers are losing millions of dollars in business for the reason that American dollars buy more passage on vessels and railroads of debased-currency nations. And, as if this were not enough, United States travelers spent $640,000,000 in Europe, and United States people sent $131,000,000 in relative remittances to the "old folks at home" during 1932. No wonder they call America "the milk cow of the world."

Lumber was given a $3 tariff protection at the last session of Congress, gentlemen, and to wipe out a great part of the benefit the United States customs legal department declared that large construction timbers, lath, shingles, and railroad ties do not come under the heading of "rough lumber." And these four mill products, gentlemen, form much of the business of western mills.

DEMAND CORRECTIVE LEGISLATION

Because of debased currency competition the Olympic Peninsula and the great Northwest plead for immediate passage of corrective legislation; legislation that will start the wheels of Pacific-coast industry to work within 30 days and take 120,000 men out of State bread lines. While thousands of former pulp-mill workers of this State wait their turn to work a few days for a subsistence ration doled out by a county indigent officer, foreign vessels steam up the Strait of Juan de Fuca before their eyes—carrying Swedish, Newfoundland, Canadian, Norwegian, and German pulp to American markets. Foreign vessels, foreign crews, foreign pulp and paper—and Americans starving.

Hundreds of unemployed shingle workers stand in amazement while trainloads and shiploads of Canadian shingles go by their door to American markets.

Crewless American fisher craft rise and fall in the swells from Japanese steamers bringing great cargoes of salmon and tuna to flood American markets and cast a shadow and a blight over the once great prosperous fishing industry of Washington, Oregon, California, and Alaska.

Gentlemen, the unemployed mill worker in the bread line, the jobless shingle sawyer by the railroad track, the gaunt-bellied fisherman, the cowboy in the saddle, the miner in his shanty, the woodsman in his cabin demand to know why you delay a return of their buying power. They want to know why you permit foreigners to nurse at the breast of America, while her own industrial, farming, mining, and laboring children perish for want of nourishment. They want to know why you fiddle while Rome burns. They demand to know why you talk of beer percentages and Philippine independence 12 years off when they need bread now. They fear that continuation of present conditions may cause the American worker to lose his most priceless heritage—the will to work, the initiative to create and maintain a home, and the independence that made the United States great.

Gentlemen, within 1 mile of where this is written, stand four great sawmills, shingle mills, and pulp and paper mills that in 1929 employed 1,200 men. These mills are idle—gray, smokeless ghosts of a prosperous day existing before a slumbering American leadership "sold them down the river" to an economic foe.

Within three blocks of where this is written, between 700 and 1,000 once well-paid and happy home-owning workmen await their turn for one and two days' work weekly provided by already overburdened taxpayers at $2 per day as a bare subsistence for the unemployed. Within eight blocks of where this is written, a tiny girl fainted from hunger in school one December day, and, when revived by her teacher and asked what was wrong, said: "Teacher, it was brother's turn to eat to-day." What is written in tears and suffering in Port Angeles is written in the same indelible fluid in every city and hamlet in America.

THOUSAND UNEMPLOYED HERE

Gentlemen of Congress, the 1,000 unemployed Americans in Port Angeles, the 120,000 unemployed Americans in Washington State, the 12,000,000 unemployed Americans in the United States are pleading with you to pass legislation immediately correcting the blight caused by foreign competition under depreciated-currency conditions. Some of these men served in the Army, the Navy, and the Marine Corps you sent overseas in 1917 to protect you and yours from a foreign foe. Couldn't you do the same for them now? Thank God, these men do not ask a dole. It isn't a sack of Red Cross flour or a pair of cast-off Army shoes they want. They want their jobs back—the jobs they had before foreigners captured American markets—and they are not quibbling over wages, either.

APPEALING TO CONGRESS

These millions of patriotic and marvelously patient unemployed Americans ask that the people they sent to Congress act immediately for the benefit of those people who sent them to Congress, and not be lulled to lethargy by the siren croon of international bankers, academic internationalists, paid lobbyists, and a handful of selfish American importers. They ask for a fair field and no favor. They ask for a chance for their white alley—a chance at the lathe, the bench, the loom, the fishline, the saw, the ax, the machine—to produce those articles used in American everyday life and now being furnished by foreign workers. They want to spend the golden tide of their earnings to bring prosperity back to the United States of America. Behind these legions of unemployed Americans stand the patient and hopeful women of America and their undernourished and scantily clad children. And many a tearful, expectant American mother turns her face to the bleak bedroom wall and prays that some miracle happens that will provide food for the babe that now stirs beneath her breasts.

Gentlemen of Congress, these are my people and your people. You are in the great city of Washington, where the tax moneys of a burdened people furnish a golden stream to create prosperity in our National Capital. You see no poverty there. The noise of marble chisel and riveting machine about the Capital buildings drowns out the echoes of depression from the balance of America. But it is out there beyond the rim just the same. The writer is out on the firing line, in a representative American maritime city of 10,000 people, of which 5,000 will be dependent upon public charity or the goodness of their neighbors before summer suns can



warm their poorly clad bodies. In the name of these people and the United States they still believe great, this appeal is written. These people can not all personally write, but they are banking on this message reaching your eyes and your hearts. They are banking on you as real Americans to forget for a time the oily arguments of bespatted diplomats from other shores, to banish the buffoonery of beer percentage and the distant freedom for a tiny brown race until the real issue of America is settled—and that issue is passing of the depreciated-currency legislation.

Gentlemen of Congress, the time has come for you to become your brother's keeper. They are your people. And they are on their knees, arms outstretched, asking God for guidance and further patience in their hour of economic travail, and imploring their Congress for an opportunity to earn that for which men and women and children have prayed since the dawn of a Christian civilization—"Give us this day our daily bread."

THE TARIFF AND DEPRECIATED FOREIGN CURRENCIES

Mr. HATFIELD. Mr. President, what I shall have to say this afternoon, I am convinced, deals directly with the subject matter before this body.

When the present tariff act was under consideration I had the pleasure of successfully advocating many of the tariff rates therein incorporated. These rates have partially served to develop the American chemical industry, and to render more and more secure the independence of our country.

At this time, when international relations are under severe stress; when signed agreements of foreign nations seem to substantiate the statement that "treaties are but mere scraps of paper"; when the League of Nations and the Kellogg-Briand pact, both renowned for their impotence, stand discarded in Asiatic domains; it is indeed a pleasure and a high privilege, as an American citizen, to recall my participation in a legislative action that has served so well for the national welfare, and has helped to establish the United States of America as a free and independent people.

In 1914, throughout the breadth and length of this country, we could find no semblance of an organic chemical field. On the other hand, we had a substantial development of inorganic chemical production. In the main, we were wholly dependent at that time upon foreign sources for practically all of our dyes and pharmaceuticals. The shortage of dyes alone, at one time during the World War, threatened the shutdown of the textile industry of this country.

As a Member of the United States Senate I rejoice that those days of 1914 have gone forever, and that progress has reached the point at which we can supply virtually every chemical needed.

I rejoice at the contents of a letter which I recently received from the Chemical Foundation setting forth that to-day we are free from foreign influence for every necessary commodity, with virtually only five exceptions. These five are coffee, tea, tin, rubber, and sisal, and, in my opinion, it need not be absolutely essential within a few years for any one of these five to be imported.

At this point, Mr. President, I desire to have the clerk read, as a part of my remarks, a letter recently received from the American Chemical Foundation which contains an array of facts on our progress that depicts our chemical status at present and paints a future that will be brilliant if untrammeled by interference on the part of foreigners, our international bankers, or a shortsightedness on the part of our National Congress.

The VICE PRESIDENT. Without objection, the clerk will read.

The legislative clerk read as follows:

THE CHEMICAL FOUNDATION,
New York City, January 6, 1933.

Hon. HENRY D. HATFIELD,
Senate Office Building, Washington, D. C.

DEAR SENATOR HATFIELD: The American chemist is delighted to-day to be able to assure the Congress of the United States that they may decide the foreign debt question, or any other foreign question, absolutely free of any dependence on the outside world for any necessity of national life, national health, agriculture, or defense. In these days of criticism, it is a pleasure to assure you that this independence is due to the united efforts of the Congress of the United States, our educational forces, and the support of all the people, with the exception of our international bankers who have been at all times the enemies of American chemistry and have loaned over $200,000,000 of the savings of the American people to foreign competitors in their effort to destroy our progress.

Let us look for a moment at the record:

NEW YORK, *March 6, 1915.*

Hon. WILLIAM J. BRYAN,
Secretary of State, Washington, D. C.

MY DEAR MR. BRYAN: Referring to my letter of yesterday regarding the dyestuff situation, I beg to say that I received the following cable this morning from Germany via Milan: "Latest developments make further shipments dyestuffs impossible." The cable was sent to me by Dr. Adolph Haeuser.

The same man that, as I have shown before, wrote the letters directing what Germany wanted in a tariff policy. He has now been made the head of them all, the president of the Verein zur Wahrung der Interressen der Chemischen Industrie, Deutschlands, which is composed of the various chemical and dyestuff manufacturers of Germany, with headquarters in Berlin, and shows the attitude of German manufacturers of dyestuffs in the present crisis.

It is safe to assume that they will take every precaution and go to any length to prevent their products reaching consumers of enemy countries; and unless some agreement can be reached to have the present condition modified, the manufacturers of this country will suffer as much as those of belligerent countries.

Yours very truly,

H. A. METZ.

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"Serial No. 432 of March 13, 1915. It is reported to me by Hossenfelder" (German consul general in New York), "telegram No. 4, that the stock of dyes in this country is so small that by a German embargo about 4,000,000 American workmen might be thrown out of employment.

"BERNSTORFF."

* * * * * * *

This was our condition of servitude in 1915. To-day, under the fostering of Congress, we are able to supply 90 per cent of our consumption of dyes on which in 1929 sixteen billions of American production was dependent, and in case our imports were ended our production of dyes would be ample to supply all our needs.

From report of Consul General Hossenfelder to the German Government, to His Excellency the Imperial Chancellor, Doctor von Bethmann-Hollweg, dated New York, March 3, 1916:

"Neither through money nor the granting of credit, nor by any other means, can that critical situation be relieved which has been called forth by the removal of certain articles which are obtainable only in Germany. These articles are chiefly potash, chemicals, and dyestuffs. Potash is desired by agriculture, inclusive of the cotton planters, all the more urgently since even last year sufficient fertilizer could not be brought to the soil. To enumerate the industries which are suffering from the scarcity of German chemicals would lead too far. I may, however, mention that the cry for help which comes from the world of physicians is becoming louder and louder and more and more insistent."

At that time we were dependent upon Europe for many drugs, including salvarsan, the sole remedy for our 10,000,000 syphilitics; luminal, the sole alleviate for epilepsy, etc. To-day we make all our drugs of better quality than are known in the world and at infinitely cheaper prices than we paid the foreigner. For instance, salvarsan before the war sold for about $3.50 an ampule. To-day the highest quality sells for 60 cents an ampule. The importation of drugs is negligible.

March 13, 1926, the Committee on Interstate and Foreign Commerce of the House of Representatives submitted a report on the control by foreign governments of production and exportation of certain raw materials essential to our progress.

"1. That controls of either production or exportation which materially affect prices have been instituted by direct or indirect foreign governmental action as follows: The Government of Great Britain, through direction of its colonial office to its East Indian possessions, over rubber; the Government of the State of Sao Paulo, Brazil, over coffee; the Government of Chile over nitrates and iodine; the Governments of Germany and France over potash; the Government of Egypt over long-staple cotton; the Government of Japan over camphor and at times over silk; and the government of Yucatan, Mexico, over sisal."

To-day the chemist has sprung us loose from all these controls, with the exception of coffee, tea, tin, and sisal:

(1) Potash has been discovered in the Southwestern States in ample quantity to supply the United States. Its ability to compete with the potash from the cartels of Germany and France is only a question of freight rates. The ownership of these beds of potash, however, should be watched by the Government.

(2) Manganese. Mr. Charles H. Herty, jr., son of Dr. Charles H. Herty, has worked out a process whereby our own ores can be used, and thus we become independent of Russia.

(3) Camphor. The Du Pont Co. have just finished their plant, sufficient to supply the needs of the country with synthetic camphor.

(4) Rubber. Synthetic rubber has been perfected by the Du Pont Co., and is being produced in a semiworks plant. Of course, we can not produce rubber to compete at the present price of 4 cents, but a possible recurrence of the Stevenson Act monopoly is at an end. The above committee found that 36 cents was a fair and proper price for the foreign monopoly to exact from our

people. They found that under the Stevenson Act the price reached $1.21 in 1925, and that in 1926 over $600,000,000 above the fair and proper price was extorted from our people by the Government-controlled monopoly. By the discovery of our chemists, we are assured that the price will never again go above 20 cents without meeting the competition of American synthetic rubber, and this limit may well be lowered by the usual progress in lessening chemical costs.

(5) Rayon can readily take the place of silk.

(6) Iodine is now being produced by the Dow Chemical Co. from oil wells. This production can easily, in the case of necessity, be expanded to cover our needs.

(7) The possibility of growing an ample supply of long-staple cotton has been developed under the guidance of our Department of Agriculture.

(8) And now come nitrates from the air. Ten American plants are producing and stand ready to produce the entire necessities of this country in peace and war, for agriculture and for munitions, at a price to equal the costs of the world. The farmer to-day is getting his nitrates for $22 a ton, against $36 a ton to-day paid by the German farmer, and against the former price of $90 during the war and $48 in 1926.

This whole story is set forth in the book I am sending you by Professor Zanetti, which is an unbiased and careful examination of the importance of nitrates in our national life.

It might be added that we have the phosphate rock and the potash and the nitrogen, and we are the only country of the world which has all the necessary ingredients for fertilizers for its soil.

There remain only coffee, tea, and tin. Coffee and tea are not necessities and their synthesis is being worked on by our chemists. For tin there are many substitutes in alloys and other products.

This is an independence possessed by no other country in the world, and it is the object of destruction by world cartels, assisted by our so-called American international bankers.

In addition to the creation of this new independence, chemical education in high school, in college, in graduate school, and research institutions is offering 100 per cent service to our medical profession, to all our industries, and to our national defense.

Two hundred and fifty million dollars have been expended in chemical laboratories in our educational institutions alone.

Our developed chemistry is also able to service the allied sciences of physics, electricity, medicine, etc., as nowhere else in the world. Arithmetic alone of our sciences has been neglected. "Remember, O stranger, arithmetic is the first of the sciences and the mother of safety."

Our schools stop the teaching of arithmetic at the age of 12, and as a nation our people are trying to fight the great battle of life with a child's knowledge of its basic science. Let us develop the teaching of arithmetic through high school and college.

After all we constitute a great village, and peace, contentment, and prosperity wait upon our patriotism, our home contentment, and the ability to mind our own business.

Remember the concluding lines of Oliver Goldsmith's great poem, the Deserted Village:

> "Aid slightest truth, with thy persuasive strain;
> Teach erring man to spurn the rage of gain;
> Teach him that states of native strength possest,
> Though very poor, may still be very blest;
> That trade's proud empire hastes to swift decay,
> As ocean sweeps the labour'd mole away;
> While self-dependent power can time defy,
> As rocks resist the billows and the sky."

May we not add reproach of the Deserted Village to that of the forgotten man.

Wishing you a happy New Year, very truly yours,

FRANCIS P. GARVAN, *President*.

Mr. HATFIELD. Mr. President, the American chemical industry owes a debt of gratitude to the Hon. Francis P. Garvan for his vision and constructive steps for promoting the development and expansion of a most necessary American self-contained chemical industry. As president of the American Chemical Foundation, he has unselfishly devoted, without profit, years of his life to the chemical education of our people and to the chemical stabilization of our American industrial life.

In passing, I want to endorse the comment of a short editorial recently contributed by that well-known American, Mr. Arthur Brisbane.

The "buy American" policy was expressed well long ago by Abraham Lincoln, according to J. P. Annin.

"To a question on tariffs, Abraham Lincoln is said to have replied that he knew very little about the tariff, but that he did know that when we bought steel rails abroad, they had the money and we had the rails, but when we bought steel rails in America, this country had the rails and the money also."

This editorial was at the head of Mr. Brisbane's column, indicating the true Americanism and confidence of the writer in the future of this country.

Mr. President, at this point I wish most heartily to endorse the patriotic appeal which is now being nationally made by the Hon. William Randolph Hearst through his chain of newspapers to the American people.

"Buy American" is the duty of every honest-minded American. If the American people will demand and insist that they be furnished the products of American labor and of American agriculture, we will soon have employment opportunities for millions of our unemployed.

However, Mr. President, our people, especially at this time, with greatly decreased purchasing power, out of necessity, because of the want of employment, seek to secure the greatest quantity for the least expenditure. For that reason it is necessary, if we want to assist our people to respond to the patriotic appeal now being made by Mr. Hearst and his papers, that we speedily enact legislation which will prevent the continued dumping of foreign products into our markets.

The Congress of the United States, after the war-time developments due to the shutting off of foreign chemicals and the license control act after the war, gave protection to the chemical industry.

Mr. President, while the American chemical industry is making possible our industrial and agricultural independence from foreign monopolies, the continuance of this independence lies entirely within the control of the Congress.

By way of illustrating the effect of one particular chemical element in everyday life, let us cite the developments in fixed nitrogen, or that form of nitrogen directly available for plant growth. In 1915 we were solely dependent for our supply of sodium nitrate on imports from Chile. Notwithstanding the many millions of dollars that our Government spent in that period, up to 1920, in the development of nitrates, we were still dependent to a large extent upon importations from Chile. Since that time astounding progress has been made in the establishment and greater growth of an American synthetic-nitrogen industry. As a result of this expansion, to a capacity of nearly 1,000,000 tons per annum, we are now in a position to supply the entire American requirements.

Already shipments of certain forms of fixed nitrogen are coming in from Japan, which has resulted in forcing the closing of one of our plants on the Pacific coast. Unless Congress speedily finds a way to prevent the continued dumping from this source, there is no hope of resuscitating the nitrogen industry on the Pacific coast.

The new iodine industry, a new chemical development, with plants at Los Angeles, Calif., and Shreveport, La., now producing one-fourth of all the iodine used in America, is also threatened by the dumping of foreign-produced iodine into our country.

Mr. President, we are the only nation in the world which permits foreign nations to dominate and control its domestic affairs. We are the only nation in the world which permits international bankers to exploit its people. We are the only creditor nation in the world which permits its debtors to attempt to dominate its domestic affairs and to openly flout the collection of debts honestly due it.

The Chancellor of the Exchequer of Great Britain, only a few days ago in a public statement, said they would appoint representatives of their Government to advise with officials of the United States on the question of war debts on condition that no other subject be discussed. And, Mr. President, Great Britain owes us not only billions of dollars in money but is under an obligation to us which it never can repay in money. I well recall the days of 1914 and 1915, when Great Britain was appealing to her cousins across the Atlantic, first for credit, then for munitions, then for money, then for the manhood of America to save her from the devastating effects of control by the Hun. Our reward is to be told by this representative of Great Britain that unless we submit to the conditions laid down by the debtor our markets will be flooded by the products of Great Britain, made possible by the further depreciation of currencies of that country. Bear in mind if you will, Mr. President, that Great Britain was the country which, through the voluntary depreciation of her currency, made it possible or necessary for other countries to abandon the gold standard. Through the depre-

ciation of her currency Great Britain has lowered the production costs and prices of her exports 30 to 40 per cent.

Mr. President, a year and a half ago our international bankers tried to lead the American people to believe that foreign nations were forced off the gold standard due to the foreign debts owed to America and American citizens. In other words, at that time they attempted to intimidate, yes, to force an American Congress to transfer to the backs of the American people the war costs of the European nations.

Now, Mr. President, from the mouths of the representatives of the English Government, from the public utterances of their leading bankers, we learn the truth as to why England and other foreign nations went off the gold standard. They went off the gold standard for the sole purpose of forcing an American Congress to take action detrimental to the welfare of the American people, and they told us as late as last week that if we have not had enough, they will further add to the destruction of American industries by the further depreciation of their currency.

Mr. President, the English Government and other foreign nations openly admit that their reason for going off the gold standard and debasing their currency was in order to ship the products of foreign labor into the American market at costs which are below the costs of American production, thus destroying our industries.

Depreciated currency, in other words, Mr. President, is a tool or a weapon to force the cancellation of debts owed to America and to transfer these debts to the backs of the already overburdened American taxpayer.

Last Saturday I received a letter from one of the outstanding leaders of American life. I refer to Mr. Matthew Woll, of the American Federation of Labor. At this point, Mr. President, I would like to have the clerk read this letter from Mr. Woll.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read, as requested.

Mr. FESS. Mr. President, before the letter is read will the Senator yield to me?

Mr. HATFIELD. Certainly.

Mr. FESS. The depreciation in the currency of Great Britain cheapens labor in that country to the degree that it has depreciated. Therefore the labor cost in anything that Great Britain makes is reduced to that degree, that much lower than we could produce it for even if they would pay the tariff, and therefore that would increase to a great extent their imports to us. Our friends are insisting that as they increase imports they are decreasing our exports, and therefore they want us to take the tariff off in order that we can increase our exports. I would like to know how that would in any degree increase our exports, as the imports from those countries on a depreciated currency are bound to increase?

Mr. HATFIELD. The purchasing power of the American people respecting imports has always been found to be higher when we have a high-tariff rate that protects our industries against importations.

Mr. FESS. That is absolutely correct.

The VICE PRESIDENT. The clerk will read, as requested.

The legislative clerk read as follows:

AMERICA'S WAGE EARNERS' PROTECTIVE CONFERENCE,
New York City, January 27, 1933.

Hon. HENRY D. HATFIELD,
United States Senate, Washington, D. C.

MY DEAR SENATOR HATFIELD: Last spring you delivered an interesting and inspiring address on the floor of the Senate, pointing out very strikingly the serious effects which imports from countries, the currencies of which had depreciated, were having on employment opportunities of American labor.

The conditions which you so well described at that time are to-day very, very much worse, and, it is my hope that you will take it upon yourself to direct the attention of the Congress of the United States to the fact that unless, and until, this condition is corrected, which can be corrected only by national legislation, millions of American workers will continue to be dependent upon either public or private charity.

It should be self-evident that American industries can not reopen and give employment to American workers with foreign producers of competing articles having secured, through the depreciation of their currencies, an automatic reduction in production costs ranging from 15 to 60 per cent.

A year ago, and again yesterday, Government experts referred to this situation as a temporary one. Life itself is temporary, yet we must eat to live, and we must either work or be dependent upon charity, public or private, if there is no work. America's unemployed workers, and there are millions of them, who have been looking in vain for employment opportunities, have paid the penalty in privation of themselves and their families and are being reduced in too many cases to pauperism to regard these conditions as temporary.

The depreciation of foreign currencies has not been followed, as predicted by some economists, by increased wages of foreign workers.

The Department of Commerce, in a circular letter of January 16, 1933, states, "Wages (in Japan) have fallen to a lower level than prevailed in 1931 when the value of the yen was close to par," and Japanese currency has depreciated some 60 per cent.

This is not a political question or a partisan one. We believe that the Congress of the United States is fully cognizant of the national emergency which now exists, and we sincerely trust that our national legislative body will rise above political considerations at this time and provide, as they alone can provide, through proper legislation, employment opportunities for millions of America's workers.

We believe that in the emergency which existed a year ago, and which exists to an alarming extent at this time, there is need for a wide expansion of public works, and this program, if properly carried out, would provide employment for some of our 12,000,000 now unemployed.

In view of the economy wave that now seems rampant throughout our country, there may be considerable opposition to such a program. However, we do not believe there should be any honest opposition to a correction which can alone be made by Congress for the benefit of all Americans.

For your information I am inclosing herewith a clipping from the New York Times showing the landed cost of foreign-made articles in the United States, and the comparative domestic cost of production of similar articles. The facts portrayed in these tables illustrate why millions of America's industrial workers are unable to obtain employment.

In behalf of America's millions of unemployed industrial workers, we look forward to some constructive action on the part of the Congress, and we sincerely hope that you will again aid by directing the attention of the Congress to the devastating effects on employment opportunities to America's workers made possible by the dumping of foreign-made products into our country, at prices which are less than American costs of production.

Hoping you will join in an effort to correct the evils which we have pointed out, and with cordial regards, I am,

Sincerely yours,

MATTHEW WOLL.

Mr. HATFIELD. I send to the desk the clipping from the New York Times, referred to by Mr. Woll, and ask for its insertion in the RECORD at this point.

The VICE PRESIDENT. Without objection, the article will be printed in the RECORD.

The article is as follows:

[From the New York Times, October 15, 1932]

COST OF FOREIGN MANUFACTURES COMPARED WITH OUTLAY TO MAKE THE SAME GOODS HERE

WASHINGTON, October 14.—The following list contains some of the imported articles exhibited to-day by the Commissioner of Customs with the cost of production abroad compared with that in the United States:

	Landed cost in United States currency	Domestic cost of similar article
Black enamel Wellington boots (Japan)	$0.338 per pair	$0.9469 per pair.
Child's all-over rubber boots (Czechoslovakia)	$0.806 per pair	$1.2081 per pair.
All-over rubber boots, men's (Czechoslovakia)	$1.161 per pair	$1.4899 per pair.
All-over rubber boots, boys' (Czechoslovakia)	$0.448 per pair	$0.9290 per pair.
Child's Wellington rubber boots (Czechoslovakia)	$0.356 per pair	$0.9469 per pair.
Men's storm rubbers (Czechoslovakia)	$0.21 per pair	$0.356 per pair.
Women's rubber shoes (Czechoslovakia)	$0.3254 per pair	$0.3591 per pair.
Rubber-soled high-top canvas shoes (Czechoslovakia)	$0.2070 per pair	$0.2905 per pair.
Swimming ring (Japan)	$0.19 each	$0.45 each.

	Landed cost in United States currency	Domestic cost of similar article
Swimming float (Japan)	$0.17 each	$2.46 each.
Rubber animal (Japan)	$1.75 per dozen	$3.96 per dozen.
Beach ball (Japan)	$0.12 each	$1.47 each.
Do	$0.10 each	..... each.
Rubber football (Japan)	$0.07 each	$0.15 each.
Beach ball, 13 inches (Japan)	$0.08 each	$0.27 each.
Rubber animal (Japan)	$3.64 per gross	$14.12 per gross.
Rubber toy (Japan)	$0.84 per dozen	$2.28 per dozen.
Rubber dolls (Japan)	$4.26 per gross	$7.84 per gross.
Rubber sword (Japan)	$1.25 per hundred	$1.60 per hundred.
Water pistols (Japan)	$1.09 per gross	$6.37 per gross.
Black rubber nose blower (Japan)	$0.24 per gross	$1.50 per gross.
Rubber erasers:		
Square (Japan)	$0.29 per gross	$0.72 per gross.
Oblong (Japan)	..do	$0.60 per gross.
Movable celluloid toys—baby's musical ball (Japan)	$20.14 per gross	$33.00 per gross.
5-inch celluloid doll (Japan)	$3.48 per gross	$15.81 per gross.
6-inch celluloid doll (Japan)	$3.24 per gross	$16.08 per gross.
6-inch cerise celluloid combs (Japan)	$11.06 per gross	$25.86 per gross.
7-inch celluloid combs (Japan)	$4.44 per gross	$17.53 per gross.
4 half-inch celluloid combs (Japan)	$4.82 per gross	$14.55 per gross.
Cotton hit-and-miss rag rug, 24 by 36 inches (Japan)	$0.06 each	$0.29 each
Cotton hit-and-miss rag rug, 2 by 3 feet (Japan)	$0.09 each	$0.28 each.
Grass rug, 9 by 12 feet (Japan)	$0.92 each	$8.88 each.
Quart size thermos jugs (Japan)	$0.56 each	$0.79 each.
Pint size thermos jugs (Japan)	$0.32 each	$0.49 each.
Toothbrush (Doctor West style) (Japan)	$9.67 per gross	$15 per gross.
Toothbrush handle, celluloid (Japan)	$3.24 per gross	$4.51 per gross.
Toothbrush (Woolworth's "Dental King") (Japan)	$6.37 per gross	$8.75 per gross.
House lamps (60-watt) (Japan)	$3.12 per hundred	$3.72 per hundred.
Christmas-tree lamps (Japan)	$0.73 per hundred	$2.35 per hundred.
Safety matches (Japan)	$0.27 per gross	$0.51 per gross.
Hairbrushes, natural ebony-white bristles (Japan)	$3.64 per dozen	$7.20 per dozen.
Tennis racquets (Japan)	$0.31 each	$0.90 each.
6-foot folding rule (Czechoslovakia)	$0.79 per dozen	$2.05 per dozen.
Men's leather gloves (England)	$24.89 per dozen pair	$26 per dozen pair.
Knives and forks (England)	$4.81 per set of 6	$7.42 per set of 6.
Lunch plates (Japan)	$1.38 per dozen	$3 per dozen.
Hotel teapot (Japan)	$0.86 per dozen	$3.44 per dozen.
Maple walking stick (Japan)	$1.23 per dozen	$3 per dozen.
Pongee-silk coolie coat (Japan)	$0.68 each	$102 each.
Men's cotton handkerchiefs 17 by 17 inches (Japan)	$0.28 per dozen	$0.36 per dozen.
Men's cotton handkerchiefs 15 by 15 inches (Japan)	$0.18 per dozen	$0.25 per dozen.
Solid imitation-pearl beads, loosely strung (Japan)	$0.04 each	$0.41 each.
34-line self-shank pearl button (Japan)	$16.14 per gross	$24.84 per gross.
Six-inch diagonal cutting pliers (Germany)	$0.153 each	$0.61 each.
Pocketknife (Germany)	$0.707 per dozen	$2.63 per dozen.
Fancy-shaped wrist-watch glasses (Japan)	$1.43 per gross	$5.40 per gross.
Wrist-watch glass blanks, flat (Japan)	$0.41 per gross	$1.25 per gross.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from West Virginia yield to the Senator from Ohio?

Mr. HATFIELD. I yield.

Mr. FESS. There is one expression in the letter of Mr. Woll that ought not to escape the attention of everyone and that is that with the depreciation of currency in Japan, as is true in other countries, wages have not increased. That is always the claim on the part of those who are asking for a depreciated currency, that it will increase the price of the article and they assume it will increase the price of labor. That is never true. As the price of the article increases the price of labor may not go down, but it does not increase with the price of the article. To my mind that is the most commanding point to-day in the clamor for depreciation of currency in our own country.

Mr. HATFIELD. That is very true, and I thank the Senator from Ohio for his observation.

Mr. President, I have not dealt at length, as I might have, with one important phase of this question and that is the loss of revenue brought about through the debasing of foreign currencies. In these days of deficits I presume it is our serious duty to plug up every leak. If that be true, I feel confident that in correcting the present unfair and uncalled-for situation we will add to the revenues of our Government more than $300,000,000 without adding one cent to the living costs of the American people.

I am sending to the desk and will ask to have inserted in the RECORD a table showing the depreciation of foreign currencies of some 20 foreign countries and the estimated increase in revenue had we collected a tax equal to the depreciation of currencies on imports from these countries for the year ending October 31, 1932.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, that order will be made.

The table is as follows:

Possible new revenue from depreciated currency imports—year November, 1931, to October, 1932

Country	Per cent depreciation	Amount of annual imports from	Maximum possible new revenue
Denmark	28.2	$1,345,000	$527,000
Finland	35.7	8,763,000	4,863,000
Greece	26.2	9,670,000	3,423,000
Norway	31.2	11,609,000	5,259,000
Portugal	26.2	2,984,000	1,062,000
Sweden	29.8	25,197,000	10,709,000
United Kingdom	27.1	31,049,000	30,069,000
Canada	12.1	190,583,000	26,300,000
Mexico	33.7	38,768,000	19,655,000
Argentina	39.4	17,082,000	11,103,000
Brazil	42.5	86,886,000	64,122,000
Chile	26.6	16,769,000	6,087,000
Ecuador	8.1	2,699,000	238,000
Peru	11.1	3,751,000	469,000
Uruguay	54.9	2,381,000	2,900,000
Venezuela	21.9	21,330,000	5,994,000
British India	27.0	34,894,000	12,911,000
British Malaya	28.0	39,846,000	15,500,000
Japan	35.0	149,170,000	80,253,000
Australia	41.8	5,630,000	4,059,000
Total or average	29.2	750,406,000	305,503,000

Mr. HATFIELD. While the table shows an average of only 35 per cent in Japanese currency for the period referred to during recent months, at the present time Japanese currency has depreciated some 60 per cent.

The dumping of goods from nations manufacturing them under depreciated currency, into the United States, is responsible for depriving many millions of American workers of employment. The quotation of prices by the importer serves to fix the price on many articles manufactured in America at a price so much lower than the cost of production in our home industry that it deters the manufacturer from production, notwithstanding that his shelves are

empty, for the reason that he knows he is unable to compete with the products of the nations operating under a depreciated currency basis.

I favor, Mr. President, conserving our home markets for home labor. I have the same conviction as was so ably expressed by that great American, Andrew Jackson, when a member of this body, in addressing the Senate upon a protective-tariff measure then before that body. He said:

> It is time, sir, we should become a little more Americanized, and instead of feeding the paupers of England feed our own people, or else in a short time we will be paupers ourselves.

Mr. President, we have reached the time depicted by that distinguished American in 1828.

Give the industries of this country the assurance of the home market by protecting these products against the products of those nations now off the gold standard, and the American Congress will accomplish two things, in my judgment. First, it will return millions of men to work; second, it will do more to force Europe and Asia back to a sound monetary basis than any international conference can accomplish.

This action will help home industries. They will provide an adequate surplus by restoring their depleted warehouses and by so doing will put thousands of men to work who are now walking the streets and highways seeking the opportunity for earning a living that is denied them. Their unemployment has terminated their purchasing power.

The farmer is the manufacturers' best friend in the way of a consumer; but the farmer can not purchase unless he has a market for his products; and it has long since been demonstrated that the purchasing power of the forty-some million workmen under the American flag represents 80 per cent of his market.

When the American workers receive a standard of wage which is worthy of their hire—and the only way that this can be accomplished and continued is to properly safeguard their employers from the cheap products of other nations—it will assure to the farmer the greatest market in the world.

The axiom in 1929 that appeared editorially in Labor, the official organ of the railway brotherhoods of this country, stands out to-day as true, and should be read by every national legislator. This editorial in part appeared on Washington's birthday in 1930:

> If 90 per cent of our production is consumed at home and only 10 per cent goes abroad, then it is surely nine times as important to stimulate the home market as to stimulate the foreign market.

Mr. President, I send to the desk some telegrams and ask that they be printed at this point. The senders represent industries in every section of the United States, and the telegrams prove conclusively that there is a unanimity of conviction among representatives of labor and industry that prompt action by the Congress of the United States on the subject of depreciated currency will do more to stabilize business and conserve our home markets for our home labor than the performance of any other duty that rests upon this Congress.

The men who sent these telegrams represent industries and the producers of raw material. These latter industries are prostrate to-day for the want of orders.

Mr. President, I ask that the telegrams may be printed as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The telegrams are as follows:

ERIE, PA., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate, Washington, D. C.:

In our opinion the greatest obstacle to recovery in our country is that industry after industry is finding itself unable to compete for domestic business due to imports from countries off the gold standard. It is possible for these foreign countries to quote prices which will cover their costs, give them a profit, and still place goods in this market at prices below domestic manufacturer's cost. We can not urge too strongly necessity for emergency legislation to equalize currency values.

HAMMERMILL PAPER CO.

BANGOR, ME., *January 30, 1933.*

Senator HENRY D. HATFIELD,
Washington, D. C.:

Our vast timberland holdings have shrunken in value to a point where they are to-day more a liability than an asset, and our lumber operations are practically wiped out because of lack demand for pulpwood account situation in pulp and paper industry due importations from countries of depreciated currency and depressing of prices below cost production this country. Real emergency exists. Prompt enactment legislation to equalize currencies and maintain our gold basis necessary to save our situation to restore some measure our values and enable us give employment.

MAINE LUMBERMEN & LAND OWNERS ASSOCIATION.

NEW YORK, N. Y., *January 30, 1933.*

Hon. H. D. HATFIELD,
United States Senate:

Importations of paper and pulp from countries off the gold standard are becoming a greater menace to our industry and are working hardships not only on manufacturers of pulp and paper but also producers of raw material for them. The great bulk of the pulpwood used in pulp mills is produced by small farmers and is largely their money crop. Relief is urgently needed.

WEST VIRGINIA PULP & PAPER CO.,
THOMAS LUKE, *Vice President.*

WORCESTER, MASS., *January 30, 1933.*

Senator HENRY D. HATFIELD,
Senate Office Building:

Our company is vitally interested in the prosperity of the paper industry of this country. We feel that any legislation that can be passed by our Congress which would offset the advantage that now accrues to foreign paper manufacturers due to depreciated currency would be most beneficial to the paper industry in this country and would be the means of very promptly putting back to work a lot of men now unemployed. We urge upon you most careful consideration to constructive legislation of this kind.

RICE, BARTON & FALES (INC.),
GEORGE SUMNER BARTON,
President.

NEW YORK, N. Y., *January 30, 1933.*

Hon. H. D. HATFIELD,
United States Senate:

At request of Mr. Luke, president West Virginia Pulp & Paper Co., I am wiring you to urge your support of necessary legislation to deal with importations from countries that have abandoned the gold standard. In 1929 pulp and paper industry employed in mills alone 128,000 employees and in mills and wood operations in excess of 300,000 employees. At present rate of operations, based on hours of employment, these figures can be cut in half. Competition from depreciated-currency countries has not only increased unemployment in pulp and paper industry but has forced industry to reduce hourly wages to its employees. In addition, curtailment in operations of pulp and paper mills has created unemployment in other industries, which brings the total unemployed to about 250,000 workers.

EUSTIS PAINE,
Chairman Paper Committee on Depreciated Currency.

ASHEVILLE, N. C., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate, Washington, D. C.:

Disastrous effects of depreciated foreign currencies on domestic markets for American products are being felt locally. The large pulp and paper industry, upon which our community depends and whose continued operations are of vital importance to all western Carolina, has been forced to make several reductions in wages and in wood prices and is now curtailing operations. Situation impresses us seriously, and we hope that some relief can be obtained by levying surtax on imports or by other means.

CANTON MERCHANTS ASSOCIATION.

NEW YORK, N. Y., *January 30, 1933.*

Hon. H. D. HATFIELD,
United States Senate:

Impossible to forecast actual reemployment if protection against depreciated-currency countries' imports is voted by Congress. Full reemployment would naturally have to await return of business to normal conditions, but there would be an immediate reemployment to the extent that imports of pulp were curtailed. Cutting of wood by farmers and woodcutters would start in the early spring. The production of paper would unquestionably be greatly stimulated by the improvement in general business and reemployment due to this legislation. If proper legislation is not passed, the unemployment in our industry will continue to increase and wages will be further reduced.

EUSTIS PAINE,
Chairman Paper Committee on Depreciated Currency.

MOSINEE, WIS., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate Office Building, Washington, D. C.:
Situation relative depreciated foreign currencies continues to grow increasingly serious. Firmly believe immediate need of emergency legislation to curb the continuous importing of pulp and paper, which is injuring the domestic mills. Trust some way may be found to get immediate action rather than wait for special session.

MARATHON PAPER MILLS CO.

APPLETON, WIS., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate:
We strongly urge that every possible effort be made by the present Congress to pass necessary acts correcting the disastrous effects upon our manufacturers caused by the depreciated currency situation. If many of our industries are to be saved and unemployment relieved prompt action is necessary.

RIVERSIDE PAPER CORPORATION.

BOSTON, MASS., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate:
Reductions in price of pulp led by Scandinavian manufacturers and due to advantages given them by depreciated currency will result in closing Champion International Co. pulp mill, Lawrence, Mass., shortly. Expect to purchase pulp supply abroad for manufacture book paper.

CHARLES T. DOLE, *President.*

WORCESTER, MASS., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
Senate Office Building, Washington, D. C.:
The depreciation in foreign currencies has had a serious effect on many of the manufacturing industries. Such remedial legislation as Congress may enact will be of particular value to thousands of our working people.

F. B. WASHBURN, *President.*

MACON, GA., *January 30, 1933.*

Senator HENRY D. HATFIELD,
Senate Office Building, Washington, D. C.:
Industrial committee of Macon Chamber of Commerce urges serious consideration of bill now before Senate affecting clays, paper, and other industries in this section suffering by reason of decrease in value of currency abroad.

JOHN L. MORRIS,
Manager Macon Chamber of Commerce.

EVERETT, WASH., *January 31, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate, Washington, D. C.:
We urge immediate action on emergency legislation dealing with depreciated currency of foreign countries. Situation extremely serious in our State, and hope you will support this legislation.

EVERETT PULP & PAPER CO.

ROCKLAND, ME., *January 31, 1933.*

United States Senator HENRY D. HATFIELD:
We urge immediate action for the enactment of the tariff equalization bill, which will give much-needed protection for New England industries in competition with goods manufactured in countries now off of the gold standard and with depreciated currency.

ROCKLAND & ROCKPORT LIME CORPORATION,
G. B. WOOD, *President.*

PORT CHESTER, N. Y., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
The Senate, Washington, D. C.:
Enactment of legislation compensating for depreciated currencies of foreign countries is vital to us and to the pulp and paper industry, for which we manufacture Fourdrinier and cylinder wires. The present dumping of foreign wires is gobbling up the cream of our markets. If discontinued, we could increase employment to our workers 50 per cent. We urge favorable and speedy action.

JOSEPH O'NEILL WIRE WORKS.

BELLEVILLE, N. J., *January 31, 1933.*

Senator HENRY D. HATFIELD:
Depreciated currency ruinous to our industry; basic paper trade suffering also. Legislation to rectify this condition necessary to prevent ruin. Urgent action on part of Congress necessary.

EASTWOOD CORPORATION.

BANGOR, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD:
Senate Chamber:
We most strenuously approve the imposition of currency equalization fee on all imports from countries having depreciated currency. The item of pulp and other wood products and fish concern us and our customers vitally.

RICE & MILLER CO.,
Wholesale Hardware.

BANGOR, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD:
Believe State of Maine industries must have protection from imports from countries with debased currencies.

THE BANGOR PUBLISHING CO.,
By FRED D. JORDAN.

RHINELANDER, WIS., *January 31, 1933.*

Hon. H. D. HATFIELD,
Senate Chamber:
All interested in maintenance of American industry, all believing in principle of America for Americans, indorse your championship of measures to offset devastating effect of depreciated foreign currency. Yours is a great constructive nonpartisan act. Heartiest congratulations.

RHINELANDER PAPER CO.,
By FOLKE BECKER.

AUGUSTA, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Office Building:
Agricultural, sardine, and pulpwood interests this State suffering severely from currency advantage now enjoyed by foreign competitors. Appreciate your support of legislation correcting this unfair situation.

F. P. WASHBURN,
Commissioner of Agriculture, Maine.

DEXTER, N. Y., *January 31, 1933.*

Senator HATFIELD,
Senate Office Building:
The appreciated second currency has resulted in closing down 60 per cent of our sulphite production. We are staggering our pay roll to assist our village in Dexter to get through this winter as best they may. The situation in our village, especially the children, is distressing. Unless the foreign currency is taken care of this company will be forced to add over 400 men to the army of unemployed. It is difficult for our workers to understand why, with 12,000,000 citizens idle, nearly two hundred millions worth of pulp and paper should come in from abroad and deprive him of a job. The entire paper and pulp industry of this country is threatened with complete annihilation unless American industry can be placed on an even cost basis with the foreign. This company asks no more.

DEXTER SULPHITE PULP & PAPER CO.

MOSINEE, WIS., *January 31, 1933.*

Senator HENRY D. HATFIELD,
United States Senate:
Emergency legislation dealing with depreciated currency is of greatest importance to the paper industry. Foreign pulp shipments at prices below local costs have increased from 80,000 tons in 1931, to 172,000 tons in 1932, thus depriving local labor, farmers, and suppliers of possible work. We urge and hope for prompt passing of corrective legislation.

MOSINEE PAPER MILLS CO.,
N. S. STONE.

BANGOR, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Building:
As a fairly large producer of timber, a considerable producer of furs, a small producer of farm products, all in Maine, and of nonferrous metals in Western States, I respectfully urge, through emergency legislation by imposition of currency equalization fee on all imports or otherwise, the protection of American raw products, labor, industry, and transportation from the present additionally serious competition from countries with debased currencies, pending the time when America realizes the necessity of embargoes.

HAVEN SAWYER.

BANGOR, ME., *January 31, 1933.*

Hon. HENRY D. HATFIELD,
Senate Chamber:
We strongly urge that legislation be passed this session imposing currency-equalization fee on all imports from countries off the gold standard. Such legislation is vital to industries essential to this State, such as pulp and paper, fisheries, many others. We believe a grave emergency exists and that immediate relief from present conditions is imperative.

EASTERN TRUST & BANKING CO.,
H. A. LITTLEFIELD, *President.*

APPLETON, WIS., *January 31, 1933.*

Senator HENRY D. HATFIELD,
United States Senate:
Due to depreciated currencies, we can not manufacture paper and pulp and compete with foreign competition. Extremely im-

perative that we be protected with action taken at once. Your help to save this and all other United States industries is needed.

PATTEN PAPER CO.

BANGOR, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD,
The Senate:

We urge for salvation of Maine industries and labor currency equalization fee on all imports from countries not on gold basis.

GEORGE E. CRAFTS,
President Bangor Chamber of Commerce.

MILLWOOD, WASH., *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Office Building:

Fifteen hundred people dependent on our plant for livelihood to say nothing of benefits to railroads and other contributing services including carload raw materials from Texas and occasionally Georgia employees now working half time or less and under staggered systems could be given full-time work if protected against importations from countries with depreciated currencies as provided in Hill bill.

INLAND EMPIRE PAPER CO.

ROBBINSVILLE, N. C., *January 31, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate:

Pulpwood market of extreme importance to western North Carolina, being lost account demoralization American pulp market by imports from depreciated currency countries. Emergency legislation necessary to prevent aggravation of prevailing serious situation.

BEMIS LUMBER CO.

BOSTON, MASS., *January 31, 1933.*

Hon. HENRY HATFIELD,
United States Senate:

How can we employ the thousands of woodsmen now idle or continue to run our paper and pulp mills unless Congress stops unfair competition of pulp and paper from depreciated-currency nations?

PENOBSCOT CHEMICAL FIBRE CO.
A. HOLLINGSWORTH, *President.*

PARK FALLS, WIS., *January 31, 1933.*

Senator HENRY D. HATFIELD,
United States Senate:

Believe it of utmost importance to pass emergency legislation regarding depreciated currencies.

FLAMBEAU PAPER CO.

BANGOR, ME., *January 31, 1933.*

Hon. HENRY D. HATFIELD,
Senate Chamber:

Pulp, paper, fisheries, and many other industries in Maine are in a deplorable condition. Immediate passage of the currency equalization bill will help.

JOHN CASSIDY & SON.

BANGOR, ME., *January 31, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate:

I understand you are to speak in favor of the measure imposing currency equalization fee on all imports from countries that have gone off the gold basis. This proposal, from the standpoint of industries located on our line, is most vital, particularly to American paper-manufacturing companies and American fertilizer companies, and consequently to this railroad. The importations of Canadian pulpwood by water, and on which there is no duty, and the importation from Europe of wood pulp have damaged the timberland owners and the railroads in Maine. Until Canada went off the gold basis I have no knowledge of any fertilizer which is used enormously in northern Maine having been brought in from or through Canada last year, and this year large quantities are being brought in again to the detriment of the railroads in Maine, and with very serious loss to the American fertilizer companies. I am sure that the majority of the people in the State of Maine will stand strongly behind this proposal.

PERCY R. TODD,
President Bangor & Aroostook Railroad Co.

BANGOR, ME., *January 30, 1933.*

Senator HENRY D. HATFIELD,
Washington, D. C.:

The immediate passage legislation on depreciated currency imports is most urgent to protect farms, forests, fisheries, industry, and labor of Maine, together with commercial enterprises dependent thereon for their livelihood. Unemployment is increasing rather than decreasing. The immediate cause of this is unmeetable competition from imports from countries off gold basis. There is no one factor that would improve conditions in Maine more than immediate passage of this emergency legislation. The crisis in our State is grave.

CLARENCE C. STETSON, *Chairman.*

HAMILTON, OHIO, *January 30, 1933.*

SENATOR HENRY D. HATFIELD,
Senate Office Building, Washington, D. C.:

As president of the Champion Coated Paper Company, largest single producers of coated and uncoated papers and soda and sulphite in the world, may I earnestly solicit you to do everything in your power to further the interest of House Bill 13999 which will meet the desperate emergency now confronting American industry and brought about by degradation of foreign currencies which has entirely subverted the purpose and intent of the United States tariff and made it possible for foreign countries which have gone off the gold standard to sell their goods in the United States at less than their cost and still make substantial profits, the American manufacturers being left to pay the ensuing charities and Government taxes. This amounts to a subsidy on foreign manufacture by the United States Government. This company has already been forced to shut down in part its pulp mills in North Carolina and purchase foreign pulp entirely against our will and better judgment. Foreign export capacity is sufficient to furnish all goods required in the United States if not quickly stopped by legislative action as no manufacturer or merchant can individually refrain from foreign purchase and meet his own domestic competition in this neighborhood. The matter amounts to a desperate emergency in increasing unemployment which must be met by Federal aid as local charities and aid are practically exhausted.

ALEXANDER THOMSON,
President the Champion Coated Paper Co.

HAMILTON, OHIO, *January 30, 1933.*

SENATOR HENRY D. HATFIELD,
Senate Office Building, Washington, D. C.:

As president of the Black Clawson Company, Hamilton, Ohio, largest producers of paper mill machinery in the world, I earnestly solicit you to lend your support to the passage of House bill 13999 to help meet the desperate emergency brought about by the degradation of foreign currencies which enables import competition to ruin our American industries. About 60 per cent of all imports come in duty free and even those items which had tariff protection are now free of duty because of the difference in money standards. This matter amounts to a deperate emergency in this locality and is equivalent to the United States Government's placing a subsidy on foreign manufacture for entry into the United States. This can not fail to increase our unemployment and in turn the expenses of the Federal Government because local charity and aid are exhausted.

HERMAN KUTTER,
President the Black Clawson Co.

GARDINER, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD,
United States Senate:

Strongly urge emergency legislation imposing tax on all imports from foreign countries whose currency has been depreciated.

KENNEBEC BOX CO.

GARDINER, ME., *January 31, 1933.*

Hon. HENRY D. HATFIELD,
Care Senate Building:

Consider it most essential that bill be passed to adjust tariffs on basis of depreciated currencies. They are shipping in rubber and leather shoes in many instances at a less price than would have to be paid for the labor alone in this country.

R. P. HAZZARD.

NEW YORK, N. Y., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senator, Washington, D. C.:

I know you are familiar with the problems of the American rubber-footwear industry, due to depreciated currencies, and possible dumping of foreign merchandise on the American market. If we are to keep the thousands of people who are dependent upon us employed we must get some immediate relief or be obliged to add numbers to the already too large list of unemployed in America. Anything you can do to be helpful will be appreciated by all concerned.

T. J. NEEDHAM,
General Manager Footwear, United States Rubber Co.

BROCKTON, MASS., *January 31, 1933.*

Senator HENRY HATFIELD:

As the manufacturer of Walkover shoes, our company believes that action should be taken by Congress to protect America's industry by emergency legislation, effecting an equalization on imports to offset depreciated foreign currency; this move is not political or sectional but will result in better business and less unemployment.

HAROLD C. KEITH,
President Geo. E. Keith Co.

CAMBRIDGE, MASS., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
Senate Office Building:

Our factory is completely closed for indefinite period due to influx of foreign canvas and rubber shoes from Japan and Czechoslovakia. Nearly 1,300 people have been laid off and are now un-

employed. Proper regulation of this attack on American employees would result in immediate reemployment of these and thousands of others in the industry.

CAMBRIDGE RUBBER CO.,
WARREN MACPHERSON, *President.*

NEW YORK, N. Y., *January 30, 1933.*

Hon. H. D. HATFIELD,
United States Senate:

Domestic rubber manufacturing industry has been suffering from ruinous competition of Czechoslovakian and Japanese manufactured footwear. This competition is approaching disastrous proportions this particular time, because domestic producers withholding orders for merchandise to be delivered coming summer unless our manufacturers meet competitive prices which are less than domestic cost of production. Just received information one buyer withholding order for 1,500,000 pairs shoes, which if not given domestic manufacturer will result in shut down factory from four to two days per week. Most essential for welfare of industry and labor employed that Congress immediately enact remedial legislation this session without too much concern respecting slight inequalities that may result. We urge immediate action by Congress.

R. H. GOEBEL,
Secretary, The Rubber Manufacturers Association (Inc.).

NEW YORK, N. Y., *January 30, 1933.*

Hon. H. D. HATFIELD,
United States Senate:

Approximately 15,000 men employed rubber footwear industry. If Congress does not act this number employees will lose approximately 50 per cent of their present working time. Some factories four days week now will reduce to two days if not entirely closed.

R. H. GOEBEL,
Secretary, The Rubber Manufacturers Association (Inc.).

MALDEN, MASS., *January 31, 1933.*

Senator HENRY HATFIELD,
United States Senate:

Urge immediate action to stop importations Japanese canvas footwear; 700 people have been thrown out of work in our plant alone since January 1. We will have to close altogether if it is not stopped. Japanese shoes are sold at a third of our cost; we can not compete with foreign labor at 20 cents a day.

CONVERSE RUBBER CO.

BOSTON, MASS., *January 31, 1933.*

Senator HENRY HATFIELD,
United States Senate:

With Japanese currency depreciated 48 per cent, how can American rubber footwear mills keep running? How can any American mills keep running which are affected by foreign debased currency?

E. H. CLAPP RUBBER PRODUCTS CO.

WATERTOWN, MASS., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
Senate Office Building:

Approximately 4,000,000 pairs of rubber footwear were imported in 1932 at ruinous prices as against half a million pairs in 1931, and practically none in 1930. These 4,000,000 pairs represent approximately 2,400,000 hours of work lost to American workers in 1932; this was the labor loss to workers in our industry alone and fully an equal amount was lost in allied industries supplying us with materials and service. Unless Congress acts favorably, we estimate these figures will be increased at least three times in 1933. I estimate less than 15,000 people remain employed in our total group in United States, at least 10,000 of whom are in grave danger of losing their employment this year unless favorable action is taken.

HOOD RUBBER CO.,
ARTHUR B. NEWHALL.

EAST LIVERPOOL, OHIO, *January 30, 1933.*

Hon. H. D. HATFIELD,
Senate Office Building, Washington, D. C.:

Will you not please give your indorsement on Senate floor and urge legislation that will save this and other industries and their workers from the destructive competition from countries whose currency has depreciated? Senators from Missouri, Kentucky, Tennessee, North Carolina, Georgia, and Florida should be interested on account of large quantities of clays shipped from these States to the potteries.

THE UNITED STATES POTTERS ASSOCIATION,
CHAS. F. GOODWIN, *Secretary-Treasurer.*

NEWELL, W. VA., *January 30, 1933.*

Senator H. D. HATFIELD,
Senate Office Building, Washington, D. C.:

Impossible to exaggerate importance of proper depreciated-currency legislation to the pottery industry. Domestic production continues to steadily diminish in the face of increased importation from Japan and England. Of 17,000 workers in tableware plants, 6,000 entirely idle and balance working less than half time. Many more thousands in allied industries similarly affected.

J. M. WELLS.

MACON, GA., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
Senate Office Building, Washington, D. C.:

We recommend immediate action on emergency legislation dealing with depreciated foreign currencies. This legislation is vitally necessary to our existence and ability to employ laborers or pay them a living wage.

GEORGIA KAOLIN CO.

NORWICH, CONN., *January 30, 1933.*

Senator H. D. HATFIELD,
Senate Office Building, Washington, D. C.:

Urge all possible emphasis on release through depreciated currency legislation. Japanese products being landed west coast as cheap as raw glass blanks can be manufactured our Huntington (W. Va.) factory. These glass blanks represent first steps only in manufacturing of completed vacuum bottles.

AMERICAN THERMOS BOTTLE CO.,
A. E. PAYSON, *President,*
Huntington, W. Va., and Norwich, Conn.

EAST LIVERPOOL, OHIO, *January 30, 1933.*

Hon. H. D. HATFIELD,
Senate Office Building:

Foreign currency depreciation has been detrimental to the working people of America. Legislation correcting this evil will be greatly appreciated by our American pottery workers, because we firmly believe that it will enable our employers to get more business, which will result in work opportunity for the people whom I represent. We pray this help immediately.

JAMES M. DUFFY,
President National Brotherhood of Operative Potters.

MORGANTOWN, W. VA., *January 30, 1933.*

Hon. H. D. HATFIELD,
Senate Office Building:

The glassware industry is with you 100 per cent in demanding protection against competing products imported from low-wage and depreciated-currency countries. The point has been reached where the help of the Government in every reasonable and helpful way is needed before the disintegration of our industrial structures gets out of hand.

GEORGE DOUGHERTY,
President American Glassware Manufacturers.

MOUNDSVILLE, W. VA., *January 31, 1933.*

H. D. HATFIELD,
United States Senate:

The present tariff on handmade glassware under normal conditions does not protect the American glassworkers. By all means something should be done to further protect the industry under present conditions. Approximately 20,000 skilled workers and their families are involved. Many of them unemployed or earning only a pittance.

C. B. ROE,
FOSTORIA GLASS CO.

BOSTON, MASS., *January 30, 1933.*

Hon. H. D. HATFIELD,
Senate Office Building:

Out of 25 merchant blast furnaces competing in 11 Eastern States, 24 furnaces are idle, ordinarily requiring 3,000 men. Correction for the results of depreciated foreign currencies, as applies to imports, is absolutely vital to the existence of our industry.

MYSTIC IRON WORKS,
T. W. KENNEDY, *President.*

BOSTON, MASS., *January 31, 1933.*

Hon. H. D. HATFIELD,
Senate Office Building:

Each ton of pig iron imported displaces labor necessary to produce 2 tons of iron ore, 1.4 tons of coal, one-half ton of limestone, involving the ore miners, coal miners, coke-oven labor, quarry men, furnace men, and railroad men.

MYSTIC IRON WORKS,
T. W. KENNEDY, *President.*

SAN FRANCISCO, CALIF., *January 30, 1933.*

Senator H. D. HATFIELD,
United States Senate Chamber, Washington, D. C.:

A real emergency exists on Pacific coast in canned sardine, salmon, and tuna divisions owing to insurmountable competition from countries of depreciated currencies. Unless Congress gives us proper protection the entire industry can not survive. The Hill bill 13999 seems to offer satisfactory protection. May we not urge your complete and active interest in support of this bill?

P. E. BOOTH CO. (INC.).

SAN FRANCISCO, CALIF., *January 30, 1933.*

Hon. H. D. HATFIELD,
United States Senate, Washington, D. C.:

Real emergency exists on Pacific coast in the fishing industry owing to active competition from countries on depreciated currency. Unless Congress gives prompt protection the entire industry will be badly crippled. Hill bill 13999 seems to offer satisfactory protection, and we respectfully urge your complete and active interest in support of that bill.

ALASKA PACKERS' ASSOCIATION.

EASTPORT, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Office Building:

Unless the sardine packers in Maine get some relief from importations of foreign sardines which are coming into this country at prices much below our cost of production on account of their depreciated currencies the sardine industry, affecting 25,000 people, will be wiped out. Favorable legislation against this unfair competition from Norway and other countries that have abandoned the gold standard would save this critical situation.

E. A. HOLMES PACKING CO.

LUBEC, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Building, Washington, D. C.:

Depreciated currency has almost ruined the sardine business in Maine. There are 36 factories located in 18 towns and cities along the coast employing over 8,500 people direct, and 25,000 people depend on this business for a livelihood. In 1932, owing to the depreciated currency, only 8 firms out of the 23 firms operated, and the pack was only 30 per cent of normal, and only 2,650 people were employed, and only for a short time and at a very low wage, and unless we can have some relief this year it looks as if there would be very little business, if any, done and the sardine business will be a thing of the past.

ATLANTIC SARDINE ASSOCIATION.

SEATTLE, WASH., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
Senate Office Building, Washington, D. C.:

This association, representing practically all American salmon-canning industry, seriously affected by importation canned salmon from depreciated-currency countries, particularly recent importations from Japan, where the yen has depreciated about 60 per cent. Employment in our industry has fallen from about 40,000 to not more than 20,000, and unless this situation is rectified employment will be less than 20,000 during coming packing season. We have favored H. R. 13999, and trust you will use every effort to secure passage this bill or similar one in order relieve our employment situation and remove the threat of disaster to finances of Territory of Alaska, which secure 75 per cent of its revenue from our industry, and to improve business conditions generally on Pacific coast, as many other industries are dependent to large extent upon ours. We are speaking only for our own industry, but you realize, of course, this is not a local issue but one that vitally affects employment in industries all over the country as well as ours.

ASSOCIATION OF PACIFIC FISHERIES.

LUBEC, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Office Building:

Due to the heavy importation of sardines from Norway and other countries off the gold standard, the Maine sardine business is going through a most critical period in its history. If Congress does not take immediate action against goods coming in from depreciated-currency countries the Maine sardine business will be forced out of existence. We urge you to do everything possible toward obtaining the passage of some one of the depreciated-currency bills which are now before Congress.

R. J. PEACOCK CANNING CO.

EASTPORT, ME., *January 30, 1933.*

United States Senator HENRY D. HATFIELD,
Washington D. C.:

Conditions in our city are deplorable due to low tariff of sardines and depreciated currency. Norway packers are delivering sardines in this country at a cost lower than we can produce same for. We would ask you to use every effort to secure depreciated-currency legislation.

MACNICHOL PACKING CO.

EASTPORT, ME., *January 30, 1933.*

United States Senator HENRY D. HATFIELD,
Washington, D. C.:

Due largely to importation of foreign sardines only one factory operated in Eastport last year and that one for short period. Would ask that you give all possible aid to passage of a depreciated currency bill.

J. A. FERRIS,
President Eastport Chamber of Commerce.

LUBEC, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Building, Washington, D. C.:

Please do your utmost to help the sardine business. The depreciated currency has become a very serious menace and unless we can get assistance from Washington it will be impossible to operate our factories. This would cause 8,500 people to be turned out of work. We trust we will not have to face such conditions.

SEABOARD PACKING CO.

LUBEC, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Building, Washington, D. C.:

Under normal conditions we employ 125 people; last year we did not operate, due to the importation of foreign sardines and depreciated currency, and unless relief is immediately forthcoming we can not possibly operate this year. We earnestly beg the Senators to take some action that will protect the industry, as well as our town.

UNION SARDINE CO.

LUBEC, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Building, Washington, D. C.:

Depreciated currency has become a very serious menace to the sardine industry. This industry employs directly 8,500 people. We earnestly ask the Senators to do everything possible to adjust this serious matter.

RAMSDELL PACKING CO.

LUBEC, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Building, Washington, D. C.:

Depreciated currency is becoming a serious matter in this section of the country. We ask you to do all you can to adjust the tariff so that sardines can be packed in competition with foreign countries.

LUBEC CHAMBER OF COMMERCE.

BANGOR, ME., *January 30, 1933.*

Senator HENRY D. HATFIELD,
Senate Office Building, Washington, D. C.:

Our business is supplying electric light and power to 73 of the principal cities and towns of eastern Maine. Ruinous competition from countries with depreciated currencies has had direct and marked effect in the territory we serve in lessening employment and curtailing of industry. Can not urge too strongly the necessity of prompt relief through enactment of suitable legislation by Congress.

EDWARD M. GRAHAM,
President Bangor Hydro Electric Co.

CINCINNATI, OHIO, *January 31, 1933.*

Hon. HENRY HATFIELD,
United States Senate:

We heartily approve purpose of H. R. 13999 and earnestly urge your favorable consideration.

FRED A. GEIER,
President the Cincinnati Milling Machine Co.

APPLETON, WIS., *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Office Building:

Ourselves and our employees suffering seriously from effects of depreciated foreign currency. Condition most serious and relief needed promptly.

WISCONSIN WIRE WORKS.

PARKERSBURG, W. VA., *January 31, 1933.*

Senator H. D. HATFIELD,
Senate Office Building:

Correcting depreciated-currency situation with immediate legislation would help 660 of our organization.

AMES BALDWIN WYOMING SHOVEL CO.,
RICHARD HARTE, *President.*

CLEVELAND, OHIO, *January 30, 1933.*

Senator HENRY D. HATFIELD,
United States Senate:

Competition from foreign countries on Fourdrinier wires, paragraph 318, seriously affecting the market prices of these goods owing to depreciated currencies, which has greatly reduced protection on this commodity. We strongly urge the necessity of legislation which will provide adequate protection against imports from countries having depreciated currencies.

THE W. S. TYLER CO.

APPLETON, WIS., *January 30, 1933.*

Senator HENRY D. HATFIELD,
United States Senate, Washington, D. C.:

Competition from several countries off the gold standard working a serious injury to our industry. This condition growing

worse. Legislation to enable American industry to survive this menace is imperative and we urge immediate action to meet this depreciated-currency situation.

APPLETON WIRE WORKS (INC.).

BROOKLYN, N. Y., *January 30, 1933.*

Senator HENRY D. HATFIELD,

We respectfully urge your support of necessary legislation on depreciated currency. Feel that it is most vital to American industry.

WM. CABBLE,
Excelsior Wire Manufacturing Co.

NEW YORK, N. Y., *January 30, 1933.*

Hon. H. D. HATFIELD,
Senate Office Building, Washington, D. C.:

Your splendid work on imports from countries with depreciated currency has our hearty approval. Our factory in Frederick, Md., formerly employing 450 men has been cut down to about 200 men, largely due to imports from countries having cheap currency and cheap labor.

ALFRED MCEWEN,
President Ox Fibre Brush Co. (Inc.).

SOUTH WALPOLE, MASS., *January 31, 1933.*

Senator HATFIELD,
Senate Office Building:

For this company and personally I urge immediate action by Congress on depreciated currency equalization which will give quick relief to industry and consequently increase employment.

PHILLIPS DENNETT,
President Bird Machine Co.

CLEVELAND, OHIO, *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Office Building:

Over one-half of the products imported into the United States are benefiting from the advantage of depreciated foreign currency. Present situation seriously affects wire-cloth industry making paper machine wire cloth. Respectfully ask for your cooperation in correcting a condition that menaces American labor and manufacturers.

THE LINDSAY WIRE WEAVING CO.

NEW YORK, N. Y., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate:

Among articles of domestic manufacture oxide of zinc affords striking example of a domestic product which on account of depreciation in pound sterling value now has inadequate protection from British competition. We are manufacturers of this product. If British oxide of zinc where paid for on the par value of the pound sterling its base price without duty or ocean freight would be about 44 per cent higher than its present price. Its landed price would be 26 per cent higher.

THE NEW JERSEY ZINC CO.,
H. S. WARDNER, *Treasurer.*

PHILADELPHIA, PA., *January 30, 1933.*

Senator H. D. HATFIELD:

Regarding depreciated-currency legislation we advise that competition from countries with depreciated currency has forced the price of ferromanganese below the cost of production here and threatens lower values at present time. This condition not only ruinous to producers of ferromanganese but also prohibits any possible production of manganese ore in the United States. Any tax to equalize currency values should not only apply to finished products from countries with depreciated currency but should also apply to products manufactured in countries still on gold basis where raw materials used are furnished by countries with depreciated currencies.

LAVINO FURNACE CO.

NEW YORK, N. Y., *January 31, 1933.*

Hon. H. D. HATFIELD,
United States Senate:

We would appreciate it if you would lead or support any constructive legislation to deal with importations from countries with depreciated currencies. This is about as important as a tariff for the protection of our industry. At the moment we are not experiencing severe competition from importations, but we are thinking of the future. Within a very few years Japan commenced producing rayon, and we understand is to-day the third largest producing country of rayon in the world, and its competition is now severely felt in the Italian and other European markets. Japan has not as yet exported much, if any, to this country, but even the present tariff would be entirely inadequate to protect us from Japanese imports on account of the depreciated yen.

SAMUEL A. SALVAGE,
President Viscose Co.

DETROIT, MICH., *January 30, 1933.*

Hon. H. D. HATFIELD, *Senator:*

American industry, already suffering from depression, is now facing almost certain ruin due to tremendous importations of cheaply made merchandise entering United States and manufactured in countries by cheap labor paid by depreciated currency, which countries have gone off the gold standard. Unfortunately these nations can now trade between themselves on a depreciated-currency basis, and the gold which we send abroad for this merchandise does not come back to buy the products of our land; thus the farmer, the employer, and the employee are all seriously injured, and we implore you to support legislation that will correct this evil. It is useless to recite in this telegram the enormous variety of products entering our country, which include paper, rubber products, electrical equipment, and I particularly speak in behalf of my fellow manufacturers when I refer to textiles and articles composed partly of textiles, which are innumerable. You can not blame the wife of the unemployed worker for buying a 20-cent pair of shoes for her child made in Japan, if she can secure same at the chain store for her barefooted child; but legislation that will prevent the article from entering this country will provide employment for her husband so that she will have money to buy American-made merchandise created by the hands of her husband or his fellow American workmen.

J. R. MILLAR,
California Cotton Mills Co.

CONSHOHOCKEN, PA., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate, Washington, D. C.:

Imports of iron and steel from countries whose currencies have been depreciated are arriving in increasing quantities and at steadily decreasing prices far below American cost. Action by Congress to restore the effectiveness of and increase revenue from import duties is urgently needed to protect the jobs and welfare of our workmen.

ALAN WOOD STEEL CO.

PITTSBURGH, PA., *January 30, 1933.*

Senator H. D. HATFIELD,
United States Senate Office Building:

Depreciated currency of Great Britain makes impossible American manufacturers of grit and shot covered by paragraph 335, tariff act, competing. Present imported price, including duty three-fourths cent per pound now less than former price without duty and also lower than American costs. All effects of tariff act have been eliminated; this has caused curtailment of American production and employment.

G. H. KANN,
President P. G. H. Crushed Steel Co.

JACKSONVILLE, FLA., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
Senate Office Building, Washington, D. C.:

Understand emergency legislation dealing with depreciated foreign currencies being considered Senate this session. There are many industries in this section and many agricultural products suffering on account present conditions. Almost afraid have waited too long, and a few months more means practical annihilation major portion above-mentioned activities.

WILLIAM L. WILSON,
Chairman Industrial Committee,
Florida State Chamber of Commerce.

NEW YORK, N. Y., *January 30, 1933.*

Hon. H. D. HATFIELD,
United States Senate:

Present tariff on Portland cement completely nullified by reason of depreciated currencies of foreign manufacturers. American producers, whether of cement or other materials, should not be asked to compete with those foreign countries whose workmen are paid but a fraction of the wage of American workmen and in addition, paid in depreciated currencies as against the gold dollar of America. American workmen lose 125 days' employment for every thousand barrels of cement imported into this country. Importation of this low-priced cement not only demoralizes markets at port of entry but influence extends far back from seaboard. Our industry has operated during the past several years at very heavy financial loss to all manufacturers. Understand bills have been introduced to remedy this situation, and any help you can give looking to their passage will be appreciated.

F. M. COOGAN,
Vice President Alphia Portland Cement Co.

SAN FRANCISCO, CALIF., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate:

Reference inflow cheap goods from countries with depreciated currencies. Account withdrawal Japan from gold standard impossible for Pacific coast cement manufacturers meet their competition Hawaiian Islands; also fish industry Pacific coast facing ruin through Japanese competition. This same situation would also apply electric light bulbs, toys, rubber goods, etc., from Japan and to importation numerous other commodities from European countries off gold standard. Serious emergency exists which threatens entire American industry in our opinion. H. R. 13999, if passed and approved by Senate will meet emergency.

JAMES A. KELLER,
Vice President Pacific Portland Cement Co.

SOUTHBREWER, ME., *January 30, 1933.*

Senator HENRY D. HATFIELD,
Senate Office Building, Washington, D. C.:

Invasion of our domestic market by foreign goods under advantage of currency depreciation is causing widespread loss of employment to labor and untold losses to industry, which is fast drying up. A bad smash is inevitable unless relief comes soon from competition of foreign goods sold at prices below our cost of production. Can not stand the strain much longer. Real emergency exists. Prompt correction of situation through Federal legislation imperative.

STUART B. COPELAND,
Vice President and General Manager
Eastern Manufacturing Co.

CHICAGO, ILL., *January 30, 1933.*

Senator H. D. HATFIELD:

Due to insufficient tariff and depreciated currencies, large quantities of foreign-made water colors have been introduced and are now being used in our American schools. We feel American labor, industry, and capital should be protected and our children should be free from foreign influences in our schools. We solicit your support and the support of Congress to rectify this condition.

BETTER SCHOOLS LEAGUE.

SANDUSKY, OHIO, *January 31, 1933.*

Senator H. D. HATFIELD,
Senate Office Building, Washington, D. C.:

Importations of foreign student and toy water colors have practically compelled us to shut down this department of our business which normally employs about 100 people, and all other American factories are affected in the same way. Greatly appreciate the interest you have manifested in the proper equalization of imports from foreign countries with depreciated currencies, and this is to solicit your continued support and the support of Congress in this vital question at this hour.

C. W. HORD,
Vice President American Crayon Co.

BOSTON, MASS., *January 30, 1933.*

Senator HENRY D. HATFIELD,
United States Senate:

Employment in wool manufacture in 1932 was about 65 per cent of 1926 rate, the year chosen by Labor Department for comparison, but below normal for wool manufacture. At that time about 200,000 were employed. Unless something is done to overcome advantage importers have because of low landed cost of wool manufactures from countries with depreciated currencies due to appraisal for ad valorem protective duties on foreign value and low foreign costs to importers, the present diminished employment rate will be much reduced.

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS,
WALTER HUMPHREY, *Secretary.*

BOSTON, MASS., *January 30, 1933.*

Senator HENRY D. HATFIELD,
United States Senate:

Data of British Board of Trade show great increase in ratio of British exports to imports since Great Britain went off gold standard. American statistics show 221 per cent increase of imports of British wool yarns during eight months of last year. Hope you will promote legislation to compensate for depreciated currencies now as you did so admirably last spring. Association's point of view is set forth in House hearings last May 13 on bills to equalize tariff duties by compensating for depreciated foreign currencies.

NATIONAL ASSOCIATION OF WOOL MANUFACTURERS,
WALTER HUMPHREYS, *Secretary.*

DALLAS, TEX., *January 29, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate, Washington, D. C.:

Lack of adequate tariff seriously handicapping domestic oil and fat producers. Texas farmers sell to cotton oil mills approximately 1,400,000 tons cottonseed annually which produces 420,000,000 pounds cotton oil. A 2-cent per pound effective duty on imported oils would add $6 to the value of each ton of seed sold by Texas farmers, or approximately $8,400,000 annually. Mexico has 2.95 cents per pound effective duty on cotton oil, and consequently cotton oil is selling in Mexico for 6 cents per pound, compared with 2½ cents in Texas and other Southern States. Total crude cottonseed oil produced United States for season 1931-32 was 1,694,000,000 pounds. Two cents effective duty on imported oils would have added $33,000,000 value to the seed.

A. L. WARD.

AUBURN, N. Y., *January 30, 1933.*

Senator H. D. HATFIELD,
Senate Office Building:

Foreign depreciated currency values will ultimately ruin our industry unless protection equal to the depreciated currency plus duty is quickly put into effect.

COLUMBIAN ROPE CO.

MACHIAS, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD,
United States Senate:

The future of Washington County depends on the passage of the depreciated currency bill. May we have your support?

MACHIAS CHAMBER OF COMMERCE.

NEW YORK, N. Y., *January 30, 1933.*

Hon. H. D. HATFIELD,
United States Senate:

If Congress will not do the perfectly obvious things that would restore confidence and by restoring confidence increase business activity and employment, enhance commodity values, and make easier return to gold standard by important European countries, then as a temporary expedient only we favor additional levies on dutiable imports to equalize depreciated foreign currencies with their unfavorable effect on employment here.

GALEY & LORD (INC.)

SAN FRANCISCO, CALIF., *January 30, 1933.*

Hon. H. D. HATFIELD,
Senate Office Building:

Unless very prompt action is taken many of the basic industries of this country will be destroyed as a result of competition from foreign countries off the gold standard which are able to sell in this market at prices below anything possible of attainment in this country. Situation is fast approaching crisis. Many large Pacific coast plants are entirely shut down and employees have become public charges. Many natural resource industries are paralyzed by same competition. In our opinion no possible chance for recovery unless legislation enacted to protect American industry from this ruinous competition and we urge you to support House bill 13999 which we believe meets this emergency.

CROWN ZELLERBACH CORPORATION.

PORTLAND, ME., *January 30, 1933.*

H. D. HATFIELD,
Senator from West Virginia:

Associated Industries extremely interested depreciated currency measure. Help us.

BENJAMIN F. CLEAVES,
Executive Secretary.

SPRINGFIELD, MASS., *January 30, 1933.*

Senator HENRY D. HATFIELD,
Washington, D. C.:

We would most urgently request your support of legislation to overcome depreciated currency. In our opinion this relief is sorely needed before any recovery will be possible.

CHENEY BIGELOW WIRE WORKS.

APPLETON, WIS., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate:

Appleton Chamber of Commerce urges emergency legislation that will equalize the effect of depreciated currency. Important industries in this district are facing serious crisis due to foreign competition made possible by inflated currency and the difference in exchange.

KENNETH H. CORBETT,
Secretary Appleton Chamber of Commerce.

SEATTLE, WASH., *January 30, 1933.*

United States Senator HENRY D. HATFIELD,
Senate Office Building:

Because 80,000 workmen in Pacific Northwest are unemployed due to importations from foreign countries with debased currencies, immediate congressional action to relieve this unemployment and stabilize business conditions is urgent. Remedial legislation along lines of Hill bill, House Resolution 13999, imperative to prevent continued and alarming increase in this unemployment. Nations whose currencies are depreciated able to ship merchandise into United States, pay existing tariffs, accept American currency in payment, and make greater profit on their merchandise than if sold in their own markets. This situation presents national issue of great concern to entire country.

SEATTLE CHAMBER OF COMMERCE.

BELOIT, WIS., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate:

We strongly urge upon you the serious necessity of emergency legislation to compensate for depreciated foreign currencies affecting imports, and we hope this movement will have your support. Believe this one of the most important steps to help relieve unemployment.

E. H. NEESE.

McINTYRE, GA., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate:

Understand emergency legislation can be had in Senate to regulate depreciated foreign currencies. This legislation is vital to our success and we recommend early passage.

EDGAR BROS. CO.

CANTON, N. C., *January 30, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate:

Foreign producers aided by depreciated currency are steadily taking more and more of American markets away from American producers with disastrous results on both labor and capital. We are feeling these effects acutely and need emergency legislation to take care of the situation and this legislation must come quickly if further serious chaotic conditions are to be prevented.

REUBEN B. ROBERTSON.

HAMILTON, OHIO, *January 31, 1933.*

Senator HATFIELD:

We are heartily in favor of a law that will protect American labor so that all import from countries that have debased their currencies will pay a surtax equal to the depreciation of currency from par exchange with the United States.

SHULER & BENNINGHOFEN.

JONESPORT, ME., *January 31, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate:

We appreciate your efforts of the depreciated money values bill. Sincerely hope it will pass; future of Washington County depends on it.

JONESPORT CHAMBER OF COMMERCE,
MAXWELL J. KELLEY, *President.*

EAU CLAIRE, WIS., *January 31, 1933.*

Senator HENRY D. HATFIELD,
United States Senate:

We urge you to do all you possibly can for emergency legislation dealing with depreciated currencies.

DELLS PAPER & PULP CO.,
S. R. DAVIS, *President.*

GREEN BAY, WIS., *January 31, 1933.*

Hon. HENRY D. HATFIELD,
United States Senate, Senate Office Building:

We strongly urge legislation for the correction of unfair competition caused by debased currencies of foreign nations.

HOBERG PAPER & FIBRE CO.,
J. M. CONWAY.

SHEBOYGAN, WIS., *January 31, 1933.*

Senator HENRY D. HATFIELD,
United States Senate:

The necessity of emergency legislation dealing with depreciated currencies is imperative. Business needs this relief. Your support will be appreciated.

C. A. REISS.

WATERVILLE, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD:

Urge duty on all imports from countries with depreciated currency.

WATERVILLE-WINSLOW CHAMBER OF COMMERCE,
F. M. WALLACE, *Secretary.*

DOWNINGTOWN, PA., *January 31, 1933.*

Senator HATFIELD,
Senate Chamber:

We commend your stand on equalization of important duties to balance effect to depreciated currencies and wish at all cost to keep our own currency sound.

A. H. STANDLEY,
President Downingtown Manufacturing Co.

BOSTON, MASS., *January 31, 1933.*

Senator HENRY D. HATFIELD,
Senate Office Building:

Hope you will make as strong a speech on depreciated currency as you did last spring.

SINCLAIR WEEKS.

PHILADELPHIA, PA., *January 31, 1933.*

Senator HATFIELD,
Senate Office Building:

Highly favor suitable bill equalizing depreciated currency. Vital that American industry have this protection.

PENNSYLVANIA SALT MANUFACTURING CO.

AUGUSTA, ME., *January 31, 1933.*

Senator HENRY D. HATFIELD:

We are in favor of depreciated currency bill.

AUGUSTA CHAMBER OF COMMERCE.

Mr. HATFIELD. Mr. President, having been honored by this body as chairman of its Immigration Committee, I have come in contact with a situation which I do not believe was ever contemplated by the Congress of the United States, and that is that under our present system we give a preference in the American market to the products of Asiatic countries, to whose citizens we deny entry.

This point was brought out clearly before the Tariff Commission yesterday by the statement of Matthew Woll, of the American Federation of Labor. I ask unanimous consent that the clerk may read his statement.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The legislative clerk proceeded to read the statement, and was interrupted by

Mr. TYDINGS. Mr. President——

Mr. HATFIELD. I yield to the Senator.

Mr. TYDINGS. I hope the Senator will not think I am discourteous or presumptuous, but I have just made a calculation and find that we have only 27 legislative days left of the present session, and we have not yet passed any of the appropriation bills.

Mr. HATFIELD. That is very true, Mr. President, but we might have accomplished much more in a legislative way if the senior Senator from Maryland had been more considerate of the time of this body at this session and at the last session in 1932.

Mr. TYDINGS. I thank the Senator. I did not intend to attack the Senator, and I may say that I have not filibustered at this session, but have spoken very sparingly.

Mr. HATFIELD. I appreciate the Senator did not intend to attack me, but I have never been guilty, Mr. President, since I have been a Member of this body, of filibustering upon any subject, and the subject that I am discussing to-day is absolutely in harmony with the subject matter of the unfinished business before the Senate.

Mr. TYDINGS. Mr. President, will the Senator let me make a statement. I wish simply——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Maryland?

Mr. HATFIELD. I think I can get along, Mr. President, without any suggestion from the able Senator from Maryland.

Mr. TYDINGS. Will the Senator yield?

Mr. HATFIELD. No; I decline to yield any further.

The PRESIDING OFFICER. The Senator from West Virginia declines to yield.

Mr. HATFIELD. I ask that without further reading, the statement made by Mr. Matthew Woll, vice president of the American Federation of Labor, may be made a part of my remarks and printed in the Record.

Mr. TYDINGS. That is what I was going to suggest, Mr. President.

The PRESIDING OFFICER. Without objection the remainder of the statement will be printed in the RECORD.

The statement of Mr. Woll entire is as follows:

STATEMENT OF MR. MATTHEW WOLL BEFORE THE UNITED STATES TARIFF COMMISSION

The well-established American policy, as pronounced to the American people by the two dominant political parties, is the enactment, establishment, and maintenance of tariff legislation or regulation which will protect the employment opportunities of American workers and which will insure an American market for the products of American workers.

Tariff protection is more necessary in times of depression than when conditions are normal. Generally, American labor costs are higher. In addition, the overhead is also higher. In periods of depression, American costs of production decline more slowly than in foreign countries where labor and overhead costs are both lower.

We believe that tariff rates should be so arranged and adjusted that they provide adequate protection of American-made products at all times and form as well an effective barrier against too rapidly declining commodity values.

At the present time there is ample evidence available (in the files of the United States Tariff Commission) to prove beyond doubt that foreign products are being dumped into the American market at prices which are less than American labor costs of producing of like and similar articles.

American labor believes that American valuation, or, American selling price, as the basis for the establishment of tariff rates, is more easily ascertainable and certainly more American-like than our present system of basing duties on foreign value.

All of the books of the producing or importing concerns are available in our own country. We do not have to humiliate ourselves by asking favors from foreign governments.

There is no valid reason why we should humble ourselves before any alien people in an effort to secure information on which to act pertaining to our own domestic affairs.

We should not, as Americans, be placed in the humiliating position of permitting, let alone granting foreigners the right to control or to interfere in our domestic affairs.

Under our present system of basing ad valorem tariff rates on foreign products we openly and knowingly discriminate against the products of the workers of those countries of Europe who have established wage and working conditions more nearly approximating what may be termed American standards of living.

Under the foreign valuation principle we countervene the established national policy as it pertains to the Asiatic coolie labor.

We have excluded the Asiatics because American labor could not compete with this character of labor in America and retain our standards of living. While we are excluding Asiatics we welcome their products in that we have a tariff policy which favors the products of the Asiatics in preference to all other nationals and at the expense of both American and European workers.

In normal times almost any commodity which is produced in any of the major countries and which is imported into the United States, the product of foreign workers, enters the American market on the following unit basis of value: If from England, $1.50; if from France, Germany, or Belgium, $1.10; if from Czechoslovakia, $1; if from Japan, 60 cents.

For purposes of illustration, let us assume that this article is a bound book containing plates or pictures.

The tariff levied is 15 per cent on foreign value. The duties collected are as follows:

The English product, 22½ cents; the French, German, or Belgian product, 18 cents; the Czechoslovakian product, 15 cents; and the Japanese product, 9 cents.

Under present-day conditions, with many foreign nations having debased their currency value, our tariff duties based on ad valorem values are of no protection whatever to American workers. In fact, we find that orders are now going to Japanese producers of bound books with plates instead of to European producers due entirely to the fact that with Japanese currency debased 60 per cent and with Japanese workers having been forced to accept a substantial reduction in wages during the past year the products of the Japanese workers can be landed here, duty paid, at costs which are far less than any similar book can be produced in America or any of the other foreign countries.

Our tariff policy, as in force at the present time, favors the products of the very people our immigration policy bars from entry into our country. Surely such was never the intent of the Congress of the United States, much less the desire of the American people.

Not only are our present tariff rates ineffective in protecting the employment opportunities of America's wage earners, but foreigners, their production costs and prices being founded on debased currency value, are able to and do deliver manufactured products into the American market which compete with the products of American workers at prices which have forced the closing of thousands of American factories, work shops, and mills.

In support of the foregoing I refer your attention to an industry in which all of the facts are a matter of record and are on file in the office of the United States Tariff Commission. I refer to the decorated table-chinaware industry.

When the present tariff act was enacted the average unit value of imports from Japan, as shown in the table on pages 2–6 of the Report of the United States Tariff Commission on Depreciated Exchange, was 71 cents per dozen pieces. At that time, of imports of these articles from Japan, Japan controlled — per cent of the American market. This same table evidences that the imports for the month of March, 1932, averaged a unit value of 26 cents per dozen pieces.

We will present two exhibits of wooden rollers used in the printing of wall papers, textiles, paper, etc., rollers, the product of German workers. German currency is still on the gold basis. Landed costs in the American market, all duties and other expenses paid, range from 60 per cent to 70 per cent of what similar rollers, the products of American workers, will cost to produce.

Another illustration of the ineffectiveness of our present tariff policy of basing duties on foreign values, which facts are in the possession of the United States Tariff Commission, is in the case of customs duties imposed on imports of shoes produced in Czechoslovakia.

The Congress, upon the request of American labor, in order to protect the employment opportunities of the boot and shoe workers, placed a duty of 20 per cent on imports of shoes. The Czechoslovakian producers were flooding the American market with shoes which were delivered at costs less than American costs of production. At the time this action was taken Czechoslovakian shoes were entered upon an invoice value of $2.60 per pair.

These Czechoslovakian shoes, incidentally, are made expressly for sale in the American market and the producers make this bold and unqualified statement. These shoes have no market abroad. They have no export market, as, in the main, they are sold directly to the representatives of the Czechoslovakian producers in America. Shortly after the Congress had levied this duty of 20 per cent the same shoes, imported from Czechoslovakia, were landed at our customhouses with an invoice value of $1.80.

The officers of the boot and shoe workers union appealed to the Tariff Commission, and the Tariff Commission, acting under the flexible provisions of the tariff act, made an investigation of comparative costs. The investigation resulted in the commission recommending and the President approving increase of the full 50 per cent in duties allowed under the law. Thereafter imports of these shoes paid a duty on the basis of 30 per cent. Following the increase of the duty the same shoes, which had been invoiced at $1.80 a pair, were landed with an invoice value of only $1.40 per pair.

Here then we have a situation where we know that there is no home or foreign or export value. Yet our workers of America are forced to compete with these shoes, entered on a supposedly foreign value.

We claim that this system or the policy involved is not honest or justified. We may claim that the invoice value as entered by the importers is not an honest one. But let the following illustration present its own conclusion. The Czechoslovakian producers, with their own distributing agencies in the United States, can invoice these shoes with the idea of collecting profits on either the manufacturing or the retail end. There is nothing to prevent their doing so and they are free to do as they will and they are not averse to taking every advantage thus presented. It is fair to assume that they will collect the duty on the retail end, as it makes it possible for them to secure entry at a lower cost than if the profits are charged on the foreign end and duties paid here.

We are not interested in the profits of any concern. We are interested very deeply in the employment opportunities of American workers. We recognize quite clearly that American workers will not be given employment opportunities while foreign producers can deliver like or similar products at total delivered costs which are less than the American costs of production.

The establishment of American valuation or American selling price as the basis for ad valorem tariff rates has many other advantages in addition to the protection it affords the employment opportunities of American workers.

It will eliminate the necessity and expense of maintaining Treasury agents in foreign countries; it will eliminate, in great part, the distress and suffering here created through the dumping of foreign products into our markets at prices which are less than American costs of production; it will eliminate costly litigation, as the facts bearing on any importation will easily be ascertainable in our own country; it will eliminate the unnecessary irritation caused in foreign countries through our efforts to secure production costs from peoples who claim that such information is confidential.

It permits of an exact knowledge on the part of Government officials of what portion of any given product is of foreign or domestic production; it will make it possible for Government agents to know what is the value of American products displaced by the entry of foreign products into the American markets; it will eliminate the unsound and unwarrantable statistics issued from time to time by our Commerce and Treasury Departments as to the value of our imports and exports.

American valuation or American selling price will also eliminate the present advantage accruing to those American distributors who, through purchasing agencies in foreign countries, secure entry of their purchases at total costs which are less than is possible for the smaller merchant.

The report of the Tariff Commission with reference to its investigation under section 340, relating to products coming within the scope of paragraphs 27 and 28, shows that more than 50 per cent of the imports were dutiable under American valuation.

American labor has consistently recommended that all tariff rates on the ad valorem basis be levied on American valuation.

The entry of foreign products, which compete with the products of our own workers, are sold ordinarily at but a small fraction less than the American goods.

The importer of foreign products who is interested in the distribution of these foreign-made articles knows in advance what the sales value of these articles is and we know that such sales value is based upon the sales values of like or similar articles, the products of American workers. It is the foreign producer and importer alone who gain by the present arrangement and not the American consumer.

There is no good and sufficient reason why the importer or distributor of these foreign-made articles should be permitted to land these articles at a total cost which is less than the American costs of production.

The only fair and equitable policy to adopt is to have the importers of foreign goods or articles pay duties on the basis of the value of the articles in the American market where they are offered for sale and where they displace the products of American workers.

There is but little sense, as we see it, in closing our gates to the entry of the low-wage-paid workers of Europe and the total exclusion of the Asiatics and at the same time permitting the products of these lesser paid and of those denied entry into our country to land their commodities in our country virtually free of any restrictions.

We appreciate that this commission has been requested by the President to conduct this investigation and report their findings thereon to the Congress.

We are firmly opposed to the continuation of a system wherein foreign manufacturers can dominate and too often control the wage policies of our own American manufacturing concerns.

We have had several surveys made in Europe as to the attitude of European producers toward our tariff policies and the reasons therefor.

Basing our statements on surveys made by our own people and at the expense of the members of the national and international unions affiliated with the American Federation of Labor, we can

state, without the slightest fear of contradiction, that we have ample proof of the influence and the control which European producers have over wage scales and working conditions of workers in our own country by reason of our system of levying ad valorem duties on the basis of foreign valuation.

In a survey made of the French perfume bottle industry we found: "The French workers were told that their employment depended on the ability of the firm (the French employers) to sell the product of the French workers in the American market. As a result wages and working conditions of French workers have been fixed to enable these French companies to undersell the American manufacturers in the American market. The wages paid are about one-third the wages paid to workers in our own country."

Following an exhaustive survey of European industries made only a few years ago by one of the representatives of the American Federation of Labor, he reported to that body, stating in part:

"They are seeking employment, and to secure employment they must secure markets, and the market they seek is that of the United States. We (try to) keep them out of our market with our tariff. Then they ask that they be permitted to come to America to work and we keep them out with our immigration laws; and with these two principles of our Government we are not in conflict when used to protect American industries and American workingmen."

Continuing, this report concludes.

"The European workmen, however, know that one-fifteenth of the wealth of the United States is now invested in Europe and they see our large captains of industries establishing factories in their countries and they expect that within a few years they will be employed in these branch American factories, producing for export to the United States."

It will interest the members of this commission to know, as you probably do know, that many large American concerns have closed large parts of their American plants and are supplying the American trade from branches located in foreign countries. I need hardly refer to the fact that the Eastman Kodak is importing from Germany. The same is true of the American Optical Co. The Singer Sewing Machine Co. was found some years ago to have closed their plants in Elizabeth, N. J. and Bridgeport, Conn., and were importing parts for these machines from their plant in Scotland.

I need not dwell on the activities of Henry Ford. Suffice it to say that we understand that plans are already made for his abandonment of his Ireland plant because the American farmers are refusing to purchase tractors, produced in Ireland, unless Ford reduces his prices and permits the American farmers to secure the benefits which have accrued to Ford through his lower labor cost and the admission of the tractors as farm implements, free of the payment of any duty. Of course, he still imports parts, though in a lesser quantity.

American labor is keenly interested in this investigation, and the report the commission shall make.

We are mindful of the fact that there has been a change in the administration of public affairs; that there has been a change in the political complexion of the Congress. At the same time we also recall very distinctly that both political parties have promised adequate tariff protection to the products of American workers and that a plea for adequate relief is without political bias or prejudice.

We sincerely trust that your report will be favorable to our point of view and that it will be presented to the Congress in the very near future.

Mr. HATFIELD. Mr. President, I had the conviction as early as the latter part of 1931 that the abandonment of the gold standard by various nations would render ineffectual the tariff rates of the Smoot-Hawley tariff law. As a result of my investigation I became so thoroughly convinced that I was right in my convictions that I addressed the Senate of the United States upon the subject on April 1, 1932, from which address I ask that a quotation may be printed in the RECORD without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

The excerpt referred to is as follows:

EFFECTS OF IMPORTS

Mr. President, we find a condition to-day wherein, as a result of the depreciation of foreign currencies in those countries which have gone off the gold standard, prices of their products, importable into the United States, are so low that even tariff rates of more than 100 per cent equivalent ad valorem do not protect from foreign competition some of those commodities produced by the American farmer.

* * * * * * *

I believe, Mr. President, that it is the duty of this body, with conditions prevailing as they do to-day, to provide employment opportunities for American workers; to provide a market in America for the products of the American farmer. The busy hum of machinery in factories in the great plants of America is the only way in which prosperity has been accomplished in our land.

Mr. HATFIELD. There is only one way by which the desirable result indicated can be brought about, and that is by administrative authority, quickly applied, placing a surcharge on imports from countries with depreciated currencies equal to the difference between the depreciation and the former standard. The emergency calls for a simple, readily applied remedy which Congress can authorize.

Mr. President, if there was any doubt in my mind then as to the correctness of my conclusion it has been dispelled. The expressions contained in the telegrams I have presented are conclusive to me that had we dealt with this subject in the first part of the year 1932, instead of our people as a nation sinking deeper in the slough of depression, we would be advancing upward and onward to a stable, industrial, economic, and financial condition. The longer we procrastinate, Mr. President, the more direful will become our situation and the longer it will take us to extricate ourselves from the mire in which we have sunk, with our industries verging on the brink of bankruptcy. I make this statement advisedly. It applies to our transportation companies, to our banking institutions, and to every industrial group under the American flag to-day, whether it be industries manufacturing finished products or those producing raw materials.

I appeal to the Congress of the United States to forget politics, partisanship, and to do that which has always been foremost and uppermost in the minds of the European and Asiatic, namely, the protection of their toilers and the preservation of the fundamental elements necessary to a stable Government, regardless of the effect on others.

Mr. President, America's greatest enemies reside within our own borders. Americans, from our early days, have been pioneers. Our country was established by lovers of freedom.

We have never knowingly engaged in a war of aggression. Our people, through lack of foresight or unwillingness on the part of the Congress to act, have been continually exploited by our financial buccaneers.

Through the foresight of Washington, Jefferson, Hamilton, Madison, Monroe, and others, in the enactment of a protective tariff policy, we have successfully developed from a country dependent for our essential supplies upon Europe to a nation more self-contained than any other nation in the world.

Our people have always had to contend with the evil influence of those avaricious money lenders who know no patriotism, have little, if any, love of country, and are interested solely in the profits which they hope to accumulate.

The present depression has been greatly prolonged because of our laws, which make it possible for foreigners to dump their products into our home market at total landed costs, tariff duties paid, which are less than the American costs of production, thus depriving millions of our American workers of much-needed employment.

When the present tariff act was under consideration representatives of our international banking houses crowded Washington, and I regret to say that they were partially, at least, successful in so shaping the final draft of the tariff act that we find ourselves to-day unable properly to protect the employment opportunities of our workers or the hard-earned savings of those who builded our American industrial plants. It is not often, though, that we find conclusive evidence of our international bankers' deliberately trying to destroy a growing and vitally necessary American industry for the benefit of foreigners.

Mr. President, as one of the many thousands of American physicians administering to the needs of the sick and the injured, I have personally used many pounds of iodine, an antiseptic for which there is no satisfactory substitute. Prior to two years ago, we in America were entirely dependent for our supply of this most necessary medicine upon imports from Chile.

Some two years ago, after years of exhaustive chemical research by chemists under the direction of Dr. William J. Hale, a process was developed for producing American iodine from the products of the oil wells of southern and western

States. This American iodine is identical in all its properties with foreign-made iodine and is so recognized by the medical profession. To-day there is a plant making iodine at Shreveport, La., and also one at Los Angeles, Calif. When this American-made product was first placed on the market the price of iodine for many years had been in excess of $4 per pound. Competition, made possible by this new American industry, forced the selling price of iodine down to less than $2.50 per pound within one year and broke the monopoly formerly maintained by foreigners.

Continued growth of this new American industry not only broke the foreign monopoly and freed America from foreign dependence, but it also apparently threatened the profits of the international banking house which represents the foreign cartel in our own country. This international bank, one of the largest in our country, with its deposits and its resources consisting of moneys and securities left with it by Americans for safe keeping and safe investment, loaned—and I say loaned advisedly—$900,000 on a consignment of 450,000 pounds of Chilean iodine, a year's supply. It will be noted that this loan was made at the rate of $2 per pound at a time when the market price was at least $4 per pound. It is my understanding that when the loan became due, the usual profits of the foreign cartel having dropped substantially due to the competition of the American product, the international banking house disposed of a large quantity of the foreign product at a price which was some 20 per cent less than the market price for iodine then prevailing. I understand that the price at which the bank dumped this foreign product on the American market was not only some 20 per cent below the then prevailing market price, but, so I understand, it was 5 cents per pound less than the $2 per pound which this American bank advanced.

This dumping was probably done with the complete understanding of the American representative of the foreign cartel; but the action—and it is action which counts—was the action of American bankers, using the deposits of Americans in an effort to throttle an American industry.

What was the purpose of this dumping, other than an attempt to throttle an American industry and to permit foreigners further to exploit the American people?

This dumping was not necessary because of forced liquidation, as this American bank is still operating and is paying dividends to its stockholders.

The only purpose of this action, Mr. President, was an effort to throttle and to destroy this new American industry, through which action the bankers might continue to profit by their continued trafficking with the foreign cartel.

In order that it might not be inferred that this is an isolated case, Mr. President, I will cite for the benefit of the skeptics another of the many illustrations which may be cited of the piracy and the exploitation of the American people by some of our international bankers.

During the past 10 years more than $150,000,000 of the American people's money has been invested in Chilean nitrate fields. The American bankers who secured control of this vast sum of American money have been openly conspiring with foreigners for the last few years so to fix the price of nitrates that they might exploit American industries and American farmers through high and exorbitant prices. However, the day of reckoning is near.

Again, through the tireless work of American chemists, the patriotism of those who builded the American Chemical Foundation and the American chemical industry, we are independent of any foreign nitrates, and once again are we a free and an independent people.

The bubble has burst; and it is only a question of a short time when those who invested their hard-earned savings on the advice of American bankers in the securities of the Chilean nitrate fields will find that their investment has been substantially lost.

I need not dwell further on the unscrupulousness of some of our international bankers.

Our honored and able colleague from California [Mr. JOHNSON] has established facts pertaining to the perfidy of some international bankers beyond the peradventure of doubt; and the records of the hearings held before the Senate Finance Committee, I regret to say, portray a sorry picture for future generations of Americans to look back upon.

However, Mr. President, while this is true, there is a darker and more dangerous condition confronting the American chemical industry; and danger there means danger to many other American industries. That is the strong possibility of further dumping on the part of those American bankers who have in storage in this country some 250,000 tons of Chilean nitrates, which sooner or later they will be forced to dump on the American market at such prices as they can secure, to protect the loans which they have made, with American money, to this foreign monopoly.

I am informed from reliable sources—American chemists who have spent years in this investigation—that sodium nitrate will be replaced by a new and more efficient substitute already produced in this country. Yet, Mr. President, as a result of the inadequacy of our antidumping laws, American industry is endangered; and again the chemical industry is threatened, not by foreigners, but by those within the gates of our own country who proudly, at times, at least, dwell upon the glories of America.

According to Associated Press dispatches, the Edwards & Co. Bank, of Santiago, Chile, has recently through court proceedings placed an embargo on 150,000 tons of nitrate stored in northern Chilean ports and belonging to the Cosach, to satisfy a loan of $1,300,000 made to that company. This would indicate a loan of $8.66 per ton in Chile. If this bank should decide to liquidate this loan, it could place that nitrate in an American port substantially below the market price, incur no loss, and even make a profit. This particular amount of nitrate is not considerable, but it serves to illustrate what may have to be faced in the not far distant future.

The Chilean industry's only salvation lies in the destruction of our fixed-nitrogen industry, and we may expect every effort in that direction by outright dumping in our markets.

With the 3,000,000 tons of their stocks shut out from all countries except our own and Egypt, which requires only about 200,000 tons a year, this dumping could proceed long enough to spell disaster to the American industry.

Indicative of what will happen when the American bankers who have invested many millions of dollars in Chilean nitrates seek payment on their investments is the action of the Chilean bank under similar conditions.

The dumping of this mortgaged stock of nitrates on the American market will temporarily destroy our home industry; and yet there is no existing law to protect this industry which means so much to America.

Mr. President, last April I occupied the floor of this Chamber and pleaded with the Members of the Senate for action to protect American workers who were being denied employment, due to the inability of the products of the American factory, mine, and farm to compete with similar articles originating in foreign countries. Over 30 nations to-day are off the gold standard, with currencies depreciated from 15 per cent to as high as 60 per cent; and the delivered duty-paid prices of these articles are far below the domestic cost of production. Furthermore, the offer of goods in American markets at ridiculously low prices is rapidly breaking down our price levels to the point where the wheels of American industry cease to operate.

We are face to face with a national crisis, although apparently a great many of our citizens are still unaware of its purport. We can either submit to this inflow of foreign goods, manufactured in the home of depreciated currencies, or we can stop this inflow by legislation to offset the advantage accruing to foreign producers as a result of their depreciated currencies.

If we fail to act now, we shall be forced later to adopt quotas and embargoes; otherwise, our Nation will be ruined. The question at issue is extremely simple, Mr. President: Shall we preserve the American markets for American labor?

Foreign nations, in self-protection, have been quick to act in this emergency by the adoption of embargoes and quotas.

Uncle Sam, in childlike faith, viewing the citizens of this world as righteously minded toward each other, now again beholds himself as a disillusioned child. The foreign nations have borrowed all they can secure; now they would take away from us our sole remaining asset, our home market. There remains only one thing left to take, and that is our land. As a nation, we have played the part of Nero fiddling as the country burns.

I take off my hat to the wily foreigner who, in debasing his own currency, finds an easy entrance for his products into this country directly over our tariff wall. Last Spring, when I discussed the situation on the floor of the Senate, the inflow was just beginning to materialize and price levels to be destroyed.

I wish to have read at the desk a few paragraphs from a newspaper published in Tokyo, Japan, commenting upon the increased trade Japan is enjoying due to the depreciation of the yen.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the article will be read.

The Chief Clerk read as follows:

[From The Trans-Pacific: A Weekly Review of Far Eastern Political, Social, and Economic Developments]

JAPANESE EXPORT TRADE ENTERING BIGGEST BOOM SINCE HYSTERICAL DAYS OF WORLD WAR ACTIVITY—DECLINE OF YEN, COUPLED WITH FAILURE OF DOMESTIC PURCHASING POWER TO INCREASE PRICES AND WAGES AT HOME, RESPONSIBLE FOR EXPANDING MARKETS IN OVERSEAS COUNTRIES—ALMOST ANY LINE NOW ABLE TO COMPETE

TOKYO, Thursday, December 1, 1932.—Japans' export trade is booming as never since the World War. The full force of the decline of the yen is commencing to be felt. Importers in foreign lands are becoming convinced of the advantage of carrying Japanese lines and are rushing to get Japanese connections. This is the golden age of the Japanese exporter—the golden age of the importers who deal with them.

* * * * * * *

FIELD STILL NEW

The export field is still so new for hundreds of Japanese products that there are profits for everyone on both ends. Throughout the world importers are trying to get in touch with Japanese exporters. Except in the bulk lines it is not important that they get the cheapest Japanese producer, for there is little likelihood that enough Japanese houses will ship their goods into that territory to compete against each other. That is, for the time being. The same rule applies to exporters. They can find good business almost anywhere if they go about getting it in the proper manner.

One fact stands out very sharply from the foreign-trade figures and from the information which flows into The Trans-Pacific. That is that nations formerly supplied by western and central Europe are now turning more and more to Japan for their supplies. This applies along the whole stretch of Southern Asia from Singapore to the Balkans, in the Balkans, Spain, Portugal, all Northern Africa, Australia, New Zealand, and Oceania generally. South and Central America (except Argentina and Brazil) have been a little slow to fall in line, due in large part to the exchange and import control regulations which are in force in most Latin-American countries.

The same kind of thing is now operating to check the expansion of trade in some Balkan countries; but the probabilities seem to be that, with more and more of them defaulting on their foreign obligations and with the necessity of holding up exchange no longer so intense, they will remove these regulations and allow their exchanges to slip to levels which truly reflect their industrial strengths. Many of them have been fighting the losing battle of deflation for years in efforts to pay off debts contracted when the purchasing power of gold was low. Now that they have given up this battle, the course of wisdom would seem to be to stop pegging exchange and to let foreign trade run untrammeled. This is one of the most hopeful possibilities in the world situation. The foreign trader should pray for defaults of such loans, for they are apt to lead to removal of restrictions on international commerce. Removal of these restrictions is apt to lead to world recovery.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from West Virginia yield to the Senator from Ohio?

Mr. HATFIELD. I yield.

Mr. FESS. The Senator is talking on such a live subject now, and its importance is so intensified by the depreciation of the currency of Great Britain, that I want to call his attention to the price of the pound to-day. The reports show that the pound is quoted to-day at $3.39. That is just $1.48 below par, or represents a fall of 30 per cent. So that if Great Britain is producing an article at a cost of $1, and we are producing it at a cost of $1.30, we would have to put a tariff of 30 per cent on that article in order to prevent Great Britain from underselling us. We put the tariff on and she will have to pay the 30 per cent, but she depreciates her currency just 30 per cent, and therefore, even with the tariff, she will be able to compete with us, under the present conditions. With the pound quoted at $3.39, when par is $4.87, with the currency thus depreciated, she could pay the tariff of 30 per cent and still ship into American ports.

Mr. HATFIELD. That is correct, and I thank the Senator for his contribution.

Mr. President, the statement which has just been read from this publication should satisfy any American as to the necessity for immediate action and for legislation which will protect our country from being the dumping ground of the products of the Japanese coolies.

Incidentally, at this point, Mr. President, I desire to call the attention of the Senate to a discussion which took place here only a short time ago. Many Members of this body expressed the sentiment that the people of the Philippines were not sufficiently literate to be able to take care of their people. While the American Congress itself has hesitated, yes, has declined, to pass remedial legislation to protect our workers and our industries from the devastating effects of depreciated currency the Philippine government has acted.

I note that last November the Philippine Legislature, the native government of the Philippines, enacted legislation which placed a tax on the imports into the Philippines from the countries the currencies of which have depreciated, so that the Philippine Islands are not the dumping ground of their neighboring Asiatics.

In order that those who read the RECORD may see for themselves the wisdom displayed by the Philippine Legislature I desire to have printed at this point in my remarks a copy of the action taken by the Philippine Legislature.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

NINTH PHILIPPINE LEGISLATURE

SECOND SESSION

An act to amend sections 6, 16, 17, and 18 of the act entitled "An act to raise revenue for the Philippine Islands, and for other purposes," approved by the Congress of the United States on August 5, 1909

Be it enacted by the Senate and House of Representatives of the Philippines in legislature assembled and by the authority of the same:

SECTION 1. Section 6 of the act of Congress of the United States of August 5, 1909, entitled "An act to raise revenue for the Philippine Islands, and for other purposes," is hereby amended to read as follows:

"SEC. 6. Payment and liquidation of duties: That the rates of duty established in this act are stated in money of the United States of America, but that payment thereof shall be made in Philippine currency or its equivalent in money of the United States of America on the basis of the liquidated value as herein provided.

"In the liquidation of duty, the currency of the invoice will be reduced to the money of account of the United States upon the basis of the following values of foreign money, any provision of law, regulation, or order to the contrary notwithstanding:

Country	Unit	Value in Philippine currency	Equivalent in United States currency
Argentina	Gold peso	₱1.9296	$0.9648
Australia	Pound sterling	9.7330	4.8665
Austria	Schilling	.2814	.1407
Belgium	Belga	.2780	.1390
Bolivia	Boliviano	.7300	.3650
Brazil	Gold milreis	1.0924	.5462
British Honduras	Dollar	2.0000	1.0000
Bulgaria	Lev	.0144	.0072
Canada	Dollar	2.0000	1.0000
Chile	Gold peso	.2434	.1217
China	Dollar (Yuan)	.8806	.4403
Do	Dollar (Mexican)	.9004	.4502
Do	Haikwan tael	1.3828	.6914
Colombia	Peso	1.9466	.9733
Costa Rica	Colon	.9306	.4653



Country	Unit	Value in Philippine currency	Equivalent in United States currency
Cuba	Dollar (peso)	₱2.0000	$1.0000
Czechoslovakia	Krone	.0592	.0296
Denmark	do	.5360	.2680
Dominican Republic	Dollar	2.0000	1.0000
Ecuador	Sucre	.4000	.2000
Egypt	Pound Egyptian	9.8862	4.9431
Finland	Markka	.0504	.0252
France	Franc	.0784	.0392
Germany	Reichsmark	.4764	.2382
Great Britain	Pound sterling	9.7330	4.8665
Greece	Drachma	.0260	.0130
Guatemala	Quetzal	2.0000	1.0000
Haiti	Gourde	.4000	.2000
Holland	Guilder or florin	.8040	.4020
Honduras (Republic)	Lempira	1.0000	.5000
Hongkong	Dollar	.8938	.4469
Hungary	Pengö	.3498	.1749
India (British)	Silver rupee	.7300	.3650
Indo-China	Piaster	.7836	.3918
Italy	Lira	.1052	.0526
Japan	Yen	.9970	.4985
Mexico	Peso	.9970	.4985
Newfoundland	Dollar	2.0000	1.0000
New Zealand	Pound sterling	9.7330	4.8665
Nicaragua	Cordoba	2.0000	1.0000
Norway	Krone	.5360	.2680
Panama	Gold balboa	2.0000	1.0000
Paraguay	Peso	1.9296	.9648
Persia	Rial	.0974	.0487
Peru	Sol	.4000	.2000
Poland	Zloty	.2244	.1122
Portugal	Escudo	.0884	.0442
Rumania	Leu	.0120	.0060
Russia	Ruble	1.0292	.5146
Salvador	Colon	1.0000	.5000
Siam	Gold-silver: Tical	.8848	.4424
Spain	Peseta	.3860	.1930
Straits Settlements	Silver dollar	1.1356	.5678
Sweden	Krona	.5360	.2680
Switzerland	Franc	.3860	.1930
Turkey	Piaster	.0880	.0440
Uruguay	Peso	2.0684	1.0342
Venezuela	Bolivar	.3860	.1930
Yugoslavia	Dinar	.0352	.0176

"Whenever merchandise imported into the Philippine Islands is invoiced in the currency of the United States or of the Philippine Islands, such currency must be converted back into the proper foreign currency at the buying rate of exchange as determined and certified by the Federal Reserve Bank of New York and published by the Secretary of the Treasury of the United States, and then be reconverted into the currency of the United States or of the Philippine Islands at the value of the said foreign currency as hereinabove provided.

"The Governor General, upon recommendation of the Secretary of Finance, may, by proclamation, fix for the purposes of this act the value in Philippine currency, and its equivalent in money of the United States of America, of the value of the currency or currencies of foreign countries when said value is changed or is not covered herein."

SEC. 2. Section 16 of the same act of Congress of August 5, 1909, is hereby amended to read as follows:

"SEC. 16. That all invoices of articles, goods, wares, or merchandise to be imported into the Philippine Islands shall set forth—

"(a) The place where, the date when, and the person by whom the merchandise is sold, or if to be imported otherwise than in pursuance of a purchase, the place from which shipped, the date when, and the person by whom it is shipped;

"(b) The port of entry to which the merchandise is destined and the person to whom the merchandise is sold or shipped;

"(c) A detailed description of the merchandise in tariff terms of this act, including the name by which each item is known, the quantity, grade or quality, true number, mark, weight, or symbol under which sold by the seller or manufacturer, together with the marks and numbers of the packages in which the merchandise is packed;

"(d) The purchase price or true value of each item in the currency of the purchase and in the unit of quantity in which the merchandise is usually bought and sold in the place or country of origin, if the merchandise is shipped in pursuance of a purchase or an agreement to purchase;

"(e) If the merchandise is shipped otherwise than in pursuance of a purchase or an agreement to purchase, the value for each item in the unit of quantity in which the merchandise is usually bought and sold, and in the currency in which the transactions are usually made, or, in the absence of such value, the price which the manufacturer, seller, shipper, or owner would have received, or was willing to receive, for such merchandise if sold in the ordinary course of trade and in the usual wholesale quantities in the country of origin;

"(f) All charges upon the merchandise, itemized by name and amount when known to the seller or shipper; or all charges by name (including commissions, insurance, freight, cases, containers, coverings, and cost of packing) included in invoice prices when the amount for such charges are unknown to the seller or shipper;

"(g) All discounts, rebates, drawbacks, and bounties, separately itemized, allowed upon the exportation of the merchandise; and

"(h) Any other facts deemed necessary to a proper appraisement, examination, and classification of the merchandise that the insular collector of customs may require.

"Every invoice shall be made in quadruplicate and signed by the owner or shipper, if the merchandise has been actually purchased, or by the manufacturer or owner thereof, if the same has been procured otherwise than by purchase, or by the duly authorized agent of such purchaser, manufacturer, or owner."

SEC. 3. Section 17 of the same act of Congress of August 5, 1909, is hereby amended to read as follows:

"SEC. 17. That except in case of personal effects accompanying a passenger as baggage, or arriving within a reasonable time before or after the owner, no importation of any articles, goods, wares, or merchandise, exceeding $100 in dutiable value, shall be admitted to entry without the production of a duly certified invoice of the kinds hereinafter described, or the filing of an affidavit made by the owner, importer, or consignee before the collector of customs, showing why it is impracticable to produce such invoice, together with a bond in an amount to be prescribed by, and with sureties satisfactory to, the collector of customs, for the production of such invoice within a reasonable time to be prescribed by said official. In the absence of such invoice, no entry shall be made upon the aforesaid affidavit unless the same be accompanied by a statement in the form of an invoice, or otherwise, showing the actual cost of such merchandise in the currency of the purchase, if same was purchased, or if obtained otherwise than by purchase, the actual market value or wholesale price thereof at the time of exportation to the Philippine Islands in the principal markets of the country from whence imported and in the currency in which the transactions are usually made. This statement shall be verified by the oath of the owner, importer, consignee, or agent desiring to make the entry, taken before the collector of customs, and it shall be lawful for that official to examine the deponent under oath regarding the source of his knowledge, information, or belief concerning any matter contained in his affidavit, and to require him to produce any correspondence, document, or statement of account in his possession, or under his control, which may assist the customs authorities in ascertaining the actual value of the importation or of any part thereof; and in default of such production when so required, such owner, importer, consignee, or agent shall be thereafter debarred from producing any such correspondence, document, or statement for the purpose of avoiding the imposition of additional duty, penalty, or forfeiture incurred under this or any other act in force in the Philippine Islands, unless he shall show to the satisfaction of the court or the collector of customs, as the case may be, that it was not in his power to produce the same when so demanded; but no articles, goods, wares, or merchandise shall be admitted to entry under the provisions of this section unless the collector of customs shall be satisfied that the failure to produce the required invoice is due to causes beyond the control of the owner, importer, consignee, or agent."

SEC. 4. Section 18 of the same act of Congress of August 5, 1909, is hereby amended to read as follows:

"SEC. 18. That invoices required by the preceding section shall, at or before the shipment of the merchandise, be produced to the consul, vice consul, or commercial agent of the United States of the consular district in which the merchandise was manufactured or purchased, as the case may be, when importation into the Philippine Islands is from a country other than the United States of America, or any Territory or place under the jurisdiction and control of the Government thereof: *Provided*, That the insular collector of customs may, in his discretion, dispense with the requirement for the consular invoices prescribed in this section in case the merchandise for which entry is sought is free of duty under this act, in which event a commercial invoice certified by the purchaser, manufacturer, seller, owner, or agent shall be filed: *And provided further*, That when the importation is from the United States of America, or any Territory or place under the jurisdiction and control of the Government thereof, production shall be to a collector of customs, deputy collector of customs, or United States commissioner.

"Invoices shall have indorsed thereon when produced as above prescribed a declaration signed by the purchaser, manufacturer, seller, owner, or agent setting forth that the invoice is in all respects correct and true and was made at the place from whence the merchandise is exported to the Philippine Islands; that it contains, if the merchandise was obtained by purchase or an agreement to purchase, a true and full statement of the date when, the place where, the person from whom the same was purchased, and the actual cost thereof, and of all charges thereon; and that no discounts, bounties, or drawbacks are contained in the invoice except such as have been actually allowed thereon; and when obtained in any other manner than by purchase, or an agreement to purchase, the actual market value or wholesale price thereof, at the time of exportation to the Philippine Islands, and the principal markets of the country from which exported; that such actual market value is the price at which the merchandise described in the invoice is freely offered for sale to all purchasers in said markets, and that it is the price which the manufacturer, seller, owner, or agent making the declaration would have received and was willing to receive for such merchandise sold in the ordinary course of trade in the usual wholesale quantities, and that it included all charges thereon; that the numbers,

weight, or quantity stated is correct, and that no invoice of the merchandise described differing from the invoice so produced has been or will be furnished to anyone.

"If the merchandise was actually purchased, or shipped otherwise than in pursuance of a purchase or an agreement to purchase, the declaration shall also contain a statement that the amount shown is that which was actually paid, or the price that the shipper would have received, or was willing to receive, for such merchandise, and that the currency stated in such invoice is the currency of the purchase, or in which the transactions are usually made."

SEC. 5. Upon the express or implicit approval of this act by the President of the United States, as provided in the act of Congress approved on August 29, 1916, entitled "An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands, and to provide a more autonomous government for those islands," the Governor General shall so announce forthwith, by means of a proclamation, and this act shall take effect on the date of such proclamation.

Approved:

_____,
President of the Senate.

_____,
Speaker Pro Tempore of the House of Representatives.

This act, which originated in the Philippine Senate, was finally passed by the same on November 7, 1932.

_____,
Secretary of the Senate.

Finally passed by the House of Representatives on November 7, 1932.

_____,
Secretary of the House of Representatives.

Approved.

_____,
Governor General.

Approved.

_____,
President of the United States.

DECEMBER 17, 1932.

[Item clipped from Commerce Reports, January 7, 1933, page 12]

PHILIPPINE ISLANDS—ANTIDUMPING AND OTHER TARIFF LEGISLATION EFFECTIVE—IMPORT DUTIES ON CERTAIN FOODSTUFFS AND SHOES INCREASED

According to a radiogram from Trade Commissioner E. D. Hester, Manila, the Governor General of the Philippine Islands proclaimed, effective on December 21, four tariff measures recently enacted by the Philippine Legislature and approved by the President, providing for (1) the assessment of ad valorem duties on the basis of the par value of foreign currencies instead of the current exchange value; (2) the imposition of special or dumping duties, under certain conditions, on goods imported from countries other than the United States; (3) the removal of the limitation of a maximum duty of 100 per cent ad valorem, with certain exceptions; and (4) increases in the import duties on meat, lard, and lard substitutes, including peanut oil and eggs. A fifth measure, also promulgated on December 21 and effective 30 days thereafter, or on January 20, 1933, increases the duties on certain boots and shoes.

DEPRECIATED CURRENCY AND "DUMPING" LEGISLATION

The declared purpose of the measure basing ad valorem duties on the par value of foreign currencies is to protect the insular revenue from import duties which have gradually declined, due mainly to the low prices of imported commodities on account of the depreciated currencies in many foreign countries.

For the declared purpose of protecting Philippine industries against "dumping" and to discourage unfair practices or methods in the import trade, the new antidumping act provides—after investigation by a board composed of the insular collector of customs, the collector of internal revenue, and the director of commerce and industry—for the imposition of special duties equal to the difference between the purchase or export price and the foreign home market value, in addition to the ordinary duty, on imports from foreign countries which are proven to be injurious to efficient and economically operated Philippine industries, or which prevent the development of newly established industries, or which restrain or monopolize trade in the Philippine Islands, or involve unfair methods of competition.

[Products of the United States shipped direct to the Philippine Islands under a through bill of lading are admitted duty free in return for corresponding treatment to Philippine goods entering the United States.]

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. HATFIELD. I yield.

Mr. FLETCHER. The Senator will recall that the tariff act of 1922, and also the tariff act of 1930, carried section 338, under the title "Discrimination by foreign countries." My understanding is that that section never has been invoked, that nothing has been done under it. Why has not something been done? In case of discrimination against the United States, the President has authority to raise tariff duties.

Mr. HATFIELD. Mr. President, I am unable to answer the interrogation of the able Senator from Florida, but it is a timely one, and I yield to the able Senator from Utah.

Mr. SMOOT. Mr. President, I do not think the part of the tariff act referred to by the Senator from Florida would apply to England on account of her depreciated pound. We take no notice of the value of the money of any country in establishing tariff rates. They are supposed to apply to all countries alike, and they are not based upon the value of the money of any country. Whatever change may take place, there is no provision in any of our laws that I know of under which we could impose additional duties against any country which has a depreciated currency without legislation. We would have to have legislation before that could be effected.

I might add that we will have to have legislation along such lines or the industries of our country will be ruined, and the sooner we enact the legislation the better it will be for the industries of the United States.

Mr. FLETCHER. Mr. President, section 338 is quite an important provision in the law of 1922 and that of 1930, calling for equality of tariff treatment, and giving the President the power to see to it that we have equality with other nations under the tariff laws. The only two important countries that have ever entered into such agreements have been Germany and Italy, and I believe Bulgaria lately entered into some such agreement. But we have not enforced that provision of the law as to the other countries at all.

Mr. SMOOT. Mr. President, the value of the pound sterling is the same in all countries; therefore it can not be said to be a discrimination against us. Because the currencies are of the same value in all countries, we can not enforce the provision of law as to increased duties against countries whose money has depreciated in value.

Mr. HATFIELD. Mr. President, while this action on the part of the Philippines justifies the action by those on this floor who voted to give the Philippines their independence, the action taken by the Philippine Legislature only followed the action of many foreign governments, namely, France, Germany, Australia, and others.

I ask permission to have included in the RECORD a statement showing the action taken by the various countries.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

ANTIDUMPING LEGISLATION

Argentina: When the competition of foreign products favored by (foreign) legislation, rate of exchange, low wages, forced labor, or any other form of "dumping" is harmful to Argentine production, and consequently, in the opinion of the executive, immediate modification in the customs tariff is desirable, the executive may temporarily apply such new or higher import duties as are proposed by the Minister of Agriculture, subject to their confirmation, reduction, or abolition by the National Congress. (Argentine Executive Decree No. 1033 of August 8, 1931.)

Australia: The Minister of Trade and Customs may impose antidumping duties, after inquiry and report by the tariff board and upon notification in the Government Gazette, specifying the goods to which the duty is to apply, in the following instances:

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(d) If goods from countries having depreciated exchanges are being sold to Australian importers at export prices which will be detrimental to an Australian industry.

(e) If goods from countries having depreciated exchanges are being sold to Australian importers at export prices less than the fair market values of similar goods in the United Kingdom.

(f) If imported goods are being sold to an importer in Australia which were manufactured wholly or in part from material supplied from any country whose currency has depreciated by comparison with the currency of the country to which the material was supplied, and that the manufactured goods are being sold to an importer in Australia at a price below the price at which the same goods could have been manufactured in the country of manufacture if made from material of such country of manufacture and allowing for a reasonable profit. (Australian industries preservation act of 1921.)

Belgium: (3) To apply maximum or intermediate duties temporarily when national industry is endangered by competition made possible by monetary depreciation in a foreign country.

Czechoslovakia: Under a law enacted June 24, 1920, the Minister of Commerce is given authority to require licenses for imports and exports and to establish the fees for such licenses.

COUNTERVAILING DUTIES

If goods imported into Czechoslovakia from any country menace the national production through unfair competition resulting from special governmental dispositions of any kind, or resulting from depreciated currency, adequate measures shall be taken for the indispensable protection of domestic production, and, in particular, by fixing a special duty or a surtax or by limiting importation.

France: A presidential decree of August 1, 1931, establishes the principles of customs surtaxes to compensate for the advantages accruing to foreign countries whose exchange rates have depreciated and whose goods, expressed in value of the franc, have become cheaper than before, thus creating greater competition with French-made goods.

Germany: A recent emergency decree of the President, effective January 19, 1932, authorizes the Reich Government, in case of urgent economic necessity, to impose "compensatory duties" on individual commodities or groups of articles originating in countries with currencies below gold parity.

Mr. HATFIELD. Mr. President, it may interest some Members of the Senate, incidentally, to know that while Canada is a member of the British Empire and by treaty gives preference in the Canadian markets to the products of Great Britain, Canada, to protect her home industries and the employment opportunities of her own people, took prompt action which placed a tax equivalent to the difference in gold value of English money on imports of England entering into Canada.

I sometimes wonder, Mr. President, why our Nation has been as successful as it has been. We are generally considered a forward-looking people. Yet, as I have pointed out in these remarks, in the case of the nitrogen industry, an industry absolutely necessary for the protection of home and country, we and Egypt are the only countries that permit the importation of foreign-produced nitrogen products without restriction.

To prove my contention that this form of dumping is made possible by the depreciation of foreign currencies and to show its effects upon American industries, I will cite some concrete illustrations, with facts taken from Government records.

The imports of iron and steel products also witness to the destructive effects of low-priced foreign competition. To illustrate:

In 1930, imports of steel bars, valued not over 1½ cents per pound, amounted to 49,562,083 pounds, at a unit price of 1.3 cents per pound. In the fiscal year 1932 imports mounted to 174,415,662 pounds, with the unit price down to eight-tenths of 1 cent per pound.

Imports of hoop-band iron rose from 32,215,295 pounds in 1931, at a unit price of 1.2 cents, to 47,811,531 pounds, with a unit price down to 1 cent per pound.

The last example is in the cost of steel sheets and plates, valued not over 1.5 cents per pound, which jumped from 3,188,993 pounds, with a unit price of 1.3 cents, in 1930, to 24,711,911 pounds, with a unit price of eight-tenths of 1 cent per pound. These figures are all for fiscal years.

The seriousness of the situation is demonstrated by what occurred in 1931, when 370,000 net tons of imported steel caused the loss of a week's work to 237,000 men in the steel industry, and 37,000 coal miners, and the loss in revenue and wages to the railroads of transporting approximately 55,000 cars.

Not only that, Mr. President, but the steel industry has been operating as best it could, taking the industry as a unit, all through the year 1932; and I am reliably informed that during the first quarter's operation of the steel industry as a whole they sustained a net loss of $30,000,000, and that that loss continued through the other quarters until to-day the steel industry of the United States stands a loser because of an effort to operate for the purpose of feeding their employees to the extent of more than $120,000,000.

Mr. President, the people of my State are dependent to a great extent on the success of the American pottery industry. It is interesting to note that for the 8-month period, January to August, of 1932, Japan, with her exports to the United States of 2,237,000 dozen pieces, furnished 84 per cent of our total imports of china tableware; and on decorated earthenware for table use Japan also leads the parade of foreign nations dumping their products into the American market, supplying 49.6 per cent of our total importation.

How imports from countries with a debased currency are destroying opportunities for operation of American plants and employment of American workers may be judged from statistics available through the Treasury Department.

When the tariff act was enacted in 1930 the average unit value of imports of decorated chinaware from Japan was 73 cents per dozen pieces. Imports of these same articles at the present time are being landed at an invoice value of 23 cents per dozen pieces. The Japanese importations in 1930 furnished some 40 per cent of the total American consumption of these articles. American industry and American workers competing with the products invoiced at 73 cents per dozen pieces had a hard time to exist. With these articles landed in our country at an invoice value of some 20 cents per dozen pieces, I do not need to emphasize how impossible it is for American industries to operate or for American workers to obtain employment.

The facts I have just cited, while specifically true of pottery, are likewise true of many other American industries, the products of which are forced to compete in the American market with the products from those countries which have debased their currency.

Another illustration which typifies my contention that the foreign nations now on the gold basis will be driven out of the American market and our market dominated by the products of Japan is the case of toothbrushes. For the first eight months of 1932 we imported from Japan 10,901,000 toothbrushes, which represented 98 per cent of our total importations. Incidentally the unit value of these toothbrushes has decreased some 50 per cent.

These are the toothbrushes that persons who patronize the chain stores have been buying for several years for 10 cents each. American producers have been able, with volume production, to meet some of the competition of the Japanese so long as the American chain stores were satisfied with a reasonable profit. But the American producers can not compete with Japanese toothbrushes having a declared invoice value of less than 2 cents per brush.

Also, during these first eight months of 1931, there were imported from Japan into the United States, when Japan was on the gold standard, some 430,000 pounds of tuna and other fish in oil, valued at $88,000.

For the same period of 1932, with Japanese currency valued in gold at less than one-half its normal value, we imported 2,860,000 pounds at a value of $382,000, an increase in quantity importation of more than 550 per cent, with a decrease in unit value of some 35 per cent.

We imported from Japan 319,000 pounds of cod, haddock, hake, and pollock, valued at $20,000. For the same period in 1932 we imported more than 700,000 pounds of these same fish with a value of approximately the same amount, namely, some $21,000, an increase in quantity importation of more than 120 per cent, and a decrease of unit value of more than 50 per cent.

With reference to importations of fish, it is important to note that we imported from Denmark, another country off the gold standard, for the first eight months of 1931, some 63,000 pounds of cod, haddock, hake, and pollock, with a value of $3,200. For the same period of 1932 we imported from Denmark some 2,400,000 pounds of this same type of fish valued at $55,000. The debasing of the Danish currency permitted these 2,400,000 pounds of fish to be landed in America at about 2 cents a pound. The increase in quantity importations of this fish from Denmark for the eight months of 1932, as compared with the same period of 1931, was 3,700 per cent, and a unit value decrease of 55 per cent.

The first eight months of 1931 we imported from Portugal some 2,967,000 pounds of sardines, with a value of $488,000. For the same period of 1932, with Portuguese currency greatly depreciated in value, we imported 5,947,000 pounds of sardines, valued at $555,000, an increase in quantity importation of more than 100 per cent, with a decrease in unit value of some 44 per cent.

We imported from Norway during the first eight months of 1931, 12,900,000 pounds of sardines, at a value of $1,600,000. For the same period of 1932, with Norwegian currency greatly depreciated in value, we imported 19,600,000 pounds of sardines, at a value of only $1,567,000, an increase in quantity importation of more than 50 per cent and a decrease in unit value of some 48 per cent.

For the first eight months of 1931, when Canadian currency was on a gold basis, we imported, in air-tight containers, from Canada some 93,000 pounds of fish, valued at $11,000. For the same period of 1932 we imported from Canada, with Canadian currency depreciated in value, 4,430,000 pounds of fish, valued at $200,000, an increase in quantity importations of more than 4,600 per cent and a decline in unit value of some 64 per cent.

For the first three or four months of 1932, we imported from Great Britain ten times more cotton velvets and velveteens than we imported for the same period the previous year. While the importations increased more than 1,000 per cent the unit value decreased almost 50 per cent.

Mr. President, these figures explain why the American fish industry of the Atlantic, the Pacific, and our Gulf coast States lies prostrate. They also explain why these men send messages to the Congress of the United States. They also explain why these men directed their messages to me, for the reason, Mr. President, that in April, 1932, I portrayed this picture about what depreciated currency would do to American labor and to American industry.

For the first eight months of 1931 we imported from Great Britain a total of some 14,764,000 pounds of cement, at a value of some $56,000. For the same period in 1932, with English currency depreciated 30 or more per cent in value, we imported 54,866,000 pounds, at a value of $104,000, an increase in quantity of importations of 276 per cent and a decrease in unit value of 50 per cent.

The American cost of producing cement, as shown on page 16 of the report of the United States Tariff Commission, was 31.7 cents per hundredweight, or some 40 per cent more than the value of the cement dumped into our markets.

From Japan we imported for the first eight months of 1931, while she was on a gold basis, 1,074,000 pairs of footwear with fabric uppers, valued at $138,000. For the same period of 1932 we imported from Japan, with Japanese currency greatly depreciated in value, some 2,467,000 pairs of these shoes, at a value of $250,000, an increase in quantity importations of some 130 per cent, and a decrease in unit value of 20 per cent.

Mr. President, the rubber-specialty industry of America to-day is almost out of existence because of depreciated currency products that come here from Japan. Unless the Congress does something, and that, too, in the very near future, to relieve the situation, it means the closing up of this industry in America altogether and the loss of jobs for some 25,000 people who are at the present time employed either part of the time or for the entire time.

During the first eight months of 1931, while Japan was on the gold standard and the yen valued at approximately 50 cents gold, we imported twenty-seven and one-half million metal-filament electric lamps, valued at some $650,000. For the same period of 1932, with Japan off the gold standard and her currency debased to a point where the Japanese yen was worth in gold less than half its value, we imported from Japan more than 73,000,000 of these same metal-filament electric lamps, valued at less than $840,000, an increase in quantity importation of 160 per cent, with a decrease in unit of value of more than 50 per cent.

Mr. President, there are many Members of the Senate who have contended that our importations represent only a small portion of the domestic consumption of the type of articles imported. This is sometimes true. However, it is a well-known fact that foreign producers, offering to deliver comparable articles at prices which are below the American costs of production of similar articles, deprive American industries of those orders which are necessary to keep the wheels of industry going.

Under our present system of basing tariff duties on foreign values, and with countries debasing their currencies, some as high as 60 per cent of their normal gold value, it might interest some Members of the Senate to know the percentage of some of our imports which are coming into our country from the Asiatic countries with currency debased as high as 60 per cent.

For their benefit I have compiled a list of the imports of some commodities and the countries from which these commodities come. It is true that some of these countries, such as France, Czechoslovakia, and Germany, are still on the gold basis, and their currency, at least for the time being, is selling at its normal par value. However, it is my contention, Mr. President, that these countries can not much longer continue to export in competition with the countries which are off the gold standard. As evidence of this fact let me cite the situation in the rubber boot and shoe industry and canvas-top footwear.

Prior to 1930 our imports of rubber-soled footwear with fabric uppers and rubber boots and shoes from Czechoslovakia and Japan were trivial. For the first eight months of 1931 imports of Czechoslovakian-made rubber boots and shoes undersold in the American market the products of Japan. Both countries were then on the gold basis. The imports of these same articles for the first eight months of 1932, with Czechoslovakia on the gold basis and Japan on a depreciated-currency basis, tell a story which to my mind is indicative of what will happen in many other instances unless we can find a way to prevent the dumping of products from nations which have debased their currencies into our home markets.

We imported for the first eight months of 1932, 2,204,970 pairs of rubber-soled footwear, of which Japan supplied 76.09 per cent and Czechoslovakia 22.09 per cent.

In the importation of all rubber-soled boots and shoes I find that Czechoslovakia furnished 71.03 per cent, while Japan supplied 13.07 per cent; and I am informed by representatives of the American rubber boot and shoe industry that to-day these articles, the product of Japan, are underselling in the American market the products of Czechoslovakia to such an extent that while for the first eight months of 1932 these articles, the products of Japan, furnished less than 14 per cent of our imports; that for the first eight months of 1933 our imports of rubber boots and shoes from Japan will represent close to 100 per cent of our importations.

Another illustration worthy of the attention of those interested in textiles is the fact that for the first eight months of 1932 Japan, with her currency depreciated some 60 per cent, furnished 94.02 per cent of our importations of silk handkerchiefs and mufflers.

In the importations of electric lamps for the first eight months for 1932 I find that the importations from Japan represent 99.04 per cent of our total importations.

In the importation of canned tuna fish I find that Japan furnished 83.08 per cent of the importations.

In the importations of some 3,000,000 yards of "hit and miss" rugs I find that Japan furnished the entire amount.

In the importations of crab meat, crab sauce, and crab paste I find that Japan furnished 84.05 per cent, Soviet Russia 14.06 per cent, and Canada less than 1 per cent.

Unemployment is the net result of this influx of foreign goods from countries of depreciated currency, and there is certainly no hope to save the situation so long as we remain duped and in the grasp of the un-American importer.

The sad part of this inrush of foreign selling in our midst is the upheaval of all that is sound and basic for our own development. It is the uprooting of initiative among our citizens.

Those who can sense the evils inherent in this avalanche of foreign goods know full well that intensive liquidation of our securities must soon get under way. Though our citizens have suffered at the hands of international bankers and have seen their securities drop to 25 to 30 per cent of

their former value, they must now be prepared to suffer far more from imported products from countries with debased currency and witness a further drop of almost all securities unless the Congress will act to protect our home markets. If we permit the clever foreigner to continue this inflow for one full year, the victory will be his.

Will another year be required for a hesitant Congress to right the matter, and thus, with two years to the advantage of the foreign nations, can any American organization hope to catch up?

We have the ability and the technique to progress as rapidly and as securely as any nation on earth, but in our form of government there is no security against attacks from without save through a protective-tariff wall. Let us attend to the leaks and assure our citizenry that they have the backing of this Government in every progressive effort. Let us go forward as one man, regardless of political affiliations, and do that which is necessary and which is patriotic to save the industries of this country and to reclaim and underwrite the jobs of Americans who are now looking for employment when there is none to be found.

When such ends shall be attained and American goods shall be everywhere in good supply and at no exorbitant profits, then we shall have peace and happiness; American zeal will pervade the entire country, our citizens will be encouraged in prosecuting every new discovery for the betterment of agriculture and industry and of the Nation as a whole.

Mr. President, I yield to the distinguished Senator from Ohio.

Mr. FESS. Mr. President, I had intended to ask the Senator to yield in order that I might read an editorial by Major McKinley in 1890, but I think I shall ask that it may be printed in the RECORD without reading.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the Evening Repository]

HISTORY REPEATS ITSELF

Protection was never stronger than it is at this hour. And it will grow in strength and in the hearts of the people. It has won in every contest before the people, from the beginning of the Government.

It is a significant historical fact that whenever there has been a well-defined battle in this country between protection and revenue tariff, protection has triumphed. It will always be so, so long as we have a free ballot.

The elections this year were determined upon a false issue. A conspiracy between importers, many of whom were not even citizens of the United States, and the free-traders of this country, to raise prices and charge it upon the McKinley bill, was successful. But conspiracies are short lived and soon expire. This one has already been laid bare, and the infamy of it will still further appear. Merchants are already advertising, now that the election is over, to sell at even lower prices than before the passage of the McKinley bill. The trick has won this time. The conspiracy has triumphed. But the people who have been duped will not forget. Nor will the friends of protection lower their flag or raise the British flag. The result this year is but history repeating itself. Every great measure for the benefit of the people and the country, passed immediately before an election, has been temporarily disastrous to the party responsible for it.

The proclamation of emancipation, the fourteenth and fifteenth amendments to the Constitution, measures of incalculable value to mankind, measures of justice and right, giant steps for humanity, were followed by disaster, for the time, to the party in power. The great resumption act which brought this country to a sound currency produced disaster to the party in power. So with every great measure which time alone can vindicate. Passion and prejudice, ignorance, and willful misrepresentation are masterful for the hour against any great public law. But the law vindicates itself, and a duped and deceived public reverse their decrees made in the passion of the hour.

So will it be with the tariff law of 1890. Increased prosperity, which is sure to come, will outrun the maligner and vilifier. Reason will be enthroned and none will suffer so much as those who have participated in misguiding a trusting people. Keep up your courage. Strengthen your organizations and be ready for the great battle in Ohio in 1891, and the still greater one in 1892. Home and country will triumph in the end. Their enemies, whether here or abroad, will never be placed in permanent control of the government of Washington, of Lincoln, and of Grant.

REMARKS UPON CONSULTATIONS REPORTED ON THE FOREIGN DEBTS

Mr. LEWIS. Mr. President, while I have not the technical knowledge that would enable me to appreciate in completeness many of the chemical illustrations given by the eminent Senator from West Virginia [Mr. HATFIELD], I am satisfied that all who have heard his immediate discourse recognize the amount of histrionic ability and splendid scientific attainment it has demonstrated. I rise to discuss in a few moments a matter somewhat foreign to his splendid presentation yet a subject which I feel at this time is wholly appropriate.

Mr. President, this honorable body became greatly confused and likewise found itself involved in something of an inextricable embarrassment as the result of a sudden action upon a so-called moratorium. That sudden action was precipitated by telegrams shot forth from the President of the United States in the summer of 1931 addressed to different Members of the Senate who—the Senate then being in recess—were at their respective homes. Feeling that the President was advised wisely, and conscious, as we now are, that he would not intentionally mislead us, his propositions were acceded to, and the Senators found themselves returned to their duties bound by something of an agreement which, in point of honor, estopped them from taking a contrary point of view, even though they found the facts surrounding the subject to be wholly at variance with, if not in contradiction to, what the distinguished President believed—certainly to what he presented.

Mr. President, to-day we are on the eve of repeating that folly. It will be remembered that in his quizzical strange philosophy Shakespeare has the servant express when beholding a young man stranger accompanying his friend, says—

Is this your son, my lord?

Adverting to the manners of the younger, concluded—

It was not seeming to me that such could be.

At this particular moment, sir, it is not seemly that we could repeat the same form of error and take as our offspring this apparent heir as now haunts us. Sir, from this visitation the possibility of error is so evident in great statecraft that I am compelled to make an allusion to it. I do so as early as possible in the discharge of what I feel to be my duty as an American, and, may I add, my obligation to my constituency as a Senator. I am just now handed, by a fellow Senator, two of the influential press with startling announcements. We gather from the immediate press that consultations by an eminent ambassador of one of the great countries which are in debt to the United States have been going on in some nature or other. To be specific, it is stated that the distinguished ambassador had a conference with the President elect of the United States, and it is rumored that it related to some matter touching the international relations of our country and that a message delivered to the President by his excellency the ambassador adverted and related to the international debts, and the proceedings to be held at a meeting that is to be assembled here at Washington ostensibly designated as an ecnomic conference, but which, as I have charged, in its ulterior purposes, is to deal with these international debts.

Mr. President, I am somewhat surprised, if the news from the alert and active representatives of the press is correct. I have been educated, in such opportunity as has been accorded me in public life, both in the House of Representatives, as a humble Member of that body, as a Member of the Senate under the Wilson administration, and as a Member now under the present administration, that a foreign ambassador who has a message to deliver touching affairs of state delivers that message to the Secretary of State, and that the Secretary of State, if the message be one that is to be communicated to the Government, either communicates it to his President or to the Senate committee that has to do with foreign relations.

Mr. President, I can not believe that there really has been the assumption by any ambassador of a foreign country of going over the heads of the Secretary of State, and of the United States Senate, and of making a visit to the President elect of the United States and there taking up the official subject which he presents as the ambassador of his country.

That he would be welcome as a guest, let us know; that as a mere visitor in point of friendship and companionship and communion as an eminent citizen of his country with one who has been chosen as President elect, let us hope that he is ever welcome, and would be ever delighted to make such visits wherever opportunity affords; but, Mr. President, it is not agreeable information to go out to the world that the President elect of the United States has chosen to receive an official message in such form as is understood. It is impossible for me to believe that the proper form and regularity of such transmission have been ignored; that the lessons of international statecraft, embedded in our history, would be disregarded, and the sources which are known officially to be those to which such message should be communicated, flouted.

There is no ambassador of America, credited to Britain, who I assume, sir, would be so bold as to go to Buckingham Palace to relate to His Majesty the King of England—the Emperor of Britain—his insistence upon a viewpoint upon a matter of international government. I would rather assume that if there were a matter of government to be discussed by our representative, he would direct himself to the minister of foreign affairs of the foreign country wherever he, our ambassador, was accredited. It is because I can not accept that an ambassador from any foreign country would violate the precedent so completely established, that I am not willing to feel that our eminent newspaper philosophers and historians have been correctly informed.

But, Mr. President, there is a matter on which I feel I am correctly informed, to which I will in a moment briefly allude. I am anxious not to take, beyond that which his kindly courtesy has yielded to me, the time of the eminent Senator from Pennsylvania, who I understand desires to address the Senate.

Mr. President, all this conversation which we understand is being engaged in respecting something touching the cancellation of the foreign debts or the re-formation of them in one new assignment, looking to their reduction or revision, is, in my opinion, quite beside the real object that is in hand and intended. I am not consoled within my own reflection when I am compelled to feel that the real purpose is being hidden, as the true purpose of action was disguised when the moratorium was asked by the President in the summer, when Congress was not in session—and he, the President likewise, deceived as completely as was this honorable body.

These conversations touching the question of reduction and cancellation of debt, and the assertions we read in the public press from the eminent authorities of these different countries asserting that they will not do this or will not do the other, as to these debts, are all thrown out as decoys. Each one of these countries knows exactly what the principal country that is acting as spokesman intends to do. Each one of these debtor lands understands completely the communion that ultimately and very shortly is to be all aggregated and combined to the purpose and to the end that is the real adventure. What is it?

The joint resolution passed by the House of Representatives in the form of an addendum in the way of an amendment when we ratified the moratorium, the joint resolution passed by the Senate, is clearly in the minds of these eminent statesmen. These forbade a renewal of moratorium or any action taking form of reduction or cancellation of debts. The debtor countries are equally conscious that the American public is in no temper to sacrifice these obligations or to yield them to reduction and to give up the place that they occupy in treaty and international compact. They know the necessity to the American public of having these debts paid, either at the time they are due or as early as possible thereafter.

The real purpose of all of these manipulations is to have all of these countries make the demand, first, for cancellation that shall have the conversational feature and to proceed until it reaches the end by a denial by America. Then will come the suggestion of a revision of the debts directly contrary to the revision that eminent Senators on the opposite side—the Republicans—of the Chamber have well alluded to in splendid and wholly American sentiments. Therefore these debtor lands knowing that the debts will not be revised further than they have been; that, too, in demand must fail. Then will come what is the real purpose sought. It is that under the apparent acknowledgment of defeat the debtors in union will ask and urge for the extension of the present moratorium. That moratorium sought to extend for such length of time as shall give complete season within its action for the recovery on the part of the foreign nation of its own financial situation to a point where it may compete in all trade and finance with success against the United States, by taking advantage of her crippled state arising out of the repeating and continuing of the general moratorium, producing to the United States the loss of funds necessary to balance our Budget, sustain our obligations caused by the failure to collect our debts on which we relied as part basis for full payment of our own debts.

Mr. LONG. Mr. President——

Mr. LEWIS. Does the Senator from Louisiana wish to interrogate me?

Mr. LONG. I wish to ask the Senator a question.

Mr. LEWIS. I yield to the Senator.

Mr. LONG. Does not the Senator think that this international-debt situation may get down to the proposition of whether these countries can live on the interest on what they owe? [Laughter.]

Mr. LEWIS. I feel that I anticipated the eminent Senator from Louisiana in his query when I said that the purpose of the extension was to use the very delay in which they could recover their position because of our crippled state as the result of yielding the new moratorium for the great length of time which they will seek, appearing to be defeated in cancellation, then in revision, and yielding to taking the moratorium.

Mr. President, what I wish to press upon the attention of the Senators who are generous enough to give such patient attention to my views is this:

There is now being circulated throughout the United States of America, particularly to the commercial bodies, the report that if these international debts can be suspended, either through this long moratorium which is anticipated, or in any form of cancellation or revision, the money which otherwise would have been paid to us upon the debts will be expended in America for supplies, and thus enrich the manufacturer or the producer of America to the extent to which these funds may be distributed.

This is an enticing seduction, alluring in its promise, but deceptive in its development. It is an impossibility for these countries to carry out and execute such a promise, however sincere some of the advocates might be or however anxious the part of some of their representatives in desire to fulfill it.

These countries are in no condition to take such a course, either from the attitude as presented by the eminent Senator from Pennsylvania [Mr. REED] a few days past upon the basis of debased currency, or that of the Senator from West Virginia [Mr. HATFIELD], who has just spoken, touching the question of the tariff, or that of the eminent leader of the opposition, the Senator from Indiana [Mr. WATSON], referring only a short while ago to the relationship of armaments, and the possibility of the constant multiplication of debt incurred through these great weapons of death and universal desolation. Therefore, it is hopeless for us to expect that these foreign nations would spend their money with us when their dependencies or their colonies would of course demand that patronage and while their own needs and their own employment exact of them that the money should be expended at home. That fact is all too apparent. We know, from a political point of view, that they would not risk such to grant us the favor. We know, from the attitude of mind and feeling they bear toward us, that they would not extend such commercial courtesy and voluntary graciousness.

Therefore, Mr. President, I rise to say we must not allow to be circulated again throughout the United States the idea

that a great benefit is to come to America if another moratorium shall be given, and the debts suspended, and America be denied her rights, as was inflicted upon us under the honest misapprehension of the distinguished President of the United States, on the one hand, and as represented by him and the belief indulged on the part of the Senators who complied with his request, on the other. We must turn to the American people now to let them know that there is no spirit on the part of the Senate to indulge the hope that such favor could come to them, and they must not be deluded into the thought that it is expected we should yield to it.

Second, sir, and more important: These foreign countries must be told by us, and as frequently as it is convenient and appropriate, that there is no intent on the part of this America to do other than demand, within the proper space of equity and justice, the money that is due the people from whom we borrowed it. We must not lead them to the thought that our silence means that we are again being converted to the theory of a moratorium that shall suspend the debts and encourage the debtors to feel that where they are not even paid they may be forever forgiven.

Mr. REED. Mr. President, will the Senator permit a question?

The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Pennsylvania?

Mr. LEWIS. I yield to the Senator from Pennsylvania at any time.

Mr. REED. If the Senator will permit me to say so, I think he is doing a great public service in calling attention to the perils of the present course.

It has always seemed to me that one of the greatest mistakes ever made by President Wilson was to go in person to the Paris peace conference, and that he lost about half of his bargaining power and his authority over the situation by so going. I am fearful that Mr. Roosevelt is about to make the same mistake.

I should like to have the Senator's opinion on that subject.

Second, if the Senator will permit me to ask two questions at the same time——

Mr. LEWIS. I yield to the Senator fully.

Mr. REED. Second, if Mr. Roosevelt should arrive at some understanding with these foreign countries regarding a reduction of the debt, and if Congress should disagree with him—because there is no partisanship in this; there never has been; we have never made the debt business a political question—if Congress should disagree with Mr. Roosevelt's decision and agreement, nevertheless the moral obligation, which is the only sanction that these debts have, would be gravely weakened by the fact that he had so agreed. I should like the Senator to give us his view of that.

Mr. LEWIS. Mr. President, respecting the very great and acknowledged ability of the eminent Senator from Pennsylvania [Mr. REED] and conscious as I am of his experiences upon these questions, it falling to my pleasure last summer to serve at the same place where I saw his splendid abilities demonstrated in the council of international matters, in France, I first may interest him to let him know that I shall now for the first time in any public sense allude to a matter of which my brother WATSON and other Senators sitting about me who served in the Senate in the Wilson administration have some slight knowledge.

I, in behalf of Senators on this floor who directed me as their messenger, was bold enough and expressed an audacity flaming enough to go to President Wilson at that time occupying the place called "whip"—a fairly decent messengership in behalf of my colleagues—and presented to him from my viewpoint what I felt was a peril, and what those who commissioned me to speak joined me in fearing would develop to be a danger, in his going abroad and acting as his own ambassador.

I may interest my friend, though not to meet his approval, by confiding that I had said to the President, "If your ambassadors succeed"—and I remember I designated as appropriate delegates ex-President Taft in my mind, Senator Root; our candidate for President, Mr. Bryan; and Justice White, of the United States Supreme Court; I assumed these as constituting on all politics—"in making equal representations"—I said to the President," If they succeed, you, Mr. President, will be given due credit. If they fail, you will have done all that has ever been done by your predecessors, and you can not be charged wholly with the failure." But I did not meet with the approval of the distinguished President. He felt that his very presence would suggest to the foreign ambassadors that he was speaking for the American people, and that the American people themselves would be more inclined to ratify that which he did in person than they might that which ambassadors had done.

In this conference, I may say to my eminent friend the able Senator from Pennsylvania, there were some very full allusions to the ambassadors who had served in the matter of the peace of the Spanish-American War and to that which arose afterwards, the controversy as to what they had agreed, and the great dispute that lasted and swung from side to side of this honorable body, and greatly censured by press and clergy for months before a conclusion was finally adopted by the Senate.

I answer, therefore, I very much opposed my distinguished leader, the eminent President of the United States, going abroad on the errand as self-designated ambassador. I boldly put before him—who had been once a teacher of mine while an eminent professor, I an unworthy scholar, at a well-known university not particularly credited by my attendance—I say I sought to present some illustrations in history, but I did not avail in my mission in any instance.

I am compelled to answer that the President himself, when serving abroad, met those particular methods of statesmanship and diplomacy which had been the habit for centuries on the part of these eminent gentlemen serving Europe, unknown to him in practice, and unindulged in in the past by any American who professed truth and honor in his dealings with mankind. In this manner he was both outdone and outwitted by pretenses which he did not expect to be presented to him and to have to meet, but which, in the final end, developed a form that can be described as nothing less than falsity and deception, and as a result of which broke the character and strength of influence of America, and the heart of the now dead President of the United States.

Now I come to the second query.

I can not believe, I will say to my eminent friend, that the newly-to-be-inaugurated President of the United States, Mr. Roosevelt, with the lessons before him while he was Assistant Secretary of the Navy under the Wilson administration, and oftentimes acting as Secretary—with the consciousness of what he saw under the Wilson era, with his own instinctive sense of personal honor, with his knowledge of statecraft, with his sense of obligation to the American people—I can not believe that he would tolerate this gentleman, ambassador from any country, going directly in derogation of the rights and privileges of the Secretary of State and Senate, in the manner which my able friend from Pennsylvania has a right to glean from the public press as having transpired; I will say that if it did occur, the President elect would know that such action would put himself in the position that before he is inaugurated he is assuming to reach a judgment or an action which, ultimately to be approved by this body, would put him where—if not approved, he is discredited; and, if approved by the mere act of our service as a mere voice of messengership without senatorial independence—would place us at a disadvantage and discredit from the American public.

For this reason I can not conceive that our President elect would allow the ambassador of any country to bring to him a message from which he was to act, in conjunction with the ambassador and reaching a conclusion, and allow the ambassador to carry that conclusion to his country, on the theory that of course it will be ratified, accepted, and indorsed by the Senate, to whom he has never communicated anything relating to it, nor himself has been initiated into office, with authority to receive the ambassador on the one hand, or to send the result of the conference to the Senate

on the other. This President Roosevelt would no more allow than would the other Roosevelt.

I answer, yes; if the President elect could so far fall from what I know to be his splendid character, his sense of obligation to the United States and its people, his knowledge of the method of statecraft, and his consciousness of his obligation to the Senate as his colleague of service, and he should do such as to allow an ambassador to talk directly over the heads of the Senate and the Secretary of State to him directly such would be a folly, one he would regret, and one I know he would not commit. Therefore, I answer, that I am satisfied that the rumor which we get from the public press is due to those who possibly assume such in their imagination. Therefore I answer the eminent Senator from Pennsylvania to say that I can not believe it has ever happened.

Now, I conclude, Mr. President, by saying, as I was about to finish, first, I thank the Senator for saying the allusions I was then making received his approval and were being timely brought to America. We must not allow any action by ourselves, either in silence or in active conduct, vocal or physical, to encourage any foreign nation to the thought that we are indulging them in the hope that there will either be the cancellation or the revision of the foreign debts, or that our newly elected President of the United States is receiving any ambassador from any country and giving him encouragement in the form of authority to transmit his message back to his own country which would give encouragement to the violation of all that for which the Senate has ascribed itself in solemn resolution on the one hand, and the House of Representatives by resolution on the other.

We must let the foreign nations, one and all, understand that the United States of America, anxious for complete justice, seeing that no wrong shall be done any country, nevertheless still stands as those who speak for their own people, and will vindicate the claims and demands of America as Americans, and while extending wherever we can whatever may be the form of generosity or kindness to any people in the world, we can not be put in the position of again being deceived by one, tricked by another, or held up before the world as lacking the intelligence that could compete with these eminent ambassadors in the variations of their forms of culture which has been so successful in diplomatic matters in overrunning the United States in respect to its rights, the least of which will not be forgotten. When a conference met in the city of Washington, our honorable representatives surrendered our national defense by giving up not only our equality in the matter of vessels, but the islands upon which the supplies could be afforded the Navy in the hour of our Nation's travail of soul, and we will not again be so beggared in the final result as to suffer again such defeat.

Let us have done with all these pretenses, and, from this body, and from the humble voice of my own, if I may be so bold as to assume an authority in any respect, let it be known that there is not to the President of the United States elect, nor to the President of the United States select, anywhere at any time, granted the privilege to bargain away any of the dignified rights which belong to the Senate or the people of America, and that the present President elect is a statesman of such habits by training, such inheritance by birth as a gentleman; such a scholar of government, and a man so conscious of his fiduciary relations to the American people, that under no condition would he violate these ancient precepts, or in any wise disregard the sweet and solemn duty he has promised in his public addresses to the American people, to consider, first, their welfare, and that all of these dealings, as the Senator from Pennsylvania [Mr. REED] has well said, in a matter that has no partisanship, receiving the joint and conjoint action of this honorable body, will move forward, and we will do complete justice to any foreign nation, but allow no foreign nation of the world to do any wrong or injustice to the United States and its people.

I thank the Senate.

Mr. DAVIS obtained the floor.

Mr. REED. Mr. President, will my colleague yield to me to say just a word in reply to the Senator from Illinois?

Mr. DAVIS. I yield.

Mr. REED. Mr. President, my heart is lighter on hearing what the Senator from Illinois has said.

We on this side have no contact with the President elect. The only information we have of his intentions is that which we get from the newspapers, and I, for one, have been very gravely disturbed by the tenor of the newspaper articles on the subject we have been discussing. They seemed to indicate that Mr. Roosevelt intended to be his own ambassador, intended to put himself in a position of dealing with foreign ambassadors, and dealing in person with them. I felt that that was just such a mistake as President Wilson had made.

I think it was in the Philadelphia Ledger this morning that I saw a dispatch from London saying that Mr. MacDonald, of course, would not attend the forthcoming conference here, that the British cabinet wanted to hold itself free from the negotiations and retain a veto power over any agreement that might be reached here. Think what an advantage that would give them over the position of Mr. Roosevelt if such an agreement were reached.

I am delighted to know that the Senator from Illinois, who has access to Mr. Roosevelt, will lend the weight of his counsel to prevent any such mistake as that.

It is very obvious to me, Mr. President, that the only sanction of these debt obligations is the realization of the moral obligation they have created. We hold no collateral, we never would resort to force to compel collection, we have no way of getting payment of those obligations if the moral compulsion is absent from the debtor country. It is perfectly obvious that were the President or the President elect to make an agreement for reduction of the debts it would not matter in the least what Congress might subsequently do in disapproving the bargain, the sense of moral obligation to pay one penny more than the President of the United States had agreed to accept would be destroyed.

Mr. LEWIS. Mr. President, if the Senator will allow me to invite his recollection, while I join him heartily in the fear of what would follow should our President deal directly or attempt to deal directly with a foreign country or its ambassador, will he not recall that the present President of the United States did receive Premier MacDonald, of Great Britain, here in Washington, and Premier Laval, of France, here in Washington, and deal with them, apparently, out at the summer camp at Rapidan? I do not know what was the matter passing between them. I regret that the ultimate end was nothing, a failure of both conferences, as I see it.

Mr. REED. The Senator could not fairly describe it as "nothing." Mr. Hoover dealt with Mr. MacDonald regarding the then approaching London naval conference, and something did result from that.

Mr. LEWIS. A session of delegates followed from it. A conference of nothing from nothing—ex nihil veni nil.

Mr. REED. I think we were the gainers from that conference.

Mr. LEWIS. On that, of course, we may disagree.

Mr. REED. On that we may disagree. What occurred between Mr. Hoover and Mr. Laval was described in a communiqué that was issued by the two of them, and it amounted to relatively little. However, those are bygones. Even if the Senator were wholly correct in saying that those contacts were a mistake, they have happened. We can not change the past; but we may to some slight degree influence the future.

Mr. President, I have just one word more, and I thank my colleague for his patience in letting me speak in his time.

I was gravely worried by a statement made in the newspapers two or three days ago, which I have not seen denied, that it was Mr. Roosevelt's intention to include in the coming negotiations representatives of those countries which have already defaulted on their obligations. That may mean only that he will exchange one promise that is no good for another that is doubtless no better. I feel certain that, regardless of partisanship here in Congress, the vast majority

of the Congress would certainly disapprove any negotiations for refunding to be carried on with those nations which have discredited their promises by defaulting upon them.

Mr. LEWIS. I may say, if I may be bold enough, that if the President elect of the United States had such idea of so dealing, I am quite satisfied he would send the proposition to the Senate, to be dealt with here, and not undertake it in the manner we gather from the press is assumed. We may trust President-elect Franklin D. Roosevelt.

MINING OF COAL, PHOSPHATE, OIL, ETC., ON THE PUBLIC DOMAIN

Mr. NYE submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4509) to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment.

GERALD P. NYE,
BRONSON CUTTING,
JOHN B. KENDRICK,
Managers on the part of the Senate.

JOHN M. EVANS,
TOM YON,
DON B. COLTON,
Managers on the part of the House.

Mr. NYE. Mr. President, I ask that the conference report may lie on the table.

Mr. McKELLAR. Mr. President, will not the Senator state just what the report is?

Mr. NYE. Mr. President, the amendment which the House adopted was to a bill dealing with the suspension of payment of acreage rental where operations and production of coal, oil, and gas have been suspended by the Secretary of the Interior in the interest of conservation. The amendment was offered under a misconstruction of what was intended under this proposed legislation, and after the adoption of the amendment in the House, the author of the amendment and the House conferees were glad to recede from the amendment.

The PRESIDING OFFICER. The report will lie on the table.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. DAVIS. Mr. President, the able Senator from California [Mr. JOHNSON] has submitted an amendment to H. R. 13520, which is now the unfinished business before the Senate, and provides that notwithstanding any provision of law the heads of the several executive departments and independent establishments of the Government shall, within the limits of the United States, purchase or contract only for articles of growth, production, or manufacture of the United States. The adoption of this amendment will mean work for our workers. It will help stem the tide of foreign competition and thus prevent further reduction of wages of the American worker.

Wage reductions mean the destruction of our standards of living. Any person who helps or counsels in destroying our buying power strikes at the vitals of citizenship.

As long as we permit competitive products made by cheap labor in foreign lands to control the markets of the United States we destroy our earning and buying power, and thus keep the American worker in the breadlines seeking relief.

Why we permit these competitive imports or products from other lands to be dumped into the United States while our own workmen are in the breadlines is beyond my comprehension. As long as we maintain the American standard of living there is not the slightest hope of America's competing with the cheap labor of Europe and Asia unless we give ample protection to American industry and agriculture.

I know of no loyal citizen who wants to put the American worker and the American business man on the same living standard as the European and Asiatic. Yet every day and every month we are on our way to these European and Asiatic standards. Foreign debased currency has completely demoralized industry and agriculture in the United States. Our workers are in the bread lines, yes, in poverty, while foreign workmen are happily at work because they can dump their products on our shores.

As I see it, the slogan for European and Asiatic workers is, "Put the American worker into the bread lines and let us work!"

We need emergency legislation for a special impost on all imports, equal to the amount of depreciation in the country or origin below the normal dollar of that currency.

Our Government, through contractors, is buying foreign products while our workers our idle. It is bad enough for us to refuse legislation which will bar these products, but when it comes to the Government of the United States' levying a tax on the American people and using that tax money to buy foreign-made products while its own are idle, I have not words to describe my opposition to it.

When we discuss foreign questions the international minded say, "be broad minded," and that we do not want the ill will of Europe and Asia. It is not a question of the ill will of Asia and Europe, it is the question of the ill will of the American people in which I am interested.

Of course, I want pleasant relationships with the rest of the world, but our own house should always be in order. America should attend to her affairs without interfering in any way with the political intricacies of the rest of the world.

William Randolph Hearst has given the power of his great newspapers and magazines to buy American. When we talk buy American, that means protection for American industry, but if we can not cultivate a patriotic spirit to buy American, then, we must increase our tariffs to prevent competitive products from being dumped here so as to set the wheels of American industry in motion.

The Johnson amendment will mean that we will again hear the clang of the hammers, the buzz of the wheels, and the screech of the whistle in American industry. That will be sweet music for the American worker.

The problem of overproduction is world-wide. The American modern machine is now in Europe, manned by foreign workmen at from 50 to 70 per cent lower wages than the American cares to work for. However, if America could keep in mind the thought that we have sufficient machinery to produce steel, coal, textiles, boots, shoes, and so forth, for our normal use in six months' operation.

We have the machinery in our basic industries to furnish the world's needs.

Stabilization—stabilize the products of the machine. We must control the machine or the machine will control us, and if it does poverty will be on the increase. The machine is both the glory and the scandal of our age. It is the glory because it enabled man to create more wealth in 20 years than the world could formerly create in 18 centuries. It is the scandal because after it has created enough wealth to furnish a considerable degree of satisfaction to all, many are left in a condition immensely worse than were the majority of slaves in ancient Greece and Rome, who at least seemed to have had enough to eat and a roof with which to shelter their heads.

We consume more than 90 per cent of what we produce and about 10 per cent of our production is for foreign trade, yet many believe that for our country to be prosperous we must have the 10 per cent and sacrifice a great part of the 90 per cent.

Our foreign competitors with their debased currencies are having one grand time dumping their products into our market. From a reliable source, I am told that foreign governments will not permit some of their factories to close even

though there is no profitable market for their goods because they would much prefer to make up the loss to their factories than to dole out relief to the unemployed.

When their government subsidizes them, their prices are low; they continue to take a nosedive and with it they demoralize and destroy the buying power of our own people.

Population does not mean so much to buying power. Earning power makes buying power. If extremely low wages and populations make for prosperous nations, China, India, and European countries would be the most prosperous in the world.

With the currencies of the world floundering around and their cheap products dumped into our markets, we can not hope for prosperity to return to America until we prevent it. We can not build up a sound business as long as our competitors in foreign lands are permitted to dump their products in our market, made by cheap labor and paid for in cheap currency.

Let us face the truth. If we continue to permit this dumping of foreign products on our shores and permit our taxpayers' money to be used in buying European goods, we will take a nosedive downward to European and Asiatic levels.

Stabilize American business, yes, and give American workers work. We can help to do that by adopting the Johnson amendment.

The problem of machines displacing workers is now and has been the subject of much discussion, whether it be in our Legislative Halls or in the home of the worker. It has been a perplexing problem ever since the use of something which extended the hand.

In an address before the International Federation of Labor Convention, at Cincinnati, I said that "the machine is both the glory and the scandal of the age."

Mr. President, there is something wrong in a society in which men and women of our cities go hungry while the farmers are unable to sell the products of their bursting granaries; in which men go thinly clad while manufacturers are able to produce in a few months, even weeks, garments which King Solomon in all his glory might have envied; in which men sleep under bridges or on park benches while carpenters, bricklayers, and stonemasons are lying idle.

When the textile workers were thrown out of the mills in Manchester, England (in 1812), as the result of the invention of new machinery, Lord Byron made his first and only speech in the House of Lords, in which he took the side of the workers, called the attention of the House of Lords to what must be the ultimate result of the machinization of the industry, and, by inference at least, announced the universality of the dictum proclaimed many centuries before by Him who saw the end from the beginning and who said that institutions were made for man; not man for institutions.

I am somewhat familiar with the reports made by the Bureau of Labor Statistics since its organization; that bureau has served us well, especially in the matter of showing workers displaced by machinery. It was organized on January 1, 1885. The first report of Carroll D. Wright was issued March, 1896. In the body of that report, page 80, he includes a section on Machinery and Overproduction, where through several pages he calls attention to industries and occupations in which 50 per cent of the workers have been displaced and to numerous machines that can perform the labor of from 2 to 10 men.

So pertinent to this subject is that section of Commissioner Wright's report that while I will not take the time to read it I ask that it be inserted in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, that order will be made.

(See Exhibit A.)

Mr. DAVIS. Subsequent reports of the bureau furnish information from time to time along these facts of industry, particularly the reports on iron and steel and the reports of coal, and so forth.

During the time I had the honor to serve as Secretary of Labor, Mr. Ethelbert Stewart was Commissioner of Labor Statistics. Every dollar that could be spared from other subjects was used to expand the information along these lines, and in my first conference with Commissioner Stewart he emphasized the importance of collecting information on the productivity of labor, as we called it then; on the output per man-hour; on the displacement of men and women by machinery. Pages of this information were published, with but little response from those who should have been interested. Apparently the phraseology of the displacement of men by machinery was too prosaic, too easily understood, and did not suit the day and time when the mental attitude was to speak or think of nothing that was unpleasant.

A little later the term "technological unemployment" was brought forth. It was taken up by Government agencies, and, being a new term, it gained some recognition. In my own public speeches I used this information furnished me by the Bureau of Labor Statistics to call attention to the fact that a bottle-blowing machine had entirely displaced human labor in this occupation. The same thing had occurred in the window-glass industry; and I called attention to the fact that a single brickmaking machine put out 49,000 bricks in one hour, which would mean that operation of the machine for 24 hours would produce 1,176,000 bricks. As a result a brief editorial would occasionally be printed.

But now comes the term "technocracy."

It was discussed in the New Outlook in November, 1932. It was taken up by the Associated Press in a series of articles, six in number, and published in all the evening papers. It has already been made the subject of more editorials, more widespread comment than any similar topic within my memory. We have technocracy on the air, and two important broadcasting systems are devoting to a discussion of it during this month four afternoon periods under the auspices of the National Students' Federation and the American Academy of Arts and Sciences. Our religious leaders have announced they are going to deliver sermons on technocracy. One is startled by the suddenness of this outburst of interest, especially in view of the fact that, as I have indicated, there is hardly a single item in the so-called mass of statistical information emanating from the committee on technocracy that was not formerly collected, compiled, and printed by the Department of Labor.

The Bureau of Labor Statistics recently compiled a digest of the material on technological changes, productivity of labor, and labor displacement that has been printed by that bureau in the last 10 years. I will not take the time to read it, but ask at the conclusion of my remarks that it be inserted in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit B.)

Mr. DAVIS. Mr. President, the history of the invention and use of machinery, and the attitude of the workers toward so-called labor-saving machinery, has been a very unpleasant one. It is not true that the ancients had no mechanical sense or genius. Not only was machinery, or what amounts to the same thing—mechanical devices and appliances—used in the mines and in the building of the pyramids of ancient Egypt during the first recognized civilization of mankind, but Hero of Alexandria, Egypt, 130 years before Christ, invented a steam engine, the plans and descriptions of which we still have. The prime purpose of that engine was to pump water and force it through conveying pipes, but war brought an increase in slave labor and slaves became so cheap that it was not profitable to manufacture and use the machine. Julius Cæsar in his war with the Gauls found a reaping machine in use by them for cutting grain. It is described as a machine which cut off the heads of the grain and conveyed them to a platform where they were pulled off and loaded on carts to be carried to the threshing floor. It was propelled by oxen hitched in some way behind the machine, which preceded the oxen in cutting the grain. It was very similar to the old-fashioned "head-

ers" which we all remember. The Gallic wars produced such hordes of slaves that for some time thereafter a slave could be bought in Rome for $5, and it did not pay the farmers to use the new-fangled agricultural implements which they found among the defeated Gauls. Nero had a pipe organ operated by a steam engine something on the plan of that invented by Hero. This was destroyed along with the imperial palace in the great fire of A. D. 64. Labor was so cheap that there was no inducement to invent machinery; and from the time of Hero, 130 years before Christ, there was not even any experimenting with steam so far as we know until Savery's pumping steam machine, invented in A. D. 1698.

Not only did slave labor prevent the development of machinery in former times but recently when Germany, for the purpose of wiping out her own internal debts, inflated her currency until it took over a million marks to pay postage on a post card she thereby reduced the real wages of labor to the point where the most efficient labor-saving machinery in the world had to lie idle in her factories because it was cheaper to produce goods by hand labor than it was to operate the machines.

Then came the Papin engine of 1705, and Newcomen's atmospheric engine of the same year. These were rendered obsolete by the engine of James Watt in 1773, since which time inventions and progress have been continuous and startling along every line.

There can be no question but that the invention of machinery and mechanical processes of production could be and should be to the interest of the human race without any alloy or drawbacks. Unfortunately, the influences in control in every age have had but one thought, which was to produce more at less expense and with less and less human employment. If some human employment has developed as a side line in the production of machinery or in the transportation of goods resulting from a wider use, it has been purely incidental and has been left to take care of itself. Those who invent and those who use labor-saving machinery had no thought of the labor that was saved or the laborer whose efforts were no longer needed. In that way a condition of bad blood has been created in the minds of the working masses toward machinery. They have been perfectly able to see the importance and the utility of the machinery, and have resented only the fact that it was so used as to injure them and theirs because they did not receive their full share of the wealth produced by the machine.

We have a similar instance of a universal mental attitude of antagonism being developed against a perfectly harmless and in fact beautiful thing in the feeling of the early Christians toward Greek and Roman and in fact all pagan art. It was not that the early Christians did not recognize and admire beauty; but all pagan art reflected more or less directly the pagan gods and goddesses or contained some allusion to pagan traditions or legends. The Christians smashed the statue of Venus, not because they were lacking in appreciation of art in marble, but because the figure brought to their minds the whole question of idolatry, which they hated. Every representation suggesting the polytheism of the pagan pantheon aroused their destructive ire. Centuries later when art became Christian, Christians became artists; and Michelangelo's Moses testifies to the same inherent love of the beautiful and the grand in the Christian mind that Appollo of the Belvedere, which the Christians smashed, did to the pagan mind. Pagan art tended to perpetuate paganism and idolatry, and the Christians smashed it wherever found, with utter disregard of its inherent value or beauty. In the early days of the invention of machinery it threw the workers out of their jobs, and they smashed it, utterly regardless of its ultimate usefulness or utility even to themselves.

Mr. President, to start with, let us take the basic thesis of the New York Committee of Engineers. I regret to note that they have exhibited most strikingly the usual carelessness, which characterizes the thinking of the academic man when he gets outside of his immediate field. For instance, in a number of cases they take the figures of the Bureau of Labor Statistics and appropriate them without any acknowledgment, and then they misread the figures themselves. In many instances where the bureau reports that a machine produces 10 per cent more than can be produced by hand labor, the New York Committee of Engineers says ten times as much. Some cases 40 per cent is represented as forty "times." To the extent that the committee does not know the difference between "per cent" and "times" their figures are in many instances wildly exaggerated and extravagantly absurd. On the other hand, of course, so far we have only snapshots of this displacement of man by machinery—examples taken here and there—the legitimate inferences from which, when spread over the entire field produce a reasonable presumption of a situation which if not so serious as these engineers would try to make us believe, is certainly serious enough.

In the case of automobile tires, for instance, between 1914 and 1927, the production of tires increased 673 per cent; the man-hours increased 97 per cent, while the productivity per man-hour increased 292 per cent. Since 1929, especially during 1930 and 1931, the annual output per wage earner was 1,015½ tires as compared with 843 tires per wage earner in 1929 and 822½ tires in 1927. These are the combined figures from 29 of the largest plants of this industry.

As a sample of the snapshots that are coming in from time to time, I have a letter in my hands from an old-time friend who works in the tin mills in Granite City, Ill. The letter is under date of January 10, 1933. It goes on to point out that 10 men now do the work of 70 and the wages paid those 10 men run from $4 to $15 a day. I ask permission to insert that letter in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter referred to is as follows:

DEAR JIM: The time has arrived to note the tin-mill game, for the patent machine and furnace is commencing to force the old timers out of their vocation. I regret to say that I am in this class.

Now, for example, take the new furnace which is on a continuous basis. The roller presses an electric button on the housen which automatically operates the door and forces hot pack down the runway to the standing at his feet which he then finishes. This eliminates the heater and his helper and likewise the patent machine does away with the doubler. Two units of this kind are to be found in Granite City at the present time.

There are two mills constantly roughing down while the other two mills are continually rolling fours and finishing, thus enabling them to turn out at least as much work as they originally did on 10 old-style tin mills and at a far lower wage rate.

You can readily realize it is going to spell taps for many an old timer. Personally I am not going to wait for the fateful squeeze-out as I plan to try and get something along other lines.

Mr. DAVIS. What this letter means, in plain terms, is that 3 of the newer mills in the tin-plate industry now do the work of 10 mills. There are fewer men around one of these 3 mills than there were formerly on any of the 10 mills. Expressed in terms of human labor, it means that 7 men are now doing the work of 70 in the older plants. And understand, that the older plants were not operated by hand labor by any manner or means; they were until a very few years ago considered marvels of inventive machinery; and in these mills, 3 of which are doing the work of 10, 7 men do the work of 70, and thus the merry march goes on. So, while we may regret the fact that the graduate engineers of the University of Columbia do not know the difference between percentage and "times" and they have therefore grossly exaggerated the situation they have attempted to describe, nevertheless with the essential truth of the picture they paint of the displacement of workers by machine, we have no quarrel.

The New York Committee of Engineers who have evolved this new word, technocracy, apparently think they have evolved a new theory of money which is to be based upon units of electrical energy, kilowatt-hours, horsepower, or some other mode of expressing productive force. It is rather amusing to see this theory labeled as "new."

When Robert Dale Owen started his community-life experiment in New Harmony, Ind., in 1825, Mr. Josiah Warren was a member of that community. The settlement soon became more interested in theories than in agriculture, and

Mr. Warren invented the labor money which for some time circulated in New Harmony, Ind., and was very seriously considered by the Knights of Labor in Pennsylvania 50 years afterward. We will not here reproduce Mr. Warren's currency. A copy will be found on page 73 of The Labor Movement—the Problem of To-day, edited by George E. McNeil and printed in 1887. There are the usual flourishes and engraving on this bill, but the printed matter reads as follows: "May 18, 1827, Cincinnati, Ohio." In the center there are the usual pictures of justice and various goddesses, and between them is this motto: "Labor for labor." Then follows "Due to bearer." Then, in heavy type, "Eight hours of labor in shoemaking or 100 pounds of corn," and signed by the treasurer, William Morton.

There has always been a theory among the workers that somehow the basis of that circulating medium of exchange which we call "money" should be based upon the amount of labor required to produce the thing exchanged. To meet this, economists have tried to show that gold really represented its value in actual work, notwithstanding the fact that every practical miner knows that every ounce of gold in the world has cost hundreds of times the amount of its price in human toil and life. I do not care to discuss this phase of it, but simply to show that the theory of money based upon energy is not new; it was developed by and among the workers themselves, the only difference being that the old labor theory of money was based upon human labor, upon man power, and not upon kilowatt-hours. This essential difference between the technocrats' idea of values and the workers' idea of values I will discuss later on.

This committee, which was composed of a group of 36 engineers working in the engineering laboratories of Columbia University, supported and financed by private funds and subscriptions, has issued a report most savagely attacking everything that is or ever has existed in the form of economic or industrial life. Its principal spokesman, Mr. Howard Scott, director of this committee of energy survey, has an article in the January issue of Harper's Magazine, which he calls "Technology Smashes the Price System," with a subhead, "Inquiry into the Nature of our Present Crisis." As we have seen, the facts which he gives have long ago been published by the Department of Labor, and may be generally accepted without argument. Apparently, what he means by "smashes the price system" is that as the result of this same technocratic mind we have developed a system of production in which the cost of the unit of production can not be charged into its price.

Let me illustrate. Originally in this country the farmer tanned the hides of his own cattle which were killed for food. In the fall of the year the cobbler or shoemaker came along and measured the feet of the various members of the family and made the boots and shoes in the home, received his pay, and proceeded to the next family. Here, the cost of production could be charged into the price. There were few tools, and they very inexpensive. It took about two and a half days to make a pair of boots as they were made then, and the shoemaker received $5. The farmer furnished the leather.

Now we have a machine which costs, the more simple one, $10,000, and some of them more than that, upon which a pair of shoes can be made in 36 minutes of one man's time. In a few factories they are made more rapidly than this. It is the claim of the technocrats that while the price of a pair of shoes to-day contains all the apparent items of cost of production plus a profit sometimes, yet the cost of the machinery and the carrying charges of the machinery can not be put into the price, as it must in the nature of things be spread over a vast number of pairs of shoes, and in a considerable length of time the machine becomes obsolete by the invention of a new machine which displaces it before its cost can be recovered. The concrete cause of this is cited by Mr. Scott in the article in question, from which I quote as follows:

> The first Curtis turbine built by General Electric for the Insull interests in Chicago in about 1903 was withdrawn in September, 1909, in perfect working order, and now stands in the General Electric yards as a relic of a bygone age. That obsolete turbine is still being paid for in interest on the bonds sold to buy it.

Mr. Scott continues:

> Since obsolescence retired equipment before it could be paid for there was nothing for it but to borrow again and issue more bonds and mortgages and start paying interest on that, along with the interest on our first borrowings. So higher and higher rose the country's mountain of debt. To make a profit we borrowed; to pay what we borrowed we borrowed more; to make a profit in order to pay off what we had borrowed twice, we then borrowed all over again. A careful examination of the debt figures and the production figures of this country—and these figures have been repeatedly checked and can not be brushed aside—reveals the appalling fact that for years our debts have been increasing at a rate faster than production, and both of them faster than the rate of population!

This is very well stated, and the subject matter was fully covered by Commissioner Carroll D. Wright, of the Bureau of Labor Statistics, in 1886, above referred to. It is a matter of common knowledge that there are bonds now outstanding of the Baltimore & Ohio Railroad issued in 1846 and still carrying interest on money that was used for construction and equipment which has been worn out and replaced four or five times since the date of the bonds. Apparently, the technocrats are particularly disturbed at their new discovery of this old, well-known fact.

Mr. Scott says:

> The industrial debt of this country—bonds, mortgages, bank loans, and all other interest-bearing amortized securities—totals approximately $218,000,000,000. The fixed charges on this debt are equal to over half the present national income.

There may be some question as to the exactness of the extent of the interest-bearing debt in the United States, as other very competent sources estimate that in 1931 this debt was $156,615,000,000. Nevertheless, since this $218,000,000,000 is the only figure to which the committee of 36 can lay any claim of originality, we will let it stand. The committee asserts that 50 per cent of the national income goes to the payment of the fixed charges growing out of this national debt. Other and very much more reliable sources tell us that in 1932, 24 per cent of the national income was absorbed by the national debt. In any event, the situation is bad enough. If, as Doctor Naess estimates, 9.34 per cent of the national income went to pay interest on the debt in 1923 and 24 per cent was required to pay this interest in 1932, not only is this rate startling but the rapidity of the increase is appalling.

Whatever view we take of this matter, however, it is a serious situation, particularly if, as claimed, the debt does not shrink in volume by those same forces which shrink our assets. The national wealth of the United States in 1929 was approximately $400,000,000,000. By the shrinkage in prices and the fading away of face values, that which was 400,000,000,000 in 1929 is now about $290,000,000,000. So it will be seen that if, in the estimating of fixed debt, we accept either the 160,000,000,000 or the committee of technocrats' 218,000,000,000, we are carrying a load that can not, at least in the near future, be charged into price.

The committee seems to emphasize this at a time when various schemes are before Congress to stabilize the purchasing power of the dollar by coupling it up somehow with the index of wholesale prices as issued by the Bureau of Labor Statistics. If we accept the conclusion of this committee of engineers, prices can not be reduced but must go up and be held at a much higher level than they are now.

The only alternative that I can see this committee of technocrats suggest, by inference, at least, is that they want to start with a clean slate. In other words, they want all forms of indebtedness representing the past to be wiped out. They advocate, by inference, the old Hebrew idea of the Year of Jubilee, by which once in 50 years all debts were abolished and all started afresh. I wonder if this does not give us a partial reason for the popularity of this literature and the sudden and widespread interest which enables it to have all avenues of propaganda open to it.

If universal debt repudiation can be made scientific, I am sure its advocates will find a vast array of foreign support right now.

Mr. ROBINSON of Indiana. Mr. President, if I understand the Senator rightly, what he means to say is that any movement for cancellation of debts will have a lot of Euro-

pean support at this moment, when they are repudiating their debts to us.

Mr. DAVIS. It is all right if the Senator wants to put it that way.

Mr. BYRNES. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from South Carolina?

Mr. DAVIS. I do.

Mr. BYRNES. I want to ask the Senator from Pennsylvania where the idea of technocracy originated.

Mr. DAVIS. It originated in the minds of a number of engineers who have their headquarters in New York City. If the Senator will wait until I get along a little bit farther, I will discuss that matter with him.

This technocracy is not without its funny side——

Mr. BYRNES. Mr. President, will the Senator from Pennsylvania yield further?

Mr. DAVIS. I yield.

Mr. BYRNES. Do I understand that it originated at Columbia University?

Mr. DAVIS. No. The term "technological unemployment" came from some one whom I do not know to one of our Government departments. The term "technological unemployment" was used in preference to displacement of workers by machinery. Those who used the term "technological unemployment" desired to express the thought that while men were displaced by machinery, new inventions also gave employment. The newspapers and publicity men dubbed the New York engineers "technocrats." They seem to enjoy the name, and now it is to some a new and mystified word.

The subject does have a humorous side. The long-promised interview with a real working man that Will Rogers gave appeared in the New York Times of January 4. Rogers asks the worker what he thinks of technocracy, and the worker replies, "Nothing you can't spell will ever work." The entire alleged interview, unusually keen even for Will Rogers, does reflect the "down-and-outer" point of view. I am not going to read it to the Senate, but ask that it be placed in the RECORD at this point in my remarks.

The VICE PRESIDENT. Without objection, that order will be made.

The matter referred to is as follows:

[From the New York Times of January 4, 1933]

MR. ROGERS GETS THAT NEW YEAR INTERVIEW WITH THE POOR MAN WHICH HE PROMISED

BEVERLY HILLS, CALIF., *January 3.*

To the EDITOR OF THE NEW YORK TIMES:

Hello, mister, was you ever asked to make a New Year's prediction?

Say, I never even been asked to eat on New Year's.

Have you ever been appointed on a commission?

No.

Do you read prominent men's predictions?

No; I never read fiction.

Have you a job?

No; I am on a diet.

What does the New Year hold in store for you?

What New Year? Have they got another one?

Do you think the world leaders can get us out of this?

They might; ignorance got us in.

What do you think of technocracy?

Nothing you can't spell will ever work.

What about the debts?

Well, I hear England paid 90,000,000, but it's only hearsay as far as the unemployed is concerned.

Do you think we will get out of this depression just because we got out of all the others?

Lots of folks drown that's been in the water before.

What will give the unemployed unemployment?

If somebody will throw a monkey wrench into the machinery.

Won't light wines and beer be a big aid to the poor?

They will, if they give 'em awry.

Won't 1933 see a change for the better?

I don't think so. We haven't suffered enough; the Lord is repaying us for our foolishness during prosperous days. He is not quite ready to let us out of the dog house yet.

I will haul you down the road if you like.

What's down the road? I've been to both ends. One place is as good as another.

Well, good luck to you.

Yes; that's what my Congressman said.

Yours,

WILL ROGERS.

Mr. DAVIS. The idea of a circulating medium based upon units of electrical energy was, of course, food for the humorists and cartoonists. Phillips, of the Washington Post, after telling us in his own humorous way some of the difficulties that may grow out of the use of such money, says: "But after all, there will be some satisfaction in being able to pay your income tax with 300 volts." The cartoonist Brown, in the Washington Star, intimates that "Technocratic shopping may be confusing," in a cartoon that appeared in the Sunday papers of January 8. The customer is standing with his hands full of various bills, together with a package that he has purchased, and is saying to the shopkeeper, "Sure this change is right?" The shopkeeper, with a look very forcibly portraying his irritation, says, "Certainly. You gave me a 5-unit bill of electric energy. I took out for the pound of cheese and gave you 3 units of water power, 1½ units of daily hen energy, 4 units of windmill energy, ½ unit of steam power, and 13 units of farm hired-man energy. Count 'em."

Here again we are reminded of the criticisms that were made of the labor money. When Josiah Warren moved from New Harmony, Ind., to Thompson Station, L. I., and began the circulation of his labor money in the community which he gathered around him there, Mr. George J. Holyoke, in a labor paper published in the thirties, said:

> Mr. Warren's mode of paying commission was by charging the exchanger for the amount of time expended in effecting his business. The manager had a clock before him; he noted the time of the customer's arrival, and when the transaction was completed charged him for the time consumed in conducting it. It was not the value of the business done, but the time taken in doing it, upon which the charge was made. It might cost more on this plan to buy a bunch of needles than a sack of flour.

This money, which is not to be called money, is nevertheless to be the circulating medium of exchange, the evidence of a property right, which simply shifts its base. It does not alter the function of money, and might just as well, so far as I can see, be called money as to be called anything else, except for the reason that these expert technocrats seem to desire to get away from every word that may make them remember or think of the horrible economic system which produced themselves.

This money is not to be based upon gold, silver, or even on existing property. It is not to be based upon human labor or anything that is; it is to be based upon the electric energy required to produce what is to be produced. That is to say, it is an order for a specific amount of electrical energy to be exerted in the direction the bearer may suggest. If this is not what it means, will the committee of professors of economics and the technocrats of Columbia University please detail some one who can write in understandable English to tell us what it does mean.

The place of man in this money is not quite clear. Man power is pitted against the electric power produced by Muscle Shoals and Niagara Falls, and all is thrown into a jack pot together. It will be noticed that this committee estimates the value of man at one-tenth of a horsepower. It will be noticed also that Commissioner Carroll D. Wright in his report printed in 1886 gives 1-man human energy as the equivalent of one-sixth of a horsepower. The question arises as to whether the American worker is losing physical energy at a rate which prompts me to ask, Is this a part of the New York committee's attempt to standardize wages at a low level, since our committee of engineers assured us that a kilowatt-hour of electric energy never changes, has always been able to produce and will retain an identical ability to produce the same number of shoes as at any date, and apparently regardless of the efficiency of the shoe machinery through which it operates?

I am exceedingly dubious about this reduction of man power from the equivalent of one-sixth of a horsepower to one-tenth of a horsepower, and am wondering whether, if he is to be pitted against Muscle Shoals and Niagara Falls on this basis, his daily wage will not be reduced to a point below the present wages of a Chinaman. Of course, they say there are to be no wages, and I fear that several millions of our population just at this time will fully understand even if they do not approve of what they mean.

Again, just as their new term for money means exactly what the old term for money meant, if anything, so their statement of abolition of wages is left utterly without any explanation which even remotely explains. Whether we call it wages or not, the people must get something, something of food, something of clothes, something of shelter, and they must get it either as reward for their own labor or exertion of some sort or through some contact with or part in the production output of these vast billions of units of electric energy which is to control the world.

We will not quibble about the word "wages" but how are the people to get these products which they need and, when they get them if they get them, will they not perform the same function that is now performed by what we call "wages"? If so, what does it matter what we call it?

Mr. President, in this whole scheme, and all that has been written about it, the consumer as such has never been mentioned, so far as I have discovered, and if so, the reference has been so obscured that we have been unable to find it. The committee of technocrats have overlooked the fact that kilowatt-hours do not wear overcoats, that the horsepower energy of a turbine engine does not eat potatoes or occupy a little cottage on a shady street; that neither Edison nor Steinmetz have invented a machine which will buy and pay cash for the products of machinery, and that such a machine is absolutely essential to this scheme of engineering technocrats, which can see only a world of unlimited energy producing and producing and producing. It might be well enough to suggest to these gentlemen that we are doing enough of that now, that the present problem is one of consuming and consuming and consuming, and of getting into the hands of the human units which alone want, need, or can consume the products of these electrical units in which the human being is to have no share, or at least so little share.

The same confusion of thought, or perhaps one might be justified in saying the attempt at thinking, confronts us when we examine their definition of price. Price is to be abolished. The reason for that is that the system has been unable to charge into price the cost of production which should carry with it a complete amortization of the cost of the machinery of production. That is to say, the competition in machinery, the rapid improvement in machinery, has rendered machines obsolete while they were yet new, and long before they could be paid for out of the returns from the goods which they produced. It must be admitted this is perfectly true under our corporation method of financing manufacturing business.

If a private individual buys a horse and wagon and undertakes to do a draying business for a fee, his horse may live long enough for him to earn his operating expenses, support himself, and create a sinking fund to cover the cost of his horse and wagon and leave him some profit. If however, his horse dies, he has lost his horse, and that is that. He can not continue the cost of the old horse into the price of a new horse, which he must buy, just as when a man has worn out a suit of clothes, it is gone, and he can not by any intelligent sort of bookkeeping add the price of a new suit to what he paid for the old one, and thus figure his present suit has cost him the price of all the suits of clothes he ever had in his life. But that is just what a corporation can do. That is just what the credit system permits anybody to do. A manufacturing corporation buys a new milling machine and issues capital stock or 25-year bonds, we will say, to cover into his capital the cost of this new machine. It greatly augments the efficiency of his plant, increases output, and enables him to enormously expand his sales at a price which covers current expenses, interest on his stocks or bonds, and a small amount for deterioration or sinking fund to replace the cost of the machine, but long before the machine is paid for a new machine is invented which so far excels the one he has that he can no longer control his trade against a competitor who has purchased the new machine. In other words, invention has rendered his machine obsolete. It must be thrown out, sold for old iron, long before it is paid for, but he can not throw out the interest-bearing bonds or capital-stock certificates which represent this obsolete machine.

The debt is a fixed one and is not affected by the destruction of the value of the thing for which it stands. He thus carries over his dead horse into his new outfit, and this repeating itself as frequently as is necessary in these days of rapid changes of mechanical efficiency, pulls after every manufacturer a long and rapidly lengthening chain of unpaid indebtedness for obsolete machines which he can not, it is perfectly true, charge into price.

Machinery is not only rendered obsolete by the invention of new and better machinery but is rendered worthless by its own massiveness. To illustrate, the Owens bottle-blowing machine, which started out as a comparatively small machine, has now been improved and developed until its size and cost of operation is so great that unless a man has an order in hand for at least 100,000 gross of a given size bottle he can not afford to start the machine, and hence numbers of these machines are standing idle to-day, and smaller, much less efficient machines are being operated to supply the orders for a few dozen gross or a few hundred gross of bottles, which come from the smaller customer. In other words, mass production can only be carried on with mass consumption, and since mass production has produced mass unemployment instead of mass consumption, human beings being the only consumer, mass production and its machinery has defeated itself and its purpose by the very fact of ignoring the consumer, just as our committee of engineers has done.

The Glass Workers' Union had an opportunity to buy the Owens machine for the small sum of $25,000. Had the glass workers bought that machine and operated it, and charged the present prices for the wares the machine produced, it would have been practically sufficient to care for those who made a livelihood in the industry and who were displaced by the machine.

Mr. President, consider the railroads, for instance. The new K–1 locomotive which can pull a train of loaded cars a mile long—that is to say, can pull 100 loaded 80-ton cars up a reasonable grade—can not be used economically when the company has but 10 partially loaded 50-ton cars to pull. Suppose it puts its K–1 engine on the train of 10 partially loaded cars; it can not possibly charge into its freight rates its cost of transporting the goods. We are thus dragging, as I said before, a long and ever-lengthening chain of corporate debts for things which no longer exist or are economically unserviceable, and not even the cost of operation, much less the original cost, or the interest and carrying charges on the original cost, can be charged into price. But even assuming that all this debt which represents the "dead hand," and which the committee on technocracy estimates to be $218,000,000,000, and others estimate at $160,000,000,000, no matter how much it is, assuming that it is to be entirely wiped out and we are to have a new start with a clean slate, assuming that money in the sense of Federal bank notes, national-bank currency, or Treasury gold certificates, is to be abolished, and that in the future we are to present a 100-horsepower certificate at a furniture store for a set of dining-room chairs and receive the change in the form of kilowatt-hour certificates on Muscle Shoals, the difference in the bill we present and the change we get back will be the price of the dining-room chairs, no matter what we call it, just as the power certificates which we present will be money, no matter what we call it.

The discussion of the general subject of technocracy has already been taken up in England, and I think we must admit is being discussed over there more understandably, in language much more direct and to the point. Professor Soddy, British economist, has an article in the Daily Mail entitled "Man, Machines, Money, and the Technocrats" in which he agrees substantially with the position we are taking that technocracy means literally "government by technicians." He says:

"I solemnly affirm that our monetary system has cost the British taxpayers an unjust burden, and will continue to do so until it

either breaks democracy or until the people insist on knowing more about money systems than responsible parties think good for them."

Continuing, Mr. Soddy says:

"We are all agreed in advance that technology has rendered the existing social institutions and economic systems both 'obsolete and dangerous' and that the physical needs of the world can be supplied in far greater abundance than at present with a shorter working day and week," the economist wrote.

"However, the assertion that this can be achieved only by abandoning the 'price system' and the substitution of 'energy certificates' is no part to my present conclusions, although something of this kind may be forced upon civilization if the world continues to expand.

"The current idea that because we wasted so much in the World War that it was incumbent on everyone to tighten belts and practice severe economies appeared to me little less than rank blasphemy against the truth. When you deal with life in communities, the things which determine whether they thrive or starve includes three:

"1. The supply of energy.

"2. Inventions and discoveries to utilize energy.

"3. Human fear and diligence to attend it during transformation into wealth.

CALLS FOR STUDY OF MONEY

"Labor in the purely physical sense has suffered emancipation. Modern machinery can do the work of over 1,000,000 laborers working hard for eight hours a day. I believe that if democracy took the trouble to discover what its actual money system is, it would enter a new lease on life."

Referring to machines replacing men, Professor Soddy said that if men were unemployed, it was not because they could not adapt themselves to the more skilled and lighter duties that science imposes, but because of an attempt to recoup the overload on the power station that occurred during the war by partly shutting it down.

"I judge from their proposal to abandon the price system and substitute energy certificates that the technocrats have not quite gone to the bottom of their own system," Professor Soddy concluded. "Few are prepared to believe that it can be as funny as it really is."

Cutting out all of the unnecessarily obscure which the New York Committee of Engineers has injected into their report, it seems to me that all evidence of indebtedness for purchases in the past in the form of railroad and corporation stocks and bonds of whatever form it make take is to be wiped out; we are to have a Reconstruction Finance Corporation which is to meet all debts and indebtedness by abolishing them; we are then to have a currency which will be a demand upon what is practically an inexhaustible source of productive energy, this demand to be in the form of some form of scrip and to be presented in payment of a thing before that thing is made. There will then be no more debt. We are to walk right into a "pay-as-you-enter" civilization.

Again, if this is not what they mean, will they delegate some one who can speak English to arise and tell us what they do mean? Strange to say, everything is to be left to private and corporate interests and initiative, with rights to own, conduct, and control as they will. It is willing to accept—in fact, it assumes—full responsibility for everything except the social and financial consequences and results of itself. These it would shift to the new technocracy, or government of technology by technocrats for technocrats. There are to be no more party lines of protective tariff or free trade; there is to be an entirely new concept of Uncle Sam; there is to be no God, but mass production, and the technocrat society is His prophet. The purpose of government is to take care of the cost of obsolescent machinery which can no longer be charged into price. We are to start with a funded nonpayable debt of $218,000,000,000 to cover the cost of machinery already rendered obsolete by new improved machinery, which in turn is not only to become obsolete but even now in its youth and prime can not charge the cost of itself or even the interest of the cost of itself into price, and hence there must be additional bonds issued to cover the carrying charges, the overhead cost of our miraculous mechanical progress, unless we agree to wipe out this 218,000,000,000 of obligation and enable the technocrats to start even.

I wonder whether the real significance of all this real and present public interest and attention does not lie in the general fact of a consciousness that our whole political, economic, financial, and social system is bankrupt, and a public curiosity as to which of the creditor factions is going to land the receivership; for it must be admitted that there is a general feeling that so far as our present method of doing business is concerned, we have reached the end, and that something is going to happen and that very soon. Whether that something is to be intelligent or whether we are to drift as Europe did from about 700 A. D. to 1400 A. D. groping through a period so manifestly unintelligent as to be unable to control its own problems, a period that justly earned the name of the Dark Ages, or whether we are to take the bit in our teeth at the start and organize public control of the output and the use of the units of electrical energy; perfect some intelligent and tangible method by which we can determine the consumption of agricultural and manufacturing products so as to coordinate the supply with the wants or at least the needs of mankind; so regulate supply and demand or production and human needs that every human being shall have an opportunity and an inducement to earn and secure with his own labor or effort all of those things which he may reasonably need.

In an address which I delivered before the American Federation of Labor at its fifty-second annual convention in Cincinnati, November 22, 1932, I said:

During the depression it was suggested that we have a dictator. We will continue on as an all-American Government under our Constitution.

Normal times—yes, prosperous times—will come to us through the stabilization of industry and agriculture. In our zeal to produce, science has played a very prominent part. Our farmers now make three blades of grass grow where one grew before. It is also harvested with less man power. It is the same in industries. We are building factories now and operating them, not alone without skilled labor, but without man power to handle the material from the time it enters the machine until it comes out a finished product. This means to both agriculture and industry, overproduction.

We claim to be an intelligent democracy. We know what causes this overproduction, and yet we fail to regulate it or find a way to distribute it to the consumer. In other words we have not yet found a remedy. However, we continue to find fault with the system that permits it. Kingdoms, dictatorships, and democracies have been wrestling with this problem of overproduction for centuries, yet we continue on with it.

It is not necessary for me to go into details with you representatives of labor as to how modern machinery has increased production in the United States. However, I might say that we can now produce all the coal, textiles, boots and shoes, steel, and other basic products needed for normal consumption in six months. Authorities inform us that if we return to normal employment to-day, because of modern machinery, we can employ just a little more than half of the unemployed.

It will be difficult to regulate this great industrial machine because it has developed into one of the most complicated and interlocked machines that we have ever known. I want to repeat again that if we regulate production in the United States for normal consumption to five days' work, and still not take into consideration our competitors of other lands, with their competing production, we will be confronted with the same problem again.

Again I said:

In some quarters it has provoked a spirit of pessimism alien to anything seen before in our American history. Some have even begun to query whether we shall ever recover from the blow, while others have been telling us that our only hope lies in abolishing capitalism and setting up a new economic order modeled on abolishing our present system and taking up other economic theories. So far as any of those theories ever being put into practice, we find the people therein suffering from the same difficulty. It seems to me that our present troubles are in a large measure due to failure of the past plan. For pessimism is a disease of the mind, so likewise is optimism that fails to consider causes and consequences. The philosopher who walked with his gaze always directed toward the stars eventually tumbled into a ditch and was badly hurt. Much of our optimism during the past few years, our belief that hard times could not come again, have led us to believe anything that we wanted to believe, even when it was opposed to every economic law that had been discovered in the last 150 years, has been quite as foolish as the wandering of the philosopher who, in order to keep his eyes on the stars, paid no attention to the ground over which he was walking. We have defied economic laws as. Ajax who defied the lightning; but we have no more overcome them than the defiance of Ajax rendered harmless the awful thunderbolts of the sky.

A wise man plans, and a wise government should also plan.

The idea of planning has been very much opposed by the economists of the laissez faire school and the school of politicians that follow them. It is feared that the whole laissez

faire theory would be repudiated by the very idea of planning and it is regretfully noted that some of our very finest men personally are so wedded to this theory that they would rather see our whole civilization smashed than to see this doctrine of economics discarded.

They agree with the worker in the shop when you say that our civilization is going to smash, and say, "Let her go, Gallagher," provided we can retain the doctrine of laissez faire as the center and core of whatever civilization is to follow, but it will not be the center and core of whatever civilization is to follow if this one must fail, nor is it going to be permitted to remain the center and core of this one. We will do well to plan as outlined by the able junior Senator from New York [Mr. WAGNER]. Recent visitors to Europe report to me that most of the German workers turn a deaf ear to those who "rail" at the soviet system, and reply that they would rather trust the people who have a plan than trust those who have no plan and are opposed to all planning.

If this so-called technocracy is a challenge, we will meet it, and, so far as the government of technocrats is concerned, I am satisfied that the good, common sense of the American people will not accept it even though they have been, as the newspapers inform, encouraged by such men as Nicholas Murray Butler, president of Columbia University, as well as professors of Harvard University, and practically a solid phalanx of the leading engineers. Might it not be in the consciousness of the people that just as Emerson says:

> Up from the heart of nature rolled
> The burdens of the Bible old.

So up from the heart and mind of the masses of mankind comes the only reason for economic systems, industrial systems, political systems. Let us meet it in the consciousness that institutions must be made for man and not man for institutions, and that we must control them for the continuance of human life and human society.

The political significance of technocracy, while it is quite obviously intentionally left obscure in the article emanating from the committee of engineers, becomes more and more apparent by the very reason of this obscurity. As Emerson says about the parents' attempts to keep secrets from their children—

> We scream into their ears the things we would conceal from them.

So with this commission of technocrats. The loudest things they say are those about which they are silent. Already throughout the country engineering clubs are being formed and initiated into the mysteries of the political significance of technocracy, and in the West the American Technocratic League has already been launched to group these isolated clubs into a political party. A senator in the Legislature of Oklahoma presented a resolution on Monday, January 9, proposing that the chairman of the senate should "appoint an investigating committee to define technocracy and find out what it is all about." Under date of January 7, the Associated Press sent out the following very significant news item which appeared in the Washington Sunday Star of January 8, which I ask may be inserted in the RECORD without reading.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

[From the Washington Star, January 8, 1933]

TECHNOCRATS' AIM IS CONTROL BY PEOPLE OF ALL PRODUCTION—LEAGUE FORMED IN DENVER HAS KEYNOTE IN OWNERSHIP RESOURCES AND MACHINES BY PUBLIC

DENVER, January 7.—Ownership and operation by the people of natural resources and the machinery of production and distribution, under the direction of experts, is the keynote of the platform of the American Technocratic League, formed here this week.

Franklin P. Wood, Denver, consulting engineer and acting president of the league, announced the platform to-day, saying he had been deluged with letters from all parts of the country asking for information about the organization.

"We have gone further than the original group of technocrats in New York, who have merely given out a mass of facts and statistics without suggesting any immediate action for reform of existing conditions," said Wood. "The American Technocratic League was founded not merely to talk about conditions but to do something to change them for the better. We have prepared a program or platform to that purpose.

"The platform proposes that constitutional power over finance and currency be exercised by the people as a means of acquiring and controlling the development and operation of natural resources and industry.

"Natural resources and industry of the country would be taken over by constitutional means, by voluntary purchase, by condemnation with compensation, by initiation of publicly owned business, or by other means necessary to promote the general welfare.

"Technocracy will be merely a high-sounding word if it is not applied. The American Technocratic League intends to educate the public so that it can successfully be applied quickly. We believe that the chief reason for criticism of technocracy is that little constructive in the way of change has been suggested."

Mr. DAVIS. Mr. President, naturally the keen political mind of Alfred E. Smith looked through the technical verbiage of the material put out by this committe and first given publication through his own magazine; he saw with his keen eye the political significance of it all, and in the January issue has a very significant editorial. I ask permission at this point to insert a part of the editorial in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

New Outlook is glad to present the story of technocracy. As I indicated in the first issue, this magazine is a forum for public discussion. The editors do not necessarily subscribe to everything that is printed outside of the editorial columns, and we invite discussion and debate. Pursuant to this policy, and in the hope that it will invite further discussion, I am giving here a few comments of my own on technocracy based on reading the articles on this subject in the last two issues.

Every now and then some one discovers a new system which is bound to revolutionize all government and the entire economic system. When the initial excitement dies down, it is always found that changes in these fields are gradual and that we have mistaken new words for new principles.

The thesis of technocracy is that we have developed labor-saving machines so fast that there is less and less work for men; that our output of all kinds of things is increasing beyond public consumption, and that we must have some kind of a new government by scientists and engineers who will plan a nice balance of machine production and human consumption so that everybody will have both necessities and luxuries for his family by working only three or four days a week. In order to accomplish this, the present price and profit system must be abolished and some new motive or reward for work must be set up. Exactly what the new motive and reward is to be does not yet appear, but it is to be something entirely different from what they are aiming at in Soviet Russia. Because of our wealth of natural resources and peculiar geographical location, the North American continent has the best possibilities on earth for the development of the new technological state. I think this is a fair summary of the objects of technocracy.

In order to arrive at the above summary, it has been necessary to wade through a great mass of language which is almost unintelligible to anybody but a doctor of philosophy or an engineer.

Take for instance this question from one of the articles: "The method of arriving at social decisions in a dynamic continent-wide mechanism where the element of change intrudes itself into every national rate of flow of goods or services must be such that the intolerance or precision must be obtained in quantative units peculiar to the rate which is being measured. It follows that this civilization on the North American continent must be operated on a termodynamically balanced load."

Or, for example, the following: "Russia, in its Parthian retreat from capitalism," Scott says, "has scored but a Pyrrhic victory. It mistook the name tag of a phase of the price system for its entirety. It left the tag and took its essential mechanics. A social approach based upon the substitution of a Hegelian dialectic for an Aristotelian dialectic may be an interesting intellectual pastime but of no functional importance, an example of the recrudence of philosophic futility of European tradition."

If the technologists really expect to convert the great mass of people to their views and to persuade them to abandon politicians for engineers, they will have to adopt a language which can be understood by the farmer in the Corn Belt, the steel worker, the miner, and the small shopkeeper as well as the Ph. D. I should not care to guarantee what would happen to the dress shirt of a speaker who used the kind of language I have just quoted before some of the audiences I have known. It might even be difficult to insure his life. After all, it ought to be possible to clothe even the deepest thoughts in simple language.

Another observation which occurs to me is that the technologists are unnecessarily intolerant of existing systems and leaders. It seems to me that nothing much is gained for this new philosophy by denouncing all politicians and statesmen as demogogues and all business men as fools, or by the statement that in the next two years America will witness "a procession of the dumb, the halt, and the blind, stumbling from one futile gesture to another—from the mild buck-passing program of 'share the work' to the antici-



pated probable legislation of rent and private-debt moratoriums, to those twins of finality, the dole and complete inflation." Nor will they hold the attention of thinking people by making extravagant claims without adequate evidence. For example, I read in one of the articles that technocracy "has made invalid every old social, political, and economic postulate now in use. It has rendered political systems useless. It has sounded the death knell of old methods of exchange. It has shelved permanently the necessity for private enterprise and savings. It has made sterile the moral concepts of the virtue of labor. By its pervasive force in changing man's whole outlook upon life, it has opened the way for the greatest release of the so-called human values in history. It has provided the way for the elimination of individual greed and the enjoyment of leisure by everyone." This is a pretty big order which is hardly substantiated by what follows.

The engineers dispose of whole nations in summary fashion. For example, they report that England, with only one energy source left (coal) is going farther and farther down each year and shortly will be just two islands off the coast of Europe, which will be compelled to make a free gift to the colonies of a surplus population of 35,000,000.

It is true that they give some very interesting illustrations to show how fast machines are displacing human labor and how much more we can make with machines than human beings could make before, but even these illustrations raise a great many doubts. We are told, for instance, that a technologist can produce a razor blade with a tungsten carbide edge on a steel wafer base at 20 per cent above the cost of the blade to-day, and that the new blade will last a lifetime or longer. Also, that there is a plant called "ramie," which can be made into suits that will wear seven times as well as wool and several hundred times as well as cotton. Ramie can be made into indestructible paper cheaper than wood pulp, has a luster similar to silk, is stronger wet than dry, takes dyes, and has all kinds of other possibilities. Similarly, we hear that an automobile has been designed with rustless steel and frictionless bearings, which can go over 300,000 miles without repair and will cost only 50 per cent more than present automobiles. At the end of 4 years enough of these cars could be manufactured so that no more automobiles would be needed for the succeeding 50 years. We are told, too, the technologists can produce shoes which will wear two and a half years, and a road-building machine operated by two men which can tear up an old road, lay foundations, and lay pavement 60 feet wide at the rate of 8 miles a day.

These illustrations are interesting, but doubts will occur to the reader. For example, what is holding up the manufacture of the lifelong razor blade, the 2½-year shoe, the 15-year suit, and the 8-mile-a-day paving machine? How long will it take to plant enough ramie to meet the needs of the market, and may it not develop some bug or pest which will eat it up, as the boll weevil eats the cotton and the blister rust ruins our trees? What is going to become of fashions and styles and the normal desire of the average woman to buy new clothes and keep up with the times? Don't we all have a lot of old clothes camphored away which are still intact and uneaten by moths, which we don't wear excepting at masquerades because we are afraid that if we appeared in them in public we would be laughed off the streets? Is the technologist going to abolish little touches of human nature like that? And the automobile that will run over 300,000 miles—is it going to cost 50 per cent more than a Ford or 50 per cent more than a Rolls Royce? If it is the latter, then we need not worry about the early replacement of the present type of cheap cars.

There are plenty of shoes to be bought to-day at $15 a pair which will last for years. I have shoes that are 10 years old myself. The trouble is that the average fellow doesn't have the initial $15. Perhaps, when the price system is abolished, everybody can afford $15 shoes, which perhaps at that time will be the equivalent of a bale of Vermont hay or a mess of Long Island flounders.

When I am told that at the present rate we will have 25,000,000 unemployed in 1934 on account of increase in machine efficiency, without taking into account the depression, I look for considerable proof of such figures, but find none.

In spite of these doubts, I think it is a fine thing that a group of young men should be studying these problems in their laboratories and libraries, that they should be skeptical about present conditions, and that they should have the nerve, independence, and the originality to tackle the great problem of reorganizing the entire Government and the social and economic structure under which we live. Undoubtedly much good will come from a discussion of their plans. They present real problems for statesmen to solve. On the other hand, when it comes to discovering entirely new principles which are going to change human nature overnight, I refuse to get excited, and choose rather to believe that the Bible was right when it said that there is no new thing under the sun. * * *

Mr. DAVIS. The New York Times, on Wednesday, January 4, meets Mr. Smith with a very significant editorial, which I ask to have printed in the RECORD as a part of my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial referred to is as follows:

"AL" ON TECHNOCRACY

Former Governor Smith doesn't receive with proper submissiveness the message of the new rulers of the new world which they have spun out of the cobwebs in their brains. He insists that if the technocrats expect to be listened to, they must use intelligible language. But the philosophy of philosophies is entitled to its own terminology. If it be obscure, that must be because new and powerful thoughts find ordinary words unequal to them. Into blind alleys, over impasses, through intricate mazes, by every means the inspired idea, crowding language, tries to make room for itself. The new world needs a new language.

Himself tolerant after years of experience among men and affairs, Mr. Smith objects to what seems to him intolerance on the part of the technocrats. Why must they arraign all politicians, statesmen, and business men as fools? Well, men to whom has come, after long years revelation of the absolute truth have a right to be impatient with the rest of us. Mr. Smith accuses the founding fathers of technocracy of "making extravagant claims without adequate evidence." The claims are themselves evidence, and the best of evidence, to persons who are not, like Mr. Smith, of too little faith in this latest manifestation, which makes the prophets of the new era of perpetual prosperity in 1929 look like small potatoes. He even expresses disbelief in the beautiful psean which tells us that technocracy "has made invalid every old social, political, and economic postulate now in use. It has rendered political systems useless. It has sounded the death knell of old methods of exchange. It has shelved permanently the necessity for private enterprise and saving. It has made sterile the moral concept of the virtue of labor. By its pervasive force in changing man's whole outlook upon life it has opened the way for the greatest release of the so-called human values in history. It has provided the way for the elimination of individual greed and the enjoyment of leisure by everybody."

Why is Mr. Smith such a hunker as to doubt this modest recapitulation of the greatness of things done by technocracy? He is even incredulous when the technocrats tell him that, because of the increasing use of the machine, 25,000,000 persons will be out of work in 1934. He would have shown a better spirit if he had admitted that everybody will be out of work by 1940 if technocracy hasn't made a clean sweep of all the old rubbish long before that date. Mr. Smith wants to know "what is holding up" the manufacture of the razor blade that lasts a lifetime, the shoes that are good for two years and a half, the suit of clothes that is as good as new at the end of 15 years. The obvious answer is a conspiracy among manufacturers. He thinks that the women won't consent to wear old clothes. Surely, if greed is going to be knocked out of the human constitution, the desire for novelty, obedience to fashion, and such a trifle as the desire for beauty can be destroyed as easily. The new woman will love old duds.

As an old-world business man Mr. Smith asks the cost—since price has been abolished—of the automobile. technocrat model, that will run 300,000 miles. Doubtless the masters of the new world will be glad to satisfy his curiosity. The distance is nothing to that which will be covered by the literature of technocracy—if it outlasts the year.

Mr. DAVIS. Mr. President, many people, and their number appears to be growing, seem to think that the Government, if it only would, could give them a job. This is one of the delusions that must be guarded against. No government, not even the richest, can perform the impossible. A job is something that some one wants done, and how is the Government going to find out what is and what is not desired by the Smiths, Browns, and Robinsons, who constitute the mass of our population? If governments have failed because they have often done too little, they have failed quite as often because they have tried to do too much.

This means that the Government can not and should not interfere with the employment of individuals for individual purposes. But corporate employment is another sort of employment. It gets its power from the State, and the corporation controls the machine that is the extension of the man's hand. If overproduction reduces employment, then the State would have the right to shorten the hours of labor to prevent it.

We find this more or less true with our foreign competitors who are confronted with the same problem, and who, without reducing the hours of labor, prevent industries from closing down on the ground that it puts upon the State the cost of providing for the unemployed. They insist that industries continue to operate even though there is no sale at a reasonable profit for the factories' production, and make a market wherever they can by dumping or otherwise, because the balance on the wrong side of the ledger of the industry is made up by the government. The government finds this much cheaper than maintaining the unemployed worker.

The worker knows this and in his mind new issues and new ideas as to the functions of government are being formed. The fact is there are now being formed subconsciously in the minds of the American people ideas as to those problems which are nearest the hearts and pocketbooks of the great masses; and if our old political parties do not take up these issues in a constructive and intelligent way, we will find a new political party organized that will do it.

I am not casting any reflection on the issues brought forward by both parties in the last campaign, but we are past the day of using unemployment and the fear of losing one's job as a campaign shibboleth to frighten the people into electing men to office. We are finding out that men do not care so much about party platforms—what they want is a job. The people have the ballot in their hands and are unafraid.

Mr. President, is not this what the laboring man wants to be—a part of society, of industry, of the social whole, and not merely one of its implements? In the future the people will have nothing to do with the fellow who does not know what to do. If constructive thinkers are not forthcoming, the people will do some constructive thinking themselves.

The workers of this country are tired of being frightened by the terrible pictures that can be drawn from the horrible side of our social structure, and which give no hint of how the agencies which produce such conditions can be eliminated from the social structure, and agencies of peace and happiness be put in their stead. They are tired of the artists of the type of Gustave Doré whose marvelously terrible illustrations of the Bible will be remembered—those horrible pictures which made the children afraid to open the Book. And they have decided or will decide that Doréism in politics must go, as through and back of it all they look for a Michelangelo's Moses to represent the real beauty and force and power of the Book and its story, and they will look for this Moses in the bulrushes—not in a university. They will remember that He taught the fishermen on the Lake of Galilee, the carpenters who worked by His side—the dyers and weavers who knelt to learn at His feet.

I know of no scheme of government, no social system ever having been handed down to us from the universities or from the top. Christianity came to us from the bottom. From the manger in Bethlehem it was carried by St. Paul to the slaves in Rome, where it became such a power underground that its influence was sought by those who saw nothing in it but its voting strength, and by their promises it was led astray, it is true, for a time. The Christian slaves and freedmen of Rome—those whom pomp and power looked upon as the rabble and hoipolloi—were induced to vote for Constantine upon his promise to recognize them. Lyman Abbott, former editor of Outlook Magazine, said: "In Constantine Christianity gained the whole world, and lost its own soul." I am sure that the last five words of Doctor Abbott's assertion will not come true; but nevertheless the same compromised Christianity that came up from the masses, shattered the gilded civilization of a pagan past, and wrote somewhat of its political opinions into the constitutional law upon which our Nation rests.

One of the best things, if not the best thing, that Rudyard Kipling ever wrote was—

> The toad beneath the harrow knows
> Exactly where each tooth point goes.
> The butterfly above the road
> Preaches contentment to that toad.

If we want a true social philosophy and true political economy, a practical and constructive platform for a durable political party, we must get it from the masses, and we must stay with and be true to the masses, who know and know that they know, for the record and documentary evidence of their knowledge is in the scars left upon them and engraven in their memory. I say, Mr. President, we are not going to scare the workers of this country by pictures, or even threats of the destruction of a civilization that has been built upon their backs. They realize that whenever a civilization has gone down in the past, it has resulted in mankind coming up at least a little bit. The destruction of every civilization built upon slavery in any form—physical, intellectual, spiritual, or financial—has resulted in a little more freedom, a little more liberty, and a little less slavery. Whenever earthquakes depress or sink a portion of the earth's surface at one place, somewhere else an island is lifted up out of the sea. As individuals we grow impatient, angry, and sometimes even malicious, but mankind can wait—it never gets mad, at least not all over. Time is not of the essence of happiness.

The development of machinery has made the shortening of the hours of human labor imperative. To-day the working men are demanding a 5-day week and some are talking of a 6-hour day—that is to say a 30-hour week. Would to God the manufacturing establishments of our country were now working 30 hours a week or even half of it, and it is rather amusing, to say the least, to hear the manufacturer whose plant is shutdown, and has been for a year, roar most vociferously against the 30-hour week or shortening of the hours of labor. Too few plants are working five days a week at the present time or average six hours a day, to make the instant adoption of this scheme bring us adequate immediate relief from unemployment. As I have stated in public speeches on the authority of the Commissioner of Labor Statistics, there could be twice as much unemployment as there is, and those remaining could produce with our present equipment all the manufactured goods that all could use, and the factories could not even then operate full time. In agriculture this is certainly true in the production of wheat, and it is also true of many other things.

The committee of engineers in launching this report claimed to foresee the time when 3 or even 2 days' work of 6 or even 5 hours each per week will give to every worker all that he needs for the ordinary requirements of life. I hope this is true, but I do not see how it is to be brought about when one considers that they reduce a man to the energy equivalent of one-tenth of a horsepower, and pit him against Muscle Shoals and Niagara Falls, which so far as I can see are still to remain under private ownership and control.

Human beings are directly and indirectly the only consumers of all products, whether mechanical or agricultural, and hence human beings must have the purchasing power which will enable them to procure all the products of machinized industry and agriculture. Certificates of electric productive energy in the hands of men who do not want or can not use the products of that energy will be no more useful than are our gold certificates locked in the vaults of men who do not want anything they can buy with those certificates.

So, Mr. President, I am in favor of leisure; I am in favor of leisure for the masses; in favor of leisure for everybody. Leisure is necessary for culture—for that reading and thinking which have lifted certain classes, and will as easily lift the masses, above the primitive man, and with that culture which comes from leisure will come increased demand for such things as we now have, and for a finer quality of the things we now have. With that increased culture will come a demand for very very many things which even now are undreamed of, and with that universal culture and that unlimited supply of electrical productive energy which the committee tells we have, it may be possible to produce in two short days each week all that our people would care to consume. The difficulty is that we are still left in absolute darkness as to how we are to couple up this miraculous production with this refined and magnified consuming ability.

Mr. President, the "technocrats" are attempting to solve all the problems of the day. Most of us would be very happy if they could settle just one question pending before the Congress of the United States, namely, that of farm relief. However, we are indebted to them for the widespread publicity they have given to the displacement of workers by machinery.

EXHIBIT A

[Excerpt from Report of Commissioner of Labor, March, 1886]

MACHINERY AND OVERPRODUCTION

Machinery—and the word is used in its largest and most comprehensive sense—has been most potent in bringing the mechanically producing nations of the world to their present industrial position, which position constitutes an epoch in their industrial development. The rapid development and adaptation of machinery in all the activities belonging to production and transportation have brought what is commonly called overproduction, so that machinery and overproduction are two causes so closely allied that it is quite difficult to discuss the one without taking the other into consideration. That labor-saving machinery, so called, but which more properly should be called labor-making or labor-assisting machinery, displaces labor temporarily can not successfully be denied. All men of sound minds admit the permanent good effects of machinery; but the permanent good effects of it do not prevent the temporary displacement of labor, which displacement, so far as the labor displaced is concerned, assists in crippling the consuming power of the community. A few illustrations relative to the displacement of labor by the introduction of machinery, if of no value in themselves, are of historic value in preserving the growth of industrial systems and the changes which come with them, and are therefore given in this chapter. It has been very difficult to gather positive information illustrating points so thoroughly apparent; yet the bureau has been able, and from original sources largely, to bring together a mass of facts relating to the temporary displacement of labor and to conditions of industry and of society which would exist without the presence of power machinery. These illustrations show positively the influence of inventions in bringing about industrial depression.

In the manufacture of agricultural implements new machinery during the past 15 or 20 years has, in the opinion of some of the best manufacturers of such implements, displaced fully 50 per cent of the muscular labor formerly employed; as, for instance, hammers and dies have done away with the most particular labor on a plow. The proprietors of an extensive establishment in one of the Western States have furnished the bureau with the following table:

Displacement of muscular labor by machinery in the manufacture of agricultural implements

Department	Number of employees			Proportion
	Required with machinery	That would be required without machinery	Displaced by machinery	
Engine	60	540	480	1 to 9.
Boiler	70	210	140	1 to 3.
Foundry	110	165	55	1 to 1½.
Woodworking	60	300	240	1 to 5.
Setting up	50	50	----------	1 to 1.
Blacksmiths	45	90	45	1 to 2.
Machinists	45	405	360	1 to 9.
Erecting room	35	70	35	1 to 2.
Paint shop	30	30	----------	1 to 1.
Teamsters	10	20	10	1 to 2.
Pattern making	5	40	35	1 to 8.
Draft room	15	150	135	1 to 10.
Tool room	10	10	----------	1 to 1.
Shipping and stock	30	30	----------	1 to 1.
Lumber	10	10	----------	1 to 1.
Bolt and nut	5	5	----------	1 to 1.
Belt	7	14	7	1 to 2.
Watch	3	6	3	1 to 2.
Total	600	2,145	1,545	1 to 3.57.

By this table it is shown that in the establishment cited 600 employees are doing the work which, under former conditions, would have required 2,145 employees, a displacement of 1,545.

In the manufacture of small arms, where 1 man, by manual labor, was formerly able to turn and fit 1 stock for a musket in 1 day of 10 hours, 3 men now, by a division of labor and the use of power machinery, will turn out and fit from 125 to 150 stocks in 10 hours. By this it is seen that 1 man individually turns out and fits the equivalent of 42 to 50 stocks in 10 hours as against 1 stock in the same length of time by manual labor, a displacement of 44 to 49 men in this one operation.

In brick making improved devices displace 10 per cent of the labor, while in manufacturing fire brick 40 per cent has been displaced, and yet in some concerns, in manufacturing various kinds of bricks, no displacement has occurred.

The manufacture of boots and shoes offers some very wonderful facts in this connection. In one large and long-established manufactory in one of the Eastern States the proprietors testify that it would require 500 persons working by hand processes to make as many women's boots and shoes as 100 persons now make with the aid of machinery—a displacement of 80 per cent. In another class of the same industry the number of men required to produce a given quantity of boots and shoes has been reduced one-half. In another locality, and on another quality of boots, being entirely for women's wear, where formerly a first-class workman could turn out six pairs in one week, he will now turn out 18 pairs. A well-known firm, engaged in manufacturing boots and shoes in the West, states that in the grade of goods manufactured by it, it would take 120 persons working by hand to produce the amount of work done in its factory by 60 employees, and the handwork would not compare in workmanship and appearance, as expressed by the concern, by 50 per cent. Goodyear's sewing machine for turned shoes, with one man, will sew 250 pairs in one day. It would require eight men working by hand to sew the same number. By the use of King's heel shaver or trimmer one man will trim 300 pairs of shoes a day, where it formerly took three men to do the same. One man, with the McKay machine, can handle 300 pairs of shoes per day, while, without the machine, he could handle but five pairs in the same time. In nailing on heels, by the use of machinery, one man and a boy can heel 300 pairs of shoes per day. It would require five men to do this by hand. In finishing the bottoms of shoes, one man with a sand-papering machine can handle 300 pairs, while it would require four men to do the same by hand. A large Philadelphia firm, engaged in the manufacture of boys' and children's shoes, states—and the foreman of the establishment corroborates the evidence—that the introduction of new machinery within the past 30 years has displaced about six times the amount of hand labor required, and that the cost of the product has been reduced one-half. On another grade of goods, manufactured in Maine, the facts collected by the agents of the bureau show that one man can now do the work which 20 years ago required 10 men.

The broom industry has felt the influence of machinery, the broom-sewing machine facilitating the work to such extent that each machine displaces three men. One large broom-manufacturing concern in 1879 employed 17 skilled men to manufacture 500 dozen brooms per week. In 1885, with 9 men and the use of machinery, the firm turned out 1,200 dozen brooms weekly. Thus, while the force is reduced in this one establishment nearly one-half, the quantity of brooms sewed is much more than doubled.

In the construction of carriages and wagons, a foreman of 50 years' experience testifies that the length of time it took a given number of skilled workmen, working entirely by hand, to produce a carriage of a certain style and quality was equal to 35 days of 1 man's labor, while now 1 man produces substantially the same style of carriage in 12 days.

In the manufacture of carpets, some of the leading manufacturers in the country, and men of the largest experience, consider that the improvement in machinery in the past 30 years, taking weaving, spinning, and all the processes together, have displaced from ten to twenty times the number of persons now necessary. In spinning alone it would take by the old methods from seventy-five to one hundred times the number of operatives now employed to turn out the same amount of work, while in weaving there would be required at least ten times the present number. A carpet-measuring machine has been invented which brushes and measures the product at the same time. By the use of this device 1 operator will accomplish what formerly required 15 men.

In the manufacture of clothing, where all cutting was formerly done by hand, much of it is now done by the use of dies. In cutting out hats and caps, a man working improved cutters is able to cut out a great many thicknesses at once, and he does six times the amount of work with such a machine as could formerly be done by one man in the old way. The same is true to a certain extent in cutting out garments. On the whole, in an establishment for the manufacture of hats of medium grade, one man does the work now of three formerly, and the product is far superior to that produced in the olden times. In the manufacture of some kinds of hats, especially soft and stiff hats, experienced men consider that there has been a displacement in the proportion of 9 to 1.

The cotton-goods industry offers, perhaps, as striking an illustration as any of the apparent displacement of labor—a Delaware house considering that the displacement has been 17 per cent outside of motive power. By a hand loom a weaver used to weave from 60 to 80 picks per minute in weaving a cloth of good quality, with 20 threads of twist to each one-quarter square. A power loom now weaves 180 picks per minute of the same kind of cloth. Even in power machinery a weaver formerly tended but one loom. Now one weaver minds all the way from 2 to 10 looms, according to the grade of goods. In a large establishment in New Hampshire, improved machinery even within 10 years has reduced muscular labor 50 per cent in the production of the same quality of goods. In another line of goods manufactured in the same State machinery has displaced labor to the amount of one-third the number of operatives formerly required. In the days of the single spindle handwheel one spinner, working 56 hours, could spin 5 hanks of No. 32 twist. In England at the present time, with one pair of self-acting mules, having 2,124 spindles, one spinner, having the assistance of two boys, will produce 55,098 hanks of No. 32 twist in the same time, when the mules are running at the moderate rate of 3 stretches in 45¾ seconds. It is quite generally agreed that there has been a displacement, taking all processes of cotton manufacture into consideration, in the proportion of 3 to 1. The average number of spindles per operative in the cotton mills of this country in 1831 was 25.2. It is now about 72, an increase of 185 per cent. Along with this increase of the number of spindles per operative there has been an increase of product per operative of 145 per cent, so far as spinning is concerned. In the olden time in this country a fair adult hand-loom weaver wove from 42 to 48 yards of common shirting per week. A weaver, tending six power looms in a cotton factory of to-day, would produce 1,500 yards a week.

In the manufacture of flour there has been a displacement of nearly three-fourths of the manual labor necessary to produce the same product.

In the manufacture of furniture from one-half to three-fourths only of the old number of persons is now required.

In the glass industry no particular improvements have been made by which labor has been displaced to any material extent. What improvements have been introduced increase the product in some features slightly, and have improved the quality. In the manufacture of glass jars and some kinds of bottles the introduction of machinery has, however, caused a displacement in the proportion of 6 to 1, and in polishing plate glass there has been a large displacement, and also in the grinding department of plate-glass manufacture.

In leather making, in some grades of morocco, there has been an apparent displacement of perhaps 5 per cent, and in the manufacture of patent leather nearly 50 per cent.

In the lumber business, 12 colaborers with a Bucker machine will dress 12,000 staves. The same number of men, by hand processes, would dress but 2,500. In many departments of lumber manufacturing there has been much displacement of labor.

A saving of about 25 per cent is made in the manufacture of machines and machinery over the hand methods. By the introduction of screw-cutting and boring machines in brass-finishing shops, a given number of hands will secure 40 per cent greater production. A pneumatic molding machine has reduced the number of employees for a given quantity of product.

In the production of metals and metallic goods, long-established firms testify that machinery has decreased manual labor 33⅓ per cent. A great saving has been made in the production of pig iron during the last half century, Pittsburgh producers placing the saving at 20 per cent over the simple country furnace. By the use of improvements and inventions during the past 10 or 15 years in hammers used in the manufacture of steel, there has been a displacement of employees in the proportion of nearly 10 to 1. A first-class journeyman can make from 600 to 1,000 2-pound tin cans per day by hand process. By the use of machinery he can make from 2,000 to 2,500 per day. In making lard pails, a machine is in use by which 1 man with 1 boy as tender, can produce as much as was formerly produced by 10 skilled men. In 1876 certain kinds of tinware were made by the old processes by the gross, a skilled workman making a gross in about one and a half days. By the use of improved machinery the workman can now turn out five times as much produce in the same time. In the manufacture of bread boxes what was done in 1876 by 13 men and women working together is now accomplished by 3 men.

One boy running a planing machine in turning woodwork for musical instruments and materials does the work of 25 men. In the manufacture of sounding boards, 15 men can turn out 5,000 boards per month, or 278 per day, where a good man formerly could make but 4 in a day by the old method.

A mining company in Missouri has 100 miners, getting out 200 tons of coal per day. They have 2 machines, which, with 14 men, mine 40 tons per day. If 100 men without machines get out 200 tons per day, 1 man will get out 2 tons per day, or 52 tons per month. If 14 men with 2 machines get out 40 tons per day, 1 man with machine will get out 2⅞ tons per day, or 74¾ tons per month. Therefore, 1 man with a machine gets out 22⅞ tons per month more than the man without a machine. This, worked out fully, shows that the machine displaces 6 men, on the basis of the employment of 100 miners without machines and 14 miners with machines. In a phosphate mine in South Carolina 10 men accomplish with machinery what 100 men handle without in the same time. In the Hocking Valley mining coal by machines is experimental at present. In one place, however, mining machines, employing about 160 men, produce in a month's work about the same amount of coal that 500 men will produce by hand, working the same number of days.

The oil industry in Pennsylvania has been affected a good deal by inventions. In the early days of petroleum every barrel of the liquid had to be hauled from the wells to the railroads, sometimes a distance of 10 or 15 miles. The railroads then carried it to distant parts of the country or to the seaboard to be refined and shipped abroad, the cost of all this transportation being from $1 to $3 per barrel. All this work is now done by the National Transit Co., controlled by the Standard Oil Co. When a well is completed, the pipe line's agent connects the well in a few minutes with the main line's tanks. The producer or the owner of the well pays nothing for having his oil transported through the pipe lines, but pays 50 cents per day storage for every 1,000 barrels he has in the tanks of the company, and the consumer or refiner pays 20 cents per barrel upon the receipt of the oil for transportation, so far as Pittsburgh and vicinity are concerned, while the receiver for New York and distant places pays something more. Some of the producing territory is quite remote, and 10 barrels per day would be a very liberal average to allow for a team of horses to transport to the railroads. On this basis the pipe lines displace 5,700 teams of horses and double that number of men in handling the oil, the production of the country being placed at 57,000 barrels per day.

It is very difficult to get at the exact displacement of labor in the manufacture of paper, but a machine now used for drying and cutting, run by 4 men and 6 girls, will do the work formerly done by 100 persons, and do it very much better. This is the testimony of one of the leading houses while another states that the apparent displacement by machinery is illustrated by the fact that 6 men can now produce as much per day on a given sample as 100 men could produce in 1800 or an approximate grade. A well-known firm in New Hampshire states that by the aid of machinery it produces three times the quantity, with the same number of employees, that it did 20 years ago. In the manufacture of wall paper the best evidence puts the displacement in the proportion of 100 to 1.

In pottery, in South Carolina, the product is ten times greater by machine processes than by muscular labor; while in the better grades of pottery, as produced in New Jersey, there has been little or no displacement.

In the manufacture of railroad supplies there has been a displacement of 50 per cent of the labor formerly required, while in some features of the manufacture of cars there has been a displacement of three times the labor now employed. This is the testimony of several well-known firms.

There has been a displacement of 50 per cent in the manufacture of rubber boots and shoes.

In the manufacture of saws experienced men consider that there has been a displacement of three men out of five. Ten years ago grinding was done by hand. Now it is done by machinery,

In silk manufacture 40 per cent represents the displacement, according to some authorities, in the general manufacture, while in weaving there has been a displacement of 95 per cent, and in winding of 90 per cent.

A large soap-manufacturing concern very carefully estimates the displacement of labor in its works at 50 per cent.

Tobacco manufacturing now requires in Illinois but one-eighth the former force of laborers to produce a given quantity. There has been a great displacement of labor in the manufacture of cigars but the exact ratio of displacement has not been ascertained.

In making trunks there has been a displacement of perhaps 5 per cent.

In building vessels an approximate idea of the relative labor displacement is given as 4 or 5 to 1—that is, four or five times the amount of labor can be performed to-day by the use of machinery in a given time than could be done under old hand methods.

In making wine in California, a crushing machine has been introduced with which 1 man can crush and stem 80 tons of grapes in a day, this representing an amount of work formerly requiring 8 men. It would require 4 hand crushers, with 2 men at each, to accomplish this amount of work.

In wooden goods one man with a machine does the work formerly done by three men on hand lathes.

In woolen goods, in the carding department, modern machinery has reduced muscular labor 33 per cent; in the spinning department, 50 per cent; and in the weaving department, 25 per cent. This is during the past few years only, while generally improved machinery in spinning and weaving departments together has displaced twenty times the hand labor formerly employed, and in other departments from five to ten times. In some kinds of spinning 100 to 1 represents the displacement, nearly all concerns agreeing that the displacement during the last 10 to 20 years has been 25 per cent. An establishment in Indiana has worked out the displacement of muscular labor by machinery very carefully and in the following ratio: In weaving woolens, 1 machine equals 6 persons; in spinning, 1 machine equals 20 persons; in twisting, 1 machine equals 15 persons; in picking, 1 machine equals 40 persons; and in carding, 1 set of patent carders will turn out more in 1 day than the old carders would in 1 week. Other houses engaged in the manufacture of the same kind of goods give the same figures.

Very many other features of manufacturing might be cited were the facts necessary for the illustration of this topic. In box making, in all the processes of the manufacture of books and newspapers, in jewelry, and, in fact, in nearly every department of production, statements as positive and emphatic as those made for the industries examined might be secured. There are one or two general illustrations, however, of the most striking nature, which may be considered the epitome of the influence of steam and of power machinery.

The mechanical industries of the United States are carried on by steam and water power, representing, in round numbers, 3,500,000 horsepower (a) each horsepower equaling the muscular labor of 6 men; that is to say, if men were employed to furnish the power to carry on the industries of this country, it would require 21,000,000 men, and 21,000,000 men represent a population, according to the ratio of the census of 1880, of 105,000,000. The industries are now carried on by 4,000,000 persons, in round numbers, representing a population of 20,000,000 only. There are in the United States 28,000 locomotives. (b) To do the work of these locomotives upon the existing common roads of the country and the equivalent of that which has been done upon the railroads the past year would require, in round numbers, 54,000,000 horses and 13,500,000 men. The work is now done, so far as men are concerned, by 250,000, representing a population of 1,250,000, while the population required for the number of men necessary to do the work with horses would be 67,500,000. To do the work, then, now accomplished by power and power machinery in our mechanical industries and upon our railroads would require men representing a population of 172,500,000, in addition to the present population of the country of 55,000,000 or a total population, with hand processes and with horsepower, of 227,500,000, which population would be obliged to subsist on present means. In an economic view, the cost to the country would be enormous. The present cost of operating the railroads of the country with steam power is, in round numbers, $502,600,000 per annum, but to carry

on the same amount of work with men and horses would cost the country $11,308,500,000. These illustrations, of course, show the extreme straits to which a country would be brought if it undertook to perform its work in the old way.

The figures are only interesting because a condition represented by them is utterly impossible. They are to a certain extent valuable to show the enormous benefits gained by the people at large through the application of improved motive power. They illustrate, too, the extreme view of the displacement of labor, which, as already remarked, has been positive and, it may well be said to some extent, permanent. Certainly to the men individually involved the displacement has been severe indeed. It is not necessary to show that all the effects of the introduction of power machinery have been to raise the standard of life wherever the introduction has taken place. It is true that in those countries where machinery has been developed to the highest the greatest number of work people are engaged, and that in those countries where machinery has been developed to little or no purpose poverty reigns, ignorance is the prevailing condition, and civilization consequently far in the rear. These statements are simply facts which common observation teaches. They could be easily illustrated by statistics.

The people at large, and especially those who work for wages, have experienced three great elements of progress along with the establishment of the factory system. In wages and in product the position is well illustrated in the cotton industry. The ratio of cost per pound for labor of common cotton cloth for the years 1828 and 1880 was as 6.77 to 3.31, wages for the same dates being as 2.62 to 4.84; the average consumption of cotton, which indicates the standard of life as well as any one item, was per capita of total population for the year 1831, 5.90 pounds, while in 1880 the consumption rose to 13.91 pounds, this being exclusive of exports. In Great Britain in 1883 the consumption, exclusive of exports, was 6.62 pounds per capita, and in 1880, 7.75 pounds. Working time has been decreased on an average of 12 per cent, while luxuries have become necessaries, and to a very large extent placed within the reach of people of small means. All these points are too familiar to require restatement. They are simply used as illustrative; and yet, if the question should be asked, Has the wage worker received his equitable share of the benefits derived from the introduction of machinery? the answer must be, No. In the struggle for industrial supremacy in the great countries devoted to mechanical production it probably has been impossible for him to share equitably in such benefits. That he has shared greatly as a consumer is true. Much of the saving in production through the apparent and temporary displacement of labor has been applied in raising the quality and perfecting the style of the products. His greatest benefit has come through his being a consumer.

In very many instances the adult male has been obliged to work at a reduced wage, because under improved machinery women and children could perform his work, but the net earnings of his family stand at a higher figure than of old. It is also true that while labor has been displaced apparently in many directions and in many industries machinery has brought new occupations, especially to women. In the introduction of the telephone, errand boys to some extent were displaced from their regular work, but the vast army necessary to carry on the telephone system is much larger than any possible displacement. This is true in so many directions that this one illustration suffices. The apparent evils resulting from the introduction of machinery and the consequent subdivision of labor have to a large extent, of course, been offset by advantages gained; but it must stand as a positive statement, which can not successfully be controverted, that this wonderful introduction and extension of power machinery is one of the prime causes, if not the prime cause, of the novel industrial condition in which the manufacturing nations find themselves.

The direct results, so far as the present period is concerned, of this wonderful and rapid extension of power machinery are for the countries involved overproduction, or, to be more correct, bad or injudicious production; that is, that condition of production of things the value of which depends upon immediate consumption, or consumption by that portion of the population of the world already requiring the goods produced. If England, the United States, France, Belgium, and Germany unitedly produce more cotton goods than can be sold to their regular customers or in the world among people that use cotton goods, overproduction exists, and it does not matter that the millions of human beings who do not consume and who do not desire cotton goods are unsupplied. So far as the factories and the operatives of the countries concerned are to be taken into consideration, there exists a positive and emphatic overproduction, and this overproduction could not exist without the introduction of power machinery at a rate greater than the consuming power of the nations involved and of those depending upon them demand; in other words, the overproduction of goods made with the aid of such machinery, and this represents the condition of those countries depending largely upon mechanical industries for their prosperity. Crippled consuming power, ordinarily known as underconsumption, may result from overproduction, producing lower prices, or from other causes not connected with production in the ordinary sense. Some of these features are considered separately.

An influential cause in producing the condition of things recited as to the abnormal increase of machinery and the development of industrial enterprises has been the facility with which stock companies could be organized. In fact, the modern system of carrying on great works by stock companies has done much toward producing in all countries the bad industrial conditions under which the present generation is laboring. Formerly individual capital and individual enterprise constituted the moving power back of industrial development, and only men of considerable means, or two or three such men under copartnership arrangement, could undertake any very great enterprise, such as the building of great factories, the opening of mines, and undertakings in other directions; but now, under the modern system, when old partnership houses and family proprietors are adopting the joint-stock company basis for action, and many men of small means can contribute to the common stock of a great company, the inducement to push undertakings becomes speculative to a large extent. The depositors in savings banks, where such institutions exist, become indirectly associated with the very concerns they often condemn, and depend for their dividends on their deposits upon the welfare of such corporations. Legislatures have in very many, if not all, of the States of the Union greatly facilitated the organization of such companies through the provisions of general laws, while some have been reckless enough to allow such organizations to be created without regard to the actual capital invested or property owned. The result has been an abnormal organization of capital and of interests aimed at the development of the industries of the country. Material, labor, capital have been overconsumed, and to such an extent that overproduction stands for overconsumption.

EXHIBIT B

[From the Monthly Labor Review (November, 1932) of the Bureau of Labor Statistics, United States Department of Labor]

DIGEST OF MATERIAL ON TECHNOLOGICAL CHANGES, PRODUCTIVITY OF LABOR, AND LABOR DISPLACEMENT

The Bureau of Labor Statistics for several years has been making special studies of man-hour productivity of labor as a means of measuring over a period of time the effect upon output of the changes brought about by increased mechanization and use of power in industry, improvements in processes and methods of work, greater managerial ability, standardization of product, elimination of waste, etc. More recently the bureau's studies have emphasized the actual displacement of labor and decreased employment opportunities resulting from the increased per capita output which has attended these various technological changes. Most of the bureau's productivity studies are first-hand investigations of the various industries. Where that method has not been used material gathered from other sources has been analyzed and interpreted by the bureau to furnish additional authentic data on labor productivity in fields which the bureau itself has not entered—for example, the railroad and mining industries.

To bring together in sequence, by industry, the material on productivity and labor displacement published by the bureau, either in bulletin form or in the Labor Review, the following digest is presented. It covers all the industries except agriculture (an article on the mechanization of agriculture as a factor in labor displacement was published in Labor Review, October, 1931, p. 1), which the bureau has thus far treated in any degree, but attempts to give only the essential—sometimes only the spectacular—facts and figures. Reference is made to the publication in which the detailed report may be found. Unless source material is mentioned, the summary is based upon an original survey by the Bureau of Labor Statistics.

AMUSEMENT INDUSTRY

The introduction of sound in moving-picture theaters displaced musicians entirely in small theaters and resulted in about 50 per cent loss of employment among theatrical musicians in general. On the other hand, the number of operators required to run the sound-picture machines increased. Employment data are not obtainable, but the international union holding jurisdiction over moving-picture machine operators grew in membership from 24,342 in 1926 to approximately 32,000 in 1931.

Sound pictures also completed the elimination of the legitimate theater outside the large cities. Stock companies, which in 1929 numbered 140 throughout the country, were reduced to 80 by December 1, 1930. Vaudeville houses as distinct from moving-picture theaters presenting vaudeville performances have practically ceased to exist, except for the very few "burlesque" houses still operating in some large cities.

Radiobroadcasting affords a degree of compensation for displacement in the amusement industry by furnishing employment to musicians and, to a less extent, to individual performers. (Labor Review, August, 1931, p. 1.)

The introduction of sound pictures into the moving-picture theaters of Washington, D. C., was accompanied by substantial increases in the earnings of licensed machine operators, and by the elevation of assistant and apprentice operators to journeyman status. Musicians, however, lost their jobs because of the installation of mechanical musical devices. In the white theaters about 60 per cent and in the colored houses 91 per cent were thus thrown out of employment. Some 30 per cent of these "technological casualties" were reabsorbed into the musical profession on either a full-time or part-time basis. (Labor Review, November, 1931, p. 1.)

AUTOMOBILE INDUSTRY

Increased production, increased efficiency in organization and equipment, and improved practices and methods in automobile manufacture have made striking reductions in the number of man-hours required to produce a finished automobile. For ex-

ample, comparative figures of the average man-hours required per car in representative establishments show reductions between 1912 and 1923 from 4,664 to 813 in one establishment; and from 1,260 to 228 in another. Data applying only to "productive" workers in still another factory (i. e., those actually engaged in the fabrication of the product) give 97 productive man-hours per car in 1918 and 51 in 1923.

Various machines, devices, and practices have contributed to this end. One of the newer types of metal-heating furnace required 3 men instead of 2, but produced as much heat-treated material as 4 of the older furnaces, thus increasing production per man two and two-thirds times. Machine forging instead of drop forging doubled production per man. A special machine for the manufacture of pressed-steel frames, operated by 1 man, produced 6 frames per minute, or 3,600 in 10 hours, an output which by hand methods would require 175 men. One man with a spot-welding machine is equivalent to 8 hand riveters. One man soldering by hand could finish 2 radiators per hour, while by dipping the radiator into a tank of solder he can do 40 per hour. A change from grinding to honing cylinders increased output per man per day of 9 hours from 21 cylinder blocks to 170 (4-cylinder blocks) in one establishment, and from 27 to 225 in another. Automatic lathes used in the production of crank shafts resulted in an increase of 300 per cent in production per man. In the casting of pistons a machine produced an average of 900 moldings per man per day of 8 hours and required only laborers, while the skilled molder and his helper could average only 200 each per day of 8 hours. An automatic machine with 1 attendant drilled 335 pistons per hour, while on the former type of multiple-spindle machine 1 man drilled 150 pistons per hour.

Improved methods and practices and reorganization on the "assembly-line" plan enabled one automobile-body manufacturer to reduce the number of hours required to produce a body from raw materials from 299 hours to 83 hours, without changing the average number of employees.

An automatic enameling machine usually requires about 30 per cent as much labor as would be required by hand dipping for the same production, and changes the process from a skilled to an unskilled operation. Screw machines have accomplished a change, which reaches a ratio of 1,000 to 1 as compared with production under obsolete methods. (Labor Review, October, 1924, p. 1.)

A change in layout in the foundry of an automobile concern to improve core-making methods increased production in the plant 50 per cent. (Labor Review, August, 1926, p. 41. Review of article in Iron Age, May 31, 1928.)

Standardization and better production methods have lessened the amount of bench work necessary in the fitting of automobile parts. Machine-shop bench hands constituted 3.9 per cent of all wage earners in automobile manufacture in 1922 and only 1.2 per cent in 1930. New methods of painting, lacquering, and finishing automobile bodies have caused marked shifts in occupations of workers. The number of letterers, stripers, and final touch-up painters and varnish rubbers have decreased considerably, while lacquer rubbers, metal finishers, paint sprayers, and sanders and rough-stuff rubbers have increased materially. (Labor Review, February, 1932, p. 248.)

Index numbers of man-hour productivity in the automobile industry from 1904 to 1927, based on the year 1914 as 100 were as follows: 1904, 40; 1909, 35; 1919, 141; 1924, 258; 1925, 280; 1926, 320; 1927, 278. (Labor Review, March, 1930, p. 13.)

BUILDING INDUSTRY

Bricklaying

Man-power productivity in bricklaying in straightaway walls varied (in 1923) from 95.7 bricks laid per hour in Indianapolis and 97.7 in Boston to 231.8 in Norfolk and 241 in Birmingham. The number of square yards of plastering (net area) per man per hour ranged from 4.5 in Boston to 7.8 in Philadelphia, but in most cities the net area plastered per man per hour was about 6 square yards. (Labor Review, November, 1924, p. 1.)

Road building and street work

A compressor machine used in road repair and repaving work, driven by a gasoline motor and equipped with air-compressor drills, cutter, spade, sprayer, and blower, is manned by an operator and one or two laborers. The air-compressor drill will, in less than 35 minutes break a hole in an old paving large enough to permit the spade to begin operating; the same work would require three hours of one man's time with a sledge hammer and pick. A power shovel, of 1¼ cubic yards' capacity, will dig up and dump 93 cubic yards of paving per hour, which is the equivalent of the labor of 62 men working one hour with hand shovels.

On a road-building job in which the most modern road-building machinery was used, the average number of cubic yards of concrete mixed and poured per man-hour was 0.943.

A ditch-digging machine operated by one man, preceded by a laborer to clear the way for the machine, will dig 22 cubic yards of trench per man-hour, an output which would require 44 men working by hand. (Labor Review, December, 1931, p. 1.)

Wrecking of buildings

A labor-saving experiment in a building-wrecking operation, involving the use of a portable 5-ton crane equipped with a 1,500-pound "skull cracker," resulted in the dismissal of 38 of the 50 house wreckers employed on the job, as the crane was accomplishing "the work of 100 men at one-eighth of their cost." With one blow the "skull cracker" accomplished as much as two men in an hour and a half. The 12 men retained tore down windows and doors, sorted salvage, etc. (Labor Review, June, 1929, p. 114. From American Builder, August, 1928, p. 92.)

CIGAR AND TOBACCO INDUSTRY

The machine used in making long-filler cigars produces about the same number of cigars as two cigar makers can produce by the hand method. Fifty per cent of the output of long-filler cigars in the United States is produced on these machines. Each machine requires 4 employees—1 filler feeder, 1 binder layer, 1 wrapper layer, and 1 inspector; and the part-time services of a mechanic and an oiler.

Mass production by machinery has changed the industry from small hand plants to large-scale factories, frequently located in small communities instead of in cities as were the hand plants. In 1930, 0.46 per cent of the factories in operation produced 49.8 per cent of all the cigars manufactured. It is estimated that 21,356 employees had been displaced by 1931. (Labor Review, December, 1931, p. 11.)

In tobacco manufacture as a whole production per worker increased 191 per cent between 1899 and 1925, while volume of production increased 168.7 per cent with 7.7 per cent fewer persons employed. (Labor Review, June, 1927, p. 54. Analysis of Census Data.)

COPPER INDUSTRY

A large copper refinery reported a 10 per cent increase in total output over a 9-year period (1918 to 1927), with a reduction in working force, skilled and unskilled, from 578 employees to 233. The number of pounds of copper refined per man per day was 610 in January, 1918, and 1,612 in August, 1927. (Labor Review, November, 1927, p. 30.)

ELECTRIC LIGHT AND POWER INDUSTRY

The unit of output in this industry is the kilowatt-hour, representing the use of 1,000 watts for 1 hour, or the use of 1 watt for 1,000 hours; hence, output per employee is dependent to a large extent upon the demands of consumers, and the employees are not in a position to control output. Expansion of the industry, however, has resulted in an increased output per employee of 260 per cent as between 1902 and 1927. The principal reasons for this greatly increased productivity are (1) increased size and efficiency and improved construction of the generating units, boilers, and auxiliary equipment, resulting in a proportionately smaller number of employees per unit of equipment; and (2) long-distance transmission, mass production from centralized establishments, and the elimination of small local generating plants.

While installations of larger units and of automatic devices, particularly of mechanical coal stokers, have reduced employment opportunities, this displacement has been offset by the labor demand created through the tremendous expansion of the industry and the increase in activities undertaken to give reliable and uninterrupted service. (Labor Review, August, 1932, p. 249.)

FOOD INDUSTRIES

Bread making

The introduction of machinery "has made the work in the bakery comparatively light and easy, has reduced the number of employees required to operate the bakery, especially the number of bench hands or hand bakers, oven men, and helpers, and has greatly increased production."

Mixing machines, with a capacity of 4 barrels of flour, mix a batch of dough in 12 minutes. The time required to bring together the ingredients contained in a batch of dough and place them in the mixer ranges from 1 to 10 minutes, the most frequent time reported being 5 minutes. The highest production per man per hour, all employees considered, was 103 pounds of bread, and the lowest, 48 pounds. The highest production per baker (i. e., mixers, bench hands, machine hands, and oven men) per hour was 427 pounds of bread, and the lowest, 87 pounds.

High production was achieved in a plant mechanized throughout, which employs very few bench hands, no oven men, and machine hands only at the divider and one at the molder. (Labor Review, December, 1923, p. 1.)

Cane-sugar refining

The index of man-hour productivity in cane-sugar refining fell from 100 in 1914 to 78 in 1919, then advanced steadily until 1926, when it reached 140, falling again to 133 in 1927. Maximum total production occurred in 1926, when the index number stood at 164. (Labor Review, March, 1930, p. 16.)

Flour milling

Index numbers of man-hour productivity in the flour-milling industry from 1904 to 1927 (on the basis of 1914 as 100) ranged from a low of 92 in 1909 to a high of 159 in 1927. Production showed slight variation and the index of man-hours worked fell from 105 in 1909 to 64 in 1927. (Labor Review, March, 1930, p. 15.)

Slaughtering and meat packing

The index number of man-hour productivity in slaughtering and meat packing, 1909 to 1927 (on the basis of 1914 as 100) stood at 115 in 1909 and 126 in 1927. The minimum productivity index was 96 in 1919, and the maximum 127 in 1926. As regards total production the maximum was 147, in 1924 (the productivity index for that year was 125); and the minimum was 100 in 1914. The index of man-hours worked reached its lowest point, 89, in 1909; and its highest point, 136, in 1919, the year of the lowest

productivity. In the year of highest productivity (1926) the index of man-hours stood at 110. (Labor Review, March, 1930, p. 9.)

IRON AND STEEL INDUSTRY

In the merchant blast furnace industry, data obtained from selected plants producing pig iron for sale in the open market show that the average output of pig iron per man-hour in the period 1912 to 1914 was 0.141 gross ton; whereas in 1926 the output had risen to more than twice that figure, or 0.296 gross ton. From 1912 to 1926 the average output per stack day increased from 261.4 to 369.1 gross tons.

Factors contributing to the higher productivity of labor in this industry are the substitution of machinery for hand labor, the abandonment of inferior plants, and the change from the 12-hour to the 8-hour day. The extent to which machinery has been introduced is brought out by the fact that during the pre-war years 1911 to 1914, 15 of the 37 plants studied were hand-filled and sand-cast; while in 1926 only 3 out of 49 plants studied were operated in that manner. (U. S. Bureau of Labor Statistics Bulletin No. 474: Productivity of Labor in Merchant Blast Furnaces, 1928.)

Index numbers of production of blast furnaces in the period from 1850 to 1920 (using 1850 as 100) show that the index of output per man had increased from 100 in 1850 to 3,244 in 1919, or 3,144 per cent. Expressed in long tons, the output increased from 25 tons per man per year in 1850 to 811 tons in 1919. (Labor Review, July, 1922, p. 6.)

Productivity indexes for blast furnaces for the period 1899 to 1925, based on the year 1909 as 100, are as follows: 1899, 55; 1904, 74; 1914, 126; 1919, 120; and 1923, 194. For steel works and rolling mills, the indexes are: 1899, 61; 1904, 68; 1914, 96; 1919, 97; and 1923, 132. The indexes for both blast furnaces and steel works and rolling mills combined were: 1899, 60; 1904, 69; 1914, 100; 1919, 100; 1923, 139; and 1925, 150. (Labor Review, December, 1926, p. 31.)

Man-hour productivity in the blast-furnace industry, as indicated by data covering plants producing 95.8 per cent of the total blast-furnace output in the United States in 1929, is directly influenced by the size of the plant, the degree of mechanization, the kind of ore handled, the character of the labor force, and the wages paid. In the plants paying the highest wages the man-hour productivity was eleven times as great as in the lowest-wage plants. Plants with the smallest average horsepower showed the smallest average output per plant and the smallest output per man-hour (0.387 ton), whereas the plants with the largest horsepower showed the largest output per plant and per man-hour (0.759 ton). The average output per man-hour for the entire industry, all States considered, was 0.589 ton. The highest average output per man-hour, by States, was 0.920 ton in Indiana, where 524 wage earners in 3 establishments produced an average output per establishment of 1,425,920 long tons of pig iron in 1929. In Alabama, the lowest productivity State (0.351 ton per man-hour), 240 wage earners in 10 establishments produced an average output per establishment of 270,592 long tons. (Labor Review, August, 1932, p. 260. Based on 1929 Census of Manufactures.)

The growth of the iron and steel industry is indicated by the following figures based on census data: The per cent of increase from 1899 to 1925, in physical volume of production, was 204.4; in number of persons engaged, 145.8; in primary horsepower, 307.5; and in production per person engaged, 23.9. "Number of persons engaged," however, includes proprietors, executives, clerical force, etc., as well as direct labor. (Labor Review, June, 1927, p. 54.)

Index numbers of man-hour productivity for the period from 1899 to 1927, using 1914 as 100, are: Blast furnaces, 44 in 1899, 80 in 1909, 85 in 1919, and 203 in 1927; steel works and rolling mills, 63 in 1899, 104 in 1909, 96 in 1919, and 146 in 1927. (Labor Review, March, 1930, p. 2.)

Productivity of labor in the sheet department of the iron and steel industry showed a steady gain in average output per man-hour from 1925 to 1929, except in the annealing operations. For bar shearing, the increase was from 1.893 net tons per man-hour in 1925 to 2.200 in 1929, or 16 per cent; for cold rolling, from 1.159 to 1.480 net tons, or 12 per cent; for sheet pickling, from 0.702 to 0.857 ton, or 12 per cent; and for hot rolling, from 0.072 to 0.077 ton, or 7 per cent. In the annealing department the gain in output per man-hour was more than offset by the increased labor time required to meet the increasing demand for full-finished sheets of deep-drawing quality.

Among the factors affecting productivity are the substitution of machinery for labor, better-designed machinery, improvement in management, working conditions, etc. In general, however, the real gain in labor productivity due to improvement in technology and management was obscured by the increase in labor time required in the production of high-grade sheets for use in the manufacture of automobile bodies, electric refrigerators, and metal furniture. (Labor Review, January, 1932, p. 19.)

Output per man-hour in one steel plant shows the following per cent of increase in 1926 over 1902: In ore unloading, 706.7; in blast furnaces, 277.3; in Bessemer ingots, 99.8; in all open-hearth ingots, 66.0; and in the rail mill, 120.1. "The average man in a modern iron and steel plant is producing from one and a half to eight times as much as he did 25 years ago." (Labor Review, December, 1927, p. 61. Quoting Theodore W. Robinson, of the Illinois Steel Co.)

Modern methods of molding have "obviated much of the molder's skill, as well as many hours of labor." Under former processes "it took the molder * * * and his helper a week to make the largest radial drill bases. * * * At the present time the same type of base is made in one day by a molder and a helper." (Labor Review, March, 1927, p. 23.)

In 1925 an increase of 44 per cent in the number of workers over the number employed in 1850 increased the output of pig iron 7,178 per cent above that produced in 1850. Production per man increased 4,928 per cent. "Stated differently, the number of wage earners in blast furnaces in 1850 was 882 per million of population. In 1921, which, however, was a slump year, there were 173 wage earners in this industry per million of population." (Labor Review, June, 1928, p. 29.)

LEATHER INDUSTRY

Index numbers of man-hour productivity in the leather industry for specified years, on the basis of 1914 as 100 are: 1899, 93; 1909, 92; 1919, 102; 1921, 130; 1923, 138; and 1927, 141. During the same period the index numbers of man-hours ranged from 92 in 1899 and 117 in 1919 to 86 in 1927, with a minimum of 80 in 1921; while production increased from an index of 86 in 1899 to 134 in 1923. The production index in 1927 was 121. (Labor Review, March, 1930, p. 8.)

Between 1923 and 1931 quantity output per hour in the leather industry increased materially. This increase ranged, in the various branches, from a little over 4 per cent in the manufacture of sheepskins to more than 27 per cent in the manufacture of side leather. For the whole industry the increase was approximately 15 per cent.

Technological development has not been an important factor in the industry, and skilled hand labor is still a requisite. Most of the machines now in use in tanneries had been introduced in much their present form at least 30 or 40 years ago, hence mechanization has played only a small part in increasing output. The principal cause of the increase has been the improved management of labor and the accompanying taking up of slack in the expenditure of the time of the labor force. The estimated displacement between 1923 and 1931 due to greater efficiency was 6,685 workers. (Labor Review, September, 1932, p. 1.)

LUMBER INDUSTRY

The number of man-hours (all employees) required per 1,000 board feet of lumber produced ranged from 20.15 in Georgia to 8.54 in Oregon, and averaged 12.71 for 22 States. These sawmill operations began with the log in the pond and ended with the lumber stacked in the yards or loaded on cars. (Labor Review, January, 1923, p. 1.)

Index numbers showing production of lumber per person engaged in the industry, based on census data and using 1919 as 100 are: 1899, 121.7; 1904, 125.3; 1909, 120.6; 1921, 108.1; 1923, 111.3; and 1925, 120.7. (Labor Review, June, 1927, p. 54.)

Data regarding man-hour rates of production for the lumber and timber products industry in California, Oregon, and Washington in 1929 were collected by the Bureau of the Census in its biennial census of manufactures for that year. The study was confined to large mills, as only establishments which reported products valued at $100,000 or more were covered by the Census Bureau.

The measure of physical output in the lumber industry is a thousand board-feet. Efficiency, as measured by man-hour productivity, depends largely upon the extent of mechanization. In fact, the most reliable indicator of efficiency in this industry is horsepower per wage earner employed, the increase in productivity with increase in horsepower per wage earner being appreciable. Thus, Oregon, where the average horsepower per wage earner was 7.1, ranked highest in productivity, showing an average output of lumber, in thousand board-feet, of 0.062 per man-hour. The lowest output per man-hour was 0.035 in California, where the average horsepower per wage earner was 5.5. Washington, while showing a somewhat lower average horsepower per wage earner employed than California (5.2), had a higher productivity rate (0.052 per man-hour). These figures apply to mills which did their own logging. The average output of lumber (in thousand board-feet) per man-hour in mills which bought their logs was 0.084 in California, 0.129 in Oregon, and 0.131 in Washington. (Labor Review, October, 1932, p. 818. Based on data supplied by the Bureau of the Census from the Census of Manufactures for 1929.)

MINING INDUSTRY

Coal mining

Technological changes: In 1926, 1.8 per cent of the total production of all bituminous mines in the United States was mechanically loaded according to the weekly coal report of the United States Bureau of Mines for the week of April 21, 1928. In some States, however, a considerable part of the output was loaded by machine. In Wyoming, for example, 17.6 per cent of the State output was loaded mechanically. In Indiana 13 mines making extensive use of loading devices handled 89.4 per cent of their output mechanically. (U. S. Bureau of Labor Statistics Bul. No. 491: Handbook of labor statistics, 1929 edition, p. 640.)

In 1930, the percentage of bituminous output loaded by machine had increased to 5.2, as shown by the bituminous coal tables of the Bureau of Mines for 1930. Wyoming had increased its mechanical loading to 41.5 per cent of its deep-mined output, while Alabama, which in 1926 applied mechanical loading to only 0.5 per cent of its output, had advanced to 1.4 per cent in 1930. "The high-wage-rate fields of the Rocky Mountains and the Middle West lead in the proportion of output produced by mechanical mining." (Labor Review, March, 1932, p. 558.)

The average output per man per day in coal mining in 1929 ranged from 1.43 tons in North Carolina to 10.34 tons in North Dakota, and averaged 5.63 tons for all States for underground

workers; the average output on the basis of all employees (underground and surface) ranged from 1.25 tons in North Carolina to 7.90 in Montana, and averaged 4.85 for all States combined.

The productivity of the coal getter is determined largely by the extent to which machinery is employed. In North Carolina, the low-productivity area, 39 per cent was mined by hand, 61 per cent was shot off the solid; no machines were used. In Montana 49.9 per cent of the output was machine cut, but 35.8 per cent was from strip mines; only 0.3 per cent was mined by hand.

Taking the industry as a whole, the percentage of coal cut by machine in 1929 was 75.4 per cent, as against 50.7 per cent in 1913 and 73.8 per cent in 1928. Machine cutting, however, is only part of the story. The use of mechanical loaders increased 75.6 per cent for the entire country between 1928 and 1929; 161.8 per cent in Illinois, 57.9 per cent in the bituminous fields of Pennsylvania, 35.8 per cent in Kentucky, and 23.2 per cent in West Virginia.

Mechanization of coal mines is responsible for most of the increase in output during the past 40 years. The output in the bituminous coal fields of the United States per man per day, all employees considered, was 2.56 tons in 1890, or an average of 579 tons per man per year. In 1929 the average output for the entire country, all employees considered, was 4.85 tons per day, or 1,064 tons per year. In the anthracite field the increase was from 1.85 tons per man per day, or 369 tons per year, in 1890, to 2.17 tons per day, or 487 tons a year, in 1929. At the same time working hours per day decreased from an average of 10 hours in 1890 to 8 hours in 1929. (Labor Review, December, 1930, p. 37. Based on data and reports of the U. S. Bureau of Mines.)

Bituminous coals of all grades are now produced from strip mines, and the per cent of total bituminous output produced by these mines increased from 0.6 in 1915 to 4.0 per cent in 1928, and "no immediate limit to the expansion of stripping is seen." More than one-third of the output is stripped by electrical equipment, with which the average output per man per day was 13 tons in 1928. In the Rosebud field of Montana an average of 48 tons of coal per man per day was mined from strip mines. The time required to produce a ton of coal was 0.65 man-hour in strip mines and 1.75 man-hours in deep mines. (Labor Review, July, 1931, p. 65. Review of U. S. Bureau of Mines, Economic Paper No. 11.)

Labor productivity: Data covering 9,817 pick miners in 118 mines throughout the United States for a 2-week pay-roll period in 1919 show the productivity of hand labor in bituminous mines. The average output per miner for all coal fields was 6.8 tons per day of eight hours; the minimum output was 2.6 tons in a 22-inch seam in a Missouri mine; and the maximum, 12.9 tons in a 6-foot seam in Pennsylvania. (Labor Review, February, 1921, p. 1.)

The lowest productivity rate in mining coal in Illinois in the 11-year period, 1918–1928, was in 1922, when the average output per man per day was 4.8 tons. The highest rate, 6.9 tons per man per day, was achieved in 1926. In 1922, 98,681 men employed in 1,133 mines produced an average of 472,215 tons per day, while in 1926, 77,732 men in 921 mines averaged 532,925 tons per day. (Labor Review, October, 1929, p. 59. From Forty-seventh Illinois Coal Report.)

The man-hours required to produce 1 ton of bituminous coal show a steady decrease from 2.472 in 1911 to 1.668 in 1929. Productivity in anthracite mining does not vary markedly; the time required to produce a ton of anthracite was 3.754 man-hours in 1911 and 3.694 in 1929. This does not represent a maximum and minimum productivity rate, as was the case of the 1911 and 1929 rates in bituminous mining; the highest number of man-hours required to produce 1 ton of anthracite (4.362) occurred in 1914; and the minimum (3.465) in 1922. (Labor Review, April, 1931, p. 79. Abstract of U. S. Bureau of Mines, Report of Investigations No. 3082, January, 1931.)

Anthracite workers employed underground were producing 2.63 tons per day worked in 1930 as compared with 2.75 tons in 1911. In bituminous coal mining, on the other hand, the output per day of underground workers increased 39.9 per cent between 1911 and 1930, from 4.01 tons to 5.61 tons. High productivity rates in 1930 were found in Wyoming (7.4 tons) where 48.6 per cent of the total output was loaded mechanically; Montana (7.16 tons) where 62.6 per cent was so loaded; and in Illinois (6.57 tons) where 48.3 per cent was thus loaded. (Labor Review, February, 1932, p. 292. Based on reports of U. S. Bureau of Mines.)

PRINTING AND PUBLISHING INDUSTRY

Government Printing Office

Increased efficiency and the improvement of equipment enabled the Government Printing Office to produce, in the 6-year period, 1921–1926, with 340 fewer employees, $8,000,000 more work than was turned out in the preceding 6-year period, 1915–1920. The printing division set 30,495,400 more ems of type in 1926 than in 1925; at the same time 140 fewer operators were employed and overtime was decreased 1,328 hours. The estimate is made that 1,200 compositors would be required to set by hand the quantity of type set annually by the 377 machines in the Government Printing Office. (Labor Review, April, 1927, p. 28. Based on annual report of Public Printer for year 1926.)

Newspaper printing

High-speed machinery is the outstanding characteristic of the mechanical production of newspapers. While most of the inventions and improved equipment introduced since 1896 have been designed primarily to shorten the interval between receipt of news and its distribution to the public in newspaper form, the improvements have also affected labor productivity.

Composition by the hand method of 1896 on 4 present-day newspaper pages would require 40 employees working 10 hours. In 1916, 26 employees working 8 hours and using both machine and hand methods would have produced the same output, while the same job in 1926 required 21 employees working 7 hours.

Stereotyping consists of two separate operations—the molding of matrices and the casting of plates. The number of plates cast depends upon the number of presses to be operated and the numerical size of the edition to be run off. As circulation increases, more plates are necessary. Man-hour productivity is less important than clock time in the stereotyping department of a large daily paper. A decrease from 1916 to 1926 of 50 per cent (from 8 minutes to 4 minutes) in the actual time required to mold the matrix from the type and deliver the first plate to the press room was accompanied by a loss of 6 per cent in man-hour output of all employees engaged in stereotyping.

Comparative figures relative to output on the hand press and the early rotary press show that in 1896, 25 employees were required to print and fold 10,000 copies of a 4-page paper in 10 hours by hand methods, while 3 employees working on the rotary press of that period produced the same unit in 1 hour. In 1916 it required 1.79 man-hours to produce 10,000 copies of a 4-page section, while in 1926 the same output took 1.66 man-hours.

In 1896, before stereotyping was introduced, composition by the hand method, presswork on hand presses, and folding by hand 10,000 copies of a 4-page newspaper involved an average of 635 man-hours. In 1926 the same number of copies of a printed and folded 4-page newspaper, requiring the combined processes of composition, stereotyping, and presswork, required an average of 174.4 man-hours, an increase of 264 per cent in output per man-hour. Thus, where 71 employees were required for 9 hours by the hand method in 1896, only 25 employees for 7 hours were necessary under machine production in 1926. Productivity per unit of measurement (i. e. 10,000 copies of a 4-page paper) in one establishment was: Composition, 204.3 man-hours in 1916, and 145.2 man-hours in 1926; stereotyping, 8.9 man-hours in 1916, and 10.6 man-hours in 1926; presswork, 1.8 man-hours in 1916, and 1.7 man-hours in 1926. The total man-hours involved in all three processes had been lowered 26.8 per cent.

While technological changes tend to displace labor, such has not been the result in the newspaper business. Improved facilities and the enormous increase in output made possible by power machinery have so expanded the market and enlarged the business that the demand for labor has increased greatly. One daily journal published 26,000 copies of a 4-page, 6-column paper in 1852, with "40 compositors and a handful of pressmen, fly boys, and other labor." In 1926 the mechanical staff alone employed by the same paper numbered 1,700, of whom 325 were compositors. Daily production of a paper averaging sixty-two 8-column pages (including daily and Sunday issues) amounted to 390,000 copies. (U. S. Bureau of Labor Statistics Bul. No. 475: Productivity of labor in newspaper printing.)

Transmission of news

More telegraphers engaged in the transmission of news have in the past 15 years been largely superseded by operators of the printer telegraph (teletype). This instrument is operated very much like a typewriter, and not only sends messages but prints them upon receiving machines, thus eliminating the telegrapher at the receiving end, because reception is automatic. The sending machine in teletype operation can transmit to as many receiving machines as its circuit carries. The speed of the printer is about twice that of the Morse operator.

Because of the growth of press associations, chain newspapers, and news-feature syndicates, all of which call for large sending organizations, the number of Morse operators engaged in newspaper work increased from 1,114 in 1915 to 1,549 in 1922. After the latter year the adoption of the printer telegraph (teletype), which had been introduced in 1915, grew rapidly. By 1931 only 586 Morse operators were employed by the principal news organizations. Teletype operators, on the other hand, who had numbered only 11 in news work in 1915, had increased to 335 in 1931. If Morse operators were required to render service equivalent in speed and sustained effort to that now possible with the teletype, 3,737 telegraphers would be necessary to do the work now done by 243 printers (i. e., 335 operators reduced to an equivalent full-time basis). "Expressed in another way, the productivity of the operator of the printer telegraph is more than fifteen times as great as the productivity of the Morse operator in this particular field." Fewer than 40 Morse telegraphers employed by press associations were retained as printer operators. (Labor Review, April, 1932, p. 753.)

Commercial printing

The installation of automatic feeders on printing presses and the introduction of self-feeding presses was not important up to 1913. In the 16 years following 1913, however, the increase was so rapid that two-thirds of all new installations of presses in commercial printing were mechanically fed. A study of two winter periods, 1923–24 and 1928–29, shows that notwithstanding this technical change the number of men employed in commercial press rooms increased more than the number of presses. In 1924 an average of 99.2 men were employed per 100 presses, while in 1929 the average was 100.7 men per 100 presses. Further data suggest a pronounced change in occupation if not in employment. Between 1924 and 1929 pressmen gained 4.6 men per 100 presses, while the assistants (feeders) show a net loss of 3.2 men per 100 presses—11.4 hand feeders lost and 8.2 automatic-feeder operators gained per 100 presses. In some cases employers are reducing the

number of presses a pressman is required to attend, so that he may also operate the feeding machine; this, of course, means fewer feeders and more pressmen, and consequently more skilled labor. (Labor Review, February, 1931, p. 78. Review of study in American Economic Review, September, 1930, pp. 442–466.)

SHOE INDUSTRY

The time required to make 100 pairs of shoes by the hand methods of 1863 was 1,831 hours, 40 minutes; by the hand and machine methods of 1895 it was 236 hours, 6 minutes; by the machine methods of 1916 it was 142.7 hours; and by the machine methods of 1923 it was 106.9 hours.

"The modern factory of to-day, with its power-driven machinery, can turn out 75,000 pairs [of shoes] every workday in the year." (U. S. Bureau of Labor Statistics Bul. No. 360: Time and labor cost in manufacturing 100 pairs of shoes.)

Man-hour productivity in the boot and shoe industry increased 24 per cent between 1914 and 1927 and 8 per cent between 1925 and 1927. (Labor Review, March, 1930, p. 1.)

STONE, CLAY, AND GLASS INDUSTRIES

Index numbers of growth of stone, clay, and glass products from 1899 to 1925, based on census data and using 1919 as 100, show an increase in physical volume of production from 67.3 in 1899 to 179.1 in 1925, or 166.1 per cent. Production per person engaged increased 58.1 per cent from 1899 to 1925 (from an index of 98.4 to 155.6), while the number of persons engaged in the industry increased 68.3 per cent. The number of persons engaged in the industry increased 15.1 per cent from 1919 to 1925, while in the same period production per person engaged increased 55.6 per cent and total production increased 79.1 per cent. (Labor Review, June, 1927, p. 54.)

Brickmaking

The time required in 1924 per 1,000 bricks in the stiff-mud process was 6.82 man-hours, in soft-mud process 8.74 hours, and in the dry-clay process 10.81 hours.

A large, efficiently organized plant equipped with the best improved machinery produced 249 bricks per man-hour, or 1,000 bricks in 4.02 hours; while a small, inadequately equipped plant not well organized or operated produced 56 bricks per man-hour, and required 17.73 man-hours to turn out 1,000 bricks. (United States Bureau of Labor Statistics Bulletin No. 356: Productivity Costs in the Common-Brick Industry, 1924.)

A brick-making machine can make 49,000 bricks per hour and has a potential labor displacement of 80 per cent. (Labor Review, July, 1924, p. 4.)

Glass manufacture

In no other industry has the introduction of machinery had a more dramatic effect upon labor productivity than in the glass industry. Comparative data on productivity and labor costs in hand and machine production for each of the five branches into which the glass industry is divided—i. e., bottles and jars, pressed ware, blown ware, window glass, and plate glass—were shown by a study of the glass industry made by the United States Bureau of Labor Statistics. The following examples indicate what has taken place in this industry:

A hand shop, consisting of three skilled workers (a gatherer, a blower, and a finisher) and four helpers, produced on the average 3.75 gross of 4-ounce prescription ovals in an hour. The 1925 average output of the most up-to-date Owens automatic machine was 69.754 gross of 4-ounce prescription ovals per hour. The average output of the hand shop was 0.536 gross per man per hour, while with the automatic machine the average was 22.028 gross per man per hour, or more than forty-one times as much as in the hand process.

The average output of table tumblers per man per hour in hand manufacture, using the side-lever press, was 31 pieces. An automatic machine with an automatic conveyor produced 380.71 pieces of the same article per man per hour, or more than 12 men could produce in an hour on the hand press.

An automatic machine produced 1,703.59 electric-light bulbs per man per hour, which is over thirty-one times as many as could be produced in the same time by the hand process. An automatic sheet-drawing machine will produce window glass at two and one-half times the rate of production of the hand process.

In the course of the 25 years (1899 to 1925) in which the change from hand manufacture to semiautomatic and then to automatic machine production took place, the number of establishments in the glass industry decreased 12.7 per cent, while the number of wage earners increased 31.3 per cent and the average number of wage earners per establishment increased 50.3 per cent. Under hand manufacture, the glass industry operated almost wholly on a small-unit basis, but with the introduction of machinery that condition changed entirely. Large-scale production has converted the industry into a well-integrated one, with large plants representing large capital investment.

The most pronounced change in the industry has been in the character of the labor force. Hand production called for highly specialized skill and a long apprenticeship, and the common labor necessary was done in large part by children. Under machine production the workers are mechanics and machine operators, and child labor has been wholly eliminated. (U. S. Bureau of Labor Statistics Bul. No. 441: Productivity of Labor in the Glass Industry, 1927.)

In 1925 the comparative output of plate glass per employee in the United States was 9,698 square feet, as against 4,430 square feet in Belgium. (Labor Review, June, 1927, p. 116. Based on report of U. S. Tariff Commission.)

Pottery manufacture

In the manufacture of semivitreous ware, productivity is expressed in crew-hours rather than in man-hours. The average production of 7-inch plain-edged plates, based on data for 58 crews, was 28.1 dozen plates per crew-hour, the crew consisting of a jigger man, a batter-out, a mold runner, and a finisher, and a clay carrier for part of the time. The maximum production, reached by five crews, was 32 to 36 dozen; and the minimum production, averaging less than 20 dozen plates per crew-hour, was reported for two crews. The average production of saucers by 48 crews similarly constituted was 42.8 dozen per crew per hour; one crew attained a maximum production of 50 to 52 dozen; the two crews with the lowest production turned out between 32 and 36 dozen saucers per crew per hour. Crews making teacups consisted of a jigger man, a baller, and a mold runner, and a clay carrier part of the time. Data for 42 crews showed an average production of 53 dozen cups per crew-hour; the maximum production was 68.8 dozen (one crew) and the minimum 32 to 34 dozen. (U. S. Bureau of Labor Statistics Bul. No. 439: Handbook of Labor Statistics, 1924–1926, p. 542.)

Since the war the successful introduction of a casting process in the manufacture of certain hollow ware has eliminated the skilled hand worker in the sanitary branch of the industry. After three weeks' training an unskilled worker using this process can cast more pieces in a day than a skilled craftsman can make by the hand method. (Labor Review, November, 1927, p. 43. Review of article in Journal of Political Economy, August, 1927, pp. 522–542.)

Data on productivity of labor in an English pottery show a maximum output of 192 plates per crew per hour. A crew consists of one jigger man and a mold runner and a finisher, both of whom are women. (Labor Review, December, 1926, p. 114.)

Productivity figures in the pottery industry in Germany are based upon output per man instead of per crew. Working alone and doing his own finishing, a jigger man will make three thousand 7-inch plates or 4,800 saucers in a 48-hour week. A jigger man and a spreader working together can turn out 7,800 saucers in a 48-hour week. A jigger man working alone can in a week make 3,300 cups and finish the edges. One person working alone will cast and place handles at the rate of 3,300 cups per week. (Labor Review, December, 1926, p. 129.)

TELEPHONE AND TELEGRAPH INDUSTRY

Telephone

The complete substitution of the dial telephone system for the manual system will apparently decrease employment opportunities for operators by about two-thirds. In 1921 dial telephones formed 2.7 per cent of the total number in the Bell system. The number of operators in the Bell system was 118,470, and they handled an average of 1,260,619,367 calls (local and toll combined) per month, or 10,641 per operator. In 1930, 31.9 per cent of the total number of telephones in the Bell system were dial operated, and 143,979 operators were employed. They handled an average of 2,270,756,065 calls per month, or 15,771 per operator, an increase of 48.2 per cent over the operator productivity of 1921.

If the number of connections demanded in 1930 had been made manually on the basis of the output per operator prevailing in 1921, 69,421 additional operators would have been needed. Hence the lost employment opportunities represented by actual installations is 32.5 per cent. With the extension of the dial program, however, the per cent of loss of employment opportunities will not keep pace with the per cent of automatic installations, because operators will still be needed for special services, long-distance connections, etc. (Labor Review, February, 1932, p. 235.)

Telegraph

Commercial telegraphy: The printer telegraph has reduced the proportion of Morse telegraphers in commercial telegraph offices to 21.5 per cent of all operators. By 1931 printer circuits accounted for nearly 90 per cent of all commercial-message handlings of one large company. In the principal telegraph offices the productivity of printer operators average about twice that of Morse operators, with a resulting technological displacement of about 50 per cent. This means not only the elimination of the skilled Morse telegrapher but the substitution of women for men. The training required to operate a printer telegraph is practically the same as for operating a typewriter, and any good typist can operate a teletype.

At the end of June, 1931, in all of the commercial telegraph offices of the major companies, there were 3,678 Morse manual operators, constituting 21.5 per cent of the total number of operators employed. Of these 3,678 Morse operators, 83.9 per cent were men. Multiplex printer operators numbered 5,127, or 30.1 per cent of the total number of operators. Women comprised 83.6 per cent of the multiplex printer operators. The largest single group was the simplex printer operators, who numbered 8,249 and represented almost half (48.4 per cent) of the total number employed. Of these, 66.6 per cent were women. In 1931 women constituted 60.8 per cent of the total of all classes combined, while in 1902, when the Morse system was used exclusively, only 22.3 per cent of the operators were women.

One leading telegraph company instituted training schools to give Morse operators the opportunity to learn the simplex method of telegraphy. At the end of July, 1931, as a result of that policy, 31.2 per cent of the total number of simplex operators employed in functional offices were former Morse operators. Of the male simplex operators so employed 58.3 per cent had changed from the Morse to the new system. (Labor Review, March, 1932, p. 501.)

Ticker telegraphy: The new high-speed ticker for handling stock-market quotations is a most remarkable labor-saving mechanism. For example, on a given day, with 17 operators, it automatically printed the New York Stock Exchange quotations on 8,623 stock tickers in 43 States and Territories and in Canada, with circuits in 377 cities. The 17 operators also handled the transmission of bond quotations, which were automatically recorded on 928 bond tickers.

In 1890 some 395 tickers were in daily use in the financial district of New York City, employing 8 operators and 12 other employees. In 1930 the number of tickers had increased to 3,812, the number of operators to 17, and the total number of employees to 157. Taking 1890 as the base, or 100, the index of changes in output per operator ranged from 100 in 1890 to 1,695 in 1930, practically a 1,600 per cent increase, while the productivity of all employees combined ranged from 100 in 1890 to 459 in 1930, more than a 350 per cent increase. Taking 1920 as the base, or 100, the index of productivity of operators more than tripled, ranging from 100 in 1920 to 311 in 1930, while the index for all employees ranged from 100 in 1920 to 145 in 1930. On the basis of 1890 productivity, 288 operators instead of 17 would be required for the output of 1930; on the basis of 1920 productivity, 53 operators would be required for the output of 1930.

Actual displacement, however, exceeds hypothetical displacement. Outside of a few great centers, particularly the financial district of New York, both the transmission and reception of market quotations were formerly handled by Morse telegraphers who served newspapers and brokers' offices. This service has now been almost entirely eliminated by the use of tickers and teletype service. Reception in many brokers' offices is now handled by the "teleregister," a device which automatically displays market changes in customers' offices, and by a magnified and illuminated projection of the moving ticker tape on a screen. By 1931 teleregisters had been installed in more than 200 brokers' offices as far west as Chicago, with remoter installations planned, all handled by a single operating center in New York City. The extent of displacements as a result of these various technological changes can not be measured statistically, but in the aggregate it is very large. (Labor Review, June, 1932, p. 1269.)

Private-wire systems: Private-wire systems include private telephone exchanges, railroad wires, leased wire circuits of news agencies, the lines of brokers and investment bankers, networks used for transmitting radio programs, and wires used for interior communication in industrial establishments, institutions, etc. Private branch exchange telephones, while increasing in number, have continued in practically the same ratio to the total number of telephones in the Bell system since 1921, constituting about 19 per cent of the total. In large cities the proportion of private branch exchanges is much larger than for the entire country. The number of operators required to handle private branch exchange business was estimated by telephone officials in 1931 at 135,000 for exchanges connected with the Bell system, and at 145,000 for the entire country. Information on the extent of transition from manual to dial operation in private exchanges is not readily available, but it has not been so material as in the public exchanges. Private telephone employment has thus provided opportunities for telephone operators displaced by the machine in the wider field of public service. With the progressive extension of automatic operation to private exchanges, however, those opportunities will necessarily shrink. (Labor Review, July, 1932, p. 9.)

Railroad telegraphy

See under Transportation.

News transmission

See under Printing and Publishing.

TEXTILE INDUSTRY

Census data indicating the growth of the manufacture of textiles and their products show the following percentages of increases from 1899 to 1925: In physical volume of production, 96.5; number of persons engaged, 63.5; primary horsepower, 190.4; and production per person engaged, 20.2 per cent. (Labor Review, June, 1927, p. 54.)

Ribbons

A comparison of average output per man per hour in ribbon weaving in two selected periods in 1920 (February and April), between which a reduction in working hours had occurred, shows that 1.25 yards of 4½-inch satin taffeta ribbon were produced per man-hour in February, and 1.4 yards in April; 1.023 yards of 7-inch satin ribbon in February and 1.043 in April; and 1.137 yards of 5¼-inch taffeta in February and 1.095 in April. (Labor Review, July, 1922, p. 9.)

Cotton

A comparative study of labor productivity covering one mill manufacturing gray cloths, for a specified pay-roll period in 1911, 1916, and 1925, showed that the output of yarn for the entire process was 10.08 pounds per man-hour in 1911, 10.57 pounds in 1916, and 11.59 pounds in 1925. In spinning only, the productivity per man-hour for these three years was 45.09 pounds, 43.12 pounds, and 48.60 pounds. Productivity of weavers per man-hour, expressed in pounds, was 13.65 in 1911, 16.53 in 1916, and 24.49 in 1925. The output of cloth (entire process) was 7.95 pounds per man-hour in 1911, 8.26 pounds in 1916, and 10.31 pounds in 1925. Productivity per man-hour in the cloth finishing department, expressed in pounds, was 56.62 in 1911, 74.63 in 1916, and 63.40 in 1925; expressed in yards it was 135.47 in 1911, 192.38 in 1916, and 158.14 in 1925.

Productive labor in this study included supervisory employees (overseers and superintendents), machinists, engineers and firemen, carpenters, electricians, watchmen, and any others necessary to plant operation, as well as textile operatives.

The general increase in man-hour productivity during the 15-year period was due in great measure to the installation of modern equipment or labor-saving devices. To a considerable extent, also, it was due to better organization of the plant and more efficient management of the work. Changes and improvement in equipment in the spinning department between 1911 and 1916 called for additional workers. While apparently the personnel of that department was increased by 29 between 1911 and 1916 and by a few more between 1916 and 1925, the number of full-time workers shows an increase of only 3 between 1911 and 1916, and a reduction of 13 between 1916 and 1925. This decrease was due to the elimination of spare hands.

The introduction of automatic looms in the weaving department resulted in displacing 26 full-time weavers between 1911 and 1916, although 150 more looms were in operation in 1916 than in 1911. Further increases in the number of looms between 1916 and 1925 reduced the number of full-time weavers from 188 to 150, and one loom fixer was dropped, but with the addition of workers in maintenance operations the actual reduction of the weave-room force was 24. Improved inspection methods resulted in an increase of 11 in the cloth-inspection force between 1916 and 1925, but other workers were dropped, making a net increase of 7 in the finishing department. (Labor Review, September, 1926, p. 7.)

Data on man-hour production of cotton sheeting of standard grade (40-inch width, 47 picks to the inch) in the same establishment from 1838 to 1925, as given in a study made by the research department of the Women's Educational and Industrial Union of Boston, show the following changes: 1838, 0.98 pound; 1850, 1.21 pounds; 1876, 2.25 pounds; 1890, 3.31 pounds; 1910, 5.00 pounds; 1919, 4.98 pounds; and 1925, 7.53 pounds.

The increase of 88 per cent in productivity in 1876 over 1850 followed technical improvements in the industry, the most notable of which were the change from throstle to ring spinning and the introduction of multiple-loom operation resulting from the invention of the first stop-motion device. The next period of marked increase in productivity was 1919 to 1925, showing a 111 per cent increase in 1925 over 1919. During this period a new, up-to-date mill was erected, equipped with the most modern machinery and planned by efficiency engineers to eliminate unnecessary processes and to coordinate movements of material and workers.

In 1910, 302 weavers were employed in the weave room; in 1925 there were 66 weavers, 47 weavers' helpers, and 34 workers in new occupations created by the power looms. The work of the weavers in 1925 consisted entirely in watching the passage of the cloth through the looms and tying broken ends. The shuttles were threaded by the weavers' helpers. The average number of workers employed in the mill was 35.5 per cent lower in 1925 than in 1919, and the output per man per hour was 19.9 per cent higher. (Labor Review, October, 1926, p. 21.)

Woolen and worsted

A large proportion of the woolen and worsted manufacturing plants in the United States perform all the processes of manufacture from the wool in the grease to the completed cloth packed ready for shipment. In the European countries the work is much more specialized. Some plants are spinning mills only, some weave only, and some do dyeing and finishing only. Only a small proportion of the establishments carry out all the processes of cloth production. The automatic loom is quite generally used in American worsted mills, but has been adopted to a very limited extent in Europe, the actual number of such looms being very small.

A comparison in the man-hour production in the woolen and worsted manufacturing establishments of the United States with the man-hour production of selected sample fabrics of identical loom analysis in similar establishments in foreign countries shows the following:

Sample 1: Total time required per yard—American mill, 0.8547 hour; English mill, 1.4473 hours. The American weaver tended six looms set at a speed of 120 picks per minute; the English weaver tended two looms of the same speed.

Sample 7: Total time required per yard—American mill, 0.9788 hour; English mill, 1.4510 hours; German mill, 1.6277 hours. The American weaver tended six looms and the German weaver two looms with a speed of 120 picks per minute; the English weaver tended two looms of 130-pick speed. The number of yards produced per loom per week of 48 hours was 109.5 in the United States, 118 in England, and 93 in Germany.

Sample 12: Total time required per yard—American mill, 0.5683 hour; English mill, 0.9988 hour; French mill, 0.9885 hour. The French and English weavers each tended only one loom, geared to 96 picks per minute. The American weaver ran two looms operating at 100 picks per minute.

The time consumed in dressing and weaving 1 yard of 54-inch broadcloth was 0.5100 man-hour in the American mill, 0.5630 man-hour in the English mill, and 0.8800 hour in the German mill. The American ran two looms at 112 picks per minute and produced 124 yards per loom in a 48-hour week. The English and German weavers tended only one loom each, of 80-pick speed, producing in a 48-hour week 140 yards per loom in the English mill and 98 yards per loom in the German mill. (Labor Review, September, 1928, p. 1.)

TRANSPORTATION

Railroads

Labor productivity: Considering all employees engaged in railroad work—executives, officials, professional men, clerks, and all employees doing railroad work of whatever nature—96.03 tons of freight and 8.08 passengers were moved a distance of 1 mile per man-hour in 1924, as compared with 94.21 tons of freight and 7.82 passengers in 1923, and 88.62 tons of freight and 8.37 passengers in 1922. Eliminating all employees except those actually engaged in transportation, 293.27 tons of freight and 24.67 passengers were transported 1 mile per man-hour in 1924, as compared with 290.36 tons of freight and 24.12 passengers in 1923, and 267.68 tons of freight and 25.29 passengers in 1922. Continuing the process of elimination, road freight employees actually handling the trains moved 1,070.05 ton-miles of freight per man-hour in 1924, 993.55 ton-miles in 1923, and 971.19 in 1922. Road passenger employees produced 305.69 passenger-miles per man-hour in 1924, 316.20 in 1923, and 304.63 in 1922. (Labor Review, April, 1926, p. 72. Based on data compiled by Interstate Commerce Commission.)

Interstate Commerce Commission reports for January, 1926, showed that the average amount of coal shoveled by railroad firemen in road service was as follows: Freight firemen in the eastern district, 7.6 tons per average day (263.7 pounds per locomotive-mile); and in the southern district, 7.8 tons per day (270.3 pounds per locomotive-mile); passenger firemen in the eastern district, 7.3 tons per day (114.8 pounds per locomotive-mile); and in the southern district, 7.5 tons per day, or 119 pounds per locomotive-mile. (Labor Review, June, 1926, p. 74.)

The development in the size and power of locomotive engines during the last two decades has brought about an increase in the labor and the productivity of firemen. Estimates based on Interstate Commerce Commission statistics indicate that from 1903 to 1925 gross ton-miles per train-hour increased 135 per cent, and from 1921 to 1926 they increased 39 per cent. (Labor Review, September, 1927, p. 35.)

The productive output of railroad labor has increased about 40 per cent since 1915 and about 150 per cent since 1890. (Labor Review, March, 1927, p. 1.)

Technological changes: Automatic signals are rapidly displacing watchmen and gatemen at highway crossings. The per cent of displacement ranges from about 50 per cent where combined manual and automatic control is used to 100 per cent where control is wholly automatic. The estimated number of employment opportunities lost through the installation of automatic signal devices and elimination of grade crossings up to 1930 is 44,343. Grade crossings guarded by watchmen operating gates or hand signals constituted 53.7 per cent of the total number of protected crossings in 1924 and 38.7 per cent in 1930. Automatically controlled crossings constituted 61.3 per cent of all protected grade crossings in 1930. The average number of gatemen and flagmen actually on duty at crossings dropped from 23,007 in 1924 to 19,835 in 1930. Specific examples show reduction of staff from 111 to 57; from 27 to 9, etc., after installation of automatic devices in given areas. (Labor Review, April, 1932, p. 759.)

Telephones, printer telegraphs, automatic block-signal systems, interlocking machines, and centralized traffic-control systems used in the movement of trains are rapidly eliminating the telegraph formerly used to transmit train orders, and are thus displacing Morse operators. Printer-telegraph machines used in handling freight-yard traffic are displacing not only Morse telegraph operators but messengers. Information relating to train movements and orders, formerly furnished to the dispatching service by telegraphers and telephoners, now comes through moving lights on a miniature railway system or by an automatic graph which provides a permanent record. Employment in the train-movement group known as telegraphers, telephoners, and towermen declined from 27,226 in 1921 to 18,185 at the close of 1931, a decline of 33.2 per cent. Messengers and office assistants, who were affected by the use of the telephone and teletype on local and intraoffice circuits, dropped from 6,819 in 1921 to 4,642 at the end of 1931, or 31.9 per cent. The decline in employment level between 1921 and 1931 of the entire group of railroad employees classed as communications group, which has been most definitely affected by the technological changes under discussion, was 24.2 per cent.

A centralized traffic-control installation governing 43 miles of single and 19 miles of double track took over the handling of 131 signals and switches and dispensed with 16 operators. A centralized traffic-control machine installed in an interlocking tower regulated traffic on 30.3 miles of single track and displaced 7 telegraphers; in a similar instance involving 33.7 miles of road 11 operators were released. Where train orders are transmitted by teletype there may be no numerical displacement, but typists take the place of skilled Morse operators. Telephony in railroading is passing from manual to automatic operation through the dial system. (Labor Review, May, 1932, p. 1017.)

Water

The number of persons employed on American vessels, as shown by the fifth census of water transportation taken by the United States Bureau of the Census in 1926, increased from 178,593 in 1916 to 204,393 in 1926, or 14.4 per cent. Two-thirds of the total number were engaged in the freight and passenger service in 1926. In that year the number of passengers per employee had increased 26 per cent over the number for 1916, and 51.7 per cent more freight was handled per employee, a very substantial increase in productivity for the decade. (Labor Review, July, 1929, p. 82.)

British statistics show a decrease in the total number of employees necessary to operate a given tonnage of shipping, from 2,132 per 100,000 net tons in 1911 to 2,084 in 1926. These figures also show an interesting shift in distribution. The number of persons employed in both deck and engine departments decreased between 1911 and 1926, while the steward's department and "other employees" increased materially. "The decrease in the number of persons employed in the engine room may be attributed partly to the increased use of fuel oil by steamships and partly to the increased employment of motor vessels." The increase in the group of "other employees" may be accounted for by the large growth in the luxury type of passenger vessels, this group thus including wireless operators, and musicians, entertainers, and persons in similar occupations connected with social activities on such liners. (Labor Review, November, 1927, p. 30. Based on British census of seamen.)

Longshore labor: A study of longshore labor efficiency at the port of New York by the National Adjustment Commission covering the years 1914, 1919, and 1920 gives the amount of general cargo loaded per man-hour as 0.91 ton in 1914, 0.44 ton in 1919, and 0.52 ton in 1920. Bureau of Labor Statistics figures (based on data from United States Shipping Board) give output in loading and discharging operations of representative ships of the Emergency Fleet Corporation at seven specified ports for 1922. The amount of general cargo loaded per man-hour varied from 0.60 ton at the port of Boston to 1.70 tons at Seattle, with a total of 1.23 tons for all ports. The amount handled per man-hour in discharging ranged from 0.69 ton at Baltimore to 1.14 tons at Norfolk, with a total of 0.87 ton for all ports. (Labor Review, February, 1924, p. 109.)

By the installation of platform trucks in longshore operations 5 trucks manned only by drivers can now do the work done by a crew of 16 men formerly used to work 2 bulkheads. Transferring a crated automobile a couple of hundred feet, which formerly required 10 to 15 men and sometimes required 20 to 30 minutes, can now be done in a few minutes of one man's time, without physical effort, by using a power truck. (Labor Review, October, 1926, p. 32. Quoting Harold J. Payne, in the Pacific Marine Review, August, 1926, p. 366.)

The findings of a Bureau of Labor Statistics field study of productivity of labor in loading and discharging ship cargoes in foreign, intercoastal, and coastwise trade in the major American ports were in part as follows:

In discharging foreign cargo the average productivity per man-hour is shown to vary from 0.57 long ton for the big passenger liners in New York to 1.85 long tons in the oriental trade of Portland, Oreg. In the intercoastal trade, productivity per man-hour varies from 0.53 short ton in Charleston to 1.32 short tons in Mobile; and in the coastwise trade from 0.51 long ton in Galveston to 1.54 short ton in Los Angeles.

In loading foreign-trade cargo the productivity per man-hour varies from 0.50 long ton for Charleston, S. C., to 1.45 long tons for Mobile. In the intercoastal trade the variations in loading are from 0.53 short ton per man-hour in Boston to 1.28 short tons in Portland, Oreg. In the coastwise trade the loading productivity per man-hour varies from 0.69 short ton in Charleston to 1.51 short tons in Seattle and Galveston.

Productivity rates vary widely as between ships with maximum and those with minimum efficiency. For example, in discharging cargo in intercoastal trade in Seattle the range is from 2.38 long tons to 0.77 long ton per man-hour.

Pier and ship equipment are of primary importance in determining efficiency of the port and productivity of longshore labor. The speed of the winches, or "ship's gear," and their location with relation to the hatchways very largely determine productivity in handling a ship's cargo. In this respect the intercoastal liners, as a group, are better equipped than are the foreign-trade ships, as their winches are more powerful and efficient Some winches on the west coast, particularly those used in discharging raw sugar at San Francisco, are capable of handling 150 or more loads per hour, while 40 to 50 loads per hour is fairly representative of the capacity of the majority of winches found on foreign-trade vessels. The intercoastal winches are not only more efficient in handling cargo, but they require a smaller gang than is needed for the average winch.

Equipment other than ship's gear must be used to move cargo between the shed and the apron of the pier, and still other devices must be used for piling cargo. The common 2-wheel hand truck is still used on many piers to handle cargo between the shed and the apron of the pier. It is, however, rapidly being replaced by power platform trucks on the more modern docks. Portable conveyors are also used in several instances. Hand processes for piling cargo are used to some extent, particularly in handling raw sugar, but most ports use some sort of mechanical device for stacking, with resulting large reductions in the cost of that process. Cargo stowage is still hand labor, and should be regarded as skilled labor, as it requires experience and judgment to insure the safety both of the cargo and of the ship in passage. With the exception of an occasional application of gravity rollers and dollies, practically no device of any kind is used to facilitate transfer of individual pieces of cargo from the center of the hatch to their place of stowage, which may be some 30 to 50 feet from the center of the hatch.

Special equipment is provided at some piers for discharging individual commodities in which the pier specializes. In handling bananas, for instance, pocket belt conveyors are generally used. In New Orleans and Mobile these conveyors constitute permanent

equipment of the banana piers. Before the conveyor system was introduced in the port of New York, in 1925, the average productivity for 66 ships handled by one line was 12.42 stems of bananas per man-hour. In 1926 with the conveyor system in operation, the average productivity for 97 ships handled by the same concern was 18.37 stems per man-hour, an increase of nearly 50 per cent in man-hour output. Improved equipment and processes used in discharging raw sugar have increased productivity in one instance from 14.1 Cuban bags per man-hour with a gang of 29 longshoremen in 1923 to 27.1 bags per man-hour with a gang of 22 men in 1928. (U. S. Bureau of Labor Statistics Bul. No. 560: Cargo handling and longshore labor conditions, 1931.)

UNITED STATES GOVERNMENT

Postal Service

Efficiency in the handling of mails by the United States Postal Service has been promoted in recent years both by mechanization and by improved administrative methods. Mechanical tables, canceling and postmarking machines, automatic conveyors, and automotive transportation are among the mechanical devices which have been instituted to expedite the handling and distribution of both letter and package mail.

The index of productivity in the Postal Service increased from a base of 100 in 1908 to 171.8 in 1930, declining, because of falling off in business, to 163.4 in 1931. The index of total volume of output handled rose from 100 in 1908 to 265.2 in 1930, and fell to 249.4 in 1931.

Estimating output on the basis of 1908 efficiency, at which time the average output per employee was 82,086 units, 196,623 more employees would have been required to handle the peak load of 1930 than were actually employed, and in 1931 the employment of an additional 171,739 workers would have been necessary. Thus, the per cent of employment opportunities lost through greater efficiency in the Postal Service increased from 9.2 per cent in 1910 to 40.2 in 1926 and 41.8 in 1930. The decrease in the amount of postal business brought the figure for 1931 below that of 1926, or to 38.8 per cent. (Labor Review, October, 1932, p. 745.)

INCREASE IN LABOR PRODUCTIVITY, 1898 TO 1927

Computations of the increase in total productivity and in output per worker during the 30 years from 1898 to 1927 in the principal branches of American industry are contained in the annual report of the Secretary of Commerce for the fiscal year ended June 30, 1928. The table presented below shows indexes of gain in efficiency of industry and is compiled from the data contained in the report of the Secretary. This table, which even in years covered by census statistics necessarily involves a considerable resort to estimation, nevertheless shows within a reasonable margin the true tendency of American industry since the beginning of the century and in the years immediately following the close of the World War.

Indexes of gain in efficiency of industry[1]

[Data for manufactures refer to 1899, 1919, and 1927. Other data are averages for the periods 1898–1900, 1918–1920, and 1926–27]

Industry	Number of workers		Indexes on base 1898–1900=100			Value of output, 1898–1900, used for weighting
	1898–1900	1926–27	Number of workers	Quantitative output	Output per worker	
Agriculture	10,700,000	10,500,000	98	155	157	$3,500,000,000
Mining	600,000	1,050,000	176	379	215	600,000,000
Manufactures	5,300,000	9,880,000	186½	279	149½	4,830,000,000
Rail transportation	975,000	1,865,000	191½	308	161	1,300,000,000
Total or average	17,575,000	23,295,000	132.5	246 208½	185½ 157	10,230,000,000

Industry	Number of workers		Indexes on base 1918–1920=100			Value of output, 1918–1920, used for weighting
	1918–1920	1926–27	Number of workers	Quantitative output	Output per worker	
Agriculture	11,300,000	10,500,000	93	118	127	$15,700,000,000
Mining	1,050,000	1,050,000	100	138	138	3,175,000,000
Manufactures	10,675,000	9,725,000	91	130½	143	24,750,000,000
Rail transportation	2,035,000	1,865,000	91½	102½	112	4,725,000,000
Total or average	25,060,000	23,140,000	[2] 92.3	[3] 124 [4] 123	134½ 133	48,350,000,000

[1] Given in U. S. Bureau of Labor Statistics, Bul. No. 491, p. 619.
[2] Actual change in number of workers.
[3] Weighted by value.
[4] Weighted by workers.

OUTPUT PER EMPLOYEE IN MANUFACTURING INDUSTRIES, 1919 TO 1925

Upon completion of the 1925 Census of Manufactures, the United States Department of Commerce compiled a table showing, by census years from 1899 to 1925 and by principal industries, index numbers of the total number of persons engaged in manufacturing industries and of the physical volume of production. This table is reproduced below, the only change being the addition of the line showing "production per person engaged" in each industry group, these figures having been computed by the Bureau of Labor Statistics from the basic data given in the original statement. In comparing these figures with somewhat similar ones published in studies by the Bureau of Labor Statistics, it is to be noted that these figures relate to all "persons employed" and not merely to wage earners, and thus include office and supervisory employees.

Index numbers showing growth of manufactures, by industrial groups, 1899 to 1925[1]

[The data for "All industries" given in this table for number of persons engaged and primary horsepower are based upon complete census totals, but those for the individual groups are derived from figures covering only those industries directly represented in the index; i. e., those industries for which statistics are available showing the physical volume of output of their principal products. Such industries comprise about 50 per cent of all industries, as measured by number of persons engaged, primary horsepower, or value added by manufacture, but among the several groups this proportion varies from about 20 per cent for paper and printing to practically 100 per cent for tobacco products. Although the index is probably a reliable measure of changes in output for manufactures as a whole and for a number of individual groups, yet for a few groups, owing to limitations of data, the index is not typical of the entire groups represented. For this reason the three sets of data have been made to cover the same industries in each group, and are to that extent comparable]

Industry group	Index numbers (1919=100)								Per cent of increase 1899–1925
	1925	1923	1921	1919	1914	1909	1904	1899	
All industries:									
Physical volume of production	128.6	122.1	79.3	100.0	78.1	73.5	56.4	46.2	172.4
Number of persons engaged	91.4	96.2	77.3	100.0	76.4	71.0	57.5	48.9	86.9
Primary horsepower	121.8	112.8	-------	100.0	76.0	63.3	45.7	34.2	256.1
Production per person engaged	140.7	126.9	102.6	100.0	102.2	103.5	98.1	94.5	49.0
Food and kindred products:									
Physical volume of production	116.4	111.6	93.5	100.0	80.8	74.8	65.1	53.0	119.6
Number of persons engaged	81.3	83.5	76.1	100.0	71.1	62.7	53.8	49.2	65.2
Primary horsepower	115.8	107.6	-------	100.0	81.5	70.4	60.7	49.1	135.8
Production per person engaged	143.2	133.7	122.9	100.0	113.6	119.3	121.0	107.7	33.0
Textiles and their products:									
Physical volume of production	119.3	122.9	96.8	100.0	96.8	91.9	71.9	60.7	96.5
Number of persons engaged	104.5	111.1	95.0	100.0	89.3	85.2	71.7	63.9	63.5
Primary horsepower	126.6	116.7	-------	100.0	83.7	70.0	53.9	43.6	190.4
Production per person engaged	114.2	110.6	101.9	100.0	108.4	107.9	100.3	95.0	20.2

[1] Labor Review, June, 1927, p. 52.

Index numbers showing growth of manufactures, by industrial groups, 1899 to 1925—Continued

Industry group	Index numbers (1919—100)								Per cent of increase 1899–1925
	1925	1923	1921	1919	1914	1909	1904	1899	
Iron and steel and their products:									
Physical volume of production	131.5	131.2	56.6	100.0	71.1	75.3	51.8	43.2	204.4
Number of persons engaged	95.6	102.1	65.5	100.0	68.2	58.3	46.3	38.9	145.8
Primary horsepower	114.1	110.3	-------	100.0	71.1	59.1	43.0	28.0	307.5
Production per person engaged	137.6	128.5	86.4	100.0	104.3	129.2	111.9	111.1	23.9
Lumber:									
Physical volume of production	113.6	110.1	79.9	100.0	110.6	137.3	104.0	106.4	6.8
Number of persons engaged	94.1	98.9	73.9	100.0	99.5	113.9	83.0	87.4	7.7
Primary horsepower	86.9	81.9	-------	100.0	92.9	98.2	63.2	58.3	49.1
Production per person engaged	120.7	111.3	108.1	100.0	111.2	120.6	125.3	121.7	[1] 8
Leather and its remanufactures:									
Physical volume of production	93.4	105.6	85.2	100.0	87.4	87.7	81.5	69.8	33.8
Number of persons engaged	90.6	99.8	81.8	100.0	85.7	84.7	70.1	65.4	38.5
Primary horsepower	106.9	105.9	-------	100.0	80.5	69.1	51.2	40.8	162.0
Production per person engaged	103.1	105.8	104.2	100.0	102.0	103.5	116.3	109.7	[1] 3.4
Paper and printing and related industries:									
Physical volume of production	152.8	137.1	93.4	100.0	87.5	69.8	51.9	36.6	317.5
Number of persons engaged	108.8	106.5	92.4	100.0	76.5	65.2	56.1	42.4	156.6
Primary horsepower	131.1	117.7	-------	100.0	87.6	70.5	59.1	41.2	218.2
Production per person engaged	140.4	128.7	101.1	100.0	114.4	107.1	92.5	86.3	62.8
Chemicals and allied products:									
Physical volume of production	140.6	125.1	94.5	100.0	70.7	58.8	42.9	30.2	365.6
Number of persons engaged	91.8	95.7	77.6	100.0	70.3	60.5	49.5	42.3	117.0
Primary horsepower	147.1	134.8	-------	100.0	72.6	49.6	35.0	21.9	571.7
Production per person engaged	153.2	130.7	121.8	100.0	100.6	97.2	86.7	71.4	114.6
Stone, clay, and glass products:									
Physical volume of production	179.1	155.6	93.3	100.0	113.5	104.3	78.9	67.3	166.1
Number of persons engaged	115.1	115.7	84.1	100.0	110.4	95.4	81.8	68.4	68.3
Primary horsepower	151.5	124.7	-------	100.0	98.4	74.9	44.6	28.0	441.1
Production per person engaged	155.6	134.5	110.9	100.0	102.8	109.3	96.5	98.4	58.1
Metals and metal products other than iron and steel:									
Physical volume of production	132.4	125.7	66.5	100.0	64.9	60.6	44.5	31.4	321.7
Number of persons engaged	81.2	91.2	53.6	100.0	66.4	61.2	51.6	43.3	87.5
Primary horsepower	114.0	117.5	-------	100.0	53.8	44.1	28.3	19.8	475.8
Production per person engaged	163.1	137.8	124.1	100.0	97.7	99.0	86.2	72.5	125.0
Tobacco manufactures:									
Physical volume of production	124.4	109.8	95.3	100.0	76.4	66.6	57.8	46.3	168.7
Number of persons engaged	79.9	91.2	93.4	100.0	116.3	108.9	103.4	86.6	[1] 7.7
Primary horsepower	97.0	100.3	-------	100.0	80.5	65.7	56.7	51.4	88.7
Production per person engaged	155.7	120.4	102.0	100.0	95.7	61.2	55.9	53.5	191.0
Vehicles for land transportation:									
Physical volume of production	238.3	199.5	76.8	100.0	36.0	17.8	9.3	5.0	4,666.0
Number of persons engaged	108.3	114.8	65.2	100.0	54.9	42.5	29.9	25.4	236.4
Primary horsepower	182.5	148.9	-------	100.0	51.2	35.6	19.5	13.4	1,261.9
Production per person engaged	220.0	173.8	117.8	100.0	65.6	41.9	31.1	19.7	1,016.8
Ship and boat building:									
Physical volume of production	7.0	7.9	30.7	100.0	7.3	7.2	10.0	9.0	[1] 22.2
Number of persons engaged	13.5	65.4	27.8	100.0	11.8	10.9	13.2	11.9	13.4
Primary horsepower	54.8	57.4	-------	100.0	20.8	15.9	14.1	11.2	389.3
Production per person engaged	51.9	12.1	110.4	100.0	61.9	66.1	75.8	75.6	[1] 31.3
Rubber:									
Physical volume of production	158.8	130.8	80.0	100.0	32.3	21.0	-------	-------	-------
Number of persons engaged	79.7	80.5	62.7	100.0	41.5	25.2	21.9	18.7	326.2
Primary horsepower	152.8	140.9	-------	100.0	40.4	28.5	20.2	16.6	820.5
Production per person engaged	199.3	162.5	127.6	100.0	77.8	83.3	-------	-------	-------

[1] Decrease.

GROWTH IN USE OF POWER EQUIPMENT IN THE UNITED STATES, 1849 TO 1923

The substitution of mechanical for hand power is, of course, the main factor responsible for the very great increase in the productivity of American industry. A study published by the United States Geological Survey attempts to measure, as precisely as existing statistics permit, the development of power equipment over a period of years in each of the major fields of industrial activity. The following table, taken from the study referred to, shows the equipment utilized per wage earner, in different activity groups, for the same years. It will be seen that during the 25 years from 1899 to 1923, the horsepower equipment utilized per wage earner increased from 1.40 to 3.76 in manufactures, from 3.36 to 6.52 in mines and quarries, and from 2.32 to 4.74 in agriculture.

Horsepower of prime movers utilized per wage earner in different activities and groups, 1849 to 1923[1]

HORSEPOWER

Year	Manufactures	Mines and quarries	Agriculture	Electric central stations	Electric railroads	Steam railroads	Ships	"Manufactures"[2]	"Materials"[3]	"Heavy transportation"[4]	"Manufactures" and "materials"
1849	0.92	0.61	1.32	-------	-------	2.4	7.0	0.92	1.31	4.1	1.23
1859	1.07	.95	1.72	-------	-------	7.8	11.2	1.07	1.70	8.8	1.58
1869	1.14	2.11	1.63	-------	-------	10.2	12.1	1.14	1.65	10.6	1.52
1879	1.25	2.61	1.80	-------	-------	14.0	12.5	1.25	1.82	13.8	1.63
1889	1.40	3.36	2.32	24.0	1.97	21.8	18.8	1.40	2.39	19.9	2.03
1899	1.90	4.63	2.29	48.0	8.18	22.5	24.3	2.02	2.44	21.0	2.30
1909	2.82	4.77	2.52	95.0	14.87	30.2	25.8	3.13	2.70	27.9	2.85
1919	3.26	6.17	4.10	127.5	21.49	37.8	38.1	3.32	4.37	35.8	3.90
1923	3.76	6.52	4.74	157.0	22.25	40.3	51.3	3.85	5.05	37.4	4.51
INDEX NUMBERS (1899=100)											
1849	48	13	58	-------	-------	11	29	46	54	20	53
1859	56	21	75	-------	-------	35	46	53	70	42	69
1869	60	46	71	-------	-------	45	50	56	68	50	66
1879	66	56	79	-------	-------	62	51	62	75	66	73
1889	74	73	101	50	24	97	77	69	98	95	90
1899	100	100	100	100	100	100	100	100	100	100	100
1909	148	103	110	198	182	134	106	155	111	133	124
1919	172	133	179	266	262	168	157	164	179	170	170
1923	198	141	207	327	272	179	211	190	207	178	196

[1] Labor Review, July, 1928, p. 36. Based on U. S. Geological Survey. Water supply paper 579: Power capacity and production in the United States, 1928.
[2] Based on 50 commodities, and including prime movers installed in manufactures and electric central stations minus the estimated prime movers of central stations utilized in mines and quarries, agriculture, and electric railroads.
[3] Includes prime movers utilized in mines and quarries, agriculture, and irrigation and drainage.
[4] Includes prime movers utilized in electric railroads, steam railroads, and ships.

Mr. HALE. Mr. President, I ask unanimous consent that when the Senate concludes its business to-day, it recess until 12 o'clock noon to-morrow.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. HALE. Mr. President, I offer the following unanimous-consent agreement and ask that the clerk may read it.

The VICE PRESIDENT. The clerk will read, as requested.

The legislative clerk read as follows:

Ordered, by unanimous consent, That after the hour of 5.30 o'clock p. m. to-day, no Senator shall speak more than once or longer than 15 minutes upon the pending bill, H. R. 13520, or any amendment or motion relating thereto.

The VICE PRESIDENT. Is there objection?

Mr. CONNALLY. Mr. President, does that mean we can not talk on anything either relating to the bill or any other subject?

The VICE PRESIDENT. Not longer than 15 minutes.

Mr. JOHNSON. Mr. President, may I ask the Senator from Maine if it is his purpose to take a recess if the unanimous-consent agreement be entered into?

Mr. HALE. If an agreement can be reached by unanimous consent I shall be willing to recess until to-morrow.

Mr. JOHNSON. One other query: The proposal provides a 15-minute limitation on the bill and 15 minutes on any amendment thereto?

Mr. HALE. That is correct.

Mr. JOHNSON. I have no objection.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

EMERGENCY LEGISLATIVE PROGRAM OF FARM ORGANIZATIONS

Mr. CONNALLY. Mr. President, I ask unanimous consent that there may be printed in the RECORD a radio address of Edward A. O'Neal, president of the Farm Bureau Federation, delivered on January 14 on the subject of Emergency Legislative Program of Farm Organizations.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

The condition of agriculture in the Nation is so desperate that we must have immediate relief. Too long has Congress dilly-dallied with half-way measures which do not go to the heart of the trouble and which merely postpone the evil day. We must go to the root of our trouble with direct methods that will get results and start our Nation back on the road to prosperity.

The first step is to restore the purchasing power of agriculture. Eighty million of our people are without adequate purchasing power because of the terrible plight of agriculture. In 1919, the purchasing power of agriculture amounted to $16,000,000,000 and the total farm property was valued at $78,000,000,000.

What a different picture to-day! The annual total income of agriculture has dropped more than $10,000,000,000. This means a total annual loss to agriculture exceeding the total European war debt owed to us. The value of farm property has dropped more than $20,000,000,000 since 1919. The agricultural income has dropped more than $6,500,000,000 since 1929 and is now less than one-half the 1929 figures.

The average level of farm prices in 1919 was 209 per cent of pre-war level. In 1929 it was 138 per cent; now it is 52 per cent. This is what he gets when he sells. When he goes to buy he pays 106 per cent of pre-war prices. There is no equality in this.

In the face of this enormous decline in income, farmers are staggering under enormous burdens of taxes and debts with a total farm tax level two and one-half times the pre-war amount and a farm-mortgage debt three times the pre-war level. Furthermore, agriculture has had to absorb a heavy burden of taking care of the unemployed.

Is it any wonder in the face of such conditions as these that ten to thirteen million people in the cities are unemployed? That factories and mills are closed or working only on a part-time basis and business in general stagnating?

It is the task of our national leadership to stop the paralyzing forces of deflation that have been going on for the past several years and readjust our economic margin so that it can function in a normal way.

I am hopeful that we will not have to wait much longer for effective relief. The people of the Nation have spoken in no uncertain terms, demanding such relief. We farm leaders are doing everything in our power to speed effective action. Immediately following the last annual meeting of the American Farm Bureau Federation I hastened to Washington, accompanied by Secretary Winder and several members of our legislative committee, to secure action upon our program. I called together leaders of all the national farm organizations and the principal cooperative associations to confer together and agree, if possible, upon a joint program for the rehabilitation of agriculture. A representative of the President elect sat in with us during our deliberations, and we were assured that if the farm leaders could agree upon a program for agriculture the President elect would support that program. This in itself augurs well for a new day for American agriculture.

At the conference of farm leaders held in Washington December 12–15, an agricultural-relief measure was unanimously agreed upon. We also agreed upon an emergency credit program and a monetary program. I want to tell you briefly about these emergency measures for which we are fighting. The next morning, after the farm leaders had agreed upon the program, the House Committee on Agriculture, at the call of Chairman JONES, of Texas, met to hear these proposals. The committee, after study and consideration of this program, reported it favorably to the House, with some modifications. The House leadership cleared the way for prompt consideration by the House, with the result that the bill, with some modifications, was passed by a vote of 203 to 151—just 30 days to a day from the date the farm leaders met to work out a plan.

The opposition was led by the minority party in the House. The bill was supported by 139 Democrats, 63 Republicans, and 1 Farmer-Labor; and opposed by 101 Repuolicans and 50 Democrats.

The enactment of the plan into law now depends upon the Senate and the President of the United States.

I can not understand how Representatives from agricultural districts can vote against the farmer and vote just as the big packers and millers and cotton spinners would like to have them vote. Neither can I understand how any Representative from a cotton-growing district can vote against placing a tariff on jute and jute products, as was proposed in the bill, to protect our cotton industry against the importation of this cheap material from India.

Organized agriculture won another great victory when it succeeded in putting in this bill a provision for a tariff of 5 cents per pound on the vegetable, animal, and marine oils that displace our butter, our beef fats, and cottonseed oil. This is the first time this proposal has ever been approved by either House of Congress.

I want to warn you against a whispering campaign that is going on here against our bill to the effect that this is a bad bill because it is such a new proposal and the farmers do not know anything about it. I think all agree with me that it is high time we had something new besides foreclosures, ruinous prices, tax sales, and inadequate incomes to buy the necessities of life. I think the country generally is tired of the theory that we must maintain the status quo or the country will go to ruin. A lot of us who are close to actual conditions realize all too well that the country is perilously near to that condition already as a result of maintaining the status quo, and that something radically different must be done without further delay.

I want to tell you briefly just what this bill proposes to do for agriculture and let you be the judge of whether it is a good bill or not for this emergency.

Primarily, it is to restore prices of seven of the great basic agricultural commodities of the country—wheat, cotton, hogs, dairy products, tobacco, peanuts, and rice. It is not a bill to fix prices, as our opponents have said. It does not provide for any agricultural commodity's being bought and sold at a fixed price. The farmer will continue to sell in the same markets, through the same marketing machinery, and at price levels established by the same factors as at present. But the legislation does provide that over and above the price received by the farmer through existing marketing channels he will receive a premium which, together with the price received for his products, will be sufficient to give the farmer a fair return for what he produces—a return that will give a fair exchange value for the commodity—a return that will place agricultural commodities upon a parity with industrial commodities.

How is that fair return determined? In the pre-war period, agricultural prices bore a much more favorable relation to industrial prices than since the war. Those relationships were established over a long period, undisturbed by unsettled world-wide economic disturbances and discriminations against agriculture such as have grown up or multiplied since the war. In the pre-war period, the average price to the farmer, for instance, for wheat was approximately 88 cents a bushel, cotton 12 cents a pound, hogs 7 cents a pound, tobacco 10 cents a pound, rice 90 cents a bushel, peanuts 3½ cents a pound, and butterfat 28 cents a pound. Since that time prices for such commodities have declined to lower and lower levels. To-day, as a result, wheat, for instance, has suffered a loss since the pre-war period of approximately 65 per cent of its purchasing power, cotton 53 per cent of its purchasing power, hogs 59 per cent of their purchasing power, tobacco 19 per cent of its purchasing power. Under the bill passed by the House of Representatives, the commodities covered by the measure will again have their pre-war purchasing power or exchange value when the bill is fully in operation.

On the 1933 crops a premium will be paid for cotton, wheat, tobacco, hogs, dairy products, peanuts, and rice, in an amount so that added to the average price that the farmers receive locally throughout the country, the farmer will be receiving for his commodity an amount sufficient to buy as much to-day as he bought in the pre-war period. And should the general price level for the things the farmer buys remain the same during the next marketing season as it is to-day the farmer would, under the bill, be receiving on the portion of his crop consumed domestically, for instance for his wheat, 93 cents a bushel; for his cotton, 12½ cents a pound; for his hogs, $7.38 a hundredweight; for his

tobacco, 14½ cents a pound; for his rice, 92 cents a bushel; for his butterfat, 26 or 28 cents a pound—less in each case a small deduction for administrative expenses. Thereby the farmer's products will be placed on a parity with industrial products, and the price for agricultural commodities will again bear the same relation to the price for industrial commodities as they bore during the pre-war period.

I ask, which of you wheat farmers would rather take 93 cents per bushel for wheat than 30 cents? Which of you cotton farmers would rather take 12½ cents per pound for cotton than 5 cents per pound? Which of you tobacco growers would rather have 14½ cents per pound instead of 8 cents per pound? Which of you hog producers would prefer $7 per hundred to $3? All who would prefer existing prices to those assured under the terms of this bill naturally can classify themselves as being against the bill.

The legislation passed by the House of Representatives, if enacted into law, will place in the hands of the farmer during the next year about a billion dollars additional purchasing power—a billion dollars with which to pay his debts, buy new farm equipment and supplies, and maintain his family.

The measure also provides for relief not only on 1933 crops but also for the period commencing 30 days after the passage of the bill, and running up to the commencement of the 1933 marketing season for the particular commodity. During this initial period, in order to place the plan into effect gradually with a minimum of disturbance, the benefits paid to the farmer will be about one-half of the disparity existing between agricultural and industrial prices. During this initial period the farmer will receive a premium that, coupled with the price he receives from the sale of his products, will give him a total return on the portion of his crop consumed domestically in the case of cotton of 9 cents a pound, in the case of wheat 75 cents a bushel, in the case of hogs $5 per hundredweight, in the case of rice 75 cents a bushel, in the case of peanuts 3 cents per pound, and in the case of butterfat 26 cents a pound. This premium during the initial period will benefit the farmer who now has his commodity on hand. In the case of crops like wheat and cotton, the premium during the initial period will benefit that farmer who has a carry-over from his 1932 production. The carry-over in the hands of the farmer or his cooperative association, but not in the case of anyone else, may be marketed, and upon marketing the farmer will receive the initial period premiums.

In return for the benefits on the 1933 crops of wheat, cotton, tobacco, peanuts, and rice, and in return for the benefits payable upon hogs at all times, the farmer must do his part in meeting the present situation as to agricultural surpluses. The farmer must reduce his 1933 crop acreage 20 per cent; he must reduce his hog tonnage 20 per cent if he is to receive the benefits.

There is no compulsion on the farmer to make this reduction, except that if he, through selfish interests, feels that he would rather play a lone hand than cooperate with his neighbors, then he is not entitled to the benefits. He need not reduce his acreage or his hog tonnage unless he feels it in his interest to do so, but by the same token, if he fails to do so, he must be content with the market price for his commodity and will not receive any premium. In the case of dairy products, no reductions are required for dairy products which are not to-day on a surplus basis; and in the case of carry-over of wheat, cotton, tobacco, rice, and peanuts, marketing during the initial period, no reduction in acreage need be shown, for obviously those crops were planted before the legislation came into effect. Similarly, no reduction of acreage is required of wheat of this winter's planting, for that acreage was set out before the bill comes into effect; and further, the condition of winter wheat is so poor—the worst in many years—that as a result it is unlikely that there will be any surplus produced.

By these various control measures for acreage and tonnage reduction, it is felt that the farmer will be doing his part toward making the plan workable, toward eliminating abnormal surpluses for the future, and toward cutting down surpluses now on hand. By making such reductions, the farmer will be aiding the Government in making effective this plan for the restoration of parity between the price levels for agricultural and industrial commodities.

Most of the commodities covered by the legislation are produced in amounts in excess of the needs of domestic consumption. The resulting surpluses place the commodity on an export basis and subject in large measure the whole production of the commodity to world price levels. The farmer is entitled to a parity price for all his commodity consumed domestically, but not for that portion of his production that is a surplus over and above domestic needs. Therefore, under the terms of the bill, the farmer will receive the premiums provided on only that portion of his commodity that he produces for domestic consumption. The portion so needed will be proclaimed by the Secretary of Agriculture on the basis of past domestic consumption.

Using wheat, cotton, and hogs as illustrations, the farmer will receive premiums on approximately 70 per cent of his wheat, 40 per cent of his cotton, and 90 per cent of his hogs. In the case of dairy farmers, premiums will be paid on 80 per cent of their butterfat. The remainder of the farmer's production will, under the bill, be sold, as now, at the prevailing market levels and will not receive the benefit of any premiums. Thereby, the farmer will receive a fair return on his production for the domestic market, but on his production for the world market he will, as now, receive only the prevailing market price.

How does the bill operate to bring these benefits to agriculture? The plan is not nearly so complicated as its enemies would have you believe. All the farmer has to do is submit his evidence in the form of a statement at the time of the delivery of his product, showing that he has reduced his production 20 per cent below the amount for the corresponding period last year. This entitles him to receive adjustment certificates, which will pay him the difference between current market prices and the fair exchange values specified in the bill. He will get these certificates on the percentage of his production which can be consumed domestically. The money with which to pay these certificates is collected by levying a tax upon the first processing of the commodity, to be collected by the Government from the processors.

Enemies of the measure are trying to discredit it by calling it a sales tax. They are trying to frighten consumer opposition by expressing horror at what they term a sales tax on the necessities of life. It is not a sales tax since it lacks one of the essentials of such a tax: This is not a charge laid on people to pay the expenses of government: not at all. It is merely a device for converting a bad distribution of income which has arisen in the last few years; to take us back—in price relationships—to where we were a few years ago when all of us were well off.

During the last session of Congress the sales tax was advocated for the purpose of balancing the Budget. It would apply to everything that the farmer or the laborer purchased. It took into no account that fundamental principle of taxation, ability to pay. Rich and poor paid alike on all they purchased, although the income of the wealthy man might be a thousand times that of the income of the farmer. The sales tax proposed in the last session of Congress was a tax that unduly burdened the farmer and was unduly favorable to industry. It compelled the farmer to take an unfair share of the burden of balancing the Budget. But the tax imposed by the present bill has no such results. It is not a tax to balance the Budget. It is a tax the benefits of which all go in the first instance to the farmer. It is a tax which is a part of the machinery to relieve the present economic distress in agriculture and in all the Nation. It is a tax which will place additional purchasing power in the farmer's hands, and every dollar of it will be transferred by the farmer back to the cities and result in increased employment and stimulation of business and an increased purchasing power for labor. This tax is for the benefit of the very people in this Nation against whom the general sales tax of last session was an unfair discrimination.

I hope that the consumers living in the cities and towns of our country will not be deceived by the propaganda of the packers, the millers, and other middlemen. Why are these middlemen so solicitous for the welfare of the consumer all at once? Since when have they reformed their tactics and assumed the rôle of public benefactors? I want to warn every consumer not to be deceived by such tactics. Don't forget that it is these very agencies between the farmer and the consumer that are taking the great share of the consumer's dollar; it is they who are making the consumer's burden heavy. If they have the welfare of the consumer so much at heart, why have they failed to reduce the margin between the farmer and the consumer proportionately to the reduction in farm prices? To-day the margin between the price of live hogs and the retail price of the products of a hog are greater than they were in 1929, despite the fact that the price of live hogs has dropped from $9.86 per hundred to less than $3 per hundred?

The farmer sells his corn for eight cents a bushel in Iowa and corn meal is sold in this city for $2.80 a bushel and corn flakes, $8.96 a bushel. The Iowa farmer gets about $3.50 per hundred for hogs, but the products made from that amount retail for $10.00, or a margin of $6.50 between the producer and consumer—twice as much for distribution as for production. To-day the price of hogs is 4 cents a pound lower than in 1913, but the price of ham is higher by 7 cents a pound. In regard to wheat and bread, it requires a fluctuation of $2.50 a barrel in the price of flour before there can be a reflection of a cent either in reduction or increase in the selling price of a loaf of bread, according to the testimony a few years ago of an attorney for the American Bakers Association. It takes 4½ bushels of wheat to make a barrel of flour. In other words, the price of wheat must change 55½ cents per bushel before it would influence the price of bread in the slightest. The proposed bill would raise the farm price of wheat about 60 cents and therefore should not raise the price of bread.

Let us not forget that every consumer is in the last analysis a producer of something—goods, labor, or services. When rural America representing nearly one-half of the buying power of the Nation loses her buying power, it means that the factories and mills in the cities and towns close down, that people in the cities are thrown out of work, that doctors and nurses can not collect their bills, that railroads and public utilities suffer heavy losses in volume of business. The proposed bill equalizes to some extent the returns of the farmers and the middlemen. The consumer has much more at stake in restoring the buying power of agriculture than it has in continuing the swollen profits of a comparatively small group of middlemen.

And, finally, I want to warn our farmers against the propagandas the middlemen are sending out to prejudice farmers against the bill. I am sorry to say that some of your representatives here in Congress—some from agricultural districts—have already been deceived and are fighting the battles of the packers, the millers, and the cotton gamblers. These middlemen are trying to get the farmers to believe that they will pay these adjustment charges.

Now let us see how consistent their arguments are: They tell the consumer that it is an iniquitous bill, because, they say, the tax will all be passed on to the consumer. They tell the farmer

that the consumer will refuse to pay the tax and, therefore, that it will be passed back to the farmer. Obviously it can not be paid both by the farmer and the customer. It is plain that a deliberate effort is under way to frighten both the consumer and the producer, so that the agencies in between the farmer and consumer can continue to exploit both to their own advantage.

Our emergency credit program is also getting under way. I have already appeared before the Senate Banking and Currency Committee and presented the results of a 2-year study made by our national rural credits committee, as well as additional proposals of an emergency character developed at the recent national conference of farm leaders. Further hearings will likely be held in the near future.

We believe we have formulated a program that will be immediately helpful to thousands of farmers who are in danger of losing their homes and all their property through ruthless foreclosures and forced settlements of debts.

First, we propose to establish under the sanction of law a debt-conciliation commission in every county in the United States to provide a cheap and fair method for the prompt adjustment of debts of good farmers, where a voluntary, but binding, agreement can be reached between debtor and creditor through the intervention of this commission. Many cases can be settled on this voluntary basis. Others will require further action.

To enable the Federal land banks to help others who can not be helped by this voluntary procedure, we propose several measures.

First, there should be an emergency loan fund for the use of the Federal land banks to refinance farmers by getting their debts scaled down to a workable basis and issuing a new mortgage at a lower rate of interest and amortized over a long period of time. In some cases a second mortgage, chattel mortgage, and crop mortgage may be necessary to care for the balance of the debt.

Second, the Federal land banks should be strengthened through the immediate purchase of $100,000,000 worth of nonvoting stock or reserves by the United States Treasury, to be repaid out of new stock subscribed by farmer-borrowers. This action would help the banks to take over any sound first mortgage from any individual creditor that found it necessary to liquidate and refinance it at lower interest rates and for a longer period of time, thereby enabling the farmer to save his home from foreclosure and give him a more liberal basis of settlement.

We propose also that the Reconstruction Finance Corporation buy immediately $160,000,000 worth of outstanding 5 per cent Federal land-bank bonds so that these can be retired and replaced by bonds at a lower interest rate; also $134,000,000 worth of 4¾ per cent Federal land-bank bonds for a similar purpose, and that the Reconstruction Finance Corporation buy such additional bonds as necessary to provide funds for new, sound first mortgages on farms approved by the Federal land banks.

Further, the Treasury should purchase additional nonvoting stock—probably about $50,000,000 this year—to provide funds so that the Federal land banks can grant extensions of both principal and interest to worthy borrowers who have a reasonable chance to pay back at the end of the mortgage period, instead of within five years, as now required.

Finally, we recommend the liquidation of the joint-stock land banks, the canceling of their charters, and the repeal of that part of the farm loan act. This liquidation should be done by the Federal Farm Loan Board and should be carried out in such a way as to protect the interests of the farmer-borrowers and the bondholders.

Such, in outline, are the recommendations which we propose to meet the present debt emergency of agriculture. Congress must not delay action on this matter longer. The interests of the creditors as well as the debtors are at stake. Foreclosures, under present conditions, sacrifice needlessly the interests of both. Both parties promised effective relief in the recent campaign. Now is the time to fulfill these pledges; next session will be too late to help many of those who are now in distress.

My friends, this is the emergency program we are fighting for this session. There are other fundamental measures in our long-time program which must receive attention later. But meanwhile we must have emergency relief. Agriculture and the Nation can wait no longer without grave disaster to our country.

PROBLEMS CONFRONTING THE DEMOCRATIC PARTY

Mr. BRATTON. Mr. President, on the 28th instant the junior Senator from South Carolina [Mr. BYRNES] delivered over the Columbia Broadcasting System a very interesting, informative, and illuminating address on the subject of Problems Confronting the Democratic Party. I ask unanimous consent to have the address printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The address is as follows:

No Democrat can contemplate the transfer on March 4 next of the control of the Government of the United States to the Democratic Party without being overwhelmed by a sense of responsibility. I doubt if, in time of peace, any party has ever come into control of the Government under conditions comparable with those now existing. At home and abroad there exists among the people unparalleled unrest. The people stagger under the burden of public and private debts.

The cost of government, Federal, State, county, and municipal, totals approximately $12,000,000,000, which is four times as much as the cost of government in 1913.

The bonded indebtedness of States, counties, and municipalities has reached the enormous sum of $8,690,668,000, with an annual interest charge of more than $400,000,000.

Farmers of America in 1930 had a mortgage indebtedness amounting to $9,241,890,000. The interest upon this amount, plus the taxes due to State and subdivisions, make the fixed charges on the farm almost equal the income of the farm at existing price levels, and leaves to the farmer little income with which to meet the cost of production and provide the necessities of life for himself and his family.

High tariff duties levied by the Fordney Act and the Smoot-Hawley Act, have resulted in retaliation abroad, and the artificial barriers to trade thus created, combined with the economic conditions abroad, have contributed to the destruction of our foreign trade. Our industries have become practically dependent upon the domestic market, and the present low prices of agricultural products and unemployment have destroyed that market. Fifty per cent of our people, dependent upon agriculture, have, as a result of prevailing prices for agricultural products, been deprived of their purchasing power.

In the streets of the cities the army of the unemployed continues to increase, and from every State there comes to the Federal Government demands for financial relief for the destitute and the hungry.

In the banking world from January 1, 1929, to January 21, 1933, a total of 5,891 banks closed their doors. These banks had total deposits of $4,597,000,000. The percentage recovered by the depositors it is impossible to estimate, but the amount has been so small that it is fair to say that in the loss of this four and a half billion dollars the capital of millions of people has been absolutely wiped out.

As the people, reduced to the economic plight which these figures indicate, turn with hope to the new administration, it is but fair to consider for a few moments the condition of the actual machinery of government, the control of which is about to be assumed by the Democratic Party.

The Democrats will come into control of a Treasury which on January 25, 1933, had a deficit of $1,260,550,466. This deficit has accumulated since July 1, 1932, and it means that each day your Government is spending $6,000,000 more than its income. No individual can continue for an indefinite period spending more than his income, and that which no individual can do no government can do.

In addition to this, the public debt has increased until your Government on December 31, 1932, owed $20,805,556,791, an increase in the last two years of $4,779,469,704. The annual interest upon this debt has reached the staggering sum of $696,632,000, which sum must annually be taken from the people in taxes.

With the assumption of power, the Democratic Party will also be confronted with a serious transportation problem. The development of American industry is due in great part to the marvelous railroad facilities of the Nation. In recent years the Congress has generously contributed funds to the development of a national highway system which, in turn, has inspired the development of truck and bus transportation. In like manner, the Congress has been contributing the money of the taxpayers to the development of waterways and encouraging barge transportation. It is now urged upon the Congress that it is essential to maintain railroad facilities and, as the competition which has been encouraged in great measure by the generosity of the Congress cripples the railroads of the Nation, the Government is endeavoring through the Reconstruction Finance Corporation to lend the money of the taxpayers to the railroads, in order that they may continue to meet the demands of American industry and agriculture.

The man in the street now realizes the seriousness of this railroad problem. He knows that a loss to the railroads is not a loss to the high-salaried officials but is a loss to the people who own railroad bonds—the insurance companies, the trust companies, the widows and orphans, whose funds have been invested in railroad securities. He knows, too, that to the extent to which these railroad bonds depreciate in value, to that extent there may be a loss to the trust company in which he has deposited his savings or to the insurance company in which he has purchased a policy for the protection of his wife and children in case of his death. He wants this problem solved by men whose minds are free of prejudice and who can do justice to all interests involved.

The foreign relations of the Government are in a condition as deplorable as our domestic affairs. It is the experience of individuals that whenever you lend money to your friends you lose those friends. There is nothing so provocative of controversy between friends as a debt. When your friend defaults and you demand payment you arouse his resentment. When he refuses to pay you he arouses your resentment. This is as true of governments as it is of individuals. To-day it is useless for us to deny the existence of ill feeling between the governments and the people of Europe and the Government and the people of the United States growing out of these international debts. When an individual refuses to pay his debt his creditor has a tribunal to which he can resort to secure judgment for the amount of the debt, and machinery for collection of the judgment. But whenever a government refuses to pay your Government there is no tribunal to



which your Government can resort for the collection of the amount of the obligation.

Thoughtful people long since have reached the conclusion that the reduction of military armaments is essential in order to permit the reduction of governmental expenses and to promote the cause of peace. However, we know that the limitation of armaments will progress only to the extent that a feeling of security exists among the peoples of the world. Notwithstanding the efforts that have been made by the present administration to bring about a reduction of armaments, world conditions have been such that little actual progress has been made. Impelled by fear, the people of all nations continue to make sacrifices in order to increase military armaments.

Time does not permit a more detailed statement of the almost insurmountable difficulties and the overwhelming problems confronting your Government, the solution of which must be sought by the new administration. Attention, however, should be called to the fact that in the existing emergency the Government has been forced to enter new fields of activities, from which activities it must withdraw at the earliest possible date after the passing of the emergency.

The Government has entered into the banking business. The money it is lending through the Reconstruction Finance Corporation comes not from depositors and investors but comes from the taxpayers of the Nation. The Government is taxing one citizen to secure money to lend another citizen. If your Government taxes you to lend money to me, it must in justice to you force payment by me. When a man defaults in payment of a debt due to a bank and the bank forecloses, the debtor resents it, but no harm is done to society. However, a different situation is presented when the Government forecloses the mortgage upon his farm or forces liquidation of the corporation in which he has money invested. The debtor forgets that the money he has borrowed is the money of his neighbors. He regards it as Government money. He recalls the sacrifices made by himself or by his son in the World War. The foreclosure that he expects from a bank he does not expect from his Government, and when the Government forecloses, from that moment you have in that man not a patriotic citizen but a potential enemy. This and other emergency activities have given to the people a new conception of government and has caused men and women to look to the Congress and to the Government for the settlement of many problems which no Congress and no Government can ever settle.

The immensity of the problem confronting us is enough to depress any thoughtful person. There is much that government can not do. However, there is much that it can do.

The Democratic Party must have a definite program. In that program there must first be an honest effort to balance the Budget. It can never be done with exactness. Expenditures must be reduced and if, in order to balance the Budget, it is necessary to levy additional taxes, then taxes must be levied. With a balanced Budget, there can be a refinancing of our public debt. Eight billion dollars of bonds are callable during 1933. If we refinance these bonds at a lower rate of interest, which is possible, approximately $175,000,000 in interest will annually be saved to the taxpayers.

If by balancing the Budget we can avoid the issuance of short-term notes, it will help industry. To-day the banks are refusing to lend to industry because the Government is borrowing and the banks naturally prefer the safety which comes from lending money to the Government, instead of to individuals. When the Government ceases to issue short-term notes, it will provide an incentive to banks to lend idle funds for legitimate enterprise.

The corner stone of any program for Budget balancing is the reduction of expenditures. All legislative bodies are collectively in favor of economy and individually in favor of extravagance. Most citizens are in favor of economy, provided you do not economize upon the particular project in which they are interested or which they deem helpful to the community in which they reside. From my experience on the Appropriations Committees of the House and of the Senate, I assert there can be no reorganization of government involving a material reduction of expenses unless absolute power is given to the President, not only to consolidate bureaus, but to abolish bureaus. The nearest earthly approach to immortality is a bureau of the Federal Government. Any effort to curtail its activities or abolish it will arouse nation-wide propaganda in opposition to the curtailment of its activities and the reduction of expenditures. The only hope of remedying this condition rests in a President who has the courage and patriotism to act, and in an aroused public sentiment that will cause the Congress to refrain from disapproving his action. After all, the high cost of government is due to the demands of the people. The people must come to realize that government has no money except that which is taken from their own pockets; that Uncle Sam is not a Santa Claus and the Treasury is not a Christmas tree; that the efficiency of a Representative in Congress should be measured not by his ability to secure funds from the Treasury, but by his ability to defeat the efforts of those who seek to secure funds from the Treasury.

It is the duty of every man to support the Government of the United States, but it is not the duty of the Government to support every man in the United States. However, it is the duty of the Government to give to every man the opportunity, without interference from government, or competition with government, to support himself and his family.

Machinery must be provided whereby there can be an adjustment of the mortgage indebtedness of the farmer to the land banks, insurance companies, and other mortgage creditors. It means liquidation on the part of the creditor. To-day there is not a man holding a bond of an industrial enterprise who does not know that he has sustained a loss on that bond. The holder of a farm mortgage must likewise realize that he has a loss on his mortgage debt. He may as well take that loss now and readjust the debt. Through the Federal land-bank system or through a corporation created for the purpose this adjustment machinery can be provided. If the land banks or insurance companies to-day foreclose these mortgages, they can find no purchaser for the farms that come into their possession. They have no desire to enter into the unprofitable business of farming. If by agreement these land-mortgage debts can be scaled down to a point where the farms can be operated with some hope of profit at existing price levels, then the Federal land bank or a corporation can pay this amount to the creditor and a new mortgage can be executed by the farmer to the land bank or to the corporation created by the Government for the amount paid to the creditors, providing for amortization over a period of years. The land banks and insurance companies can in this way take their losses and liquidate their loans; the farmer will remain upon the land and will be placed in a position where with reduced fixed charges he will have some hope of making a living and paying his reduced debt. The settlement of this question will do more than all else to restore hope to that great element of our population upon whom all men agree our prosperity depends.

There must be a final settlement of our foreign debt situation. Under the pledge of the Democratic platform there can be no cancellation. However, there can be an agreement as to how that debt shall be paid, whether solely in gold or partly in gold and partly in commodities that do not compete with American-produced commodities. And there must be a determined effort to bring about in international conference an agreement to reduce tariff duties and thereby remove the artificial barriers which are daily increasing and which will continue to prevent a return to normal conditions. Nations of the world have been, and are now, engaged in a race to see which can levy the highest tariff duties and exclude all foreign commodities. No nation can live unto itself.

The only hope of a return to normal conditions must depend upon the restoration of trade relations between the nations of the world. Not only are European governments indebted to the American Government, but European citizens and corporations are indebted to American citizens. These debts can be discharged only with gold, with commodities sold in the United States, or by services rendered. They have little gold and we now deny them the right to render service or to sell commodities. Our Government led the world in levying prohibitive duties. It must now lead in bringing about an agreement not only to discontinue any further increase in duties, but to reduce existing duties. It must be done simultaneously. If this be not done, we will continue to rely upon domestic consumption. Surplus production in this and in every nation, will cause a continuance of low prices, and a continuation of unemployment. It will likewise cause increasing demands for governments to purchase surplus commodities and other valorization proposals.

These things can not be accomplished at once. There will necessarily be a slow return to anything approaching normal conditions. In the meantime, emergency measures must be adopted. The next President, humane and sympathetic, will not permit the Government to deny relief to the unfortunate and the destitute. But this is temporary relief. We must look toward the permanent solution of these grave problems. In solving them, men who serve in public life must act as soldiers in time of war. Just as a soldier in time of war is willing to sacrifice his life for the good of his country, so must a man in public life to-day be willing to sacrifice his political life in order to do that which may be temporarily unpopular but which he knows is for the good of the American people.

The people of the Nation expect the Democratic Party to demonstrate its capacity to administer the affairs of the Government. There is such a thing as "party responsibility," and that responsibility can be discharged only by the individual Democratic Senator and Congressman being willing to sacrifice his personal views in order to redeem the pledges of his party. The Democratic platform should be the political creed of every Democrat, and, forgetting all personal ambitions, Democrats in and out of public life should determine to cooperate with the next President of the United States in justifying the confidence placed in our party by the people of the Nation.

Of one thing the people of this country may rest assured. The next President will come into that office with a definite program and for the accomplishment of that program will make a courageous fight. In this crisis in the affairs of the Nation all men and women, regardless of their party affiliation, should be willing to give to him and to his party a fair opportunity to do all that Government can possibly do to hasten the return of prosperity and happiness to the American people.

EFFECTS OF CURRENCY DEPRECIATION ON DOMESTIC INDUSTRY

Mr. DICKINSON. Mr. President, I have recently received a very interesting letter on the subject of the debasement of the currency and effect of depreciation of foreign currencies on American industry. Recently a gentleman made an in-

vestigation in the city of Des Moines, Iowa, with reference to the selling prices of various articles made in foreign countries. I think the data are well worth while, and I ask to have his letter inserted in the RECORD.

There being no objection, the letter was ordered to be inserted in the RECORD, as follows:

DES MOINES, IOWA, *January 25, 1933.*

Hon. L. J. DICKINSON,
United States Senate, Washington, D. C.

DEAR SENATOR: You will be interested in a check-up on five Des Moines stores, showing the variety and volume of imported articles swamping the Middle West, which, due to the difference in money values, have broken through the tariff walls and are competing in a death struggle with American workmen.

I found in one store that practically all of the tableware, all pottery and woodenware displayed comes from Japan. I found that beautiful dinner sets, complete, were laid down in Des Moines from Japan for $10 a set and were retailed at $37.50. My attention was called to a letter from an importer, which said in part: "You are urged to place your orders now. * * * The Japanese potteries are booked up almost a year ahead. * * * You are permitted to buy at the present extremely low prices because of the prevailing low value of the Japanese yen," etc. I found linens, draperies, shoes, shoe strings, table decorations, silverplated cream and sugar sets, potted artificial flowers, bill folds, knives, leather goods, canned beef, etc. The other day I wrote you about office supplies. I find that staplers from Germany which are sold for $2.50 are laid down in this country for 60 cents, and staples that are sold at 40 cents the box are laid down at 5 cents. I also found certain fancy candies from Belgium sold in metal cigarette cases.

You will find attached to this sheet a list of smaller articles together with the countries of origin and the selling prices. I could not get the prices paid for these articles, but am told that they are purchased at prices from 50 per cent to 75 per cent below what they can be bought for in the United States factories. In the case of a pocket knife, selling for 75 cents, I learned that it was laid down from Germany for 12 cents.

This investigation required just two hours. A complete check-up would without doubt disclose hundreds of other items. The pottery, chinaware, and woodenware items are startingly bad.

Yours very truly,

L. W. AINSWORTH.

	Cents
Imitation flowers: Germany, Czechoslovakia, Japan (bunch)	10
Valentines: Germany (for 3)	5
Light bulbs: Japan	10
Thumb tacks: Germany (box)	10
Opaque glasses: Germany (for 2)	5
Metal cigarette box (wood lined): Japan and Belgium	20
Metal ash tray (large): Japan	20
Necklaces (imitation pearl and glass): Japan, Czechoslovakia	10
Dress buckles: Czechoslovakia	10
Block camphor: Japan	10
Needles: England, Germany, Czechoslovakia (package)	5 and 10
Bone rings (dress decorations): France (card)	5
Tape measures (small): Germany	10
Buttons (decorative): Czechoslovakia (card)	10
Screw drivers (large): Germany	10
Screw drivers (pocket combination): Germany	10
Rules (metal 6-inch): Germany	10
Toys (all kinds): Germany, Japan	10
Dolls (celluloid and china; also rubber): Japan, Germany	10
Whistles (toy and police): Germany, Japan	10
Harmonicas: Germany	10
Stamps (for collections): Germany, England	5
Thermometers (household): Germany	10
Cigarette holders (composition): Czechoslovakia, Japan	10
China (table): Japan (piece)	10
Brushes (hand and vegetable): Germany	10
Handkerchiefs: England, Switzerland	10

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934 and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Tennessee.

Mr. REED. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. REED. I notice that the economy sections of the Treasury and Post Office bill apparently constitute but a single amendment, and, therefore, under the unanimous-consent agreement recently entered into, a limitation of 15 minutes of debate on those sections would apply; that is, a Senator would have 15 minutes, if he wished it, to discuss the entire economy amendment to this bill. Am I correct in that?

The VICE PRESIDENT. Each Senator may have 15 minutes on the amendment and 15 minutes on the bill.

Mr. REED. If a Senator were to move to amend the economy amendment in any respect, would that motion entitle him to 15 minutes' debate on the proposed amendment?

The VICE PRESIDENT. It would entitle him to 15 minutes on the proposed amendment.

CORRESPONDENCE ON CURRENCY INFLATION

Mr. REED. Mr. President, in common with all other Senators I have been receiving an enormous volume of mail with regard to the proposal to "revalue the gold ounce" and other proposals to inflate the currency. I have six clerks who are working very long hours every day in an effort to keep up with our correspondence, and they simply can not do more work than they are doing now. So I take this means of stating in the RECORD that it is my intention to send to those correspondents a copy of a speech which I made on January 24 on the subject of currency inflation.

Mr. WALSH of Massachusetts. Mr. President, I assume that the Senator's correspondence is of the same general character that all of us are receiving as a result of a radio talk on this subject by a well-known clergyman.

Mr. REED. Yes. Largely, these statements are provoked by that.

Mr. WALSH of Massachusetts. I also am receiving extensive correspondence of the same character, and am confronted with the same difficulty the Senator experiences in not being able to answer those letters. This is the first time I have been obliged to resort to this means of acknowledging a large volume of correspondence.

Mr. REED. I hope our correspondents will not consider it a rudeness on our part, but it is physically and humanly impossible to respond to such a volume of correspondence in any other fashion.

RECESS

Mr. ODDIE. Mr. President, as an agreement has been reached limiting debate on amendments to the pending bill and on the bill itself, which agreement I very thoroughly approve, it is unnecessary to ask for a night session. I feel now that the bill will be given prompt consideration and will be acted on soon.

In view of that fact, Mr. President, I move that the Senate now take a recess until 12 o'clock noon to-morrow.

The VICE PRESIDENT. The question is on the motion of the Senator from Nevada.

The motion was agreed to; and (at 5 o'clock and 32 minutes p. m.) the Senate, under the order previously entered, took a recess until to-morrow, Wednesday, February 1, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate January 31 (legislative day of January 10), 1933

POSTMASTERS

ALABAMA

John T. Haertel to be postmaster at Citronelle, Ala., in place of J. T. Haertel. Incumbent's commission expires February 28, 1933.

John W. Johnson to be postmaster at Langdale, Ala., in place of J. W. Johnson. Incumbent's commission expires February 28, 1933.

Cora T. Culverhouse to be postmaster at Speigner, Ala. Office became presidential July 1, 1932.

James McDonald to be postmaster at Winfield, Ala., in place of James McDonald. Incumbent's commission expires February 28, 1933.

CALIFORNIA

Grove K. Ketchum to be postmaster at Burbank, Calif., in place of G. K. Ketchum. Incumbent's commission expires February 28, 1933.

Pliny M. Arnold to be postmaster at Carlsbad, Calif., in place of P. M. Arnold. Incumbent's commission expires February 28, 1933.

Charles H. Quantock to be postmaster at Loma Linda, Calif., in place of C. H. Quantock. Incumbent's commission expires February 28, 1933.

John A. Scott to be postmaster at Porterville, Calif., in place of J. A. Scott. Incumbent's commission expires February 28, 1933.

Claude C. Hayes to be postmaster at Salida, Calif., in place of C. C. Hayes. Incumbent's commission expires February 28, 1933.

COLORADO

Cornelia C. Coleman to be postmaster at La Veta, Colo., in place of C. C. Coleman. Incumbent's commission expires February 25, 1933.

ILLINOIS

Charles Voorhees to be postmaster at Bradley, Ill., in place of Charles Voorhees. Incumbent's commission expires February 28, 1933.

Raymond J. Murphy to be postmaster at De Land, Ill., in place of R. J. Murphy. Incumbent's commission expires February 11, 1933.

Frank M. Allen to be postmaster at Hillview, Ill., in place of F. M. Allen. Incumbent's commission expires February 28, 1933.

Robert F. Sexton to be postmaster at Kansas, Ill., in place of R. F. Sexton. Incumbent's commission expires February 28, 1933.

Harold R. Kerchner to be postmaster at Walnut, Ill., in place of H. R. Kerchner. Incumbent's commission expires February 28, 1933.

Arden S. Coryell to be postmaster at West Union, Ill., in place of A. S. Coryell. Incumbent's commission expires February 28, 1933.

Don A. Spurr to be postmaster at Wilmington, Ill., in place of D. A. Spurr. Incumbent's commission expires February 14, 1933.

INDIANA

William Endicott to be postmaster at Crawfordsville, Ind., in place of William Endicott. Incumbent's commission expires February 28, 1933.

Walter M. Skinner to be postmaster at Fulton, Ind., in place of W. M. Skinner. Incumbent's commission expired January 19, 1933.

Elmer S. Applegate to be postmaster at Paragon, Ind., in place of E. S. Applegate. Incumbent's commission expires February 18, 1933.

Orville E. Steward to be postmaster at Rossville, Ind., in place of O. E. Steward. Incumbent's commission expires February 18, 1933.

IOWA

Marie O. Jones to be postmaster at Bussey, Iowa, in place of M. O. Jones. Incumbent's commission expires February 28, 1933.

Millie L. Hoffman to be postmaster at Central City, Iowa, in place of M. L. Hoffman. Incumbent's commission expires February 28, 1933.

Clara Bentzinger to be postmaster at Donnellson, Iowa, in place of Clara Bentzinger. Incumbent's commission expires February 28, 1933.

John M. Wright to be postmaster at Eldon, Iowa, in place of J. M. Wright. Incumbent's commission expires February 28, 1933.

Orwin W. Masching to be postmaster at Exira, Iowa, in place of O. W. Masching. Incumbent's commission expires February 28, 1933.

Martin T. Jensen to be postmaster at Grandmound, Iowa, in place of M. T. Jensen. Incumbent's commission expires February 28, 1933.

Ray Robertson to be postmaster at Maxwell, Iowa, in place of Ray Robertson. Incumbent's commission expires February 28, 1933.

Edgar M. Rhodabeck to be postmaster at Missouri Valley, Iowa, in place of E. M. Rhodabeck. Incumbent's commission expires February 28, 1933.

Arthur M. Michaelson to be postmaster at Roland, Iowa, in place of A. M. Michaelson. Incumbent's commission expires February 28, 1933.

Clarence B. Moser to be postmaster at Strawberry Point, Iowa, in place of C. B. Moser. Incumbent's commission expires February 28, 1933.

KANSAS

Orange J. Mark to be postmaster at Coldwater, Kans., in place of O. J. Mark. Incumbent's commission expires February 28, 1933.

Orville G. Hannum to be postmaster at Corning, Kans., in place of O. G. Hannum. Incumbent's commission expired December 19, 1931.

Edna Gordon to be postmaster at Dwight, Kans., in place of Edna Gordon. Incumbent's commission expires February 25, 1933.

Elza W. Reel to be postmaster at Fort Leavenworth, Kans., in place of E. W. Reel. Incumbent's commission expires February 28, 1933.

Charles S. Goodrich to be postmaster at Goff, Kans., in place of C. S. Goodrich. Incumbent's commission expired December 19, 1931.

Lon L. Robinson to be postmaster at La Crosse, Kans., in place of L. L. Robinson. Incumbent's commission expires February 28, 1933.

John A. Porter to be postmaster at Mount Hope, Kans., in place of J. A. Porter. Incumbent's commission expires February 28, 1933.

Karl S. Dale to be postmaster at Protection, Kans., in place of K. S. Dale. Incumbent's commission expires February 28, 1933.

Claude J. Wood to be postmaster at Wetmore, Kans., in place of C. J. Wood. Incumbent's commission expired December 19, 1931.

George E. Crawford to be postmaster at Whiting, Kans., in place of G. E. Crawford. Incumbent's commission expired December 14, 1932.

LOUISIANA

Joseph C. Ballay to be postmaster at Buras, La., in place of J. C. Ballay. Incumbent's commission expires February 15, 1933.

Albert C. Locke to be postmaster at Marthaville, La., in place of A. C. Locke. Incumbent's commission expires February 9, 1933.

MAINE

George O. M. Oberg to be postmaster at Bridgton, Me., in place of G. O. M. Oberg. Incumbent's commission expires February 28, 1933.

MARYLAND

Daniel W. Babcock to be postmaster at Berlin, Md., in place of D. W. Babcock. Incumbent's commission expired January 19, 1933.

Carolyn M. Stuart to be postmaster at Brentwood, Md., in place of C. M. Stuart. Incumbent's commission expires February 28, 1933.

Mary N. Yates to be postmaster at La Plata, Md., in place of M. N. Yates. Incumbent's commission expired December 18, 1932.

Harvey N. Burgoon to be postmaster at Manchester, Md., in place of H. N. Burgoon. Incumbent's commission expires February 28, 1933.

Shadrach G. Sparks to be postmaster at Sparks, Md., in place of S. G. Sparks. Incumbent's commission expires February 28, 1933.

MASSACHUSETTS

Edmund V. O'Brien to be postmaster at North Brookfield, Mass., in place of E. V. O'Brien. Incumbent's commission expires February 25, 1933.

Clarence J. Conyers to be postmaster at Seekonk, Mass., in place of C. J. Conyers. Incumbent's commission expires February 25, 1933.

MICHIGAN

Winnie M. Sinclair to be postmaster at Ada, Mich., in place of W. M. Sinclair. Incumbent's commission expires February 28, 1933.

Charles R. Foote to be postmaster at Alto, Mich., in place of C. R. Foote. Incumbent's commission expires February 28, 1933.

Harold D. Cole to be postmaster at Holly, Mich., in place of H. D. Cole. Incumbent's commission expires February 28, 1933.

James F. Jackson to be postmaster at Mohawk, Mich., in place of J. F. Jackson. Incumbent's commission expires February 25, 1933.

Walter C. Oesterle to be postmaster at Webberville, Mich., in place of W. C. Oesterle. Incumbent's commission expires February 28, 1933.

MINNESOTA

Rollo F. Dean to be postmaster at Blue Earth, Minn., in place of R. F. Dean. Incumbent's commission expires February 28, 1933.

Aaron T. Arneson to be postmaster at Carver, Minn., in place of A. T. Arneson. Incumbent's commission expires February 28, 1933.

Floyd C. Fuller to be postmaster at Grey Eagle, Minn., in place of F. C. Fuller. Incumbent's commission expires February 25, 1933.

Bernard O. Stime to be postmaster at Jasper, Minn., in place of B. O. Stime. Incumbent's commission expires February 25, 1933.

Alvin E. Comstock to be postmaster at Lakefield, Minn., in place of A. E. Comstock. Incumbent's commission expires February 25, 1933.

Edith Steinbring to be postmaster at Markville, Minn., in place of Edith Steinbring. Incumbent's commission expires February 25, 1933.

Frank L. Hoagland to be postmaster at Marshall, Minn., in place of F. L. Hoagland. Incumbent's commission expires February 25, 1933.

MISSISSIPPI

Annie B. Sherman to be postmaster at Brookhaven, Miss., in place of S. W. Swalm. Incumbent's commission expired April 5, 1932.

MISSOURI

Charles C. Stobaugh to be postmaster at Triplett, Mo., in place of C. C. Stobaugh. Incumbent's commission expires February 25, 1933.

Ernest Young to be postmaster at Verona, Mo., in place of Ernest Young. Incumbent's commission expires February 28, 1933.

MONTANA

Ovid S. Draper to be postmaster at Bonner, Mont., in place of O. S. Draper. Incumbent's commission expires February 13, 1933.

Ernest M. Hutchinson to be postmaster at Whitefish, Mont., in place of E. M. Hutchinson. Incumbent's commission expires February 25, 1933.

NEW HAMPSHIRE

Silas C. Newell to be postmaster at Newport, N. H., in place of S. C. Newell. Incumbent's commission expires February 28, 1933.

Ernest D. Royce to be postmaster at Somersworth, N. H., in place of E. D. Royce. Incumbent's commission expires February 28, 1933.

NEW JERSEY

Harvey E. Harris to be postmaster at Bloomfield, N. J., in place of H. E. Harris. Incumbent's commission expires February 25, 1933.

Frank W. Cassedy to be postmaster at Cape May, N. J., in place of F. W. Cassedy. Incumbent's commission expires February 28, 1933.

NEW YORK

Carl H. Hamlin to be postmaster at Brushton, N. Y., in place of C. H. Hamlin. Incumbent's commission expires February 28, 1933.

Byron W. Cornwell to be postmaster at Clark Mills, N. Y., in place of B. W. Cornwell. Incumbent's commission expires February 28, 1933.

Ernest E. Fuller to be postmaster at Copake, N. Y., in place of E. E. Fuller. Incumbent's commission expires February 28, 1933.

Wendell C. Wilber to be postmaster at Delanson, N. Y., in place of W. C. Wilber. Incumbent's commission expires February 28, 1933.

Celia D. White to be postmaster at Fishkill, N. Y., in place of C. D. White. Incumbent's commission expires February 20, 1933.

Mary A. Murphy to be postmaster at Forestport, N. Y., in place of M. A. Murphy. Incumbent's commission expires February 28, 1933.

Clarence J. Weyant to be postmaster at Fort Montgomery, N. Y., in place of C. J. Weyant. Incumbent's commission expires February 20, 1933.

Georgina Percival to be postmaster at Mount Upton, N. Y., in place of F. C. Percival, deceased.

Morgan C. Harris to be postmaster at Newport, N. Y., in place of M. C. Harris. Incumbent's commission expires February 28, 1933.

James P. Walker to be postmaster at Port Jefferson Station, N. Y., in place of J. P. Walker. Incumbent's commission expires February 28, 1933.

Henry I. Brenzel to be postmaster at Red Hook, N. Y., in place of H. I. Brenzel. Incumbent's commission expires February 20, 1933.

Agnes Siems to be postmaster at Wantagh, N. Y., in place of Agnes Siems. Incumbent's commission expires February 28, 1933.

Harry S. Bowers to be postmaster at Wayland, N. Y., in place of H. S. Bowers. Incumbent's commission expires February 28, 1933.

NORTH CAROLINA

Van D. Duncan to be postmaster at Clayton, N. C., in place of V. D. Duncan. Incumbent's commission expires February 28, 1933.

Malcom J. Thornton to be postmaster at Clinton, N. C., in place of M. J. Thornton. Incumbent's commission expires February 28, 1933.

Sidney A. Padgett to be postmaster at Ellenboro, N. C., in place of S. A. Padgett. Incumbent's commission expires February 28, 1933.

Cephus Futrell to be postmaster at Murfreesboro, N. C., in place of Cephus Futrell. Incumbent's commission expires February 25, 1933.

Alfred A. McDonald to be postmaster at Parkton, N. C., in place of A. A. McDonald. Incumbent's commission expired December 13, 1932.

David J. Lewis to be postmaster at Rocky Point, N. C., in place of D. J. Lewis. Incumbent's commission expires February 28, 1933.

NORTH DAKOTA

Henry D. Mack to be postmaster at Dickey, N. Dak., in place of H. D. Mack. Incumbent's commission expires February 25, 1933.

Roy Wigness to be postmaster at Fortuna, N. Dak., in place of Roy Wigness. Incumbent's commission expires February 28, 1933.

Johanes Folstad to be postmaster at Goldenvalley, N. Dak., in place of Johanes Folstad. Incumbent's commission expires February 28, 1933.

Hugh Roan to be postmaster at Portal, N. Dak., in place of Hugh Roan. Incumbent's commission expires February 28, 1933.

Rose M. Tharalson to be postmaster at San Haven, N. Dak., in place of T. H. Tharalson, resigned.

Carrie E. Kempshall to be postmaster at Taylor, N. Dak., in place of C. E. Kempshall. Incumbent's commission expires February 25, 1933.

Jacob G. Sigurdson to be postmaster at Upham, N. Dak., in place of J. G. Sigurdson. Incumbent's commission expires February 28, 1933.

Katherine Ritchie to be postmaster at Valley City, N. Dak., in place of Katherine Ritchie. Incumbent's commission expires February 25, 1933.

Leland Q. Perkins to be postmaster at Wilton, N. Dak., in place of L. Q. Perkins. Incumbent's commission expires February 28, 1933.

John W. Ackerman to be postmaster at Wishek, N. Dak., in place of J. W. Ackerman. Incumbent's commission expires February 28, 1933.

Margaret T. Rogers to be postmaster at Zap, N. Dak., in place of N. J. Joyce, removed.

OHIO

Ferdinand H. Schuster to be postmaster at Bellevue, Ohio, in place of F. H. Schuster. Incumbent's commission expires February 25, 1933.

Hattie L. Davison to be postmaster at Magnolia, Ohio, in place of H. L. Davison. Incumbent's commission expires February 28, 1933.

Earl T. Ewing to be postmaster at Wellsville, Ohio, in place of E. T. Ewing. Incumbent's commission expires February 25, 1933.

OKLAHOMA

Ada Vanscoy to be postmaster at Dill, Okla., in place of Ada Vanscoy. Incumbent's commission expires February 28, 1933.

Charles H. Wilson to be postmaster at Eufaula, Okla., in place of C. H. Wilson. Incumbent's commission expired January 19, 1933.

William H. McBrayer to be postmaster at Haworth, Okla., in place of W. H. McBrayer. Incumbent's commission expires February 28, 1933.

John I. Lumley to be postmaster at Hennessey, Okla., in place of S. A. Snyder. Incumbent's commission expired January 22, 1931.

Oscar F. Fowler to be postmaster at Redrock, Okla., in place of O. F. Fowler. Incumbent's commission expires February 20, 1933.

PENNSYLVANIA

Frank C. Weber to be postmaster at Ambler, Pa., in place of F. C. Weber. Incumbent's commission expires February 20, 1933.

William G. Hall to be postmaster at Avella, Pa., in place of W. G. Hall. Incumbent's commission expires February 28, 1933.

Beulah Oswalt to be postmaster at Clarence, Pa., in place of Beulah Oswalt. Incumbent's commission expires February 7, 1932.

Howard D. Rushong to be postmaster at Collegeville, Pa., in place of H. D. Rushong. Incumbent's commission expires February 28, 1933.

Eliza J. Willhide to be postmaster at East McKeesport, Pa., in place of E. J. Willhide. Incumbent's commission expires February 28, 1933.

Edward Hoffner to be postmaster at Edge Hill, Pa., in place of Edward Hoffner. Incumbent's commission expires February 28, 1933.

Chester P. McCoy to be postmaster at Elmora, Pa., in place of C. P. McCoy. Incumbent's commission expires February 28, 1933.

Clarence R. Orris to be postmaster at Glassmore, Pa., in place of L. S. Matiska, deceased.

Levi Conner to be postmaster at Glen Campbell, Pa., in place of Levi Conner. Incumbent's commission expires February 28, 1933.

John W. Kuhn to be postmaster at Green Lane, Pa., in place of J. W. Kuhn. Incumbent's commission expires February 28, 1933.

Charles J. Williamson to be postmaster at Greensboro, Pa., in place of C. J. Williamson. Incumbent's commission expires February 25, 1933.

Hobart M. Lord to be postmaster at Hastings, Pa., in place of H. M. Lord. Incumbent's commission expires February 28, 1933.

William Millen to be postmaster at Lansford, Pa., in place of William Millen. Incumbent's commission expires February 28, 1933.

Anna Postupack to be postmaster at McAdoo, Pa., in place of Anna Postupack. Incumbent's commission expired January 11, 1933.

Mary F. Carey to be postmaster at Mahanoy Plane, Pa., in place of M. F. Carey. Incumbent's commission expires February 28, 1933.

V. Ralph Miller to be postmaster at New Oxford, Pa., in place of V. R. Miller. Incumbent's commission expires February 28, 1933.

Arthur J. Davis to be postmaster at Noxen, Pa., in place of A. J. Davis. Incumbent's commission expires February 25, 1933.

Charles W. High to be postmaster at Quincy, Pa., in place of C. W. High. Incumbent's commission expires February 25, 1933.

Charles S. Mayugh to be postmaster at South Mountain, Pa., in place of C. S. Mayugh. Incumbent's commission expires February 28, 1933.

SOUTH CAROLINA

Eugene M. Easterling to be postmaster at Barnwell, S. C., in place of W. M. Harris. Incumbent's commission expired January 22, 1931.

James M. Byrd to be postmaster at Branchville, S. C., in place of J. M. Byrd. Incumbent's commission expires February 18, 1933.

A. MacLean Fletcher to be postmaster at McColl, S. C., in place of A. M. Fletcher. Incumbent's commission expires February 28, 1933.

Luther V. Martin to be postmaster at Mullins, S. C., in place of L. V. Martin. Incumbent's commission expired January 8, 1933.

Herbert O. Jones to be postmaster at Salley, S. C., in place of H. O. Jones. Incumbent's commission expires February 18, 1933.

SOUTH DAKOTA

Levi J. Thomas to be postmaster at Ipswich, S. Dak., in place of L. J. Thomas. Incumbent's commission expires February 28, 1933.

Emmett O. Frescoln to be postmaster at Winner, S. Dak., in place of E. O. Frescoln. Incumbent's commission expires February 25, 1933.

TENNESSEE

Minna M. Carson to be postmaster at Old Hickory, Tenn., in place of M. M. Carson. Incumbent's commission expires February 28, 1933.

TEXAS

William W. McChristian to be postmaster at Alba, Tex., in place of W. W. McChristian. Incumbent's commission expires February 28, 1933.

John W. Fagg to be postmaster at Blue Ridge, Tex., in place of J. W. Fagg. Incumbent's commission expires February 28, 1933.

Lawrence D. Karger to be postmaster at Cat Spring, Tex., in place of L. D. Karger. Incumbent's commission expires February 28, 1933.

Alfred J. Atkins to be postmaster at Eldorado, Tex., in place of A. J. Atkins. Incumbent's commission expires February 28, 1933.

Kathryne Witty to be postmaster at Hamilton, Tex., in place of Kathryne Witty. Incumbent's commission expires February 25, 1933.

Leslie W. Garrett to be postmaster at Quitman, Tex., in place of L. W. Garrett. Incumbent's commission expires February 25, 1933.

UTAH

Horace E. Day to be postmaster at Fillmore, Utah, in place of H. E. Day. Incumbent's commission expires February 28, 1933.

VERMONT

Dennis A. Brahana to be postmaster at Irasburg, Vt., in place of D. A. Brahana. Incumbent's commission expires February 28, 1933.

Aurill E. Mead to be postmaster at Underhill, Vt., in place of W. T. Mead, deceased.

Grace B. Adams to be postmaster at Wells River, Vt., in place of G. B. Adams. Incumbent's commission expires February 28, 1933.

VIRGINIA

Margaret H. Hardy to be postmaster at McKenney, Va., in place of M. H. Hardy. Incumbent's commission expires February 25, 1933.

Joseph W. Harvey to be postmaster at Montross, Va., in place of J. W. Harvey. Incumbent's commission expires February 28, 1933.

John H. Tyler to be postmaster at Upperville, Va., in place of J. H. Tyler. Incumbent's commission expires February 25, 1933.

WASHINGTON

James B. Robertson to be postmaster at Kettle Falls, Wash., in place of J. B. Robertson. Incumbent's commission expires February 8, 1933.

WEST VIRGINIA

Elmer O. Bowyer to be postmaster at Dundon, W. Va., in place of E. O. Bowyer. Incumbent's commission expires February 13, 1933.

Fred E. Cowl to be postmaster at Wheeling, W. Va., in place of F. E. Cowl. Incumbent's commission expires February 25, 1933.

WISCONSIN

Earle R. Adamson to be postmaster at Belleville, Wis., in place of E. R. Adamson. Incumbent's commission expires February 25, 1933.

Lorenzo F. Rosenthal to be postmaster at Beloit, Wis., in place of L. F. Rosenthal. Incumbent's commission expires February 28, 1933.

Rufus A. Jones to be postmaster at Black River Falls, Wis., in place of R. A. Jones. Incumbent's commission expires February 28, 1933.

Edwin T. Mattison to be postmaster at Blair, Wis., in place of E. T. Mattison. Incumbent's commission expires February 28, 1933.

Arthur G. D. Besse to be postmaster at Butternut, Wis., in place of A. G. D. Besse. Incumbent's commission expires February 25, 1933.

Albert L. Jochem to be postmaster at Cedarburg, Wis., in place of A. L. Jochem. Incumbent's commission expires February 28, 1933.

William S. Cochrane to be postmaster at Delavan, Wis., in place of W. S. Cochrane. Incumbent's commission expires February 28, 1933.

J. Charles Pile to be postmaster at Dodgeville, Wis., in place of J. C. Pile. Incumbent's commission expires February 28, 1933.

Leroy G. Waite to be postmaster at Dousman, Wis., in place of L. G. Waite. Incumbent's commission expires February 25, 1933.

Hjalmar M. Johnson to be postmaster at Eau Claire, Wis., in place of H. M. Johnson. Incumbent's commission expires February 25, 1933.

Frank L. Rolson to be postmaster at Ellsworth, Wis., in place of F. L. Rolson. Incumbent's commission expires February 28, 1933.

Thomas D. Smith to be postmaster at Fairchild, Wis., in place of T. D. Smith. Incumbent's commission expires February 28, 1933.

Vilas A. Kellman to be postmaster at Galesville, Wis., in place of V. A. Kellman. Incumbent's commission expires February 28, 1933.

Emy M. E. Mollenhoff to be postmaster at Iron River, Wis., in place of E. M. E. Mollenhoff. Incumbent's commission expired January 29, 1933.

Hugh S. Caldwell to be postmaster at Lodi, Wis., in place of H. S. Caldwell. Incumbent's commission expires February 28, 1933.

Albert H. Fries to be postmaster at Lone Rock, Wis., in place of A. H. Fries. Incumbent's commission expires February 28, 1933.

Frances W. Kulwiec to be postmaster at Lublin, Wis., in place of F. W. Kulwiec. Incumbent's commission expires February 28, 1933.

Edward W. LeRoy to be postmaster at Marinette, Wis., in place of E. W. LeRoy. Incumbent's commission expires February 20, 1933.

Leo E. Butenhoff to be postmaster at Markesan, Wis., in place of L. E. Butenhoff. Incumbent's commission expires February 25, 1933.

John J. Kocian to be postmaster at Milladore, Wis., in place of J. J. Kocian. Incumbent's commission expires February 28, 1933.

Ellsworth N. Harris to be postmaster at Mineral Point, Wis., in place of E. N. Harris. Incumbent's commission expires February 28, 1933.

John J. Burkhard to be postmaster at Monroe, Wis., in place of J. J. Burkhard. Incumbent's commission expires February 28, 1933.

John A. Dysland to be postmaster at Mount Horeb, Wis., in place of J. A. Dysland. Incumbent's commission expires February 25, 1933.

Henry B. Goodwin to be postmaster at Osceola, Wis., in place of H. B. Goodwin. Incumbent's commission expires February 28, 1933.

Percy L. Miner to be postmaster at Pepin, Wis., in place of P. L. Miner. Incumbent's commission expires February 28, 1933.

Arthur E. Schmidt to be postmaster at Pittsville, Wis., in place of A. E. Schmidt. Incumbent's commission expires February 28, 1933.

Edward B. Shanks to be postmaster at Portage, Wis., in place of E. B. Shanks. Incumbent's commission expires February 28, 1933.

Herbert Hopkins to be postmaster at Randolph, Wis., in place of Herbert Hopkins. Incumbent's commission expires February 28, 1933.

Grace R. Morgan to be postmaster at Spring Green, Wis., in place of G. R. Morgan. Incumbent's commission expires February 25, 1933.

James E. Robar to be postmaster at Walworth, Wis., in place of J. E. Robar. Incumbent's commission expires February 25, 1933.

Louis A. Meininger to be postmaster at Waukesha, Wis., in place of L. A. Meininger. Incumbent's commission expires February 25, 1933.

August J. Christianson to be postmaster at Webster, Wis., in place of A. J. Christianson. Incumbent's commission expires February 28, 1933.

Robert R. Porter to be postmaster at Wheeler, Wis., in place of R. R. Porter. Incumbent's commission expires February 25, 1933.

Samuel P. Van Dyke to be postmaster at Wisconsin Dells, Wis., in place of S. P. Van Dyke. Incumbent's commission expires February 28, 1933.

George A. Murray to be postmaster at Wisconsin Veterans Home, Wis., in place of G. A. Murray. Incumbent's commission expires February 28, 1933.

Arthur Miller to be postmaster at Withee, Wis., in place of Arthur Miller. Incumbent's commission expires February 28, 1933.

WITHDRAWAL

Executive nomination withdrawn from the Senate January 31 (legislative day of January 10), 1933

POSTMASTER

James J. Mateer to be postmaster at Rosslyn, in the State of Virginia.

HOUSE OF REPRESENTATIVES

TUESDAY, JANUARY 31, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We wait, Almighty God, in most reverent recognition of Thy eternal Fatherhood. To be denied of this privilege is to miss the finest law of conduct, the master impulse of the best life, and the surest ground of the largest hope. Through

prayer and discipline and endeavor may we attain those strong qualities of soul, of which we caught the first glimpse at our mothers' knee. Endow us with power to thoroughly realize the great value of wise thinking and to be deeply affected by justice, sacrifice, and pity. Oh, let these palpitate in our daily experiences. Be very near us to-day full of sympathy, ignoring our failures, whispering peace into our breasts, and strengthening us in all things, and Thine shall be the glory forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the amendments of the House to bills of the Senate of the following titles:

S. 284. An act for the relief of William B. Thompson; and

S. 3147. An act for the relief of Anna Pokorny.

The message also announced that the Senate disagrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13607) entitled "An act to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress," further insists upon its amendments to the said bill, disagreed to by the House, requests a further conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. McNARY, Mr. NORRIS, and Mr. SMITH to be the conferees on the part of the Senate.

SUPPLEMENTAL REPORTS ON VARIOUS CLAIMS BILLS

Mr. BLACK. Mr. Speaker, on behalf of the Committee on Claims, I ask unanimous consent to file supplemental reports on the following bills:

H. R. 657. A bill for the relief of Peter Bess;

H. R. 913. A bill for the relief of Charles W. Sumner;

H. R. 1567. A bill to reimburse Dominic Fracapane for injuries sustained in an accident with a Government-owned motor truck;

H. R. 2810. A bill for the relief of William Sheldon;

H. R. 3694. A bill for the relief of Ada B. (Gould) Gollan;

H. R. 3905. A bill for the relief of Maj. L. D. Worsham;

H. R. 3928. A bill for the relief of Addie I. Tryon and Lorin H. Tryon;

H. R. 7757. A bill for the relief of Mary B. Hines;

H. R. 8216. A bill for the relief of the First National Bank of Junction City, Ark.;

H. R. 8513. A bill for the relief of Benjamin Stern, and Melville A. Stern and Benjamin Stern, as executors under the last will and testament of Louis Stern, deceased, and Arthur H. Hahlo, as executor under the last will and testament of Isaac Stern, deceased, all of New York City, N. Y., for compensation and in settlement of their damages and loss sustained by virtue of a lease, in writing, dated September 12, 1919, between the said parties and the United States of America, by Daniel C. Roper, Commissioner of Internal Revenue.

H. R. 9338. A bill authorizing the Court of Claims to hear and determine the claim of Central Romana (Inc.), and to render judgment for just compensation;

H. R. 9476. A bill for the relief of the Merchants & Farmers Bank, Junction City, Ark.;

S. 1421. An act for the relief of Little Rock College, Little Rock, Ark.; and

S. 3438. An Act authorizing adjustment of the claim of Lindley Nurseries (Inc.).

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

APPROPRIATIONS BELOW BUDGET

Mr. BLANTON. Mr. Speaker, this morning's press carries the statement from the President that the appropriation bills thus far passed by and reported to the House aggregate an increase of $163,000,000 above his Budget estimates.

Some one has misinformed the President. He is mistaken in such assertion. The appropriations carried in all of the appropriation bills thus far passed by the House, and thus far reported to the House, are below the President's Budget estimates in the sum of $66,877,908.02, and these figures take in consideration the amendments which the House inserted in said bills carrying $2,703,203, but for which the said bills as reported to the House by the Committee on Appropriations would have saved $69,581,111.02 below the amounts President Hoover requested Congress in his Budget to appropriate for the various departments of government.

I have had the clerk of the Committee on Appropriations prepare an authentic statement, correct in every particular, showing the exact amount of appropriations carried in each one of the appropriation bills thus far reported to the House, and the Budget estimates for each of such bills which the President asked Congress to appropriate, and I have such official statement here, and I ask unanimous consent to insert that statement in connection with my remarks.

The SPEAKER. Is there objection?

There was no objection.

Comparison of appropriation bills as reported to the House with the Budget estimates

First deficiency (vetoed):	
Budget estimates	$43,706,708.99
Bill	31,421,520.57
Reduction	12,285,188.42
Treasury and Post Office:	
Budget estimates	994,328,901.00
Bill	961,416,597.00
Reduction	32,912,304.00
War Department:	
Budget estimates	352,530,145.00
Bill	345,833,532.00
Reduction	6,696,613.00
Interior Department:	
Budget estimates	46,083,929.00
Bill	43,172,904.00
Reduction	2,911,025.00
Agriculture:	
Budget estimates	108,061,793.00
Bill	100,228,077.00
Reduction	7,833,716.00
Independent offices:	
Budget estimates	1,004,548,301.00
Bill	1,002,890,779.00
Reduction	1,657,522.00
Four departments (State, Justice, Commerce, Labor):	
Budget estimates	108,566,781.60
Bill	103,282,039.00
Reduction	5,284,742.60
Total reduction	69,581,111.02
Deduct net amount added by House to bills which have passed the House	2,703,203.00
Total net decrease below Budget estimates	66,877,908.02

QUESTION OF PERSONAL PRIVILEGE

Mr. McFADDEN. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state it.

Mr. McFADDEN. Mr. Speaker, it is a rule of the House of Representatives, which rule rests upon the Constitution of the United States, that a Representative may not be assailed when he acts in his representative capacity.

Mr. Speaker, I have been assailed and charges have been made against me, as a Representative, which are false and defamatory.

On December 13, 1932, I impeached Herbert Hoover, President of the United States, for high crimes and misdemean-

ors. No action was taken on my charge of impeachment. The resolution which accompanied it was tabled.

On December 14, 1932, the Wichita Beacon published an editorial article, a part of which reads as follows:

This fellow McFADDEN, Pennsylvania Congressman, continues to expose himself as a nuisance of the first magnitude. President Hoover has plenty of trouble. He has made mistakes and would be the last to deny errors of judgment that have preyed heavily upon him.

McFADDEN'S resolution looking to the impeachment of President Hoover, introduced Tuesday in the House, was an insult to Congress and an affront to the American people. It is to the credit of the House that it was overwhelmingly voted down.

On December 14, 1932, the Press Democrat published an editorial article, a part of which reads as follows:

M'FADDEN IS HAYWIRE AGAIN

Resolutions presented in the House yesterday by Representative McFADDEN, of Pennsylvania, proposing the impeachment of President Hoover, look from this distance like a bid for notoriety. McFADDEN, a Republican insurgent, has been nagging at Hoover ever since his election.

There is perhaps some foundation for at least a part of the long list of charges which McFADDEN brought against the President as the basis for his impeachment resolution. McFADDEN had no hope of carrying his impeachment proceedings through. He ought to know that such a proposal is untimely and would be rejected by any group of sound-minded citizens.

President Hoover has less than two months to serve. He probably has fallen short of the expectations of a great many citizens. The November election results testify to that. But there are few if any citizens who believe the President has been guilty of "high crimes and misdemeanors," as charged by McFADDEN.

On December 14, 1932, the Miles City Daily Star published a leading article, a part of which reads as follows:

Representative McFADDEN, Republican, of Pennsylvania, on Tuesday earned the title of carrying the largest individual cargo of sour grapes in the history of Congress.

Mr. UNDERHILL. Mr. Speaker, I rise to a point of order.

The SPEAKER. The gentleman will state it.

Mr. UNDERHILL. I make the point of order that the gentleman has gone beyond the point of personal privilege, and is now indulging in dilatory tactics, which affect the procedure of the House; and I ask for a ruling by the Chair.

The SPEAKER. The gentleman from Pennsylvania [Mr. McFADDEN] is undertaking to state to the Chair the question of personal privilege.

Mr. UNDERHILL. But the gentleman has done so. He has done this on other occasions.

The SPEAKER. But the gentleman has not completed his statement of his question of personal privilege, as the Chair understands it. Has the gentleman stated his question of personal privilege?

Mr. McFADDEN. I have not, Mr. Speaker.

The SPEAKER. The Chair must hear the question of personal privilege.

Mr. DYER. But, Mr. Speaker, the gentleman might read a thousand newspaper clippings, and in the meantime stop public business.

The SPEAKER. The Chair understands the gentleman from Pennsylvania is basing his claim of personal privilege on newspaper articles appearing in different newspapers in the United States. The gentleman is undertaking to quote these newspaper comments.

Mr. DYER. But, can he quote all of them?

The SPEAKER. The gentleman from Pennsylvania will proceed.

Mr. DYER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. DYER. Would the gentleman from Pennsylvania be permitted to quote the comments of all newspapers in the United States upon his action in the House in trying to impeach the President? Must we sit here and listen to that again and again, and allow the gentleman to interrupt public business?

The SPEAKER. In response to the parliamentary inquiry, the Chair will state that the gentleman from Pennsylvania [Mr. McFADDEN] has a right to state the question of personal privilege, whether it is contained in one newspaper article or 10 newspaper articles. Further answering the parliamentary inquiry, the Chair will state that no Member of the House is compelled to remain in the Chamber and listen.

Mr. STAFFORD. But we must have a quorum, Mr. Speaker.

Mr. McFADDEN. Mr. Speaker, there is apparently an organized attempt to discourage any efforts on my part——

The SPEAKER. The gentleman will proceed with his question of personal privilege.

Mr. McFADDEN (reading):

They spoiled on his stomach. He attempted to vomit the nasty unassimilated mess in the pit of the lower House in a deposit of impeachment charges against the President of the United States. It is an everlasting stain on the escutcheon of the Democratic Party that seven of its Members followed the lead of this would-be despoiler of presidential character.

Three hundred and sixty-one of McFADDEN'S colleagues registered their resentment against the unfair accusation. The motion to impeach was tabled pronto upon the lead of the Democratic dean of the House [POU] of North Carolina, with only 8 opposition votes.

Look at the list, BLANTON of Texas; GRIFFITH and BLACK of New York; PATMAN of Texas; ROMJUE of Missouri; SWEENEY of Ohio; HANCOCK of North Carolina, and beside them stands McFADDEN.

The SPEAKER. The gentleman will suspend for a moment. The gentleman has stated sufficient to indicate that he has a question of personal privilege. It occurs to the Chair, however, that if several questions of personal privilege were permitted to be raised at various times based on articles appearing in newspapers in the United States that may reflect upon the gentleman from Pennsylvania in his representative capacity, the business of the House would be seriously impeded. The Chair is not aware of any precedent which would permit a Member of the House to rise to a second question of personal privilege where the material upon which he bases his second question is substantially the same as that used in the first instance. Now the question is, Shall the House set the precedent or shall the Chair set the precedent that a Member of the House can not rise the second time to a question of personal privilege when that question is based upon substantially the same material used in raising the first question of personal privilege? It is a question that the Chair would rather have the House pass upon.

The gentleman from Massachusetts [Mr. UNDERHILL] has made the point of order that it is dilatory. The Chair would not care to say that it was dilatory, but the Chair would like to submit the question to the House.

Mr. STAFFORD. Mr. Speaker, will the Chair indulge me a moment?

The SPEAKER. The Chair will be pleased to hear the gentleman.

Mr. STAFFORD. Could the question that is uppermost in the Speaker's mind be brought to a test of the House by raising the question of consideration?

The SPEAKER. There is nothing before the House for consideration, the Chair may say to the gentleman from Wisconsin.

Mr. STAFFORD. I intended to raise the question of consideration as soon as the gentleman presented his question of personal privilege.

Mr. BANKHEAD. Mr. Speaker, it is apparent that it is the intention of the Chair to submit this question to the House, and in order that all Members of the House who are going to vote on it may fully have presented to them the parliamentary question, I make the point of no quorum.

The SPEAKER. Evidently there is not a quorum present.

CALL OF THE HOUSE

Mr. BANKHEAD. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 153]

Abernethy	Bloom	Busby	Carter, Wyo.
Andrews, N. Y.	Brand, Ga.	Byrns	Cavicchia
Arentz	Buckbee	Cable	Chapman
Barbour	Burch	Cannon	Chase

Chiperfield	Goldsborough	Kurtz	Shott
Cochran, Pa.	Goodwin	Lankford, Ga.	Shreve
Cooke	Green	Larsen	Smith, Idaho
Corning	Hancock, N. Y.	Lewis	Snell
Cox	Hare	Lindsay	Stewart
Culkin	Harlan	McGugin	Strong, Pa.
Curry	Holaday	Manlove	Sullivan, N. Y.
Davenport	Hopkins	Nelson, Wis.	Sullivan, Pa.
Davis, Tenn.	Hornor	Oliver, Ala.	Taylor, Colo.
Dominick	Hull, William E.	Oliver, N. Y.	Tierney
Doutrich	Igoe	Pratt, Harcourt J.	Tinkham
Erk	James	Pratt, Ruth	Underwood
Freeman	Johnson, Ill.	Rich	Weaver
Fulbright	Johnson, Wash.	Romjue	Woodruff
Gilbert	Kelly, Ill.	Schuetz	Wyant
Golder	Knutson	Shannon	

The SPEAKER. Three hundred and forty-six Members have answered to their names. A quorum is present.

On motion of Mr. RAINEY, further proceedings under the call were dispensed with.

Mr. McFADDEN. Mr. Speaker, it is my present understanding that to-morrow when the House convenes and the independent offices appropriation bill is taken up, the gentleman from Virginia [Mr. WOODRUM], in charge of the bill, will yield to me the hour I would have under the question of personal privilege here. Under these circumstances, Mr. Speaker, I withdraw the question of privilege.

Mr. CLARKE of New York. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CLARKE of New York. Are we to continue having these questions brought up?

The SPEAKER. That is not a parliamentary inquiry, because the Chair does not know what is going to happen in the future.

Let the Chair make a statement on this matter. The Chair wishes to read into the RECORD a question which the House very properly must consider if continued effort is made to raise the question of personal privilege based upon the same premise. The Chair had the Parliamentarian write it out:

Is the gentleman from Pennsylvania permitted, under the practice of the House, to raise a question of personal privilege the second time on substantially the same issue used by him in raising a former question of personal privilege?

If the House will permit the Chair to make a further statement he will state his views. Probably a hundred newspapers in the United States have attacked the gentleman from Pennsylvania for his effort to impeach the President of the United States. This is the only forum a Member of the House has to reply to newspaper criticism, or other criticism, and the House heretofore has been very jealous of this privilege. The Chair is very jealous of it and wishes to preserve it as far as possible. At the same time it seems to the Chair that it would be absurd to permit a Member, who has been attacked by a hundred newspapers to have a hundred different hours on the question of personal privilege in the House of Representatives. That is the reason the Chair raised the question with the gentleman from Pennsylvania, in view of the fact the gentleman had already defended himself on the charge lodged against him by several newspapers of the United States as to his actions in his representative capacity in an effort to impeach the President.

The Chair is very glad the gentleman has withdrawn the question of personal privilege, because the Chair thought it was proper to submit the question to the House of Representatives, for the Chair knows of no precedents in the premises.

Let the Chair say in that connection it does seem to the Chair that the gentleman from Pennsylvania is entitled to address the House, in view of his long service in the House, and also in view of the fact he has been reelected to the next Congress.

Mr. LAGUARDIA. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. LAGUARDIA. In reference to the statement of the Speaker, may I ask if anything transpiring to-day in any way changes the rule or custom on questions of personal privilege?

The SPEAKER. None whatever, because the gentleman from Pennsylvania has withdrawn his question of personal privilege. The Chair has merely stated his views in the matter.

COMMITTEE MEETING

Mr. McCLINTIC of Oklahoma. Mr. Speaker, I ask unanimous consent to address the House for one minute to make an announcement.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. McCLINTIC of Oklahoma. Mr. Speaker, I desire to announce to the Members of the House that the committee that has been working on proposed legislation to aid distressed mortgagors will meet to-night in the rooms of the Committee on the Judiciary in the House Office Building at 7.30. All interested in this subject are invited to be present.

INDEPENDENT OFFICES APPROPRIATION BILL, 1934

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 14458) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes. Pending that, Mr. Speaker, I ask unanimous consent that general debate may continue through the day, the time to be equally divided between the gentleman from Washington and myself.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 14458, with Mr. RAYBURN in the chair.

The Clerk read the title of the bill.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. WOODRUM. Mr. Chairman, I yield myself one hour.

Mr. Chairman, the independent offices appropriation bill, bringing the committee recommendations for 1934, is in the sum of $1,002,890,779. This is $21,395,262 less than the appropriations for the same activities for 1933, and $1,657,522 less than the Budget estimates for 1934.

I have a very interesting compilation which I shall insert in the RECORD. Mr. Chairman, at this time I ask unanimous consent to extend my remarks by including therein several tabulations and short references to the reports and hearings.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Chairman, I believe the membership of this House will bear witness that I do not impose on its time. I do not get in the well of this House and make a speech to hear the sound of my voice, and the only reason I am here to-day is to try to bring you information about an appropriation bill that covers 25 per cent of the total Federal Budget. You ought to be interested in knowing something about this, and I am going to take it for granted that you are, and I ask your kind cooperation during the time I shall have to consume.

This bill carries the appropriations for the so-called independent establishments of the Government. There are some twenty-seven of these bureaus and commissions.

While the total amount of the bill is over $1,000,000,000, yet the total amount for all of these independent establishments is only $56,000,000, and I am very pleased to be able to direct your attention to the facts which show that for these 27 independent establishments of the Government the Congress has reduced the appropriations in the last two years 16.7 per cent; that is to say, the appropriations for these independent establishments in dollars and cents is $11,425,926 less than the actual money appropriated in 1932, or 16.7 per cent. The following study is of interest:

Statement showing, by establishments, the amounts carried in the independent offices appropriation bill for 1934 as compared with the amounts appropriated for corresponding items in 1932 and 1933, showing the decreases or increases in the bill for 1934 as compared with the Budget estimate for 1934 and with the appropriations for 1933, and the cumulative decreases or increases in the bill for 1934 as compared with the appropriations for 1932 [1]

	1932 appropriation	1933 appropriation	1934 Budget estimate	Recommended in bill for 1934	Increase (+) or decrease (−), bill compared with 1933 appropriation	Increase (+) or decrease (−), bill compared with 1932 appropriation	Increase (+) or decrease (−), bill compared with 1934 Budget estimates
Executive Office	$550,880	$392,000	$378,498	$428,498	+$36,498	−$122,382	+$50,000
Battle Monuments Commission	304,250	275,000	143,322	143,322	−131,678	−160,928	
Arlington Memorial Bridge Commission	1,000,000	340,000	294,675	294,675	−45,325	−705,325	
Board of Mediation	188,185	152,135	132,483	132,483	−19,652	−55,702	
Board of Tax Appeals	653,640	560,000	556,442	545,000	−15,000	−108,640	−11,442
Bureau of Efficiency	200,270	159,500	146,298	146,298	−13,202	−53,972	
Civil Service Commission [2]	1,877,192	1,457,486	1,374,470	1,374,470	−83,016	−502,722	
Commission of Fine Arts	9,775	7,800	9,258	9,258	+1,458	−517	
Employees' Compensation Commission	4,730,980	4,880,000	4,912,800	4,862,800	−17,200	+131,820	−50,000
Federal Board for Vocational Education	2,846,980	2,864,000	2,876,283	2,876,283	+12,283	+29,303	
Federal Farm Board, Administration	1,900,000					−1,900,000	
Federal Oil Conservation Board	20,000	10,000	11,252	9,752	−248	−10,248	−1,500
Federal Power Commission	260,195	254,000	235,373	235,373	−18,627	−24,822	
Federal Radio Commission [3]	1,112,080	872,000	780,427	780,427	−91,573	−331,653	
Federal Trade Commission	1,781,766	1,466,500	1,109,550	510,000	−956,500	−1,271,766	−599,550
General Accounting Office	4,297,620	4,202,620	3,918,000	3,918,000	−344,620	−379,620	
George Rogers Clark Sesquicentennial Commission	800,000	400,000	98,158	98,158	−301,842	−701,842	
Interstate Commerce Commission	9,412,473	7,148,560	7,137,639	7,137,639	−10,921	−2,274,834	
Mount Rushmore Memorial Commission	[4]	25,000	10,000	10,000	−15,000	+10,000	
National Advisory Committee for Aeronautics	1,051,070	920,000	866,030	821,000	−99,000	−230,070	−45,030
Public Buildings and Public Parks	5,793,613	4,025,933	4,184,422	4,184,422	+158,489	−1,609,191	
Public Buildings Commission	125,000	100,000	91,975	91,975	−8,025	−33,025	
Smithsonian Institution	1,155,424	1,074,829	1,044,692	1,044,692	−30,137	−110,732	
Supreme Court Building Commission	3,750,000	1,000,000	3,240,000	2,240,000	+1,240,000	−1,510,000	−1,000,000
Tariff Commission	1,240,000	1,020,000	945,098	945,098	−74,902	−294,902	
United States Geographic Board	10,678	9,678	9,778	9,778	+100	−900	
U. S. Shipping Board	2,406,000	360,000	3,202,744	3,202,744	+2,842,744	+796,744	
Civil Service retirement and disability fund	20,850,000	20,850,000	20,850,000	20,850,000			
Total, above items	68,328,071	54,887,041	58,559,667	56,902,145	+2,015,104	−11,425,926	−1,657,522
Veterans' Administration (military services)	1,115,067,467	927,949,000	945,988,634	945,988,634	+18,039,634	−169,078,833	
Grand total	1,183,395,538	982,836,041	1,004,548,301	1,002,890,779	+20,054,738	−180,504,759	−1,657,522

[1] From this table have been omitted appropriations for 1932 and 1933 for items occurring in those years which do not recur in 1934, as follows: For 1932, Federal Farm Board, revolving fund, $100,000,000; George Washington Bicentennial Commission, $563,195; Housing Corporation, $15,000; National Capital Park and Planning Commission, $4,000,000; Puerto Rican Hurricane Relief Commission, $1,000,000; Reconstruction Finance Corporation, $500,000,000; and Ship Construction Loan fund, $35,000,000. For 1933, Chicago World's Fair, $1,000,000; Distribution of wheat and cotton to Red Cross, $40,000,000; Federal Home Loan Bank Board, $250,000; and George Washington Bicentennial Commission, $200,000.

[2] Including for each of the years given the amount appropriated for the Personnel Classification Board.

[3] Including for each of the years given the amount appropriated for the Radio Division of the Department of Commerce.

[4] Reappropriated.

Of course, when you figure the appropriations for veterans' activities, the gross amount of the bill will probably show an increase, taking out nonrecurring items, and this brings up a very interesting question. When we consider the problem of reducing the cost of government, about which we are hearing so much and about which so many of us are interested, the total Federal Budget for 1933, in round figures, was $4,000,000,000. These figures, I am sure, are familiar to all Members of the House. Interest on the sinking fund, the public debt, cost of Veterans' Administration, and the Army and the Navy, in round figures, take $3,000,000,000 of that amount. The public-works program, which every Member of the House, I am sure, feel is necessary in these days of stress as a relief activity, takes another one-half billion dollars, leaving $500,000,000 wherein you may put into effect your economy in government, unless you are willing to cut the Army and the Navy and the veterans.

So if you would wipe out entirely the whole civil government, Congress, and the Senate, and all of their salaries and all of their expenses, and all of these independent establishments, and wipe the slate clean, you would only have reduced the cost of government 12½ per cent. In other words, you have only a leeway of something like one-half billion dollars, or one-eighth of your Budget wherein you can put into effect economies in government.

So I think when this committee brings you a bill which in two years has reduced the cost of these so-called independent establishments by 16.7 per cent, and at the same time has not interfered with necessary functions of government, this is an accomplishment of which the Congress itself may feel proud.

At this time I want to pay my respects to colleagues on the subcommittee for their untiring efforts and their interest in assisting in the work of this subcommittee, and to the clerk of our subcommittee and the clerk of the committee, Mr. Shields.

Particularly do I want to call attention to the fact that three of my colleagues on the subcommittee, the gentleman from New Hampshire [Mr. WASON], the gentleman from Washington [Mr. SUMMERS], and the gentleman from Georgia [Mr. WRIGHT], who will not be with us in the next session of Congress. I am sure their kind cooperation, their cordial friendship, their patient and patriotic service will be missed by this body, and that each and every one of them can go home to his constituency happy in the thought that while a Member of this House and this committee he has contributed to the welfare and advancement of his country. [Applause.]

Undoubtedly, it is the prime function of the Congress to reduce the cost of government. I am in hearty sympathy with the idea that the keystone in the arch of economic solidarity is a balanced Federal Budget, but I do not believe we will be able in these appropriation bills in this Congress or in any other Congress to make the drastic reductions that some of us in our wild moments of enthusiasm have promised to make, without seriously crippling necessary functions of government.

I want to say this to the committee. This subcommittee has given to the items in this bill the very best thought and consideration of which it is capable. We have cut to the bone wherever we thought we could do so. In many places we have followed the Budget recommendations, but we believed it to be not only our duty to have an economical Government, but to have an efficient Government, and that it is just as much the duty of the Congress to provide sufficient funds for necessary functions of government as it is to try to find and eliminate wasteful and useless expenditures. With this thought in mind we have approached the items set out in this bill.

As I have said there are 27 separate establishments. I am going through the report rapidly, paying attention only where cuts have been made where Members may be inter-

ested, and I shall be glad to answer any question my colleagues may propound so far as I am able.

The Arlington Bridge Commission is given the amount the Budget recommended. That is enough to carry the project through the next fiscal year, eliminating a good many items in the project, but doing nothing but what is absolutely necessary to be done and cutting from the list all items that have not been begun or contracted for.

The estimate for the Civil Service Commission in 1934 was $1,374,470. That amount is practically allowed the Civil Service Commission. The committee did not cut that item this year. But may I bring to your attention the fact that since 1931 the appropriation for the commission has been cut 25 per cent? The suggestion has been made by some of my colleagues that inasmuch as practically few examinations are being held by the commission that you ought to make a more drastic cut in the appropriation.

I find on inquiry that during 1931, 42 per cent of the appropriation for the Civil Service Commission was devoted to examinations, while the 1934 estimates only provided for 23 per cent, showing their appropriations have been cut 25 per cent, and that that cut has been applied to that portion of their activity which relates to the examination of applicants for Federal positions.

Permit me to say that on investigation you will find that the commission has had placed on it by Congress and the organic law many functions besides the one we think of, the function of examining applicants for Federal positions.

The Federal Board for Vocational Education has been given the appropriation estimated for by the Bureau of the Budget, and in the report and the hearings you will find a full statement of the administration of that activity.

The Federal Farm Board is mentioned on page 8 of the report. Gentlemen will recall that last year we had an interesting discussion and consideration of this appropriation for the Federal Farm Board. The Budget estimate was $1,880,000. The House cut it to a million dollars. The Senate cut it to $800,000, at which figure it was left by the conferees.

The committee this year allows the Federal Farm Board $500,000, limiting its activities to the 1st of January, 1934. That was done after careful thought, study, and consideration, believing, as the committee did, that with the advent of the new administration a study would be made of the question and some definite program outlined which would determine the future of this activity.

And so we give it an appropriation for half the fiscal year an amount estimated by the Bureau of the Budget.

The Federal Power Commission is given the Budget estimate of $235,373, and may I direct attention to one independent establishment of the Government that more than pays for itself, and I think that is worth considering and making special mention of. The total expenses of the Federal Power Commission since its organization have been $2,304,999.64, but there has been covered into the United States Treasury in fees authorized and collected by this commission $3,110,954.16, or a net profit to Uncle Sam of more than $805,954.52; and may I say in this connection there are a great many activities of the Government which I think could very properly charge a small service fee to the people who get the benefit of its activities, and in a great measure in that way pay for the cost of that particular activity. The Bureau of Standards, under the economy act, is now charging for a great many services that in the past were rendered gratis. The charge does not amount to much to the particular individual who avails himself of the service, and they are usually willing and glad to pay it, yet in the aggregate it cuts down the cost of running that establishment a great deal.

The Budget estimate for the Federal Trade Commission was for $1,109,550. The committee made a very drastic cut in this appropriation. We cut it to $510,000, or a cut of $599,550. I shall pause for a moment here to say a word in explanation of that. Gentlemen will recall that last year we earmarked $300,000 of the Federal Trade Commission's appropriation in order to compel the commission to complete the utility and chain-store investigations that at that time had been running for several years, and running into thousands of dollars. We were advised in our hearings by the Federal Trade Commission that at the end of this fiscal year they will have completed the public utility investigation and the chain-store investigation. The utility investigation will have cost the Government something like $2,000,000 and the chain store investigation something under a million dollars.

Large and numerous volumes of reports have been published by the commission giving information collected and charted in these investigations. The Federal Trade Commission then, inasmuch as it would complete these two major investigations by the end of the fiscal year, passed a resolution to initiate of its own motion three new investigations—first, an investigation into the financial practices of corporations; second, the effect of antitrust acts with relation to the petroleum, natural gas, coal, and lumber industries; and, third, the effect on business and the general public of quantity discounts, selling below cost, reciprocity in dealing, brand advertisements, guarantee against decline, and wholesale and retail price stabilization. They carried in their estimates for 1934 appropriations $288,134 for the fiscal year to begin those new investigations. Your committee did not believe that the time was opportune for the Federal Trade Commission or any other commission of the Government to begin new investigations, unless it was shown by the most convincing evidence that there was a pressing and urgent need for that kind of investigation. We believe that with the advent of a new administration, that new administration ought to have the duty and responsibility of saying what public funds should be spent for that purpose and whether there were a need to initiate such investigations. Therefore it took out of this appropriation that $288,134 and practically an additional amount, feeling that perhaps the Federal Trade Commission could operate during these strenuous times on a greatly reduced personnel and Federal Budget. A number of Members have expressed interest and some concern about this drastic cut in the Federal Trade Commission. Personally I am very frank to say that I think we cut it pretty deep. I think we were entirely justified in taking out sums estimated for new investigations; but I shall be very glad, and I am sure the members of the subcommittee will be very glad, to have the judgment of the committee when it comes to consider this, as to whether or not this activity has been unnecessarily and unduly hampered in providing for its financial needs.

Next I come to the Interstate Commerce Commission. The committee will recall that last year we took about one million and a half dollars away from the Interstate Commerce Commission. The appropriation this year is practically the same as last year, and gentlemen will find in the report a very comprehensive and detailed statement of the activities of the Interstate Commerce Commission and the various branches of that commission.

Mr. MAY. Mr. Chairman, will the gentleman yield for a question?

Mr. WOODRUM. Yes.

Mr. MAY. I am particularly interested in one feature of the activities of the Interstate Commerce Commission for a certain reason and should like to state that and ask the gentleman to give us his judgment upon it. That is the branch relating to land appraisals to which has been allotted $2,313,542 on page 27 of the bill. While the cut on the whole appropriation is only around $10,000, as I understand it, I believe there ought to be more money transferred from some other activity of the commission to this particular activity for this reason. It will be recalled that in the Senate there is a bill pending by Senator BLAINE which shows that by reason of the efficiency of this particular department of the Interstate Commerce Commission, the Government was able to save about $7,000,000 on a post-office site valuation in New York City, and approximately $5,000,000 on one in Chicago. I think these two instances of actual savings to the Government in another department of its activities ought to weigh heavily with this committee

and the House in the matter of apportioning to the proper department these appropriations, and I merely make that as a suggestion, and I should like to have the chairman of the committee give consideration to it.

Mr. WOODRUM. In the first place, when the Congress first considered the transportation act providing for this valuation of the property of common carriers, my recollection is that the Senator from Wisconsin, the late Senator Robert M. La Follette, said it would probably cost $2,000,000 to make this valuation. The Government has already expended about $44,000,000, and the railroads probably three times that amount.

The law provides for two classes of examinations to be made of properties of common carriers by the Interstate Commerce Commission. First, a primary valuation; that is the original valuation of their properties. That valuation has practically been completed. A great deal of work was done on it. But the law also provides that in order that the Interstate Commerce Commission may have current information necessary to pass on the rights of carriers for rate-making purposes and for the purpose of issuing securities it must police those accounts and keep their valuations current; that they may not rely upon statements that may be filed by the railroads as to the differentials in their valuations, but that the Interstate Commerce Commission itself shall send its experts there to examine their books and reports and make other appraisements. That is what it does.

The cut in the valuation department last year was made because of the very urgent recommendation that is now before the Congress from the Committee on Interstate and Foreign Commerce, which recommended the retroactive repeal of the recapture clause of the transportation act, and the belief that this would ultimately be done. The Congress felt last year, following the recommendation of its committee, that pending the determination of that question no more money should be spent on this recapture work than was absolutely necessary to keep it current. So with that in mind the committee this year brings in an appropriation providing for merely enough organization—but we think an adequate organization—to take care of that work.

Mr. MAY. Will the gentleman yield further for a question?

Mr. WOODRUM. I yield.

Mr. MAY. I appreciate the courtesy and the splendid explanation which the gentleman has made, and I am entirely in sympathy with the efforts of the committee to economize in every direction; but has the gentleman given any thought to the idea that the Government has advanced, through the Reconstruction Finance Corporation, many, many millions of dollars to the railroads, and that those railroads in receiverships are now to be reappraised for that particular purpose?

Mr. WOODRUM. I may say to the gentleman from Kentucky that the committee did not understand the Interstate Commerce Commission felt they had been greatly handicapped in this appropriation. I think when a department is pretty well satisfied, the Congress can feel it is making adequate provision for that activity. The Interstate Commerce Commission, I think, will be well pleased if Congress gives them the amount of money that has been estimated by the Bureau of the Budget.

Mr. MAY. I agree with that; but my thought was that if we could take from some other department in the commission and give to this department a little more money, it would be a good change to make, and I thought we might be considering that as we go along.

Mr. WOODRUM. Now, Mr. Chairman, we come to another activity that I want to say a word about, and that is the National Advisory Committee for Aeronautics, a committee set up during the war time for the purpose of making scientific research and study of problems relating to aviation. This committee is composed of eminent scientists. Doctor Ames, of Johns Hopkins University, is chairman of the committee. Colonel Lindbergh is a member of the committee. Some 10 or 12 or 15 other eminent aviators and scientists are members of that committee. The members serve without pay, and they meet periodically in an effort to study and solve problems relating to aviation, especially in the Army, the Navy, and Marine Corps air services of the Government. It is interesting to note that we are able to put our hands on definite accomplishments of this organization that can be translated into dollars and cents.

This branch of the Government has only a relatively small appropriation, and it is really preeminent in the world. We are told that no nation has laboratories and research agencies comparable to the United States in this regard. Their appropriation this year is $821,000. It is $45,030 under the Budget estimates. After going over the matter, we felt they could stand that much cut. It is probably $300,000 under what it was two years ago.

I shall place in the RECORD information showing definite discoveries and the solving of definite problems by this committee which would save to the Government approximately $5,000,000 a year in its aviation program if put into effect. Some of them are being put into effect rapidly. It is a fascinating study. Our subcommittee looks forward each year to having this group of people come before us and discuss these problems, because it is a fascinating study.

I think, Mr. Chairman, I shall ask unanimous consent to further extend my remarks by inserting in the RECORD a short analysis of the activities of the National Advisory Committee for Aeronautics.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

Mr. STAFFORD. Is that manuscript to which the gentleman refers embodied in the hearings?

Mr. WOODRUM. No, sir; it is not in the hearings.

There was no objection.

Mr. WOODRUM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

ECONOMIC VALUE OF THE NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS

Fundamental scientific research in aeronautics is conducted by the National Advisory Committee for Aeronautics in one central Government laboratory at Langley Field, Va. Many of the researches have led to material improvements in the safety of aircraft. The economic value of greater safety, being indeterminate, is not included in this statement. Other researches have led to valuable improvements in performance of military and civil aircraft. Although superior performance is vital for military purposes, the economic value of superiority as such in time of war is indeterminate and is not included.

In the 18 years since its establishment, the committee's expenditures have averaged less than $500,000 annually. The results of investigations completed during recent years, when applied to airplanes equal in number to those in use during the fiscal year 1932, will make possible annual savings in money alone considerably in excess of the total cost of the committee's work for 18 years.

The following half dozen examples show possible savings amounting to over $10,000,000 annually:

	Annual possible savings
N. A. C. A. cowling	$5,299,300
N. A. C. A. engine-propeller location	1,998,300
Use of 2-stroke-cycle engine	997,905
Effect of load-factor research on wing design	984,900
Use of N. A. C. A. 2415 airfoil	628,757
Operation of engines with large valve overlap	598,742
Annual possible savings	10,507,904
To Government	5,188,499
To commercial aviation	5,419,405

N. A. C. A. COWLING

In arriving at the estimated possible savings through the use of the N. A. C. A. cowling on all types of airplanes, the following factors were considered for each type of airplane in use in the United States for military, naval, and commercial purposes during the fiscal year ended June 30, 1932:

1. Actual hours flown; reduction in drag through use of cowling (at cruising speed); reduction in horsepower required through use of cowling for same cruising speed; reduction in initial cost of engine of less horsepower required; reduction in cost of airplane maintenance and operation resulting from saving in weight, including: Saving on depreciation; saving in insurance and interest charges on commercial airplanes and engines; saving on fuel and oil; and saving in maintenance costs of airplane and engine.

2. From the gross saving thus computed for each airplane in service there was deducted the cost of installation and maintenance of the N. A. C. A. cowling.

3. The remainder is the net saving per year for each airplane of a given type.

These factors applied to the airplanes in use in the United States by the Army, by the Navy, and by commercial operators show estimated possible savings per year as follows:

Army	$1,686,800
Navy	1,286,600
Total, military	2,973,400
Commercial	2,325,900
Total annual savings from use of N. A. C. A. cowling	5,299,300

N. A. C. A. ENGINE-PROPELLER LOCATION

In arriving at the estimated possible savings through the use of the N. A. C. A. engine-propeller position in the wings of all types of multiengine airplanes the following factors were considered for each type of airplane in use in the United States for military, naval, and commercial purposes during the fiscal year ended June 30, 1932:

1. Actual hours flown.
2. Improvement in net efficiency due to use of N. A. C. A. engine-propeller location.
3. Reduction in horsepower required at cruising speed.
4. Reduction in initial cost of engines of less horsepower required.
5. Reduction in cost of airplane maintenance and operation resulting from saving in weight, including—
   (a) Saving on depreciation.
   (b) Saving in insurance and interest charges on commercial airplanes and engines.
   (c) Saving on fuel and oil.
   (d) Saving in maintenance costs of airplane and engine.

These factors, applied to the multiengine airplanes in use in the United States by the Army, the Navy, and commercial operators, show estimated possible savings per year as follows:

Army	$702,200
Navy	342,500
Total, military	1,044,700
Commercial	953,600
Total annual savings through use of N. A. C. A. engine-propeller position in multiengine airplanes	1,998,300

2-STROKE-CYCLE ENGINE

The conventional type of gasoline engine is a 4-stroke-cycle engine—that is to say, each piston makes 2 up strokes and 2 down strokes in delivering 1 power stroke. In the 2-stroke-cycle engine each down stroke of a piston is a power stroke. Certain physical difficulties have existed, however, to delay the development of the 2-stroke-cycle engine for general use in aircraft.

The National Advisory Committee for Aeronautics has conducted researches for several years to solve these difficulties. It has made definite progress on the fundamental difficulties involved, as, for example, in the scavenging of burned gases from the cylinders and in the injection of fuel under pressure. The progress thus far made in the committee's laboratory indicates that a 2-stroke-cycle engine having compression ignition and fuel injection can now be built at an average weight of 1.4 pounds per horsepower as compared with the present average weight of 2 pounds per horsepower.

Total horsepower developed in Army, Navy, and commercial airplanes—horsepower	413,725
At average of 2 pounds per horsepower for 4-stroke-cycle engine—pounds	827,450
At average of 1.4 pounds per horsepower for 2-stroke-cycle engine—pounds	579,215
Weight saved using 2-stroke-cycle engine—pounds	248,235
Multiplied by cost per year per pound of weight flown	$4.02
Annual possible saving	$997,905

EFFECT OF LOAD-FACTOR RESEARCH ON WING DESIGN

By scientific investigations conducted by the National Advisory Committee for Aeronautics to determine the distribution of air loads imposed on airplane structures in flight, it is now possible so to design airplane wings as to give requisite strength with minimum weight.

For convenience in evaluating the saving thus made possible in the annual operating costs (disregarding savings in production costs) the single-engine commercial airplanes have been estimated at 5,000 pounds each and multiengine commercial airplanes at 15,000 pounds each.

	Pounds
5,000-pound airplanes, 453, at 270 pounds saved per airplane	123,000
15,000-pound airplanes, 199, at 610 pounds saved per airplane	122,000
Gross weight saved on commercial airplanes operated in 1932	245,000
Annual saving, at $4.02 per pound per annum, $984,900.	

USE OF N. A. C. A. 2415 AIRFOIL

Considering a typical cabin monoplane with N. A. C. A. 2415 wing installed in lieu of the previous conventional wing there would be, at a cruising speed of 120 miles per hour, a reduction in total drag including wing and control surfaces of 17.28 pounds per airplane.

	Cents
Cost per pound of drag per hour of flight	3½
Savings per hour of flight at 17.28 pounds drag saved per airplane	60

Possible savings per annum at 60 cents per hour of flight per airplane, based on number of airplanes used during 1932:

Army	$222,752
Navy	148,647
Total savings to Government	371,399
Commercial airplanes	257,358
Total savings per annum	628,757

OPERATION OF ENGINES WITH LARGE VALVE OVERLAP

The National Advisory Committee for Aeronautics through researches conducted at its laboratories at Langley Field, Va., has made possible an 18 per cent increase in power of aircraft engines by using large valve overlap combined with fuel-injection principle. Based on the aircraft engines in use in the United States during the fiscal year 1932, this principle makes possible an annual economic saving of $598,742, arrived at as follows:

Power saved—per cent	18
Total brake horsepower-hours developed during year on aircraft engines of all types	413,724,750
Assuming liberal estimate of 1,000 hours' operation per year, the horsepower developed was—horsepower	413,725
18 per cent of above horsepower saved—do	74,470
Equivalent weight saved at rate of 2 pounds per horsepower—pounds	148,940
Economic value of weight saved at $4.02 per pound per annum	$598,742

Mr. WOODRUM. The United States Shipping Board is given in this bill $3,202,744. Of this sum, the sum of $2,875,000 is for the emergency shipping fund. On the face of it, that looks like a large increase over last year's appropriation, and, of course, in dollars and cents it is, but, periodically we appropriate money to go into this operating deficit of the Shipping Board. The statement which you will find on page 16 of the report shows that the operating deficit of the Shipping Board is year by year getting smaller and smaller.

THE EMERGENCY FLEET APPROPRIATION

The Emergency Fleet appropriation is made up of a direct appropriation of a definite sum of money from the Federal Treasury, together with the appropriation of indefinite amounts from the several funds of the Shipping Board. These funds are:

(A) The amount of operating funds on hand at the beginning of the fiscal year.
(B) Under this head is carried the direct appropriation from the Treasury.
(C) Operating receipts.
(D) Such amount of the proceeds of sales as is necessary to meet liquidation expenses.
(E) Interest on bank accounts.

In order to compare the appropriations in different years for the Emergency Fleet operations it is necessary to strike a total of the sums estimated to become available under each of the above heads. Such sums are for each of the years indicated:

	1933	1934
(A)	$16,100,000	$8,600,000
(B)		2,875,000
(C)	1,338,500	864,200
(D)	1,500,000	1,000,000
(E)	20,000	5,000
Total	18,958,500	13,344,200
Deduct 1934 from 1933	13,344,200	
Reduction, 1934 under 1933	5,614,300	

OPERATING DEFICIT

The operating deficit of the fleet for the past five years, including the estimated deficit for 1934, has been as follows:

1930	$10,359,213.18
1931	9,294,229.43
1932	8,430,705.82
1933	5,819,971.00
1934	5,211,600.00

The estimated operating deficit for next year is thus $608,371 less than that for the current year.

This year we miss our old friend, the United States George Washington Bicentennial Commission. [Applause.] It is not here any more. Now, I want to put into the RECORD a few facts.

We have appropriated for the bicentennial commission $1,222,770. That sounds like a lot of money, and that is a lot of money, and I am going to do something now that our esteemed colleague, the gentleman from New York [Mr. BLOOM] has never wanted done in connection with this activity. I am going to tell you something about what the Government has gotten out of this thing in dollars and cents. The sale of the special issue of souvenir stamps, issued for the bicentennial commission, will be appreciably more than our total appropriation for the activity. It is already more than the appropriation, and it will run to $1,500,000 when they are through. Bear in mind, that is for the sale of souvenir stamps which the Government is not called upon to render any service for at all. It does not have to carry a letter for it.

I shall ask unanimous consent at this point to further extend my remarks by inserting in the RECORD a short statement of the George Washington Bicentennial Commission.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. WOODRUM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

STATEMENT OF THE APPROPRIATIONS AND ESTIMATES FOR THE GEORGE WASHINGTON BICENTENNIAL COMMISSION

The total of the Budget estimates for the George Washington Bicentennial Commission is $1,690,360. The total of the appropriations is $1,222,770.

The estimates and appropriations by years are set out in the following table:

APPROPRIATIONS		ESTIMATES	
1930	$20,500	1930	$20,500
1931 (in second deficiency act)	362,075	1931 (H. Doc. 409)	364,875
Deficiency (2d)	77,000	Deficiency (H. Doc. 730)	87,560
1932	338,195	1932	338,195
Deficiency (1st)	225,000	Deficiency (H. Doc. 169)	427,000
1933	200,000	1933	452,230
Total	1,222,770	Total	1,690,360

Profits on the sale of bicentennial commemorative stamps are estimated to be from $1,000,000 to $1,500,000, as set out in the attached letter from the Bicentennial Commission.

SURVEY OF THE WORK DONE BY THE UNITED STATES GEORGE WASHINGTON BICENTENNIAL COMMISSION

In order to carry out the established program in an orderly and time-saving manner, the work of the commission was divided into various departments. It should be remembered that the object of the commission was not to concentrate activities in any one place but to carry the celebration to the people in their own homes and communities. Also, every suggested program and event was based upon the principle of strict economy. As briefly as possible this is a summary of the work of each department.

DEPARTMENT OF STATES, CITIES, AND TOWNS

Through this department were organized cooperating commissions and committees in every State, city, and town in the United States, as well as in the Territories. Special committees were also organized among the churches, fraternal and patriotic organizations, agricultural, civic bodies, etc. At the close of the celebration period, Thanksgiving Day, 1932, there were actively engaged in the United States 43,000 States, cities, and towns committees and 658,000 committees representing special groups of people, making a total of more than 700,000 separate and distinct committees—all actually cooperating.

The work of this commission did not consist merely in organizing these committees. After they were formed it was necessary to keep in constant contact with them so that we could advise and otherwise help them in their work in their own localities and among their own groups of people. We kept these committees constantly supplied with suggestions for participation and with material with which to carry out their programs if such material was requested. We supplied such committees with historical pamphlets, plays and pageants, special colonial music, model sermons, material for speeches, local publicity material, and in an infinite number of ways we assisted in making their local celebrations successful.

It is interesting to note that more than 1,500,000 separate and distinct bicentennial programs or commemorative exercises were carried out with the commission's assistance.

DEPARTMENT OF WOMEN'S ACTIVITIES

Realizing the importance of getting the full cooperation of the women's organizations of America, a separate department was created for this work. The woman's division contacted every known woman's society in America and assisted each in creating special bicentennial committees. A total of approximately 25,000,000 women in America actively participated in the bicentennial celebration.

During the preparatory stage of the commission's activities, the woman's division prepared, and the commission published, 12 distinct programs of cooperation for the various woman's organizations. These programs, with 48 program papers as the basis for addresses and discussions accompanying them, have been in constant use by practically every woman's society and organization in America. Besides, this division was in constant contact with the directors of the various woman's clubs and, as in the case of the States, cities and towns division furnished material of every type and description so that the splendid cooperation which we received from the women of America was made possible.

Another distinct feature of this division was the cooperation with the American Tree Planting Association to have George Washington memorial trees planted throughout the land. This activity resulted in 30,000,000 George Washington memorial trees being planted from February 22 until Thanksgiving Day, each planting representing an additional memorial program.

FOREIGN PARTICIPATION

While the United States Government did not officially invite the foreign governments to participate in this celebration, it was recognized very early that thousands of societies and individuals abroad were anxious to take part in this great event. The foreign-participation division was organized to take advantage of this opportunity, but foreign-participation activity was conducted without any expense to our own Government.

Seventy-eight foreign countries participated in the bicentennial celebration and this activity entailed a tremendous amount of work, since we attempted to assist all foreign organizations in presenting suitable programs. A complete report of the most interesting work done abroad would require several volumes. It is desirable to point out just one feature. Twenty-six foreign cities have named streets, parks, and squares for George Washington. In Germany, alone, four cities have named public thoroughfares for George Washington—the same in one city in Albania, three cities in Poland, and three cities in Italy. Statutes were erected and memorials were established at many places.

Besides foreign participation, this division handled special activities such as cooperation with the business interests of America, work on the bicentennial stamps, the bicentennial quarter, the bicentennial medals, etc. A great deal of work was done by this division with the foreign embassies in Washington, thus assuring successful programs not only abroad but among the foreign-element groups in this country.

EDUCATIONAL DEPARTMENT

Special emphasis was placed on bicentennial activity in the schools with the idea of bringing before the youth of America a truthful conception of our first President instead of the legendary figure which had heretofore been presented. Also it was recognized that by infusing new patriotic spirit in the youth of our land, we were laying the foundation for patriotism in the hearts of the American citizens of to-morrow and all future generations.

A special division of school activities was appointed, and this division contacted and worked with county superintendents of public schools, private and parochial schools, as well as with State and private colleges and universities.

Through this division were conducted nation-wide contests in the schools and colleges, in declamation, essay, and oratory, on the life of George Washington. It is important to point out that these contests stimulated a tremendous amount of interest in the Bicentennial Celebration and that more than 2,000,000 American boys and girls participated. Complete records of these contests, from every State, were kept.

A number of pamphlets were produced by this division, the most important being the handbook, or appreciation course, which was prepared to guide teachers in their work of teaching the life of George Washington during the bicentennial year. Many institutions of education in America offered and carried out special courses on the life of George Washington.

HISTORICAL DIVISION

This division prepared and edited the 15 historical pamphlets on the different phases of the life of George Washington, as well as several other important documents.

Recognizing the importance of having all our work historically accurate, no piece of historical material, or release for addresses, newspapers, or magazines was issued without the approval of the historical division. When one realizes the tremendous amount of written material distributed by this commission, and when it is seen how few and minor were the errors from a historical standpoint, we can very readily appreciate the value of this division.

All questions sent to this commission of a historical nature were referred to this division for answers. In short, every question of historic nature was left for final decision to this division.

DIVISION OF INFORMATION AND PUBLICATIONS

(Including publicity department)

In the publicity work the aim was to reach every city, town, and village of America through the newspapers, through the magazines, the radio, the movies, and every other possible form of communication.

From January, 1931, to December, 1932, this division actually wrote and distributed more than 3,500,000 words of material.

When we understand that this number of words is equivalent to 475 pages of paper like the New York Times, the tremendous output of this division can be realized. Articles for newspapers and magazines, speech material for radio programs or local addresses, motion-picture scenarios, and special articles were prepared and contacts made and established with the great press associations, newspaper feature syndicates, special correspondents, editorial writers, etc.

Besides the written words, this division sent out thousands of photographs, mats, and cuts of various pictures of George Washington and historical places, all for reproduction purposes.

All matters of a general nature were referred to this division and the letters of reply, for this division only, ran as high as 3,830 a month. To show the effect of this work it should be noted that in November, 1930, 958 clippings were received, while in the month of March, 1932, 122,308 clippings were received, a gradual increase throughout the period. It was necessary to have these clippings in order to follow closely the character of material most useful to the press.

Besides, this division took care of poster distribution. One million copies of the Athenaeum poster were sent to the school rooms of America, 50,000 flag charts were sent to libraries and other institutions, 100,000 copies of the Uncle Sam poster were sent to junior organizations, and some 25,000 Masonic pictures were distributed. This division is now compiling, editing, and arranging the final report of the commission in about nine volumes of approximately 750,000 words to the volume.

PLAYS AND PAGEANTS

Under the direction of the plays and pageants division, 19 plays and 13 pageants were written and published. These plays and pageants were printed or mimeographed for distribution and were presented by schools, churches, dramatic societies, civic organizations, etc., throughout the United States.

It is still impossible to determine the number of such productions. Besides this work, a costume book was prepared, as well as a pamphlet on how to present a pageant. These two books aided materially in encouraging dramatic programs throughout America, and in many foreign countries.

MUSIC DIVISION

The music of the colonial period was selected and a number of pamphlets containing colonial music were prepared. This material proved to be of tremendous help in planning and carrying out Bicentennial celebrations. Besides, one million copies of the George M. Cohan song were distributed, the choral ode, the Song of Faith, by John Alden Carpenter, and a special George Washington Bicentennial March by the late John Philip Sousa were distributed to aid in special programs.

The records of this division will be a valuable addition to the material and knowledge of our early American music.

PRINTING DIVISION

The services of a man with many years of experience were obtained in the getting out of our printed material. All material was printed in a high-grade manner at the very lowest possible cost. I can safely say that by creating this very small division the commission expedited the printing of all its material, insured a high degree of accuracy, and saved many thousands of dollars in the actual cost of printing. Besides the actual printing, this division took charge of making all cuts and art plates, and read and re-read all proofs. Every effort to keep the price to the minimum and at the same time present high-grade work was made.

DISTRIBUTION DIVISION

Approximately fifteen million pamphlets were sent out by this comparatively small department. In every case material was sent only upon written request. No attempt was made to distribute material in any wholesale manner. Records of every piece of literature which was sent out were kept. All the actual work of packing and mailing was done in this department and the dispatch with which orders were sent out, considering the size of the force working in this department, was remarkable.

ADMINISTRATION DEPARTMENT

This department, of course, kept all the records of employees as well as all the acts of business transacted by the commission. At no time did the commission have any difficulty with the Government Accounting Office. Every detail of this work was carried out in compliance with Government regulations. At one time some 10,000 letters a day were handled by this office. Now it receives from 200 to 300 letters a day.

Additional activities of this commission, not mentioned above, were carried out. Among them, the most important, of course, was the preparation and publication of the Definitive Writings of George Washington, edited by Dr. John C. Fitzpatrick. This work has progressed steadily since it was authorized by Congress. Of the estimated number of 25 volumes of this set, 6 have been completed. Up to this time the commission has been able to take care of the expenses incident to the publication of these six volumes and plans to continue this work as long as its appropriation holds out.

The exhibit of original portraits of George Washington and his compatriots, gathered from owners in many parts of this country and abroad, was also an outstanding achievement. This remarkable exhibit was shown at the Corcoran Gallery of Art and lasted for eight months. It was visited by hundreds of thousands of American people from all parts of the country. This project was executed without a slip-up in any particular.

Cooperation with the libraries was handled through the various departments and all the libraries of America were supplied with literature, pictures, bibliographical references, etc.

Thousands of people visited headquarters during the bicentennial period, and no matter how busy employees were these visitors were always shown around with the greatest courtesy.

The above is merely a digest of the work of the commission. To present a detailed report will require volumes.

CONCLUSION

The entire work of the United States George Washington Bicentennial Commission was conducted in a most economical manner. Every item of expenditure was carefully scrutinized and made in full accordance with Government regulations.

The personnel of the commission reached its peak in the spring of 1932, when 175 employees were on the pay roll. This number of employees lasted only a short time and gradually the personnel has been reduced until at the present time there are in the employ of the commission less than 50 people, who are necessary to the work of arranging, compiling, editing, and publishing the final reports of the commission. These reports themselves will be invaluable, not only to the Government itself but more especially to historians, students, and the children of the public schools in the years to come.

The commission does not expect to ask for any further appropriations, but has been so careful in its expenditures that it is believed that a sufficient amount is available of its past appropriations to complete its work.

Records of literature, mats, papers, programs, historical publicity, etc., will be contained within the nine volumes of the history of the commission. This report will also contain a chronological history of the commission itself, with a well-digested and fairly complete record of local activities in the United States and foreign countries. This printed material will be a storehouse of information concerning George Washington and his times not available in any other printed form.

Already many requests have been received for the report and it is being so arranged and indexed that volumes of special interest to libraries will be available without the necessity of the libraries themselves procuring other parts of the report.

Substantial progress has been made in the compilation of this report and many volumes of bound programs have been completed. These programs will present the work of participating groups all over the world. It is estimated that there will be more than 100 volumes of these bound programs. In addition there will be a bound collection of music, etc., and thousands of photographs of great historical value.

Those who are at present employed with the commission have been so employed from the earliest days of the commission's activities, and are, therefore, not only most available for the work of compiling the report, but are, in most cases, the only ones sufficiently familiar with details to complete the report quickly and economically.

Mr. STAFFORD. Does the gentleman know of any other easy way for the Government to make money?

Mr. WOODRUM. I may say to the gentleman that if we would further enlist the services of the distinguished gentleman from New York [Mr. BLOOM] he very probably could put on something that would help us balance the Budget. [Applause.]

Mr. MAY. Does the gentleman know of a name that is a greater advertising medium than that of General Washington, of Virginia?

Mr. WOODRUM. I may say to the gentleman from Kentucky that some of our colleagues were members of the commission, the distinguished chairman of the Appropriations Committee, the gentleman from Tennessee [Mr. BYRNS], and our distinguished friend from Connecticut, Mr. Tilson, together with some of the Members of the other body; and the people of the country and the Congress owe a very deep debt of gratitude and appreciation to these gentlemen, and especially to our colleague from New York [Mr. BLOOM], for this splendid celebration that has caused such an awakening of patriotic zeal and fervor and appreciation not only of Washington but of America and American ideals. [Applause.]

Mr. LAGUARDIA. Mr. Chairman, before the gentleman goes to another subject, will he yield for a question?

Mr. WOODRUM. I yield.

Mr. LAGUARDIA. What has become of our old friend, the sea service bureau?

Mr. WOODRUM. At the last session of Congress the subcommittee asked the Bureau of Efficiency to make a study of the sea service bureau and particularly to report to us whether or not there was any duplication of activities of the sea service bureau and the shipping commissioners of the

Department of Commerce. I have in my hand the report filed by the Bureau of Efficiency, which is very exhaustive, and which in substance says there is no duplication between the activities now being performed by the sea service bureau and the shipping commissioners, but it recommends a combination of them, saying it would likely be possible to save between $20,000 and $30,000 a year by combining these two activities.

Mr. LaGUARDIA. Is the sea service covered in a lump-sum appropriation?

Mr. WOODRUM. It has a lump-sum appropriation of about $75,000.

The committee did not disturb that item for the reason that undoubtedly in the plan of reorganization of the governmental activities, whatever it may be, that will come to us immediately we reconvene in special session; and before this bill even becomes effective, something will be done with the Shipping Board and all these activities. I shall be very pleased to have the gentleman from New York look at this report if he cares to. The Clerk has it.

Now, gentlemen, we come to the appropriation for Veterans' Administration carrying the vast sum of money that the American Government appropriates each year for its soldiers and their dependents.

I may say now what I said last year, but with more emphasis, that while it is true that this amount of money is a vast sum and a growing sum, yet, in my judgment, the Veterans' Administration is one of the most efficiently operated branches of the Federal Government. I believe the members of my subcommittee will bear me out in saying this. Our committee has found General Hines and his aides not only thoroughly versed and grounded in the fundamentals, but on the job and ready at all times to assist the committee and the Government in working out its problems, yet at the same time with a sympathetic view for the problems of the American veterans.

America has paid up to October 31, 1932, $15,701,006,409 for veterans' relief to veterans of all wars. Of this sum $5,474,054,484 has been spent on World War veterans.

It is interesting to see what some of our neighbor governments have done, because sometimes we hear complaints made of the treatment the American Government gives its soldiers and veterans. It is interesting to note what has happened in some other countries. I have a statement which I shall put into the RECORD and briefly refer to now which was given by the Administrator of Veterans' Affairs before the Joint Congressional Committee on December 10, 1932.

The question is frequently asked whether the benefits granted to ex-service men on our part is equal to or surpassed by our allies in the Great War. In this connection the following comparative figures are of interest. Statistics compiled by the War Department give the following figures for wounded casualties, exclusive of deaths:

British Empire	2,090,212
France	4,266,000
United States	234,300

The latest figures available indicative of the numbers receiving monetary benefits as a result of beneficial legislation incident to the World War are:

Great Britain	486,850
Canada	75,878
France	1,098,047
United States	776,812

These figures would seem to mean that of the ex-service men of the British Empire rated by our War Department to be wounded casualties, roughly one in four is receiving compensation, of France, one in four, while with us more than three times the number given as casualties are receiving direct monetary benefits.

As to the amounts disbursed in behalf of veterans of the World War in these three countries, I can only vouch for those of our own. Those I know to be correct. The others come from reliable sources, and I believe them to be correct. For the last fiscal year those for Great Britain were $174,802,060. For France they were $286,722,000. Our own appropriation for the year in behalf of the World War veterans was $860,635,000, and was practically all expended. Based upon the numbers reported as either dead or wounded, the annual expenditure of Great Britain, as a result of the World War, is $58 per man; of France, $51; and of the United States, $2,668.

Comparative statement of annual expenditures by United States and foreign countries for World War veterans and their dependents

	Men mobilized	Dead and wounded	This year's relief bill	Per capita based on men mobilized	Per capita based on dead and wounded
United States	4,757,240	322,497	[1] $860,635,000.00	$180.91	$2,668.66
Germany	13,000,000	6,111,862	298,690,000.00	22.98	48.87
France	8,410,000	5,623,000	286,722,000.00	34.09	50.99
Great Britain	6,600,000	3,000,000	174,802,060.00	26.49	58.27
Italy	5,615,000	1,597,000	69,853,300.00	12.44	43.74
Canada	619,636	232,045	61,123,000.00	98.64	263.41
Total for foreign countries	34,244,636	16,563,907	891,190,360.00	26.02	53.80

[1] That portion of Veterans' Administration appropriations made applicable to World War veterans for fiscal year 1932, including $312,000,000 appropriated to adjusted-service certificate fund.

NOTE.—The data used for foreign countries are taken from article appearing in the New York Times, June 5, 1932, and the information seems to be reliable. The data for United States veterans are from official information of record in the Veterans' Administration.

The above statement was made by the Administrator of Veterans' Affairs before the Joint Congressional Committee on Veterans' Affairs, December 10, 1932, and appears on pages 21 and 22 of the printed hearings.

America had mobilized during the World War 4,757,240 soldiers. Germany had 13,000,000; France had 8,410,000; Great Britain had 6,600,000; Italy had 5,615,000; and Canada had 619,636.

The per capita amount that is being spent by Germany for the relief of her veterans is $22.98 per year per veteran on the basis of mobilized strength.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. PATMAN. Will the gentleman state the wealth of the two countries, the wealth of Germany and also the wealth of the United States; also the national income of each country and make a comparison as to the ability of the two nations to pay?

Mr. WOODRUM. I may say to the gentleman from Texas that I do not believe I would care, even if I had the information now, to say anything about the wealth of America. I do not know. It depends on what is meant by wealth, as to how much wealth we have. Some of us may think we have a lot more than we really have when the show-down comes.

Mr. PATMAN. We all know what the national income is.

Mr. WOODRUM. We know what the national income is; we know the relative conditions of the two countries—$22.98 per mobilized veteran is the German amount; $180.91 is the American amount. On the basis of the dead and wounded the German per capita is $48.87 and the American $2,668.66.

Mr. PATMAN. Mr. Chairman, will the gentleman yield again right there?

Mr. WOODRUM. I yield.

Mr. PATMAN. The gentleman does not take into consideration that in Germany they have pensions for widows and orphans, and although the widow or orphan child of a World War veteran receives those benefits they are not charged up against veterans' benefits in that country. I do not believe the gentleman is taking those facts into consideration in his comparisons. The truth of the matter is they have doles and unemployment insurance for veterans of the World War and these benefits are not charged up against specific benefits for those veterans.

Mr. WOODRUM. Does the gentleman from Texas agree with me in this general statement, that America has been vastly more liberal with her veterans than any of her allies in the Great War?

Mr. PATMAN. The United States Government has been very generous, and I am sure the veterans are grateful; they should be grateful to the Government; but taking into consideration the ability of nations to pay, generosity should

only be extended in proportion to the ability of a nation to pay. I believe the gentleman will find that America has been no more generous than other countries.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. GOSS. I notice on page 30 of the report there appears the total permanent annual of $70,890,000. Now, of course, that is in addition to the amount spent on veterans, is it not?

Mr. WOODRUM. That is the Government life-insurance fund.

Mr. GOSS. No; it says "Veterans' Administration" under "permanent appropriation."

Mr. WOODRUM. That amount of $70,890,000, of course, should not really figure in the question of considering what the Government is spending on the veterans, because that amount of money has been recovered into the Treasury on premiums from life insurance.

Mr. GOSS. But that is an appropriation.

Mr. WOODRUM. It is an appropriation, but it has been collected from the veterans.

Mr. GOSS. Then out of the $80,000,000 total permanent appropriation you should deduct $70,000,000 because that has been impounded in the Treasury?

Mr. WOODRUM. That is correct.

Mr. GOSS. While I am on my feet I want to ask another question. These reappropriations on pages 21 and 23 of the report are not carried in the totals, are they?

Mr. WOODRUM. They are not carried in the totals.

Mr. GOSS. Can the gentleman inform us what the reappropriation is in reference to the arbitration and emergency board? They are not carried in the report on page 21.

Mr. WOODRUM. I think the gentleman will find that in the hearings. It is somewhat less than $80,000. I shall be glad to put that information in my remarks when I revise them.

Mr. STAFFORD. Reverting to the figures that the gentleman just gave before he was interrupted by the gentleman from Texas [Mr. PATMAN] will the gentleman amplify what the amount of $2,660 represents so far as the United States is concerned?

Mr. WOODRUM. The statement to which I have referred and from which I got the information I have given is the statement that was made before the joint congressional committee by the Administrator of Veterans' Affairs.

Mr. PATMAN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. PATMAN. The gentleman made the statement a while ago that more than $5,000,000,000 has been expended for World War veterans alone. Is it not a fact that of that $5,000,000,000 a substantial part was for insurance that they paid themselves?

Mr. WOODRUM. Not a bit of it. That is exclusive of approximately $450,000,000 that was collected by the Government from the veterans for war-risk insurance.

Mr. PATMAN. The gentleman is just deducting the actual premium paid. Does he not think they should deduct all of it?

Mr. WOODRUM. I do not know what the gentleman means by "deduct all of it." There is a common fallacy that war-risk insurance has been paid for by the veterans. This is not true. The total liability of the Government on account of the war-risk insurance was $4,200,000,000, of which the veterans paid approximately $450,000,000.

Mr. PATMAN. They paid the premiums, though, that the Government required them to pay, and now because the Government should have a little loss there over and above the premium you think that should be charged against them and above their benefits?

Mr. WOODRUM. I am stating that of the $4,200,000,000 that the Government will pay for war-risk insurance $450,000,000 was paid by the veterans and the balance will be paid by the Government.

Mr. CHIPERFIELD. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. CHIPERFIELD. May I suggest to the gentleman that the House is intensely interested in the comment he is making on this bill. We fully realize that in the brief time allotted him he can not discuss veterans' legislation and benefits in full, and for one I would much prefer to hear him discuss the matter now under consideration by the House.

Mr. WOODRUM. I thank the gentleman. I do not object to being interrupted; in fact, I think the way we get information is through discussion, and I am perfectly willing to yield to gentlemen. I do not want any argument with any gentleman. I have no quarrel with the World War veterans. I have them in my district just the same as you gentlemen have them in yours.

I think I shall say here, at the risk of perhaps showing bad taste, there is not a Member of the House who gives more personal attention to the welfare and needs of his veterans than myself. My veterans know that I have their interests at heart; but let me also make this statement: I think we are at a crucial time in this country so far as the veterans are concerned, and what the veterans in America need to-day, both in and out of Congress, is not additional benefits so much as courageous leadership and people who will tell them the truth. I have found the veterans of my district reasonable. They are a body of patriotic men who served their country and they are responsive to leadership. They want to know the facts. They do not want any dole from the Government. They want what they think is coming to them, and, at times, they have had very bad advice.

I have no fight to make on the veterans in any way, shape, or form, but I want to give this committee, I want to give the country, and I want to give the veterans, through the medium of this discussion of their annual appropriation, such information as I can about the matter.

Mr. STAFFORD. Will the gentleman explain that $2,000 item?

Mr. WOODRUM. The statement from which I read is a statement, as I have said, which is headed:

A comparative statement of the annual expenditures of the United States and foreign countries for the World War veterans and their dependents.

It evidently does take into account the dependents. I shall read the first column. The United States had men, mobilized, 4,757,240; dead and wounded, 322,497; the annual appropriation was $860,635,000; on the basis of its mobilized troops, this was an expenditure of $180.91; and on the basis of its dead and wounded, an expenditure of $2,668.66 for veterans and their dependents.

The complete statement is in the RECORD.

Mr. HOPE. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. HOPE. The gentleman referred to the amount of five billion and some odd dollars as being the total expenditure for World War veterans. Does the gentleman have the various items that compose that total and the amount of each item?

Mr. WOODRUM. I would be pleased for each member of the committee who is interested in this matter—and I am sure we are all interested—to read the statement of General Hines before our subcommittee, beginning on page 500 of the hearings. This is a comprehensive statement, and it will take you about an hour to read it; but I do not believe you will find any question that suggests itself to you about this interesting subject that is not answered in his statement, and I think the gentleman from Kansas will find a breakdown of the figure referred to. If not, I shall be pleased to furnish it to him later.

Mr. MAY. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. MAY. Does General Hines in this statement elaborate on the subject of the number of claims that are being improperly allowed, having reference to improper claims militating against meritorious claims? As I understand,

this is one of the important functions he is trying to perform.

Mr. WOODRUM. That is true, and a new survey is being made by the Veterans' Administration to try to find out the meritorious cases and to get rid of cases that do not have merit.

Mr. CONDON. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. CONDON. The gentleman has given us the per capita cost so far as the United States is concerned, and has compared it with Germany. Will the gentleman also give us the comparison between Canada and the United States and Australia and the United States?

Mr. WOODRUM. I have put that in the RECORD.

Mr. CONDON. Will the gentleman state now the comparison with Canada?

Mr. WOODRUM. Canada had 619,636 men under arms; 232,045 dead and wounded; and the per capita paid by Canada on veterans and their dependents, based on its mobilized troops, was $98.64, or practically one-half of the American expenditure; and, based on the number of dead and wounded, Canada paid $263.41, as against $2,668.66 paid by America.

This chart [indicating] shows the amount of money carried in this appropriation bill, direct cash money paid in benefits to the different classes of people who draw Army and Navy pensions. This covers everything except the World War.

There are 37 World War veterans who elected to file their claims under the general law. For what reason nobody understands; but they had the right and they did it. They get a smaller pension than they would get under the World War act; but they are under that plan, and about $10,000 of this amount is for that purpose.

We have four widows of the War of 1812 to whom we are still paying pensions.

We have 360 beneficiaries of the Mexican War, and you will notice that the number in each of these classes of beneficiaries is declining and the amount of the appropriation is less each year.

Of the Indian wars we have 9,346 dependents left, receiving somewhat over $4,000,000 a year.

The Civil War curve is, of course, downward. There are only 136,338 of these veterans and their dependents now living, taking something like $82,000,000 for 1934, as against $94,000,000 for 1933.

With respect to the Spanish-American War, we are paying benefits to 243,259 beneficiaries.

Of that number 196,467 were veterans and their dependents. I might say that something over 90 per cent of the living Spanish War veterans are on the pension rolls.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. WOODRUM. I will.

Mr. WILLIAMSON. Can the gentleman give us the number of veterans who had service-connected disability?

Mr. WOODRUM. Approximately 10,000 out of the whole number have what we ordinarily refer to as service-connected disabilities.

Mr. STAFFORD. Can the gentleman tell us how many are widows?

Mr. WOODRUM. As of November 30, 1932, there were 196,467 veterans, 538 nurses, and dependent widows and children in different classes of 38,345 deceased veterans.

Mr. MAY. What was the total mobilization of the Spanish-American War soldiers?

Mr. WOODRUM. I have not the total number.

Mr. THURSTON. Will the gentleman yield? I think it is pertinent to explain that Spanish War veterans did not receive hospitalization until about 20 years after the war.

Mr. WOODRUM. That is correct.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. MARTIN of Oregon. Did the gentleman say that 90 per cent of the Spanish-American veterans are on the pay roll?

Mr. WOODRUM. Not 90 per cent of those mobilized but of those that are now living.

Mr. COCHRAN of Missouri. I thank the gentleman for yielding. I understood the gentleman to say that practically 10,000 of those veterans on the pension roll have been recognized as service-connection cases.

Mr. WOODRUM. Yes. In the Spanish War group.

Mr. COCHRAN of Missouri. Well, 10,000 have service-connection disabilities. Congress passed laws granting them service pensions and it was not required that they prove their disabilities to be service connected. That is the reason the number is so low. I am inclined to feel that there are closer to 75,000 who served in the Spanish War who would be able to prove beyond question their disabilities are the result of the service, resulting from what they had to eat and how they had to live, if they were required to do so to get recognition.

Mr. WOODRUM. Undoubtedly there is much force in what the gentleman says.

Mr. LEAVITT. Will the gentleman yield?

Mr. WOODRUM. I will.

Mr. LEAVITT. I am another Spanish War veteran who never applied for a pension. The gentleman's statement of the number includes those who get pensions for age as well as those who get pensions for disabilities.

I want to say that in that war the hospitalization was not only not given until many years after the war but during the war it was inadequate, and in many cases not available at all.

I saw wounded men after the fight at Santiago lying on the ground because there were not cots enough for them in the hospital at Siboney.

I was a member of a battalion, many of whom went over a month without any tents or coats and no change of underclothes. We had inadequate food. That was not unusual, and when you talk about the physical condition of these men you want to have in mind that the medical records in those days were not as they were in the last war, and many of the men having service-connected disabilities can not prove it. But those of us who were in that war know that those disabilities were the result of that service. I never applied for a pension. I was a youngster in that war and did not need it. But I am speaking for my comrades who suffered disabilities which I escaped.

Mr. WOODRUM. So much for the Army and Navy pensions. The total amount for 1934 is $219,930,000.

Mr. GOSS. Mr. Chairman, is the gentleman going to put that table in the RECORD?

Mr. WOODRUM. Yes.

Mr. MAY. Mr. Chairman, if the gentleman will permit, I have just one more question that I would like to have him develop in the course of his statement, and that is whether the record shows that General Hines has stated when the maximum pension charges based on the present trend will be reached and what it will amount to.

Mr. WOODRUM. I shall cover that.

Mr. LAGUARDIA. Did the figures the gentleman has stated include the Regular Army and Navy pensions carried in the appropriation bills?

Mr. WOODRUM. No. There is an item on this chart that I did not refer to, of the Regular Establishment. Would the gentleman like to have the figure on that?

Mr. LAGUARDIA. No, but I wanted to show that in addition to the figures that the gentleman gave, we also have the military and naval pensions, which will be carried in the appropriation.

Mr. WOODRUM. That is in the chart that I refer to.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. REED of New York. There have been rumors to the effect that many thousands of hospital records were destroyed either during their shipment over here, or were lost here or were lost over there, and no record kept, and that that has made it difficult for some men who had

service-connected disability to prove it. Has the gentleman any information upon that?

Mr. WOODRUM. I can not give the gentleman that information.

Mr. STAFFORD. And will the gentleman, in giving information as to the Spanish-American War veterans, tell us how many saw service outside of the United States.

Mr. WOODRUM. I do not have that information.

Mr. STAFFORD. It was a very small percentage.

Mr. LaGUARDIA. That is quite true, but conditions in the camps in this country were so poor that it is hardly fair to make a comparison.

Mr. STAFFORD. Oh, I recall the conditions of that time quite well.

Mr. CHIPERFIELD. If you take into consideration the official duration of the Spanish-American War, then a very large percentage of the total enlistment saw foreign service instead of a small percentage.

Mr. STAFFORD. Does the gentleman mean by that statement the service in Cuba and Puerto Rico?

Mr. CHIPERFIELD. And in the Philippines and in China.

Mr. STAFFORD. Oh, the Philippine service was a distinct service and independent of the so-called Spanish-American War service.

Mr. CHIPERFIELD. During the time it is covered by the official duration of the Spanish-American War; and during that period they saw service in China, the Philippines, and in the Boxer rebellion.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. HASTINGS. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended a sufficient time in which to conclude his remarks.

The CHAIRMAN. Without objection, the gentleman's time will be extended for another hour.

There was no objection.

Mr. WOODRUM. I certainly do not want to take up that much time.

Mr. LEAVITT. Mr. Chairman, as I understand it, the official period of the Spanish-American War covered by the chart is from the breaking out of the war early in 1898 until some time, I think, in June, 1902. It includes the Spanish War as it had to do with the Cuban campaign, the expeditionary forces into the Philippines, followed by the insurrection there, and the Boxer expedition, and the China relief expedition. It includes all of those.

Mr. WOODRUM. Yes. I thank the gentleman for that. I invite your attention now to Chart No. 2—military and naval compensation. This is a chart that shows the World War expenditure in cash benefits to the veterans. The first item is disability compensation. That is the amount of money that we pay for service-connected disability. Gentlemen will observe that the curve is on the upward trend, that we have as of June 30, 1932, 363,474 awards, and that the estimated number for 1934 is 379,822 awards, with an estimated expenditure of $221,739,875.74 for service-connected disability alone.

The next is the retired emergency officers. The number of retired emergency officers is decreasing. It will be observed that we had for 1933, 6,350, and for 1934, estimated, 6,278. The appropriation estimated for 1934 is slightly larger than 1930 and for this reason:

The provisions of the economy act affected the pay of retired emergency officers, and certain deductions were made in payments made to those officers upon the theory that they were affected by the economy act. After investigation and consideration of the comptroller's office, and in the office of the Veterans' Administration, it was found that they had deducted pay from some of the officers from whom they should not have deducted it, and so the gross amount that we carry for 1934 is slightly larger. However, the actual pay roll for retired emergency officers will be on a constant decline, because the number of claims has been fixed, no more can be paid for that, and they will be smaller in number and amount each year.

Death compensation means payment made to widows and orphans and dependent parents of veterans who have died with service-connected disabilities. We are paying to dependents of 109,861 veterans who died with service-connected disabilities $39,389,836.53 for the next fiscal year.

Many of us have heard it said, "we ought to have a widows' and orphans' pension." We do have it and we have had it for years for all veterans who died of service-connected disabilities. Disability allowance is the item in the bill that is now very much under discussion—non-service-connected disability allowance, as the result of the act that was passed in July 1930. The number of claims there has gone up. It is estimated to be 520,965 for 1934, with an expenditure of $101,640,460.98. When this item came to the committee originally from the Bureau of the Budget, it called for $124,000,000 for 1934, but coincident with all of the public discussion that came up relative to this disability allowance, there was a very decided falling off in the number of claims being filed, to such an extent that the Veterans' Administration and the Bureau of the Budget felt justified in making a revised estimate for 1934, and took off something like $23,000,000 in that item.

Mr. HOPE. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. HOPE. I understand the Veterans' Administration is now going through all of these claims and reconsidering them in the light of new regulations, and that some claims which have been allowed are being taken off the roll at this time. Has that matter been considered by the gentleman's committee?

Mr. WOODRUM. That matter was considered in making this revised estimate in which they reduced their estimate over $23,000,000.

Mr. GIFFORD. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. GIFFORD. With reference to the $221,000,000 in connection with service-connected cases, is that likely to be constantly increasing or will it be lessened in amount? As time grows later from the war they are not able to connect them so readily.

Mr. WOODRUM. It will increase until 1946, when it will reach $267,100,000.

Mr. GIFFORD. I would like to ask the gentleman if he favors this sort of thing, to review these cases, wherein the Congress told them to give the presumption to the soldier who perhaps did not have sufficient evidence to actually prove service connection, and place him on the roll; and then 8 or 10 years after that, under review, under a new set of men to pass upon it, cut him off and say that they have now finally decided, after 8 or 10 years, that this was really not a proper service-connected case.

Mr. WOODRUM. I think the gentleman from Massachusetts [Mr. GIFFORD] misunderstands the observation of the gentleman from Kansas [Mr. HOPE]. That is not the review the gentleman was speaking of.

Mr. GIFFORD. I understand that. I am bringing up another sort of review.

Mr. WOODRUM. The Veterans' Administration, under the organic law, has a right, whenever a case is before it, to review ab initio, and if subsequent facts develop which convince the bureau that service connection was originally granted under a misapprehension, or contrary to the facts, they will have the right to break service connection; but I will say that that is a very rare occurrence.

Mr. GIFFORD. I have had that occurrence, and it seems to me it is a repudiation of a former finding.

Mr. WOODRUM. I quite agree that there should be most compelling reasons and most convincing proof. However, that is a very rare occurrence. The gentleman from Kansas [Mr. HOPE] was speaking of a general survey that the Veterans' Administration is now making of the disability-allowance cases, in which a great many of them are undoubtedly going off the rolls, for the reason that under the law if a man had a 25 per cent permanent disability he was entitled to go on the rolls for $12 a month. It was found in the administration of that law, in the medical examina-

tions, very often disabilities were combined. A man would have slightly defective vision and other minor disorders. All of them added together would make 25 per cent disability. There are very few mature men who could not find 25 per cent disability if they were all added together. But under the new regulation, I do not think it is so much a new regulation as it is enforcement of existing regulations.

Mr. GIFFORD. Was the gentleman on the floor and listening the other day when I suggested that my State had 1 out of every 9 of its soldiers on the pay roll, so to speak, while other States had 1 out of every 3 of its soldiers under this disability connection?

Mr. WOODRUM. I did not hear the gentleman's statement.

Mr. GIFFORD. Well, did the gentleman know that was true?

Mr. WOODRUM. No. I did not know that.

Mr. GIFFORD. Would that not be a matter for the committee to investigate at those particular places where so many are on the rolls?

Mr. WOODRUM. No. This is a subcommittee of the Committee on Appropriations. The House has a legislative committee. In addition to that, there is a special committee set up by the two branches of Congress that is giving careful thought and study to that problem.

Mr. BOILEAU. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. BOILEAU. By what right can the Veterans' Administration make a regulation which in effect changes existing law, to the effect that a person must have at least one major disability of 20 per cent? Is that the existing law?

Mr. WOODRUM. No. I do not think so. In passing the disability allowance act, as most of the other pension acts or veteran relief acts, there was left to the administration authority to formulate rules and regulations. The Congress said that the veteran who was permanently disabled to 25 per cent or more should have certain benefits. The Veterans' Administration in the beginning was somewhat liberal in saying what should constitute 25 per cent permanent disability. Now they have tightened up on it, and I think it is within their authority to pass such regulations which, in spirit, carry out what Congress meant to do in the act.

Mr. LaGUARDIA. Will the gentleman yield right there?

Mr. WOODRUM. I yield.

Mr. LaGUARDIA. It seems to me that if the Veterans' Administration originally had carried out the intent of Congress on service-connected disabilities, and particularly on combat disabilities, we would never have been confronted with the disability law which was passed. I am always willing to accept the judgment of the administrator on any non-service-connected disability, but it seems to me, when we come to a combat disability, where the veteran has been wounded in service or crashed in combat, the veteran should be given the benefit of the doubt, and that would cure a great many of the troubles.

Mr. STAFFORD. If the gentleman will permit, in the hearings before the Committee on Military Affairs at the last session it was stated positively that there was no intention on the part of any executive officer of the Veterans' Administration in any way to curtail compensation for real combat disability.

Mr. WOODRUM. The history of this disability act is interesting to those of us who were here during that time to recall. It will be recalled we had under consideration a bill reported by the Rules Committee for the purpose of liberalizing the World War act, particularly for the purpose of bringing in certain cases that were obviously service connected but proof of which was hard to secure. We got it into the House. After a great many amendments it was adopted. The bill was vetoed, or a veto was threatened, I have forgotten which, and as a compromise the disability allowance act came into being.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. RANKIN. The truth is that the bill we had before the House went to the Senate. The Senate eliminated the objectionable amendments the House had added. When the bill came back to the House it was finally passed and, if anything, was a better bill from the Government's standpoint than it was when it originally passed the House, but it was vetoed by the present President. In order to sustain that veto it was agreed on the part of those who were in charge of the legislative program at that time that they would sustain the veto and pass another bill. Not one man out of fifty had read the bill that finally passed, but they brought it in after the veto was sustained and passed it under suspension of the rules. That is the present disability allowance law. That is how the bill got to be a statute. We had only 40 minutes in which to read and debate a very lengthy bill.

Mr. WOODRUM. Mr. Chairman, I shall refer briefly to another chart which I think will be found interesting. I had the same chart last year showing the hospital facilities, and patients admitted beginning with the fiscal year 1925 and running to the year 1932. Service-connected cases are indicated by the black-and-gray column.

You will observe that in 1932 there were some 28,000 service-connected cases admitted for hospitalization with about 18,000 remaining. It will be noted that the number of service-connected cases remaining in the hospitals has been practically static, for a long time through 1928, 1929, 1930, and 1931.

The black and vertical gray lines indicate the non-service-connected cases and that tells its own story; that is veterans admitted to hospitals for hospital treatment of disabilities not connected with the service.

There is a total admission in 1932 of some 148,000 or 149,000 cases, with an average number remaining of something like 42,000.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. STAFFORD. Is the chart limited to only World War veterans, or does it cover veterans of all wars?

Mr. WOODRUM. It shows all wars.

Mr. THURSTON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. THURSTON. In the gentleman's opinion, would not the extensions for the years 1931–32 be chargeable to the adverse economic situation, veterans being unable to pay for hospitalization?

Mr. WOODRUM. Undoubtedly that enters into it.

Mr. RANKIN. Will the gentleman give us the comparative cost of this service?

Mr. WOODRUM. I will come to that a little later.

Chart No. 4 shows an interesting study. I will not take much time in discussing this. It shows a division of the different types of cases in the hospitals and you will observe the total, of course, compares with the other charts I have given here. It shows a pretty even distribution of the neuropsychiatric, tuberculosis, general, hospital, and domiciliary patients remaining in the hospital.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. STAFFORD. Can the gentleman give the present capacity of the hospitals and the present number housed in hospitals compared with the capacity?

Mr. WOODRUM. The Government has now remaining in the hospitals as of November 30, 1932, 45,136 veterans. That is divided between 325 institutions.

There are 70 Veterans' Bureau Hospitals, 18 Public Health Hospitals, 17 Navy, 8 Army, 2 Department of the Interior, and State and civil institutions, 210, making a total of 325 institutions, having 45,136 veterans remaining. Now we have available beds for something like 68,000 veterans, including the domiciliary care in the soldiers' homes.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. ALLGOOD. Is it not a fact that the overhead is

about the same regardless of the number of patients in the hospitals?

Mr. WOODRUM. Practically. The per diem per bed is what the gentleman has in mind?

Mr. ALLGOOD. Yes.

Mr. WOODRUM. That is practically the same.

Mr. ALLGOOD. We have the physicians and the nurses.

Mr. WOODRUM. Yes.

Mr. ALLGOOD. So the increase in the number of patients does not materially increase the cost?

Mr. WOODRUM. Yes; as to personnel. Of course, you need more assistants, more doctors, and more nurses when you have more patients, but not relatively.

Now, the gentleman from Mississippi asked, or some one asked me the cost. It is estimated that in this appropriation of nearly $1,000,000,000 that approximately $55,000,000 will be for hospitalization and approximately $33,000,000 will be for cost of service-connected cases.

The cost per capita per bed is an interesting study in this hospital situation. The Veterans' Administration utilizes about 10,000 beds in Army, Navy, and Public Health hospitals. The care per day per patient averages at the rate of about $3.50 for Navy and Public Health Service hospitals, and $3.85 for Army hospitals. In the case of Veterans' Administration hospital that runs itself, the cost is $3.44. I think this is eloquent testimony to the efficient operation of the Veterans' Administration hospital.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. LUCE. Has the gentleman made any comparison of the cost per bed in the bureau hospitals and in the State institutions?

Mr. WOODRUM. I do not have information as to the comparative cost.

Mr. LUCE. I would suggest to the gentleman it would be very enlightening to him if he would find that out. He would discover, for example, that on the face of it, at any rate, the administration in some of the State hospitals is distinctly cheaper than it is by the United States, and with practically as efficient treatment. May I cite to the gentleman, for example, that the meats served in veterans' hospitals must be of better quality than the gentleman will be able to buy at the best hotel in this city. He will find that in the matter of the number of orderlies, the orderly being the equivalent of a nurse or the attendant in the hospital, the number of orderlies in veterans' hospitals is strikingly in excess of the number found necessary in the State hospitals. Can the gentleman suggest who would be the proper person to bring this to the attention of Congress?

Mr. WOODRUM. Obviously, the legislative committee is the proper forum, I should think.

Mr. LUCE. May I inform the gentleman that the legislative committee has not been called together at this session for any purpose whatever. How can the Veterans' Committee act unless it is assembled?

Mr. WOODRUM. I would suggest to the gentleman from Massachusetts that next year he come before the Subcommittee on Appropriations and give us the benefit of his sound judgment and fund of information and we will go into the matter.

Mr. RANKIN. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. RANKIN. In reply to the gentleman from Massachusetts [Mr. LUCE], I desire to say, as chairman of the Committee on World War Veterans' Legislation, I have not called the committee together for any hearings for several reasons. In the first place, I have been at home sick nearly ever since Congress convened. Another reason is that you have a joint committee investigating veterans' legislation, and that joint committee is continuously holding hearings and making investigations on the very matters that would be before the Veterans' Committee. A further reason is that not a single member of the Veterans' Committee—and the gentleman from Massachusetts [Mr. LUCE] is a member of the committee—not a single one of them has asked for a hearing on any legislation before the Veterans' Committee.

Mr. LAGUARDIA. Will the gentleman yield in connection with the statement made by the gentleman from Massachusetts?

Mr. WOODRUM. Yes.

Mr. LAGUARDIA. It may be true that the per capita per bed cost in some State institutions is less than the $3.44 cost in the veterans' hospitals; but I have personally visited State institutions where a part of the establishment was set aside for Veterans' Bureau cases, and there was no comparison in the food or in the treatment or in the equipment which the veterans received, being paid from funds of the Veterans' Bureau, and the treatment given to the charges and patients of the State in such State institutions.

Mr. WOODRUM. I think the gentleman from Massachusetts will find that the cost per bed per patient compares favorably, when we consider what we get.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. LUCE. Will the gentleman permit me to absolve my own State from any such imputation as the one that my friend from New York makes? I know that the treatment in the neuropsychiatric hospitals in my own State can not reasonably be asked to be better. It is generous yet economical. I would suggest to the gentleman that he take the figures as to the cost of maintaining hospitals in that State, at least, and compare them with the figures of the Veterans' Administration.

Mr. LAGUARDIA. And yet the gentleman complains that the specifications of the Veterans' Bureau call for wholesome, choice cuts.

Mr. LUCE. I maintain it is absolutely absurd that the specifications should require a higher grade of food than he or I can buy in any hotel in the city of Washington.

Mr. WOODRUM. It is interesting to note——

Mr. RANKIN. Mr. Chairman, I can not let that statement go unchallenged.

Mr. WOODRUM. I want to be courteous, but I hope the gentlemen will not get into any argument now, because I want to go on.

Mr. RANKIN. I just want to answer the statement of the gentleman from Massachusetts [Mr. LUCE]. The statement that the food served to the disabled veterans is better than you can buy in any hotel in Washington is absurd, as every Member of the House ought to know and does know.

Mr. WOODRUM. This [indicating] illustrates an interesting fact in connection with the thought that has been advanced by certain gentlemen that the Veterans' Administration ought to utilize the facilities of private hospitals.

The average cost to the Veterans' Administration for hospitalization in private institutions is approximately $7.76 per patient. It takes care of its own veterans in its own institutions at $3.44 a day. Of course, this includes board, lodging, medical fees, and everything else.

Mr. COCHRAN of Missouri. Does the gentleman mean to say that the Veterans' Bureau tells his committee that it can not get the private hospitals to take care of veterans for less than $7-plus per day?

Mr. WOODRUM. That is inclusive of all medical treatment, surgical fees, and everything.

Mr. COCHRAN of Missouri. There must be something wrong in the way they put the items together, because I know they have a contract in my city that calls for about one-half of that amount.

Mr. WOODRUM. You are speaking of the contract rate, and my figures include the cost of operations, nurses' fees, anæsthetics, and so forth.

Mr. CLAGUE. Does the figure of $3.44, to which the gentleman referred, take into consideration the overhead, cost of buildings, and so forth?

Mr. WOODRUM. That is the cost of personnel, food, medical and surgical treatment, maintenance of buildings, and all costs of operation.

Mr. COCHRAN of Missouri. That must be the cost when applied to some one who needs surgical treatment.

Mr. WOODRUM. It is the average.

Mr. COCHRAN of Missouri. How about the mental cases?

Mr. WOODRUM. The mental cases cost less. The average, $2.45 per day.

Mr. COCHRAN of Missouri. I was referring to mental cases. They have an agreement with the city of St. Louis to take care of their patients, and I know it is just a little over $3.

Mr. WOODRUM. Now, referring to the chart, briefly, because I want to speedily conclude, this chart shows the salaries. This is an interesting study, and I shall put it in the RECORD.

In the administrator's office during the next fiscal year they have cut out the special representatives that the administrator had in the field, and that work is absorbed by the budget officer through his present field representatives.

National homes have had an increase in appropriation because of the net increase of 7,500 beds. They had an increase of 1,271 personnel to take care of the increase of 7,500 members. Now, although the work had increased from June 30, 1931, to June 30, 1932, to the extent of 38 per cent more claims filed, yet the central office was able to get along with the same appropriation.

The hospitals show an increase because of bringing in new hospital facilities requiring additional personnel. Practically the whole increase for the Veterans' Administration is shown in the increased facilities for hospitals.

Mr. GRISWOLD. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. GRISWOLD. Was there any attempt to ascertain what profits the Government derived from furnishing meals and quarters in hospitals?

Mr. WOODRUM. No.

Mr. GRISWOLD. Is the gentleman aware that the Government, in the veterans' hospitals, derives a profit?

Mr. WOODRUM. I was not aware of that fact.

Now, this chart here is a recapitulation of the other chart which I have shown you. It shows an appropriation of $110,538,514 for 1934, which is on its face about $5,000,000 less than in 1933, but you must take into account the 8⅓ per cent reduction which will make these figures about one million and a half dollars more for 1934 than it was for 1933.

Mr. SWING. Will the gentleman yield?

Mr. WOODRUM. I will.

Mr. SWING. When the suggestion was made to consolidate the various activities, General Hines said he would be able to save a large sum of money. Did the committee have before it the problem of multiplying the machinery by which decisions are made by which the money is administered, because it seems there are wheels within wheels, and the appealing from one board to another.

Mr. WOODRUM. We did not.

Mr. LUCE. Will the gentleman allow me one further inquiry?

Mr. WOODRUM. Certainly.

Mr. LUCE. In view of the increasing purchasing power of money, did this committee give any thought to the fact that if the veterans' appropriation had been cut 10 per cent, nevertheless every veteran who received relief would still be receiving more purchasing power than at the time the laws were enacted giving various forms of relief?

Mr. WOODRUM. We have given that consideration, and I will cover it in my remarks.

Mr. COLTON. Will the gentleman yield?

Mr. WOODRUM. I will.

Mr. COLTON. Before we leave that point, I want to say that there has been a substantial saving covering the period of the administration of the law of approximately $6,000,000.

Mr. WOODRUM. General Hines's statement shows that savings were effected in the administration parts of the Veterans' Bureau, so that out of the 1932 appropriation they turned back six and a half million dollars.

Mr. COCHRAN of Missouri. As a matter of fact, since the Veterans' Bureau was merged with the others, the Congress has passed many additional laws affecting the veterans that required them to employ a great many more people.

Mr. WOODRUM. Yes. So much for the present, and I shall not follow this chart through because we have already touched it in these other charts. Some gentleman asked me an interesting question of what we might expect in the future. The Veterans' Administration statisticians have made a very careful and thorough study of this problem. They find that, based on the present law, if there are no changes made in the laws, in 1958 there will be 2,832,000 veterans on the rolls, and that the total expenditure will be $1,081,200,000 per annum. That study as applied to the nonservice group alone, and the peak in number of veterans, 1,963,200, would be reached in 1955, with a peak in expenditures of $656,000,000 a year in 1963.

Mr. MARTIN of Oregon. What would be the total paid?

Mr. WOODRUM. I have already stated that, $1,081,200,000. That includes everything. That is the total expenditure. That is in 1958. The whole picture will reach a peak in 1958, with an estimated expenditure of $1,081,200,000.

Mr. ALLGOOD. That is practically what it is now.

Mr. COCHRAN of Missouri. And further assuming that the Congress passes no additional laws.

Mr. WOODRUM. That is correct.

Mr. RANKIN. What is the cost to-day, including the World War, the Spanish War, and the Civil War veterans, and the widows and orphans of all put together?

Mr. WOODRUM. Nine hundred and forty-five million nine hundred and eighty-eight thousand six hundred and thirty-four dollars.

Mr. RANKIN. So it will be approximately $100,000,000 more than it is to-day?

Mr. WOODRUM. Oh, no. The present bill carries $234,000,000 for adjusted-service certificates and war-risk insurance. These will have been paid out by that time, so the actual increase reflected is approximately $369,000,000.

Mr. RANKIN. And those are speculative figures of what would be the cost in 1958?

Mr. WOODRUM. Based on experience. It is an actuarial study for whatever it may be worth.

Mr. COCHRAN of Missouri. The gentleman will eliminate in that, so far as the veterans are concerned, the amount appropriated for civil-service retirement.

Mr. WOODRUM. This is the figure, $945,988,634.

Mr. COCHRAN of Missouri. And the other is separate and distinct?

Mr. WOODRUM. Yes.

Mr. BACON. And what is the comparative figure for this year? What will be the total paid in 1958?

Mr. WOODRUM. I have not that study. I have a chart that shows that, but it is not handy.

Mr. ALLGOOD. That eliminates the Spanish-American and the Civil Wars?

Mr. WOODRUM. It is for everything.

Mr. RANKIN. Does that include those Army and Navy pensions?

Mr. WOODRUM. I said that will be the payment in 1958.

Mr. RANKIN. If you add this Army and Navy pension, they would amount to $219,930,000, would they not?

Mr. WOODRUM. Yes.

Mr. RANKIN. And the military and naval compensation, $372,800,000. Does that include the Spanish War veterans?

Mr. WOODRUM. Yes; the Army and Navy pensions include everything except the World War.

Mr. RANKIN. Does that include the Civil War?

Mr. WOODRUM. Yes.

Mr. RANKIN. Then what is the World War compensation to-day?

Mr. WOODRUM. The military and naval compensation is the World War.

Mr. RANKIN. All of it is included in those two items?

Mr. WOODRUM. Military and naval compensation is entirely World War, and Army and Navy pensions is the Spanish American and all of the other wars, with the exception of $10,000 World War pensions.

Mr. DOUGLAS of Arizona. Just to clarify one point: I understand General Hines reported that military and naval compensation by 1958 would cost $1,081,000,000 annually.

Mr. WOODRUM. That includes the Army and Navy pensions also, as I understand it.

Mr. DOUGLAS of Arizona. I thought that was just the World War veterans.

Mr. WOODRUM. No. That includes all expenditures that will be made on that date under existing laws.

Mr. DOUGLAS of Arizona. Because there is quite a difference as to the base.

Mr. RANKIN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. RANKIN. Does this figure also include the retirement pay of Army and Navy officers?

Mr. WOODRUM. No, sir.

Mr. RANKIN. What does that amount to?

Mr. WOODRUM. Only the retired emergency officers.

Mr. RANKIN. No. Not only the retired emergency officers but those in the Regular Establishment.

Mr. WOODRUM. Well, that figure does not come into this bill, and I do not know.

Mr. RANKIN. I was going to ask what it would amount to in 1950 if they are allowed the same increase as they have had in the last 10 years.

Mr. WOODRUM. Well, it will be plenty.

Mr. STAFFORD. The retirement pay is rather steady, because retirement is given them when they reach the age of 64, and they do not usually live a great time after that, or else they become Members of Congress.

Mr. WOODRUM. Now, in conclusion, I have tried to bring you information. The gentleman from Massachusetts asked if the subcommittee had considered the question of whether or not, in view of the fact that these benefits when originally granted were on the basis of certain conditions, and that conditions had now changed—whether the committee had considered any question of temporary reductions. The subcommittee and the full committee, at my suggestion, considered the question of whether or not, in view of the present economic crisis which the country faces, in view of the fact that the Government has been liberal and will continue to be liberal with its veterans, and in view of the absolute necessity of reducing the cost of Government and the almost impossible task of trying to do it if you do not touch the biggest item in the entire Federal Budget, it would not be reasonable to ask the veterans of all wars, and all of their dependents to take a temporary 10 per cent reduction for one year, which would have given us in this bill a reduction of $58,319,750.

Mr. RANKIN. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. RANKIN. Does the gentleman include in that the retired Army officers?

Mr. WOODRUM. Oh, yes. Emergency officers.

Mr. RANKIN. Of the Regular Establishment?

Mr. WOODRUM. They are not in this bill.

Mr. RANKIN. I understand, but if that policy is to be pursued, those men whose salaries have been vastly increased, even since the World War, and whose retirement pay is out of proportion to the pay these boys are getting, ought to be given similar reduction.

Mr. WOODRUM. I heartily agree with the gentleman. My suggestion to this subcommittee and the full committee was that a straight 10 per cent reduction be made in every check going out of the Federal Treasury. I believe, Mr. Chairman, everybody who draws a check from the Federal Treasury ought to help. I do not think it is an unreasonable request. If it is $10 he ought to give $1; if it is $100 he ought to give $10 to help put Uncle Sam back on a pay-as-you-go basis. The Government owes a duty to its soldiers, and I would be the last man in this House to stand here and advocate taking anything away from the veterans to which they are entitled, but what about the hundreds of thousands of veterans who are not disabled, not drawing a penny from the Federal Treasury? You saw them, thousands of them, as they paraded this city last year, begging for work, asking only what every American citizen ought to have as his birthright, that is, an opportunity to earn a living by the sweat of his brow. We owe a duty to that class of men, and the first step in the accomplishment of that duty is to put this Government back on an economically sound basis, to balance the Budget, in order that business may go forward and industry and commerce pick up, that confidence may be restored, that factories may again open and the railroads begin to operate and everybody in the country consequently benefits. [Applause.]

I know it is an unpleasant thing to reduce the salary of anybody. I do not like to do it to anybody else, and I do not like to have it done to me. Undoubtedly many of the veterans will not like it now; but a year or two from now I am going to call the CONGRESSIONAL RECORD of to-day to witness that probably if the veterans and their responsible leaders in the House and out of the House had been willing, from the standpoint of strategy, if no other, to agree to this proposition which I have made, they would be better off in the long run.

Now, as I look at some of you, I realize you are well versed in the tactics of military strategy. When you were over across the sea and had your boys lined up behind you and were starting out on a certain objective, if the weather was very bad and the enemy fire was concentrated and withering on your troops and you stood a chance of taking a terrific loss to your men, what did you do? You did what every wise general would do. You took a very hasty and a very polite and a very orderly retreat until weather conditions were more favorable. In this condition of economic stress in which we are living to-day, when the country is demanding a reduction in public expenditures, I say to you that the generals of the army of the veterans should put into play a little of their military strategy and make a little concession of this kind and allow Congress to say to the country that the veterans as well as every other branch of the Federal Government contributed to bringing back a condition of sound economic stability in this country.

When conditions improve and times get better, much of the stress that is being brought to bear upon you now for drastic and revolutionizing reductions of veterans' compensation will be passed.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. LUCE. The gentleman expressed himself on a matter that has my complete sympathy, but he did not go quite to the point I was trying to make, namely, that every veteran in receipt of a benefit from the Government has had his receipt increased by the march of events in the last three years so that he is now receiving from 10 to 30 per cent more than the Government ever meant to give him. This is by reason of the change in the purchasing power of the dollar; and I trust that to the considerations the gentleman from Virginia has advanced he will also add the fact that we are basing our action in this matter not only upon an appeal to the generosity of those receiving benefits but in part upon the fact that in reality we shall not have taken away from them one cent of the purchasing power that was given to them by the law.

Mr. SWING. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. SWING. I am interested in the gentleman's proposal, and I should like to get his idea as to whether the proposal he has here outlined, which I think is deserving of serious consideration, would be, if adopted, a substitute for a suggestion which has come from another source to throw the entire burden of veterans' economies upon certain selected groups who would have to bear it all.

Mr. WOODRUM. The suggestion I have made was made to the subcommittee in the form of language furnished to me by the parliamentarians of both the Veterans' Administration and the House of Representatives, which sought to incorporate in the bill language that would not change the status of any veteran but simply would deduct from each check of each beneficiary the sum of 10 per cent during the next fiscal year. This amounted to $58,319,750, pending the consideration and the report of the special committee of the House and the Senate that is now dealing with this matter and which will shortly make its report to Congress.

That report, as we know, must then go to the legislative committee for its consideration. This is offered simply as a temporary reduction in the interest of helping to balance the Federal Budget.

Mr. SWING. Is it the gentleman's idea that this would obviate the proposal to throw 100 per cent of the cut upon certain selected groups?

Mr. WOODRUM. It very probably might obviate that necessity.

Mr. SWING. If that be so, I am very much interested in it.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. RANKIN. As I understand the gentleman's proposal would provide a cut for one year only?

Mr. WOODRUM. Yes; it takes 10 per cent for one year and expires at the end of the fiscal year.

Mr. DELANEY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. DELANEY. Would this 10 per cent cut be in addition to what has already been taken?

Mr. WOODRUM. Nothing has been taken off the veterans' benefits.

Mr. DELANEY. I mean in addition to the cut provided for in the general economy act?

Mr. WOODRUM. That does not take anything from the veterans. As to the retired officers who already have an 8⅓ per cent reduction, the language I suggest would give them another 1⅔ per cent, making the total for them 10 per cent. I will say, however, that neither the subcommittee nor the full committee agreed to this proposal, and the bill comes to you without this language in it.

Mr. WOOD of Indiana. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. WOOD of Indiana. Was it not the consensus of opinion that neither the subcommittee nor the full committee should take definite action upon it but that it should be brought up for the consideration of the entire House?

Mr. WOODRUM. That is quite true, but the argument was that inasmuch as there was a special committee studying the problem that would make its report on March 3 that the Appropriations Committee should take no action.

My answer to that was that when the select committee makes its report, which will be March 3, the report then must go to the legislative committee, which committee will undoubtedly want to give consideration to it, and I was anxious, as I think the House is anxious, that every committee make its contribution toward balancing the Budget.

Mr. WOOD of Indiana. If the gentleman will yield further, I did not know that that was the gentleman's point. I think it was the consensus of opinion of the entire Appropriations Committee rather than the subccmmittee having this in charge, taking a definite stand on this, that the matter was of such importance that its consideration and either its adoption or rejection should be left to the entire House.

Mr. WOODRUM. No; I did not so understand, I may say to the gentleman from Indiana.

Mr. WOOD of Indiana. That was the understanding I had.

Mr. WOODRUM. The committee refused to adopt the suggestion, but I present it to the House for consideration. It is not any more pleasant for me to make the suggestion than it is for anybody else.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. KELLER. Does the gentleman think if we balance the Budget we can do the things he has indicated here?

Mr. WOODRUM. I do not know what the gentleman means that I have indicated. What have I indicated?

Mr. KELLER. The gentleman indicated that if we could balance the Budget, we could put men to work and bring prosperity back.

Mr. WOODRUM. I think it is the first step. I do not think that is the whole thing. Frankly, I will say to the gentleman, I think there are underlying fundamentals involved in this present economic crisis, the overcoming of which will take more than a balanced Federal Budget. We can not balance the Budget and keep it balanced if we do not correct the fundamentals. Without doing this the Budget will be unbalanced next year. The first step in economic solidarity, whether of the Government or the individual, is not to be spending more money than we have coming in. [Applause.]

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. SCHAFER. I note on page 4 the bill carries an appropriation of $50,000 more than that recommended by the Budget for unusual repairs to the Executive Mansion. What are these unusual repairs that cause us to call upon the taxpayers to pay $50,000 more than the Budget requests?

Mr. WOODRUM. As the gentleman may have been aware, the White House has been occupied for four years by our distinguished and beloved President, Mr. Hoover, and his family. They are going to move out, and we want to have a sort of housecleaning. The gentleman understands what I mean.

Mr. SCHAFER. Does this $50,000 additional comply with the financial program of the incoming President?

Mr. WOODRUM. I am quite confident it will comply with it; yes.

Mr. SCHAFER. Do these unusual repairs include the installation of a swimming tank?

Mr. WOODRUM. That is what the gentleman is talking about, I am quite sure.

Mr. SCHAFER. Does this cover a swimming pool?

Mr. WOODRUM. I should like to ask the gentleman a question if he will permit?

Mr. SCHAFER. Yes.

Mr. WOODRUM. Does the gentleman object to the President of the United States having a place in which to take exercise that medical authority says is necessary for him to have?

Mr. SCHAFER. I wish to state that there are thousands of people in the District of Columbia who have not got swimming pools, and newspaper reports this morning indicate the next President of the United States does not desire a swimming pool.

Mr. WOODRUM. When the bill is read for amendment in committee the gentleman from Wisconsin will have an opportunity to offer an amendment to take that item out of the bill if he wants to do so.

I appreciate your courtesy and forbearance. I am sorry to have taken so much of your time. I want to ask this of you. The committee has given its best thought and study to this bill. We ask the members of the committee to help us put the bill through. Make changes in the bill if changes are to be made, but help us to put it through. I thank you very much. [Applause.]

Mr. SUMMERS of Washington. Mr. Chairman, I yield myself 20 minutes, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SUMMERS of Washington. Mr. Chairman, you have listened to a very instructive discussion of the independent offices appropriation bill by our beloved chairman the gentleman from Virginia [Mr. WOODRUM]. After having served for some eight or nine years on this committee, and for the past two years under the chairmanship of the gentleman from Virginia, I want to say that he has given unusual thought in his investigation of the different appropriations that are carried in the bill. He is always courteous and considerate of those who serve with him.

This is one of the most interesting bills that comes before the House for its consideration. If you want to read the hearings on one bill, above all others, that will give you the widest understanding of the activities of the Federal Government, read the 600 pages of hearings on the independent offices appropriation bill.

There are some 28 different activities of the Federal Government appropriated for in this bill. You may say this is too many. Perhaps there are too many. I think I can put my finger to-day on six of them that will have completed their activities and will have disappeared from this bill by natural course of elimination within the next year or two.

The American Battle Monuments Commission, which for the past few years has been erecting monuments and memorials at the principal battlefields in Europe in commemoration of the services there of our boys who served during the World War, will have completed its work within the next few months.

The Arlington Memorial Bridge Commission will have completed its work.

The Board of Mediation I shall discuss in some detail later.

The Board of Tax Appeals is very important to all Federal taxpayers and its work must continue indefinitely. It is for the purpose of adjusting differences finally between the income-tax payer and the Federal Treasury. The work that it does is of very great service in this respect. It results in settling many disputes which could not otherwise be settled without great expense to the taxpayer.

The Bureau of Efficiency is not a very large appropriation, and the facts, as shown by the Bureau of the Budget, are to the effect that it results in greater savings by far than the expenses of the bureau.

The Civil Service Commission, we all know, is essential to the activities of our Government and is in the interest of good service by the employees.

The Commission of Fine Arts only requires a few thousand dollars and there must be some board or tribunal in the District to pass on the buildings and monuments that are being erected in this great capital.

The Employees Compensation Commission is a necessity.

The executive appropriation covers the expenses at the White House.

The Federal Board for Vocational Education reaches out to every county, perhaps, in the United States. In cooperation with States and Districts we are helping to educate boys and girls, and not only educate them, but train them and give their instruction a practical turn toward the close of their high-school education.

The Federal Farm Board will probably be discussed at length during consideration of the bill.

The Federal Oil Conservation Board has only a few thousand dollars and serves a good purpose in conserving oil production.

The Federal Power Commission is one of the commissions that more than repays the amount appropriated.

The Federal Radio Commission, all will agree, is absolutely necessary, for the licensing of operators over the United States in order that we may have some order in the air. There is serious question about this commission, and, in fact, there are some who believe it should be wholly self-supporting, and that broadcasting stations that are used for advertising purposes and collect very large sums of money every year should bear the expenses of the commission. The appropriate committee should consider this question.

The Federal Trade Commission I shall discuss later.

The General Accounting Office is absolutely necessary. It brings order out of financial chaos and saves more than it spends. I could run on in this way with respect to the other commissions, but I shall now discuss, in some detail, three or four of them. In the preparation of this bill we have cut Budget estimates $1,657,522.

I want to first consider, very briefly, the work and appropriations of the United States Civil Service Commission.

WORK AND APPROPRIATIONS OF THE UNITED STATES CIVIL SERVICE COMMISSION

It is during a period of economic distress when an employment service is placed under the greatest strain. The Civil Service Commission has been forced to do more work to meet the situation brought about by the present economic condition of the country.

It has been found possible to reduce very appreciably in the last year the number of actual examinations held, because of the decrease in appointments due to reduced appropriations. However, the number of requests for information has been very much increased. In addition, the number of applicants in those examinations which it has been necessary to hold has increased due to the fact that so many people are looking for work. Every possible effort has been made to fill vacancies by readjustments of personnel.

A very material factor in connection with the work which the commission will have to do during the next fiscal year concerns postmasters. With or without the depression, postmaster examination work must continue. There is the increase which is customarily incident to the change in administration. If past history is to furnish a guide, the commission will be faced in the next four years with the necessity of holding approximately 15,000 examinations for postmaster in offices of the so-called presidential class. These are offices in which the appointment is made by the President with the advice and consent of the Senate. The precedure in filling these positions is, in brief, as follows:

When the term of the incumbent postmaster is nearing its end, the Postmaster General may suggest either the recommissioning of the present postmaster, the promotion of one of the subordinate employees of the post office, or an open competitive examination of applicants. It is to be anticipated that most of the post offices during the next fiscal year and the three following fiscal years will be filled as the result of these examinations.

As above stated, there are approximately 15,000 presidential post offices, and at least 4,000 examinations will be necessary during the fiscal year for which this appropriation is being made. This number may be compared with approximately 800 to 1,000 examinations which were necessary during each of the last three or four years.

Thus it will be seen that the commission will need to conduct about four times as many postmaster examinations as has been necessary during recent years. This postmaster situation is further complicated by the fact that each such examination brings out a much larger field of applicants than during normal times.

Another factor in connection with the work of the Civil Service Commission which should receive attention results from the fact that the policy of not holding examinations and continuing registers of eligibles almost indefinitely fails to give opportunity to persons now out of work to compete for the few Federal positions which are being filled.

The commission had no alternative but to bring examination procedure to a practical stop since money available to it for expenditure was appreciably reduced during the last fiscal year and during this fiscal year, and the appropriation suggested by the Budget and the committee for 1934 is still further reduced. Many of the registers of eligibles maintained by the Civil Service Commission were established prior to the depression, and in these cases appointments are being made without opportunity of competition to thousands of unemployed citizens who have lost employment since the depression started and who are in many cases very highly qualified for Government service. It is obvious, therefore, that the Civil Service Commission must conduct examinations in order to give a fair opportunity to all of the citizens to obtain Federal employment. This can not be done if a continuously restrictive program is made necessary by continuously reducing appropriations. We may have cut Civil Service Commission appropriations below fairness and efficiency.

Just a word may be said concerning the salary situation among the employees of the Civil Service Commission. This year all employees receiving $1,740 per annum, or more, including the commissioners themselves, are being forced to take very extensive administrative furloughs in addition to the legislative furlough required by the economy act of last year. The actual loss to each of these employees this year is approximately one-sixth of the income. Employees below $1,740 per annum have received a lesser amount of furlough and employees below $1,560 per annum have received

only the legislative furlough required by the economy act. Under the appropriations proposed for 1934, the commission's employees will be faced with approximately seven weeks of furlough, which will result in an approximate reduction in salaries to them of 13½ per cent if the appropriation suggested by the committee is approved by the Congress. Any further slashing of the commission's appropriations would result in further reducing the salaries of the commission's employees.

In summary, the Civil Service Commission is faced during the year 1934 with a very material increase in work while its appropriation is approximately 25 per cent below its appropriation for last year.

Everyone who has knowledge of the benefits of the merit system to the public, to the Government, and to the employees will not question for a moment the necessity for maintaining its high standards.

DUTIES AND SCOPE OF UNITED STATES EMPLOYEES' COMPENSATION COMMISSION

The United States Employees' Compensation Commission was created by the act of September 7, 1916, to administer the provisions made by that act for compensating civil employees of the United States for injuries sustained while in the performance of official duties. In enacting this legislation the United States adopted the principle of workmen's compensation previously recognized by more than two-thirds of the States. It immediately relieved the Congress of the necessity of considering innumerable private measures introduced for the relief of employees injured while in the service of the United States, and at the same time provided a system for extending prompt and adequate relief uniformly to all civil employees of the Federal Government. For more than 10 years the administration of this law was the sole function of the commission.

On March 4, 1927, the Congress passed the longshoremen and harbor workers' compensation act to provide compensation for certain maritime workers in private employment on the navigable waters of the United States who, under decisions of the Supreme Court, were not entitled to the benefits provided by the State workmen's laws because of the exclusive admiralty jurisdiction of the United States. The administration of this law was logically placed under the jurisdiction of the Employees' Compensation Commission, which was the only existing Federal agency engaged in the administration of workmen's compensation legislation. This act followed generally the pattern of State laws providing workmen's compensation, the large majority of which are administered by independent commissions. The only expense to the Federal Government in connection with this law is the cost of administration, as the benefits payable under its terms are borne by the industry itself.

By the act of May 17, 1928, the principle of workmen's compensation was extended to private employment in the District of Columbia. This was accomplished by making the substantial provisions of the longshoremen and harbor workers' compensation act applicable to such employment. The administration of this law was likewise intrusted to the Employees' Compensation Commission. The cost of administering this law does not involve an expense to the Federal Government but is borne by the government of the District of Columbia. The benefits it provides, as in the case of the longshoremen's act, are borne by employers.

BROAD FIELD OF ACTIVITIES

The three laws administered by the commission affect the interests and welfare of nearly one and one-half million employees, approximately half of whom are in private employment; likewise the rights, obligations, and duties of more than 25,000 private employers. Of the latter, between ten and fifteen thousand have operations extending throughout the United States and its Territories. Between seventy-five and eighty thousand injuries are reported to the commission annually under these laws, and the money compensation paid direct to injured employees and the dependents of those killed in industrial accidents is estimated to amount to more than $7,000,000 annually. A total of 324,417 injuries were reported to the commission under the act of September 7, 1916, prior to December 31, 1932, and the amount expended for benefits from the compensation fund to that date amounted to more than $41,000,000. During the first five years the longshoremen's and harbor workers' compensation law was operative, 164,090 injuries were reported to the commission. The benefits authorized by this law are paid direct by employers or their insurance carriers, and the amount expended for compensation and medical care is not available. During the four years the law applicable to employments in the District of Columbia has been operative, 73,413 injuries have been reported to the commission. As in the case of the longshoremen's act, the cost of benefits in these cases is paid by employers, and exact information concerning the amount of this expense is not available.

In order to carry out the administration of these three laws, the commission is required to maintain an administrative staff in the District of Columbia and in the field. The field force, consisting of 57 employees, is engaged almost exclusively in the administration of the law applicable to maritime employment. It is also used as far as practicable for investigational work in connection with claims arising under the law applicable to civil employees of the United States.

Local administration of the longshoremen's compensation act and the District of Columbia compensation act is committed to deputy commissioners appointed by the commission who receive and determine claims arising in the particular district to which they are assigned. The commission through its administrative office in Washington, which has a personnel of 119, performs all duties connected with the administration of the law applicable to Federal employees, and, in addition, performs all administrative work of a general character connected with the other laws. This includes, in addition to directing the administration of these laws through subordinates, the duty of authorizing insurance carriers to write insurance under these laws, passing upon applications of employers for authority to act as self-insurers, directing and supervising litigation arising under these acts, and other work of a similar character which must be directed from a responsible central office in order to secure uniformity in the administration of the law.

It is estimated that about two-thirds of the personnel and administrative cost of this commission relate principally to the two laws pertaining to private employment—the longshoremen's act and the District of Columbia workmen's compensation act.

THE BOARD OF MEDIATION

The Board of Mediation began its work July, 1926, under the provisions of the railway labor act. The outstanding purposes of the act are to establish an uninterrupted flow of interstate commerce in the interests of the public, the rail carriers, and their employees.

The Board of Mediation is charged with the responsibility of doing everything possible under the act to maintain harmonious and fair relations between the rail employer and the employee in regard to all features bearing upon labor relations and further to discharge its duties with the greatest possible promptness.

In considering an appropriation for the Board of Mediation it is probably unnecessary to go into any detail as to the legal steps which have to be taken to bring carriers and their employees under the provisions of the law and subject to the jurisdiction of the Board of Mediation.

There is no evidence of criticism of the law, or at all events no bills have come before Congress for its modification. The real concerns of Congress at this time are the value and quality of service of the Board of Mediation and the costs of performing such service.

Our committee held an interesting and illuminating hearing on the item of appropriations for the board. Its work was carefully gone into and the inquiries of the committee were promptly and fully answered, as one can readily see through a reading of the report of the hearing.

More extended information can be found in the annual report of the board for the fiscal year 1932 and those of

preceding years. The actual appropriation made necessary by the railway labor act is subdivided as follows:

First. The direct operating expenses of the board through its office in Washington and in the field. A study of the reports of the board during its existence will show that such expenses have been reduced through improved and more economical systems of administration in each succeeding fiscal year.

Second. Costs of arbitrations provided for by law and over which the board has virtually no control save a scrutiny and approval of reasonable bills contracted by each arbitration board under authority given by the railway labor act. The Board of Mediation acts as a cashier in respect of paying out the funds for such purposes and does the work of setting up the machinery for starting the arbitration hearings in motion.

Third. Emergency boards: This is an appropriation made for the use of the President of the United States. The Board of Mediation acts as a cashier for the payment of bills incurred by the board under the direction of the President and in no other way, save in setting up the machinery for starting off emergency board work.

SCOPE OF DUTIES AND RESULTS

The work of the board is impossible of measurement strictly by disputes settled. This is due to the fact that the board at its headquarters in Washington and in the field does a great amount of investigating, counseling, and so forth, which frequently results in a withdrawal of some proposed case without much strictly mediation work or in an abandonment by some party in interest of a proposed and likely initiation of a dispute.

The legal status of every case brought to the board has to be carefully examined in order to determine the question of the jurisdiction of the case at the hands of the board. In the consideration of the acceptance of cases a great amount of legal study has to be made covering not only provisions of the railway labor act but general law as it may apply to existing employee and carrier contracts, agreements, practices, and so forth.

The fact is that not a strike of consequence has occurred during the existence of the Board of Mediation, and there has been no interruption to the steady flow of interstate commerce as a result of labor troubles.

In addition to its office, administrative, statistical, and advisory functions, the work in the field is of controlling importance and for the most part might properly be regarded as being the hub of the wheel.

Mediations as such are held in all parts of the country. During six years they have been held in Albany, N. Y.; Buffalo, N. Y.; Lackawanna, N. Y.; Middletown, N. Y.; New York, N. Y.; Rochester, N. Y.; New Haven, Conn.; Boston, Mass.; Montpelier, Vt.; St. Albans, Vt.; Bangor, Me.; Portland, Me.; Baltimore, Md.; Philadelphia, Pa.; Pittsburgh, Pa.; Cincinnati, Ohio; Cleveland, Ohio; Toledo, Ohio; Detroit, Mich.; Washington, D. C.; Norfolk, Va.; Richmond, Va.; Roanoke, Va.; Wilmington, N. C.; St. Augustine, Fla.; Atlanta, Ga.; Augusta, Ga.; Savannah, Ga.; Birmingham, Ala.; Mobile, Ala.; Columbus, Miss.; Hattiesburg, Miss.; Erwin, Tenn.; Johnson City, Tenn.; Nashville, Tenn.; Oneida, Tenn.; Louisville, Ky.; Stearns, Ky.; Chicago, Ill.; Peoria, Ill.; Green Bay, Wis.; Houghton, Mich.; Hannibal, Mo.; Kansas City, Mo.; St. Joseph, Mo.; St. Louis, Mo.; Boone, Iowa; Des Moines, Iowa; Omaha, Nebr.; Wichita, Kans.; Muskogee, Okla.; Oklahoma City, Okla.; Dallas, Tex.; Fort Worth, Tex.; Greenville, Tex.; Houston, Tex.; Texas City, Tex.; Trinity, Tex.; New Orleans, La.; Winnfield, La.; Fort Smith, Ark.; Texarkana, Ark.; Brainard, Minn., Duluth, Minn.; Minneapolis, Minn.; St. Paul, Minn.; Denver, Colo.; Ogden, Utah; Los Angeles, Calif.; San Francisco, Calif.; Portland, Oreg.; and Cordova, Alaska—72 places—and comprehend over 1,500 different cases.

Starting at zero in July, 1926, cases of all kinds have been received and accepted by the board to the number of 1,882, up to and including December 28, 1932. (Many cases have not been accepted because of noncompliance with the provisions of the railway labor act.) Of the cases accepted 1,511 have been disposed of quietly with virtually no notice taken of them by the public, and quite likely by Members of Congress, for the simple reason that the board has avoided the spotlight and has proceeded persistently on its way, avoiding publicity and the many forms of dispute such as generally grow out of proceedings widely aired in a public way.

GOOD WILL PROMOTED

A conversation with any representative of railroad labor or of a carrier will demonstrate to anybody, as such has to me, that during the administration of the Board of Mediation all suggestions of old-time bitter relations between employee and carrier have disappeared. In the place of unhappy references of one side to the other, threats maybe, the testimony of those who participate is to the effect that meetings in which the Board of Mediation is involved are harmonious, marked by genuine respect of one side for the other, and are carried on "around the table" as between business men differing in their points of view but none the less anxious to arrive at fair conclusions.

The Board of Mediation has no power to direct anything whatsoever. In its proceedings with people in dispute they undertake, and apparently successfully, to act as a common friend who counsels both parties and not as an arbitrator or conciliator with any authority or desire to do more than to help railroad employees and employers to work out voluntarily agreements which represent justice and equity as nearly as possible.

VOLUME INCREASES

The following facts are significant and illuminating:

The Board of Mediation began to function in July, 1926, with no cases on file for attention. Without making reference to the number of cases settled within the periods it is interesting to note that the open cases on the docket of the board have been as follows:

June 30, 1927	161
June 30, 1928	139
June 30, 1929	71
June 30, 1930	220
June 30, 1931	301
June 30, 1932	289
Jan. 15, 1933	375

In addition there are in the hands of the board cases likely to be accepted, 78, making the total of open cases to be handled by the board as of January 15, 1933, 453, the greatest number of record.

The existence on the docket of this large number of cases is due to two particular reasons:

(a) The rapid increase of cases requiring service apparently due to the economic conditions of the times. There is a definite evidence of the desire of carriers to reduce their expenses to a minimum and of the employees to hold what they think they are entitled to in respect of wages, rules, and working conditions; and also to clear up any and every question which in their minds would seem to contribute to their fair rights. Many of the cases which are coming in now are of long standing and probably would not have come at this time, if ever, had economic conditions continued on what is commonly referred to as normal lines. However, as the railway labor act is constructed, both sides are at liberty to bring their cases to the Board of Mediation and the board must accept them for service if they come within the provisions of the law, hence the accumulation of cases.

(b) On account of appropriations and provisions of the economy act it does not seem to be possible for the board to increase its force of mediators to meet the rising number of cases which are coming to it.

In the annual report of the board it appears that in the fiscal year 1932 there were 392 cases accepted for mediation, and the board disposed of 404.

As evidencing the increasing call on the board for its service, it is interesting to note that from July, 1932, to January 15, 1933, the cases requiring the services of the board have been and are likely to be accepted to the number of 396, which indicates more cases for mediation service for six months and a half than were received by the board

during the whole fiscal year 1932, even though in that year the number received was high.

I have been advised by the chairman of the board that so far as reasonable estimate can be made in the light of disputes now going on throughout the country, applications for the services of the board in the immediate future would appear likely to come at a still further increasing rate. When one considers the call upon the board and the number of carriers and employees involved the importance of mediation work is very impressive.

The value of such work as has been and is now being done by the Board of Mediation rests not alone in the establishment and continuance of a free flow of interstate commerce, all important though it is. The Congress of the United States should be mindful of the financial interests of rail employees and employers and also of the economic welfare of the country.

COST OF STRIKES

On the authority of the chairman of the Board of Mediation I call attention to information which he has privately gathered as illustrating the great importance from a purely financial point of view of industrial peace and the cooperation of rail employers and employees. Great waste attends strikes in the railroad business when interruptions or strikes occur.

Without attempting to cover the whole field I present for consideration a brief statement to illustrate what railroad labor disturbances mean. In 1922, prior to the enactment of the railway labor act, there was a nation-wide strike involving particularly the shopmen employed by rail carriers. As evidencing the losses sustained and disregarding for the moment the elements of interruption to traffic as affecting shippers and receivers of merchandise, losses of efficiency in service, loss of business and loss of wages to employees affected by the strike it appears that on one railroad between July 1, and September 19, 1922, the out-of-pocket cost of such strike to the carrier was $9,000,000; on another railroad $4,240,313; on another railroad for the same period the out-of-pocket expenses were $3,896,000 and a loss of traffic estimated between seven and eight million dollars. The loss to employees was probably greater.

The total expense incurred by the Government for its share in the operations and the administration of the railway labor act for six years has been about $1,323,000. During the period there were virtually no losses of the character described above.

The foregoing figures and estimates bearing on the out-of-pocket expense of three carriers and wage losses on account of the strike which lasted about two months and a half, can be taken as a suggestion of the tremendous losses which were incurred by all carriers and employees affected throughout the country during the shopmen's strike. If the Government can contribute through the Board of Mediation at such an extremely low cost to the maintenance of peaceful labor relations and an uninterrupted flow of interstate commerce it would seem absurd to fail to furnish the necessary funds. The work of the Board of Mediation is distinct and wholly apart from that of any other Government agency.

Having supported the railway labor act from its inception and having followed with sympathetic interest the operation of the law since its enactment I have but the highest praise for this legislation and the accomplishments thereunder.

FEDERAL TRADE COMMISSION

I am a staunch believer in the widespread good and wholesome effects of Federal Trade Commission activities. Its benefits to the whole population of our country can be shown best by citing a few illustrative cases.

FORMAL COMPLAINT CASES OF UNFAIR COMPETITION AND CLAYTON LAW VIOLATIONS

Winsted Hosiery Co.—Misbranding case

The Winsted Hosiery Co. used on underwear such labels as "natural merino," "gray wool," "natural wool," "natural worsted," and "Australian wool." None of this underwear was all wool. Much of it contained only a small percentage of wool, some as little as 10 per cent. The company had not manufactured any all-wool underwear for a great many years. For the 3-year period prior to October, 1918, the date of the issuance of the complaint, the company's sales of knit underwear aggregated $2,500,000. As an estimate, it seems safe to say that 25 per cent of these sales were made with the purchaser erroneously believing that the underwear labeled merino, wool, or worsted was all wool. If this be true, the savings to the consumer in this case amounted to over $200,000 a year.

Prior to the decision in this case misdescription of goods had become so common in the trade that most dealers, as opposed to the public, no longer accepted labels at their face value, and honest manufacturers were forced to an election between also resorting to deceptive labels or losing trade. The commission ordered truthful branding. Many industries joined the fight for truthful branding. The Supreme Court ordered truthful branding. False brands were outlawed. The decision established the power of the commission to deal with misrepresentation in trade. Trade organizations, and periodicals, manufacturers, and lawyers greeted the decision as one of epochal importance. It was called the Magna Charta of truth in trade. None will deny that the action of the commission in this case is of incalculable value to both industry and the public at large.

United States Steel Corporation—Pittsburgh Plus case

This case has been cited many times as one of the most valuable where direct savings to the public resulted upon the issuance of the cease and desist order of the commission. The commission charged that the United States Steel Corporation and 11 subsidiary corporations sold at the Pittsburgh base price plus freight from Pittsburgh, and this regardless of the point or location at which the products were fabricated—for instance, Chicago or Birmingham. The West and South were particularly interested and benefited by the order in the case. The reason is apparent when it is realized that the subsidiary respondents had fabrication plants located, among other places, at Minneapolis, St. Louis, Gary, Detroit, Fairfield, Ala., and Milwaukee. One effect of this order is graphically illustrated in Figure 8, page 159, of the Masquerade of Monopoly, by Fetter. The overnight reduction to consumers on wire and wire nails as a result of this order was $10 a ton at Duluth. The drop at Birmingham was almost $9 a ton, approximately $6 at and near Chicago, and as much as $3 at many points eastward. The drop was approximately $3 at Spokane, Butte, Helena, Salt Lake City, and Ogden. During the course of the trial of the case John R. Howard, then president of the American Farm Bureau Federation, testified that the farmers of the country would be benefited by $30,000,000 a year by reductions in prices of farm machinery, implements, and material as a result of removing the fictitious freight charge imposed under the Pittsburgh-plus system.

Radium water case

The commission has proceeded in several instances against vendors of products alleged to be valuable as therapeutic agents in the treatment of disease. One of the most interesting of these cases involved a radium water known as "Radithor," and sold by the Bailey Radium Laboratories, of Orange, N. J. It was claimed that this radium water was of benefit in a long list of conditions, ranging from acidosis to wrinkles, but its principal use and appeal was as a rejuvenator. The commission alleged that not only was this product valueless as a therapeutic agent but that its use was potentially harmful. In September, 1931, the commission called as one of its witnesses Evan M. Byers, an official of the Byers Pipe & Steel Co., of Pittsburgh, Pa. Mr. Byers testified that he had consumed some 1,400 bottles of this product over a period of three years. It was proved that at the time he testified he was suffering from radium poisoning. Subsequent to the testimony of Mr. Byers the respondent consented that the commission issue a cease and desist order against it, which it did in December, 1931.

Mr. Byers died of radium poisoning in March, 1932, and the attendant publicity focused the attention of the American public upon the fatal potentialities of radium water dosage. This result can be credited to the testimony intro-

duced by the Federal Trade Commission in this case. It is not known how many bottles of this product the respondents sold in the course of a year. The product was sold at $1 a dose, and the indications were that it was a popular remedy, particularly among the well to do. More recent investigations by the Federal Trade Commission indicate that the publicity incident to the death of Mr. Byers forced many other organizations, selling various kinds of radium water and other radium products for self-medication, out of business. It would seem safe to estimate that $1,000,000 a year has been saved the American public, which, but for the commission's action in this case, would have been diverted to vendors of these valueless and often harmful radioactive products.

TRADE-PRACTICE CONFERENCES

Two cases will illustrate the scope and benefits of these trade-practice conferences:

(c) Household furniture and furnishings: Many unfair methods of competition, such as discrimination in price under section 2 of the Clayton Act, publishing false and untrue statements concerning the grade, quality, quantity, and character of competitors' products, secret rebates, with others, were eliminated by these conference rules. Also many unethical practices in the industry, such as usurping designs, styles, or patterns of a competitor, issuing false invoices, repudiation of contracts on a rising or declining market, disapproving of the sale of prison-made furniture in competition with the products of free labor without fully informing purchasers of the fact.

Publishers conference on fake advertising: It is said that through advertising the greatest frauds and misrepresentations are perpetrated, and that through such advertising in newspapers and magazines the citizens of the country are robbed of not less than $750,000,000 annually. Through the efforts of some of the publishers a trade-practice conference was held, representing over 6,000 magazines and many of the leading newspapers. These representatives of the publishing business adopted the rule that they would employ the most effective agency they could secure to examine the advertisements offered for publication and to advise them as to their fairness. It is said that as a result of this conference fraudulent advertising has decreased over 50 per cent. Many of the worst classes of advertising, such as patent-medicine remedies, hair restorers, antifat, puzzle contests, and so forth, have decreased from 75 to 90 per cent. Through the work of this one conference more fraudulent advertising has been suppressed and more honest competitors protected and the public more greatly benefited than by all other plans or activities combined which have come to the attention of the commission.

FALSE AND MISLEADING CASES IN NEWSPAPERS, MAGAZINES, AND PERIODICALS

Millions of dollars are paid annually for preparations worthless or of doubtful value but advertised as being effective for such uses as reducing flesh or building it up; removing wrinkles, age lines, freckles, moles, warts, and the footprints of time; tinting or bleaching the skin; growing hair or removing it; coloring hair or bleaching it; and the like.

Investigations of the commission disclose that various preparations purveyed by some chemists, cosmeticians, and others who are looking for easy money, will not always stand up under careful scientific analysis. A "wrinkle oil" was found to consist of castor oil with a few drops of perfume, put up in 2-ounce bottles of pleasing shape, with beautiful labels, for $2. For fat people many reducing creams are offered, and numerous vendors advertise magic results, all of which are false and misleading, for there is no cream that will reduce fat by mere application. Some vendors offer the identical cream as a tissue builder or flesh food to enable skinny folk at will to build up flesh on the neck, the arms or legs, the back, the bust, or wherever they crave it, yet there is no known cream that will build tissue or feed flesh.

During the fiscal year ended June 30, 1932, a special board concluded the investigation of and reported to the commission 406 cases. Of these, 341 were against advertisers, 57 against publishers, and 8 against advertising agencies.

STIPULATIONS TO CEASE AND DESIST FROM ALLEGED UNFAIR METHODS OF COMPETITION

Ear phones, key tags, charging fluid for batteries, correspondence school for vocational training, and alleged cures for stammering, gallstones, high blood pressure, and indigestion: The publisher of a magazine of wide interstate commerce waives the right to be made a party respondent in proceedings against 21 advertisers who are vendors of various articles of commerce, including ear phones, key tags, battery fluid, correspondence course of instruction in railway training, and alleged cures for stammering, gall stones, high blood pressure, and indigestion, and agrees to abide by the terms of any stipulations effected with or orders to cease and desist directed against such advertisers.

Perfumes: Theo. White, trading as Theo. White Co. and Palace de Flores, Los Angeles, vendor of a perfume alleged to be irresistible, agrees to discontinue representing that such is irresistible and can captivate the soul, or that it will enable the user to be exclusively attractive, and to attract and win the love of any person desired, when such are not the facts.

Mr. SUMMERS of Washington. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. KOPP].

Mr. KOPP. Mr. Chairman, again I want to discuss the farm problem, for every day it is becoming more serious and acute.

This is the last day of January, and less than five weeks remain of this session. Whatever is done must be done quickly.

All know that the thing that the farmers need most is an increase in the price of their products. If the price of farm products were raised to a normal basis, it would solve most of the farmers' difficulties.

I fear, however, that nothing will be done during this session to raise the price of farm products. Two ways have been proposed to do this, one by enacting the domestic allotment bill and the other by enacting an inflation bill. The indications are that neither the domestic allotment bill nor any inflation bill will become a law during this session.

True, the domestic allotment bill was passed by the House on January 12, 1933, but it is still before the Senate committee, where there seems to be a wide difference of opinion as to the merits of the bill. A number of inflation bills have been introduced, but thus far no such bill has been started on the road to passage. Moreover, different Democratic leaders have in strong terms declared themselves against inflation.

The farmers, however, can not wait. Many of them are burdened with heavy mortgages and are in imminent danger of losing their homes. They are in urgent need of relief. What can we do for them?

Yesterday we passed a bill amending the bankruptcy act. I voted for the bill and believe it will be helpful, but it will not give farmers who have a heavy mortgage indebtedness adequate relief. By no means. I feel that in this great emergency the Government should, without delay, aid the farmers in refinancing their farm-mortgage indebtedness and thus make it possible for them to save their homes. This can be done without impairing our national credit, without passing any unsound legislation, and with but little or no loss to the Government.

Refinancing the farm-mortgage indebtedness will have a very far-reaching and very beneficial effect. It will give hope to the hopeless and help to the helpless. If given this assistance the farmers will face the future with courage and determination.

Mr. STRONG of Kansas. How will you do it?

Mr. KOPP. I shall tell you. I shall give you my viewpoint. There are in this country over $9,000,000,000 in farm mortgages. I can not give you the exact amount. A farm publication fixed the amount at $9,200,000,000. According to the same authority, 36 per cent of the mortgage indebted-

ness amounts to more than one-half of the present value of the land covered by such mortgage indebtedness, 16 per cent amounts to more than three-fourths of the present value of the land, and 5 per cent amounts to more than the entire present value of the land.

I come from an agricultural State. I was born on a farm and have been familiar with farming all my life. Basing my opinion upon the figures I have given, I believe $3,000,000,000 would refinance the most pressing cases and would save the farmers who are threatened with the loss of their homes.

The Government, through the Reconstruction Finance Corporation, has given aid to banks, railroads, life-insurance companies, and other institutions; and I see no reason why it should not make loans direct to farmers. With that purpose in view, I recently introduced a bill authorizing the Reconstruction Finance Corporation to lend $3,000,000,000 to farmers in order to make it possible for them to refinance their mortgage indebtedness. The bill provides that the loans shall be secured by first-mortgage liens, shall run 10 years, and shall bear interest at the rate of 3½ per cent per annum, payable annually. It also provides that any part of the principal may be paid at any time and that after five years 2 per cent of the principal shall be paid at the end of each succeeding year unless such payment on the principal is waived for good cause shown. It is not the purpose to have the Government make any profit whatsoever, and if it appears that 3½ per cent interest will yield more than it will cost the Government to borrow the money then the interest rate to the farmers should be decreased accordingly.

By the terms of the bill loans may be made for as large an amount as 75 per cent of the present value of the land. As 50 per cent of the value of the land has generally been fixed as the maximum amount of a real-estate loan, this provision may be regarded by some as too liberal. It should be borne in mind in this connection that the present value of farm land is entirely too low, and that a loan for 75 per cent of the present value will be much safer than were loans for 50 per cent of the value some years ago. Furthermore, loans as high as 75 per cent of the present value of the land are to be permissible but not compulsory.

As previously stated, during the latter half of the 10-year period the farmer is to pay 2 per cent of the principal at the end of each year, so that at the end of the 10-year period the unpaid portion of the loan will be 65 per cent of the present value of the land. Such a loan, in my judgment, will be safe for the Government. I dare say that if we have any recovery in this country, 65 per cent of the present land value will be less than 50 per cent of the land value 10 years from now.

Such loans by the Government will bring about many adjustments between the mortgagor and mortgagee, for the mortgagee in many cases will be glad to reduce the mortgage indebtedness in order to enable the mortgagor to secure a new loan from the Government, and thus make it possible for the mortgagor to pay the mortgagee a substantial amount in real money.

Mr. HASTINGS. Mr. Chairman, I am very deeply interested in the argument of the gentleman from Iowa. I think this is the most important thing pending before Congress. I have embodied my views in a House bill, H. R. 14135, and made a speech upon that last Wednesday, explaining the details of the bill. I think it would meet with the gentleman's view.

Mr. KOPP. I shall be glad to support any bill that will save the farmers from losing their homes and I am gratified to know that the able gentleman from Oklahoma [Mr. HASTINGS] is so deeply interested in this important subject.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. SUMMERS of Washington. Mr. Chairman, I yield five minutes more to the gentleman.

Mr. WATSON. Mr. Chairman, will the gentleman yield?

Mr. KOPP. Yes; I am glad to yield to the distinguished gentleman from Pennsylvania.

Mr. WATSON. If we reduce the interest on mortgages, say to 3½ per cent, does the gentleman think the farmers would make a greater effort to pay?

Mr. KOPP. I certainly do. I am sure the farmers would do their best. At the present time many mortgagors face a hopeless situation. If given a chance to save their homes they will do their part.

Mr. WATSON. I agree with the gentleman that we ought to reduce the rate of interest upon the mortgages. A few years ago all of the mortgages, the gentleman will remember, were reduced to 4½ per cent interest in the city of Philadelphia. They had to be, and then we advanced the interest later.

Mr. KOPP. If a man has a heavy mortgage on his farm and wants to secure a Government loan I am sure the mortgagee will be glad to cooperate and make such concessions as may be necessary to enable the mortgagor to secure the Government loan.

Mr. STRONG of Kansas. If a man had a mortgage for 75 per cent of the value of his farm, and interest upon it, and he could not meet that, does the gentleman think it would bring him prosperity to reduce the principal and still have him pay all the farm will bring in in interest?

Mr. KOPP. I think a new loan for a less amount at a lower rate of interest is always a good thing.

Mr. STRONG of Kansas. Who is going to lose the difference?

Mr. KOPP. The mortgagee will be glad to lose some of it.

Mr. STRONG of Kansas. I have not met any of those fellows yet.

Mr. KOPP. I have.

Mr. HASTINGS. In my judgment there are literally thousands of mortgages held by insurance companies, farm mortgage companies, individuals, and banks which would rather take less and get liquid money than to go into court and stand the expense of court costs and the length of time required for foreclosure, and then, perhaps, when the land is sold under the hammer, not get enough money to pay the mortgage.

Mr. KOPP. I think the gentleman is absolutely correct.

Mr. STRONG of Kansas. I agree with the gentleman if we can get liquid money, but where is the farmer to get the cash?

Mr. KOPP. Is not the credit of this Government still good?

Mr. STRONG of Kansas. The gentleman wants the Government to take up these mortgages, then?

Mr. KOPP. Certainly. That is what I have said.

Mr. HASTINGS. And at a low rate of interest?

Mr. KOPP. Certainly.

Mr. HASTINGS. Then the farmer gets the benefit of the reduction and the low rate of interest.

Mr. KOPP. The farmer gets all the benefit, and that gives him a chance to fight his battle. He is then in a position where he can look forward with hope and courage.

Mr. STRONG of Kansas. I am in full sympathy with the idea, because I am one of the farmers who has one of these mortgages.

Mr. KOPP. They are all over the country, and I am sure the mortgagees all over the country will be glad to make a reduction in their principal in order to get money instead of land.

Mr. Chairman, this is a great emergency. We are face to face with a most serious situation. Hundreds of thousands of farmers in this country will lose their homes if they are not given a chance.

As stated, the bill authorizes the lending of $3,000,000,000 to the farmers, but if it later appears that this amount is not sufficient to save the farmers' homes, then an additional amount must be authorized. The Government must do its full duty.

Mr. HASTINGS. Did the gentleman put in his remarks the amount of the mortgages? I saw a statement in the New York Times of last Sunday that the mortgage indebtedness of the farmers was $9,100,000,000, and other

farm indebtedness was $4,283,000,000, making a total of $13,383,000,000.

Mr. KOPP. According to my investigation the amount of farm-mortgage indebtedness is between nine and ten billion dollars. I think the figures you have quoted are approximately correct.

Some may claim that this plan will put the Government into the banking business, but such a claim will be without any foundation. Lending money on real-estate security will not put the Government into the banking business. The life-insurance companies are doing that all over the country and have been doing it for many years, but they are not, and have not been, in the banking business. In ordinary times I would not favor such a plan. In such times such a plan would not be necessary, but in times like these I am in favor of any plan that, without placing any undue burden upon the Government, will save the homes of our farmers.

To the Democratic Party, which now has control of Congress, I appeal to give consideration to the farmers of our country. Some one may inquire whether there is a precedent for such action as I propose. There are numerous precedents but I shall call particular attention only to one. I am asking that our Government lend the American people $3,000,000,000 upon good real-estate security with ample legal remedies to enforce collection. After the armistice was signed, and after the World War was over, the Democratic Party, then in charge of our Government, lent more than $3,000,000,000 to European nations, without any security and without any method of enforcing collection. Of the more than $3,000,000,000 lent to European nations after the armistice France received practically one-half. Recently France refused to make the annual payment due us, but only a few weeks later lent $14,000,000 to another nation of Europe in order to promote European intrigue. There will be no such refusal to pay and no such story of ingratitude if you lend $3,000,000,000 to the farmers of our country to aid them in saving their homes. [Applause.]

Mr. SUMMERS of Washington. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. STRONG].

Mr. STRONG of Kansas. Mr. Chairman, I am in full sympathy with the remarks of the gentleman from Iowa [Mr. KOPP], if there is any way we can reduce the farmer's mortgages and reduce his interest fairly to the other taxpayers of the country. There is a bill now pending before the Committee on Banking and Currency, which was introduced by Chairman STEAGALL, proposing to do about this thing which the gentleman from Iowa proposes. I do not know whether the taxpayers of this country will be willing to pay off the mortgages of the farmers and reduce their rate of interest. I do not think it will aid very much to do that, in the long run, unless it is made possible for them to sell their products at a profit. The trouble with the farmer now is that when he works all year and gets his crop, he can not sell it for enough to pay his taxes, to say nothing about his interest and a part of the principal. I do not see how the readjustment of farm indebtedness and interest will help him very long unless we can bring about a readjustment that will give him a fair wage for his work and a fair profit on the operation of his farm. We must bring up commodity price levels. We must bring up the price of cotton, butterfat, and corn, and the price of hogs and wheat to make the farmer's business profitable.

Mr. HASTINGS. Will the gentleman yield?

Mr. STRONG of Kansas. I yield.

Mr. HASTINGS. The gentleman from Kansas knows very well that all of these bills can not be considered at one time. We had under consideration recently the allotment bill. We had the currency bill, and we have had different other bills. The bill which the gentleman from Iowa (Mr. KOPP] was discussing is one dealing with farm mortgages. I am in favor of the gentleman helping the farmer in his way, but I am in favor of helping the farmer every time any kind of a bill comes before this Congress for consideration. I can not dictate to the Congress whether this bill will be considered first or the other bill will be considered first. I am for any bill that will help the farmer.

Mr. STRONG of Kansas. Oh, yes; and so am I. I have voted for every piece of legislation that has come before this House in 14 years to help the farmer. There is no doubt about us who represent agricultural districts voting right on such measures.

Mr. MILLER. Will the gentleman yield?

Mr. STRONG of Kansas. I yield.

Mr. MILLER. I heartily agree with what the gentleman said about the necessity for adjusting commodity prices, but it seems to me, the question that is of foremost importance now is what are we going to do in the meantime in the emergency before commodity prices can be adjusted? That was the proposition that was being discussed by the gentleman from Iowa [Mr. KOPP].

Mr. STRONG of Kansas. I understand.

Mr. MILLER. I should like to have the gentleman's idea about that.

Mr. STRONG of Kansas. Well, I am in favor of it. If we can get anybody to help reduce the farmer's mortgages or his interest, very well. If we can do it by getting the money out of the Treasury, all right. If the other taxpayers will permit it, all right. I have been operating a farm for years. I have the highest producing herd of Holsteins in my State, and I have to feed them to protect their records, and when I do that they eat their heads off. I know something about these farm problems. What we need to do is not so much reduce the interest on his farm loan as to raise the farmer's price for his products so that it will make his farming profitable. If we can do that, he can pay his debts.

I think what we need to do is to bring down this high-priced dollar. [Applause.] Farmers were loaned money on their farms when the purchasing power of the dollar was worth 73 cents, and now are being told to "Sell their corn for 15 cents a bushel and pay back the dollar with $1.52 worth of farm products." It just can not be done. We must bring down the high-priced dollar and bring up the price of the farmer's products.

Mr. BANKHEAD. Will the gentleman yield for a moment?

Mr. STRONG of Kansas. Yes; I will be glad to.

Mr. BANKHEAD. I saw a statement in the paper day before yesterday relative to the latest estimate of the price of the gold dollar as compared with commodity prices and the figure given for it was $1.80.

Mr. STRONG of Kansas. The last time I saw an expression about it, it was $1.52; but the dollar is going up while everything the people of this Nation have to sell, their labor, their products, and everything they have to trade for the dollar, is going down. The thing we must now concern ourselves with is how to bring down the purchasing power of our high-priced dollar and we can not expect the creditor class to do that unless we come to grips with them and make it possible.

[Here the gavel fell.]

Mr. SUMMERS of Washington. Mr. Chairman, I yield 23 minutes to the gentleman from Ohio [Mr. BRAND].

Mr. BRAND of Ohio. Mr. Chairman, I have been getting together some facts and figures that possibly explain why the mortgages are on the farms, why the mortgage indebtedness on the farms has been multiplied by four in the last 10 or 12 years. These facts and figures also show why the farmer can not pay 6 per cent interest and why he is failing to pay taxes.

Perhaps 1914 was the last normal, healthy year. We had fought uphill all the way from the depressed times of the early nineties, until by 1914 we were receiving fair prices for everything, everybody was occupied, and the cost of living and income were on a comparatively even basis. Then the World War came. Men were taken from their occupations; supplies therefore were reduced; prices jumped, and we were off on a wild inflation basis which lasted in this country, except for agriculture, until 1929.

During the years of the war, prices of commodities rose and wages rose to more than double the 1914 basis. Railroad rates were doubled and the railroad men and executives absorbed the increased income by increased wages and salaries. Taxes rose, as salaries and wages of Government employees—city, State, and National Government—were doubled, and expenditures of all kinds were radically increased. Not satisfied with spending their increased incomes, people also went into debt and instead of being thrifty and saving, and paying off these debts, they allowed them to stand and grow with credit easy and no one pressing for settlement.

The year 1920 came along and agriculture was purposely deflated by action of the Federal reserve, demanding the withdrawal of credit to farmers, following a cry for a reduction in the cost of living. Farm prices dropped back one-half and never regained equality. But other groups were well organized and refused to respond to the demand for lower prices, and maintained themselves on the high basis. Agriculture suffered miserably from the inequality, multiplied its debt about four times, finally found its purchasing power exhausted when its credit failed, and in 1929 came the crash. Hardly two people agree as to why, but we all know it came and has now lasted into the third year, with the end not in sight.

It is my purpose to try to detail the conditions as they exist to-day, so that we may get a picture to survey and possibly get ideas as to what must happen before business resumes.

It may be we are on the way back to the 1914 basis, halted by laws artifically maintaining prices or by groups strong enough to withstand the downward tendency. Agriculture, on a purely competitive basis, has dropped down away below the 1914 basis. In fact, agricultural prices are to-day only 52 per cent of what they were in 1914.

My interest is to show just how much other groups are deflated by these years of depression. The Department of Labor has records of all industries from 1913 to 1933. I append below the comparative wages in 1913 and 1931, and wish to state that 1932 wages are not yet available in the tables published, but an average decline in wages is recorded of 12 per cent for 1932.

All union wages and farm prices in the United States compare as follows, with 100 representing conditions in 1913:

	1913	1931	1932
Union wages	100	273	241
Agricultural products	100	[illegible]	52

This startling comparison shows that union wages are practically to-day two and one-half times what they were in 1913 and that farm products are one-half what they were in 1913. In other words, a workman in any union factory receives five times as much for a given service as the farmer receives.

I have collected the wages of various kinds of work from the Labor Department records, which follow:

Steel industry

	Per hour.
Plate mills:	
1913	$0.25
1931	.62
Bar mills:	
1913	.28
1931	.58
Standard rails:	
1913	.25
1931	.61
Blast furnaces:	
1913	.20
1931	.55
Bessemer converters:	
1913	.28
1931	.66
Open-hearth furnaces:	
1913	.23
1931	.70
Sheet mills and tin plate:	
1913	$0.48
1931	.63
Blooming:	
1913	.26
1931	.66
Foundries and machine shops:	
1913	.55
1931	.63
Puddling:	
1913	.32
1931	.66

Is it any wonder, with farmers receiving one-half of 1913 prices for their crops and steel-mill workers receiving nearly two and one-half times 1913 wages, that farmers are unable to buy wire fences and steel posts sorely needed? Neither can they buy farm implements made of steel and hauled to them over steel rails.

In 1913 it required 179 pounds of cotton to pay for a cultivator; in 1931 it required 691 pounds of cotton to pay for the same machine.

In 1913 it required 128 bushels of wheat to pay for a wheat binder; in 1931 it took 600 bushels of wheat to pay for the same machine.

And is it any wonder that steel mills are running at 30 per cent capacity, with most of the men out of work? Is there any way to start business between these two groups except by a readjustment—lower costs of steel and higher prices for farm products? We have an overflowing abundance of everything but are unable to exchange. We have people hungry and in want in the midst of plenty.

Building trades

[Wages in building trades with 100 representing wages in 1913]

All branches—	
1913	100
1931	276

	1913	1931
Bakers	100	279
Bricklayers	100	245
Building laborers	100	267
Hod carriers	100	297
Plasterers	100	274
Carpenters	100	263
Floor layers	100	262
Cement workers	100	253
Engineers	100	261
Electric wiremen	100	274
Fixture hangers	100	297
Lathers	100	262
Marble setters	100	235
Helpers	100	254
Painters	100	262
Fresco painters	100	267
Sign painters	100	248
Plumbers	100	244
Steam fitters	100	254
Helpers	100	346
Stone masons	100	269
Structural iron	100	251
Finishers	100	257
Tile layers	100	237
Helpers	100	291

Is there any wonder that the building trades are practically shut down, and the men without work? No records of compensation of executives are available, except in a few cases, and these cases show a higher increased compensation than the men.

Other trades

	1913	1931
Chauffeurs	100	253
Teamsters	100	287
Granite cutters	100	262
Stonecutters	100	262
Longshoremen	100	251
Bindery women	100	200
Bookbinders	100	252
Compositors	100	260
Electrotypers	100	274
Machine operators	100	228
Machine feeders	100	224
Pressworkers	100	209
Sterotypers	100	204



Hourly wage comparison in various industries

[All employees per hour]

	1917	1931
	Cents	*Cents*
Meat packing	27	47
Cotton goods	14	26
Boots and shoes	28	49
Men's clothing	26	70
Hosiery and underwear	17	35
Furniture	21	41

The records for all industries for 1931 and 1932 are available, but I have about exhausted the 1913 comparisons.

THE RAILROADS

The railroads are crying out for help and receiving it from the Public Treasury. How about their labor and executives—

Railroad wages, per hour:

1915	$0.26
1931	.69
1932	.63

That is, railroad wages are two and one-half what they were in 1915. Cost of living is three-tenths above 1915, and farm products are one-half what they were in 1915. Railroad executives' salaries are now high, but comparisons with 1913 are not available. The salaries paid to presidents run from forty to one hundred and fifty thousand dollars per annum, with reductions claimed since 1930, with none authenticated exceeding 10 per cent. The railroad executives claim an average reduction since 1930 of 14 per cent.

The railroad rates have more than doubled since 1913, and translated into actual practice this means that you could transport a carload of steers in 1913 from Springfield, Ill., to Baltimore, Md., and pay the freight with 774 pounds of beef. In 1932 it took 2,018 pounds of beef to pay the freight.

In 1913 it took 167 bushels of wheat to pay the freight on 1,000 bushels from Wichita to Chicago, and in 1932 it took 484 bushels.

Yet these high rates find the railroads losing money. High wages find the employees out of work. The railroads lost last year $200,000,000. Their pay roll was $2,000,000,000-plus, or ten times their loss.

The railroads want truck transportation under Federal regulation, but if this regulation resulted in the death of the truck transportation it would not meet their problem because the trucks are doing only 6 per cent of the transportation business, and I might add that the truck business is here to stay.

A 10 per cent reduction in wages and salaries would meet their losses, but really what the country needs is cheaper transportation.

In my home district coal rates were $1 per ton in 1913 and are now $2.45, and coal is the very lifeblood of every factory in the United States. The freight is now nearly three times the cost of the coal.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. BRAND of Ohio. I yield.

Mr. GLOVER. The Interstate Commerce Commission now fixes the freight rate on every commodity that is shipped out of one State and into another. The railroad companies are powerless. They are penalized heavily if they charge a rate different than that fixed by the Interstate Commerce Commission. Does not the gentleman believe that if the Interstate Commerce Commission would relax and the railroads were allowed to fix their own rates at which they could carry these different commodities that they would make very much more money than they now make restricted to these high rates they are bound to charge?

Mr. BRAND of Ohio. I think the gentleman is entirely right. The railroads have been strangled by the laws passed by Congress administered by the Interstate Commerce Commission. I think if the Government would release its hold the interest of the railroads would be promoted.

We want world trade, and England, our chief competitor, lives and manufactures on the sea, and carries her products to every port in the world.

GOVERNMENT EXPENSES

Finally, I come to Government expenses.

Government expenses:

1913	100
1932	250

Farm products:

1913	100
1932	52

This means it takes five times as many hogs and five times as much milk and other farm products to meet the taxes as it took in 1913.

All of these conditions taken together result in the public sale of farms and the bankruptcy of farmers on all sides.

Of course, we are trying by law to bring the prices of farm products up, and if that is accomplished it will make just that much less pressure to bring other lines down.

What has happened in Government salaries since 1913? Average of all salaries paid by Federal Government: 1913, $1,136; 1933, $2,143, less furlough.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BRAND of Ohio. I yield.

Mr. COCHRAN of Missouri. I think the gentleman is mistaken; it is $1,420.

Mr. BRAND of Ohio. Then the Civil Service Commission does not know what it is talking about. I got these figures from them; $2,143 is the average in the District of Columbia less the furlough, which is about 8 per cent.

Postal clerks and letter carriers

1913	$1,200
1933, less furlough	2,100

Other expenditures

Army:

1913	$97,398,345
1932	338,948,617

Navy:

1913	123,894,938
1932	358,271,936

I might add our Army and Navy expenditures are right at 50 per cent more than any other nation in the world.

Pensions:

1913	$164,725,000
1932	1,135,892,795

Our pension expenditures are increasing and it is estimated will reach two billions per annum.

All appropriations:

1913	$1,021,081,805
1932	5,618,700,409

You have a rather complete picture of 1913 and now. The farmers and the unemployed are the great sufferers from this maladjustment. Are we all to go back to the 1914 basis? That would be slow, and is being fought at every step. Apparently we will be years in this depression waiting for that. Let me repeat, with union-labor wages represented by 100 in 1913, those wages to-day are represented by 241, and in 1931 by 273—a reduction in one year of 12 per cent—and will therefore take 12 years of successive equal reductions to reach the 1913 basis. The cost of distribution has changed since 1913 from 100 to 161, and no declines in distribution are recorded. With farm crops selling for 52 per cent of 1913 prices we must adopt measures that will stop bankruptcy now.

Shall we come in the back door and cut the value of the dollar? Congress has that power. Theoretically it will cure the maladjustment—bring up prices of products that are low, and leave the high places much as they are.

Other nations of the world have already adopted this policy, broken down our tariff wall thereby, and made it almost impossible for us to sell to them. Has England lost anything by reducing the value of her pound sterling? She has undoubtedly gained much. Can we afford to cut down the value of our dollar in order to reflate, stop the growing damaging importations from abroad, made possible by cur-

rency abroad of lower value than ours, open up our natural avenues of export by having a currency of equivalent value to theirs, and at the same time raise the value of our raw materials to a normal price, or shall we double our tariffs? That would stop undesirable importations, but offers no relief in connection with securing business abroad, and does in no way touch the low prices of our farm products. And we must come to a conclusion. Other nations have taken advantage of us by means of currency regulation, and are profiting by our indecision, and our suffering increases day by day.

Mr. BOYLAN. Mr. Chairman and gentlemen of the committee, I have the great American habit of reading the newspaper at breakfast time like all of you. This morning I spread out the newspaper just as I was about to commence my breakfast, and suddenly all the pleasure of my meal left me. I saw emblazoned in gigantic headlines across the front page of the paper—

The President lashes Congress. They have exceeded the Budget estimates by $163,000,000.

Now, I was perturbed by this, and justly so, because, together with my distinguished colleagues on our committee, we had burned the midnight oil in order to reduce the Budget estimates submitted by the President. I said to myself, "How can this be? We brought in a bill that carried approximately $1,600,000 less than the President's estimate, and yet here he says the total appropriations to date are $163,000,000 over the Budget estimates."

I hastily finished my breakfast and hied speedily to my office and commenced an investigation. I found that the President, as much as I respect and admire him, had not made an exactly fair statement. You say, "Why did he not make a fair statement?" Well, he did not because when he submits to the Appropriations Committee the original sheets of the Budget, as you gentlemen know, it is customary for the Appropriations Committee to commence the hearings during the month of November in order to have something ready for the Congress when we convene here on the first Monday in December. So naturally these galley proofs, as they are called, were sent to the committee, and the subcommittees commence working. By the time the Congress had assembled practically three of the major bills were not only well under way but practically completed.

Then, on the 6th day of December, the President sent in with his message what he called a supplemental or modified Budget. Mind you, the committee had already been working for a month on the original Budget estimate that was submitted to it. Lo and behold, we found this new Budget was a modified Budget. So upon investigation I found out about it, and I looked it over, and I gave it a designation. I called it a "phantom budget."

I got out our old friend Noah Webster to see what he had to say about a phantom. He says:

A phantom is something that has a mere appearance or a seeming.

Then, to make it a little clearer, I looked up my old friend and distinguished American poet, Bayard Taylor, who used the phrase, "Phantom isles are floating in the skies."

So, therefore, we come to this phantom budget. Now, there would not be any objection on behalf of the Appropriations Committee if the President in making his statement had said, "The amounts appropriated so far exceed the phantom budget"—not the original Budget but the phantom budget—"$163,000,000." That would have been fair. Nobody would take exception to the President then, because that would be a fair statement. But the President is in error when he states to the people of the Nation that we had exceeded his Budget by $163,000,000. On the contrary, we not only had not exceeded his Budget as submitted in November, but we have reduced it to date to the extent of $66,000,000.

I can not understand how the board of strategy, or whoever gives the President these matters, can take the trouble to go into this thing and not see that it was manifestly an unfair statement to make.

Now, I will make another statement to you. The Bureau of the Budget has been in operation about 12 years, and during that time never before has any President sent in a so-called phantom budget, not one of them. So I say that it is very unfair to the members of the Appropriations Committee, consisting of men from both sides of the aisle who are giving the best that is in them to bring into this House reduced estimates under the Budget proposed by the President in order to effect economy.

Of course, this phantom budget that the President suggests has a few strings attached to it, and I just want to enumerate a couple of the strings.

He says:

The appropriations which I recommend to be made for the fiscal year ending June 30, 1934, as shown above, total $4,218,808,344, and are predicated upon—

Here is where the string comes in—

the enactment of legislation which I hereby recommend providing (a) for a temporary reduction in the rate of pay of Federal personnel to be applied to all civil employees.

And, furthermore, he says:

(b) for amending certain laws providing for benefits to veterans which would produce a further saving of $127,000,000.

He estimates the saving on the reduction in salaries as being $55,000,000.

Now, he says, if you cut the salaries 11 per cent and reduce the veterans' appropriations $127,000,000, then you can have this modified Budget.

You gentlemen know that we do not know what the possibility is of passing this proposed legislation. You know, as well as I do, that the Congress can not wait until the last day of the session in order to make up the appropriation bills. Therefore, you see it is manifestly unfair to give this erroneous impression to the people of the Nation, in view of the fact we are working so hard to save every possible dollar for the Government in these days of stress.

Mr. McSWAIN. Will the gentleman yield for a question?

Mr. BOYLAN. I yield.

Mr. McSWAIN. It would seem then that the so-called phantom budget is predicated upon an imaginary state of laws.

Mr. BOYLAN. Exactly; just as I quoted Bayard Taylor, when he said, "Phantom isles are floating in the skies." The gentleman has stated the crux of the whole matter.

Now, getting down to the independent offices appropriation bill, after our distinguished chairman, the accomplished gentleman from Virginia [Mr. WOODRUM], finished, it reminded me of an experience I had in the city of Washington on January 12, 1928. On that day we had a dinner to celebrate the victory at New Orleans of that immortal Democrat and sterling patriot, Andrew Jackson, at the Mayflower Hotel. It was one of the largest dinners I had ever attended in Washington. All the prospective candidates for the Presidency were lined up on the dais and several other distinguished speakers were there. The meal went off quietly and peacefully, and I may say that, among others, Will Rogers was present. The first speaker was announced at about 9 o'clock and was Mr. Claude Bowers, that distinguished publicist and newspaper man of the city of New York. You have all read his books on Hamilton and Jefferson and the Party Battles of Jackson's Time and other works. Mr. Bowers is a very prolific writer and a man whose language flows beautifully. Mr. Bowers got up and, as the first speaker, spoke by the clock for three hours. After Mr. Bowers had finished there was nothing left to be said about Andrew Jackson, the Democratic Party, or the history of the United States from colonial times down to January 12, 1928. About 1 o'clock in the morning Will Rogers was called upon, and Will got up and scratched his head and said:

Well, I am in the same position as the rest of the speakers. I came here with a speech in my system, but that darned fellow Bowers ruined every one of us.

So it is that our distinguished chairman, Mr. WOODRUM, has ruined every member of the committee. He has left us

very little to say, but it was well said and we feel that you profit by the fact that he has said it.

Our experience on the committee has been very pleasant. We have not only the splendid chairman, Mr. WOODRUM, but also Mr. HASTINGS, Mr. WRIGHT, Mr. WASON, and Mr. SUMMERS, all men of splendid experience with whom it is a distinct pleasure to work. So I will say that in the handling of the measures before us we proceeded, as the other subcommittees of the great Appropriations Committee proceed, without any partisan view at all. I may say that in the entire discussion of the bill now before you not over one controversial matter came up, and on that the division was not according to party lines.

As the gentleman from Virginia [Mr. WOODRUM] has said, this independent offices subcommittee appropriates for 28 different independent establishments of the Government. In addition to this we have to take care of special projects that are ordered by the vote of the Congress, such as the Chicago World's Fair, the distribution of wheat and cotton, the Federal Home Loan Bank Board, the George Washington Bicentennial Commission, and so forth.

It really would be wise, I think, for the Members of the House who are not members of the Appropriations Committee to attend the sessions of the subcommittees and listen to the hearings. I do not think there is any other way you can get a comprehensive grasp of the ramifications of the different departments of our Government as well as you can by sitting in on the Appropriations Committee hearings and listening to the budget officers from the different bureaus tell their story.

Of course, we think that our subcommittee is a kind of important subcommittee. We ought to, because our appropriations are practically one-fourth of the entire amount appropriated by the Congress each year. For instance, the bill that we brought in to you totals $1,002,890,779, which is over $21,000,000 less than the 1933 appropriation, and a decrease in the Bureau of the Budget's estimate—now, mind you, I am speaking about the regular estimate and not the phantom estimate—it is a decrease from the Budget estimate of $1,657,000.

This bill represents approximately one-quarter of the total Federal Budget. The appropriations for the Veterans' Administration are more than 90 per cent of the total of our bill, so that the remaining 27 independent offices are carrying less than 10 per cent of the total appropriations of the independent offices bill.

This bill sustained the heaviest cuts of any of the other bills last year. In the case of some bureaus and commissions the appropriations were substantially below the needs for the public service.

We are all in favor of economy, but if we do not give the departments enough to carry on, how can they function? Look at the money we could save, as my distinguished friend from Indiana [Mr. WOOD] knows, if we could abolish all the departments, abolish all the clerks and all the machinery of government; just look at the money that would be saved, but who would carry on the functions of the Government?

Sometimes we talk about economy until it gets to be ridiculous. People are going to do this and they are going to do that, but can you run the Government on wind, can you wave a magic wand and by that waving of the wand perform the service of 700,000 employees? It would be a wonderful thing if we were endowed with such power.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOODRUM. I yield the gentleman 10 minutes more.

Mr. BOYLAN. Some may say if we were able to run the Government without any employees it would be splendid. That would balance the Budget, but in the meantime the Government could not function; so we have to be reasonable about these things.

Mr. STOKES. Will the gentleman yield?

Mr. BOYLAN. I yield.

Mr. STOKES. I want to ask the distinguished gentleman whether or not there is any possibility of saving the $412,000,000 in the veterans' expenditures as recommended by the National Committee for Economy in Government during the coming year?

Mr. BOYLAN. I do not think so; I did not intend to go into that phase of the bill, because I thought the gentleman from Virginia [Mr. WOODRUM] had covered it so fully and completely. I do not believe, however, from my studies, that such a saving could be made.

A comparison with the amount carried in the bill for 1934 with the amount appropriated for the same purpose in 1932 shows, as has been stated by my colleague, a total reduction, exclusive of the Veterans' Administration, of $11,425,000. Over the 2-year period of 1932 it was 16.7 per cent.

Mr. BRIGGS. Will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. BRIGGS. I notice in the committee's report the amount recommended by the committee is $21,395,000 less than the 1933 appropriation.

Mr. BOYLAN. The gentleman is correct.

Right there I would like to say a word about the Bureau of the Budget. The President has the right, under the law, to make up the Budget. But there is absolutely no coordination between the Director of the Budget and the Appropriations Committee. Whatever hearings are held by the Director of the Budget the Appropriations Committee knows nothing at all about, and unless we cross-examine the witness we are not able to bring out any information that was submitted to the Director of the Budget in making up his estimates.

I have spoken about this in other years, and while I have no desire to infringe upon the rights of the Executive, I do think that at least informally there should be a connection between the Director of the Budget and the Appropriations Committee of the House, because I feel that if we had this information much valuable time could be saved and we could grasp the situation more comprehensively.

Now, you know we appropriate $143,322 for the American Battle Commission.

This completes the entire appropriation providing for the monuments and memorials to American soldiers resting in foreign countries. After its completion this year, these memorials will be turned over to the War Department for proper keeping and maintenance.

CIVIL SERVICE COMMISSION

One of the bureaus sustaining extraordinary heavy cuts last year and which has been allowed certain increases by the Budget and by the committee for next year is the Civil Service Commission. Their appropriation for 1932 is $1,877,192; the amount carried in the bill for 1934, while somewhat in excess of the 1933 appropriations, is $502,722 less than the appropriation for 1932, a reduction of almost 30 per cent. About 50 per cent of the work of this commission is on account of civil-service examinations; the latter of course have fallen off materially under the economy program, but they have by no means ceased entirely. The commission estimates that examination work has not been cut in excess of 60 per cent, which, of course, is 25 per cent of their entire work. The other work of the commission, that of enforcing the provisions of the civil service act, such as the apportionment provisions of the law, the retirement provisions, and so forth, have increased somewhat as a result of the provisions of the economy act and other economy measures, so that the committee felt that a cut of 30 per cent in this appropriation should not be further increased in view of the fact that the reduction in volume of work has only been about 25 per cent.

INTERSTATE COMMERCE COMMISSION

The Interstate Commerce Commission is another establishment which sustained very heavy reductions in its appropriations last year. The total recommended in the bill for this commission, while it is $10,000 less than the amount appropriated for 1933 because of the legislative furlough, represents an actual increase of approximately $500,000. However, as compared with the appropriation for 1932, the amount carried in the bill is a reduction of $2,274,834. A large portion of the reduction of last year was based upon the expectation that the recapture provision of the law

would be repealed. This provision has not been repealed and it has been necessary to grant a partial restoration of these appropriations in order to permit the commission to perform the duties imposed upon it by law. The severity of the cut of the appropriations last year for this commission is evidenced by the fact that the employees have had to take an administrative furlough of almost one month in addition to the legislative furlough.

FEDERAL RADIO COMMISSION

The consolidation of the radio division of the Department of Commerce with the Federal Radio Commission has resulted in a savings of $331,653 in the amount recommended in the bill for 1934 for the consolidated service as compared with the combined appropriation of $1,112,080 for the two separate services in 1932. There has been a reduction of 52 in the number of employees, resulting from the consolidation; 15 of these were in Washington, 37 in the field.

SHIPPING BOARD

Appropriations for the Shipping Board are from two sources: First, a direct appropriation from the Federal Treasury for the operation of the fleet and, second, appropriation of indefinite amounts from the various funds of the Shipping Board. The latter consists of—

(a) The amount of operating funds on hand July 1, 1933 (estimated)	$8,600,000
(b) Operating receipts	864,200
(c) Liquidation expenses (proceeds of sale)	1,000,000
(d) Interest on bank accounts	5,000
Total	10,469,200

In addition to the foregoing indefinite appropriations the bill carries a direct appropriation from the Treasury of $2,875,000, making a grand total made available in this bill for the operation of the fleet of $13,344,200.

Last year the bill carried no direct appropriation from the Federal Treasury, so that the present bill is apparently $2,875,000 in excess of the current appropriation. However, the total estimated amount of the indefinite sum appropriated last year from Shipping Board funds was $18,958,500, so that the total sum authorized in the current bill is $5,614,300 less than the corresponding amounts for last year.

BOARD FOR VOCATIONAL TRAINING

The Budget recommendation of $2,786,283 was allowed by your committee.

FEDERAL TRADE COMMISSION

Your committee recommended cutting the Budget estimate of $1,109,550 to $510,000, which makes a saving of $599,550. The power and chain-store investigation will be completed by July 1, 1933. The commission wanted to start three new investigations at that time. Your committee thought we could dispense with them at this time.

FEDERAL POWER COMMISSION

Your committee allowed the Budget estimate of $235,373. The receipts of this commission in the 10 years from 1922 to 1932 over expenses were $805,954.

BUREAU OF EFFICIENCY

Your committee allotted the Budget estimate of $146,298, which is $13,202 less than 1933. This bureau paid its way, showing savings as the result of its work of about $316,000 during the present year.

VETERANS' ADMINISTRATION

Your committee allowed the Budget estimate of $945,988,634, an increase of about $18,000,000 over 1933. My colleague [Mr. WOODRUM] has gone into this item very fully, so I will not speak about it. General Hines gave a very complete and exhaustive report on his various activities, which you will find set out in detail in pages 500 to 547 of the hearings.

UNITED STATES GEOGRAPHIC BOARD

I might say a word about one little bureau that is very important but very modest and is scarcely known but that does a very big work. That is the United States Geographic Board. The appropriation for next year for this bureau is only $9,778. Yet this board does a monumental work. It decides upon the spelling and pronunciation of the names of the various geographic divisions in the United States. It is an important board, because from its decisions no appeal can be taken.

In conclusion, I trust that the report of our committee will meet with your approval. We are but your stewards. You have assigned to us a particular work. We have tried to discharge the duties allotted to us to the very best of our ability. [Applause.]

Mr. SUMMERS of Washington. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. AMLIE].

Mr. AMLIE. Mr. Chairman and members of the committee, I want first to refer to the remarks made by the member of the committee from New York [Mr. BOYLAN], that if we are to have bureaus and commissions performing functions, then they should receive appropriations such that those functions could be performed. Otherwise, in all honesty, it would be better to abolish these commissions altogether.

In his remarks the gentleman from Virginia [Mr. WOODRUM], chairman of the subcommittee, said that any reductions made in the appropriations for the independent offices had been made where it was thought by the committee that they could be made without in any way impairing useful governmental functions. If we analyze the reductions that have been made in the independent offices appropriation bill, as reported by the committee, we find that the total of those reductions, leaving out nonrecurring items, will amount to about $657,522. Of this amount $599,550 comes out of the Federal Trade Commission. It seems to me the effect of that statement is to say that the reduction in the Federal Trade Commission alone can be made without any interference with the useful functions of Government. The effect of that reduction will be to wipe out altogether the economic department of the Federal Trade Commission. I think perhaps it is generally understood that the effect of this reduction will be to do away with the effectiveness of the Federal Trade Commission. I read now from an article from the Washington Star, published a couple of days ago, which states:

> While there was an unwillingness on the part of anyone in authority to be quoted at this time, it was made plain that it was felt the appropriation slash virtually would amount to junking the commission.

Mr. WOODRUM. Did the gentleman give the date of that?

Mr. AMLIE. I think that was last Saturday, January 29, 1933.

Mr. WOOD of Indiana. Mr. Chairman, will the gentleman yield?

Mr. AMLIE. Yes.

Mr. WOOD of Indiana. I think if the gentleman will study the hearings he will find that the elimination of a greater portion of this amount, some $300,000, was taken away from the research department because of the fact that their work is done and they have nothing to do unless they create a lot of new work at a time when under existing circumstances the committee felt there was no necessity for it.

Mr. AMLIE. It is my understanding that while the utility investigation has been completed, in so far as the field work goes, there is a great amount of material on hand that has not been prepared, or digested in such a way that it would be readily available to or understandable by Members of Congress.

Mr. WOOD of Indiana. For all of the unfinished work there is ample appropriation to complete it. Every single investigation that was ordered either by the Senate alone, and it orders most of them, or by the House and the Senate together, will be completed, the office work as well as the field work, which the gentleman says is completed, within the appropriations now available.

Mr. AMLIE. That is not my understanding. I have read the hearings and I have talked with people closely connected with this work. It is true the work in the field will be completed, the special staff will have performed their work, but there will still be a large amount of work to be performed by the regular staff of the Federal Trade Commission.

But let us question the decision of the committee, made by the Democrats and the Republicans on the Appropriations Committee, that no further new work should be undertaken at this time. First, I would like to say that the reduction in the appropriation of the Federal Trade Commission amounts to 65 per cent, and that 24 per cent of that reduction was contributed by the Republican administration and 41 per cent by the Democratic Appropriations Committee.

I want to read from the report of the hearings, the Republican and Democratic platform pledges relating to that proposed investigation, which the chairman of the subcommittee, speaking earlier in the day, stated in his opinion was unnecessary.

Mr. WOODRUM. Will the gentleman yield?

Mr. AMLIE. I yield.

Mr. WOODRUM. The chairman of the subcommittee stated it was the judgment of the subcommittee and the full committee that no new investigations should be initiated by the Federal Trade Commission at this time; that if they were necessary, that fact ought to be decided by the new administration which takes office in less than a month; and certainly we ought not embark upon such investigations, at the mere instance of the Federal Trade Commission, who are interested in trying to find something for their army of economists to do.

Mr. AMLIE. I take it that the members of the Democratic Party intend at this time to go ahead and do those things that will be necessary in order to carry out their campaign pledges.

The Democratic platform provides, among other things:

> We advocate the protection of the investing public by requiring to be filed with the Government and carried in advertisements of all offerings of foreign and domestic stocks and bonds, true information as to bonuses, commissions, and principal invested, and the interest of the sellers.

I feel there is a great deal of force in the gentleman's remark. The appropriations for the Federal Trade Commission might, perhaps, be left to the incoming administration. Rather than see an appropriation for the commission which will virtually scuttle it, I would prefer to see the whole of the appropriation stricken out and no appropriation made for the commission at all, leaving it squarely, then, to the incoming administration whether they wish to save the Federal Trade Commission or not.

Reduction of the Federal Trade Commission appropriation to $510,000 is repeal of the legislation creating that commission and prescribing its duties. Far better repeal the statutes and the duties they impose than hold out this pretense of protecting the small or the honest business from the depredations of its unscrupulous competitors. To show the size of the task imposed upon the commission by the statutes, I may say that since the beginning of its activities in 1915 and up to June 30, 1932, it has entertained over 20,000 complaints of violations from persons and corporations who believed themselves injured; it has docketed almost 7,000 of these for formal investigation; has entered into stipulations with the respondents in 1,300 cases; has issued formal complaints in more than 2,000 cases, and has issued cease and desist orders in over 1,100. Over 200 of its more doubtful orders have been reviewed in the courts, and in more than half of these its views have prevailed with the courts. As an example of its current activity, the commission reports that on December 31, 1933, it had more than 400 preliminary investigations of law violations pending, 425 applications for complaint pending, 183 complaints charging violations of law were in process, and it had 9 cases before the Federal courts. The Bureau of the Budget estimated the cost of these legal activities for 1934 at $575,206, which sum does not include salaries of commissioners nor any part of the administrative overhead which is essential to the conduct of the legal work itself.

In its fact-finding work the commission has conducted a great number of exhaustive and intensive inquiries into matters of the highest economic importance to the country. Its investigation of the meat-packing industry shortly after the war led to a decree of restraint against the large meat packers, which, after 10 years of evasion by the packers and litigation in the courts, the Supreme Court last year upheld in vigorous language. In its recent uncovering of the propaganda activities of the power companies the commission added a significant, although unsavory and unwelcome, chapter to the documented history of this country. It has followed this phase of its power investigation with expensive research into the books of many of these power companies and their superimposed holding companies. I have told part of that story in the first session of this Congress—the story of inflated valuations of utility properties, whereby securities are manufactured for the unwary investor, unwarranted fixed charges are assessed against the consumer of electricity, and control of these properties is passed around among the inner circles by the manipulators at no cost to themselves.

I feel that I can talk to the gentlemen on the Democratic side of the aisle about the Federal Trade Commission, because it is peculiarly in harmony with their theory of government, and with their pledges to the public. The Federal Trade Commission was created in the Wilson administration. It was probably fathered by Justice Brandeis more than by any other individual, both the Federal Trade Commission and the Clayton Act. When they were enacted into law, it was the feeling, after much discussion in Congress, that the Democratic Party did not intend to follow a policy of laissez faire. On the other hand, they did not intend to permit monopolies to grow without any restriction or restraint, and then attempt to regulate those monopolies later on.

It was rather their feeling that the Democratic Party ought to follow an intermediate course, by prohibiting the practices that have a tendency to lessen competition and create monopoly. At the same time they decided to follow a policy of closely observing the processes by which competition is avoided. To effect the latter purpose they retained within the Federal Trade Commission the fact-finding body originally created by Theodore Roosevelt and known as the Bureau of Corporations. In addition to creating the Federal Trade Commission, they also passed the Clayton Act, which sought further to define as a matter of legislation those practices which they considered as likely to lessen competition.

This was the political background that led to the creation of the Federal Trade Commission. It was then the type of political liberalism for which the Democratic Party stood. It is still the type of political liberalism for which the Democratic Party stands if I am able to read correctly their party platform and to understand the pledges made by their candidates who scored such an overwhelming triumph last November.

It is singular, therefore, that the Federal Trade Commission, which never had the love of the conservative Republicans and which the conservative Republicans would have abolished at any time during the past 12 years but for the fact that they were afraid of the Democrats, now when the Democrats get into control, about the first thing that they propose to do is to abolish the functions of the Federal Trade Commission by reducing its appropriation to a point where it can not function.

The reduction of the Federal Trade Commission appropriation to a point designed to scuttle it is not an economy move but legislation of far-reaching consequence. It accomplishes the virtual repeal of large portions of the antitrust laws of this country by scrapping the functions of the Federal Trade Commission act, most of the Clayton Act, and for good measure the Webb-Pomerene Act, which is designed to promote cooperation of domestic corporations in foreign trade while preserving the antitrust laws with respect to their domestic activities.

During the past 12 years the Republican Party has given to this Democratic child a rather scant diet. I do not believe that its accomplishments have been what its sponsors had anticipated. Nevertheless, I think that the commission has done remarkably well, considering the fact that we have had 12 years of a national political administration that has had for its motto, "more business in Government and less Government in business." In other words, laissez faire.

The investigation of the public utilities of the country which is now being concluded is the most important and far-reaching of any investigation that has ever been conducted by any governmental body.

I feel that the Federal Trade Commission has perhaps given a better accounting of itself than most commissions. I have rather been struck, during the past few days of debate, by some of the facts presented. I notice that in the Department of Commerce the Bureau of Foreign and Domestic Commerce goes through with substantially the appropriations made heretofore, somewhere in the neighborhood of $4,000,000. I am going to go back a little. During the past 12 years we have had, on the one hand, the Bureau of Foreign and Domestic Commerce in the Department of Commerce setting forth as a justification for continuing those large appropriations the fact that they had aided American investors in buying foreign bonds and had furnished the information upon which those purchases were made. And while we have seen the Government giving to the New York bankers aid in selling to the investing public large amounts of foreign obligations, we have seen the proponents of a high protective tariff come here and demand an increase in tariffs and get it.

It seems to me the significant thing about the whole proceeding is the breakdown of all governmental policy. One is utterly contradictory of the other. You can not at one time unload on the American people large amounts of foreign obligations and at the same time take steps that will make it nearly, if not virtually, impossible for those countries to pay those obligations by a free exchange of goods. Still, when those arguments come up, I notice the Bureau of Foreign and Domestic Commerce is able to make a case of how much they have aided business. On the other hand, because the policies of the Federal Trade Commission are a little different, because its efforts are in behalf of the consumers, because it can not be shown in dollars and cents as an aid to business for the time being, it is made the victim. If it were only this time that this particular department was marked out for slaughter I should perhaps accept the explanation of the chairman of the subcommittee, but the same thing was true last year when the commission was right in the midst of the utility investigation. It was then slated for a reduction in appropriation of 34 per cent. This time it is 65 per cent. I do say that on the strength of this, the intention is not to make economies where they can be made but to eliminate this department. If that is the plan, then I prefer to see the total and complete elimination, so that the incoming administration may judge for itself if it is going to go along on a policy where the work of the Federal Trade Commission will be necessary.

I want to refer to a talk I made a year ago in an effort to save the appropriation of the Federal Trade Commission. I made a list of the write-ups shown by the investigations so far completed, showing fictitious write-ups, amounting to over $900,000,000, that had been uncovered by the Federal Trade Commission investigations. I want to assure the gentlemen that there was genuine interest in these disclosures.

I do not know what the incoming administration is going to do about regulating utilities, but if any administration was ever elected on a promise of control and regulation, it is the administration coming in on the 4th of March. I am sure that no President has been more genuinely and sincerely interested in controlling utility activities and protecting the consumer than is President-elect Roosevelt. Whatever he may do along this line will be based essentially upon the facts disclosed by the investigations that will be concluded, as far as the field work goes, next June, showing the set-up of these public utilities and also showing the amount of actual valuation and the amount of water written in.

As I say, there is a real interest on the part of the people in the manner in which both the investors and the consumers have been robbed. Only yesterday I received a request from a gentleman in North Carolina asking for 1,000 copies of this particular talk. I have received requests from almost every State in the Union, for probably in excess of 25,000 copies of this particular talk showing the amount of these fictitious write-ups. So I say, there is a genuine interest on the part of the people in finding out how they have been robbed as investors and how they are being robbed as consumers. [Applause.]

[Here the gavel fell.]

Mr. FREAR. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended one additional minute.

The CHAIRMAN (Mrs. ESLICK). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. FREAR. The talk the gentleman speaks of was put in the CONGRESSIONAL RECORD.

Mr. AMLIE. Yes; on March 5 and April 6 of 1932.

Mr. WOODRUM. Mr. Chairman, I yield one minute to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, on January 4 I made some remarks in reference to the work in the Monument grounds. I have received a letter from Colonel Grant further explaining that situation. I ask unanimous consent to place it in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The letter referred to follows:

PUBLIC BUILDINGS AND PUBLIC PARKS
OF THE NATIONAL CAPITAL,
Washington, D. C., January 7, 1933.

Subject: Improvement of Mall and Washington Monument grounds.

The Hon. JOHN J. COCHRAN,
House of Representatives, Washington, D. C.

MY DEAR MR. COCHRAN: I was glad to see from your remarks quoted on page 1303 of the CONGRESSIONAL RECORD for January 4 that you have confidence in the views of engineers. Occasionally the engineering point of view, which is usually a practical one, is overruled by other considerations, and sometimes this is not to the interests of the Government. However, in this particular case you have apparently been misinformed, and I venture to submit the following in order to make the case clear.

The work that has been done in the Mall east of Fourteenth Street is not inconsistent with the situation as to the Washington Monument grounds. You are quite right in saying a very careful investigation recently made shows that the 1901 plan for the Washington Monument grounds can not be carried out without incurring an unreasonable expense. Moreover, many, of whom I am certainly one, are of the opinion that the 1901 plan for the Washington Monument grounds is incongruous with the chief characteristics of the Washington Monument itself, that is, simplicity and dignity, and that for æsthetic reasons, too, this plan should be abandoned. Of course, I do not presume to put my opinion up against that of architects and others who are entitled to be considered expert in matters of æsthetics; but where the doctors in æsthetics disagree, the practical man has to choose between different views.

Ever since I have been here I have, therefore, opposed the carrying out of the 1901 plan for the Washington Monument grounds and sought authority from Congress to make a thorough study of the situation as to these grounds, both from the engineering and æsthetic points of view. The results of that study are contained in a report which should reach Congress soon, and my recommendation is that no material changes be made in the present character of the Washington Monument grounds and that roads be relocated and planting done as becomes necessary to bring these grounds into proper relation with the Mall to the east and the Lincoln Memorial grounds to the west, as and when needed, in accordance with an informal plan designed by Mr. Frederick Law Olmsted.

In regard to the Mall east of Fourteenth Street, you seem to have been misinformed, perhaps by some newspaper articles that appeared last summer. The work done up to date is not inconsistent with the situation that has developed in the Washington Monument grounds. The essential part of this work, in my utilitarian and economical mind, is the fact that the dip of the Mall from the Old Agricultural Building to Constitution Avenue had to be straightened out and the section of the Mall between Twelfth and Fourteenth Streets brought into relation with the Mall to the east of Twelfth Street. The new monumental Department of Agriculture Building was 8 feet down in the ground, and it was necessary to dig this excess height off on the south and raise the north edge of the Mall so as to create a building site where the Department of Agriculture Greenhouses now are commensurable with the site on which the National Museum stands. The earth needed to complete this fill had to be excavated from the public buildings on the north side of Constitution Avenue. As there was no other place where this material could be deposited within very considerable distance, it was a distinct gain in the cost of the buildings to the Government to be able to make available to the contractors this near-by area as a

disposal dump. Moreover, since the fill had to be made sometime, it was very much cheaper to get it in connection with the excavations for the new buildings than to wait several years and then have to pay a high price for the additional earth needed. These purely economic and practical reasons are the ones which actuated the work in the Mall being done between Twelfth and Fourteenth Streets at this time.

It was realized that starting the Mall project in this square would temporarily create conditions which from the standpoint of appearances might be disagreeable for a time, but it seemed worth while to risk this objection in order to take advantage of the saving in cost to the Government, reflected both in the cost of the new buildings and the cost of the Mall. These appearances are worst at Fourteenth Street. Eventually Fourteenth Street will have to be carried through at a lower level for traffic reasons, as this street carries all of the commercial and some passenger traffic to the south over the Highway Bridge. In a few years the Highway Bridge will have to be rebuilt; but this bridge was repaved and traffic conditions on it have been somewhat bettered by the abandonment of the street-car line, so that it will be a period of years before the construction of a bridge of greater capacity will require an increase in the capacity of Fourteenth Street between Water Street and Constitution Avenue. When this time comes, the grades of the Mall will be that much done toward the project, which will be expensive at best. Until that time comes, the dip down from the north road of the Mall into Fourteenth Street will be an inconvenience which seems to me justified by the saving of the very considerable expense that would have to be incurred then to raise the north edge of the Mall up by buying earth for this very material fill. In the meantime it will probably be good practical policy on the part of the District to repave Fourteenth Street on its present grades, widening it to take care of the present traffic. Whether this is the thing to do or whether it would be better to lower it to its ultimate grade right away is an economic problem which the Commissioners of the District will, of course, have to decide.

The approved plan for the Mall, as you probably understand, calls for an open vista from the foot of the Capitol to the Washington Monument, with the ground gradually rising toward the latter. Fortunately, the general grades of the Mall are such as to permit this effect to be obtained with very little more grading than what has already been done. This was first suggested in the L'Enfant plan and was worked out in considerable detail in the 1901 plan. As the latter was largely an architectural and landscape plan, rather than an engineer design, the National Capital Park and Planning Commission was given authority to revise it as might be necessary. The principal revision made to date is the elimination of the very expensive fill or terrace from Fourteenth Street across to the Washington Monument and the substitution therefor of a terminal to the central park part of the Mall just west of Fourteenth Street. Of course, no work has been done on this as yet, and the engineer commissioner and myself are trying to persuade the commission to put this terminal just east of Fourteenth Street and thereby save a rather costly overhead crossing of Fourteenth Street, the necessity for which now seems doubtful to some of us. I really believe that something of this kind can be worked out which will be æsthetically quite satisfactory. Of course, it takes time to secure approval of such changes in a plan which has been on paper and in the public mind for over a quarter of a century.

In your statement you mention that the Monument grounds scheme can not be carried out unless the Monument is rebuilt or underpinned, and that this would cost $2,000,000. While the underpinning alone of the Monument is estimated at only $600,000, my estimate for the total cost of carrying out the 1901 plan for the Monument grounds is $7,550,000. This seems to me enough reason for abandoning that part of the project at the present time; and from the standpoint of the incompatibility of the 1901 plan with what seems to me the present character of the Washington Monument, I hope this plan will never be carried out.

The practical and economical way of carrying through the Mall project seems to me to be to do it one section at a time, working only where something has to be done anyway. This will avoid fixing up things temporarily at a considerable expense and then having to come back later and change it again. This is the theory that I have worked on as far as lays within my jurisdiction and duties, and is, I am sure, the sensible procedure. To try to do the whole thing at once as one project would, of course, be very much more satisfactory from the standpoint of looks, but such a large expenditure at this time surely does not seem justified. The next step in the Mall seems to be to improve the old Botanic Garden, which is being vacated this year, and to begin the Mall development at the base of the Capitol Hill, where the removal of the Botanic Garden will leave the grounds in a very bad condition with some abandoned greenhouses, etc. Unfortunately, the execution of the design for this section made by the landscape architects for the Commission on the Extension of the Capitol Grounds will itself be very expensive, nearly $400,000. I am, therefore, asking this year for only $100,000 to do what is necessary in this area to outline the future development, leaving the very expensive features to be done or not as may be thought advisable in the future. I hope that this will have your indorsement.

Very respectfully yours,

U. S. GRANT 3d, *Director*.

Mr. WOODRUM. Mr. Chairman, I yield 15 minutes to the gentleman from Arkansas [Mr. MILLER].

Mr. MILLER. Mr. Chairman, I believe the Members of the House who had the privilege of listening to the statements made by the chairman of the subcommittee as well as the statements made by the gentleman from Washington in explanation of the various provisions of the bill under consideration have been well repaid for being here, and it is about one particular item in the bill that I want to talk for just a few minutes.

For the last several months we have heard a great deal and have read in the papers much about the necessity of reducing governmental expenses. The truth is, that is about all we have heard—the absolute necessity of reducing the expenses of Government operation. During this time there has been directed by certain organizations in this country an effort to reduce these governmental costs at the expense of certain war veterans. This agitation is particularly aimed at the class of veterans receiving benefits under and by virtue of the act of July 3, 1930. The gentlemen who were Members of Congress when that act was passed well know that it was passed as a matter of compromise, but it does not follow that the act is not a proper act and that it is not proper legislation.

I call attention to the fact that under that act there have been filed, or there had been filed up to November 30, 1932, 959,027 claims. That is to say, that many veterans of the World War had filed claims alleging they were suffering from a permanent disability of 25 per cent or more, but were unable to supply the necessary proof to show that the particular disability had been occasioned or had been aggravated by military service. Therefore, they came under the provisions of the disability act; and of the number of claims filed up to November 30, 1932, there had been allowed a total of 438,877 claims. So, on that particular date the Government was expending upon this item alone the sum of $7,300,000 per month. This expenditure was being made to that class of veterans who were unable to prove their disabilities to be service connected; and it is against this group that a great deal of agitation has been directed, a great deal of propaganda has been released.

In my opinion the criticism of the Congress and the criticism of the administration of the act and the act itself are not well founded. That act serves a double purpose. The question as to whether or not a veteran is suffering from a service-connected disability is one that has to be established largely by medical proof. In other words, the question as to the ability of the veteran to establish whether or not his present disability was occasioned by or aggravated by his service lies largely within not the information he himself is able to supply but information that he can only obtain from his physicians and his surgeons and those who treated him immediately after his return from the Army. In cities and in places where the physicians retained and kept records that is not such a handicap, but let me call your attention to the fact that in the rural districts of this country the physician treating a boy who came back from the Army, the family physician, made no such record as the Veterans' Bureau or the Veterans' Administration now requires to establish proof of a service-connected disability. This being the case, the veteran should not be denied this benefit if he in fact has the disability.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. MILLER. I yield.

Mr. COCHRAN of Missouri. The lack of records is not confined to the rural districts, because in 1918 and 1919 a great many of the physicians in the large cities, including my own, St. Louis, failed to keep a record every time a patient visited them.

Mr. HASTINGS. Will the gentleman let me confirm that?

Mr. MILLER. Yes.

Mr. HASTINGS. There were but few charges for services made against these returned soldiers, and but few book accounts were kept against them. Physicians in the rural sections, the cities, and everywhere were glad to render some medical service or some assistance to these boys who had

come back after rendering such great service to their country.

Mr. MILLER. I agree with the gentleman and thank him, but under the compensation act it is absolutely necessary to submit that medical evidence in order to prove that the disabilitly is service connected; and I know this is a condition existing in the rural districts and the smaller towns. Why should we sit idly by and permit this propaganda to go over the country unanswered? I firmly believe the great majority of the 438,877 men who are now within the statute are suffering just as much from a service-connected disability as any man who is drawing money under the old compensation law.

Daily we see the press of the country stating that it is necessary to enact general relief laws; that it is necessary to pour money into this country to relieve unemployment; that the bread lines are constantly growing larger and unemployment is on the increase.

This class of veterans are not asking a dole. They want justice. Shall we be swept from our feet by the propaganda of the National Economy League, whose only desire is to reduce their income taxes and by their publicity hope to influence public opinion against these men.

I want to ask you gentlemen this question: What would be the effect upon our economic body if these benefits were withdrawn in this country to-day?

Further, the men who are receiving these benefits, who are they and what are the amounts? Sixty-three per cent receive $12 per month, 24 per cent receive $18 per month, 6 per cent are receiving $24 per month, and 7 per cent are receiving $40 per month, the highest amount allowed under the disability act.

Mr. HASTINGS. And the average amount is $15.93.

Mr. MILLER. Yes; the average amount received by these veterans is $15.93 per month.

Now, take this allowance away arbitrarily and see what effect it will have upon the economic life of this country.

I am just as anxious as anyone to reduce government expenses, and I want to call the attention of the committee to the hearings, and particularly to page 541, where there are set out certain proposed amendments; and if it is necessary to reduce the veterans' allowances, let them be reduced equitably, let them be reduced equally and impartially by the adoption of the amendments set out in the hearings at page 541. This would reduce all of the benefits, emergency officers, veterans' compensation, disability benefits, pensions, and all, ratably, and at the rate of 10 per cent.

I want to say to you, very frankly, in my opinion the average veteran in this country would not object in this time of crisis and stress to this reduction, and by making this reduction and by the acceptance of it on the part of the veterans, gracefully, as they would accept it, it would go a long way toward combating the propaganda to the effect that the act of July 3, 1930, is not justified.

I say to you it is justified and that it is legislation that answers a good purpose and ought not to be repealed and ought not to be tampered with by this or any other Congress.

As I have said, I am not unmindful of the argument that is made that the man who went through the war and came out whole is not entitled to any compensation or any payment at all. This act is not based upon that theory. This act serves the purpose of extending some benefits to them all alike, and it recognizes the fact that when we were engaged in this war we were not so much concerned with keeping hospital records and records of injuries and records of sickness and records of the effect of the service upon this or that veteran as we were concerned with the immediate winning of the war.

I say to you that this whole class of people ought not to be interfered with, but should be given the same treatment that you give the others, and in this way I think we will be rendering justice to the man and to the boy who unthinkingly failed to protect himself and see that his record was preserved and protected at the time he was rendering service to the country. When he was thus engaged he had no thought of future compensation or future benefit. His one thought was to do his duty and discharge his patriotic obligation to this country.

I say to you that this act is backed by the finest American traditions, and I should regret to see this Congress or any other Congress repeal it or fail to give it force and effect by withholding appropriations to fulfill the purpose for which it was enacted. [Applause.]

The only way that justice may be done to all World War veterans alike is to retain the provisions of the disability act. In the administration of the compensation act, that is the act for the payment of benefits for service-connected disabilities, the provision providing that lay testimony may be considered in determining whether a disability was caused or aggravated by the service has been practically nullified by the failure to provide the extent of the consideration that must be given to it and by failing to make such lay testimony prima facie proof of the fact that the disability was caused or aggravated by the service of the veteran. Therefore many deserving veterans were denied any benefits at all prior to the passage of the act of July 3, 1930, merely because the physicians who had treated them soon after their return to civilian life failed to keep the proper records and failed to fully set forth on such records as were kept a full and complete statement of the disabilities they found existing at that time. The question is, Should these men be deprived of the benefits granted by a grateful Government to its defenders in time of peril simply because they did not take the precaution to see that proper records were kept? I say no. These men should be given the same rights as any other soldier. They paid the same price; they were ready to make the supreme sacrifice; and now when time has disclosed the ravages that the service made upon that veteran's body, he must not be discriminated against because of lack of records to satisfy those who are administering the veterans' legislation.

If it is necessary to reduce governmental costs let that reduction apply to all. Let us be fair to the unfortunate man who in times of war thought more of doing his simple duty than of trying to preserve a record in the hospitals and of seeing that his hardships were noted. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, the House permitted me this morning to put in the RECORD official figures from the Committee on Appropriations relative to the amounts carried in the various appropriation bills thus far passed by the House, showing a saving thus far of $66,877,908.02 below the Budget estimates of the President.

These figures are easily ascertainable. Mr. Marcellus Sheild, who came to the Congress with a former chairman of the Appropriations Committee, Mr. Tawney, of Minnesota, many years ago, has been connected with the Committee on Appropriations for over 20 years. He has been the clerk of the committee for about 16 years. All during the Harding and Coolidge and Hoover régimes he has served continuously as the clerk of this committee, and every Republican member of the committee will vouch for his integrity and reliability. He knows as much about the workings of the committee as any man in Washington. He personally prepared and gave me the figures this morning as being absolutely correct, and you will find his statement in to-day's RECORD at the beginning of our proceedings.

If you will look at these figures, you will see that with respect to the deficiency bill it is far below the estimate of the Budget sent here by the President; and every single one of the supply bills is far below the amount that the President asked us in his Budget to appropriate.

The figures show that the bills thus far passed are $69,581,111.02 below the Budget estimates, and deducting the $2,703,203 that the House, with various amendments added to these bills, the bills thus far passed by the House and reported to the House are $66,877,908 less than the amount that President Hoover asked this Congress to appropriate.

As a matter of fact, it was the Committee on Appropriations which forced the President to reduce his last Budget. Our Committee on Appropriations last year reduced the appropriations in the various supply bills $300,000,000 below the President's Budget estimates, and the President ascertained that our committee was going to cut to the bone this year and reduce the Budget at least $500,000,000, so, to anticipate the action of our committee, the President caused the Director of the Budget to make reductions. And after the President and his Budget made such reductions and sent to Congress their reduced estimates, the Committee on Appropriations has made further cuts and disallowed sums totaling $66,877,908, which were asked for by the President, and the appropriations authorized by our committee and approved by the House are $66,877,908 below the Budget, and below the amounts the President asked Congress to appropriate.

I can not understand why such an incorrect statement as that in to-day's press should come from the White House and be broadcasted from one side of the Nation to the other, misrepresenting the action of Congress.

Mr. BOYLAN. If the gentleman will yield, I called the supplemental Budget that the President sent in a phantom Budget.

Mr. BLANTON. The Budget the President sent to Congress and asked the Congress to appropriate and upon which the committee began to hold hearings several weeks before the session began is a printed document, and the amounts are specific, and no one can truthfully deny the cuts we have made below the Budget.

Mr. BOYLAN. That is the point; the President has not based his statement on that; he bases it on his phantom Budget that he sent in subsequently.

Mr. BLANTON. I do not know whether the misleading statement came from the President or not; but whoever sent that statement from the White House to the press, I challenge him to point out a specific one of the appropriation bills which this House has passed thus far, showing where they have exceeded the Budget estimates of the President. He can not show it. The correct itemized statement of the appropriation bills prepared by Marcellus Sheilds, who has been clerk for the last 16 years of the Appropriations Committee, and who gave us these authentic figures that I put into the RECORD this morning, shows conclusively, without peradventure of a doubt, that every one of the supply bills brought in by the Committee on Appropriations and passed by this House has carried a reduction below the Budget, and that all have carried a total of $66,000,000 less than the amount the President asked for.

Mr. GOSS. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. GOSS. I want to call attention to the fact that we often get mixed up here on the question of permanent appropriations, which come in in the Budget figures and then are separated out in committee, and sometimes indefinite appropriations are raised or lowered.

Mr. BLANTON. Now, let me answer that. I am not going to let any cobwebs be put into this record on this question. The President sent us specific amounts in a printed Budget that he wanted appropriated for each department, and the Committee on Appropriations have cut down these items in the bill, and we have reduced them in a total of $66,877,908.02 below the Budget amounts the President asked us to appropriate.

Mr. HASTINGS. And the gentleman from Connecticut is mistaken, because the committee does not touch the permanent appropriations, and he ought to be able to find that out sometime.

Mr. BLANTON. I want to go further. The President intimates, or gives as a reason, that Congress ought to pass certain legislation that would save some sums he speaks of. The Committee on Appropriations does not have anything to do with legislation. All it does is to appropriate money according to law and Budget estimates, and it tries to save money according to law. It can not pass legislation. Why does not the President send his special message to the various legislative committees along that line, and then it is quite probable we might save some more money.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield five minutes to the gentleman from Indiana [Mr. GILLEN].

Mr. GILLEN. Mr. Chairman, ladies and gentlemen of the committee, barriers now confronting industry should be removed. Your attention will be directed to two of those.

Measures designed to give temporary relief and to lead us to economic recovery seem to occupy the greater part of our time. In the meanwhile it is opportune that serious thought be given to legislation looking to the correction of errors in our industrial and governmental life and to bring about permanent relief. Government should be restored to its proper functions.

Our economic life is operated under what is known as the capitalistic system. Our Government should be operated to give economic freedom. That we have strayed far from this ideal will not be denied. That industry has been greatly retarded is universally recognized.

Your attention is invited to one of the most important elements of successful business enterprise—the element of credit. All business is done largely on credit, a legitimate and component part of most transactions. That too much credit is an evil will not be denied. Reference is made here to what may be termed "normal credit."

If industry ever escapes the excessive burdens of government, it must make the field of business more attractive to investors than to the field of government. In this task Congress must join. Business should supply its own credit. By this is meant that industry should be able to obtain credit from private sources and not from government. It was never intended that our Government should supply money in the form of credit to any industry, whether it be to a farmer, banker, manufacturer, railroad, or what not; yet during the past three decades we find the Federal Government entering the creditor field until it has become one of our accepted policies. A halt must be called. Before this can be stopped the cause must be removed.

Let us examine probably the first instance of this kind and the reasons therefor. The time was when a farmer wanting to own a farm or to add to his holdings could go to his neighbor or local bank and obtain a long-time loan at a legal rate of interest secured by mortgage on the land or commodity purchased. As time went on he found this source of credit being gradually closed against him. His friends sought other investments. The field of credit for the farmer became more and more restricted, until he was compelled to seek loans from insurance companies, with their attendant high commissions, expenses, and restrictions, and to-day he finds no one in private or corporate life that will give heed to his legitimate needs.

The result is well known. The Government, beneficent at all times to its people, recognizing the plight of agriculture, created the Federal land banks, designed solely to aid the farmer. As his plight grew worse, further aid was attempted, resulting in the fiasco of the Government trying to control the price of farm products by gambling on the board of trade, also by making direct loans to enable the farmer to finance the growing of his crops and the marketing of his livestock. Ninety million dollars is being set aside at this session for that purpose. The Reconstruction Finance Corporation act and the home loan banking act are further examples of how far the Government has gone in extending credit to various forms of business. Let us not be misunderstood. The stress of the times, no doubt, made such measures temporarily necessary. We are now interested in removing, if possible, the necessity for such legislation and restoring industry to a basis on which it can obtain credit in its own field.

Why have the avenues of credit been closed to industry? The answer is competition. Competition with Government—municipalities, States, counties, townships, schools, cities, and towns. Credit to these has been unlimited. Those with money to lend have in great measure deserted industry and sought tax-exempt bonds as an income-

producing investment. The ease with which a municipality could borrow money, subject only to State constitutional limitations, has witnessed billions and billions of dollars' worth of tax-exempt securities being floated on the market and eagerly taken by investors. This has resulted in a double burden to all classes of business. First, money has been denied them for legitimate credit needs; second, business and property must pay such municipal debts by taxation. The ability to pay has broken down, and many municipal bonds are now in default. The money lender sought the best investment. The best investment has been the one that kept the tax assessors from listing his investments for taxation.

Three major remedies suggest themselves to remove the competition cited and to place industry on a parity with municipalities in the credit field, namely: To prohibit the issuance of tax-exempt securities by or under the authority of any State; second, to tax the income from such bonds; third, to prohibit the laying of taxes on money, bills of credit, or any debt or evidence of indebtedness. Much has been said about the first and second methods. It is to the third that your attention is directed.

To get this remedy squarely before you I have introduced a joint resolution to amend the Constitution, which, omitting the formal parts, reads as follows:

SECTION 1. No State shall, without the consent of Congress, lay or collect any tax on money, bills of credit, or any debt or evidence of indebtedness; but taxes upon income derived therefrom may be laid and collected without such consent.

SEC. 2. This article shall take effect two years after its ratification.

Section 3 requires the ratification of the resolution within seven years after its adoption to be operative.

The purpose of this proposal is to make money and the principal of all loans tax exempt, except as Congress may by law decree otherwise, and place industry in the same field as that enjoyed by the States and their subdivisions. The right to tax the incomes derived therefrom is left to the States.

No pretense is made here that this plan is infallible. It is proposed to invoke thought and discussion. At once the argument will come that intangible wealth will escape its just share of taxation. Reply is made that in spite of all the statutes on the subject intangibles excape taxation. For example, take the State of Indiana: Money, bills of credit, promissory notes, and so forth, are taxable at their true cash value. The banks show hundreds of millions of dollars on deposit, promissory notes evidencing millions more are known to exist, yet an examination of the tax records shows that only a small percentage is listed for taxes, and no successful way to tax intangibles has been found. The money lender no longer makes a loan on tangibles secured by mortgage, as he knows the record of the mortgage means the listing of the loan to bear the burden of ever-increasing tax rates. Money and intangibles are driven either into hiding or to investment in tax-exempt securities. Would not the adoption and ratification of this resolution bring money out of hiding and cause it to seek investment in industry, and the blood stream of our economic life to flow freely once more? Taxation of the income derived from all loans would undoubtedly yield more revenue than is now being derived from the corpus of our money system. The long effort to tax intangibles has resulted in failure to yield revenue but has been highly successful in placing money out of reach of normal business credit.

Would not this plan do more to lower the interest rate to business than any other one thing? Right here the argument will be made that the assets of many banks are now made up in large part of tax-exempt securities, and the adoption of this resolution would cause a depreciation in value of the banks' assets. That may be true, but the resolution will take time for its adoption, and two years' time is given after its ratification for each State to adjust its tax laws and set its house in order. Would it not be far better for the holders of existing securities to take a loss than to continue under present conditions?

Let us hope the orgy of issuing municipal bonds is past and that we may get on a safe and sound credit basis, wherein business will once more have an equal chance, and that government may retire from the industrial credit field.

The Federal Government supplies the medium of exchange. It should see to it that no barriers are erected by the States to retard its free circulation and the accomplishment of the purposes for which money is intended. Chief Justice Chase, in an early decision, said:

Congress, having undertaken in the exercise of undisputed constitutional power to provide currency for the whole country, may constitutionally secure the benefit of it to the people by appropriate legislation.

Do the people "secure the benefit" of money where some States are permitted to tax money at its full value while others tax only a part of its value? The adoption of this resolution will go far to "secure the full benefit of money to the people."

Let us now turn our attention to another condition that retards business in this country, and which can be corrected only by the cooperation of industry and government. Reference is made to one of our methods of taxation, the income tax. Let us not be misunderstood. There is no pretense that wealth should not bear its just share of the cost of government by paying a graduated tax on income; but there is a point beyond which tax rates on income should not go. Rates should not be so high that business will be stifled. This condition exists to-day. What incentive is there for industry to operate beyond a point where it must give up a very large part of its income to government? Under such conditions is it not the tendency to lower wages and increase the cost of the finished product to the consumer in order to recoup against enormous income-tax rates? In other words, labor and the consumer pay.

A stagnated industry means unemployment. Labor then turns to its only remaining source of relief, its government. Already those in distress are knocking at the doors of our legislative bodies, seeking pensions, unemployment insurance, the enactment of various measures for relief, all of which would bring about increased taxation, with its consequent vicious circle. All forms of industry, and especially what is commonly designated as "big business," constantly oppose such measures with all their might.

We can not let anyone starve or want for shelter. Either the business of this country must be put on such a basis that everyone willing and able to work may be self-supporting or the Government will be compelled to assess business in the form of taxes and hand the assessments over to those who, being able and willing, are nevertheless deprived of self-support by a shortsighted business policy that wants the major share for the captains of industry and little or nothing for the producer.

Many lines of industry, feeling the stifling effect of exorbitant income-tax rates, and seeking relief by proposing other forms of taxation, have come forward within the last few years and advocated a manufacturer's sales tax, to the end that the consumer may pay Government revenues directly in the purchase price of commodities.

Under present conditions there is much opposition to a sales tax. The reason is obvious. The feeling prevails generally that the producers of wealth in this country, namely, labor and the farmers, do not get to retain a fair share of the wealth produced by them; that it drifts by divers methods into the hands of a comparative few, and, therefore, this accumulated and concentrated wealth should carry the big end of the tax load. The consumer would have no serious objections to a sales tax if our present economic system can be corrected and a greater part of the annually created wealth be left with the farmer in the form of higher prices for his products and increased wages for the workingman, to the end that there be an ample purchasing power in the hands of the masses of the people at all times.

If tax rates on incomes are to be lowered—assuming Government costs will be materially reduced—to a fair and reasonable basis, and the country is to accept a sales tax, all

of which will tend to loosen and remove the shackles of high income rates from business, then we must face about and see to it that there is a more equitable distribution of wealth in this country. The major portion of this problem lies with industry. The Government will do its share if it can be relieved of caring for its people. Instead of beating down the wages of labor, let the laborer's hire be increased.

The battle waged by tangibles to tax intangibles has not only resulted in failure but has contributed largely to present chaotic conditions. Let us hope that intangibles, except the income therefrom, can be liberated, and other forms of taxation adopted that will relieve the burden now on tangibles, set industry free, and restore government to its normal activities.

Mr. WOODRUM. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. RAYBURN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 14458, the independent offices appropriation bill, and had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. OVERTON, indefinitely, on account of official business, attending the hearings in Louisiana of the Senate Special Committee to Investigate Elections.

A LAME DUCK'S LAMENT

Mrs. KAHN. Mr. Speaker, I ask unanimous consent to extend my remarks by placing in the RECORD a poem entitled "The Last Will and Testament of a Lame Duck," written by my colleague, Mrs. OWEN, and read by her to-day at a luncheon of the National Women's Press Club.

The SPEAKER. Is there objection?

There was no objection.

Mrs. KAHN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following poem, entitled "The Last Will and Testament of a Lame Duck," by my colleague, Mrs. OWEN:

LAST WILL AND TESTAMENT OF A LAME DUCK

To Members in the coming session,
We leave what's left of the depression;
With fifty thousand tomes appended
Telling just how it can be ended.
To Congressmen who'll draw our salary,
We leave all gunmen in the gallery;
All communists who march and fight,
And threaten us with dynamite.
Those stalwart ones may have the onus
Of laying hands upon the bonus.
The currency—to them we hand it,
To shrink, contract it, or expand it.
We'll let them exercise their talents,
On making that thar Budget balance;
And pointing out, with no delaying,
A tax the public won't mind paying.
To make this simple as can be,
We leave to them technocracy.
To them we're leaving the analysis
Of beer producing no paralysis;
To them we leave with stifled sobs,
All persons who are seeking jobs.
Our pangs of exile 'twill assuage
To know we have no patronage.
To you, dear ladies of the press,
We leave unfeign'd thankfulness;
All you have done to give us pleasure,
Are memories we will always treasure,
While we roam that vast expanse
Where lame ducks seek their sustenance.
When happy days are here again,
Please let us know just where and when!

—RUTH B. OWEN

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 284. An act for the relief of William B. Thompson;

S. 3147. An act for the relief of Anna Pokorny; and

S. 5484. An act to extend the time during which certain provisions of the act of February 27, 1932, relating to improving the facilities of the Federal reserve system to meet the needs of member banks in exceptional circumstances, shall be effective.

ADJOURNMENT

Mr. WOODRUM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 57 minutes p. m.) the House adjourned until to-morrow, Wednesday, February 1, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Wednesday, February 1, 1933, as reported to the floor leader:

WAYS AND MEANS

(10 a. m.)

Continue hearings on depreciated currency bill.

INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Continue hearings on Federal water power act (H. R. 11675).

PUBLIC BUILDINGS AND GROUNDS

(10.30 a. m.)

Airport bill (H. R. 12887).

AGRICULTURE—SUBCOMMITTEE

(10 a. m.)

Hearings on grazing fees.

NAVAL AFFAIRS

(10.30 a. m.)

Hearings on private bills.

BANKING AND CURRENCY

(10.30 a. m.)

Continue hearings on Federal land bank bill.

COINAGE, WEIGHTS, AND MEASURES

(10 a. m.)

Continue hearings on silver bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

899. A letter from the president of the Washington Gas Light Co., transmitting statement of the Washington Gas Light Co., together with list of stockholders, for the year ended December 31, 1932; to the Committee on the District of Columbia.

900. A letter from the president of the Capital Traction Co., transmitting report of the Capital Traction Co. for the year ending December 31, 1932; to the Committee on the District of Columbia.

901. A letter from the president of the District of Columbia Commission, George Washington Bicentennial, transmitting a report of the commission's activities; to the Committee on the District of Columbia.

902. A letter from the Secretary of the Navy, reporting the disposition of useless papers and records in the files of the navy yards, naval stations, etc., during the calendar year 1932; to the Committee on Disposition of Useless Executive Papers.

903. A letter from the Secretary of Commerce, transmitting a draft of proposed legislation authorizing the Secretary of Commerce to dispose of certain lighthouse reservations, and for other purposes; to the Committee on Interstate and Foreign Commerce.

904. A letter from the vice president of the Georgetown Gas Light Co., transmitting a statement of the business of the Georgetown Gas Light Co., together with list of stockholders, for the year ended December 31, 1932; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mrs. OWEN: Committee on Foreign Affairs. H. R. 14323. A bill authorizing an appropriation to the Government of China for the account of Li Po-tien; without amendment (Rept. No. 1949). Referred to the Committee of the Whole House on the state of the Union.

Mr. MAAS: Committee on Foreign Affairs. House Joint Resolution 568. Joint resolution authorizing an appropriation for the expenses of participation by the United States in the Third International Conference on Private Aerial Law to be held in Rome, Italy, in 1933; without amendment (Rept. No. 1950). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SPENCE: A bill (H. R. 14515) to regulate the rate of premium on bonds of officers and employees in the motor-vehicle service of the Post Office Department; to the Committee on the Post Office and Post Roads.

By Mr. SHALLENBERGER: A bill (H. R. 14516) to amend the Federal water power act, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. SABATH: A bill (H. R. 14517) to provide for making loans to needy individuals, ex-service men, farmers, home-owners, and business men, and for other purposes; to the Committee on Ways and Means.

By Mr. CONNERY: A bill (H. R. 14518) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than five days per week or six hours per day; to the Committee on Labor.

By Mr. WOLFENDEN: A bill (H. R. 14519) to amend the standard baskets act of August 31, 1916, to provide for a 1-pound Climax basket for mushrooms; to the Committee on Coinage, Weights, and Measures.

By Mr. GILLEN: Joint resolution (H. J. Res. 581) proposing an amendment to the Constitution of the United States restricting the power of States to tax money and debts; to the Committee on the Judiciary.

By Mr. KLEBERG: Joint resolution (H. J. Res. 582) authorizing the President under certain conditions to invite the participation of other nations in the Texas Centennial Celebration, providing for the admission of their exhibits, and for other purposes; to the Committee on Ways and Means.

By Mr. MEAD: Joint resolution (H. J. Res. 583) to provide for a change of site of the Federal building to be constructed at Binghamton, N. Y.; to the Committee on Public Buildings and Grounds.

By Mr. LUCE: Concurrent resolution (H. Con. Res. 47) relating to Statuary Hall; to the Committee on the Library.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the State of Oregon, memorializing Congress to pass legislation preventing foreign goods from coming into this country at the expense of the closing of our factories and the unemployment of our people; to the Committee on Ways and Means.

Memorial of the Senate of the State of Oregon, memorializing Congress to pass law paying the soldiers' adjusted-service certificates as soon as possible; to the Committee on Ways and Means.

Memorial of the Board of Commissioners of Salt Lake City, Utah, urging that suitable legislation be enacted establishing a standard of integrity and sound economy of municipal bond issues and giving to municipalities, which meet such standard the same rights enjoyed by national banks to receive national currency on the pledge of their bonds; to the Committee on Banking and Currency.

Memorial of the Board of Commissioners of Salt Lake City, Utah, urging the passage of necessary legislation as to exempt from taxation States and State agencies and publicly owned utilities; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURTNESS: A bill (H. R. 14520) for the relief of E. F. Hamilton; to the Committee on Claims.

By Mr. CLANCY: A bill (H. R. 14521) for the relief of Karl F. Rindelhardt; to the Committee on Military Affairs.

By Mr. JENKINS: A bill (H. R. 14522) granting an increase of pension to Nancy South; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14523) granting a pension to Clarisa Burnett; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14524) granting an increase of pension to Henrietta H. Eator; to the Committee on Invalid Pensions.

By Mr. LEA: A bill (H. R. 14525) for the relief of Joseph Payne; to the Committee on Naval Affairs.

By Mrs. OWEN: A bill (H. R. 14526) granting a pension to Susie E. Payne; to the Committee on Invalid Pensions.

By Mr. STEAGALL: A bill (H. R. 14527) granting a pension to Julian S. Hutchinson; to the Committee on Pensions.

By Mr. SWICK: A bill (H. R. 14528) granting an increase of pension to Lizzie Shelar; to the Committee on Invalid Pensions.

By Mr. WILLIAMSON: A bill (H. R. 14529) granting an increase of pension to Maggie F. Harvey; to the Committee on Invalid Pensions.

By Mr. WOOD of Indiana: A bill (H. R. 14530) granting an increase of pension to Sallie H. Skinner; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10054. By Mr. AYRES: Petition of citizens of Wellington, Canton, and McPherson Counties, Kans., in behalf of stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

10055. By Mr. BEAM: Resolution of the Currency and Credit League of the United States, to permit the Reconstruction Finance Corporation to purchase tax-warrant securities of the various tax-levying bodies of the city of Chicago and county of Cook; to the Committee on Banking and Currency.

10056. By Mr. BOEHNE: Petition of George W. Decker and others, of Hazleton, Ind., praying for the retention of the eighteenth amendment; to the Committee on the Judiciary.

10057. By Mr. CLARKE of New York: Petition of the Woman's Home Missionary Society of Norwich, N. Y., requesting that a Federal motion-picture commission be established to control all motion-picture business, and urging support of bill 1079 on the Senate Calendar and Senate Resolution No. 170, now before the Interstate Commerce Committee; to the Committee on Interstate and Foreign Commerce.

10058. Also, petition of Mrs. Ernest Shaver and 18 members of the Woman's Christian Temperance Union of Treadwell, N. Y., opposing any efforts to increase the percentage of alcohol in liquor and the withholding of appropriations for enforcement of the national prohibition law; to the Committee on the Judiciary.

10059. By Mr. CRAIL: Petition of several citizens of the San Francisco Bay region, favoring the stop-alien-representation amendment to the Constitution and count only American citizens when making future apportionments for congressional districts; to the Committee on the Census.

10060. By Mr. DARROW: Resolution of the Woman's Home Missionary Society of Philadelphia, Pa., favoring legislation to govern censorship of motion pictures; to the Committee on Interstate and Foreign Commerce.

10061. By Mr. DELANEY: Petition of the Lackawanna Railroad Veterans' Association, Hoboken, N. J., opposing the ratification of the treaty providing for the construction of a deep waterway between the Great Lakes and the Atlantic Ocean; to the Committee on Interstate and Foreign Commerce.

10062. Also, petition of the National Guard Association of the State of New York, advocating maintaining appropriations for the Naval Reserve on a basis sufficient to afford 48 drills and 15 days' training per annum for the drilling units of the reserve; to the Committee on Appropriations.

10063. Also, petition of the New York State Bankers' Association, protesting against the publication of borrowers from the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

10064. Also, petition of the sea service bureau of the United States Shipping Board, urging the defeat of the amendment abolishing the sea service bureau in the independent offices appropriation bill, H. R. 14458; to the Committee on Appropriations.

10065. By Mr. FIESINGER: Petition of Dave Spaulding, Edward L. Ways, and Clayton Irwin, on behalf of the Sandusky (Ohio) League Against Alcoholism, protesting against the proposed modification of the Volstead Act, and favoring retention of the eighteenth amendment; to the Committee on Ways and Means.

10066. By Mr. GOLDSBOROUGH: Resolution of the Woman's Home Missionary Society of Port Deposit, Md., supporting legislation to establish a Federal motion-picture commission, and to make a thorough investigation of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10067. By Mr. HANCOCK of New York: Petition of the Marathon Church Council, Marathon, N. Y., opposing the repeal of the eighteenth amendment and modification of the Volstead Act; to the Committee on the Judiciary.

10068. By Mr. HOWARD: Resolution adopted by the house of representatives of the forty-ninth session of the Nebraska Legislature, January 24, 1933, memorializing the Congress of the United States favoring the speedy passage of a bill providing for the liquidation and refinancing of farm mortgages and farm indebtedness at a reduced rate of interest through the Federal farm-loan system, known as the Frazier bill, S. 1197; to the Committee on Agriculture.

10069. Also, resolution adopted by the house of representatives of the forty-ninth session of the Nebraska Legislature, January 23, 1933, memorializing the Congress of the United States for discontinuance of any further appropriations for the development of the inland waterways; to the Committee on Interstate and Foreign Commerce.

10070. Also, resolution adopted by the house of representatives of the forty-ninth session of the Nebraska Legislature on January 23, 1933, memorializing the Congress of the United States to favor sound inflation of the currency and urge passage of the Wheeler bill, S. 2487; to the Committee on Banking and Currency.

10071. By Mr. LINDSAY: Petition of the Lackawanna Railroad Veterans' Association, Hoboken, N. J., opposing ratification of the treaty between United States and Canada providing for the construction of a deep waterway between the Great Lakes and the Atlantic Ocean; to the Committee on Foreign Affairs.

10072. Also, petition of the New York State Bankers' Association, New York City, opposing publication of names of borrowers from the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

10073. By Mr. LOOFBOUROW: Petition of the City Commission of Salt Lake City, Utah, urging that suitable legislation be enacted establishing a standard of integrity and sound economy of municipal bond issues and giving to municipalities which meet such standard the same rights enjoyed by national banks to receive national currency on the pledge of their bonds; to the Committee on Banking and Currency.

10074. Also, petition of the City Commission of Salt Lake City, Utah, urging the President and Congress to pass the necessary legislation so as to exempt from taxation States and State agencies and publicly owned utilities; to the Committee on Ways and Means.

10075. Also, petition of the Legislature of the State of Utah, memorializing Congress to appropriate to Federal aid for highways; to the Committee on Roads.

10076. Also, petition of the Legislature of the State of Utah, memorializing the President and Congress of the United States to support or initiate a movement to stabilize the monetary and credit bases, so as to improve world commodity prices; to the Committee on Coinage, Weights, and Measures.

10077. By Mr. MARTIN of Massachusetts: Petition of Frank J. Creighton and sundry residents of Taunton, Mass., asking for action to revaluate the gold ounce and to correct financial abuses; to the Committee on Banking and Currency.

10078. By Mr. RUDD: Petition of the Lackawanna Railroad Veterans' Association, headquarters, Hoboken, N. J., opposing ratification of the treaty between the United States and Canada providing for the construction of a deep waterway between the Great Lakes and the Atlantic Ocean; to the Committee on Foreign Affairs.

10079. Also, petition of Philip De Ronde, chairman Colonial Trust Co., New York City, opposing reduction in the personnel in the Marine Corps; to the Committee on Appropriations.

10080. Also, petition of the National Guard Association of the State of New York, refering to the naval militia-naval reserve drills, etc.; to the Committee on Appropriations.

10081. Also, petition of the New York State Bankers' Association, New York City, favoring the elimination of the provision in the reconstruction finance act publishing the names of banks who borrow from the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

10082. By Mr. SANDERS of New York: Petition signed by citizens of Geneseo, Springwater, Hemlock, Albion, Eagle Harbor, Knowlesville, Medina, Oakfield, Bliss, Corfu, Basom, and Indian Falls, New York State, urging passage of a constitutional amendment to exclude aliens from the count for representation in Congress; to the Committee on the Judiciary.

10083. By Mr. SWICK: Petition of W. Merle Cross, member of board of education, and 14 residents of Bruin, Butler County, Pa., urging the enactment of legislation providing for revaluation of the gold standard; to the Committee on Banking and Currency.

10084. Also, petition of Mrs. W. A. Hoffmaster and 17 residents of Edinburg, Lawrence County, Pa., urging the adoption of the stop-alien-representation amendment to the Constitution for the purpose of excluding aliens from the count for purpose of making future congressional reapportionments; to the Committee on the Judiciary.

10085. By Mr. SWING: Petition signed by 25 residents of Oakland and Berkeley, Calif., favoring the stop-alien-representation amendment to the United States Constitution to cut out the 6,280,000 aliens in this country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

10086. By Mr. WATSON: Petition with 189 signatures of residents of Allentown, Pa., opposing the repeal of the eighteenth amendment; to the Committee on the Judiciary.

10087. Also, resolution passed by the Benjamin Franklin Chapter, No. 105, National Sojourners, relative to strengthening national defense; to the Committee on Military Affairs.

10088. Also, resolution adopted by the Washington Camp, No. 409, Patriotic Order Sons of America, Coplay, Pa., relato the Committee on Ways and Means.
tive to tariff on coal and pledges to buy American goods;

10089. By Mr. WOOD of Indiana: Petition signed by residents of East Chicago, Ind., protesting against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

10090. Also, petition signed by George B. Jones and other residents of Lafayette, Ind., protesting against the repeal or

modification of the eighteenth amendment; to the Committee on the Judiciary.

10091. Also, petition signed by Rev. A. B. McCain and other residents of Morocco and Kentland, Ind., protesting against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

10092. Also, petition signed by Rev. D. H. Pellett and other residents of Bourbon, Ind., protesting against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

10093. Also, petition signed by residents of East Chicago, Ind., protesting against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

10094. Also, petition signed by Rev. G. P. Burdon and other residents of Remington, Ind., protesting against the repeal or modification of the eighteenth amendment; to the Committee on the Judiciary.

10095. Also, petition signed by residents of the second congressional district, State of Indiana, urging that the eighteenth amendment be not repealed or modified; to the Committee on the Judiciary.

SENATE

WEDNESDAY, FEBRUARY 1, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the President of the United States.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that on January 31, 1933, the President approved and signed the following act and joint resolution:

S. 212. An act for the relief of Messrs. Short, Ross, Shaw, and Mayhood; and

S. J. Res. 239. Joint resolution authorizing the granting of permits to the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933, and for other purposes.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 284. An act for the relief of William B. Thompson;

S. 3147. An act for the relief of Anna Pokorny; and

S. 5484. An act to extend the time during which certain provisions of the act of February 27, 1932, relating to improving the facilities of the Federal reserve system to meet the needs of member banks in exceptional circumstances, shall be effective.

REPORT OF DIRECTOR OF PUBLIC BUILDINGS AND PARKS OF THE NATIONAL CAPITAL

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying report, referred to the Committee on Public Buildings and Grounds:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, the annual report of the Director of Public Buildings and Public Parks of the National Capital for the fiscal year ended June 30, 1932.

HERBERT HOOVER.

THE WHITE HOUSE, *February 1, 1933.*

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of January 30 and 31, 1933.

The VICE PRESIDENT. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Davis	King	Sheppard
Austin	Dickinson	La Follette	Shipstead
Bankhead	Dill	Lewis	Shortridge
Barbour	Fess	Logan	Smith
Barkley	Fletcher	Long	Smoot
Bingham	Frazier	McGill	Steiwer
Black	George	McKellar	Swanson
Blaine	Glass	McNary	Thomas, Idaho
Borah	Glenn	Metcalf	Thomas, Okla.
Bratton	Goldsborough	Moses	Townsend
Brookhart	Gore	Neely	Trammell
Bulkley	Grammer	Norbeck	Tydings
Bulow	Hale	Norris	Vandenberg
Byrnes	Harrison	Nye	Wagner
Caraway	Hastings	Oddie	Walcott
Carey	Hatfield	Pittman	Walsh, Mass.
Connally	Hawes	Reed	Walsh, Mont.
Coolidge	Hayden	Reynolds	Watson
Copeland	Hebert	Robinson, Ark.	Wheeler
Costigan	Johnson	Robinson, Ind.	White
Couzens	Kean	Russell	
Cutting	Kendrick	Schall	
Dale	Keyes	Schuyler	

Mr. FESS. I wish to announce that the Senator from Missouri [Mr. PATTERSON] is detained from the Senate because of a death in his family. I ask that this announcement may stand for the day.

The PRESIDENT pro tempore. Eighty-nine Senators have answered to their names. A quroum is present.

WAR DEBTS

Mr. ROBINSON of Indiana. Mr. President, I desire to announce that on Friday, day after to-morrow, as soon as I can obtain the floor after the convening of the Senate, I hope to be able to offer some observations on the war debts.

ORDER OF BUSINESS FOR THE SESSION

Mr. LA FOLLETTE. Mr. President, I ask unanimous consent to proceed for five minutes in order that I may present a unanimous-consent agreement. I state now that I shall not ask to have it pressed at this time, but I wish to make a brief statement concerning the objective sought to be obtained by the unanimous-consent proposal.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Wisconsin is recognized for that purpose.

Mr. LA FOLLETTE. I send to the desk and ask to have read the tentative unanimous-consent proposal.

The PRESIDENT pro tempore. The clerk will read, as requested.

The Chief Clerk read as follows:

Ordered (by unanimous consent)—

That beginning Tuesday, February 7, the Senate shall meet on week days, Saturday excepted, at 11 o'clock and remain in session not later than 10 p. m.

That between the hours of 11 a. m. and 5 p. m. each day the Senate is in session the general appropriation bills shall be considered; and

That between the hours of 5 p. m. and 10 p. m. legislation other than appropriation bills shall be taken up for consideration;

That after any general appropriation bill shall have been considered by the Senate for more than one calendar day no Senator shall speak more than once nor longer than 20 minutes on said appropriation bill or any amendments or motions relating thereto;

That beginning Tuesday, February 7, S. 5125, Calendar No. 1212, to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, shall be considered at each session of the Senate after 5 p. m. until it has passed through its various parliamentary stages to a final disposition;

That following the disposition of S. 5125 the Senate shall proceed to consider at the sessions after 5 p. m. Senate Joint Resolution 211, Calendar No. 1111, a joint resolution proposing an amendment to the Constitution, until it has finally been disposed of; and

That following the disposition of Senate Joint Resolution 211 the Senate shall proceed to consider at the sessions after 5 p. m. H. R. 13742, Calendar No. 1214, an act to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes.

The PRESIDENT pro tempore. The Chair understands the Senator from Wisconsin does not now offer the unanimous-consent agreement?

Mr. LA FOLLETTE. That is correct.

The PRESIDENT pro tempore. It has been read for the information of the Senate. The Senator from Wisconsin asked recognition for five minutes in order to explain the proposal which he has offered. Consent was granted to that end, and the Senator from Wisconsin is therefore recognized for five minutes.

Mr. LA FOLLETTE. Mr. President, there are approximately 24½ working days remaining of the short session of Congress. Without any criticism of the leadership on either side of the Chamber or of any individual Member or Members of the Senate, I think it is generally recognized that never in the recent history of this body has legislative procedure been in such a hopeless tangle. It is vital that an effort should be made to reach an agreement for orderly legislative procedure in an attempt to transact the pressing business pending before this session of Congress. I recognize the difficulty of agreeing by unanimous consent, especially in so far as the legislative proposals to be considered other than appropriation bills are concerned. I have merely offered the suggestion contained in the latter portion of the unanimous-consent agreement for the consideration of my colleagues in this Chamber in the hope that after due consideration it might be possible, by changing, by adding, or by eliminating certain legislation to be considered, to reach an agreement by unanimous consent. I have in mind other legislation which must be considered but which is still in committee, such as the farm relief bill, the bankruptcy bill, and other important legislation.

Mr. President, the country faces the gravest crisis in all its history. People are hungry and starving in the midst of plenty. Farmers are being dispossessed of the homes which they and their ancestors carved out of the wilderness. Business concerns long considered to be in an impregnable position are hovering on the brink of bankruptcy.

I recognize that the chaotic condition of this legislative session is due to two primary causes; first, to the critical nature of the crisis that confronts the country; second, to the fact that this is a lame-duck session of Congress which always results in a stalemate, under even normal conditions, because it is awaiting the incoming of a new administration. Nevertheless, Mr. President, we should, as Members representing the several States and the people therein, make an effort, without regard to partisan considerations, to transact the pressing legislation which is now pending before this body and which will be pending before it prior to the 4th of March. Unless some such limitation shall be agreed to, in so far as appropriation bills are concerned for curtailment of debate, and unless we shall divide our sessions between the consideration of appropriation bills and other legislation of an emergency character, I fear, Mr. President, that this Congress will adjourn at 12 o'clock on the 4th of March without having taken up for consideration measures which should be enacted at this session of Congress.

I have offered this proposal, Mr. President, in the hope that it might afford the basis for consideration by the leadership on both sides of this Chamber, to the end that we may transact the business which the country is desperately in need of having considered.

PETITIONS AND MEMORIALS

Mr. BLAINE presented a memorial of sundry citizens of Clear Lake, Wis., remonstrating against the passage of legislation to modify the national prohibition law, and favoring measures to make national prohibition more effective, which was ordered to lie on the table.

Mr. BROOKHART presented the petition of Mrs. A. L. Van Fossen and other members of the Woman's Christian Temperance Union of Marion, and sundry citizens, all in the State of Iowa, praying for the passage of legislation to regulate and supervise the motion-picture industry, which was ordered to lie on the table.

Mr. SHIPSTEAD presented petitions numerously signed of sundry citizens of the State of Minnesota, praying for the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

Mr. GOLDSBOROUGH presented papers to accompany the bill (S. 5546) granting a pension to Milton Carroll Merryman, heretofore introduced by him, which were referred to the Committee on Pensions.

Mr. COPELAND presented a resolution adopted by the Dairymen's League Cooperative Association (Inc.), of Otsego County, Schenevus, N. Y., favoring the passage of legislation to change the monetary system so as to stabilize the dollar, etc., which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Westchester Security League (Inc.), of Bronxville, N. Y., approving the present policy of the Government in the nonrecognition of the Government of Russia under its present form of soviet régime, which was referred to the Committee on Foreign Relations.

He also presented the petition of Henry S. Chapman and sundry other citizens of Schenectady and vicinity, in the State of New York, praying for the full carrying out of the provisions of the national defense act of 1920, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by the Bar Association of Nassau County, N. Y., favoring the prompt ratification of the World Court protocols, which was ordered to lie on the table.

He also presented a resolution adopted at a public meeting held under the auspices of the Woman's Christian Temperance Union at St. Johnsville, N. Y., protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which was ordered to lie on the table.

EMERGENCY TRAFFIC RATES ON POTATOES

Mr. SCHALL. Mr. President, I am in receipt of a letter from the president of the Great Northern Railway Co. in reference to potato rates, which will be of undoubted interest to potato growers. I ask that it may be printed in the RECORD and appropriately referred.

There being no objection, the letter was referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

GREAT NORTHERN RAILWAY CO.,
EXECUTIVE DEPARTMENT,
St. Paul, Minn., January 25, 1933.

Hon. THOMAS D. SCHALL,
United States Senate, Washington, D. C.

DEAR SENATOR SCHALL: Referring to our recent correspondence: I am quoting below a letter just written to one of the potato shippers, regarding the emergency rates on potatoes:

"Please refer to our previous exchange of correspondence in regard to emergency rates on potatoes.

"As I have advised you, the southwestern situation was dealt with at a meeting of the southwestern lines' general traffic committee held at St. Louis on January 17. We presented our proposal and the record finally adopted by the southwestern lines contemplates the establishment of a base emergency rate of 66 cents from the Princeton-Cambridge and Waupaca districts to that portion of the Southwest on and east of K. C., M. & O. Railway, from Little Sandy to San Angelo, thence through San Antonio to Corpus Christi. Rates from other origin areas will be based over Princeton-Cambridge. The proposed rate from Red River Valley group 1 will be 70 cents, from Red River Valley group 2 will be 73 cents, and from Red River Valley group 3 will be 76 cents.

"Our representative spent the remainder of the week in doing what he could to assist in the necessary details to secure authority to make publication of these emergency rates and returned to St. Paul, Minn., Sunday with the assurance of the southwestern lines that they will make every effort to expedite the publication.

"I believe you are also interested in the other phase of this emergency rate publication which deals with the rates into New Orleans and Mobile. We received late yesterday a telegram advising that the Interstate Commerce Commission had granted our sixth section petition for publication of a blanket emergency rate from points of origin in the Princeton-Cambridge and Red River Valley territories of 66 cents to New Orleans and Mobile. This rate will become effective February 5, and will be carried in Agent E. B. Boyd's Tariff No. 10–L."

We have not only taken a deep personal interest, but we have had our man spend all his time in that territory in an effort to bring about a satisfactory adjustment.

I hope our action will be satisfactory to you, and we appreciate your interest in the matter.

Very truly yours,

W. P. KENNEY.

REPORT OF THE COMMERCE COMMITTEE

Mr. VANDENBERG, from the Committee on Commerce, to which was referred the bill (S. 5502) to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near The Dalles, Oreg., reported it with amendments and submitted a report (No. 1134) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ASHURST:

A bill (S. 5567) granting a pension to Esther K. Payne; to the Committee on Pensions.

By Mr. BRATTON:

A bill (S. 5568) granting an increase of pension to Cornelia W. East; to the Committee on Pensions.

By Mr. THOMAS of Oklahoma:

A bill (S. 5569) granting a pension to Ira H. Elliott (with accompanying papers); to the Committee on Pensions.

By Mr. CAREY:

A bill (S. 5570) to meet the existing emergency in the agricultural industry, to provide for the reduction of the interest on certain existing farm mortgages, to amend and supplement the Federal farm loan act; to the Committee on Banking and Currency.

By Mr. ROBINSON of Arkansas:

A bill (S. 5571) to extend the times for commencing and completing the reconstruction of a railroad bridge across Little River in the State of Arkansas at or near Morris Ferry by the Texarkana & Fort Smith Railway Co.; to the Committee on Commerce.

By Mr. SHIPSTEAD:

A bill (S. 5572) requiring the Reconstruction Finance Corporation to be subject to the provisions of the Budget and Accounting Act of 1921; to the Committee on Banking and Currency.

CHANGE OF REFERENCE

On motion of Mr. SHIPSTEAD, the Committee on Agriculture and Forestry was discharged from the further consideration of the bill (S. 5562) to relieve agricultural distress through the consolidation and adjustment of indebtedness and the reduction of the rate of interest thereon, to release frozen credits and stimulate the recovery of business, to create in the Department of Agriculture an administration of agricultural loans, with which will be consolidated in the interest of economy and efficiency all agencies of the Federal Government concerned with agricultural credit, and for other purposes, and it was referred to the Committee on Banking and Currency.

AMENDMENT OF BANKRUPTCY LAW

Mr. ROBINSON of Arkansas submitted amendments intended to be proposed by him to the bill (H. R. 14359) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which were referred to the Committee on the Judiciary and ordered to be printed.

AMENDMENTS TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. HEBERT submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

At the proper place in the bill, to insert a new section, as follows:

"SEC. —. Section 322 of Part II of the legislative appropriation act, fiscal year 1933, is amended by adding at the end of the section the following proviso: '*Provided further*, That the provisions of this section as applicable to rentals shall apply only where the rental to be paid shall exceed $2,000 per annum.'"

Mr. COPELAND submitted amendments intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which were ordered to lie on the table and to be printed, as follows:

On page 83, to strike out lines 4 to 6, inclusive, and insert in lieu thereof the following:

"SEC. 401. The Congress hereby declares that a serious emergency exists by reason of the general economic depression; that it is imperative to reduce drastically all governmental expenditures during such emergency; and that such reduction may be accomplished in great measure by proceeding immediately under the provisions of this title.

"Accordingly, in order to reduce expenditures and increase efficiency in Government, it is declared to be the policy of Congress."

On page 84, after line 15, to insert the following:

"*Provided*, That the authority granted to the President under section 403 shall terminate upon the expiration of two years after the date of enactment of this act unless otherwise provided by Congress."

THE ECONOMIC SITUATION

Mr. WHEELER. Mr. President, I ask leave to have printed in the RECORD an article entitled "Economy or Greed—Which Is It?", by Abraham Epstein, published in the Old Age Security Herald in its issue of February, 1933.

There being no objection, the article was ordered to be printed in the RECORD, and it is as follows:

ECONOMY OR GREED—WHICH IS IT?

By Abraham Epstein

America is deliberately and relentlessly being driven to social revolution. Greed and narrow-mindedness, under the guise of economy, stalk over the land determined to crush further the poorest of the poor and the weakest of the weak. From the Atlantic to the Pacific, American Bourbonism is concentrating on wiping out every trace of social justice and every spark of humanity in the United States. Protective laws and social standards which have taken more than a generation to put on the statute books are in serious danger of being completely wiped out. Never before have so-called "friends of the people" displayed such brazen initiative in repudiating their pledges and in doing the bidding of their higher masters.

These are harsh words. But the situation fully warrants them. The American Association for Old Age Security * * * has been willing to compromise with political parties and leaders in the belief that social justice could be attained for the aged poor of America through gradual progress. This year, however, political leaders are deliberately betraying their pledges. Silence is no longer a virtue. Friends of the aged must be warned of what is happening. They must organize. They must be put on their guard. Nullification of all that has been built up in the United States through a generation of effort must be prevented at all costs!

INTERLOCKING DIRECTORATE DETERMINED TO CRUSH ALL SOCIAL LEGISLATION

The blind and greedy forces who are responsible for the unprecedented and shameful destitution prevailing throughout the United States are determined to surrender not a penny of their iniquitous wealth nor an ounce of their power. Under the guise of the so-called taxpayers' associations, defenders of America, and other patriotically titled societies, as well as through manufacturers' associations, chambers of commerce and the like, these forces, linked through an interlocking directorate, have so intimidated our press, our governors, and our State legislators, that all humane social legislation is in immediate danger of repeal by the legislatures now in session. A number of governors, who in their campaigns posed as friends of the people and made innumerable promises to the destitute aged, have either forgotten their promises or have brazenly suggested wiping out the very legislation which they so vigorously defended. The battle along the old-age security front is typical of the nation-wide onslaught on all social and labor legislation.

* * * * * * *

GREED VERSUS ECONOMY

It is plain that the campaign to repeal old-age pension legislation as well as other social laws has nothing to do with the plea of economy and reduction of expenses. It is an attempt on the part of the most unscrupulous interests in the United States to take advantage of these unfortunate times to abolish every decent and humane law on our statute books. It is their hope that now they can wipe out the achievements which they fought unsuccessfully for a generation. If this is permitted to happen the friends of old-age security, and the friends of social legislation, will be guilty of the grossest negligence. The friends of the aged must organize themselves immediately. They must fight with unprecedented vigor. The issue is not economy but social justice! The question is whether the United States is ready to turn to savage barbarism or will remain a nation showing decency and humanity to the poorest of the poor.



MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House insisted upon its disagreement to the amendments of the Senate to the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress, agreed to the further conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JONES, Mr. FULMER, Mr. LARSEN, Mr. HAUGEN, and Mr. PURNELL were appointed managers on the part of the House at the further conference.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Tennessee [Mr. MCKELLAR].

Mr. McKELLAR. Mr. President, I hope we are going to vote on the amendment, and I want to call the attention of the Senate to it. The amendment is as follows: On page 58, line 2, strike out "$19,000,000" and insert "$9,500,000: *Provided*, That when the net receipts from domestic air mail exceeds the sum of $9,500,000, then such excess shall be used for this purpose by the Postmaster General in addition to the said sum of $9,500,000."

Mr. President, I want again to call attention to the fact that under the contract it is perfectly permissible to do this. Postmaster General Brown, who was opposed to the reduction, made this admission of record. He was asked this question:

> Under the present contracts, you have a right to make regulations about either day or night flying, and consolidate or cut down or enlarge it?
>
> Postmaster General BROWN. We fix the schedules.

The other day I read the provision of the contract itself showing that the Postmaster General has a perfect right to do that under the contract without violating the contract at all. It is not claimed by anybody that it would be a violation of the contract, and the department has a right to cut down the amount paid.

Just one other matter and I shall be through. I want to call attention to those whom we are subsidizing under this proposed appropriation of $19,000,000. Directly or indirectly we are subsidizing two large institutions in New York to a very large extent. The National City Bank and the Chase Bank of New York have interlocking directorates with and very largely control these aviation companies. I have previously said that the aviation companies, so far as the great subsidies are concerned, have been consolidated into four great concerns. Some of the companies have been cut out of subsidies by the Postmaster General, but the great body of them have been brought into four great concerns, and they are getting the subsidies.

By the way, I see the Senator from Alabama [Mr. BLACK] is present and I will ask him a question or so in verification of what I have just said.

The National Aviation Corporation is a holding company. Has the Senator any information about interlocking directorships between the National Aviation Corporation and either the Chase National Bank or the National City Bank?

Mr. BLACK. I have the names here of seven aviation companies upon whose boards of directors sit men who are also directors of the National City Bank of New York. I can give them to the Senator.

Mr. McKELLAR. I trust the Senator will do so.

Mr. BLACK. They are the Aviation Corporation of America.

Mr. McKELLAR. Just a moment. I wish to say that the Aviation Corporation of America is one of the holding companies.

Mr. BLACK. The International Zeppelin Transport Corporation.

Mr. McKELLAR. I have no figures as to that.

Mr. BLACK. The National Air Transport Co.

Mr. McKELLAR. The National Air Transport Co. owns several of these air-transportation companies.

Mr. BLACK. The National Aviation Corporation.

Mr. McKELLAR. The National Air Transport Corporation is down here as one of the beneficiaries of this subsidy.

Mr. BLACK. The Pan American Rail-Airways Corporation.

Mr. McKELLAR. Yes; the Pan American Rail-Airways Corporation get $7,000,000 under this appropriation and under the appropriation which comes under the next amendment.

Mr. BLACK. The United Aircraft & Transport Corporation.

Mr. McKELLAR. Yes, that is another one; that is a very large beneficiary of the appropriation.

Mr. BLACK. I should like to say that the National City Bank has two directors upon that particular company—the United Aircraft & Transport Corporation.

Mr. McKELLAR. Yes. It may be that these corporations need these subsidies; I do not know.

Mr. BLACK. May I call the Senator's attention also to the fact that the Guaranty Trust Co. of New York, which is said to be a Morgan bank, and upon which Morgan representatives sit as directors, is represented on the board of the American Airways (Inc.) by one of its directors. Is that one of the group?

Mr. McKELLAR. That is one of the group. The American Airways, the United Air & Transport Co., the Transcontinental Western Air Express combination, are beneficiaries, as is also the Eastern Air Transport Co. The American Airways is probably a greater beneficiary than any of the others. It has a contract, and, as I understand, two directors of the bank referred to are on the board of that corporation.

Mr. BLACK. The Chase National Bank, according to the evidence before the committee, has directors sitting on the Curtiss-Wright Corporation and the Wright Aeronautical Corporation.

Mr. McKELLAR. I find nothing in these contracts for those two corporations.

Mr. BLACK. For my own information, do I understand that the subsidies contained in this bill go to the companies upon which sit the directors of the National City Bank and the Morgan interests?

Mr. McKELLAR. They go to these companies, on the boards of directors of which sit directors of the National City Bank and the Chase National Bank, as stated by the Senator. They are interested in these companies.

Mr. BLACK. I might say to the Senator, in order that he may know the source of this information, that it came from a witness before the subcommittee which is considering the 5-day-week bill. That witness compiled this information from various directories of directors in New York, and his data show that these particular companies have interlocking directors with the National City Bank, as stated, with the Chase National Bank as stated, and with the Morgan interests as stated.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. I yield.

Mr. LONG. I should like to ask the Senator a question. With the wealth of this country concentrated under Morgan, how is it going to be possible to run any business, anyway, unless Morgan runs it?

Mr. McKELLAR. If the Senator desires to help Mr. Morgan out I think a very excellent way to do it is by voting for this subsidy, because if the Senator from Alabama is correct the money is bound for and will ultimately go to those big interests up there. I just thought the Senate ought to know before it votes on this amendment just where the subsidies were actually going.

So, with the statement of the Senator from Alabama and the statement I have heretofore made about the matter, I leave the question with the Senate.

Mr. LONG. Mr. President, will the Senator yield again?

The VICE PRESIDENT. Does the Senator from Tennessee yield further to the Senator from Louisiana?

Mr. McKELLAR. I yield.

Mr. LONG. Does the Senator know that the thread industry, the steel industry, and almost every other industry in America to-day, if we should cut Morgan out, would have to discontinue?

Mr. BLACK. Mr. President, will the Senator from Tennessee yield to me once more before he yields the floor?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Alabama?

Mr. McKELLAR. I yield.

Mr. BLACK. In order to be absolutely clear, I will state that the evidence before the committee further shows that the directorships are assumed for the purpose of controlling the various industries on which those directors sit for the benefit of the banks and the Morgan interests.

Mr. McKELLAR. That is all the more reason, Mr. President, it seems to me, why, in the interest of economy and in the interest of good government at a time like this, we ought to cut this appropriation down from $19,000,000 to nine and a half million dollars.

Mr. BINGHAM obtained the floor.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Louisiana?

Mr. BINGHAM. I yield.

Mr. LONG. Mr. President, I am not very anxious to help Morgan & Co., but we have $111,000,000 worth of mail contracts with railroads that are dominated practically by the house of Morgan and Kuhn-Loeb, and if we are going to begin cutting off anything on the ground that they should not have any part in the contract, then we ought to cut out $55,000,000 of the railway mail contracts, because Morgan and Kuhn-Loeb own them or have the directing hand in them.

We all know that big business is in charge of this country. I have undertaken during the few months I have been in the Senate to try to take the strangle hold of big business off this country, but if we are going to have airplanes operated, the banking houses are going to be in on it. It is not a question whether banking houses are in the business or not, because we would have to cut out practically every business we have in this country to-day if we are going to cut any out on the ground that the banking houses are interested.

The thing we ought to do, but which we can not get anybody to do or say that he wants to do it, would be what we promised the American people in the last campaign we were going to do, and that is to deconcentrate the wealth of this country, which is now in the hands of a few people; but we do not sail on that line at all. Now we have before us a bill making appropriations for air mail service. There are municipalities from coast to coast, from Canada to the Gulf, building airports. Those municipalities have floated bonds; they have lighted the airways and built roads to them, and now, because somebody is in the airplane business about whom we were told nothing until the people had bonded themselves and spent their money, it is proposed to cripple and put out of business the aircraft industry in this country.

Why should we spend several million dollars for airports in our State, as we have done, borrowing a large part of the money from the Government, if the Congress is going to cripple the air service? Every State in the Union has done that; the State of Florida has done that to an extreme extent, and Tennessee has done it, I will venture the assertion. It has been done on the coast. This country is already backward in airplane inventive and constructive development, and to reduce the $19,000,000 appropriation, as is proposed, would turn it back a little bit farther, when it is the cheapest thing we are doing and the most important thing we are doing. After millions and hundreds of millions, and I would almost say billions of dollars have been invested by localities and by communities, we come along and cut the appropriation right half in two, knowing that we are bound to cripple the airplane service.

The further suggestion has been made that maybe we ought not to act on this matter so early, because the present Postmaster General might make the contracts. Mr. President, if we have the time—and I understand we will have the time, because we are going to have an extra session—I would rather see the entire airplane appropriation stricken out and await the extra session of Congress, which I understand will assemble here in April, and let the new Postmaster General make the kind of contract he thinks ought to be made within the Budget than to put the airplane appropriations in the appropriation bill for the next Congress.

I should much prefer that than to see us strike a death blow to at least 50 per cent of the service. Let us not go here in a haphazard way, with nobody knowing anything about it. The Senator from Tennessee [Mr. McKELLAR] does not propose to tell anybody that half this money is going to be able to carry on half the service. I will venture the assertion that we will not have a fourth of the service if we come here and cut out half the money. Everybody is going to have the airplane service suddenly discontinued because of the fact that we have come along here and said, "Well, we have got to save something, so let us take this airplane service and cut it in two."

Why not take the Army and cut it in two and save $200,000,000? Why not take the Navy and cut it in two and save three or four hundred million dollars? Why come here on the only insignificant expense that we have after we have had every State and every locality in this country spend hundreds of millions of dollars, depending upon the service—the only defense service that is rendering a service to the domestic needs of the country—why take this little, insignificant appropriation, by comparison with other appropriations, and cut out airplane service, which is probably going to be the most needed thing for defense of all of them, and costs the least, and is one which concerns all these different communities?

Mr. BINGHAM. Mr. President, there is some misunderstanding in regard to the contract situation and in regard to the certificates.

The Senator from Tennessee [Mr. McKELLAR] the other day, when he was discussing this amendment, read from a contract appearing on page 301 of Senate Document No. 70 of the Seventy-second Congress, first session—a contract issued to the Philadelphia Rapid Transit Air Service in 1926. He did not tell us that that contract was canceled at the request of the contractor after less than one year of operation. He did not tell us that there is not a single one of the air transport companies now carrying the mail that is operating under contract. He implied in his remarks that they were all operating under contract. He did not tell us that all the contracts have been voluntarily canceled under the Watres Act, and, instead of that, typical route certificates have been issued.

If the Senators have before them this document, they will find on page 339 a typical route certificate, which provides that the certificate holder—

shall have the right, so long as it complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to advances in the art of flying and passenger transportation, to carry air mail over the route hereinafter set out or any modification thereof, at rates of compensation fixed herein, or to be fixed from time to time, at least annually, by the Postmaster General, provided that such rates shall not exceed $1.25 per mile for a period ending not more than 10 years from the date of beginning service under said contract, to wit, on the 5th day of April, 1936; subject to the following conditions.

Note, Mr. President, that all these certificates expire at the same time—on the 5th of April, 1936. The only right of cancellation is contained in paragraph 16 of the conditions, which appears on page 343 of the document, and reads as follows:

This certificate may be canceled by the Postmaster General at any time—

On what account?—

for willful neglect on the part of the holder to carry out any rules, regulations, or orders made for its guidance.

That is the only basis on which these certificates may be canceled. It is not at the will and pleasure of anyone. The contracts were given up voluntarily in order to receive the certificates. The certificates are good until April 5, 1936. The certificates may be canceled only for willful neglect on the part of the holder to carry out any rules, regulations, or orders.

Notice of such intended cancellation to be given in writing by the Postmaster General and 45 days allowed the holder in which to show cause why the certificate should not be canceled.

By agreement of the Postmaster General and the carrier the life of this certificate may be curtailed, said certificate may be canceled, or any other modification may be made herein not inconsistent with law.

It is true that the Postmaster General may reduce rates of compensation; but if he reduces them below a reasonable rate the contractor can apply to the Federal courts for relief. It would be impossible for the contractors to perform the service which they are now rendering at a 50 per cent reduction in mail pay, which would have to be given if the appropriation were cut in two; and a reduction of 50 per cent in compensation would mean more than a 50 per cent cut in service, because the additional schedules are paid for at a lower rate than the initial service.

Mr. President, Senators may be interested to know what has happened under the arrangement whereby the contracts were canceled and certificates issued.

Under the certificate plan, the Postmaster General, after working for a long time, has drawn up a rather complicated formula of poundage, mileage, and so forth, which applies alike to all companies carrying mail; and may I say in passing that it does not seem to me important in this regard as to whether or not these companies—none of which is paying dividends, none of which is making money—are controlled by directors who may also belong to banks or other companies. Perhaps we should have enacted a law that no company whose director is on any bank should have any contract. The fact remains that these companies have been given these certificates, and they are performing useful service.

Now, let us see what the Postmaster General has done in the way of reducing rates.

The first formula which he put into effect became effective on May 1, 1930. We were then flying 1,392,000 miles a month. The average rate received under the formula was 85 cents a mile.

A year later another rate was put into effect as the Postmaster General studied the books of the country, which he has a right to do. He has access to all the receipts and all the books of the various companies; and on the 1st of April, 1931, the second formula became effective. At that time we started flying 2,194,000 miles a month, and the average rate was reduced from 85 cents to 72 cents per mile.

The third formula became effective on January 1, 1932. We were then flying 2,502,000 miles a month, and the average rate was 62 cents a mile.

The fourth formula, just authorized, and becoming effective November 1, 1932, reduces the average rate per mile for the balance of this fiscal year to 45 cents per mile, which is almost 50 per cent of the rates in effect on May 1, 1930, when the first formula became effective. The monthly mileage last October was nearly 3,000,000 miles a month.

That shows, Mr. President, what has been done by the Postmaster General in reducing rates and increasing mileage. He has taken the money we have given him, has given additional air mail service to many different communities, has increased a number of routes, and has recently arranged to transfer some routes so as to make possible service in other regards. The suggestion that the service be placed on a self-sustaining basis would probably eliminate all air mail service in such States as Tennessee, Michigan, Arkansas, Minnesota, North and South Dakota, Colorado, all the principal cities of Texas, Washington, Oregon, Montana, Louisiana, Alabama, Massachusetts, Mississippi, and Connecticut, and possibly from Maryland, Virginia, the Carolinas, and Georgia. The discontinuance of all feeder lines would, in turn, reduce the poundage on the trunk lines, and even these might not be able to survive.

Mr. President, no one has suggested that we cancel our mail-carrying contracts with the railroads until such time as they earn enough to pay the contract price for the railroads to carry second-class mail. I hope this amendment will not be adopted, for I feel certain that it will cause an entire disruption of the air-transport business of the country which has been built up during the past two or three years under the Watres Act. It will cause more than half of the lines to be discontinued, if not three-fourths of the lines. It will probably subject us to very serious claims for damages, because the certificate may not be canceled before April, 1936, except for "willful neglect" on the part of the transport companies; but there is an agreement whereby their rates may be reduced by voluntary agreement every year.

Mr. TYDINGS. Mr. President, regardless of the pendency of the proposition offered by the Senator from Wisconsin [Mr. LA FOLLETTE], I shall voluntarily confine myself to 10 minutes.

What we have just heard from the Senator from Connecticut is the speech which will be made against every economy which is attempted to be effected in this bill. There will not be one, from the first appropriation bill to the last, to which the speech made just now by the Senator from Connecticut will not apply.

I want to leave this thought with the Senate of the United States:

During the last three years we have lived on the future to the extent of $5,000,000,000. We have added $5,000,000,000 to the national debt. At the present time our income is only one-half of our expenditures. At this very moment it costs $760,000,000 a year just to pay the interest on our national debt; and that is the sum which we get from all of the excise taxes carried in the billion dollar tax bill of 1928. It takes all the money which we raised in that long and hard-fought-out tax bill just to pay the interest on the national debt—$760,000,000 a year, 30 per cent of all the Government revenue.

This year we are going to add nearly $2,000,000,000 to the national debt. I want to ask any Member of this body where these airplane companies will be, where the Senators will be, where the employees of the Government will be, when we continue to go year after year living on the future, and the day finally comes when the Federal Government's credit is gone? Then these companies, instead of getting a cut, will get nothing, because there will be no money to give them. They are only attempting to bring about their own complete ruin by insisting that at this time they suffer no cut at all, but that there should be economy on other companies or individuals or operations.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. Not just yet. I want to complete my statement. Then I will yield.

I want to bring home to the attention of the Senate, if possible, that we can not go on forever and ever without bringing into serious jeopardy the credit of the Government of the United States. Municipalities now have no credit; States now have no credit; and when the Federal Government's credit is impaired—as it will be if we continue this course—where will the United States of America be? Where will the airplane companies be? Where will the Federal employees be? Where will the disabled soldiers be? Where will the emergency officers be? Where will the Army and the Navy be? They will be the subjects of a Government that can not pay its bills.

I should like to ask my friend the Senator from Connecticut where we can make some economies, if not here? Where can we save some money?

Mr. BINGHAM. Mr. President, since the Senator has asked me a question, will he yield?

Mr. TYDINGS. Yes; I yield so that the Senator may answer my question.

Mr. BINGHAM. As soon as we get to the latter part of the bill I will show the Senator where we can save some $50,000,000; and the Senator well knows that the President has suggested an amendment to the veterans' act that would enable us to save $127,000,000.

Mr. TYDINGS. I thank the Senator. He has made a very good answer; but who is the Senator that is going to offer the amendment to the veterans' act? Who is the Senator? Who is going to offer it? Where are those men who the other day took me to task and made sport of my position? Will the Senator from Delaware [Mr. HASTINGS] offer it? He is a member of the President's own party. Will the Senator from Connecticut [Mr. BINGHAM] offer it? Will the Senator from Michigan [Mr. VANDENBERG] offer it? Will the Senator from Utah [Mr. SMOOT] offer it?

Mr. BINGHAM. Mr. President, the Senator from Connecticut would be very glad to offer the amendment if he thought he could get any support for it; but the Senator from Maryland has made such a splendid lead on these subjects that we expected the Senator from Maryland himself to offer it.

Mr. TYDINGS. Oh, that is no answer. Let me say to the Senator from Connecticut that there are located in Baltimore, as he knows, two of the largest airplane factories in this country. The officials of that organization have been on the telephone this morning attempting to persuade me not to vote for this economy, and I do not mind telling the Senate what I told them. I said that, in my humble judgment, unless we effected economies the day would come when they would get no appropriation, because the Federal Government would have no money to pay, and that perhaps they would not like it, but that I intended to vote for economy in this and every other bill coming before this body.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Maryland yield to the Senator from Louisiana?

Mr. TYDINGS. Not yet; I will yield to the Senator in a moment. I want to return to the question of appropriations for veterans. The Republican President has advocated that there be reductions in veterans' compensation, and not a man on the other side of the aisle has made a move to carry out his own President's recommendation.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. TYDINGS. I will yield in a moment, but not now. Where are all these men who were ready to vote for economy in the aggregate? They were ready to vote for economy in the aggregate, yes; but where are they now, when we have before us a specific item which would accomplish that economy?

Mr. SMOOT. Mr. President, will the Senator yield?

Mr. TYDINGS. There will not be a bill coming from the other side or this side of the aisle, in my judgment, which will touch the veterans.

Mr. SMOOT. Mr. President——

Mr. TYDINGS. I do not mean the disabled man who suffered during the war, because I do not want to touch his compensation at all. I am talking about all that other class who now are receiving special compensation while 12,000,000 people are walking the streets asking for jobs and have been unemployed for three years.

Mr. SMOOT. Mr. President——

Mr. TYDINGS. I yield.

Mr. SMOOT. As the Senator referred to me in relation to not voting for any decrease in the veterans' compensation under the law, and stated that——

Mr. TYDINGS. I did not say that. I asked the Senator if he would offer an amendment to carry out the recommendations of the President of the United States. That was the question I asked the Senator. Will he do that?

Mr. SMOOT. Yes; I will do it.

Mr. TYDINGS. Good!

Mr. SMOOT. That is why I rose. I did not want to interrupt the Senator.

Mr. TYDINGS. Who will offer the amendment to carry out the other recommendations of the President of the United States touching the other matters? Is there one man on the other side of the aisle who will volunteer? Where are all those who the other day thought I was an acrobat? Where are all those strong, tried, courageous men who rose the other day when nothing was before the Senate, and plead for economy? Have they lost their tongues? Are they unable to function? Has their courage vanished overnight?

Mr. President, every Member of this body and the sophisticated ones in the galleries knew that the remarks made the other day in opposition to the resolution I offered were purely political, with a trace of humor. There was no real purpose back of them. While I do not want to take any laurels unto myself, let it be said that so far, whether the resolution was offered or withdrawn or not, I have not seen anybody else offer such a resolution. I have not heard any other Senator discuss veterans' legislation on this floor, not one.

Senators, it is more serious than mere parliamentary debate, because if we go on and add $2,000,000,000 more to the national debt each year, the airplane companies will not be getting any subsidies before long because there will not be any money to pay them. This Government's credit is in jeopardy. It is only a question of time.

There are bills pending to take care of the unemployed and the distressed of the country. Where is the money to come from, unless we reduce the appropriations for some of these services, and save the money, so that we will have it to appropriate for the relief of distress in the country?

I say that it is a sad commentary upon the Congress that nobody has offered a bill to carry out the recommendations recently submitted by President Hoover to the Congress. All those men who spoke in his behalf last fall have deserted him. There is not one who will make an attempt to assist him to wind up his administration at least in a partial blaze of glory. There is not one to offer to carry out his recommendations. There is not one who will offer any economy on his own initiative, and when amendments are offered seeking to reduce expenses, such as those which have been offered now by the Senator from Tennessee, remarks along the line of those made by the Senator from Connecticut will be made as an absolute and complete reason why this or that other expenditure should not be reduced.

We will add $2,000,000,000 to the deficit, which has grown $5,000,000,000 in the last three years, and continue to go on and on and on until our credit is gone. Then, forsooth, where will any subsidy or any employee of this country be?

Now I yield to the Senator from Louisiana.

Mr. LONG. Mr. President, I want to thank the Senator for yielding. The Senator has asked a question as to where the money is coming from. Would the Senator be opposed to a tax on the huge fortunes ranging into billions, to decentralize wealth and support the Government at the same time, as promised by our President elect?

Mr. TYDINGS. I voted for a very heavy inheritance tax in the last Congress, and I have no objection to doing it again; but before I do that I want to make sure that we do not spend more money than we should spend, because I am opposed to any tax which is not absolutely essential on the rich or the poor or any of them.

Mr. LONG. Will the Senator vote to reduce from the top on the fortunes which exceed a billion dollars until we balance the Budget?

Mr. TYDINGS. I would not want to pass on that proposition haphazard. May I say to the Senator from Louisiana that it takes all of the money raised by excise taxes provided for in the law to which I have referred, about which we fought so long in the Congress, $800,000,000, just to pay the interest on the national debt. As far as big fortunes are concerned, it is my observation that there are very few big fortunes left, and will be fewer as the years roll on, unless there is some upturn in business.

I have no objection to putting the burden of taxation upon those best able to pay, and it is not for them that I am speaking to-day. It is for the purpose of finding some way of restoring confidence in the country, so that the 12,000,000 people who are unemployed may get work again. There will not be any confidence in the country, there will not be any recovery, there will not be any stability of government, until we clean our own house and put our finances on a sound basis.

If we knew that the depression would end in another year, I would not favor these drastic cuts. Perhaps, if we knew it would end in two years we might continue some of these appropriations. But who can tell whether it will be five years in the future, or seven years in the future, or whether we are in some kind of a semipermanent status now?

I appeal to Senators, not that I want to cut down this particular appropriation; not at all. May I say that it is very difficult for me to support this economy because of the many warm associations I have with the people in my State who are engaged in the industry affected; but it is for their good, for eventually they will get no subsidy at all unless they make up their minds to bear their fair proportion of reductions now.

Mr. KING. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. KING. I ask the Senator whether he is quite accurate when he concedes that the measures before us would bring about drastic cuts. I suggest to the Senator that our increases in appropriations from the year 1916 have been stupendous. I do not think the bills which have been passed by the House, or those reported in the Senate, would bring about any drastic cuts. I think they do not cut nearly enough.

Mr. TYDINGS. Mr. President, I have but a minute and a half of my time left, and I want to close within my 10 minutes.

I just want to leave this thought with my Democratic colleagues, that it appears to me that if we appropriate more money than we take in, on the scale on which we have formerly appropriated it, we are going to crucify Governor Roosevelt upon the cross of governmental extravagance in a time of national economic chaos. If we want to give him a chance, we ought to cut down all Government activities possible and furnish him the money to rehabilitate the country with whatever program is needed, so that he can show the people that he will take care of the distressed and the unfortunate by appropriate measures until a program of national and international recovery can be unfolded.

May I say to my friends on the other side of the aisle, as well, that this situation is bigger than politics, because the real integrity of this Government is at stake. The emergency is just as great as in the days of the World War, and the time has come for us to stand up to the job we have before us.

The PRESIDENT pro tempore. The time of the Senator from Maryland has expired.

Mr. DILL. Mr. President, every time anybody here proposes to cut any governmental expenditures, we are immediately confronted with a great line of reasons as to why we must not make the particular cut proposed. Everybody has some pet Government activity which he believes must be maintained.

We have been following that course for two years, and, as a result, we have made practically no cuts in the expenditures of the Government. For my part, I am committed to the doctrine that the only way to balance the Budget in times like these is to cut expenditures until they will not be any greater than the revenue received.

I dislike to see the air mail curtailed. In the past I have voted for the appropriations for the air mail, and I have salved my conscience with the thought that I was helping by supporting appropriations which would result in aviators being trained in a practical way, and that that would be a training in behalf of national defense. But the time has come, it seems to me, when there is another kind of national defense about which we must think. It is the national defense of the people back home from more taxes by Congress.

The American people to-day are so overburdened with taxes that they have just about come to the conclusion that anything different from what we have in the way of government would bring an improvement over present conditions, and I have made up my mind that I am going to vote to cut the appropriation now before us and to cut every other appropriation where the reduction would not interfere with the absolute necessities of governmental operations.

I shall not take that course because of any political consideration. It happens that in my State the greatest airplane factory in the United States, if not in the world, is in operation. The Boeing airplane factory produces a large proportion of the airplanes used in the air mail service, and I should be the last to vote to curtail that industry. But I have come to the conclusion that my first duty is to the millions of common men and women of the United States who to-day can not pay existing taxes, can not pay their living expenses, to say nothing of paying the interest on their mortgages.

Mr. President, for my part, I am going to vote for every proposition that comes before us to cut Government expenditures, and then cut them again. Of course, we want the air mail service when we can have it, but our need of the air mail service can not be compared with the need of cutting the tax burden and preventing a deficit in the Treasury.

I believe that we could well afford to cut out the entire air mail appropriation, and I should vote to do that if an amendment were offered to that effect.

I shall, therefore, vote to cut the appropriation under consideration in the amount suggested by the Senator from Tennessee in the hope that it will help a little bit toward the great sum total we must cut from Government expenditures if we are to avoid another overwhelming deficit or avoid new taxes being laid on the backs of the people who are to-day going into bankruptcy in every part of the United States and in every industry and business.

Mr. ODDIE. Mr. President, several days ago I put some figures in the RECORD which show the importance of the air mail industry. The committee which has had charge of this appropriation bill has received much valuable technical testimony, and quite a large majority of the committee was convinced that this amount is not excessive. Furthermore, we were convinced that the reduction of the amount would seriously cripple the air mail industry.

The Government has expended large sums of money thus far in preparing fields and in carrying out and perfecting this great work. The Government has made positive contracts with these companies which have invested millions of dollars in their equipment. I feel that it would be decidedly wrong and a breaking of faith for this appropriation to be cut. It would tend to injure the industry in a very serious manner.

Mr. KING. Mr. President, will the Senator suffer an interruption?

The PRESIDENT pro tempore. Does the Senator from Nevada yield to the Senator from Utah?

Mr. ODDIE. I yield.

Mr. KING. Is it not a fact that a considerable number of the airplane companies during the boom embarked upon the construction of planes wholly beyond the needs of the people and without any rhyme or reason, and when they found themselves in a financially embarrassed condition they appealed to Mr. Brown, the Postmaster General, for relief; and that at a meeting of a large number of airplane manufacturers it was understood that some of the bankrupt and prospective bankrupt concerns would receive contracts, either directly or indirectly, in order that they might be saved from their perilous financial situation?

Mr. ODDIE. That is rather an involved question, and I am not prepared to answer it offhand in detail. I refer the Senator to the record.

Referring again to the importance of the industry, I might state that 30,000 persons are directly and indirectly employed

by it. About 6,500 of them are engaged in air transportation, about 9,200 in the commercial and military aircraft branches, about 2,300 in commercial and military aircraft production, and 12,000 in miscellaneous flying services, airport operation, servicing stations, and so forth.

Referring to the influence of this industry, Mr. President, I might say that about one-quarter of the money appropriated finds its way to the manufacturing departments of the industry in payment for new aircraft and stimulates those industries. The balance of the funds go to the gasoline and oil industries, the telephone and telegraph services, and miscellaneous allied activities.

I know that the large airplane companies are spending millions of dollars in the purchase of new planes of improved types which are constantly being put into service. Methods providing for greater safety of planes and passengers are being provided at large expense to the Government and to these companies. The public has been brought to rely on this new industry as an important and safe one.

Mr. WALSH of Massachusetts. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nevada yield to the Senator from Massachusetts?

Mr. ODDIE. Certainly.

Mr. WALSH of Massachusetts. Will the Senator state for the information of the Senate whether or not the House or the Committee on Appropriations of the Senate reduced the appropriation for air mail below that of last year?

Mr. ODDIE. The appropriations of the House were reduced below the appropriations of last year.

Mr. WALSH of Massachusetts. How much?

Mr. ODDIE. Last year $19,460,000 was appropriated and this year only $19,000,000. The Budget estimate was $20,000,000 this year.

Mr. WALSH of Massachusetts. What does that reduction represent in dollars and cents?

Mr. ODDIE. It represents $460,000 below last year's appropriation.

Mr. WALSH of Massachusetts. So the House has reduced the appropriation under that made last year to the amount of $460,000.

Mr. ODDIE. Yes.

Mr. WALSH of Massachusetts. Has the Senate Committee on Appropriations reduced that amount?

Mr. ODDIE. No; it accepted the House figures.

Mr. WALSH of Massachusetts. Did the Senate Appropriations Committee hear evidence on the question of whether or not we should reduce this amount to a greater degree?

Mr. ODDIE. Yes.

Mr. WALSH of Massachusetts. What action did the committee take on the question of reducing the amount reported by the House?

Mr. ODDIE. The Senate committee approved the House figures and decided they could not safely be reduced.

Mr. WALSH of Massachusetts. Was the action of the committee unanimous?

Mr. ODDIE. It was not unanimous, but by a substantial majority.

Mr. WALSH of Massachusetts. Was any suggestion made in the committee to reduce this sum 50 per cent?

Mr. ODDIE. The Senator from Tennessee [Mr. McKELLAR] suggested such a reduction.

Mr. WALSH of Massachusetts. What troubles me is the question of relativity. We all agree there must be larger reductions in Federal expenses. We all agree—at least I am inclined to think we do—that this is one of the activities where some reduction might be made if we are to make reductions all along the line. But I do not like the idea of one Senator, without having the support of a minority at least of the committee members, presenting to us a proposal to cut a particular appropriation 50 per cent. I would like to know—and this, Mr. President, is in my own time.

The PRESIDENT pro tempore. That can not be. The Senator from Nevada has the floor and is yielding of his time.

Mr. ODDIE. I am not yielding the floor yet.

Mr. WALSH of Massachusetts. I would like to know what study of the problem has been made. Is there a point between 50 per cent and 1 per cent where a cut could be made so as not to destroy this service? Perhaps it is 25 per cent; perhaps it is 20 per cent; but it seems to me that 50 per cent is a very drastic cut. I am for curtailing, but not for destroying, this service. I want to vote to reduce the appropriation, but I am not prepared to cut it in one fell swoop on the motion of one Senator. I fear that a reduction of 50 per cent means the destruction of the air mail. Perhaps it can be eliminated, but I would like to have the Executive or a substantial number of the members of a committee who have studied the question advocate it.

Mr. ODDIE. I will answer that in a very few words. The question was in the minds of the members of the committee whether or not the service could be adequately maintained for less than $20,000,000. The department showed that it was very necessary that $20,000,000 be appropriated, but after studying the matter carefully and questioning those officials in the department who were posted it was decided that the amount could be cut to $19,000,000, but no further, without seriously crippling and injuring the service.

Mr. WALSH of Massachusetts. What is the basis for making a 50 per cent reduction rather than 75 per cent or 25 per cent?

Mr. McKELLAR. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nevada yield to the Senator from Tennessee?

Mr. ODDIE. I yield.

Mr. McKELLAR. The Senator made a statement which I think is more or less personal and should be answered. The Senator from Massachusetts said he did not like it because one member of the committee came here with a plan and sought to override the committee, and wants to know what backing it has. The amendment was offered in the committee and, as I remember it, the vote, after a most complete hearing and argument, was 8 to 10 against it in the committee. It is not a 1-man proposition at all.

Mr. WALSH of Massachusetts. I thank the Senator for the information. I tried to get that information from the Senator from Nevada, as the Senator from Tennessee knows, and I did not make the comment until the Senator from Nevada informed us that there was a vote or that the vote was greatly in the minority. I thank the Senator from Tennessee. He has enlightened me very much by informing me of the fact that his committee seriously considered his motion and did have a vote on the proposition and eight of his colleagues agreed with him.

Mr. ODDIE. Yes; we did have a vote. I do not remember definitely just what the vote was, but I remember that it was a substantial majority against the proposition of the Senator from Tennessee.

Mr. President, I would like to state in regard to the question of economy that I am a particularly strong advocate of economy, but not of what I consider false economy. I think that by crippling and ruining some of the Government activities which are public services a false economy will be worked and great harm will come.

Furthermore, in answer briefly to the statement of the Senator from Maryland [Mr. TYDINGS] that the country will go to ruin if it obligates itself with certain of these appropriations, I feel that the country will not go to destruction. The dark days are over us to-day, but I feel that the sun will shine before long. I am one of the optimists who feel that by maintaining and building up industry we will stop this crushing depression.

The PRESIDENT pro tempore. The time of the Senator from Nevada has expired. The question is on agreeing to the amendment of the Senator from Tennessee.

Mr. ODDIE. Mr. President, I am compelled to raise the point of order against the amendment because the latter part of it provides that the net receipts from the air mail, when reaching a certain point, shall be used by the Postmaster General for the payment of these expenses. I maintain that there is no legislation providing for that, and I am compelled to make the point of order.

Mr. McKELLAR. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee desire to address himself to the point of order?

Mr. McKELLAR. I do. In order that there may not be any suggestion of basis for a point of order to the amendment, I want to perfect my amendment by striking out everything after the word "then," at the end of line 3 of the amendment as printed, and inserting in lieu thereof the following:

An additional amount equal to such excess receipts is hereby appropriated, to be used for such air mail transportation.

The PRESIDENT pro tempore. The Senator from Tennessee has a right to perfect his amendment up to the time when it is voted upon. Does the Senator from Nevada make the point of order against the amendment as modified?

Mr. ODDIE. I do not. I withdraw the point of order.

Mr. SMOOT. Mr. President, I would like to have the modified amendment reported again.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LONG. Where are we? What is the situation?

The PRESIDENT pro tempore. The Senator from Tennessee offered an amendment in this language: On page 58, line 2, strike out "$19,000,000" and insert "$9,500,000: *Provided*, That when the net receipts for domestic air mail exceeds the sum of $9,500,000, then such excess shall be used for this purpose by the Postmaster General in addition to the said sum of $9,500,000."

To the amendment in that form the Senator from Nevada raised a point of order, which in the opinion of the present occupant of the chair was clearly to be sustained, inasmuch as all the postal receipts in every form whatever go directly into the Treasury and the Congress appropriates direct for all forms of postal activities, and it was legislation and could not be added to a general appropriation bill.

The Senator from Tennessee, however, the point of order having been made against the original form, exercised his right to modify his amendment, which is the right of every Senator offering an amendment or resolution up to the time the amendment or resolution is to be voted upon. The Senator from Tennessee, under these circumstances, modified his amendment by striking out all after the word "then," in line 3, in the printed form of the amendment and inserting the words:

An additional amount equal to such excess receipts is hereby appropriated, to be used for such air mail transportation.

That language is clearly within the rule; and that modification having been made, the Senator from Nevada withdrew his point of order. Therefore, the question now is upon the amendment of the Senator from Tennessee as modified.

Mr. LONG. Mr. President, a further parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LONG. Inasmuch as we have now practically a new amendment, can a Senator be heard again on it?

The PRESIDENT pro tempore. Not on the modified amendment, because the form of words used by the Senator from Tennessee merely perfected the language of the amendment which he first offered.

Mr. LONG. Have I any time left? I want about one minute. If I have no time left, I ask unanimous consent to proceed for one minute.

The PRESIDENT pro tempore. The clerk informs the Chair that the Senator has occupied his 15 minutes, and inasmuch as he may not speak more than once the Senator has no time left to him on the amendment.

Mr. LONG. I ask unanimous consent to proceed for one minute.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator from Louisiana is recognized for one minute.

Mr. LONG. Mr. President, apparently the Senator from Tennessee himself does not exactly know what he wants to do.

Mr. McKELLAR. The Senator is very kind. However, I do not care anything about the opinion of the Senator.

Mr. LONG. I mean that in a charitable sense.

Mr. McKELLAR. I do not care in what sense the Senator means it; I resent it.

Mr. LONG. I mean that the Senator——

The PRESIDENT pro tempore. The Chair will state that this debate all comes out of the Senator's one minute.

Mr. LONG. Then my minute is gone, Mr. President. [Laughter.]

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Tennessee, as modified by him.

Mr. McKELLAR. I ask for the yeas and nays, Mr. President.

Mr. VANDENBERG. Mr. President, the final paragraph in the amendment which has been submitted by the Senator from Tennessee was upon my original suggestion. I think it will make a useful addition to the amendment, if it is to be adopted, because I think it will put a new premium, a new stimulus, upon the study of the sufficiency of air mail postal rates. It does seem to me that the air mail service could well sustain a larger self-supporting share of its cost than it does at present. I understand when the rates were increased the last time by the department that the net increase was about $800,000. I submit that there are other eligible increases that can be made in these air postage rates. It seems to me, for example, that if it is worth a 10-cent stamp for the special delivery of a letter within the confines of one city, it ought to be worth 10 cents for what is most emphatically special delivery half way across this country by air. It seems to me that the 8-cent air postage rate might well be increased. So I am wholly in sympathy with the stimulus contained in this portion of the amendment. However, Mr. President, I also agree with the viewpoint originally expressed by the Senator from Massachusetts, namely, that we are asking the air mail to carry too much of the cut when we seek to reduce the appropriation 50 per cent. Therefore in the form now pending I regret to say I can not support the amendment. I will support a lesser cut.

Lest this observation should invite a renewal of the strictures repeatedly submitted by my able friend the Senator from Maryland [Mr. TYDINGS], I want to say a word on the general subject of economy to which we both have addressed ourselves. I regret that the Senator from Maryland is not in the Chamber. In the first place I want to say to my able friend that the colloquy which occurred between us on last Friday or Saturday contained no criticism, so far as I am concerned, respecting his attitude toward this or any other legislation. I was simply calling attention to the fact that on the previous day he had said political fear was the only factor interfering with many of these reductions, and I was pointing out that he had discovered for himself that there are other factors, and, of course, there are many other factors. Nothing that I said was intended in any degree to criticize the Senator from Maryland. He does not surrender to political fear. I hope the same thing may be said for me.

There are ways to economize besides the methods indicated in this particular amendment. The Senator from Maryland is entitled to know how I would pursue those methods. I want to submit, Mr. President, that I demonstrated a year ago the fundamental way that I would pursue them, namely, by clothing the Executive with complete authority, not subject to veto by Congress, to rearrange the departments and bureaus and to consolidate and eliminate, and to save duplications and wastes. I fought here for 90 days trying to have such authority placed in the hands of a Republican President, and I have already said to the Senate that I shall move to amend the pending bill, if no other amendment of the same nature shall be submitted, to permit that type of unrestricted power to be lodged in the incoming Democratic Chief Executive. That is the fundamental principle by which, it seems to me, we can demonstrate our belief in practical and effectual economy. I stand upon that

principle without reservation and I pursue it whether under Republican or Democratic auspices. I further favor a final blanket reduction in the total appropriations for each department, the saving to be allocated as the responsible head of the department finds advisable. I so stated last week upon the Senate floor. I shall support the Senator from New Mexico [Mr. BRATTON] when he offers such amendments.

Respecting veterans' allowances, I want to say to my friend from Maryland that a significant test came upon a roll call about a year ago when an economy committee of a previous Congress proposed certain reasonable veterans' reductions, and I was one of the lonesome minority of 12 or 13 or 14 Senators who insisted that we should have proceeded then to consider the thoroughly practical and reasonable reductions then recommended by that committee. So there is no question, I hope, between the Senator from Maryland and myself respecting our very real dedication to the pursuit of economy. I acknowledge his dedication and I proclaim my own. I am sure he will pursue it with perfect good faith, and I know I shall make every such attempt. It is not a test of a man's attitude respecting economy to consider every single motion that is made as the beginning and end of a sympathetic attitude respecting reductions. I decline to support false economies. I decline to support unfair limitations. But I join whole-heartedly with my able friend from Maryland in the larger view. We must make real reductions. We must perform major operations. I am ready for these realities.

I conclude, Mr. President, by saying again that much as this amendment is improved by the supplement that has been added to it, it seems to me that the reduction proposed is all out of line respecting the air mail share of the total reduction which we are seeking to make in the expenditures of the Government.

Mr. BLACK. Mr. President, I do not desire longer to delay a vote on this amendment. I wish, however, to call attention to the fact that, so far as I have observed, one of the greatest arguments that has been made recently for governmental economy was contained in a bulletin issued by the National City Bank of New York. The suggestion was made in that bulletin that the Budget must be balanced; the suggestion was made that the Congress must reduce governmental expenditures, and insistence has been made by this bank that we must liquidate wages.

There will come before us various proposals for reducing Government expenditures. One of them, I understand, is to reduce the appropriation for the Federal Trade Commission. Doubtless, that would come within the list of governmental expenditures the reduction of which would meet with the approval of the National City Bank. It has been called to the attention of the Senate that the same National City Bank that is so insistently urging upon Congress a reduction of governmental expenditures is a beneficiary from the very subsidy which the Senator from Tennessee is seeking to reduce. What better advice and counsel could we have in voting upon a reduction of governmental expenditures than to accept the argument presented by the National City Bank that Government expenditures must be reduced, particularly in view of the fact that directors of the National City Bank are also directors of the companies that are the beneficiaries of this subsidy?

Mr. President, I desired to say these few words because I am not voting for this amendment wholly and completely upon the grounds asserted by some Senators who have spoken in favor of it.

I do not believe that it is incumbent upon us to vote for every reduction that is offered to an appropriation bill, but if there are to be any reductions, I ask where should we begin? Should we begin those reductions on the salaries of Government employees? There are those who are here impatiently waiting, I understand, for the opportunity to vote for a reduction of veterans' benefits. Are the veterans any less entitled to benefits than the National City Bank? Are the veterans any less entitled to benefits than the J. P. Morgan banking house of New York? It has recently come out before the committee investigating interlocking directorates that in granting these subsidies, both to the mail contractors and to the shipping interests, we are voting subsidies to the house of Morgan and to the National City Bank and to the Chase National Bank.

I do not criticize those Senators who believe that it is appropriate and right to vote subsidies to Mr. Morgan or to vote subsidies to the National City Bank, but I do say that it would seem a strange and unusual position to assume that it is justifiable to vote subsidies to the house of Morgan and to the National City Bank and to the Chase National Bank, and then stand upon this floor and wait for the time to put the hatchet on the heads of the veterans and on the heads of the employees who are working for the Government. So, Mr. President, let it be clearly understood that in voting for this reduction we are voting for a reduction in a subsidy.

In so far as I am concerned, the only objection I have to the amendment is that it does not completely wipe out the subsidy. The only objection I have to the proposals that are to be made with reference to subsidies to the shipping interests is that they will not completely wipe out the subsidies. It is my judgment that the history of this Nation shows, from the very first subsidy which was granted to the shipping interests, that it is wholly and completely impossible to vote Government taxpayers' money into the pockets of a private enterprise as a subsidy without bringing down upon ourselves the evils of political corruption and overpayment to those who least need the overpayment for their services.

Some say that the adoption of the amendment would jeopardize and cripple the mail contracts and the aviation mail service. Suppose it should; let us assume that that statement is true; yet, as pointed out by the Senator from Maryland, the Government is running at a tremendous loss every day. We hear it frequently said by the same exponents of the subsidy idea, those who are the chief beneficiaries, the same banking interests in New York with their ramifications extending into every business enterprise of this Nation, that we should liquidate individually and collectively and do away with luxuries. If it be true that the air mail service would be eliminated, as has been suggested and as I do not believe, which would be the more important, to follow the gospel announced by the National City Bank in the bulletin which I have of liquidating wages in this country—and liquidation, by the way means finished, dead—or whether we should continue to vote subsidies from the taxpayers' money for the benefit of whom? For the benefit of those who are operating the services. Do not be deceived; the great interests that are behind the idea of subsidies are not backing them for the interest of the common man. They are backing them because from the beginning of the history of such subsidies in this country they have been utilized for the advantage not of those whom they claim they want it to benefit, but for the advantage of those who draw the profits that come from the pockets of the millions of people who contribute their nickels and dimes in taxes.

So, Mr. President, I place my opposition to this subsidy upon the straight, simple proposition that it is contrary to good business judgment, particularly in times of economic distress, to tax all the people for the benefit of those who need it the least.

What interest do we serve by voting the money of taxpayers of Maine, California, Alabama, Montana, and New York to sustain an enterprise which, if it is worth sustaining, can be sustained by the National City Bank and the Chase National Bank with their control upon the credit and the money of this country. They are the directors; they are the controlling factors in these institutions that we hear it said will topple and fall if we do not exact more hard-earned nickels and dimes out of the pockets of the people of this country in order to sustain these business enterprises operated by the large banking interests of this Nation.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Iowa?

Mr. BLACK. I yield to the Senator.

Mr. BROOKHART. I should like to ask the Senator what is the attitude of the railroads and the telegraph companies, the Morgan-controlled crowd, toward this amendment.

Mr. BLACK. I do not know what their attitude is. I know that the evidence shows that the same interests control the railroads; and, in so far as I am concerned, I am not speaking merely against this subsidy. I am just as much opposed to giving a subsidy to the railroads controlled by the Morgan and banking interests as I am to giving a subsidy to the airplane companies. I was just as much opposed to the subsidy provided in the Reconstruction Finance Corporation act as I am to this subsidy. I found, I believe, only eight Members who would vote that way in the Senate; but there were eight, as I recall, who voted against that subsidy. It also went to the same place, as has been shown by the activities. It went right back to the very interests that they said needed bolstering up—the Morgan interests and the banking interests that controlled them. In so far as I am concerned, Mr. President, if we are going to have governmental economy, let us begin by cutting the appropriations away from those who are best able to stand the loss.

Who are they? If it be true that the National City Bank and the Chase National Bank and the Morgan interests are more in need of that money which comes from the taxpayers of this Nation than are any other people, then this subsidy should be sustained; but, in so far as I am concerned, the only regret I have is that the Senator from Tennessee [Mr. McKELLAR] has not seen fit to strike all of this subsidy from the bill, as well as all of the subsidies for the shipping interests which are contained in the various subsidy measures here.

I desire to call attention to one fact, and then I am through, Mr. President.

The evidence shows that the same people who will get the air mail subsidy get the railroad subsidy; that the same people who will get the air mail subsidy get the shipping subsidy; and so it goes. As we walk along singing about economy and talking about balancing the Budget we merrily vote millions of the people's money for the purpose of subsidizing whom? The Morgan interests, the National City Bank, and the Chase National Bank, that control the institutions for which some have expressed such great solicitude on this floor!

Mr. METCALF. Mr. President, while I am in favor of just as much economy as any department of the Government can stand, I feel that we are going a little too far at this time in changing this amount from $19,000,000 to $9,500,000. Therefore I move to amend those figures by inserting "$16,000,000" instead of "$9,500,000."

The VICE PRESIDENT. The Senator from Rhode Island proposes an amendment to the amendment of the Senator from Tennessee, which will be stated.

The LEGISLATIVE CLERK. The Senator from Rhode Island proposes to amend the amendment of the Senator from Tennessee by striking out the numerals "$9,500,000" and inserting "$16,000,000," so that the amendment will read:

On page 58, line 2, strike out "$19,000,000" and insert "$16,000,000": *Provided*, That when the net receipts from domestic air mail exceeds the sum of $16,000,000, then an additional amount equal to such excess receipts is hereby appropriated, to be used for such air mail transportation.

Mr. WALSH of Massachusetts. Mr. President, may I ask the Senator from Rhode Island if his amendment is equivalent to reducing the amount of the appropriation for this purpose 25 per cent instead of 50 per cent?

Mr. METCALF. It is not quite 25 per cent.

Mr. WALSH of Massachusetts. It approximates 25 per cent of the amount of the subsidy, but is much less per cent of the amount of the appropriation.

Mr. METCALF. It is something like 21 to 22 per cent.

Mr. WALSH of Massachusetts. About 15 per cent, I am informed, of the appropriation.

Mr. BARKLEY. Mr. President, I will say to the Senator from Massachusetts that I had contemplated offering an amendment to the amendment of the Senator from Tennessee making a reduction of exactly 25 per cent, which would make the amount $14,250,000 instead of $16,000,000, as carried in the amendment of the Senator from Rhode Island. That would be the exact figure represented by a 25 per cent reduction.

Mr. WALSH of Massachusetts. I was hopeful that some less extreme amendment reducing the amount of the appropriation might be offered.

Mr. BARKLEY. Of course, that amendment would not be in order until the amendment of the Senator from Rhode Island is disposed of.

Mr. VANDENBERG. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Michigan?

Mr. BARKLEY. Yes.

Mr. VANDENBERG. The amendment offered by the Senator from Rhode Island does reduce by 25 per cent that portion of the appropriation which gives a subsidy and which is not reimbursed by the receipts from the service.

Mr. BARKLEY. Of course, it does not reduce by 25 per cent the $19,000,000 carried in the bill. I do not know what part of that is a subsidy and what part is not.

Mr. VANDENBERG. Eight million dollars comes back in postage. Therefore, the subsidy is $11,000,000.

Mr. BARKLEY. That is one of the things I rose to inquire about; and I should like to have the attention of the Senator from Tennessee [Mr. McKELLAR].

This appropriation which the Senator seeks to reduce to $9,500,000 from $19,000,000 is, of course, money appropriated out of the Treasury for the purpose of compensating airplanes for carrying the mail of the United States. How much of that is returned to the Treasury in postal receipts derived from air mail?

Mr. McKELLAR. Mr. President, I have just been looking for that amount in the hearings. My recollection is that it is $6,000,000, but another member of the committee stated that it was $8,000,000. I do not know which of those figures is correct.

Mr. BINGHAM. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Connecticut?

Mr. BARKLEY. I do.

Mr. BINGHAM. I asked the Postmaster General this morning what the receipts would amount to this year, and he said about $9,000,000.

Mr. BARKLEY. That is for the fiscal year 1933 ending next June.

Mr. BINGHAM. He said that with the increased service the amount would be considerably greater than that in the next fiscal year.

Mr. McKELLAR. Mr. President, if the Senator from Kentucky, having asked me a question, will allow me to answer it just a little further, I should like to say that my recollection is that the agent of the Ludington Line stated that they would be happy to carry the mail and could make money on a contract to carry it for just one-half of what the Postmaster General is now paying out under these various contracts. He pays 45 cents a mile. The rate used to be 67 cents per mile. In other words, the bigger the appropriations the more contracts are made and the less the payment per mile is reduced; but the rate now is 45 cents a mile. Here is a splendid line that would be perfectly willing to carry the mails at one-half of what is now being paid. For that reason the 50 per cent proposal ought to carry.

Mr. BINGHAM. But, Mr. President, that is only between two cities.

Mr. BARKLEY. Mr. President, of course, I have not read the hearings, and I do not know what any of these airplane lines would be willing to do if they had to do it. The Ludington Line runs only between Washington and New York. I see in the papers that it is about to be taken over by another airplane line for $250,000. I do not know whether that is authentic or not, but the papers yesterday and this morning indicated that they were negotiating.

That, however, is neither here nor there. Of course, it is difficult to draw a straight line in a matter of this sort and

say that any particular amount is absolutely necessary as a subsidy or subvention or contribution on the part of the Federal Government toward any new enterprise or transportation facility engaged in carrying the mail. To undertake to do that would require that we say something about what mail ought to be carried by airplane and what ought not, and that is not my function or the function of the Senate.

I have gotten a lot of letters by air mail that would have been just as well if they had not been mailed at all, and I have sent some of the same kind. There was no special reason why they should go by air mail except that I wanted to enjoy the experience of sending one by air mail to somebody who would get it a little quicker than he would by train; but, so far as the absolute necessity for getting it a day sooner was concerned, it did not exist. So it is difficult to draw a line and say where the air mail is indispensable or essential and where it is not.

I agree with the suggestion that the 50 per cent reduction, if there has been any virtue at all in this thing, is rather drastic. I might be willing to vote for a 50 per cent reduction if I were convinced that it ought to be made, but I am frank to say that I have not been so convinced. I am willing, however, to go to the extent of 25 per cent, and I had intended to offer an amendment making this appropriation $14,250,000 instead of $19,000,000 had the Senator from Rhode Island [Mr. METCALF] not offered his $16,000,000 amendment. If his amendment is defeated, I shall still offer the amendment providing for a 25 per cent reduction instead of a 50 per cent reduction.

Mr. LONG and Mr. BINGHAM addressed the Chair.

The VICE PRESIDENT. Does the Senator from Kentucky yield; and if so, to whom?

Mr. BARKLEY. I yield first to the Senator from Louisiana.

Mr. LONG. Mr. President, I was just thinking that there is a difference of only a million dollars or so. Cutting off $3,000,000 is quite a little bit. We have practically no record here, of course, of what they can make out with. Does the Senator think that we could compromise on the $16,000,000? There is not a great deal of controversy over it. Let us cut the amount $3,000,000.

Mr. KING. Mr. President, some of us are not willing to compromise on that amount.

Mr. BARKLEY. I do not know, Mr. President. I like to go by quarters. I should like to make the reduction 25 per cent, or some even percentage like that, rather than 16⅔ per cent, or 21 and a fraction.

Mr. LONG. Two bits—four bits.

Mr. BARKLEY. If there is any virtue in cutting it at all, a cut of $3,000,000, of course, is better than none.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Virginia?

Mr. BARKLEY. I do.

Mr. GLASS. I should like to propose a compromise to strike it out altogether, and save the taxpayers that much money.

Mr. BINGHAM. Mr. President——

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Connecticut?

Mr. BARKLEY. I yield to the Senator.

Mr. BINGHAM. May I suggest to the Senator that in view of the fact that the Postmaster General told us this morning that the receipts were about $9,000,000, there is a subsidy of only $10,000,000 here. Therefore, the proposal of the Senator from Rhode Island to cut $3,000,000 from the amount in the bill is virtually a cut of the subsidy of 33⅓ per cent. It is more than a cut of 25 per cent.

Mr. BARKLEY. Of course, I suppose the Postmaster General is speculating somewhat in the statement that the receipts for the present fiscal year will be $9,000,000. They have not been that so far in any fiscal year. They were not that for last year; and unless it is contemplated—as I suppose it ought to be—that under the régime that is coming in soon, business will pick up, and there will be more money to spend for mail pay and otherwise, probably we need not go too far in accepting the speculative figure of $9,000,000 as the income for the present year. So I do not think it is material whether it is eight or nine million, and we might as well accept the lower figure.

I shall feel inclined to vote for the amendment of the Senator from Rhode Island. If it is defeated, then I shall offer my amendment to make a flat reduction of 25 per cent.

Mr. GLASS. The Senator from Kentucky, I think, has voiced a fear about this whole program that is quite common in the Senate. We do not know precisely what we are doing under either amendment. I am wondering whether the Senator from Kentucky would not concur in some opinion that has been voiced here in the Chamber, to the effect that the Senate would do much better if it would strike out the paragraph providing for air mail altogether at this time and let the matter ride until we deal with it in a deficiency bill some time before the 1st of July.

Mr. BARKLEY. The trouble is that if we strike it out, it may not ride. That is one of the contentions, that we have to have this appropriation, at least to some extent.

I appreciate the fact that it may be a dangerous venture for the Government to undertake to supplement by public appropriations the ordinary receipts of the functions of the Government. We are doing it in connection with the carriage of the mail by steamships. We are giving the companies operating the ships what we call a subvention because that sounds better than "subsidy," but it is the same thing. We are subsidizing all sorts of mail service, not only that carried by water and air and rail, but we are also subsidizing that carried by horse and by automobile.

If we are to cut out all of the subsidies we are giving to people who carry the mail, and, indirectly, to people who receive mail, then we could probably reduce the appropriation for postal services altogether about one-half. But we are not going to do that, and I do not know that we ought to do it. I am not recommending that we do it. If we could be absolutely sure that, by eliminating all these subsidies, by eliminating all appropriations over and above the receipts of the Post Office Department, and require that department to be self-sustaining in all its branches, it might be a good thing, after all, to do it; assuming that for a year or two there would be considerable objection on the part of the patrons of the Post Office, the receivers of mail, to any such program.

In the light of the information I have, or the lack of information, I do not feel justified in voting to eliminate this appropriation altogether. That is my answer to the Senator's suggestion.

Mr. ODDIE. Mr. President, I hope the amendment offered by the Senator from Rhode Island will not be agreed to. I am sure that it would deal a blow to the air mail service which would be most serious.

I mentioned the fact the other day that a cut in this appropriation might mean a reduction of pay of the air mail pilots, and I believe that would be wrong. I have had some experience in day and night flying, and I know what those men have to contend with. They are obliged to fly day and night in all kinds of weather. I repeat what I said here several days ago, that they are a splendid and brave lot of men. They are a vital part of this great industry, and cutting this appropriation would injure them. It would also do an injury to aviation which could not be undone for a long time to come.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. ODDIE. I yield.

Mr. BARKLEY. I realize the importance of efficient, competent, experienced, skilled, nervy pilots of airplanes, whether they are in the mail service or any other service, and I would be the last man in the world who would want to cripple their efficiency, or show any lack of appreciation for their spirit, by a reduction in their pay. They are not publicly employed, as I understand; they are employed by the air lines which have these contracts. Is that true?

Mr. ODDIE. That is true.

Mr. BARKLEY. Does the Senator know how many of them there are?

Mr. ODDIE. I can not state the exact number of pilots. I gave some figures a few minutes ago which showed roughly the number of men employed in the aviation industry. Those figures showed that there are 30,000 persons employed, that about 6,500 are engaged in air transportation. I can not tell just how many of those are pilots.

Mr. BARKLEY. Of course that figure includes all those who work around the hangars, the entire force.

Mr. ODDIE. There are necessarily many men employed in and about the hangars.

Mr. BARKLEY. I suppose there are not over a hundred men actually engaged in flying the planes which carry the mail.

Mr. ODDIE. Oh, there must be far more than that.

Mr. BARKLEY. Of course I am only guessing.

Mr. ODDIE. It is a great and growing industry.

Mr. REED. Mr. President, will the Senator from Nevada yield for a question?

Mr. ODDIE. Certainly.

Mr. REED. I am perplexed at the Senator's position in opposing the amendment offered by the Senator from Rhode Island. If that amendment is beaten, the alternative then will be between an appropriation of $9,000,000 and one of about $3,000,000, while if the amendment prevails, the alternatives for the Senate to choose from will be between $16,000,000 and $19,000,000. Why does not the Senator take the risk, so to speak, by accepting the amendment of the Senator from Rhode Island? It could not hurt his bill, and it might save $6,000,000.

Mr. ODDIE. Mr. President, I can not accept it because I think it is wrong and unwise. I feel that we must reject both these amendments if we are to retain our air mail service. I know that these companies which are carrying mail and passengers day and night are spending millions of dollars in buying new equipment and new planes. They are spending large sums of money in experimenting in safety devices and improvements, and if we make this cut, it will be wrong. I believe that the amendment of the Senator from Rhode Island should be rejected, and the amendment of the Senator from Tennessee should then be rejected. I am perfectly frank about it. I think we should face this issue squarely.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. NYE. Mr. President, I desire to speak only briefly upon the pending amendment. The fact that I find myself compelled to oppose the amendment offered by the Senator from Tennessee is a matter of regret to me, because I realize only too well how much foundation there is for the belief that there is much room for economy in the matter of these air mail contracts. I should like to go with the Senator in his amendment, and might do so if we had access to more definite information as to just what the result of the amendment would be. I might go the entire route with him.

I fear, however, that instead of effecting an economy, we might, instead, under the Senator's amendment, be only crippling this institution, and, through that crippling, find ourselves wasting the nine and a half million dollars provided for air mail service.

If I could have my way at this time, I should ask that the entire appropriation for air mail be dropped from the bill, and that we seek to provide for the future, starting with July 1 next, through a deficiency bill, such as we will have between now and that time. In the meantime, I should like to see the new administrators of the Post Office Department devote themselves to a study of what economies could be effected. I should like to see them go a step farther, and ascertain just how large the monopoly is which these subsidies seem to have encouraged.

Mr. McKELLAR. Mr. President, I am just wondering whether the Senator is for economy "just around the corner."

Mr. NYE. No; I am for economy in the fiscal year starting July 1 next, the same sort of economy the Senator is appealing for in connection with the Post Office-Treasury appropriation bill, and I believe we could effect economies if we afforded the new administration an opportunity to furnish to the Congress the details as to just what economies could be effected. Or, to take it another way, let the Congress know just what would be the result to the air mail service if such an amendment as that offered by the Senator from Tennessee were to prevail.

The question might be asked why we are not ready now to resubmit this question to the committee and ask them to invite information from the present administrators of the Post Office Department. I do not feel that there is any hope of any real worth-while information from that source. I can not feel other than that the Postmaster General has lent his hand to the building of a gigantic monopoly, utilizing Federal funds in the form of this subsidy to encourage that monopoly, much to the detriment of the service which does accrue through air mail.

To-day's Washington Daily News contains a story by their writer on aviation, Mr. Bob Ball, which I think ought to be made a part of the RECORD, revealing, as it does, how this monopoly has grown and grown, until now, under contracts which are pending, when they are granted, we will find the air mail subsidies going to the advantage and to the benefit of two or three holding companies in the United States.

For the reasons I have stated I am going to have to vote against the amendment offered by the Senator from Tennessee, but when this matter shall have been disposed of, no matter what the outcome may be, it is my intention to move that the entire item as it relates to air mail contracts, the entire item of $19,000,000, be dropped from the bill, and then we can hope to deal with it in a deficiency bill some time before the 1st of July next, at which date this bill, if enacted, will become effective.

Mr. KING. Mr. President, I regret that the Senator from North Dakota, in his concluding sentence, indicated a purpose to vote against the amendment offered by the Senator from Tennessee. As I understood him, however, he is opposed to the provision appropriating $19,000,000 for air mail contracts. I associate myself with him in his proposition that the entire appropriation be eliminated from the bill in order that the next administration may have an opportunity to examine this question and work out a plan just and proper under which airplane mail-carrying contracts may be entered into, or at least that contracts now existing and which should be modified or changed should be so adjusted as to do justice to all parties interested and at the same time protect the taxpayers of the United States. Undoubtedly a comprehensive plan dealing with air mail contracts will be adopted under the next administration.

It is obvious from the discussion which has taken place that no satisfactory plan has been evolved and that no sound and suitable policy has been adopted by the Post Office Department in providing for the carrying of mail by airplanes. Facts which were developed at the hearing—and I submit that all the facts were not presented—demonstrate, in my opinion, that improvident contracts have been let; that duplication of air mail routes has been permitted; and that the interests of the taxpayers have not received proper consideration. I can not help but believe from the facts developed at the hearings, and from the information which has been brought to my attention, that there has been too much solicitude for the manufacturers of airplanes, and for operating airplane companies, and that this solicitude has led to unwarranted subsidies and has been promotive of monopolies.

I think the facts fully justify the conclusion that a very few large corporations in which important financial interests have been concerned have largely dominated the air mail situation. It is also, I think, established that the subsidies granted have not been justified and that with respect to some of the corporations inordinate profits have been realized. I agree substantially with what the Senator from

North Dakota has said respecting the policies pursued by the Post Office Department in giving air mail contracts. He has indicated that there is a monopolistic control over many of the important air mail routes in the United States, and that under the present policy of the department this monopolistic control will become more formidable and oppressive. Certainly there is no reason justifying the large subsidies which have been paid air mail contractors, and there is less justification for continuing these large subsidies. That is particularly true at the present time, when the appropriations of the Government greatly exceed the revenues, and the deficits which result will inevitably impair the credit of the National Government. The constant asservations of Senators that they are for economy, that they desire to introduce reforms in the administration of the Government and bring the operating expenses of the Government within the revenue, are negatived by appropriation bills which are reported and by the repeated votes in favor of these large appropriations which result in increased deficits.

It is important that we square our avowals for economy with our votes. Apparently it is easy to promise reforms and reductions in appropriations, but it is difficult, and it seems impossible, to redeem the promises made and live up to the avowals which so glibly are made. States and political subdivisions are reducing appropriations. Many of the people are demanding that Federal appropriations be reduced. I should add, however, that from many quarters of the United States requests are made for increased appropriations. It is manifest that the constant invasion by the Federal Government of the functions of the States and local communities has whetted the appetites of many of the people to demand continued appropriations by the Federal Government. One transgression leads to other transgressions. When the Federal Government intrudes into the circle which should be occupied by the States and their political subdivisions, it is difficult to retrace its steps and to return to the path of safety and constitutional government.

It must be obvious to all of the people that the Federal Government must adopt policies of retrenchment; that it must reduce its expenditures or it will soon, like many improvident individuals, end in a court of bankruptcy. Governments may become bankrupt as corporations and individuals, by unwise and profligate expenditures, are precipitated into that abyss. It is a dangerous thing to impair the credit of a government. It would be a catastrophe for this Republic to have its credit impaired, but there seems to be a lack of appreciation of the functions of government or the limitations imposed upon it, and of the fate which awaits it if it transgresses fundamental principles and pursues a spendthrift course like those who are indifferent to the consequences of injudicious and foolish acts. This Republic has no promise of immortality.

It may adopt policies that will result in serious consequences if not national ruin. More than $5,000,000,000 of deficits have resulted from extravagance and folly during the past two or three years. Deficits will continue if there shall not be an immediate halt in the reckless spending and in the waste and extravagance characterizing the national administration.

Many persons like the easiest way, and the easiest way upon the part of Congress seems to be to accede to the demands for Federal appropriations, many of which are not justified. It is obvious that the credit of the Government will not forever be maintained against the demands made for Federal appropriations. The greater part of the revenue which sustains the Government is derived from corporate and individual profits. In these dark hours corporate profits are vanishing and individual incomes are shrinking. The revenues derived from customs duties are less than half of the aggregate derived a few years ago. As State and municipal revenues are being materially reduced, so also Federal revenues are subjected to most serious reductions. But these reductions do not compel, as they should, an increasing diminution in Federal appropriations. When it is suggested that the Budget be balanced, there are many cynical observations and derisive comments. In my opinion, those charged with the responsibility of carrying on the Government must immediately inaugurate reforms. Bureaus must be abolished, consolidations in executive instrumentalities must be effected, tax burdens must be diminished, and appropriations drastically cut.

Of course, there will be protests, but I insist that Congress can not continue a policy which will inevitably increase the economic disorder and aggravate the industrial situation. Congress should let it be known that the Government is not an unfailing fountain and that it can not yield to every demand made for subsidies, bounties, gratuities, and appropriations. It is conceded that the greater part of the nineteen millions involved in the item under consideration is a subsidy, but it is contended by some that subsidies are warranted and that this particular subsidy is vitally important to the Republic.

Mr. President, that most subsidies are pernicious, that they are an evil which ultimately invades the entire body politic, is well known. If subsidies are granted to one industry or activity, demands are made that subsidies shall be granted to other activities or industries. One vice develops another and one transgression not infrequently breaks down the ethical and moral and constitutional wall, resulting in other vices. In times of exigencies policies may be defended which in peace times call for condemnation. We have, however, by unjust tariff policies, subsidized various industries and the result is that demands are made for further subsidies, gratuities, and legislation special in character. It were well if we could return to sound, safe, constitutional, democratic policies, and declare that there shall be equal rights to all and special privileges to none.

Mr. President, I affirm that there is no justification for this large subsidy. The Senator from Nevada has appealed for it upon the ground that a number of pilots are employed and that they need protection. We all appreciate the courage, the intrepidity of the American pilots, but there would be pilots without subsidies, and the American pilots are not asking subsidies; it is corporations, many of which are fly-by-night organizations, that are demanding subsidies. It is corporations that have small capital but vast amounts of water in their stock that are demanding large subsidies.

Mr. President, it is known that many corporations were formed a few years ago with but limited capital but with stock and bond issues for the purpose of buying or operating airplanes. Some of these corporations had no justification for their existence. They were speculative ventures. They responded to the gambling, speculative mania that possessed the American people. During the years from 1924 to 1929 billions of dollars of stocks and bonds were issued, not resting upon solid foundations. They were unloaded upon the people, and billions of dollars were lost by those who were induced to buy these speculative and, too often, worthless securities. Some of these airplane organizations on the eve of bankruptcy undoubtedly sought appropriations from the Federal Treasury to replete their exhausted treasuries and to save them from complete bankruptcy. Some of the corporations, in addition to issuing stocks and bonds far beyond what would be fair and just, paid enormous salaries to lawyers and directors and officials, some of whom rendered but little if any service. It has been brought to my attention that persons have left the Government service and accepted employment at the hands of some of these organizations at salaries far beyond what would have been a fair and just compensation.

The airplane industry is an important one. It will continue to grow as all other essential activities will grow, but the airplane industry can not expect to be a hothouse plant; it must rest upon safe and sound principles, not upon subsidies. It must have real capital, not ornamental stock issues. It must be governed by rational and sound business principles and not by stimulants and hot air.

Mr. President, I have before me a map of airplane routes in the United States. They gridiron the country; they parallel each other. They demonstrate that many of these

routes are unnecessary and should be abandoned. Certainly the taxpayers of the United States should not be called upon to carry the burden of some of these ill-advised and unnecessary airplane experiments. Most of these routes are subsidized by the Government. In my opinion, the Post Office Department has been unjust to the American taxpayers in entering into many of the contracts under which these routes are maintained. My information is that improvident contracts have been entered into, and unnecessary routes have been established, and that the Post Office Department intends to enter into other contracts and to parallel some existing lines and to contract for extensions in order that the full subsidy provided in the last appropriation bill shall be absorbed and, perhaps, constitute a basis for large subsidies to be voted by Congress in the future.

I submit, Mr. President, that we are justified in the conclusion that some of these contracts were not in the interest of the public but were in the interest of airplane corporations, some of which are monopolistic and others of which have no justification for existence, and can only survive by liberal doses of financial aid obtained from the Treasury of the United States.

Mr. President, millions of dollars have been appropriated and expended by the Army and Navy for the building and operation of airplanes. No one denies the importance of airplanes in peace and in war. Congress has been liberal—perhaps too liberal—in the subsidies granted to what might be denominated commercial aeronautics. I believe that existing contracts should be investigated; that some of the so-called airplane routes should be abandoned; that monopolistic control of routes should be prevented; and that the subsidies granted by the Federal Government should be reduced and finally terminated. I am willing to support a measure that will deal with this question in a fair and just manner, and shall support the amendment offered by the Senator from Tennessee. If it fails I shall support a motion to strike out the entire paragraph carrying $19,000,000 appropriation, in order that the new administration may take this question up and, after a thorough and careful examination, recommend a plan for the carrying of the mail by airplanes that will be just and fair to the taxpayers of the United States and at the same time meet all legitimate demands from this industry to which the Government should respond.

Mr. FESS. Mr. President, I had not intended to make any statement until I heard the references of the Senator from Utah [Mr. KING] indicating a certain type of policy pursued by the present Postmaster General. I had a talk with the junior Senator from Utah the other day and tried to impress upon him that I thought he was laboring under a misapprehension when he was charging the Postmaster General with refusing to accept bids from competitors and in the interest of building up a monopoly.

The matter was called to my attention more than a year ago by one of the distinguished lawyers of the country who came to say that he thought the Postmaster General, in the administration of the office, was unfair to the public and to organizations which wanted to enter into the mail-carrying business. After I listened to his statement, I thought there might be something to it. I accompanied the man to the Postmaster General to present the matter to him myself. It was charged that he was establishing conditions that made it impossible for anyone except certain people or certain corporations to make application; that he was foreclosing all others, and that, therefore, that was equivalent to a Government monopoly. I found, however, Mr. President, that the person who was making the complaint was at the time organizing a company in order to get a contract with the Government to carry mail. The company had not yet been organized.

The Postmaster General in commenting upon laying down these conditions that were necessary to enter a contract, stated specifically that in the first place every corporation would have to establish its responsibility when it was entering into a contract with the Government on the one hand, and, secondly, that the Government had to have some assurance for the protection of the pilots who had to fly at night, in bad weather as well as good weather, and that the conditions which had been stipulated upon which a contract was to be made would not include an unorganized company and especially a company that had no guaranty for the protection of the men who were working for the companies rendering the service under the Government contracts. So far as I could ascertain, the assumption that there was any particular favor or discrimination in favor of a particular company was without foundation whatever.

I know that it is absolutely impossible for any public man to be free of criticism at any time and especially at this time. That is the one reason why I deplore the Government going into business, entering on any activity that might be conducted otherwise, because this body as well as the other body will always respond through some Member finding fault and making charges against an official who might be subject to political pressure. It is one of the vices in the Government operation of any business enterprise. I do not know any example that is more glaring than the constant charge against the Postmaster General with reference to what he is doing on the basis that he is favoring a monopoly or discriminating against this or that person or company.

Mr. President, I am making this statement because it was represented to me at one time that there were discriminations to such an extent that I went to see the Postmaster General in company with the man making the charge, and became convinced that the charge was wholly without any foundation.

Mr. BRATTON. Mr. President, before the vote is taken, I want to say a word on the general subject of economy.

Mr. McKELLAR. Mr. President, before the Senator proceeds will he yield to enable me to make one brief statement?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Tennessee?

Mr. BRATTON. I yield.

Mr. McKELLAR. In order to find out exactly what the service produced last year in the way of revenue, I have taken it up with the Second Assistant Postmaster General, and he advises me that the sum for last year was $7,000,000. I thank the Senator from New Mexico.

Mr. BRATTON. Mr. President, adverting to the remarks just made by the senior Senator from Ohio [Mr. FESS], I too have heard the charge made often and repeated frequently during the last year or so that in the administration of the air mail service the Postmaster General had permitted monopolistic control. The charge did not come through anyone intending to form a company to carry mail or having any pecuniary interest in the subject. I am not discussing that charge now, except to say that the service has gravitated into the hands of a limited number of large companies.

Mr. President, the amendment of the Senator from Tennessee should be adopted. It does not involve the cancellation or revocation of a contract without warrant of law nor a breach of faith on the part of the Government. Each of the contracts contains a provision authorizing its cancellation or termination. This can be done without violating any obligation on the part of the Government.

We are confronted again with the assertion that to economize here would disrupt an indispensable service, something without which we can not get along. That argument is made at every attempt to economize, but unless we begin somewhere we will not economize at all. I think that $9,500,000 is enough for air mail subsidies under existing conditions. We may as well face the argument advanced by the Senator from Connecticut [Mr. BINGHAM] and the Senator from Nevada [Mr. ODDIE] having the bill in charge, because it will confront us every time an effort is made to reduce expenditures and lighten the burden upon the taxpayers of the country.

A large company traversing my own State will be affected, and that will confront every one of us at every step in the program. But let no Member of this body be dissuaded by a

consideration of that character. If we are going to economize, let us begin now. Let us adopt the amendment of the Senator from Tennessee. If necessary, we can curtail the air mail service during the next fiscal year. The time has arrived when we must do without some of the things we would like to have, some of the things we have enjoyed, some of the conveniences which have added to our pleasure, some of the things which have contributed to commercial intercourse; but those things must be dispensed with now. We can not afford them longer. The Government must do what an individual must do and what a family must do and what industry must do, and that is to dispense with the unnecessary things and confine disbursements and expenditures to those things which are essential and which are indispensable.

With this brief observation, merely outlining the considerations which govern me in casting my vote for the amendment, I surrender the floor.

Mr. FRAZIER. Mr. President, I appreciate the need for cutting down expenses wherever possible, but I do not like either of the amendments because they would in my estimation cripple the air mail service. I think if either is adopted, it would mean the cutting out of the newer air lines and probably leaving just the old ones. If the amendment is changed to strike out the total amount of the appropriation for air mail service, I shall vote for it, but I do not feel justified in voting for either of the amendments which would, in my opinion, cripple the air mail service. It would be a great deal better to dispense with it altogether.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Tennessee.

Mr. McKELLAR. I demand the yeas and nays.

The yeas and nays were ordered.

Mr. McKELLAR. I suggest the absence of a quorum.

Mr. ODDIE. Mr. President, may I make a statement first?

The VICE PRESIDENT. The Senator from Nevada is not permitted to make a further statement. He has already spoken once on the amendment and that is all that is permitted under the unanimous-consent agreement. The absence of a quorum having been suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names.

Ashurst	Cutting	Kean	Schuyler
Austin	Dale	Keyes	Sheppard
Bankhead	Davis	King	Shipstead
Barbour	Dickinson	La Follette	Shortridge
Barkley	Dill	Logan	Smith
Bingham	Fess	Long	Smoot
Black	Fletcher	McGill	Steiwer
Blaine	Frazier	McKellar	Swanson
Borah	George	McNary	Thomas, Okla.
Bratton	Glass	Metcalf	Townsend
Brookhart	Glenn	Moses	Trammell
Bulkley	Goldsborough	Neely	Tydings
Bulow	Gore	Norris	Vandenberg
Byrnes	Grammer	Nye	Wagner
Caraway	Hale	Oddie	Walcott
Carey	Harrison	Reed	Walsh, Mass.
Connally	Hastings	Reynolds	Walsh, Mont.
Coolidge	Hatfield	Robinson, Ark.	Watson
Copeland	Hayden	Robinson, Ind.	Wheeler
Costigan	Hebert	Russell	White
Couzens	Johnson	Schall	

The VICE PRESIDENT. Eighty-three Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Rhode Island [Mr. METCALF] to the amendment of the Senator from Tennessee [Mr. McKELLAR]. The yeas and nays have been ordered.

Mr. BINGHAM. Mr. President, the Senator from Rhode Island [Mr. METCALF] has offered as an amendment to substitute $16,000,000 for $9,500,000 as proposed in the amendment offered by the Senator from Tennessee [Mr. McKELLAR]. Greatly as I regret to see the amount appropriated for commercial aviation reduced, I appreciate the arguments that have been advanced in favor of economy and the necessity for economy. Perhaps also it is true that there are quite a number of routes on which airplanes are now engaged in carrying the mail in States which I mentioned previously to-day that might well be abandoned because so little mail is carried over those routes.

Of course, Mr. President, no one is suggesting that we reduce the amount paid to the railroads for carrying magazines and newspapers, because we do not receive for transporting them an amount equivalent to the cost of carrying them. We perform that service at the expense of the people of the United States because we believe that it is a useful service for which they are willing to pay. For that reason, it seems to me that we ought to be willing to pay to those who carry the air mail more than the air mail earns.

At the present time the air mail is earning, through air mail postage, at the rate of about $9,000,000 a year. It is proposed by the amendment of the Senator from Rhode Island, which I hope will be adopted, to add to what is earned by air mail postage an amount equivalent to about $7,000,000. It seems to me, Mr. President, that, for the sake of keeping most of the air mail lines running, that is the least we could do. I, therefore, hope the amendment to the amendment will be adopted, because I am convinced, Mr. President, that if it shall not be adopted, and the amendment offered by the Senator from Tennessee shall prevail, there will be a very serious disruption of that service, equivalent to taking off many mail trains if we were to apply the same principle to carrying the mail by rail; and if we were to apply the same principle to rural free delivery, it would take virtually all the rural free delivery routes out of existence. So I hope the amendment offered by the Senator from Rhode Island, which virtually saves about 30 per cent of the amount of the subsidy, will be adopted.

Mr. ODDIE. Mr. President——

The VICE PRESIDENT. The Senator from Nevada has already spoken on the pending amendment.

Mr. ODDIE. I ask unanimous consent that I may make a further statement regarding the amendment.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. ODDIE. Mr. President, I have just discussed the question involved in the amendment of the Senator from Rhode Island, with numbers of Members on both sides of the Chamber about it; and while I disagree with it, I have decided that it is good policy for me, under the circumstances, to accept the amendment, which I do.

Mr. McKELLAR. Mr. President, I merely wish to say in a word that I hope the amendment of the Senator from Rhode Island, my good friend over there, will be voted down. Cutting off $3,000,000 does not mean economy; it constitutes only about 15 per cent of the total expenditure. I hope the amendment will be voted down and the amendment offered by myself will be adopted.

The VICE PRESIDENT. The yeas and nays have been ordered on the amendment.

Mr. LA FOLLETTE. Mr. President, I wish to make the statement that I shall object to any further requests made by Senators to extend the time for speeches under the unanimous-consent agreement. I did not wish to object to the Senator from Nevada [Mr. ODDIE], who is in charge of the bill, making a statement, but in order that my making objections in the future may not be regarded as a personal slight by any Senator who may ask that privilege, I wish to announce that hereafter I shall object to such requests.

The VICE PRESIDENT. The question is on the amendment of the Senator from Rhode Island [Mr. METCALF] to the amendment of the Senator from Tennessee [Mr. McKELLAR], on which the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HEBERT (when his name was called). I inquire if the senior Senator from North Carolina [Mr. BAILEY] has voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. HEBERT. I have a general pair with that Senator, and in his absence I withhold my vote. If permitted to vote, I should vote "yea."

Mr. KEYES (when his name was called). I have a pair with the Senator from Oklahoma [Mr. THOMAS]. In his

absence I withhold my vote. If permitted to vote, I should vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. STEPHENS], who is necessarily detained from the Senate. In his absence I withhold my vote.

The roll call was concluded.

Mr. WAGNER (after having voted in the affirmative). On this vote I am paired with the junior Senator from Missouri [Mr. PATTERSON], who is absent from Washington because of a death in his family. I therefore withdraw my vote.

Mr. BRATTON (after having voted in the negative). I have a general pair with the junior Senator from Nebraska [Mr. HOWELL], who is absent on account of official business. I transfer that pair to the senior Senator from Louisiana [Mr. BROUSSARD] and allow my vote to stand.

Mr. FESS. I wish to announce the following general pairs:

The Senator from Kansas [Mr. CAPPER] with the Senator from Wyoming [Mr. KENDRICK]; and

The Senator from South Dakota [Mr. NORBECK] with the Senator from Nevada [Mr. PITTMAN].

Mr. NORRIS. I desire to announce that my colleague [Mr. HOWELL] is absent from the Senate on official business.

Mr. SHEPPARD. I desire to announce that the Senator from Nevada [Mr. PITTMAN], the Senator from Wyoming [Mr. KENDRICK], the Senator from Missouri [Mr. HAWES], the Senator from Louisiana [Mr. BROUSSARD], the Senator from Illinois [Mr. LEWIS], and the Senator from Oklahoma [Mr. THOMAS] are necessarily detained on official business.

The result was announced—yeas 46, nays 33, as follows:

YEAS—46

Austin	Davis	McGill	Smoot
Barbour	Dickinson	McNary	Steiwer
Barkley	Fess	Metcalf	Thomas, Idaho
Bingham	Fletcher	Moses	Townsend
Brookhart	George	Oddie	Trammell
Bulkley	Goldsborough	Reed	Vandenberg
Caraway	Grammer	Reynolds	Walcott
Carey	Hale	Russell	Walsh, Mass.
Coolidge	Hastings	Schall	Watson
Copeland	Hatfield	Schuyler	White
Couzens	Kean	Shortridge	
Dale	Long	Smith	

NAYS—33

Ashurst	Costigan	Johnson	Sheppard
Bankhead	Cutting	King	Shipstead
Black	Dill	La Follette	Swanson
Blaine	Frazier	Logan	Tydings
Borah	Glass	McKellar	Walsh, Mont.
Bratton	Glenn	Neely	Wheeler
Bulow	Gore	Norris	
Byrnes	Harrison	Nye	
Connally	Hayden	Robinson, Ark.	

NOT VOTING—17

Bailey	Howell	Lewis	Robinson, Ind.
Broussard	Hull	Norbeck	Stephens
Capper	Kendrick	Patterson	Thomas, Okla.
Hawes	Keyes	Pittman	Wagner
Hebert			

So Mr. METCALF'S amendment to the amendment proposed by Mr. MCKELLAR was agreed to.

The PRESIDENT pro tempore. The question now recurs upon the amendment proposed by the Senator from Tennessee [Mr. MCKELLAR], as amended.

Mr. NORRIS. I call for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). Repeating the announcement of my pair and its transfer that I made on the previous roll call, I vote "yea."

Mr. HEBERT (when his name was called). Again announcing my pair with the senior Senator from North Carolina [Mr. BAILEY], I withhold my vote.

Mr. KEYES (when his name was called). Again announcing my pair with the Senator from Oklahoma [Mr. THOMAS], I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. ROBINSON of Indiana (when his name was called). Making the same announcement as before with reference to my general pair with the junior Senator from Mississippi [Mr. STEPHENS], I withhold my vote.

Mr. WAGNER (when his name was called). I transfer my pair with the junior Senator from Missouri [Mr. PATTERSON] to the junior Senator from Tennessee [Mr. HULL] and will vote. I vote "yea."

The roll call was concluded.

Mr. FESS. I desire to announce the general pair of the Senator from Kansas [Mr. CAPPER] with the Senator from Wyoming [Mr. KENDRICK].

Mr. SHEPPARD. I desire to announce that the Senator from Nevada [Mr. PITTMAN], the Senator from Wyoming [Mr. KENDRICK], the Senator from Missouri [Mr. HAWES], the Senator from Louisiana [Mr. BROUSSARD], the Senator from Illinois [Mr. LEWIS], and the Senator from Oklahoma [Mr. THOMAS] are necessarily detained on official business.

Mr. NORRIS. I desire to announce that my colleague [Mr. HOWELL] is absent from the Senate on official business.

The result was announced—yeas 49, nays 31, as follows:

YEAS—49

Austin	Coolidge	Kean	Shipstead
Bankhead	Couzens	King	Smith
Barbour	Cutting	La Follette	Swanson
Barkley	Dale	Long	Trammell
Black	Davis	McGill	Tydings
Blaine	Dickinson	McKellar	Vandenberg
Borah	Dill	Metcalf	Wagner
Bratton	Fletcher	Neely	Walsh, Mass.
Brookhart	George	Norris	Walsh, Mont.
Bulkley	Glass	Robinson, Ark.	Wheeler
Bulow	Glenn	Russell	
Byrnes	Gore	Schall	
Caraway	Harrison	Sheppard	

NAYS—31

Ashurst	Grammer	Moses	Smoot
Bingham	Hale	Norbeck	Steiwer
Carey	Hastings	Nye	Thomas, Idaho
Copeland	Hatfield	Oddie	Townsend
Costigan	Hayden	Reed	Walcott
Fess	Johnson	Reynolds	Watson
Frazier	Logan	Schuyler	White
Goldsborough	McNary	Shortridge	

NOT VOTING—16

Bailey	Hawes	Kendrick	Pittman
Broussard	Hebert	Keyes	Robinson, Ind.
Capper	Howell	Lewis	Stephens
Connally	Hull	Patterson	Thomas, Okla.

So Mr. MCKELLAR'S amendment, as amended, was agreed to.

Mr. ROBINSON of Arkansas. Mr. President, I inquire whether it is in order to move to strike out the paragraph as amended commencing with line 21, on page 57, and ending with line 2, on page 58, of the bill. It is the amendment agreed to, as modified by the amendment of the Senator from Rhode Island.

The PRESIDENT pro tempore. That is in order.

Mr. ROBINSON of Arkansas. I move to strike out the paragraph commencing on line 21, page 57, down to the end of line 2 on page 58.

The PRESIDENT pro tempore. As it now stands with reference to the amendment proposed by the Senator from Tennessee, as modified by the amendment proposed by the Senator from Rhode Island.

Mr. ROBINSON of Arkansas. As amended, of course.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Arkansas [Mr. ROBINSON].

Mr. ASHURST. I will ask that the question be stated.

Mr. ROBINSON of Arkansas. Mr. President, I will state the motion, if I may have an opportunity of so doing. My motion would strike out the provision in the bill for a subsidy to air mail companies. It would leave no appropriation in the nature of a subsidy for that purpose.

It is my object to test the sense of the Senate on this proposition. We are talking here every day about reducing appropriations, but we do nothing that is worth while along that line. Here is an instance in which the service, according to one statement that is made, is earning $6,000,000 a year, and, according to another, promising to earn $9,000,000 the next year, and we are asked to appropriate $19,000,000 for a service which is at best very unprofitable.

I do not wish to cripple or destroy the air mail service but I believe it is in the nature of a luxury, and that it ought to be reorganized so as to pay for itself within a reasonable time; and if we can not terminate or reduce subsidies of this character, or take steps toward accomplishing that end, it is foolish for us to waste time here talking about economizing in the expenditures of the Government.

We talk and talk and talk and do little or nothing. If this appropriation is stricken out, if the matter is not worked out in conference, there will be ample time before the beginning of the next fiscal year to work out a policy on this subject which may be regarded as fair to the service and fair to the general public. It is almost hopeless to talk about reducing appropriations if we make reductions as have just been made in this item and conclude that we have performed our duty to the Government.

There is an enormous deficit in the revenue. We are talking about increasing taxes, we are talking about cutting down expenditures, but when we come to vote on the details of these measures we sustain the items of the appropriation.

There is not an appropriation in any of these appropriation bills that can not be justified from the standpoint of those who wish to expand and develop the activities of the Government. There is not an appropriation in any of the bills which will be substantially reduced if we proceed upon the theory on which we are now proceeding, and we may just as well abandon the theory of reducing Government costs.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. WALSH of Massachusetts. Is it the Senator's idea that the appropriation for the activity now under consideration should be left to the new administration?

Mr. ROBINSON of Arkansas. I feel that should be done unless a satisfactory conference agreement is reached, and I think there are a good many reasons for it that do not yet appear in the RECORD.

Mr. WALSH of Massachusetts. In other words, the Senator thinks that the new administration which will have the duty of balancing the Budget and will have to find revenue to meet the appropriations ought to have something to do with appropriations of this character?

Mr. ROBINSON of Arkansas. Oh, yes; if we make the appropriation now, the contracts will be made, and then we will be estopped from any attempt to reduce them, and next year we will have still further increases in the expenditures.

Mr. President, speaking now from the standpoint of one who wishes to do the right thing, let me ask, Why should we commit ourselves at this time to an enormous expenditure for subsidizing air mail when there will be an opportunity to work out the problem and reach a conclusion that will be fair and just before there will be any real necessity for making or carrying out the contracts or expending the money?

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. LONG. Could not these other items also wait? The money proposed to be appropriated would not have to be used until July 1.

Mr. ROBINSON of Arkansas. Which other items?

Mr. LONG. I mean the other items in the pending bill. The pending question relates to the air mail contract. The Senator has stated that we will have plenty of time to make the appropriation for the air mail service. Could not the other items in the bill, the other appropriations, wait until July 1?

Mr. ROBINSON of Arkansas. I have to deal with the amendments as they are presented. I do not know what other items the Senator has in mind.

Mr. LONG. My understanding is that about 95 per cent or perhaps 100 per cent, of the items in the bill are appropriations to be made for the year beginning July 1.

Mr. ROBINSON of Arkansas. Mr. President, I can not concede the conclusion of the Senator from Louisiana. I do not wish to pursue a course which would in effect carry over the appropriation bill, but I am making the point that, as to this particular provision, there is no occasion for committing the Government now to this expenditure, at a time when there is such an enormous deficit in the revenue. I am entirely content to let the Senate express its judgment on the subject.

Mr. ODDIE. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. I yield.

Mr. ODDIE. Is not the Senator familiar with the fact that the Government has made actual contracts with the airplane companies for the carrying of the mail?

Mr. ROBINSON of Arkansas. We have been told, during the course of the discussion here, that the contracts are revocable on the part of either party, and that they are not enforceable on the part of either party.

Mr. ODDIE. Does the Senator think that even if a contract is revocable, one party to the contract which makes expenditures in the belief that the contract will be continued and carried out should be made to lose?

Mr. ROBINSON of Arkansas. That is the very point. The Senator is taking the position now that the present administration, by its course and policy, has bound the next administration to the expenditure during the fiscal year beginning July 1, 1933, of $19,000,000 for air mail service, when we are told all the while that thousands of people in the country are suffering for the necessities of life and that it is necessary for the Federal Government to make contributions to their necessities.

Mr. ODDIE. Mr. President, is it not a question of good faith to a large extent on the part of the Government to carry out its contracts, under which one party has expended large sums of money?

Mr. ROBINSON of Arkansas. Mr. President, if the contract expressly permits and provides for revocation, the object of inserting a provision of that sort is to prevent the Government from being bound to the execution of the contract. Of course, the question of the Senator from Nevada is primary, as I see it.

I shall insist on a vote on the amendment.

Mr. BINGHAM. Mr. President, I think the Senator from Arkansas was not in the Chamber this morning when I stated that all of the contracts made between the Government and the companies carrying the air mail which contain the clause to which he refers have been abrogated, voluntarily given up by both sides. They are not any longer in existence. The contract which the Senator from Tennessee read yesterday was given up six years ago.

Mr. McKELLAR. Mr. President——

Mr. BINGHAM. Just permit me to make the statement.

Mr. McKELLAR. If that is true, then the report of the Postmaster General is entirely misleading, to say the least about it, because these contracts are found in the book which the Postmaster General has sent to us, and he has testified they were the contracts with the Government.

Mr. BINGHAM. Those were the contracts. That is not misleading. Those contracts could be voluntarily given up by agreement between the two parties, and that has been done. No person carrying the air mail to-day is operating under one of those contracts. The contracts have been given up in exchange for a certificate provided for under the Watres Act. If the Senator from Arkansas will study those certificates which have been issued, he will find that they are to be canceled on a certain date, I think it is the 5th of April, 1936, and, under the statement given in the same book to which the Senator referred, on page 343, paragraph 16, the certificate reads:

> This certificate may be canceled by the Postmaster General at any time for willful neglect on the part of the holder to carry out any rules, regulations, or orders made for its guidance, notice of such intended cancellation to be given in writing by the Postmaster General and 45 days allowed the holder in which to show cause why the certificate should not be canceled.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

Mr. BINGHAM. Certainly.

Mr. ROBINSON of Arkansas. Have air mail contracts for the fiscal year 1933–34 been entered into?



Mr. BINGHAM. There are no persons carrying air mail at present under contract.

Mr. ROBINSON of Arkansas. Very well. That is a complete answer to the suggestion of the Senator from Nevada.

Mr. BINGHAM. I do not think the Senator realizes the fact that in surrendering those contracts, persons carrying the air mail accepted certificates provided for in the Watres Act, and these certificates can not be canceled except for willful neglect on the part of the holders to carry out the provisions. The rates under which the companies operate under these certificates are changed from year to year. As I pointed out this morning, they have been reduced in the past three years by nearly 50 per cent. The average rate when the certificate first went into effect, in 1930, was 85 cents a mile, and that was reduced in April, 1931, to an average of 72 cents a mile, and in 1932, on January 1, to 62 cents a mile, and again reduced on November 1, 1932, to 45 cents a mile.

May I say to the Senator that it will be entirely within the option of the Postmaster General in the new administration to work out fair and equitable rates with the persons holding these certificates, but since these persons have all given up their contracts and accepted certificates, the clause to which the Senator refers is not subject to operation at this time.

Mr. ROBINSON of Arkansas, Mr. BORAH, and Mr. GLASS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield; and if so, to whom?

Mr. BINGHAM. I yield first to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. What is the certificate? Does it bind the Government indefinitely to the payment of these rates?

Mr. BORAH. That is the question I was going to ask.

Mr. GLASS. I wanted to ask, too, if the certificate issued by the Postmaster General could supersede a contract provided by law.

Mr. BINGHAM. The certificate to which I referred, which is set forth at page 343 of the hearings, was granted by the Postmaster General on the 22d of October, 1930, and was accepted upon the terms and conditions set forth by the National Air Transport, that being one of the certificates which is in the record. As I said, by arrangement with the Postmaster General, none of the certificates is to be continued any longer than the 5th of April, 1936. With that understanding these companies went to work, built hangars, purchased expensive planes, and went into the operation of the contracts. I use the word "contracts" not in its extensive legal sense, as referring to the original air mail contract, but as an agreement between the transport people and the Government.

Mr. ROBINSON of Arkansas. Then it developed, as I understand the Senator from Connecticut, that the present Postmaster General has entered into contracts for the carriage of air mail which do not expire until 1936, and it does not matter that they are called certificates. If it is not a contract, it is not enforceable.

Mr. BINGHAM. The Senator referred to the clause in the contract which he said made it possible to cancel the contract. That clause does not occur in the certificate which, in the nature of a contract, is now in existence.

Mr. ROBINSON of Arkansas. Why was the certificate arrangement substituted for the contract?

Mr. BINGHAM. After the passage of the Watres Act.

Mr. ROBINSON of Arkansas. That does not answer my question. Why does the Postmaster General substitute the certificates for something else that preceded them?

Mr. BINGHAM. The certificates are in existence. The point I was trying to make was that the remark of the Senator from Arkansas was to the effect that in the contract there is a clause which permits the contracts to be canceled, but which does not exist in the present situation in the arrangement between the carrier and the Government.

Mr. ROBINSON of Arkansas. In other words, the certificates are not revocable?

Mr. BINGHAM. The certificates are not revocable except, I repeat, for willful neglect on the part of the operator.

Mr. ROBINSON of Arkansas. What was the object of the Postmaster General in seeking to tie the Government up in what are essentially contracts until the year 1936? How did it happen that that very remarkable action was taken?

Mr. BINGHAM. It was to carry out the Watres Act passed by Congress.

Mr. ROBINSON of Arkansas. Did the Congress provide for or authorize the issuance of certificates by the Government effective for several years?

Mr. BINGHAM. Even longer than the Postmaster General provided. Under the Watres Act the certificates might have been granted for 10 years.

Mr. ROBINSON of Arkansas. The Senator says the certificates are issued in accordance with law?

Mr. BINGHAM. Yes; and under the Watres Act might have been given for 10 years, but actually they all expire the 5th of April, 1936.

Mr. ROBINSON of Arkansas. They had to be advertised; but no advertisement was made of them, I understand.

Mr. BINGHAM. The Senator makes a very extraordinary statement.

Mr. ROBINSON of Arkansas. If it is not correct, I wish to be corrected, but I do not care to have the Senator characterize my statement as an "extraordinary statement."

Mr. BINGHAM. In my opinion the terms of the Watres Act were carried out accurately by the Postmaster General, but that issue was not in the hearing and was not raised in the committee.

Mr. ROBINSON of Arkansas. I am raising it now. Does the statute permit the Postmaster General to issue these certificates without notice, without bids, without advertisement, and to make contracts with just any person with whom he chooses to enter into contract?

Mr. BINGHAM. The comptroller has ruled that the payments under the certificates are entirely within the law, and his opinion is worth so much more than mine that I refer the Senator from Arkansas to the opinion of the comptroller rather than to give him my own opinion. There is no question about the legality of the certificates.

Mr. GLASS. Mr. President, may I inquire if the comptroller has stated that it is incompetent for Congress to abrogate the certificates?

Mr. BINGHAM. Congress, of course, being supreme, can change the law and take away anyone's rights at any time.

Mr. GLASS. Oh, no!

Mr. ROBINSON of Arkansas. No, indeed.

Mr. BINGHAM. That is what the Senator is trying to do.

Mr. ROBINSON of Arkansas. No; I do not think so at all.

Mr. BINGHAM. These companies have set up expensive operations and acquired expensive planes on the theory that Congress meant what it said and that by giving up their contracts they would get certificates for a certain length of time. That they have done, and they have voluntarily agreed to lower the rates from year to year for the benefit of the Government. The mail to-day is being carried for one-half of what it was carried for several years ago.

Mr. ROBINSON of Arkansas. The fact remains that at a time when we are straining every nerve to balance the Budget, when we have an enormous deficit, we are actually paying out a tremendous bonus or subsidy for a service that is, in part at least, dispensable. The question is whether under the condition of the Treasury we wish to demonstrate our inability to meet our obligations as they are maturing and at the same time go on expanding those obligations. It would seem to me that it is about time we called a halt on that proceeding.

Mr. BINGHAM. Mr. President, I have only a few minutes left and the Senator from Arkansas is taking a good deal of my time. I merely want to refer to the fact that at another page of the bill we are providing $100,000,000 for railroad

mail service, and no one pretends that that service is self-supporting. In another place in the bill we are providing many millions of dollars for rural free delivery.

Mr. ROBINSON of Arkansas. But amendments may be made to reduce those appropriations. We have been very liberal in everything.

Mr. LONG. Mr. President, I move that the Senator from Connecticut be given 15 minutes more time.

Mr. McKELLAR and Mr. LA FOLLETTE. I object.

The PRESIDENT pro tempore. Objection is made.

Mr. BINGHAM. Mr. President, we have reduced the amount of the appropriation from $19,000,000 to $16,000,000, which seems to me a very reasonable reduction, although I am sorry to see it made. I hope the Senate will not strike out the entire $19,000,000 unless it is intended to strike out all appropriations for the Post Office Department and let the next administration decide whether they want to spend anything for carrying the mail or not.

The PRESIDENT pro tempore. The time of the Senator from Connecticut has expired.

Mr. BORAH. Mr. President, as I understand, the original contract was revocable at will, according to the provision read by the Senator from Arkansas. In lieu of that a certificate has been issued which is only revocable by reason of willful misconduct on the part of the carrier. Is that correct, may I ask the Senator from Connecticut?

Mr. BINGHAM. That is correct.

Mr. BORAH. And that certificate is valid until April, 1936?

Mr. BINGHAM. Until April 5, 1936. At that date all of the certificates expire.

Mr. BORAH. We find ourselves in the position, according to the contention of the Senator from Connecticut, that we must pay this subsidy until 1936 whether Congress thinks it wise or not.

Mr. BINGHAM. Of course, if the Senate does not choose to provide the money, they can not be paid, but it seems to me under the certificates which were issued we are at least morally responsible for carrying out the terms we made with these different companies that they would engage in the business and purchase airplanes and build hangars and go to the expense of setting up their business with the understanding that we would see that they should receive fair compensation.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Idaho yield in order that I may ask the Senator from Connecticut a question?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. We have reduced the compensation by $3,000,000 by means of the Metcalf amendment. If we may reduce it by $3,000,000, as we have done, why may we not reduce it further if we see fit to do so?

Mr. BINGHAM. The answer to that is that we may cut out the whole bill if we see fit to do so.

Mr. ROBINSON of Arkansas. No; there is no proposition of that kind under consideration.

May I ask the Senator a further question? If the amendment prevails and the provision goes out, the whole subject will be in conference. If the conferees should fail to agree and should leave out the provision, there would still be several months before the beginning of the next fiscal year in which to work out a fair arrangement for the administration that is to administer the act. Is not that true?

Mr. BINGHAM. Not according to my understanding. Since the certificates have been issued by the Government and accepted by the comptroller and can only be canceled for willful neglect, it appears to me that except by a breach of faith on the part of the Government the certificates could not be canceled. Of course, the Postmaster General may from time to time, as he has done, reduce the amount which he believes should be paid under the formula which he has worked out.

Mr. ROBINSON of Arkansas. We have already reduced it by $3,000,000. If we can reduce it by $3,000,000, where is the moral principle involved in reducing it still further?

Mr. BINGHAM. There is a little difference between making a reduction of 12 per cent in the subsidy and cutting out everything for the service including that which is earning in the present year $9,000,000 through the use of the air mail service.

Mr. BORAH. Mr. President, I am not sufficiently familiar with the Watres Act to know under what obligation the Postmaster General was to give these men an irrevocable contract for a revocable contract. There certainly was nothing in the Watres Act to require the Postmaster General to do that. It must have been within his discretion to do so. If it was within his discretion, it occurs to me these people took it with notice.

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. BORAH. I yield.

Mr. LONG. I have the Watres Act here. As I read the Watres Act, if any mistake has been made, it has been made by Congress. It very specifically empowers the Postmaster General to make these permit contracts upon surrender of the old contracts, for a period not to exceed 10 years, after public advertisement, to the lowest bidder.

Mr. BORAH. What I desire to know is if there was anything in the act which would require the Postmaster General to give these carriers an irrevocable contract for a revocable contract.

Mr. LONG. It appears from the text that they could get a reduction in the rates. It seems that they could make contracts providing for certain rates and they could get them for a certainty for a period of 10 years instead of for a shorter period of uncertainty.

Mr. BINGHAM. Mr. President——

Mr. BORAH. I yield to the Senator from Connecticut.

Mr. BINGHAM. In the original contract the Postmaster General could, upon giving 45 days' notice, revoke the contract. It left the air mail contractors in a position of holding a contract which might, at the end of 45 days, be revoked. Many of the contracts carried very high rates which could not be reduced. The Government was in some cases paying $3 per mile for carrying mail when it could secure a rate of about $1 or $1.25 by exchanging the revocable contracts for certificates available over a certain number of years. The Watres Act provides for 10 years. The contractors were willing to accept a certificate which would give them a longer period of time definitely than they actually held under the contract and at very much lower rates.

Mr. BORAH. The contention of the Senator is that the Government exchanged an irrevocable contract for a lower rate?

Mr. BINGHAM. They got lower rates then, and they have since then had the rates cut down. Since the Postmaster General has access to all their books and papers he repeatedly brings pressure to bear upon them every 9 or 10 months to lower the rates, and they have been lowered about 95 per cent in the last three years.

Mr. McKELLAR. May I ask the Senator a question?

Mr. BORAH. May I yield the floor?

Mr. McKELLAR. I just want to call attention——

The PRESIDENT pro tempore. The Senator from Idaho has the floor.

Mr. McKELLAR. Will the Senator yield to me?

Mr. BORAH. Yes; I will yield to the Senator, and also yield the floor.

The PRESIDENT pro tempore. The Senator from Idaho yields the floor.

Mr. BORAH. Perhaps I cut the Senator from Tennessee off from asking his question. If I did, I will remain on the floor until he asks it.

The PRESIDENT pro tempore. The Senator from Idaho has three minutes left. If he desires to retain the floor in order to permit the Senator from Tennessee to speak in his time, he may do so.

Mr. BORAH. Very well.

Mr. McKELLAR. Section 6 of the Watres Act as amended provides:

SEC. 6. The Postmaster General may, if in his judgment the public interest will be promoted thereby, upon the surrender of any air mail contract, issue in substitution therefor a route certificate for a period of not exceeding 10 years from the date service started under such contract to any contractor or subcontractor who has satisfactorily operated an air mail route for a period of not less than two years, which certificate shall provide that the holder thereof shall have the right, so long as he complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the advances in the art of flying and passenger transportation, to carry air mail over the route set out in the certificate or any modification thereof—

The Postmaster General has the power to modify it as he pleases—

or any modification thereof at rates of compensation to be fixed from time to time, at least annually, by the Postmaster General—

He has absolute control even under the certificate.

and he—

That is, the Postmaster General—

and he shall publish in his annual report his reasons for the continuance or the modification of any rates.

It is all in his hands. It does not attempt to give him the authority to make a binding and perpetual contract with these companies. The first act did not provide for that. It provided that a specific contract would be revocable at the instance of either the Postmaster General or the contractor.

Mr. HASTINGS. Mr. President, I think there is a great deal of confusion as to whether it is necessary to make this appropriation to meet existing and binding contracts. I myself am a good deal confused about it. It is contended on one side that the contracts may be modified, and it is doubted on the other side whether it is possible to modify them. I think it is generally conceded that if the Congress were to pass upon the expenditure of this much money at this time for the purpose in question it would undoubtedly greatly reduce the appropriation. I do not know to what extent it would be reduced, because I do not know enough about the importance of carrying the mail in this way.

Certainly I do not want, and I do not believe any Senator on this side of the Chamber wants, to have this provision of the bill passed for the purpose of giving the present Postmaster General any additional authority or to perfect any contract which he may have in his mind. Certainly I have no such thought as that. It seems to me if the distinguished Senator from Arkansas [Mr. ROBINSON], the leader on the other side of the Chamber, desires and is willing to take the responsibility of the next administration having to meet this situation, whether it be a violation of a contract, or whatever it may be—if he, speaking for his side of the Chamber, is willing that the next administration shall meet this difficulty when it comes, I myself think that we ought to give him that opportunity.

I merely rose for the purpose of making it clear that I should not want to vote to strike out this provision of the bill if I were sure that there were binding contracts. I do not want to place upon the next administration or any other administration the responsibility of meeting an obligation without proper appropriations with which to meet it. I repeat, if the Senator from Arkansas wants to take the responsibility of the next administration determining for itself whether there exist binding contracts, and if such contracts do exist, then being compelled to return to the Congress for additional appropriations, and if they do not exist, to modify them as that administration may think desirable, we on this side of the Chamber ought to be willing to let him take it and vote for the amendment he has proposed.

Mr. LONG. Mr. President, I do not take my position from the standpoint of any party at all. As I said before, if the contractors were the only persons concerned, that would be one thing; but I wish to give the Senator from Delaware another view. We depended upon these contracts down in my State; we erected airports at a cost of several million dollars, and similar work has been undertaken by practically every State in the Union. They have worked hard, as we have worked hard, to get ourselves established on one of the air routes shown on the map now hanging on the wall. We managed to borrow from the Government the other day about a million and a half dollars to enable us to complete our main airport. The Government let us have that amount. Now we come along with the most haphazard proposition that I have ever seen in government. What are people going to depend on? After the Government has encouraged us to go ahead and make all these expenditures, to make unusual bond issues for which we were criticized most severely, now Senators come along in the case of the air mail contracts and at one fell swoop move to strike the whole dad-gummed thing out of the bill. What kind of a Government have we? We are supposed to be able to rely upon the Government.

I am not interested in this contract particularly; I do not care whether Mr. Morgan has the contract. I have a better man down in Louisiana to handle this mail than he is, a much better friend of mine [laughter], and I have been hoping some day he might get one of these contracts; he has not any now.

Here is how the law reads. My friend from Tennessee read it one way; yet I think there is another way. It does not give the Postmaster General the right to revoke these contracts; it does not give the Postmaster General any such authority at all. It does provide that the contract must be performed according to such rates as may be fixed or changed from time to time by the Postmaster General. In other words, the Postmaster General is a public service commission on the question of regulating rates. He can change the rate, he can lower it or he can raise it, under the law, in accordance with what seems to be reasonable and just; but so far as the canceling of the contract is concerned, there is no such authority in the law.

I want to read the language:

SEC. 6. The Postmaster General may, if in his judgment the public interest will be promoted thereby, upon the surrender of any air mail contract, issue in substitution therefor a route certificate for a period of not exceeding 10 years from the date service started under such contract to any contractor or subcontractor who has satisfactorily operated an air mail route for a period of not less than two years, which certificate shall provide that the holder thereof shall have the right—

Shall have the right—

so long as he complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the advances in the art of flying and passenger transportation, to carry air mail—

Shall have the right so long as he complies with the rules and regulations prescribed—

to carry air mail over the route set out in the certificate or any modification thereof at rates of compensation to be fixed from time to time, at least annually, by the Postmaster General, and he shall publish in his annual report his reasons for the continuance or the modification of any rates.

In other words, he has the right as the science progresses and the rates lessen to reform the contracts to provide what would be reasonable charges and to improve the service; but there is not any such thing in this contract in words or by implication that would to any extent suggest that the contracts could be abrogated as with the falling of the nighttime. There is nothing of that kind.

Mr. President, I am interested in the people of this country who have spent their money for airplane service. I am interested not only in the people of my State but in those of New York and Arkansas and Tennessee and everywhere else who have spent their money because the Congress of the United States gave them to understand that we had a dependable air mail service.

I was not here when this act was passed; but if the Congress had not passed this kind of an act, we would not have voted five or ten million dollars in bonds in my State, if the Congress of the United States had not meant what it said. We would not have been in this kind of a condition to-day if the Congress had delayed long enough to decide what it wanted to do about air mail contracts.

It is true that we might wait for the next administration. I was one of those who suggested this morning, in order to

end the row, that we leave it to the next administration to apportion it and to have no appropriation at all now; but I now see the danger. I see that we have in this Chamber, which is very surprising to me, some distinguished Senators who actually want to discontinue the air mail service altogether and leave us practically penniless so far as revenue is concerned and for patronage to meet the expenses incurred in the States. It would be a disastrous thing for the people, Republicans and Democrats, and for States and municipalities as well as for the Government, to have the United States throw up its hands and discontinue the air mail service at one fell swoop.

I think some of us have let our tempers get a little bit the best of us. The Senator from Tennessee had an amendment, and we amended the amendment of the Senator from Tennessee, and some of us voted "no" on the amendment of the Senator from Tennessee as amended, and then changed our vote. I was one of them. We have acted a little bit hastily about this matter. I do not think we have studied it in that calm atmosphere in which it rightly should be considered. I believe we would make a big mistake to act hastily here and overturn the entire policy of the Government that we have been many years in formulating.

This has not been any haphazard thing. Congress had this matter before it for a considerable time; it enacted the law; it reenacted the law and modified the law. There has been a steady growth and advance in the science of aviation, and this country needs it as much as does any other country. Why pick on the air mail service? The appropriation is only $19,000,000. Why not pick on the United States Army's $200,000,000, or why not pick on the United States Navy's $400,000,000?

We come here and fight over a fly speck by comparison, and propose to cripple a service to provide facilities for which municipalities and States have gone out and floated bonds. The public is actually getting some service from the air mail. It is a reasonable service they are now getting; it is bound to be a reasonable service, and the appropriation is certainly a whole lot more reasonable than the second-class mail subsidy that the newspapers have today, for which the United States Government probably spends a hundred million dollars. Why do you not talk about cutting off $50,000,000 from that service if you want to save some money that the Government is losing on subsidies? But we are not hearing anybody talk about that, and I am not talking about it either. Do not let me be misunderstood. I have had enough trouble with them already. [Laughter on the floor and in the galleries.]

The PRESIDING OFFICER (Mr. FESS in the chair). There must be no demonstration in the galleries.

Mr. LONG. Mr. President, I submit that we not only have contracts with the air mail concerns but our municipalities have contracts which the air mail concerns have made with them. They have contracts with the people who have contracts with the Government, and we are depending upon the revenue thus derived in order to retire our bonds and pay ourselves out. The service ought not to be discontinued in this kind of fashion.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Arkansas [Mr. ROBINSON].

SEVERAL SENATORS. Vote!

Mr. MCKELLAR. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HEBERT (when his name was called). Again announcing my pair with the senior Senator from North Carolina [Mr. BAILEY], I withhold my vote. If at liberty to vote, I should vote "nay."

Mr. KEYES (when his name was called). I have a pair with the Senator from Oklahoma [Mr. THOMAS]. In his absence I withhold my vote. If at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. MOSES. I have a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. I transfer that pair to the senior Senator from New Jersey [Mr. KEAN] and will vote. I vote "nay."

Mr. KEYES. I find that I can transfer my pair with the Senator from Oklahoma [Mr. THOMAS] to the junior Senator from New Jersey [Mr. BARBOUR]. I do so and vote "nay."

Mr. MCKELLAR (after having voted in the affirmative). I understand that my pair, the Senator from Delaware [Mr. TOWNSEND], is absent. I transfer that pair to the Senator from Missouri [Mr. HAWES] and will allow my vote to stand.

Mr. BRATTON. I have a pair with the junior Senator from Nebraska [Mr. HOWELL]. I transfer that pair to the junior Senator from Tennessee [Mr. HULL] and will vote. I vote "yea."

Mr. TYDINGS (after having voted in the affirmative). Has the senior Senator from Rhode Island [Mr. METCALF] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. TYDINGS. I have a general pair with the senior Senator from Rhode Island. I transfer that pair to the senior Senator from Nevada [Mr. PITTMAN], and will let my vote stand.

Mr. HEBERT. I find that I can transfer my pair with the senior Senator from North Carolina [Mr. BAILEY] to the junior Senator from California [Mr. SHORTRIDGE]. I do so and vote "nay."

Mr. WAGNER (after having voted in the affirmative). I transfer my pair with the Senator from Missouri [Mr. PATTERSON] to the Senator from Illinois [Mr. LEWIS], and will let my vote stand.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Indiana [Mr. ROBINSON] with the Senator from Mississippi [Mr. STEPHENS];

The Senator from Kansas [Mr. CAPPER] with the Senator from Wyoming [Mr. KENDRICKS]; and

The Senator from Illinois [Mr. GLENN] with the Senator from Virginia [Mr. SWANSON].

Mr. GLASS. I desire to announce that my colleague, the senior Senator from Virginia [Mr. SWANSON], is detained from the Senate on official business. He has a general pair with the Senator from Illinois [Mr. GLENN].

Mr. NORRIS. I desire to announce that my colleague, the junior Senator from Nebraska [Mr. HOWELL], is absent on official business of the Senate. I should like to have this announcement appear on all of the votes that are taken to-day.

Mr. SHEPPARD. I desire to announce that the Senator from Arizona [Mr. HAYDEN], the Senator from Wyoming [Mr. KENDRICK], the Senator from Illinois [Mr. LEWIS], the Senator from Nevada [Mr. PITTMAN], the Senator from Mississippi [Mr. HAWES], and the Senator from Oklahoma [Mr. THOMAS] are detained on official business.

The result was announced—yeas 39, nays 35, as follows:

YEAS—39

Ashurst	Caraway	Gore	Russell
Bankhead	Connally	Harrison	Sheppard
Barkley	Coolidge	King	Shipstead
Black	Couzens	La Follette	Trammell
Blaine	Cutting	Logan	Tydings
Borah	Dill	McKellar	Wagner
Bratton	Fletcher	Neely	Walsh, Mass.
Bulkley	Frazier	Norris	Walsh, Mont.
Bulow	George	Nye	Wheeler
Byrnes	Glass	Robinson, Ark.	

NAYS—35

Austin	Fess	Long	Schuyler
Bingham	Goldsborough	McGill	Smoot
Brookhart	Grammer	McNary	Steiwer
Carey	Hale	Moses	Thomas, Idaho
Copeland	Hastings	Norbeck	Vandenberg
Costigan	Hatfield	Oddie	Walcott
Dale	Hebert	Reed	Watson
Davis	Johnson	Reynolds	White
Dickinson	Keyes	Schall	

NOT VOTING—22

Bailey	Hayden	Metcalf	Stephens
Barbour	Howell	Patterson	Swanson
Broussard	Hull	Pittman	Thomas, Okla.
Capper	Kean	Robinson, Ind.	Townsend
Glenn	Kendrick	Shortridge	
Hawes	Lewis	Smith	

So the amendment of Mr. ROBINSON of Arkansas was agreed to.

Mr. BRATTON. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. The Senator from New Mexico offers the following amendment:

On page 46, after line 7, insert the following:

"The Secretary of the Treasury is authorized and directed to make such reductions in the expenditures from the appropriations made in this act for the several purposes of the Treasury Department (except appropriations for acquisition of sites for and construction of public buildings and the appropriation for addition to the cumulative sinking fund pursuant to section 308 of the emergency relief and construction act of 1932) as will in the aggregate equal at least 5 per cent of the total amount appropriated for the Treasury Department by this act (excluding amounts appropriated for acquisition of sites for and construction of public buildings and the appropriation for addition to the cumulative sinking fund pursuant to section 308 of the emergency relief and construction act of 1932). Such reductions shall be made in a manner calculated to bring about the greatest economy in expenditure consistent with the efficiency of the service."

Mr. BRATTON. Mr. President, I have another amendment which is intended to accomplish exactly the same purpose with respect to the appropriations made for the Post Office Department. I ask unanimous consent to offer both amendments together, as they should be either voted in or voted out of the bill together. I send the second amendment to the desk, and ask to have it stated.

The VICE PRESIDENT. Is there objection to the presentation of the amendment? The Chair hears none, and the amendment will be stated.

The CHIEF CLERK. On page 64, after line 9, it is proposed to insert:

The Postmaster General is authorized and directed to make such reductions in the expenditures from the appropriations made in this act for the several purposes of the Post Office Department as will in the aggregate equal at least 5 per cent of the total amount appropriated for the Post Office Department by this act. Such reductions shall be made in a manner calculated to bring about the greatest economy in expenditure consistent with the efficiency of the service.

Mr. WALSH of Massachusetts. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Massachusetts?

Mr. BRATTON. I yield.

Mr. WALSH of Massachusetts. Can the Senator state what would be the savings to the Public Treasury if either of these amendments is adopted?

Mr. BRATTON. Yes, Mr. President. The saving in the Post Office bill alone will be slightly more than $35,851,000. The saving in the Treasury bill will be in excess of $9,720,000. The two together will accomplish reductions of $45,000,000 plus.

Mr. President, the two amendments are perfectly obvious, simple, and easily understood. They direct the Postmaster General in the one case, and the Secretary of the Treasury in the other, to make such reductions in the expenditure of the appropriations for their respective departments as will equal at least 5 per cent of the total appropriation contained in the bill.

Mr. President, we have been talking a great deal about economy. It is difficult to economize in these departments because we are on the outside. We do not know the technique, we do not know the structure of these departments. We do not know where economies can be made in the most efficient manner and with the least sacrifice to service.

I am perfectly confident, Mr. President, that the Postmaster General can reduce the expenditures authorized by this bill by 5 per cent without sacrificing the efficiency of the department. In doing that he will save the taxpayers of this country $35,850,000.

Mr. WAGNER. Mr. President, will the Senator yield to me?

Mr. BRATTON. I yield.

Mr. WAGNER. I was not able to follow the amendment in detail. Is the Senator proposing to reduce the public works program in the respective departments?

Mr. BRATTON. No, Mr. President. In the amendment offered public works sinking funds are expressly excluded. The 5 per cent reduction would not attach to those funds.

Mr. COSTIGAN. Mr. President, will the Senator from New Mexico state whether the reductions contemplate dismissals in the personnel or reductions in the salaries of Government employees?

Mr. BRATTON. It is possible, Mr. President, that there would be some additional furloughs; it is possible that there would be some dismissals. It is possible that both could be avoided. I believe that an efficient administrative officer can reduce his expenditures 5 per cent without imposing substantial additional furloughs or substantial dismissals. By doing away with overlaps and duplications and by eliminating waste this economy could be effected.

Mr. President, it is my purpose to offer a similar amendment to each of the appropriation bills as it comes forward. If they are adopted, the savings will be approximately $130,000,000.

It seems to me that the proposal is quite akin to a situation where a board of directors of a large industry who are not familiar with the details of it summon the manager and say, "We must reduce expenses. We do not know the best way to do it, but you do. You scale down the total figure 5 per cent and do it in the best way."

Obviously, Mr. President, that would be better than for the directors themselves to undertake the job. Equally so, it is better for the Congress to say to the Cabinet officer in each instance, "Call your chiefs in; tell them that by a mandate of Congress the total appropriation must be scaled down 5 per cent. Let them get together and devise ways and means of doing it in the most efficient manner."

Obviously, that is more scientific than for 600 minds in the two Chambers of Congress, unfamiliar with the technique of any one department, to undertake to do the job, and that is what the proposal is intended to accomplish.

Mr. President, this is not a new proposal. We have written a provision similar to this one in the bill making appropriations for the Bureau of Indian Affairs for several years, and they have scaled and kept within the appropriation as reduced in that manner.

If we insert a provision of this kind in each appropriation bill, I forecast that the taxpayers will save $130,000,000, and that we will hear very little complaint from the departments involved. This is the safest way, it is the most scientific way, of scaling these tremendous figures with the least possible sacrifice of efficiency.

It will be noted that the provision expressly stipulates that "such reductions shall be made in a manner calculated to bring about the greatest economy in expenditure consistent with the efficiency of the service." That is the meat in the coconut. It is the crux of the proposal. The head of the department knows how that can be done vastly better than we do.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. BRATTON. I yield.

Mr. COPELAND. The Senator may have already answered what I have in mind to ask; but does this mean a cut in salaries of employees?

Mr. BRATTON. The distinguished Senator from Colorado propounded that question a few moments ago, perhaps during the absence of the Senator from New York from the Chamber. To the inquiry I answered then, and I repeat now, it is possible that some additional furloughs would be required, it is possible that some dismissals would be necessitated, but I think not. I think that with scientific paring, 5 per cent can be saved by those familiar with the technique of the departments without imposing any furloughs or any dismissals, through eliminating waste, overlapping, and duplications.

Mr. COPELAND. Who would have the discretion in the matter?

Mr. BRATTON. The Postmaster General in the one case and the Secretary of the Treasury in the other. I am offering the two amendments together.

Mr. COPELAND. They would have the authority, under the amendments, to determine how they would be applied?

Mr. BRATTON. Yes. Let me read the amendment to the Senator. It is as follows:

> The Postmaster General is authorized and directed to make such reductions in the expenditures from the appropriations made in this act for the several purposes of the Post Office Department as will in the aggregate equal at least 5 per cent of the total amount appropriated for the Post Office Department by this act. Such reductions shall be made in a manner calculated to bring about the greatest economy in expenditure consistent with the efficiency of the service.

The Senator will bear in mind that under a provision contained in the economy act transfers can be made from one fund to another. Keeping that authority in mind, it occurs to me that the Postmaster General in the one case, and the Secretary of the Treasury in the other, can economize to the extent of 5 per cent without sacrifice to the service and without undue hardship to anyone.

Mr. COPELAND. I thank the Senator.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. BRATTON. I yield.

Mr. BARKLEY. Suppose it turned out that the head of a department could accomplish 5 per cent or 10 per cent reduction in the total expenses by lopping off unnecessary employees, or in any other way that would not affect the efficiency of the Government. Would that be any reason why we ought not to adopt these amendments? How else are we ever going to reduce expenditures? We are all giving lip service to economy; but when an amendment is offered intended to bring it about, we begin to express doubt whether it is going to result in the discharge of some one from his employment. My theory is that we will never be able to reduce Government expenditures unless we authorize somebody to reduce somewhere.

Mr. BRATTON. Mr. President, that is the thought I had in mind, and in approaching it I was led to the conviction that a Postmaster General in the Post Office Department and a Secretary of the Treasury in the Treasury Department could make these economies vastly better and with vastly less hardship than we could make them. We now have an opportunity to save $45,000,000; and if we adopt the policy in connection with this item and pursue it in the subsequent appropriation bills, we will save $130,000,000, no small sum, especially during these times.

Mr. COPELAND. Mr. President, does the Postmaster General need to have legislation to do what the Senator proposes?

Mr. BRATTON. He does not need it, but this is a mandate. He will be authorized and directed to do it. He has the authority, but this provision carries compulsion. He will be obliged to do it.

Mr. President, I do not desire to consume further time of the Senate in discussing the amendment. Its object is perfectly plain. The question is perfectly apparent. It is one of whether we are going to undertake to economize to this extent by this method.

I hope to have a record vote on the two amendments together.

Mr. VANDENBERG. Mr. President, I rise to support the amendment submitted by the Senator from New Mexico. It grows out of a colloquy which we had upon the floor last week. The suggestion was originally made by me in connection with my discussion with the Senator from Maryland and the discussion with the Senator from New Mexico. The Senator from New Mexico and I subsequently consulted on the subject, and his amendment is the outcome.

I concur in all the logic which the Senator from New Mexico has submitted in support of the amendment. It seems to me that if there is any analogy between private business and public business, the analogy finds its expression in the amendment. If this were private business, the board of directors certainly would undertake to hold the responsible executive to answer for a rational allocation of administrative savings. That is precisely the thing which we would undertake to do under this amendment.

After making all other direct reductions in these appropriations by direct amendment, we would undertake finally to cut the total, and to leave to those who know best where the cut can be made the responsibility and the decision for the precise application of the final economy to which we are committing ourselves.

Mr. President, as the Senator from New Mexico has said, there is a precedent for this amendment. It is found in the Interior Department appropriation bill, which is now on the calendar, and will be taken up immediately after the bill upon which we are now at work.

I call attention to the fact that on page 41 of the Interior Department appropriation bill the sum total appropriated for Indian boarding schools is $102,000 less than the actual sum total of the listed items in that section of the bill. That process has been followed for several years in handling the appropriations for the Indian schools. In other words, the system has been to put the upset figure for each school in the bill, and then to reduce the sum total and leave to the executive authority the responsibility and the opportunity to allocate an ultimate, final economy in respect to the expenditure of the money. The amendment submitted by the Senator from New Mexico simply proposes to apply that general system to all of the bills and all of the appropriations.

Mr. President, there is one further reason why I think the amendment is absolutely justified. Certainly in some form or other we are going to clothe the incoming Executive with more authority than any Executive has ever heretofore had to consolidate bureaus and departments, to eliminate waste, and so forth. Inevitably that power is to be used, because the American people will not much longer be satisfied to have the power lapse, regardless of whether the responsibility is in the Executive or in the Congress.

Let us assume that this bill is to carry adequate power under which the Executive can operate. Let us assume that the Executive confronts the question of deciding whether the power shall be used or not. I submit that the amendment of the Senator from New Mexico simply puts the Executive under final and inescapable compulsion to use the power which we intend to place in his hands at least to this minimum extent.

Therefore, for every possible reason, it seems to me that logic and consistency and a rational pursuit of economy support the amendment submitted by the Senator from New Mexico, and which I had the honor originally to suggest.

Mr. TYDINGS. Mr. President, I just want to say that my experience as a member of the Committee on Appropriations is such that I am led to say that the committee has only two or three days, in considering the appropriation bill for each department, in which to effect economy; and obviously, in two or three days, being unfamiliar with it in the first instance, it can not be as accurate in determining where economies can justly be effected as the head of the department can be with years of experience.

Mr. SMOOT. Mr. President, if I understood the Senator from Michigan correctly, he said there was a precedent for the amendment now offered by the Senator from New Mexico found on page 41 of the Interior Department appropriation bill.

Mr. VANDENBERG. That is correct.

Mr. SMOOT. I think this is quite a different proposition from that of the Senator from New Mexico. This provides that 10 per cent of the amount shall be available interchangeably for expenditures for similar purposes in the various boarding schools named and that no more than 10 per cent shall be added to the amount appropriated for any of the schools or for any particular item for any of the schools. That is quite a different proposition from that offered by the Senator from New Mexico.

Mr. VANDENBERG. But the Senator overlooks the fact that the figure in line 15, to wit, $3,755,000, which is the total appropriation for all of the previous purposes, is $102,000 less than the sum total of the specific items in the appropriation. I submit to the Senator that that is precisely a precedent for the thing which the Senator from New Mexico is undertaking to cure.

Mr. SMOOT. In the amendments in the Interior appropriation bill there are reductions made. They are over and above the House provision. But the proposal of the Senator is to make a flat 5 per cent reduction on the total. It often happens, indeed—in every appropriation bill—that there is an increase or decrease, but the amendment in the Interior appropriation bill is one that I do not remember of ever having added to an appropriation bill before.

Mr. BRATTON. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Mexico?

Mr. SMOOT. I yield.

Mr. BRATTON. The Senator will recall that the economy bill of last year contains a general provision authorizing the interchange of funds, under which the Postmaster General and the Secretary of the Treasury each could do substantially what could be done under the language just read by the Senator from Utah.

Mr. SMOOT. I am not objecting to the language in the Interior Department appropriation bill, but I do not want it construed as the same sort of an amendment that is now pending before the Senate.

Mr. BRATTON. It would operate in identically the same way.

Mr. BYRNES. Mr. President, I only desire to lend my support to the amendment offered by the Senator from New Mexico. It is not quite correct to state that appropriations are framed only after casual investigation by the Congress. The fact is that in the House elaborate hearings are held upon each and every appropriation bill, but the difficulty always is that the head of a bureau possessing the ability to present his case in an effective manner, as a general thing, is able to secure better treatment at the hands of a subcommittee than the chief of a bureau who is unable to express himself with the same facility. The head of the bureau naturally is urging the importance of his particular bureau. The Congress can not, through its subcommittees in the House and the Senate, pass upon the merits of the Budget proposals of the various bureaus with the same exactness that the head of the department can.

By this amendment the Postmaster General is directed to make a saving of 5 per cent wherever he finds that it can be done. Under the existing law the so-called economy bill of last year, which by the provisions of this bill is made effective for the next 12 months, not to exceed 12 per cent of any appropriation for an executive department or independent establishment, including the municipal government of the District of Columbia, may be transferred with the approval of the Director of the Budget; so that he has the power as Postmaster General to transfer not to exceed 12 per cent from one bureau to another bureau. The result of the adoption of the amendment will simply mean that $130,000,000 will be deducted from the appropriation bill.

Mr. DICKINSON. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Iowa?

Mr. BYRNES. I yield.

Mr. DICKINSON. I would like to submit this inquiry: Under the language of the amendment suppose we had $500,000, which represented the 5 per cent reduction in two services, one the Customs Service and the other Internal Revenue Service. Under the amendment would it not be possible for the Secretary of the Treasury to take all of the reduction out of the Customs Service and permit the other bureau to have the full allotment of funds?

Mr. BYRNES. Yes; if the Secretary of the Treasury would exercise the power in that way. There is nothing in the language of the amendment that would prohibit the exercise of his discretion. It is left to him. He lives with the problem. In a few conferences with the Appropriations Committee we can inquire into it. The Secretary of the Treasury is with the problems of his department every day in the year. He knows whether it can best be taken from the Customs Service. Under this amendment he could take it from any particular bureau in the Treasury Department.

Mr. DICKINSON. The question I had in mind was that if he could do that with two bureaus he might do it with several bureaus, and therefore he might take all of the saving out of the Prohibition Bureau and starve it and help the other bureaus in his department.

Mr. BYRNES. If he saw fit to do that, under this language he could do so either with reference to the Prohibition Bureau or the Customs Service or any other bureau. We must assume, however, that in the exercise of discretion by the head of an executive department that discretion will be exercised intelligently.

Mr. LOGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Kentucky?

Mr. BYRNES. I yield.

Mr. LOGAN. Is it not true that the Secretary of the Treasury now goes with his recommendations to the Budget and also to the committees of Congress, and he could do the same thing now by recommendation if he so desired?

Mr. BYRNES. He could. The language of the amendment contains no restriction other than that it must be done in a manner calculated to bring about the greatest economy consistent with efficiency of the service.

Senators may as well realize that if we are to accomplish any material saving in the appropriation bills that material saving is going to be accomplished by the adoption of the amendment offered by the Senator from New Mexico. As the appropriation bills stand to-day, they have been reduced $66,000,000 below the estimates submitted by the Budget. The estimate of saving to be effected by the adoption of this amendment is approximately $130,000,000, so that there will be a reduction of $200,000,000 below the estimates submitted by the President and the Budget at the beginning of the Congress.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from New York?

Mr. BYRNES. I yield.

Mr. COPELAND. Let me ask the Senator this question. I can understand why Senators on the other side of the aisle, who are truly anxious for economy, would jump at the chance to vote for the amendment, but I want to ask the Senator if he has lost confidence in our ability to adopt Title IV of the bill seeking reorganization of the executive departments?

Mr. BYRNES. No; I have not; but it would make it distinctly easier to accomplish the saving thereby hoped for if the Congress shall now adopt this amendment. It is unnecessary to take any chances on the adoption of any legislation by the Congress if the Congress will thus act and reduce by 5 per cent the amount of the appropriations. I say to the Senator from New York that it means that the Congress, when it comes to the levying of taxes, may be spared the necessity of levying burdensome taxes at a time when the people of America can not afford to pay any additional taxes.

The extension of the gas tax would bring about $137,000,000. By this amendment we save the total amount of the gas tax. It has been urged that there should be an increase of 1 cent in the tax on gas. Instead of doing that, let us adopt this amendment. It is estimated that from the beer bill $125,000,000 of revenue will come. By the adoption of this amendment we will bring about a saving of as much as the revenue under the beer bill would bring to the Government. Therefore why not adopt the amendment of the Senator from New Mexico?

Mr. COPELAND. Mr. President, I have the feeling—and I say it in all kindness—that this is a reflection upon the incoming officials of our Government. If we pass Title IV of the bill, we are giving the pledge of Congress actually to the point of giving dictatorial powers to the incoming administration. We are expecting radical economy. Yet here, in the face of what we are hoping to do in the way of reorganization, it is proposed to have a 5 per cent cut, which is not sufficient at all for the purposes of the taxpayers' pocketbook. It seems to me that we ought to take Title IV, pin our faith to that, and give the Executive the power to effect

the economies which the country is demanding. But failing to have confidence in the incoming officials, we say, in spite of the fact that we are giving dictatorial powers to the incoming administration, that we direct it to reduce its Budget 5 per cent.

Mr. BYRNES. The Senator from New York is entirely mistaken in his judgment. The incoming administration is interested only in one thing, and that is the redemption of platform pledges, one of which was to accomplish a reduction of 25 per cent in the current expenses of the Government. This is a step toward the redemption of a solemn pledge, a covenant with the people of the United States. When it comes to the adoption of the reorganization section of the bill, I hope it will be adopted, and, with the power thus given, the incoming administration can proceed to accomplish additional savings, added to the savings effected by the Bratton amendment. Thus we may be enabled to redeem our pledge to the people.

Mr. BRATTON. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from New Mexico?

Mr. BYRNES. I yield.

Mr. BRATTON. Does not the Senator from South Carolina think that we should share with others the responsibility to effect economies and carry out our platform pledge? That is what this amendment will do without reflecting on anyone or any department or any service.

Mr. BYRNES. I doubt if the Senator from New York was serious, because the Congress of the United States has the duty to legislate, and in legislating to determine where it is possible to effect economies, and this is the most effective way of reducing the expenditures of the Government.

Mr. ODDIE and Mr. VANDENBERG addressed the Chair.

The VICE PRESIDENT. Does the Senator from South Carolina yield; and if so, to whom?

Mr. ODDIE. Will the Senator yield to enable me to make a point of order?

Mr. BYRNES. No; I will not yield for that purpose. I yield to the Senator from Michigan.

Mr. VANDENBERG. I suggest to the Senator from New York that he has his logic in precise reverse. If any of us have any confidence in the final title of this bill and that under it the incoming Executive is going to produce any consolidations and any eliminations and any economic changes, then certainly we are safe in expecting at least a 5 per cent reduction as a result of that action. The two things are in harmony.

Mr. BYRNES. It places the departments in direct line under the appropriation if we effect the economies we hope to secure.

Mr. COPELAND. Mr. President, will the Senator yield further?

Mr. BYRNES. I will yield the floor to the Senator, as I having nothing more to say.

The VICE PRESIDENT. The Senator from South Carolina has three minutes of his time left.

Mr. BYRNES. Under no necessity to use it, I yield the floor.

The VICE PRESIDENT. The Senator from New York is recognized.

Mr. COPELAND. Mr. President, I have no desire to take more than three minutes, but if the purpose of Title IV is merely to carry out a campaign promise, a promise of the platform, I am interested in it only to that extent. But I thought Title IV was intended to do exactly what the declaration of policy states, to reduce expenditures and to increase efficiency of Government.

Mr. BYRNES. That is exactly what it is.

Mr. LOGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Kentucky?

Mr. COPELAND. I yield.

Mr. LOGAN. I was wondering if it has occurred to the Senator from New York that there might be some doubt about the Chief Executive's reducing the expenses arbitrarily without the approval of Congress, whether or not the Congress has the power to delegate to the President the power to do these things without his coming back to Congress and Congress then approving his action? I doubt whether we can put the full responsibility on the Chief Executive, although the bill seems to contain a provision that might be so understood.

Mr. COPELAND. I can well understand how the distinguished Senator from Kentucky, himself a great judge, would appeal to me for a constitutional opinion on this matter.

Mr. LOGAN. Remembering the very able constitutional address delivered by the Senator from New York a short time ago, I had forgotten for the moment that he is a layman, or claims to be. [Laughter.]

Mr. COPELAND. I thank the Senator for his compliment. I am convinced that unless we make a declaration of policy more definite than the one we have here, presenting the fact that there is an emergency and it must be dealt with, my judgment coincides with that of my eminent friend that we would have hard work to sustain the constitutionality of it.

But aside from that, if we have presented this in good faith, we are going to give the President such power as a President has never before had in peace times, the power to do almost anything that he may choose to do. I have confidence enough in the incoming President to believe that he will do the sensible thing, the honorable thing, and the thing which will appeal to the country. But we do not have faith in it; we do not believe that we are going to accomplish this economy; and so now we propose this 5 per cent reduction, which will probably mean that, on top of the reductions which the employees of the Government have had, they will have an additional burden and perhaps carry the entire burden of this 5 per cent reduction. It was that that I wanted to say, Mr. President, merely in reply to the suggestion made by the Senator from South Carolina.

Mr. CONNALLY. Mr. President, I believe it was Secretary Sherman who was quoted as once having said with regard to the resumption of specie payments that the way to resume was to resume. Senators have been talking about economy ever since I have been in the Senate, now over three years. Senators have been talking about economy during all that time. I believe that we have now arrived at that particular juncture where Secretary Sherman's observation may be very well applied by analogy to the situation here. The way to economize is to economize. I strongly favor the amendment offered by the Senator from New Mexico [Mr. BRATTON]. In addition to the reduction of expenditures provided by the bill, it directs a further cut by the department chiefs in the administration of their departments.

All of us know that money is appropriated by Congress but that it is spent by the executive departments. All of us know that the executive departments find ways of spending every dollar, if they so desire, which Congress appropriates and then call upon Congress for deficiency appropriations. On the other hand, we know that the executive departments, when they so desire, can save money to the Treasury by not spending appropriations for various items. So the declaration of policy in the amendment of the Senator from New Mexico, calling upon the Secretary of the Treasury to undertake to reduce the appropriations by 5 per cent, if it were carried out in the proper spirit by that official, would, in fact, result in the appropriations' being reduced by millions of dollars.

BALANCING THE BUDGET

Mr. President, we have heard much talk about "balancing the Budget." My view is that the first step in balancing the Budget is that this Congress—not the next one, but that this Congress—must reduce appropriations absolutely to the lowest practicable point. Because of that I have to-day voted to cut the air mail contracts, even though we have a number of them in my State, and chambers of commerce are telegraphing us not to cut them.

GOVERNMENT REORGANIZATION

The second step in balancing the Budget is to give President Roosevelt power to reorganize Government departments.

I have just listened to the Senator from New York [Mr. COPELAND] expressing a fear of giving the President too much power in this reorganization plan. That is the second step in any well-balanced plan for economy. First, reduce appropriations now to the very lowest possible point; second, give the incoming President wide powers to reorganize and reduce departments.

I have seen Senators with vehemence and heat stand upon this floor and declaim about doing away with useless bureaus and abolishing boards and commissions, and yet when the roll is called on cutting an appropriation they answer "no." I trust that President-elect Roosevelt may be vested with the widest possible powers to go through the departments and lop off a great many of them. I, for one, think he could lop off the Department of Commerce by 50 per cent, perhaps 75 per cent, without any detriment to the public interest. I believe that he could withdraw from foreign lands a great army of Department of Commerce employees, and let the consuls, whose duty it already is, do the same work that these representatives of the Department of Commerce do.

The Senator from New York fears that we are going to give the President some unconstitutional power. The Congress will be here, and both Houses of Congress can undo, if they so desire, anything which the President does, and I am in favor of giving him the power and letting him cut and prune and lop off bureaus, and those he does not lop off give him the power to trim down to a "stand." The Senator from New York, perhaps, does not understand what a "stand" is, but that is thinning them to a point where they will do the most work and get the best results.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Texas yield to the Senator from New York?

Mr. CONNALLY. I yield.

Mr. COPELAND. I would not have the Senator from Texas feel that I am in opposition to the reorganization plan; that was not my point.

Mr. CONNALLY. I did not charge that to the Senator.

Mr. COPELAND. But I am anxious that this power shall be conferred in such a way that it will be upheld by the courts; and I have, as I have stated, confidence enough in the incoming President to believe that he will deal wisely with the power placed in his hands.

Mr. CONNALLY. I thank the Senator from New York, and I am sure of the purity of his motives.

REFUNDING DEBTS

Mr. President, that is not the only economy that we can effect. After the departments are reorganized, the next step, in a proper balancing of the Budget, according to my view, would be for the new Secretary of the Treasury to inaugurate a widespread refunding of Government obligations. The Government of the United States annually pays out over $700,000,000 in interest. Many of its bonds are bearing 4¼ and 4½ per cent interest, and about $6,000,000,000 of them are callable within the next year or so. The money market is such that money can be obtained for much lower rates of interest; and I believe that if the new Secretary of the Treasury would inaugurate a refunding program, he could probably save the American people from $200,000,000 to $300,000,000 annually in the interest rates on the Government bonds.

NO NEW TAXES

Mr. President, what is the fourth step in balancing the Budget? I, for one, do not propose to vote for any additional taxes until the Congress shall make greater progress in reducing expenditures. I do not believe that the yearly balancing of the Budget is a sound program to undertake. To keep the Budget in yearly balance on the 1st day of January means that when we are prosperous, when it is easy to pay taxes, when we have incomes, our taxes are low; and, on the other hand, when we have hard times, when the people can not pay taxes, when they have slight income, when their resources have shrunk, in order to preserve a balanced Budget on the 1st day of each January or the 1st day of each July, we have got to tax the people down to the point where they suffer and almost bleed with their burden. Any sound program of balancing the Budget ought to be spread over a longer period than a year; it ought to be over an administration of four years or over a period of five years, so that the slack, so that the deficit which has accumulated in times of peril and stress and strife may be taken up by increased taxes when we are prosperous and when the people have incomes and can bear the burden of taxation.

When we have a great war we do not undertake to pay all the running expenses of that war during its continuance; we borrow for the future, trusting that the American people will redeem the obligations thus incurred, as they have always redeemed them. We are in war to-day, not with men, not with an enemy with guns in his hands and with artillery thundering and destroying, but we are in war; we are in war with great economic forces which are more unconquerable than are men with guns in their hands. We are in a war with the unseen forces of a terrible depression; we are in war with the miners and sappers that go down under the surface of things and destroy the commerce and business fabric of the people of the United States. So, it is as justifiable now to take care of any reasonable or temporary deficit by a reasonable amount of borrowing on the future or on future prosperity as it would be in any other great crisis.

Summarizing, Mr. President, let me observe that the first process in a proper revamping of the Government finances is now to reduce taxation to the lowest point; second, to give the President wide and plenary authority to reorganize the Federal Government and to remove useless activities; third, have the Secretary of the Treasury refinance and refund at lower rates of interest the six or seven billion dollars of Government obligations that are outstanding at high rates of interest, and thus save to us $300,000,000; and, finally, for the Congress to hesitate long before it undertakes in such a period as this to lay a more galling burden upon the people in the form of taxes which they can not pay.

Mr. President, according to my view, the adoption of these four proposals would complete a program of Federal financing and Federal reorganization that would not only be of great public service to the people of this Republic but would meet with their whole-souled and whole-hearted approval.

Mr. ODDIE. Mr. President, a few moments ago I said that I would raise the point of order against this amendment. Since then I have been reliably informed that if a point of order should be sustained, as I believe it would be as legislation on the appropriation bill, it will be offered later to the economy section of the bill, in which event it might be ruled to be in order. With that condition in mind, I will refrain from making the point of order at this time.

Mr. VANDENBERG. Mr. President, I ask for the yeas and nays on the amendment of the Senator from New Mexico.

Mr. BRATTON. I thank the Senator from Nevada for his courtesy, because if the point should be made and sustained I would feel obliged to offer the amendment to the economy section and we would uselessly consume time in redebating the matter. It will expedite the passage of the bill, so let us vote it now; so I thank the Senator for cooperating to that end.

Mr. BARKLEY. Mr. President, I do not desire to delay a vote on this amendment for any length of time, but I do, in just a word, want to emphasize, if I can, the position taken by the Senator from Texas [Mr. CONNALLY] who has just spoken.

When we compare the condition of our Treasury and the aggregate expenditures of the United States Government at this time with the normal expenditures of the Government prior to the World War, it almost stuns me, and I am struck with the magnitude of the task of attempting in any way to bring about a reduction of the expenses of the United States of America.

We are now paying per annum much more in interest on our war debts than we paid out entirely for all governmental purposes in 1913, 1914, 1915, and 1916, prior to our entry into the World War. Outside of the Post Office Department, which was self-sustaining and cost about $350,000,000, it only cost a total of $650,000,000 to operate the entire machinery of all the departments and bureaus of the United States Government prior to the World War. We are now paying out about $750,000,000 a year for interest on our public debt.

Mr. BROOKHART. Mr. President——

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Iowa?

Mr. BARKLEY. I yield.

Mr. BROOKHART. If we wanted some real economy, I will ask the Senator if it would not be a good thing to replace those bonds with non-interest-bearing Treasury notes.

Mr. BARKLEY. If the Senator wants a categorical answer to that question, I should say no; I do not think so. I have not time to go into that subject, however. I have only 15 minutes.

Mr. BROOKHART. We would save the interest in that way, would we not?

Mr. BARKLEY. Of course, we would save the interest, but we probably would create a situation like that which existed in Germany when I was there in 1921. I had a $100 American bill that I wanted to get changed. I took it across the street and had it changed, and it took two wheelbarrows to bring back to the hotel the money that I got for it. [Laughter.] I do not want that to occur to our own currency in the United States.

Mr. BROOKHART. Yes; I was through that German situation myself, but that was an unlimited money issue. I am not talking about that.

Mr. BARKLEY. The Senator has asked a very profound question, and I have not time to discuss it. In the next place, we could not swap our interest-bearing bonds that are now in the hands of the public for non-interest-bearing bonds unless the present holders would be willing to accept them. We could not force them upon them.

What I rose to say, however, was not along that line. We are now paying out on our war debt about a billion and a quarter dollars a year in interest and annual amortization. It is costing about $700,000,000 a year to operate the Army and the Navy; and whether we be for a large Army or Navy or for a small Army or Navy, we might as well admit that we can not make any very great economies in the Army and the Navy under present circumstances. We are expending about $900,000,000 for veterans' relief, and we all know in our own minds whether there is any chance to make much of a reduction in the amount of money we are paying out for compensation and hospitalization to war veterans.

That leaves only about $1,000,000,000 of the normal expenses of the United States where we can bring about any economy whatever. If we are not willing to vote to instruct the heads of all these departments to reduce the total amount of our expenses at least 5 per cent, then we are not in favor of any economy at all, and we might as well quit talking about it and pass the bills as they are sent over here by the House and adjourn and go home.

I am going to vote for this amendment. I am sorry the reduction called for by it is not 10 per cent instead of 5 per cent. I should be glad to vote for a 10 per cent reduction. I am going to vote for the amendment to this bill authorizing the incoming President to reorganize, coordinate, and eliminate wherever he can; and I hope he will use not only a pruning knife but a meat ax when he gets into power.

That is the only way we are ever going to reduce the Government expenses. We see how hard it is to do it here on the floor of the Senate. We know how hard it is in committees, and we know how hard it is on the floor of the House of Representatives. We know that unless it is done in a very drastic way, by somebody who has the centralized power to do it, we never will accomplish anything in behalf of the taxpayers of this country.

Mr. CONNALLY. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Texas?

Mr. BARKLEY. I yield to the Senator from Texas.

Mr. CONNALLY. It will have to be done by some centralized authority like the President, who has not all these industries and activities in his own State?

Mr. BARKLEY. Of course the President is the only man who can do it, regardless of whether he has industries in his State or not. Of course he has all of them within his constituency, in a broad sense, when he is elected President of the United States.

Mr. NORRIS. Mr. President, I was called out of the Chamber on a conference committee just before this amendment was offered. I have just returned to the Chamber. I have not heard the amendment read, and I have heard but little of the discussion. I should like to have the amendment stated.

The VICE PRESIDENT. The amendment will be stated in the Senator's time.

The legislative clerk restated the amendment on page 46, line 7.

The VICE PRESIDENT. The Chair will state to the Senator from Nebraska that a similar amendment was offered to the Post Office section of the bill, and unanimous consent was given to consider the two amendments together.

Mr. NORRIS. Is not this the Post Office appropriation bill that we have before us?

The VICE PRESIDENT. It is the Treasury and Post Office appropriation bill. One of the two amendments applies to the Treasury part of the bill, and the other to the Post Office part of the bill.

Mr. NORRIS. I do not know who offered the amendment. I should like to inquire who offered it.

Mr. BRATTON. Mr. President, I offered it.

Mr. NORRIS. I should like to ask a question or two. Why does the Senator divide his proposal into two amendments?

Mr. BRATTON. Because one part of the bill makes appropriations for the Treasury Department, and the other part makes appropriations for the Post Office Department. At the appropriate place in each bill I offer an amendment directing the Secretary of the Treasury in the one instance, and the Postmaster General in the other, to reduce the expenditures at least 5 per cent under the total amount appropriated.

Mr. NORRIS. Still it seems to me, notwithstanding we have two departments that we are appropriating for here, that the Senator could draft the amendment so that it would be only one amendment.

Mr. BRATTON. It could be done, Mr. President; but in the one instance we must exclude the fixed charges for the acquisition of sites and the construction of public works.

Mr. NORRIS. Why not decrease the appropriation for the acquisition of sites?

Mr. BRATTON. Because in the economy act we already have reduced those appropriations 10 per cent.

Mr. NORRIS. The economy act, however, is part of this bill, is it not?

Mr. BRATTON. I am referring to the economy act of last year, which is permanent law.

Mr. NORRIS. I was referring to the economy portion of this bill.

Mr. BRATTON. In the economy act of last year, which is permanent law, the appropriations for public buildings were reduced 10 per cent.

Let me say to the Senator that each amendment directs the head of the department in question to reduce the expenditures at least 5 per cent under the total appropriated in the bill, and in making such reductions he shall do it in a manner calculated to bring about the greatest economy in expenditure consistent with the efficiency of the service. In the case of the Post Office Department the reduction is slightly more than $35,000,000. In the case of the Treasury Department it exceeds $9,000,000. The two savings combined, if these amendments are adopted together, will be more than $45,000,000.

Mr. NORRIS. Mr. President, I am not asking these questions in any critical sense. It seems to me that there is a practical objection to having them separate. I believe the Senator could draft an amendment that would put them together.

Suppose we adopt one of these amendments to-day, and before the bill is disposed of to-morrow, or next day, we vote on the other one and reject it.

Mr. BRATTON. They are offered together, and unanimous consent has been given to consider and vote on them together.

Mr. NORRIS. Oh, I was not aware of that. I thank the Senator.

Mr. SMITH. Mr. President, may I ask the Senator from New Mexico a question?

The VICE PRESIDENT. The Senator from Nebraska has the floor.

Mr. NORRIS. I did not know I had the floor. If I have, I desire to make a few remarks.

Mr. President, it seems to me that the amendment offered is a practical one. I am not sure that it ought to be voted on now, however, unless we have disposed of all the other amendments that are going to be offered to this appropriation bill.

Mr. BRATTON. Mr. President, if the Senator will yield, permit me to say that the amendment is couched in terms of percentage. In other words, the 5 per cent will operate on whatever sum is in the bill as finally passed and approved.

Mr. NORRIS. Yes; I understand, but if we agree to this amendment now it probably will have a very material effect upon the various votes that are taken on other amendments that will be offered hereafter. It ought to have been the last amendment to be voted on.

Mr. President, while I have the floor I should like to say that whether we vote on this matter now or wait until we dispose of all other amendments we are confronted with practical difficulties, not any difficulty of theory. I have not any doubt but that every single Member of the Senate and the House also is in favor, and honestly in favor, of economy and wants to reduce the appropriations as much as a reduction can be had; but we have seen, not only in this session of Congress but in the preceding session of Congress, the practical results of trying to apply the theories of 96 men to an appropriation bill. We have found, I think, that it is almost impossible to do good work and carry out a plan of real economy.

For instance, in the amendment we have just voted on, some Senators felt that one of the most important things in the activities of the Government was keeping up the airplane activities, and that we were justified in giving a subsidy to various corporations for carrying the mail, using that as a means by which we could justify a governmental subsidy—because I believe as practical men we would have to agree that the airplane appropriation was, after all, a subsidy and nothing but a subsidy; that as far as the necessity of getting prompt delivery of mail within the limits of the airplane activities is concerned, there was really nothing to it. There was no delay of any material kind without airplane delivery of any mail. I do not want, however, to criticize the theory of using the mail to give a subsidy to the airplane. If I ever voted for a subsidy in my life, I would vote for a subsidy to the airplane in any normal times.

It seems to me, however, that we are now confronted with a proposition where we can not follow our own inclinations. If we are going to reach any just conclusion on economy, we must surrender to a great extent, at least, our own ideas of this particular governmental activity or of that. All of us will have to be willing to concede something in order to reach an economical result. Otherwise, we never will reach one.

I will very cheerfully vote for this amendment. I believe in it. Nevertheless, I anticipate that before this session is over, if we get some of the other appropriation bills here—for instance, the Army and the Navy appropriation bills—we shall be unable to apply any amendment of that kind to either one of those appropriation bills.

When I say that, I am not charging anybody with doing anything that he does not honestly and conscientiously believe ought to be done; and perhaps he may be right. He has an idea that one of the things we can not economize on is this thing or that thing, and he carries it out, as he ought to do, of course. Nevertheless, when we come to take all of the appropriations together, we have found from our experience that what will apply to one appropriation bill we will not be able to apply to another one.

Mr. BRATTON. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from New Mexico?

Mr. NORRIS. I yield to the Senator.

Mr. BRATTON. I may say to the Senator that it is my purpose to offer a similar amendment to each appropriation bill as it comes to us, and give the Senate an opportunity to vote on it.

Mr. NORRIS. Of course we have a practical difficulty along that line that I do not believe we can avoid. I see no way to avoid it. Those who are framing these appropriation bills, if they know that the Senate is going to adopt a general amendment like the one now before us to reduce in the aggregate the appropriations of the bill, can easily meet that contingency by bringing in an appropriation bill with larger appropriations, so that they could stand the 5 per cent cut and still get all they want. I do not know how to obviate that difficulty.

Mr. President, I do feel that unless we can have a reasonable assurance that we are to apply the same methods to every appropriation bill that is to follow this one, I would not be one who would be anxious to apply it to this bill or any other appropriation bill. Unless we are going to treat them all alike, unless we are to enter upon the consideration of all these appropriations with the feeling that we must surrender some of our cherished ideas and our cherished notions for the good of the country, facing this depression, I do not care to try to make a haphazard job of it and apply it to some, and have no application of it to others.

I was interested in a debate which occurred on an amendment involving the aviation question. I probably ought to have said, before that amendment was voted on, that I should not want the Government to go back on a contract that had been legally made by an officer having jurisdiction; and although I voted for the amendment, and did so with the idea that if upon further study it was discovered that we had done such a thing by voting the amendment out, we would have plenty of time before the 1st of July to rectify the mistake. Yet it is hard for me to admit that we must in that kind of a case be helpless. If that is true, we have our hands tied for the future; we have our hands tied by contracts in which the greatest financial institutions of the country have a direct financial interest; our hands are tied for the future, and we must give to them their pound of flesh. While millions of people are suffering for the necessaries of life, we must give to them the luxuries of life.

I have on my desk before me a letter written by a representative of a corporation operating airplanes, and in that letter he narrates how some of these contracts were entered into by airplane corporations for carrying the mail. I have nothing but his word in the letter, I have no other evidence of it, but I have no reason on earth to doubt the truth of his statement; and if he tells the truth, some of these contracts which we have voted out of the bill were entered into without notice—not only entered into without notice, but they were entered into in the face of the fact that this particular corporation for which this man writes had offered to enter into contracts and carry the mail for one-half of what is being charged.

Mr. President, I want to read one or two extracts from the letter. I admit that before we should act on this kind of evidence we ought to make the proper investigation, but the letter came to me at my desk here while the debate was going on, and it had something to do with my vote on that proposition, because I realized that this appropriation will

not go into effect until the 1st of next July, and if we have made a mistake we will have plenty of time to rectify it.

The PRESIDENT pro tempore. The time of the Senator from Nebraska has expired.

Mr. NORRIS. I shall have to read the letter when discussing some other amendment.

Mr. COPELAND. Mr. President, I wish the Senator would read me that letter. I am anxious to hear what the writer says.

Mr. NORRIS. In answer to the query of the Senator from New York——

The PRESIDENT pro tempore. The Chair is informed by the clerk keeping the time that the Senator from New York has used up all his time on the amendment.

Mr. NEELY. Mr. President, I offer an amendment to both the amendments which have been presented and ask that it be read.

The PRESIDENT pro tempore. The clerk will state the amendment to the amendment.

The LEGISLATIVE CLERK. The Senator from West Virginia proposes to add at the end of each of the amendments the words "but in no event shall any employee whose salary does not exceed $2,000 a year be affected by the provisions of this paragraph."

Mr. NEELY. Mr. President, if the amendments which are now before the Senate are adopted, if history repeats itself, as I suspect it always will, the reductions will be made at the expense of the employees who are receiving salaries of $1,400 to $1,800 a year. As a rule, they do not have as many influential friends to protect them as do those who are in the higher brackets. In order that those employees may be protected by the very phraseology of the amendment I hope that the amendment to the amendments I have offered will be adopted.

Mr. HALE obtained the floor.

Mr. BINGHAM. Mr. President, will the Senator yield?

Mr. HALE. I yield.

Mr. BINGHAM. Mr. President, I want to call to the attention of the Senator from Nebraska the fact that the law which Congress passed provided that bids shall be submitted to those who have operated for two years and shown, by their successful operation of a line of more than 250 miles, their ability to operate. I had nothing to do with writing the law, but I understand the reason for putting in that provision was that frequently people got a contract not knowing how much it would cost to operate the line, and after two months or so they would give it up and the public service would suffer thereby.

Mr. NORRIS. Mr. President, will the Senator from Maine yield to me?

Mr. HALE. I yield.

Mr. NORRIS. I would like to say, in reply to what the Senator from Connecticut has said, that I was familiar with that provision of the law; I read it this afternoon; but my correspondent states that his corporation was an existing one, that it was in business, and had been for several years, although it had not been carrying the mail. That much is true. But he goes farther and states that these contracts were let without any advertisement, without any notice, even after the department knew that they could have the mail carried, according to their stipulations, for half the sum they were giving to the people who got the contract.

Mr. HALE. Mr. President, things are coming to a strange pass in our Government when, not content to do as we are about to do—namely, turn over to the President of the United States the practically unlimited right to reorganize our Government, we are to follow that up, as we are about to do on this bill, with a provision allowing a Cabinet officer to cut down the appropriations we have made in this body and to cut them down in any way he sees fit.

I realize from my own correspondence the pressure under which we are all laboring to make us economize, and I agree with the Senator from Nebraska that practically everybody in the Senate and in the House wants to economize. I think we could probably economize in a more efficient manner if we were willing to pass certain legislation which has already been referred to this body, but very clearly we are not going to do anything of the sort at this session of the Congress.

Now comes this proposal of the Senator from New Mexico. Undoubtedly, if the Senate adopts it, as it will, and it is agreed to by the House, it will cut down the expenditures of the Government. But whether it will do so wisely or not remains to be seen.

The President of the United States, who has been trying to bring about economy and who has gone into the subject very thoroughly, tells us that to only a very limited extent can the appropriations recommended in the Budget be cut down by the Congress without interfering with the existing law, or with obligations of the Government. In his recent message he stated that not over $461,000,000 of appropriations were available on which cuts could be made outside of the Army, Navy and District of Columbia bills.

In this computation the President included a certain salary reduction which had been recommended by him. Without that reduction the amount would be about $500,000,000, instead of $461,000,000.

These cuts suggested by the Senator from New Mexico in the Post Office part of the pending bill amount to about $35,000,000, in the Treasury part of the bill to about $9,000,000. If Senators will look at the report on the Treasury part of the bill, they will see that the appropriations amount to $244,000,000, and from that is to be taken, by the Senator's amendment, the public-building fund of $50,000,000. That would bring it down to $194,000,000, substantially. Also, in the Treasury part of the bill appears an item of $55,000,000 for refunds. If the Government is to meet its obligations, those refunds will have to be made in full, and we will have to take that amount away from the $194,000,000, leaving about $140,000,000.

The amount for the pay and subsistence and allowances of the Coast Guard, amounting to $18,000,000, can not further be cut down, and, of course, there are other irreducible items which I can not give you at the moment. So that the cut will have to be made in the Treasury on some amount slightly over $100,000,000, and instead of being a 5 per cent cut of the total amount, it will be a 10 per cent cut in the administrative features of the bill.

I am afraid that by going ahead and following out the suggestion of the Senator from New Mexico and adopting his amendment we will put ourselves in a position of seriously crippling the Government of the United States. This is really a matter of far more importance to Senators on the other side of the Chamber than to those on this side of the Chamber, because their party is the one which will have to administer the Government during the next four years.

I realize that, with the temper of the Senate as it is at present, there is no possibility of defeating the amendment of the Senator from New Mexico. I do want to say, however, and I want it distinctly understood, that whatever the case may be with the other appropriation bills, I do not believe that we can possibly cut down 5 per cent the appropriations for the Army and for the Navy without seriously crippling the national defense of the country, and with world conditions as they are at present, we are in no condition to do that. I do not want to prevent action on the amendment. I am one of those who wants to see the appropriation bills passed, and passed as soon as possible.

The PRESIDENT pro tempore. The question is on agreeing to the amendments proposed by the Senator from West Virginia to the amendment of the Senator from New Mexico.

Mr. NORRIS. Mr. President, I understand the Senator from West Virginia has offered an amendment that is now pending. Is that correct? I have spoken on the amendment of the Senator from New Mexico.

The PRESIDENT pro tempore. The Chair understood the Senator from West Virginia to offer his proviso at the end of each of the amendments proposed by the Senator from New Mexico. The Senator from Nebraska is recognized for 15 minutes.

Mr. NORRIS. I am speaking now on the amendment offered by the Senator from West Virginia. My remarks, of course, will have a very direct bearing upon that amendment.

Mr. President, when I was interrupted by the Presiding Officer and cut off in the middle of a sentence at the expiration of my 15 minutes on the amendment of the Senator from New Mexico, I was about to read extracts from the letter which I had described at that time. Now I will proceed where I left off at that time.

This letter in part says:

Last year air mail service was established between Omaha and Watertown, S. Dak.—

I would be glad if Senators would notice that particular line on the map on the wall of the Chamber—

We made a great effort to get this service, offering to carry this mail and equip our line exactly as required, for a much less sum than is being paid the United Air Lines (formerly the Boeing Co.) which was given this contract. Prior to letting the contract promises were made to us by both the United Air Lines and the Post Office Department, none of which were ever kept or fulfilled. The contract was given to the United Air Lines on the ground that it was an extension of their line and not a new branch line. How this can be an extension I do not know, as their eastern terminal has always been the city of Chicago and their western terminal in the city of San Francisco. This contract was let without asking for bids or allowing any other line to compete for the business. All this passed into history some months ago and now comes another deal of the same kind.

I presume it might be argued that that was an extension of the line, although Senators can see upon the map that the company which got the contract had an eastern terminal at Chicago and a western terminal at San Francisco. The new line from Omaha to Watertown, S. Dak., was not an extension of that line in my judgment, although we might concede for argument's sake that it could be called an extension. In other words, the airplanes did not come from Chicago to Omaha and go up to Watertown, back to Omaha, and on west again. Whatever mail they carried was unloaded at Omaha and had to be picked up by another airplane which carried it to Watertown.

It seems to me, therefore, there is something in the argument which the competing line makes; at least it seems to me their argument is good if it is true, and I do not doubt that all this was done without advertisement, without any possibility of anybody else competing, and done in the face of the fact that the other company, equipped as well as was the Morgan company to carry the mail, offered to do the work for much less money than was paid to the favored Morgan line.

The letter continues:

For several years air mail has been carried between Omaha and St. Louis via Kansas City by American Airways, and between Kansas City and St. Louis there has been double service, the Transcontinental and Western Air coming into Kansas City from the Southwest and proceeding to St. Louis.

That has no direct bearing on the point I want to make, but it is fairly introductory to what I want to read now:

A few days ago the Post Office Department announced the discontinuance of the double service between Kansas City and St. Louis and the awarding of the north end of the route, Omaha to Kansas City, to United Air Lines (Boeing Co.) without asking for bids or anyone knowing anything about it.

This is the same route over which we have operated a passenger line for three years, and the United Air Lines have never operated in any way over the route, Omaha to Kansas City. On learning what was about to take place we wired the Postmaster General several times concerning the matter, offering to furnish the service for one-half the sum paid to the American Airways, the former contractors. Of course, no attention was paid to these telegrams.

It would seem that this corporation, engaged in the operation of airplanes, not having any subsidy, not getting anything from the Government, has for three years been operating over this line, operating from Omaha south to Kansas City, Mo. Equipped as the writers of the letter are and as they have been for the carrying of passengers from Omaha to Kansas City and return, with the Morgan Line having no line out of there, then the Post Office Department delivers to the Morgan Co. a contract to carry the mail over this route already supplied with passenger service by the line that offered to do the work for half the sum if they would let them have the contract.

It all indicates that the Post Office Department in the air mail business is not acting in an economical way for the benefit of the taxpayers of the United States and is not fair to competing lines. Here was a line already established, operating back and forth, ready to carry the mail at one-half the cost paid to the company which was carrying mail through from Chicago to San Francisco.

Under these circumstances and with these facts as I believe them to exist, the Senate was justified in striking out the entire appropriation. But, Mr. President, there is only one possible reason in my humble judgment why that should not be done in these distressing times; and that is that if we have a contract which legally binds us, we will probably have to carry it out. Whatever we do about the airplane business, I maintain that it is not a necessity. The law providing for the carrying of the mail, as I believe every fair-minded man looking at it in a fair way will agree, provides a subsidy pure and simple, perhaps justified under ordinary conditions, but absolutely unjustified when we are on the verge of seeing our Government go into bankruptcy. The first thing we know, under the bankruptcy bill which we will probably pass in a few days, we will have Uncle Sam himself making the first application to have a receiver appointed for the United States Government!

Something must be done to preserve our governmental institutions and our governmental activities. When we find a department is letting such contracts as it is quite evident are being let for the carrying of the mail, not a necessity, and granting a subsidy in these times under the circumstances which I have just related, it would seem to indicate that we are justified in striking out the entire appropriation.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from West Virginia to the amendment of the Senator from New Mexico.

Mr. NEELY. I demand the yeas and nays.

Mr. BLAINE. Mr. President, may we have the amendment to the amendment reported?

The PRESIDENT pro tempore. It will be reported for the information of the Senate.

The LEGISLATIVE CLERK. Add at the end of each of the amendments offered by the Senator from New Mexico the following:

But in no event shall any employee whose salary does not exceed $2,000 a year be affected by the provisions of this paragraph.

Mr. BARKLEY. Mr. President, it seems to me the amendment practically nullifies the effect of the amendment offered by the Senator from New Mexico. Not only that, but it flies in the teeth of the economy act which passed the last Congress.

Mr. NEELY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Kentucky yield to the Senator from West Virginia?

Mr. BARKLEY. I yield.

Mr. NEELY. If the observation just made by the Senator from Kentucky is correct, and I do not question it, then one made by the sponsor of the two amendments to which my amendment was offered is incorrect, because he said he did not believe that his amendment would result in the reduction of salaries.

Mr. BARKLEY. Of course, I do not know whether it will or not. I supported it in good faith, regardless of whether it does or not.

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. BARKLEY. Certainly.

Mr. NORRIS. While talking about the particular amendment, I neglected to say what I should like to suggest now to the Senator from Kentucky. I am in entire sympathy with the amendment, and still I am sorry he offered it because the President will have authority and will undoubtedly take all of these things into consideration. There may be places

in the Government where men are drawing $2,000 a year where the salaries ought to be reduced.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Kentucky yield to the Senator from Arkansas?

Mr. BARKLEY. Certainly.

Mr. ROBINSON of Arkansas. There also may be places where men are drawing $2,000 a year salary where their services are not at all needed.

Mr. NORRIS. That is true.

Mr. ROBINSON of Arkansas. This amendment would prevent the incoming administration from dismissing such employees; that is to say, after a place has been filled it would be difficult to discharge an employee; but if we are going to require by law that all persons who have been employed under the present administration shall be continued in service if they draw over $2,000 salary, we will render ineffective the provisions for the consolidation of bureaus and for the abolition of functions. For that reason I think the amendment is inconsistent with the amendment of the Senator from New Mexico.

Mr. BARKLEY. Not only that, but the head of some department, in attempting to carry out the 5 per cent reduction in good faith, may be confronted with the dilemma of either reducing somebody's compensation or discharging him entirely. Without being able to reduce the number of compensations, he might keep any given number of people at work; whereas if he could not reduce them, he might be confronted with the necessity of discharging them entirely. I think if the Senator from West Virginia will think it over, he will find that his amendment is liable to do more harm than good.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from West Virginia [Mr. NEELY] to the amendment offered by the Senator from New Mexico [Mr. BRATTON].

Mr. NEELY. I ask for the yeas and nays.

The PRESIDENT pro tempore. On this question the yeas and nays are demanded. Is the demand sufficiently seconded?

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. HEBERT (when his name was called). Again announcing my pair with the Senator from North Carolina [Mr. BAILEY], I withhold my vote.

The PRESIDENT pro tempore (when Mr. MOSES's name was called). The present occupant of the chair has a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. He being absent, and the present occupant of the chair being uncertain as to how he would vote, the present occupant of the chair withholds his vote. If permitted to vote, he would vote "nay."

The roll call was concluded.

Mr. ROBINSON of Indiana. I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], who is unavoidably absent from the Senate. In his absence I withhold my vote. If permitted to vote, I should vote "yea."

Mr. McKELLAR (after having voted in the negative). I have a pair with the junior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the senior Senator from Missouri [Mr. HAWES] and will let my vote stand.

Mr. BRATTON (after having voted in the negative). I transfer my pair with the Senator from Nebraska [Mr. HOWELL] to the Senator from Tennessee [Mr. HULL] and will let my vote stand.

Mr. FESS. I wish to announce the following general pairs:

The Senator from Kansas [Mr. CAPPER] with the Senator from Nevada [Mr. PITTMAN];

The Senator from New Hampshire [Mr. KEYES] with the Senator from Oklahoma [Mr. THOMAS];

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG];

The Senator from Vermont [Mr. DALE] with the Senator from Arkansas [Mrs. CARAWAY];

The Senator from Illinois [Mr. GLENN] with the Senator from Virginia [Mr. SWANSON]; and

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER].

Mr. ROBINSON of Arkansas. I wish to announce that my colleague [Mrs. CARAWAY] is necessarily detained on official business.

Mr. WAGNER (after having voted in the affirmative). I transfer my pair with the Senator from Missouri [Mr. PATTERSON] to the Senator from Washington [Mr. DILL] and will let my vote stand.

Mr. DAVIS (after having voted in the negative). I transfer my pair with the Senator from Kentucky [Mr. LOGAN] to the Senator from California [Mr. SHORTRIDGE] and will let my vote stand.

Mr. NORRIS. I desire to announce that my colleague [Mr. HOWELL] is absent on official business.

Mr. GLASS. I desire to announce that my colleague the senior Senator from Virginia [Mr. SWANSON] is detained from the Senate on official business. He has a general pair with the Senator from Illinois [Mr. GLENN].

Mr. SHEPPARD. I desire to announce that the Senator from Massachusetts [Mr. WALSH] is necessarily detained on official business.

The result was announced—yeas 20, nays 47, as follows:

YEAS—20

Ashurst	Copeland	Hayden	Shipstead
Black	Costigan	Johnson	Smith
Blaine	Cutting	La Follette	Steiwer
Brookhart	Frazier	Neely	Wagner
Bulow	Hatfield	Nye	Walsh, Mont.

NAYS—47

Austin	Davis	Kean	Russell
Bankhead	Dickinson	Kendrick	Schall
Barbour	Fess	King	Schuyler
Barkley	Fletcher	McGill	Sheppard
Bingham	George	McKellar	Smoot
Borah	Glass	McNary	Trammell
Bratton	Goldsborough	Metcalf	Tydings
Bulkley	Gore	Norris	Vandenberg
Byrnes	Grammer	Oddie	Walcott
Connally	Hale	Reed	Watson
Coolidge	Harrison	Reynolds	White
Couzens	Hastings	Robinson, Ark.	

NOT VOTING—29

Bailey	Hawes	Moses	Thomas, Idaho
Broussard	Hebert	Norbeck	Thomas, Okla.
Capper	Howell	Patterson	Townsend
Caraway	Hull	Pittman	Walsh, Mass.
Carey	Keyes	Robinson, Ind.	Wheeler
Dale	Lewis	Shortridge	
Dill	Logan	Stephens	
Glenn	Long	Swanson	

So Mr. NEELY's amendment to the amendment of Mr. BRATTON was rejected.

The PRESIDENT pro tempore. The question recurs to the amendment offered by the Senator from New Mexico.

Mr. BLAINE. Mr. President, it is not my purpose to delay a vote upon this amendment, but to me the amendment embodies a rather strange proposal. The Congress of the United States makes appropriations for the various departments. This amendment proposes to authorize and direct the agency for which the appropriations are made to make a reduction of 5 per cent. Since the Congress is the governmental agency, the constitutional authority to make appropriations, having that authority, it is very strange indeed that Congress should pass this authority on to the agency of the Congress.

I assume that the amendment would not be subject to a point of order if it were offered to the economy features of the pending bill; and if it were offered as an amendment to the economy provisions, then the Senate would be in a situation whereby it could harmonize the economy reductions and the proposed reductions by adopting the amendment offered by the Senator from New Mexico. Therefore, Mr. President, it seems to me this amendment is subject to a point of order as new legislation on an appropriation bill, conferring special authority upon the Secretary of the Treasury in the one instance and in the other instance upon the Postmaster General. I make the point of order against the amendment.

The PRESIDENT pro tempore. The point of order is sustained.

Mr. ASHURST. Mr. President, I offer an amendment at this time, if I am in order.

The PRESIDENT pro tempore. The bill is on its second reading, and the amendment is in order.

Mr. ASHURST. On page 76 of the bill I move to strike out section 11.

The PRESIDENT pro tempore. Under the agreement the Senate is proceeding with this bill by titles; that title has not yet been reached, and the amendment is not yet in order.

Mr. ODDIE. Mr. President, I move that the Senate take a recess until 12 o'clock to-morrow.

Mr. BARKLEY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nevada yield to the Senator from Kentucky?

Mr. ODDIE. I withhold the motion.

Mr. BARKLEY. Mr. President, if the Senator from New Mexico does not take an appeal from the decision which the Chair just rendered, I myself intend to take an appeal.

The PRESIDENT pro tempore. The Chair having upheld the point of order made by the senior Senator from Wisconsin, there seems to be some question on the floor whether an appeal will be taken from the ruling of the Chair.

Mr. BRATTON. If I may do so, I do appeal from the ruling of the Chair.

The PRESIDENT pro tempore. The Senator from New Mexico appeals from the decision of the Chair. The question is, Shall the ruling of the Chair stand as the judgment of the Senate?

Mr. BARKLEY. Mr. President, is that question debatable?

The PRESIDENT pro tempore. Oh, yes.

Mr. BARKLEY. Mr. President, I do not want to take the floor from the Senator from New Mexico if he desires it; but if he does not wish to speak at this time, I wish to make an observation about it.

Mr. BRATTON. I will follow the Senator from Kentucky.

Mr. BARKLEY. Mr. President, ordinarily I have great regard for the rulings of the present occupant of the Chair.

The PRESIDENT pro tempore. Before the Senator from Kentucky proceeds, may the Chair state that he sustained the point of order for the reason that he thinks in the form of words in which it was presented it was clearly legislation upon a general appropriation bill inasmuch as it proposed to add new duties to the head of an executive department.

The Chair, however, will go farther and say that the amendment might have been submitted in another form of words which would have made it a limitation upon an appropriation, and therefore in order; but in the form of words in which it came before the Senate and upon which the Chair had to rule, the Chair is clearly of the opinion that it is legislation upon an appropriation bill and therefore not in order.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. The Senator from Kentucky has the floor.

Mr. NORRIS. I desire to ask a question of the Chair.

Mr. BARKLEY. I yield to the Senator from Nebraska.

Mr. NORRIS. I do not want to take up the time of the Senator from Kentucky.

The PRESIDENT pro tempore. No; this time, being taken on an appeal from the Chair, is not in connection with the bill.

Mr. NORRIS. Very well.

As I understand, there is a part of the bill, known as the economy part of the bill, that is in itself legislation. If this amendment, in the same form in which the Senator from New Mexico has offered it, were offered to that part of the bill known as the economy part of the bill would it then be in order?

The PRESIDENT pro tempore. The President pro tempore would think so.

Mr. BRATTON. Mr. President, will the Senator yield in order that I may propose a unanimous-consent agreement?

Mr. BARKLEY. I yield to the Senator.

Mr. NORRIS. Then may I interrupt the Senator from New Mexico or the Senator from Kentucky, if he has the floor?

Mr. BARKLEY. I yield to the Senator.

Mr. NORRIS. Why not, to save time, offer the amendment at another place in the bill, affecting legislation that itself would not be in order under ordinary circumstances, and yet that would make this amendment in order and save the debate on an appeal?

Mr. BARKLEY. As far as I am concerned, I shall yield to the wishes of the Senator from New Mexico. I rose simply to reserve the right to take an appeal, because I did not know whether he intended to do so or not.

The PRESIDENT pro tempore. The Senator has already done so.

Mr. BARKLEY. I am willing to yield the floor to the Senator from New Mexico.

Mr. BRATTON. Mr. President, we have debated this amendment for about two hours. It was suggested earlier, about an hour ago, that the amendment might be subject to a point of order; but inasmuch as we had consumed an hour in debating it, and it obviously would be in order to the economy section of the bill, it would save time to go ahead and vote on the two amendments together. Logically, they belong at the respective specified places in the bill; and, with great respect to the distinguished Presiding Officer—whose skill in parliamentary procedure is unquestioned except on this occasion—I think the amendment is a limitation.

I wonder, however, if the Senator from Wisconsin, who made the point, and others who would not consent that we vote on the amendment as an amendment to the economy section of the bill, instead of having to devote probably two hours more of the time of the Senate in debating it. It is just a question as to where the amendments now being considered together come in the text of the bill. That is all that the point made by the Senator would accomplish. Since those of us who are interested in the amendment have now exhausted the subject by consuming two hours of the time of the Senate, would not the Senator from Wisconsin consent that we go ahead and vote on it as an amendment to the economy section of the bill?

Mr. BLAINE. Mr. President, will the Senator yield for a statement and a suggestion?

Mr. BRATTON. Certainly.

Mr. BLAINE. First, I want to make it plain in the RECORD that during the discussion on this particular amendment I was in the Chamber most of the time.

Let me suggest to the Senator from New Mexico that the senior Senator from Nebraska [Mr. NORRIS], in debating this amendment, placed particular emphasis upon the proposition whether or not, if the proposed amendments to the present bill are adopted, all other appropriation bills would be treated in the same way. Neither the Senator from New Mexico nor any other Senator, of course, can give any guaranty on that proposition.

Mr. BRATTON. Certainly not.

Mr. BLAINE. He can not give any assurance to that effect. Therefore, in order to carry out what I believe to be in the mind of the Senator from New Mexico, so that the provisions for reduction contained in the amendments may become a part of the permanent law so far as appropriations are concerned for the next fiscal year, why should not the amendments be made a part of the economy measure, thus assuring that the provisions of the two amendments offered would attach to all appropriation bills alike? Then we would not have to spend any more time in discussing these amendments when the Army and Navy bills come along, and the Department of Justice bill, and the Agricultural Department bill, and the Interior Department bill, and the various other bills that will be reported.

Mr. BRATTON. Because these two amendments would not have that effect if they were attached to the economy section of the bill or anywhere else. Their text would be the same wherever they appear in the bill.

Mr. BLAINE. But the proposals of the two amendments would have the same effect in the economy part of the bill if the Senator would redraft the amendments so as to make them general legislation affecting all appropriation bills, exactly the same as the economy provisions are going to affect all appropriation bills.

Mr. BRATTON. That could be done, of course.

Mr. BLAINE. I suggest that that be done in the interest of expedition.

The PRESIDENT pro tempore. The question before the Senate is the appeal from the ruling of the Chair.

Mr. BRATTON. Is that debatable, Mr. President?

The PRESIDENT pro tempore. Oh, yes. The Chair has already said that.

Mr. BRATTON. Then, having the floor, I shall exercise that privilege for a short while.

Mr. President, as I said before, and I repeat now, in all seriousness, the skill of the present occupant of the Chair in parliamentary procedure is recognized everywhere; but I think the ruling in this case is an error, because this amendment is a limitation on the particular appropriation. The effect of it is to curtail the appropriation by 5 per cent. It is a limitation upon the appropriation to that extent. It suspends the power of the department in question to expend 5 per cent of the amount carried in this particular appropriation bill. That is all it does. It simply says that if, for instance, the appropriation is a million dollars, as to $50,000 of it the appropriation shall not be expended. It is essentially a limitation upon that part of the appropriation. It does not affect the other part. As to the $950,000 appropriated by the bill, it can be spent in the manner specified; but as to the $50,000, it is a limitation upon that by denying the privilege of expending it.

It seems to me that the amendment is purely, simply, solely, and exclusively a limitation upon the appropriation bill. Upon the appeal I ask for the yeas and nays.

Mr. BARKLEY. Mr. President, in support of the contention of the Senator from New Mexico [Mr. BRATTON], I wish simply to read this amendment and comment on it in a word or two.

As I read the amendment, it does not contain any general legislation whatever. It does not direct the Postmaster General to change any law now in existence as the basis for appropriations carried in this bill. It merely says:

> The Postmaster General is authorized and directed to make such reductions in the expenditures—

That is, in the aggregate amount. It does not authorize him to cut anybody's salary. It does not direct him to do it. He might do it, of course, in preference to discharging somebody, as a means of carrying out this reduction of 5 per cent; but the amendment does not direct him to do it. It does not direct him to discharge anybody in the Post Office Department. It does not direct him or give him any authority to change a single basic law under which the Post Office Department operates.

The amendment merely directs and authorizes the Postmaster General to make a 5 per cent reduction in the total, aggregate expenses carried in this bill. In that sense it seems to me purely a limitation, because there is not a sentence nor a word in the amendment that can be pointed out that changes any law, or directs the Postmaster General to change any law, or to do anything else except in a general way to work such economies in the department as will bring about a 5 per cent reduction.

Mr. BLAINE. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Kentucky yield to the Senator from Wisconsin?

Mr. BARKLEY. I yield.

Mr. BLAINE. But the Senator will admit that under that authority the Postmaster General could reduce any employee's salary 5 per cent.

Mr. BARKLEY. He has that authority already, under the economy act that we passed in the last session, by furloughing. He may bring about this 5 per cent economy by furloughing employees in the department. He might do it by readvertising for bids on contracts under the department in the hope that a smaller contract could be awarded. In any way that he sees that he can bring about economies by reduction in expenses, he is authorized to do it. In the purchase of supplies for the Post Office Department, whether by competitive contract or whether they are simply purchased in the open market, he might be able to bring about this entire 5 per cent economy. He might be able to do it by a reduction in the cost of the supplies or on contracts which are not fixed by law, in which he has a discretion.

Mr. BLAINE. Mr. President, will the Senator yield for another question?

Mr. BARKLEY. I yield.

Mr. BLAINE. Of course either department could do that very thing, without any authority from the Congress, by refusing to purchase, and thus reduce the total amount expended.

Mr. BARKLEY. Yes; of course.

Mr. BLAINE. With respect to the employee under the economy bill, the reduction may be made, as I understand, by the furlough; but this is 5 per cent reduction in addition thereto that may be made upon the actual salary that is paid. That is, the Postmaster General is authorized to do it; he is directed to do it, and he may do it, as the Senator, I am sure, will admit.

Mr. BARKLEY. He is authorized in general language to bring about a general reduction of 5 per cent; but he is not specifically directed by this amendment to reduce any man's salary, or to discharge any man. Therefore this amendment is not in violation of the law, because it does not authorize the Postmaster General to change the fundamental law that governs the operation of the Post Office Department.

As I understand the rule to be, an amendment must be general legislation of such a kind as to change the existing law on the subject before it is in violation of the rules of the Senate.

Mr. BLAINE. Another question: The Postmaster General or the Secretary of the Treasury can not go beyond the economy measure passed at the last session respecting the system by which reductions are made, the furlough plan. The Senator will admit that.

Mr. BARKLEY. No; I do not admit that, because I think it is not only the duty but the obligation of the head of every department, without any amendment of this sort and without any specific authority, when he finds that a reduction can be made in the expenses of the Government, to do it; and they are doing it in all the departments now. When they find that they have more people employed than are necessary, they have the authority to discharge them. Congress does not have to specify every particular employee in any department who is kept on the rolls for an indefinite length of time, or who is compelled to be discharged at any particular time.

Mr. BLAINE. Evidently I have not put my question very clearly. The Senator does not contend that the Postmaster General or the Secretary of the Treasury can grant a longer or shorter furlough under the economy plan of the last session.

Mr. BARKLEY. I will say that he could not compel a longer furlough than that carried in the bill.

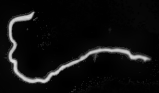
Mr. BLAINE. Exactly. Now, the result of this provision is to amend the economy act of the last session, authorizing and directing the department head to make a reduction. Therefore he is authorized and directed, if he so chooses, to reduce salaries 5 per cent.

Mr. BARKLEY. It is entirely conceivable that he may make the entire 5 per cent reduction without touching the salary of anybody at all.

Mr. BLAINE. Oh, that is true; but he may make and is directed to make a 5 per cent reduction, which means that he may apply it to salaries only.

Mr. BARKLEY. There are so many ways in which economy can be brought about, in the rent of buildings under the jurisdiction of the Post Office Department and otherwise, that I think he can bring it about without affecting the salary of anybody in the department.





Mr. BLAINE. Then why have this amendment at all if that is true?

Mr. BYRNES. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Kentucky yield to the Senator from South Carolina?

Mr. BARKLEY. I yield to the Senator.

Mr. BYRNES. The existing economy act authorizes the furloughing of an employee for an indefinite period, in addition to the 24-day furlough which is specifically provided.

Mr. BARKLEY. Yes.

Mr. BYRNES. And the provision that 5 per cent of the appropriations for the Post Office Department shall not be expended does not thereby give to the Postmaster General the right to change the existing law as to the salaries fixed in the classification act. He can furlough employees under this provision for an indefinite period.

Mr. BARKLEY. That is only one of the many ways by which this 5 per cent reduction can be brought about without any change of the fundamental law.

The PRESIDENT pro tempore. Before stating the question, the Chair thinks it is desirable for him to state, in order that it may go into the book of precedents, regardless of what the decision of the Senate may be, the grounds upon which the point of order was sustained.

This is a question which has often arisen in both Houses of Congress, and especially so since the Budget legislation, and among all the precedents which have been established is one set up in another place where, in the course of a ruling by Chairman Tilson in Committee of the Whole, he said, referring to the present junior Senator from Texas [Mr. CONNALLY], then a Member of the House of Representatives:

> The gentleman from Texas [Mr. CONNALLY], in an argument made to you on either this amendment or one very similar to it, stated the rule as clearly as the Chair is able to state it, or even more so. I cite from the proceedings of January 19, 1923, page 1979. Mr. CONNALLY said:
>
> "Now, if the Chair please, my understanding of a limitation of an appropriation is as follows: In the face of a point of order Congress can only appropriate in an appropriation bill for purposes already authorized by law. The Congress can appropriate for all purposes authorized by law or appropriate for none of the purposes authorized by law. Within those limits Congress can limit an appropriation. Congress can say that no part of an appropriation shall be expended for a part of the purposes which the law authorized. But a limitation must be absolutely negative. It must be in the nature simply of a veto. It can not direct an executive officer in the dicharge of his duties under existing law. Whenever it does it ceases to be a limitation and becomes legislation in violation of the rule."

The Chair ruled shortly ago in these words, referring to the amendment offered by the Senator from New Mexico:

> He thinks in the form of words in which it is presented it is clearly legislation upon a general appropriation bill inasmuch as it adds new duties to the head of an executive department.
>
> The Chair, however, will go farther and say that the amendment might have been submitted in another form of words which would have made it a limitation upon an appropriation, and therefore in order; but in the form of words in which it came before the Senate and upon which the Chair had to rule, the Chair is clearly of the opinion that it is legislation upon an appropriation bill and therefore not in order.

From that opinion the Senator from New Mexico appealed, and the question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. CONNALLY. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. CONNALLY. Does the Chair regard himself as being bound by the decision he has just read?

The PRESIDENT pro tempore. The Chair does in the present instance, under the form of words in which the amendment has been offered.

Mr. CONNALLY. Does the Chair regard the Senator from Texas as being bound by his former views?

The PRESIDENT pro tempore. The Chair can not possibly set precedents of honor or procedure for the Senator from Texas.

Mr. ODDIE obtained the floor.

Mr. BINGHAM. Mr. President, will the Senator yield to me?

Mr. ODDIE. For just a moment.

Mr. BINGHAM. Mr. President, there has been troubling me all day a recollection of the speech made this morning by the Senator from Maryland. It seemed to me that somewhere in my distant childhood I had heard that speech made before. He stated that he had been deserted by those on his side of the aisle and that those on this side of the aisle had likewise deserted him. I knew I had heard that story before, and I appealed to the junior Senator from Oklahoma [Mr. GORE], who with his wonderful memory was able to give me the reference, and I would like to take just a second to read it. It is found in the Book of Job, Chapter I, verse 19:

> And, behold, there came a great wind from the wilderness and smote the four corners of the house, and it fell upon the young men, and they are dead; and I only am escaped alone to tell thee.

Mr. TYDINGS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Nevada yield to the Senator from Maryland?

Mr. ODDIE. I yield for a question.

Mr. TYDINGS. I want the Senator to give me an opportunity to reply to the Senator from Connecticut.

Mr. ODDIE. I yield, if it is to be a brief reply.

Mr. TYDINGS. I was wondering whether the wind to which the Senator from Connecticut referred was the wind that blew on election day in 1932. If it was, then I can understand how the Senator has turned to the Bible in his declining senatorial term.

RECESS

Mr. ODDIE. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and the Senate (at 5 o'clock and 50 minutes p. m.) took a recess until to-morrow, Thursday, February 2, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 1 (legislative day of January 10), 1933

PROMOTIONS IN THE NAVY

Commander Rufus W. Mathewson to be a captain in the Navy from the 23d day of October, 1932.

Commander Augustin T. Beauregard to be a captain in the Navy from the 8th day of November, 1932.

Lieut. Commander Robert R. Thompson to be a commander in the Navy from the 8th day of November, 1932.

The following-named lieutenant commanders to be commanders in the Navy from the 1st day of January, 1933:

Walter S. DeLany.

Emory P. Eldredge.

Lieut. Ernest H. von Heimburg to be a lieutenant commander in the Navy from the 5th day of January, 1933.

Lieut. (Junior Grade) William A. Bowers to be a lieutenant in the Navy from the 1st day of March, 1932.

Lieut. (Junior Grade) Joseph H. Garvin to be a lieutenant in the Navy from the 1st day of July, 1932.

Lieut. (Junior Grade) Joseph E. Wolowsky to be a lieutenant in the Navy from the 1st day of October, 1932.

Lieut. (Junior Grade) John N. Opie, 3d, to be a lieutenant in the Navy, from the 1st day of December, 1932.

Lieut. (Junior Grade) Aurelius B. Vosseller to be a lieutenant in the Navy, from the 14th day of December, 1932.

Lieut. (Junior Grade) John R. Ruhsenberger to be a lieutenant in the Navy, from the 1st day of January, 1933.

Lieut. (Junior Grade) Alfred J. Bolton to be a lieutenant in the Navy, from the 18th day of January, 1933.

Ensign William B. Epps to be a lieutenant (junior grade) in the Navy, from the 6th day of June, 1932.

Assistant Dental Surgeon William D. Bryan (temporary) to be an assistant dental surgeon in the Navy, with the rank of lieutenant (junior grade), from the 3d day of January, 1933.

WITHDRAWAL

Executive nomination withdrawn from the Senate February 1 (legislative day of January 10), 1933

REGISTER OF THE LAND OFFICE

Elbert G. Laing, of Nebraska, to be register of the land office at Alliance, Nebr.

HOUSE OF REPRESENTATIVES

WEDNESDAY, FEBRUARY 1, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Most Gracious Father in Heaven, we thank Thee for Him whose voice is the music of heaven and whose word is the message of a righteous and a redeeming God. O do Thou increase the power of all agencies and movements that are seeking and laboring to lift the burdens of the unemployed and the unfortunate. With vigor and devotion may we seize the social law of mutual love and service. Let the teachings of the Master be turned loose until they overrun the homes and flood the firesides of our whole country. Inspire us to serve in lifting our fellows into the kingdom of peace and self-respect. As Thy glorious promises are to them that overcome, crown us this day with that strength of character that sustains in the hour of trial and temptation. Through Christ our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed a joint resolution and bills of the House of the following titles:

On January 24, 1933:

H. J. Res. 559. Joint resolution to exempt from the tax on admissions amounts paid for admission tickets sold by authority of the Committee on Inaugural Ceremonies on the occasion of the inauguration of the President elect in March, 1933.

On January 27, 1933:

H. R. 8750. An act relative to restrictions applicable to Indians of the Five Civilized Tribes in Oklahoma.

On January 30, 1933:

H. R. 14436. An act making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

DISTRIBUTION OF COTTON TO RED CROSS

Mr. JONES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, H. R. 13607, to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distressed, with Senate amendments, further disagree to the amendments of the Senate and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

Mr. SNELL. Reserving the right to object, what is the difference now?

Mr. JONES. The only difference that seems to be a matter of contention is the different provision as to the paying off of the commercial liens against the cotton, and the carrying charges against it.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. STAFFORD. Personally, I am much more in favor of the Senate amendment which would take $12,000,000 from the revolving fund, rather than have it deducted from the Treasury of the United States. I hope when the gentleman brings the bill back from conference, he will give the House an opportunity to express itself about having the money deducted from the revolving fund, rather than as provided in the House bill, having it taken out of the Treasury.

Mr. JONES. If the gentleman will read the Senate amendment carefully, he will find it provides for an appropriation for the full net market value of the cotton, and, in the long run, it will cost more than the House provision. However, the committee expects to get full information on that in conference.

Mr. STAFFORD. If the gentleman will permit, I examined in detail the report of the proceedings of the Senate on yesterday and the reason they reconsidered their vote. I was in sympathy with that principle, and I think the bill will go through much faster if we accept the Senate amendment.

Mr. JONES. Let me read the gentleman the first sentence of the Senate amendment:

> There is hereby authorized to be appropriated for credit to the revolving fund established by the agricultural marketing act an amount equal to the current market value of all cotton delivered to relief agencies under this act.

Thus the Senate amendment carries a larger appropriation than the House provision.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. JONES, FULMER, LARSEN, HAUGEN, AND PURNELL.

INDEPENDENT OFFICES APPROPRIATION BILL, FISCAL YEAR 1934

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 14458) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes. Pending that motion, Mr. Speaker, it was agreed yesterday that the gentleman from Pennsylvania [Mr. MCFADDEN] might have time to-day in general debate to answer certain charges made against him in the newspapers. I have an understanding with the gentleman from Washington [Mr. SUMMERS] that each of us will yield the gentleman from Pennsylvania [Mr. MCFADDEN] 20 minutes.

I ask unanimous consent, Mr. Speaker, that at the conclusion of the time occupied by the gentleman from Pennsylvania [Mr. MCFADDEN] general debate on the independent offices appropriation bill shall continue until 4 o'clock, the time to be equally divided between the gentleman from Washington [Mr. SUMMERS] and myself.

Mr. SUMMERS of Washington. Reserving the right to object, I think more time has been used on the other side of the aisle than on this side, and a great many Members have requested 15 minutes. Even if that time is reduced, I am not sure that one-half of the time remaining after the conclusion of the remarks by the gentleman from Pennsylvania [Mr. MCFADDEN] will accommodate all Members who have requested time on this side.

Mr. WOODRUM. Mr. Speaker, it is very necessary to get started reading this bill to-day if we finish it to-morrow. The Members of the House know how absolutely imperative it is to get these bills passed and to the Senate. We must finish this bill to-morrow. I hope the gentleman from Washington will get his colleagues, as I am getting mine, to cooperate with him in cutting down their requests for time.

Mr. SUMMERS of Washington. I have been cutting it down, but I do not know just how the time is divided between the two sides now.

Mr. WOODRUM. Mr. Speaker, I will modify my request that general debate shall continue until 4.30 o'clock to-day, and then I will ask the committee to allow us to read until 5.30.

Mr. UNDERHILL. Suppose we have a roll call in the meantime?

Mr. WOODRUM. Of course, that would come out of that time.

Mr. PATMAN. Reserving the right to object, we were very patient with the gentleman from Virginia [Mr. WOODRUM] yesterday when he was explaining the bill. I think

the gentleman consumed about two hours. He made a very fine, interesting speech, but the gentleman made some statements that I think should be explained by some of us who entertain contrary views. I think the gentleman should give us a chance to explain those items. I wonder if the gentleman has in mind allowing me some time?

Mr. WOODRUM. I told the gentleman from Texas a few moments ago that I would allow some time. I have not changed my mind since about two seconds ago.

Mr. PATMAN. The gentleman said he would try to, and it was rather doubtful. I should like to know if I shall get some time. Is that the understanding?

The SPEAKER. Pending the motion, the gentleman from Virginia asks unanimous consent that general debate on this bill close at 4.30 o'clock this afternoon, the time to be equally divided between himself and the gentleman from Washington [Mr. SUMMERS]. Is there objection?

Mr. PATMAN. Reserving the right to object, I hope the gentleman will give me some time on that to discuss the Veterans' Administration and the Federal Trade Commission.

Mr. WOODRUM. I may state that the gentleman was given time before our subcommittee, I think 20 or 30 minutes.

Mr. PATMAN. No. Ten minutes.

Mr. WOODRUM. I certainly have every intention of being courteous to the gentleman from Texas and to every gentleman so far as it is possible to be consistent with expediting consideration of the bill.

The SPEAKER. The gentleman from Virginia asks unanimous consent that general debate on the bill close at 4.30, the time to be equally divided between himself and the gentleman from Washington. Is there objection?

Mr. PARKER of Georgia. Mr. Speaker, reserving the right to object, does the request include the proposal that the debate be limited to the bill?

The SPEAKER. It is to be general debate.

Mr. PARKER of Georgia. Then, Mr. Speaker, I object. If debate were to be limited to the bill, I would have no objection.

Mr. WOODRUM. Mr. Speaker, I move that general debate on the bill close at 4.30 p. m., the time to be equally divided between the gentleman from Washington and myself.

Mr. BECK. Mr. Speaker, will the gentleman from Virginia withhold his motion long enough for me to present a unanimous-consent request?

Mr. WOODRUM. Mr. Speaker, I am glad to withhold the motion in order that the gentleman from Pennsylvania may present his unanimous consent request.

PERMISSION TO ADDRESS THE HOUSE

Mr. BECK. Mr. Speaker, I ask unanimous consent to address the House for two minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BECK. Mr. Speaker, last evening I had the privilege under the auspices of the National Committee on Civic Education of talking over the radio upon Congress. I endeavored in the course of that speech, which I believe was broadcast over a nation-wide hook-up, to discuss briefly and inadequately what Congress is not and I endeavored to remove the popular suspicion that Congress has either horns in its head or cloven feet. The speech was only novel in the fact that I had a good word to say for Congress. [Applause.]

My colleagues of the House may be interested in this speech which was made, according to the old medieval expression, as advocatus diaboli, and it may serve the further purpose that the numerous public, who read the CONGRESSIONAL RECORD, may have the evidence of a modest and inconspicuous Member of the House that it does not deserve the widespread criticism which it has always had from the very beginning of the Republic. I took occasion to say that in my judgment the House of Representatives was one of the most efficient legislative bodies in the world if it be measured by the many and complex problems with which it is compelled to deal. [Applause.]

Mr. Speaker, under the permission to speak to the House I ask unanimous consent to extend my remarks by adding the radio address in question.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The matter referred to follows:

HOW CONGRESS WORKS

(An address delivered by Representative JAMES M. BECK under the auspices of the Committee on Civic Education by Radio, over the National Broadcasting Co., on Tuesday evening, January 31, 1933)

My fellow citizens, the subject allotted to me this evening is your Congress. To many it will not be an agreeable subject, for it may be admitted that the Congress is not a popular body. It is the victim of much misrepresentation, and gets very little appreciation for its useful and most necessary work.

Within the time allotted to me I can not say much, for I am like the New York farmer who entered his farm nag in the Saratoga races and who, when asked to explain why the farm horse came in last, replied that "the course was too long and the time too short."

Our Constitution was formed at a time when the American people were greatly influenced by the traditions of the English revolution of 1689, which firmly established the supremacy of Parliament. Following those traditions, the purpose of the Constitution was to make the Congress the great council of the Republic and the Chief Executive the first servant of the people in carrying into effect its policies.

Of course the practice has long since diverged from the theory. The American people have long had great faith in the Executive and very little in Congress. They can make a legend of a President, but there is no human interest in a many-headed Congress.

Benjamin Franklin advocated a 1-chambered legislature; and in such critical times as those through which we are now passing, it might make for efficiency if Congress consisted only of a House of Representatives. But in normal times the requisite concurrent action of two branches to pass legislation, while it may not make for speed, does make for the greater consideration of security, as the mistakes of one House are often corrected in the other. It gives time for deliberation, and this is essential in good government.

The Constitution intended the House of Representatives to be the more important body, for it committed to it the most important matter of initiating all measures for the public revenues. In the Constitutional Convention of 1787, the Senate, far from being regarded as an upper house or a superior body, was consistently referred to as the second chamber. Moreover, the convention gave to the House of Representatives a greater moral authority in that it represented the American people by population, and the 2-year period of office made it more directly representative of the popular will.

The Congress has been the accepted theme for abuse from the beginning of our Government, and few are fair enough to recognize that our Congress, like the legislative bodies of every other nation, is, in this complex civilization, crushed under the weight of impossible burdens. While it has little of the pomp and ceremonial of an old-world legislature, yet it is a good cross section of American life, and measured by results it may not suffer in comparison with any other legislative body. It does the best it can under impossible conditions and deserves more of the confidence of the people than it actually receives.

Two features of the Constitution unhappily limit the efficiency of the House of Representatives. One is the short tenure of office, which is highly prejudicial to the spirit of statesmanship, for a Member no sooner takes his seat than he is confronted with the necessity of running in the primaries for his party nomination, and later, if successful, standing as a candidate of his party for election. He is, therefore, subjected to unceasing pressure of numerous bodies of men who may know little or nothing of the merits of a question upon which the Representative must vote according to his conscience and best judgment.

If the only result of this was to subject him to the constant pressure of a majority of his constituency, it might be tolerable, even though it is not in accord with the highest ideals of representative government. But in its practical workings, it means that the unhappy Representative must constantly bear in mind, if he desires to continue in the public service, the importunate demands of minorities in his constituency, who too often hold the balance of power, either in the primaries or at the general elections. We owe the primary system, not to the despised politicians, but to the misguided reformers, and no more destructive system was ever introduced into the politics of a democratic nation than the primary system.

Under these circumstances the marvel is that the House of Representatives is as efficient as it generally is.

It is obviously impossible for the House, or any Member, to consider intelligently all the many problems, some of them infinitely complex, that come before the Congress. Of necessity, the House must divide its work among some 30 committees, each of which has some special feature of Government work, and the real fate

of governmental policies is generally determined by these committees. Many of their members are experienced and patriotic men, who have made a close study of the subject committed to that committee, and, speaking generally, these committees function admirably.

The recommendations of a committee can be overruled by Congress, but this is infrequent, for the whole body of the House can not consider any question with the same care that a committee does. If the American people could view the work of these committees, which sit in the forenoon, and see with what earnestness and zeal they try to grapple with the impossible burdens of this great Republic, they would have a better opinion of Congress. But their conception of that body is generally influenced by the fact that when they view the proceedings of Congress from the gallery they carry away an impression of an apparent lack of orderliness and decorum. This, however, is only on the surface; and when the real work of the Congress is not done by committees, it is at least guided and greatly influenced by responsible leaders, and many of these are outstanding men, even if the country does not appreciate it.

The House of Representatives generally acts with great speed—often with too much speed. Occasionally there are opportunities for extended speeches, many of which are of marked ability; but when the time for action arises, a few hours is allowed for general debate and then the proposed law is considered, section by section, on a rule which forbids any Member to speak for more than five minutes.

My activities for over 40 years have been largely spent in the more leisurely and decorous atmosphere of the Supreme Court of the United States, but the fact that has most deeply impressed me since I became a Member of the House of Representatives is how much useful work is done, when bills are proposed for amendment, under a rule which forbids any Member to speak for more than five minutes. I question whether there is any legislative body in the world in which so much useful argument is compressed in short speeches as in the House of Representatives.

It is often suggested that the English Parliament has a distinct advantage over the American Congress in that no measure can come before the House of Commons except with the consent of the Cabinet, which controls the order of business. This is an error, for our Republic has the same advantage, although with a different method.

Apart from the great influence that the President has over Congress by reason of his party leadership, each branch of Congress is itself controlled by a Rules Committee, a majority of whom are adherents of the party which at the time controls the particular branch of Congress, and to a very large extent the Rules Committee determines the measures which Congress will be asked to consider and decide.

It is true that any Member can propose a bill, which thereupon goes upon the calendar; but, as the calendar is congested, thousands of proposed bills, while they may be referred to committees, never reach the floor of the House.

In this connection, I want to correct a misrepresentation to which publicists of this and other countries have given currency. It is often said that the Congress and the legislatures of the States pass each year hundreds of thousands of laws and that we are thus a grosaly overgoverned Nation. So far as Congress is concerned, it adds very little to the substantive law of the Nation in any session. Nearly all the so-called laws that are passed are merely administrative measures and are largely fiscal in character. We are, in fact, a very conservative Nation in the matter of changing substantive law, although it is true that thousands of laws are proposed, most of them being merely duplicates, but the body of the law suffers little change from session to session. No proposal to change the rules of law can be acted upon unless it is favorably reported by a committee; and then only, speaking generally, can it be reached for a vote until the Rules Committee regards it of sufficient importance to include it in the schedule of the legislation. Thus, the Rules Committee, in effect, renders the same service as an English cabinet does in the House of Commons.

Moreover, this committee, if it thinks the legislation worthy of consideration by the House, assigns a specific day for its consideration, determines the length of time to be allowed for general debate (which is usually a matter of hours), and determines even the extent to which amendments can be proposed. When the time for general debate has been exhausted, then, within the limitations of the special rule, Members can offer amendments and can be heard as a matter of right for five minutes, and no more.

The result is, that outside of appropriation bills, nearly all great questions are debated and passed by the House of Representatives in not more than 2 days, often in 2 hours, sometimes in 20 minutes. It would greatly lessen the widespread criticism of Congress if the Senate were disposed to follow this example of the House, but it is the best judge of the propriety of its own methods, and it is not for a Member of the House to sit in judgment upon methods of the Senate which have the sanction of long usage.

The House is not wholly subject to the will of the Rules Committee; for, by a recent rule, if 145 Members (being one-third of the House) sign a petition to discharge a committee, which has proposed legislation under consideration, then the bill is brought up in the House for immediate consideration and action. Only 20 minutes are allowed for debate, and a vote is immediately taken as to whether the committee shall be discharged. If discharged, the measure is then before the House under the general rules, which allow a longer but still very limited opportunity for debate.

Until recently Congress was operated on the biparty system. If there be one fact that the events of the last 10 years have made clear, it is that democratic institutions can not function except through the party system. The German Republic is slowly crumbling because it has not a sufficient genius for democracy to govern through two or at most three parties, and the cinematographic rapidity with which the cabinets of France pass in and out of power is due to the same cause. Until recent years England and the United States have vindicated the practicability of democratic institutions by having two or at most three parties; and as long as party solidarity was thus maintained, popular government vindicated itself.

There is no more sinister and menacing development in our politics than the destruction of party government in Congress by the infiltration of both parties by large and organized groups and blocs, which have for their objective some special purpose, generally a selfish one, which they seek to attain at a sacrifice of every other consideration of the public welfare. In the last 10 years the integrity of the party system in our country has been largely destroyed; and if this continues, it may ultimately menace our institutions. A people will tolerate for a long while the evils of government, but a time may come when they will regard the destruction of a representative democracy as preferable to the perpetuation of intolerable evils. The sooner the American people wake up to this danger, the better it will be for them and their Government.

At present the results have been most prejudicial. Let any question arise in Congress, which affects the great objective of a bloc, and at once its members are disloyal to their party, and its influence is destroyed. The two great historical political parties of America, while they often indulge in political shadow boxing, are at heart patriotic and could cooperate with each other effectively for the common good, but they can do nothing when the solidarity of each party is broken by a bloc. The failure to pass a general sales tax in the last session is the most recent example.

The result of the bloc system in many nations has been the destruction of democratic institutions in everything but in form. If democracy means anything, it means the rule of the majority. To-day such rule is largely a fiction. In the primaries a minority often governs by holding the balance of power. The same is true at the general elections, and the same is true in Congress, where a minority group often dictates to both parties the policies of the Nation.

Much more could be said, and much more I should like to say, but time forbids. Unless we can revive the essential spirit of democratic institutions, then, the very foundations of the Republic may slowly crumble. There are, to-day, only too many evidences of the slow settling of our constitutional fabric. The American people are confronted with a greater peril than an unbalanced Budget, for the danger to-day is that of an unbalanced constitutional system, resulting in unbearable evils to the public good, and justifying the fear that the time may come, when the essential spirit of a republic, namely, faith in its wisdom and justice, will be destroyed.

INDEPENDENT OFFICES APPROPRIATION BILL, 1934

The SPEAKER. The gentleman from Virginia moves that all debate on the pending bill close at 4.30, the time to be equally divided between himself and the gentleman from Washington.

The motion was agreed to.

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 14458) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 14458, with Mr. RAYBURN in the chair.

The Clerk read the title of the bill.

Mr. WOODRUM. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. SUMMERS of Washington. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. MCFADDEN. Mr. Chairman, I am very much obliged to the honorable gentlemen from Virginia [Mr. WOODRUM] and from Washington [Mr. SUMMERS] for yielding me 40 minutes of time. On the 23d of January, I rose to defend my rights as a Representative on a question of personal privilege. The Speaker of the House then ruled that published articles attacking me for having impeached Mr. Hoover, President of the United States, violated my rights, and I was accorded time in which to make a communi-

cation. Upon that occasion, in the course of my remarks, points of order were raised. It was stated that a quotation from a speech made in the House of Commons did not come within the scope of my privilege. Mr. Chairman, the interruptions interfering with my task of making the House acquainted with the peculiar manner in which my rights had been invaded, I took my seat. If I went beyond my privilege in anything I said upon that occasion, it was not done for the purpose of extending the privilege. I proceeded according to my best judgment in regard to what might justly be communicated to the House.

Mr. Chairman, I have a high regard for the office I hold. I have a high regard for the rights of every Member of the House and for the House of Representatives as a whole. This respect for the House of Representatives and for the Constitution, by the grace of which we come together here, counseled me to claim my privilege a second time, and I did so yesterday, with the result that the honorable, just, and impartial Speaker of the House read into the RECORD a statement to the effect that my rights had been violated by the published articles to which I had called attention and by other articles of like tenor which assailed me in my capacity as a Member of the House of Representatives.

Mr. Chairman, the House of Representatives has once again affirmed the rights of the representatives of the people. The House of Representatives has once again served notice on those who would disparage any one of us that we may not be attacked or maligned or libeled when we act here as representatives of the people of the United States. All the people in the United States are represented here and it is here that the sovereignty of the people is made manifest. The great principle of human liberty has been defended here by the elected representatives of the people for over a hundred years and no man or group of men can with impunity deride us when as Members of this body we act in our representative capacity under the Constitution.

Mr. Chairman, it has been reaffirmed in this, one of the greatest deliberative bodies in the world, that the motives of a Member when he rises here to a question of constitutional privilege to defend the integrity of the Government may not be questioned or his privilege limited. Mr. Chairman, it has been demonstrated here for all people to know and to understand that it is a proper and constitutional proceeding for a Member to move here for an investigation of the official conduct of any President of the United States when, in his opinion, the circumstances require it. I came here as a young man and I have grown old and gray within these walls. I have seen Presidents come and go. One I admired; and one I truly loved; but there has never been a President in the White House and there never will be a President there while I am here that would not have been, or that will not be, impeached by me if I find or have reason to believe that he is exceeding the limits of his constitutional powers or acting in any manner whatsoever against the honor and integrity of the Government and the rights of the people.

When we enter this body we are required to take an oath of office. That oath is not a mere formula. It is not a fair-weather promise. It is not a part of an entertainment staged here at the beginning of Congress to be forgotten as soon as uttered or to be evaded when it is needed. It is a definite undertaking. It is a prescribed oath. It is an oath which is as old as the Government itself. It is the oath upon which the Union and the flag of the Union rests. Here it is in the words of the statute:

> I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.

That oath, Mr. Chairman, I intend to keep. When I rise here in defense of the Constitution I rise in defense of the Union. If my disclosures are inconvenient and embarrassing to those who have touched pitch and have become defiled by it, nevertheless I will fulfill the obligations of my office. I will keep my oath.

When Montagu Norman, governor of the Bank of England, came to the United States in the late summer of 1932, when it was said that he had come from England under the name of Clarence Skinner, the American correspondent of the London Observer indicated that his visit was ill timed and suggested that "common human kindliness" would have caused him to defer it since there was reason to believe that his visit might defeat Mr. Hoover in the presidential election.

So you see, Mr. Chairman, we have come to the place where the conspiracy is so well known that when Montagu Norman comes here in disguise to hold a secret meeting with Mr. Hoover, President of the United States, doubts are expressed as to the timeliness of his visit. It is feared that the people of the United States may become suspicious and demand an explanation. It is feared that his visit may arouse suspicions that will defeat Herbert Hoover in the presidential election.

Mr. Chairman, although England now regards this country as a land which is in strict economic subjection to the British Empire, it is nevertheless a dangerous thing for the agent of a foreign power to come here secretly for the purpose of executing a sinister design by connivance with the President of the United States.

The visit of Montagu Norman to the United States last August coincided with a visit paid to this country by Andrew W. Mellon, Ambassador to Great Britain. At Washington, on August 28, 1932, Mr. Mellon denied all knowledge of Montagu Norman's visit to this country. He said he had not known when he left England that Montagu Norman intended to come here. On August 29, 1932, the State Department informed the press that there had been no conference between officials of the State Department and Montagu Norman during his visit. On that same day, or within the next two days, Mr. Ogden Mills, Secretary of the Treasury, when asked if he had conferred with Montagu Norman, looked peevish and answered that there would not be so much talk about Montagu Norman's visit to this country if a political campaign were not under way.

On all sides, it was strenuously denied that Montagu Norman's surreptitious visit here was anything other than a holiday jaunt. It was denied that he had transacted any business here with officials of the United States Government. Those denials were uttered for the purpose of deceiving the people of the United States and preventing them from discovering that Montagu Norman was in consultation with the Executive here during the week ending August 28, 1932.

Mr. Chairman, when Montague Norman surreptitiously came here in disguise last August for the purpose of consulting Herbert Hoover, President of the United States, he transacted business here which was very profitable for England. Upon his return to England he was publicly thanked for the services he had rendered Great Britain while he was here. When he was asked by an Englishman to state whether or not the Bank of England had paid the expenses of his frequent trips to the United States he evaded the question.

Mr. Chairman, before citizens of the United States are invited to pay any more tax money into the United States Treasury it is imperative for us to let them know what the relationship between Montagu Norman and the President of the United States is at the present time and what business Montagu Norman transacted with the President of the United States last summer when "common human kindliness" would have suggested that he refrain from approaching Mr. Hoover during the presidential campaign.

Mr. Chairman, what did Montagu Norman receive when he came here surreptitiously last August? What control over the Federal Reserve Board and the Federal reserve banks is Montagu Norman exercising at the present time?

By all means, let us balance the Budget, but first let us balance the record. Let us find out who has received the immense sums of money which have been drained out of this

country and the United States Treasury during the Hoover administration. Some one received it, and those who have it now are the proper persons to interview in an attempt to balance the Budget.

Mr. Chairman, my charges of impeachment against Herbert Hoover in so far as they relate to Montagu Norman's connection with the so-called Hoover moratorium are fully borne out by Montagu Norman himself in a book, the publication of which he sanctions. I quote the following extract from that book.

President Hoover is understood to have intimated to the British Government that he intended to propose a one year's moratorium, but he was undecided as to the form in which the proposal should be presented. The question was discussed on the occasion of the Chequers meeting in June between the British and German Prime Ministers and foreign secretaries. It is a well-known fact that Mr. Norman attended that meeting, but few people are aware of the important part he played there. * * * Mr. Henderson's personal idea was to put President Hoover's proposal through the apparatus of the League of Nations. Although Mr. MacDonald himself did not like this proposal, several members of the Labour Government supported Mr. Henderson. Anyone acquainted with the cumbersome nature of league procedure must realize what the choice of that solution would have meant. * * * The idea of the League of Nations dealing with questions of war debts would in itself have been extremely unpopular in the Middle West. * * * Mr. MacDonald was well aware of these considerations, but Mr. Henderson insisted upon his proposal.

It was at this stage that Mr. Montagu Norman's advice was called in, and he threw the full weight of his authority in favour of suggesting to President Hoover that he should make a direct proposal to all Governments concerned. * * * He succeeded in convincing the Government that it would be a fatal mistake to arrange the matter through the league. He was equally opposed to the suggestion that a solution should be sought within the framework of the Young plan. * * * It is a historical fact that it was the weight of Mr. Norman's advice that turned the balance of opinion within the Government in favour of advising President Hoover to take the course he actually took.

His intervention was not the act of a mere technical expert, but of a statesman who was fully aware of the immense consequences of his action. Indeed, it may be said without exaggeration that but for his influence the Hoover moratorium, which was the most important act since the treaty of Versailles, would not have produced its immense effect upon the course of events. * * * Nevertheless it would be a mistake to underestimate the significance of the moratorium. It was the first departure from the rigid attitude adopted by the United States in the matter of war debts and the first admission that these debts are connected with reparations. There is no doubt that the Hoover moratorium was the beginning of the end of reparations, and war debts. And there is no doubt that Mr. Montagu Norman has played a decisive part in this.

Mr. Chairman, is there nothing in this of shame and humiliation for the United States, the proud land given to us by our great ancestors? Was it for this that Washington's men at Valley Forge went barefoot in the snow? Was it for this that men broke their backs lifting heavy wagons over the Cumberlands in the long-drawn agony of the Civil War? Was it for this that a Democratic President conscripted millions of young Americans and sent them overseas to make the world safe for democracy? Were all of this Nation's great endeavors to come in the end to nothing more than foreign dictation by a jealous foreign foe?

Mr. Chairman, concerning the unlawful efforts of Herbert Hoover, President of the United States, to obtain a reduction of the debt owed by England to the United States, it has been said that England would be able to obtain financial advantages here by means of arguments which, while they might not appeal to the Middle West, would appeal to the more informed and responsible section of opinion in the United States.

Mr. Chairman, this slur against the people of the Middle West was uttered in the British Parliament as a direct result of Hoover's unlawful attempts to deprive the people of the United States of the money which is lawfully due to them from Great Britain. The people of the United States are being deceived and cheated out of the war debts by Herbert Hoover's unlawful activities. Our people have had a gigantic banking swindle practiced upon them so that they would fall into a condition of misery and despair and in that condition be led by false propaganda to give up their just claims.

Mr. Chairman, the taxpayers of the United States will not pay $10,000,000,000 or any other sum through the future years as a result of the Hoover conspiracy against them. The people who boarded the British tea ships in Boston harbor will not come under the lash of England. The American people have been put on the auction block and knocked down by Hoover to his European friends, but it is one thing to sell out a free people and another to deliver them. The people, not the banks, are sovereign here, and so long as our Treasury is controlled by the Bank for International Settlements, acting as "the executive agent" of an international political conference which was conceived in a conspiracy against the people of the United States, the people will be well within their rights if they refuse to pay taxes into it until steps are taken to bring the men who entered into that conspiracy to justice. When Herbert Hoover declared the moratorium in June, 1931, and in connection therewith had the seven-power conference called at London in July, 1931, and sent Andrew W. Mellon and Henry L. Stimson to it to represent the United States, and when those two Cabinet officers of his administration carried out his instructions and entered into an agreement to put the financial affairs of the United States under the control of foreign nations, with the Bank for International Settlements acting as their executive agent, the foulest injury that could be done to the United States was accomplished.

In 1931, when Herbert Hoover declared the moratorium and had the 7-power conference called at London to take over financial control of the United States, the Washington correspondent of the London Times described his actions as follows:

WASHINGTON, July 17.—At the urgent request of Mr. Hoover, General Dawes has agreed to curtail his stay in Chicago and will sail on the *Mauretania* on July 22. As announced by Mr. Hoover yesterday afternoon, Mr. Mellon has been asked to accompany Mr. Stimson to London. In spite of the guarded attitude which it must maintain with the object of allaying domestic suspicion in regard to the possible outcome of this new "European entanglement," the administration recognizes that the scope of the coming conference is likely to be extremely wide and that its decisions will in all probability involve major questions of United States policy. Having screwed its courage to the sticking point in making the momentous decision to take part in the conference on equal terms with European powers, the administration is endeavoring to insure that its representation at the conference be full and effective.

The excitement aroused here by the decision to participate in the conference is almost equal to that aroused by the Hoover proposal. It is the general opinion that by way first of the Hoover plan and now the London conference United States policy toward the outside world is undergoing a change so rapid and so radical that it would have seemed incredible only a few weeks ago. In official statements the administration leaders necessarily emphasize and reemphasize the belief that this is purely an "emergency conference." They repeat, too, that the problem is a "banking problem," not a political one. But the soothing pretense that the United States representatives will not necessarily have to take part in political as well as "purely banking" discussions in London is only half-heartedly maintained.

The administration is perfectly aware that in trying to reach any durable plan for dealing with the present emergency much wider questions, involving far-reaching political and economic readjustment, are almost certain to be raised. It is known that the administration has considered the possibility of the scaling down of the interest rate on the British debt to the United States, which is no higher than the rate on the latest domestic issues. At the same time there exists in the mind of Mr. Hoover himself, first, an almost passionate desire to see a successful plan for disarmament worked out; and, secondly, a very firm conviction that the problem of disarmament is and ought to be, closely related to the problem of debt reduction.

It is a shameful thing for us to have an administration which can justly be described in the fashion of the foregoing article. It is a humiliating thing for us to have an administration which spreads false and misleading information among us. It is a disgraceful thing for us to have for an administration the one which mendaciously asserted that the London conference was purely an "emergency conference" and not a political one, when in reality the London conference was one of the most important international political conferences that has ever taken place, and, for us, the most sinister.

Mr. Chairman, I am against secrecy and furtiveness in the conduct of this Government and its affairs. What is done at Washington should be seen. What is said here should be heard. The people of the United States own this

Government. They pay the bills. Why should attempts be made to deceive them?

On July 10, 1932, a day or two after the Lausanne conference, which was secretly directed by Herbert Hoover, President of the United States, made its provisional decision and entered into its so-called gentleman's agreement, the London Observer published the following comment on the activities of the State Department at Washington:

The State Department, while awaiting official confirmations, is ceaselessly endeavoring to soothe excited Senators and Congressmen, who throng the building seeking news, opinions, and precedents.

Mr. Chairman, the Washington correspondent of the London Observer is more in the confidence of Henry L. Stimson than we are. How many excited Senators and Congressmen knew on that day when they called at the State Department that they were being soothed by Stimson and cajoled into silence and flattered into acquiescence? It will be news to most of them, in my opinion.

In connection with the position in which the United States has been placed by the acts of Herbert Hoover in declaring a moratorium and having the 7-power conference called at London to receive his proposal from Henry L. Stimson, I point out the following matter which appeared in the New English Weekly on July 14, 1932:

The ball, or shall we say the buck, has now been passed to America; and we can not but objectively admire the skill with which it has been placed.

A world conference held under the auspices of England alone and with a divided Europe as a factor would have permitted America to attend and do nothing further about it.

But by producing the semblance of a Christian agreement among the nations of Europe and by inviting the League of Nations to convoke the world conference, it will be exceedingly difficult for America to appear in anything but the rôle of Shylock under cross-examination by the whole of the rest of the world.

The choice of an authority, moreover, for the custody of the proposed German bonds is an additional constraint upon the present unwillingness of American public opinion to forego payments as the expense of higher taxes.

The Bank for International Settlements, closely interwoven, as it is, with the League of Nations, will in all probability become, from its custody of the German bonds, the central bank of all the central banks of the world. In so far as American financiers desire to play on the world's green tables, it is eventually by the good will of the Bank for International Settlements that they will be permitted to do it.

What is then more probable than that, after the election, be the new President Republican or Democrat and be public opinion in America what it may, the agreement registered at Lausanne last week will be indorsed and confirmed by the American delegates at the forthcoming world conference?

It is by no means, however, smooth sailing or easy steering. America, no doubt, for all her policy of "isolation," is extremely susceptible to world opinion.

A world united under the League of Nations, with its cashier in attendance to accept signatures on the dotted line, will be hard for America to refuse.

On the other hand, the incalculable and the unreasonable happen just as often in America as elsewhere and perhaps more often. Should the unexpected occur and America decline to indorse the policy of the league, the result must be left to be guessed. We do not choose to put it into words.

Mr. Chairman, the United States should not only refuse to sign on the dotted line; it should refuse to participate in the proposed world economic and financial conference. The United States should remember George Washington's advice and get out of Europe.

Mr. Chairman, the world economic and financial conference will meet under the contract surreptitiously entered into by Stimson and Mellon at the London conference, in July, 1931. It will meet as a result of an act of high treason perpetrated against the United States by Herbert Hoover. It will be a conference at which the Bank for International Settlements will function in its new power as "the executive agent of international political and financial conferences." The Bank for International Settlements will compel economic and financial obedience to its resolutions. The whole force of certain of the disarmament proposals is to give to the Bank for International Settlements concentrated international military power to enable it to enforce the decrees of its principals. The program for the world economic and financial conference as the Bank for International Settlements has arranged it is outlined in an article which was published in the London Times of November 14, 1932, as follows:

The twenty-sixth session of the board of the Bank for International Settlements will open to-morrow, when various reports on the new functions of the bank as executive organ of international conferences will be discussed. The first report will be presented by Doctor Trip (who is president of the Netherlands Bank and also president of the preparatory committee for the world economic conference) and will summarize what has been agreed upon so far by the committee. This includes the following points: (1) All resolutions of the conference must be applied simultaneously by the contracting countries; (2) all trade restrictions imposed since the world depression must be repealed or modified; (3) protective tariffs must be brought down to a reasonable level; (4) facility shall be given for the payment of debts by the export of goods or services; (5) the "most-favored-nation" principle must be maintained; (6) for the central and east European countries preference agreements will exceptionally be admitted; (7) the program of the international labor office for public works for unemployed relief is considered to be of great utility, but will require study on its financial side.

Thus it has already been agreed upon that all resolutions of the world economic and financial conference must be applied simultaneously by the contracting countries. If the United States does not bow to the wishes of the other countries, she will find herself hopelessly in the minority and faced by the "united front" which England has created in Europe, Asia, and Africa against her. If the United States does not accept what the other contracting countries decree as international law, the resolutions of the conference will be simultaneously applied against her. In other words, the United States will be punished by her European and Asiatic overlords.

Mr. Chairman, why should the Government of the United States abdicate in favor of foreign powers? Why should it surrender the independence our forefathers won for us? We are supposed to make our own laws, and now we hear that an international conference is to compel the United States to remove all trade restrictions, to lower its protective tariff, to accept foreign goods or services in payment of debt, to maintain the most-favored-nation principle, to make preferential agreements for certain countries which the conference will designate, to help to maintain an international labor office.

Mr. Chairman, I will have none of it, not if I am the first man to be shot resisting it. We will not internationalize the United States and give to any world economic and financial conference the right to dictate to us. We will not honor Mr. Hoover's contract with foreign powers. We will not sink to the level of a coolie country.

There is an issue here, and that issue is the Constitution. Are we to abide by it and to live under it or will we allow foreign nations to dismember us and to make of us a second India or another China? The day is rapidly approaching in the United States when the sheep and the goats will have to be separated. The men of the old order who stand in the light of Valley Forge will face the men who go muffled in foreign cloaks to meet the receiving agents of foreign powers at the Rapidan and on the soil of Canada and in the coastal waters of the United States.

Mr. Chairman, if the President of the United States is to be permitted to violate the Constitution, we shall not be respected either at home or abroad. Already complaints are being uttered in England against the Constitution of the United States. The English are saying that they have to pay for its peculiarities. Such disrespect is, in my opinion, a direct result of the unlawful conduct of Herbert Hoover. In this connection I quote the following article from a late issue of the Saturday Review, of London:

On cursing America with whole and full hearts, on a conviction that the demand for payment is not only inequitable but insane, Cabinet, Parliament, and people are wholly agreed. Even in the notorious Middle West, where, in the face of general ruin, there is a natural but ignorant belief in the usefulness of collecting money that can be squeezed out of one proud debtor, there should be no doubt about that.

* * * It is the price which they and we have to pay, as we have paid before, for the peculiarities of the American Constitution and the divorce of American reason and experience from the control of American affairs.

There is scarcely a man or woman in England who does not bear in the inner heart a positive dislike of America and Americans in the lump.

Thus speaks the harlot among nations, who will debase herself to any extent to get her fingers on another nation's wealth and stoop to any dishonor to avoid paying what she owes.

Mr. Chairman, if the day ever comes when England or any other foreign nation is able, by control of this Government, to secure a cancellation or a reduction of the war debts, that day our people will know that they have been delivered into everlasting bondage. Then "the long, long patience of the plundered poor" in this country will give way and there will be a disinfecting of certain Government premises here and a riddance of rats unparalleled in the history of the world.

Mr. Chairman, this is said to be an "ermine" winter in New York. Not in years have there been so many Russian ermine coats and such a lavish display of jewelry. Russian caviar is openly displayed in New York shop windows at $9 a pound. Orchids are being sold in New York at $10 apiece. When a lot of people lose their money and their homes and their farms and their children, a few people grow richer and richer. I see lost homes and foreclosed farms in those Russian ermine coats, long-petaled orchids, and diamond necklaces. While the predatory element in New York is thus adorning itself with gewgaws and stuffing itself on imported food, homeless men and boys these cold nights are carrying newspapers into outlying subway stations, trying to make beds for themselves on the cold, wet stone. Is it any wonder that the acting mayor of New York was moved to tears recently when he made a tour of the public shelters of the city and witnessed the sufferings of American citizens who have been broken on the wheel of the Hoover conspiracy? As a village skinflint will fight like a panther or a snake to get possession of a poor widow's cottage, so have the international bankers fought to get the last drop of blood out of the people of the United States. They have even taken public funds from the people's Treasury to finance the importation of the Russian ermine which is now being flaunted before the eyes of the unemployed.

Mr. Chairman, it was humiliating to the United States to have such men as the Labor Party deserter, Ramsay MacDonald, and Montagau Norman sent here by England to deal secretly with Herbert Hoover, President of the United States. MacDonald came to the Rapidan as early as 1929. Montagau Norman has come to various places at various times, not openly, but furtively, with the stealthy gait of a pickpocket.

If they had no business here, why did they come? When the Prime Minister of England left his residence and crossed the Atlantic to engage in secret conversations with the President of the United States, he had a deadly purpose in his heart. He came here in the interest of England. He did not come here to confer any benefit upon the people of the United States. He came to a friendly Nation, to a Nation that had saved England in the darkest hour of her existence, and he came to conspire against us. He came here to assist in the formation of a dishonest scheme for the cancellation of the war debt England owes to the United States.

Does the President of the United States, with his unlawful benefactions to foreigners, think that the people have no rights when they are betrayed? Does he think that the farmer has no rights when his farm and his livestock are taken from him? Does he think that the rights of such a man in this country are extinguished? Does he think that a veteran who has been forced to pay interest on a loan to a bank of rediscount which takes funds unlawfully from the United States Treasury—does he think that such a man has no rights here in his own country? Does he think that such a man can be compelled to sleep forever under culverts and to beg his way from door to door because he is an outcast in the country that gave him birth? Does he think that a boy who leaves home—telling his mother that there will be more food for the younger children if he goes away—does he think that that boy can be forced to accept the life of a tramp as his lawful portion under the Stars and Stripes? If that is what Mr. Hoover thinks, he is wrong. The people have rights here and rights which must speedily be enforced.

On January 13, 1848, in a speech on the floor here, Abraham Lincoln said:

Any people anywhere being inclined and having the power have the right to rise up and shake off the existing government, and form a new one that suits them better. This is a most valuable, a most sacred right—a right which we hope and believe is to liberate the world.

Nor is this right confined to cases in which the whole people of an existing government may choose to exercise it. Any portion of such people that can may revolutionize and make their own so much of the territory as they inhabit. More than this, a majority of any portion may revolutionize, putting down a minority, intermingled with or near about them, who may oppose this movement. Such minority was precisely the case of the Tories of our own Revolution. It is a quality of revolutions not to go by old lines or old laws; but to break up both, and make new ones.

Mr. Chairman, if there should be a revolution in this country it will not be a revolution that will establish a dictatorship here of the kind Colonel House and his masters in Wall Street are endeavoring to bring about. It will be a revolution that will put the Constitution of the United States back into place where it belongs as the supreme law of the land. It will be a revolution that will destroy the looters of the United States Treasury and sweep out of existence for all time to come the infamous Federal Reserve Board and the Federal reserve banks. It will be a revolution that will restore America to Americans. Let no man think the Constitution has no friends in the United States or that it will ever lack defenders.

When a right-minded man sees a house on fire, he loses no time in sounding an alarm. More than once some of us who have seen the progress of the present conflagration have called attention to it here in Congress. Had our warnings been sooner heeded, we might not now have a myriad new graves filled with victims of the Hoover depression and a multitude of homeless people dying of slow starvation on the streets. When I find that all this which has happened was a prearranged affair; that it was a deflation not brought about by natural causes—as indeed it could never have been brought about by natural causes—that it was decided upon with the same cold-bloodedness that decreed the agricultural deflation of 1920 and that greed and disloyalty to the United States are at the bottom of it, I am determined to warn the American people in their own interests upon every possible occasion so that they themselves and not foreign nations may be the arbiters of American destiny. I was not sent here for the sake of exercising what is called patronage. I was not sent here to act as secretary of any delegation. I was sent here to uphold the Constitution and the laws of the United States.

Mr. SUMMERS of Washington. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. UNDERHILL].

Mr. UNDERHILL. Mr. Chairman, no one who listened to the speech that has just been read to the House would believe for a moment that it was written by a friend of our Government. This is not the time to rock the boat, and such utterances which bear the imprint of communist propaganda but weaken the confidence of the people in the only form of government which they have, and which has existed over a period of 150 years. It reflects not only upon the Executive branch but upon all branches of the Government, including this House.

Mr. Chairman, I would not abridge the right of any Member in the only forum he has to defend himself against attacks from without this Chamber, but the gentleman from Pennsylvania had his day in court, and if he continued day after day to interrupt the proceedings of this House he would not only infringe upon the rights and patience of all Members of Congress, but he would violate the rights of the people of this country whose time he is taking up in fruitless frothing and the taxpayers who are meeting the expense of printing of these newspaper extracts in the RECORD.

If the gentleman is such a glutton for punishment that he wants these newspaper editorials written down for posterity in the RECORD of the House, I will be the last to object, because they represent universal public opinion throughout the land, and I think they represent largely the opinion of his colleagues.

Mr. Chairman, almost all the Presidents of the United States have had their detractors. Johnson came within one vote of being impeached by the Senate. Feeling ran high. Yet, history has written down the fact that Johnson was one of the ablest and one of the most courageous Presidents we ever had. [Applause.] He stuck to his guns.

Mr. BECK. Mr. Chairman, will the gentleman yield?

Mr. UNDERHILL. I yield.

Mr. BECK. I may add to what the gentleman has said as to President Johnson that the Supreme Court vindicated Johnson in what he did and as to which he was impeached.

Mr. UNDERHILL. I was coming to that.

Washington had his enemies, and at a serious crisis during the Revolutionary War they would have relieved him of the command of the American Army.

Jackson was hounded throughout his administration by scandal mongers, who were not content with attacking him, but attacked others who were dearer to him than life itself.

Lincoln had his detractors, and all through that Gethsemane he was nailed to the cross daily, not by those who were fighting him in the open, but by those who were fighting him behind the lines in the North.

Cleveland was loved for the enemies he made, and I believe that his second election was due largely to the attacks that were made upon him personally and upon his family life.

Wilson was traduced. I am a Republican and many things that Wilson did do not meet with my approval; but he was President in one of the greatest crises in the world's history. If he made mistakes it was because he was trying to do something, and only those who try to do something ever make mistakes. It is those who do nothing that make no mistakes. [Applause.]

Hoover has been abused. He needs no defense from me. History will write him down because of his accomplishments. Hoover has been a savior of lives, not a destroyer of life. Hoover is a humanitarian, not a demagogue. [Applause.] Hoover has tried. Whatever the result may be, he has tried in this world-wide crisis to save the people of this country from greater suffering than has been their lot. If the yardstick of abuse were to be used in measuring the greatness of a man, Hoover has received more abuse, probably, than all the rest put together; and, consequently, would lead the line of illustrious Presidents who have had the abuse of enemies within and without their own country. He will be judged by his accomplishments, though it may take years, as it did in the case of President Taft. His administration was discredited to a greater degree than any other administration in the history of this country, but before his death history had written down his administration as an honest, upright, and successful one, and he was beloved by all the people.

I want at this moment to digress to pay a compliment to my Democratic colleagues. They have been good sportsmen during this session. They have not gloated over their success during the last election. They have not tried to hit a man when he is down. They may have differed with him, an honest difference of opinion, but I have not heard one man on that side of the House utter a detraction or abuse of the President of the United States from a personal standpoint. [Applause.]

Mr. Chairman, there is one thing that is sacred up here on the hill, and that is patronage. You may safely annul the Constitution, you may repudiate the Ten Commandments, you may deny the existence of Almighty God, but do not face the withering hand of patronage up here unless you want to be executed. [Applause.]

During my 12 years' service in the House I have seen many men destroyed by patronage, and it seems to me that Congress is a glutton for punishment when it still maintains that archaic institution. Any man who attempts, as I said before, to bring about a change in the existing condition will wander through these halls friendless and alone. I wonder if the question of patronage does not enter into this discussion to a greater degree by far than the international situation. [Applause.]

But, Mr. Chairman, this is a serious situation. The country is ready to believe almost anything. It took an eminent jurist of New York City to come to the defense of the President of the United States as against two jailbirds who had written a book purporting to be a history. A convict wrote a book about a dead President of the United States, going into the grave to besmirch his character. It was published and went into its fourth and fifth editions, and the people that read it believed it. And that convict is again a convict, incarcerated, and those who collaborated with him have denied every statement that was made within the covers of that book. And yet people are buying it and believing it. This is not the time, and surely not the place, to traduce officials of the United States, whether they be Representatives, Senators, or the President. There can be honest differences of opinion and just criticism without personal or political demagoguery, abuse, sophistry, or the seeking of questionable publicity. [Applause.]

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Chairman, I desire to discuss briefly the greatest question now before the American people, that is, a proper, liberal, controlled expansion of the currency that will bring back commodity prices, restore the purchasing power of our people, and break the force of this terrible depression in which we have suffered for the last three years. And I want to appeal to you again to join me in a speedy solution of one of the greatest economic problems of all times.

We need not deceive ourselves; we are face to face with the most critical situation that has ever confronted the American people. Our very civilization is shaken to its foundation. Our trade is dead, our factories are closed, our cities are crowded with the unemployed and streaming with bread lines. Men, women, and children from the best families of our country are forced to beg from door to door.

Our farmers are in revolt. That patient, long-suffering element of our people, who sustain the Nation in times of peace and fight its battles in times of war, have now reached the limit of their endurance. They can stand no more. They are seeing their homes swept away for debts or confiscated for taxes, as a result of a condition for which they are not responsible, but which has been produced by governmental policies against which they have protested in vain.

All this is happening in a land teeming with abundance; where we have more wheat, more corn, more cotton, more hogs, cattle, lumber, clothes, and other manufactured articles than were ever known before in all the history of mankind.

All this is happening in a land that, in natural resources, is rich beyond the dreams of avarice, and at a time when we have gained the greatest ascendency over the forces of nature, and the greatest command over our surroundings ever known before in all the ages.

What is the cause of all this? The answer is simple. We are in a money panic. Our circulating medium, the lifeblood of the Nation, has dried up as a result of a course of misconduct on the part of those selfish interests that control the purse strings of the country. They now have packed away in their vaults the money that is supposed to be in circulation, and have gathered unto themselves the tax-exempt bonds of the country. With the decline of commodity prices the value of their money, and incidentally their tax-exempt bonds, have more than doubled, and sometimes redoubled, in purchasing power.

Any man who owns a Government bond due to-morrow for $10,000, or who has $10,000 in money, is worth $40,000, measured in terms of farm commodities. It would take four times as much wheat, corn, land, lumber, cotton, or clothes to pay that $10,000 as it would have taken in 1929.

He is four times as rich and the farmer is four times as poor as they were three and one-half years ago.

These large financial interests have gained complete control of our monetary system. They have Ogden L. Mills, formerly of the house of Morgan, a Wall Street banker with an international "slant," as Secretary of the Treasury, who is now parading over the country telling the people what a calamity it would be to expand the currency and bring back commodity prices. The suffering of the millions of Americans seems to mean nothing to him. They also have Eugene Meyer, another international banker, at the head of our Federal reserve system, and are now turning heaven and earth trying to induce the President elect to perpetuate him in that position and to appoint one of their friends, subservients or sympathizers, to succeed Mr. Mills as Secretary of the Treasury.

They do not want any expansion. They prefer to stabilize the American people in their present misery and continue to exact their pound of flesh.

They are not only trying to control this Congress but to dictate the organization and perpetuate that control in the next one—as I expect to show before the present session adjourns.

Congress can relieve this depression in 30 days. The people know this. That is what this election was about. The people want relief. They know that Congress has the power to give it to them. Let us not delay until it is too late.

One of three things is going to happen. We are going to have a liberal, controlled expansion of the currency, such as is provided in the Rankin-Thomas bill, introduced by me in the House and by Senator THOMAS of Oklahoma in the Senate, to bring commodity prices back to the 1926 level, or we are going to have a remonetization of silver for the same purpose, or we are going to have to scale down public and private debts, reduce interest rates, and give extensions of time to enable the people of this country to meet their outstanding obligations.

Unless one of these courses is pursued, we are likely to be swept into a saturnalia of wholesale repudiation of public and private debts that would have a deadening effect on our civilization, from which our people would not recover for a hundred years, and would leave in its wake a demoralized condition which our American institutions might not survive.

Conditions have gradually grown worse for the last three years. We have tried everything that has been advocated by the ones most responsible for this depression. What has been the result? The depression has grown worse, just as I told you a year ago it would do. It will continue to grow worse until one of the courses I have outlined is pursued.

The Congress and the President have been derelict in their failure to pass legislation providing adequate relief. The people have reached the point of revolt in almost every State in this Union. Something must be done! The only hope for real relief is through a liberal, controlled expansion of the currency to bring commodity prices back to what they were when our debts were contracted, our bonds floated, our taxes levied, our wage and salary scales and our standard of living adopted.

I know that some of you who are suffering from the gold complex are going to say that I am advocating going off the gold standard. I am doing nothing of the kind. I am advocating a controlled expansion of the currency to restore normal price levels and then stabilize them so as to prevent disastrous fluctuations in the future. It can be done by the passage of this bill without in any way affecting the gold standard. But if the time comes when we have to abandon the gold standard in order to save the country, then I will be for abandoning the gold standard.

I am going to insert a copy of this bill following these remarks, and with it a copy of a letter from former ex-Senator Robert L. Owen, coauthor of our Federal reserve law, former chairman of the Committee on Banking and Currency in the Senate, and one of the ablest authorities on the money question there is in the world to-day.

Two things are necessary in order to hold up commodity prices. One of them is a sufficient amount of circulating medium and the other is sufficient velocity of its circulation.

In 1914 we had $34 per capita in circulation, or $3,400,000,000. We began to expand, and by 1920 we had $53 per capita, or $5,600,000,000. What was the result? Cotton went to 30 cents a pound; wheat went to $2.50 a bushel; corn, hogs, poultry, land, dairy products, lumber, and labor—all advanced. But when the present rulers got in power—and I am talking about the great financial interests that are represented by Andrew Mellon, Ogden L. Mills, Eugene Meyer, and others—when they took control of our finances and began to use the Federal reserve system and the Treasury Department for the very opposite purpose to that for which they were created, they began to contract the currency, and by 1929 they had it down to approximately $35 per capita. Then when the crash came, after this Wall Street inspired jamboree on the stock market, our international trade collapsed, our factories closed down, the circulation of what money we had stopped, and farm commodity prices swept to the lowest level in all our history, lower than they had been for more than 400 years. That was when the sad march toward bankruptcy began. It has spread to every community. It has reached almost every farm. It will last until the prices of farm products are restored.

I saw a statement to the effect that 50 per cent of the farms of Iowa had been sold under the hammer and that 33⅓ per cent more are now scheduled to be sold. No wonder those people are rising in revolt. The same thing is happening in Mississippi, in Kansas, in Ohio, and in every other State. Yet we sit here and listen to men talk about relieving the situation by paying out money through the Reconstruction Finance Corporation. I told you when you passed that act that you would pour $3,800,000,000 into a sink hole and that the American people would be worse off when it was exhausted than they were when you started. And that is what has happened. Yet the big corporations and large banks that have taken this money and are now hoarding it come here and resist every effort at expansion, because they think it will reduce the value of their holdings and their power to control.

This bill will do the work. The idea is not original with me. It has been advanced by others and has been discussed at various times on this floor. It is safe, it is sound, and it outlines a plan to which we must ultimately come if we are to survive the wreck and ruin which this unprecedented panic has produced. [Applause.]

I hope you will all read the bill and the statement of Senator Owen, which I am inserting for your information.

Mr. Chairman, I ask unanimous consent to insert in the RECORD a copy of this bill and a copy of Senator Owen's letter to me in regard to it, and also to further revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

[Here the gavel fell.]

H. R. 13012

A bill to regulate the value of money, to stabilize its purchasing power by the controlled expansion and contraction of the currency, and for other purposes

Be it enacted, etc., That the Secretary of the Treasury is hereby directed to have prepared United States Treasury notes, noninterest bearing, in the same general form, size, and denominations as the United States Treasury notes loaned to the Federal reserve banks and known as Federal reserve notes but omitting on such new notes all reference to the Federal reserve banks. An engraving of the goddess of Liberty shall be placed in the center of such notes and they shall be designated and known as "Liberty notes."

The volume of Liberty notes shall be made available in the Treasury at all times, in a minimum amount equal to $4 per capita of the people of the continental United States.

In the event of any deficit in the current revenues the Secretary of the Treasury shall meet such deficit accrued or accruing by using Liberty notes and paying current expenses of the Government therefrom until the general commodity index of the United States Department of Labor returns to 100.

If the general commodity index rises above 103, the Secretary shall retire such Liberty notes from circulation out of current revenues, or if necessary he may issue and sell United States bonds bearing such rate of interest, in such form and running for such periods of time as he may determine, and from the proceeds thereof withdraw such Liberty notes from circulation to the extent necessary to reduce the general commodity index to 100.

In the event such index shall at any time fall below 97, the Secretary of the Treasury shall put in circulation such Liberty notes by paying the current expense of the Government therewith or by the purchase of outstanding interest-bearing obligations of the United States with such Liberty notes until such index shall rise again to 100.

The Secretary of the Treasury is hereby charged with the duty of maintaining the general commodity index aforesaid and the value of money as nearly at the normal index of 100 as may be found practicable by the controlled expansion and contraction of the Liberty notes aforesaid and in the manner as indicated by this act.

SEC. 2. In the event the Secretary of the Treasury should issue bonds as authorized herein, he shall provide a sinking fund for the amortization of such bonds in the same manner as provided by law for other bond issues of the United States, and under such rules and regulations as he may prescribe.

SEC. 3. All Liberty notes issued and placed in circulation shall be kept by the Secretary of the Treasury at parity with gold in pursuance of the provisions of the gold standard act of March 14, 1900, and by the means therein provided.

SEC. 4. That this act shall take effect and be in force from and after its passage.

WASHINGTON, D. C., *December 8, 1932.*

Subject: Regulating the value of money—H. R. 13012.

Hon. JOHN E. RANKIN, M. C.,
House of Representatives, Washington, D. C.

MY DEAR MR. RANKIN: Accept my thanks for a copy of your bill, H. R. 13012, "to regulate the value of money." I comment on it, as you request.

The United States Government alone has the financial power "to regulate the value of money" and, therefore, to stabilize it. It is surely a financial, commercial, and social necessity.

As the United States Constitution, Article I, paragraph 8, authorizes Congress "to coin money and regulate the value thereof," Congress alone has the political power to perform this duty.

The supreme need for regulating the value and volume of money should be self-evident to thoughtful, informed people.

The failure "to regulate the value of money" has resulted in or permitted the most destructive changes in its purchasing power, as we have seen within the last three years—where money, in terms of commodities, has increased in purchasing power over 50 per cent and, in terms of stocks and bonds, from 100 per cent to 1,000 per cent and more; and the same thing is true with regard to other forms of property.

To regulate the value of money and make it relatively stable in purchasing power is required to make it a just medium of exchange between debtor and creditor—a matter of imperative importance, considering that the debts in the United States exceed $200,000,000,000; and the debt burden has been increased over 50 per cent by the unintelligent breaking down of our national credit structure.

Moreover, the manufacturer, merchant, and business man must be able to know that money shall continuously have a stable value in measuring the goods which they create and distribute, so that they can make their contracts on a basis of dependable security.

The fluctuation in the value of money within the last three years has caused the bankruptcy of 76,000 commercial and manufacturing companies and the suspension of over 5,000 banks, and ruined millions of our people. It needs no argument to establish the controlling importance of stability in the purchasing power of money, for that means stability in the rewards of human labor and of its employment.

THE BILL H. R. 13012

The bill presents in concrete terms a method for making effective the principle of the Goldsborough bill, which declared the public policy of restoring and maintaining the purchasing power of money; and the plan you propose of controlled expansion and controlled contraction in the volume of money is a sound method upon which it can be adequately done.

The bill proposes to expand the currency with Treasury notes until the general commodity index rises to 100; if it goes above 103, to contract the currency until the index falls; if it goes below 97, to expand the currency again; and by controlled expansion and controlled contraction, to keep the general commodity index—that is, the value of money and commodities—as nearly as practicable at 100.

Some do not understand what the general commodity index is. For that reason I think you should explain it on convenient occasions.

THE GENERAL COMMODITY INDEX

The general commodity index is a number selected by the United States Department of Labor to show the relative average value of commodities on the wholesale markets or the purchasing power of money by comparison of one month with another month, of one year with another year. The index was based on 550 (now 784) commodities selling on the wholesale markets.

The year 1926 was taken at 100 by the Department of Labor as a basis of this comparison. It is a fair average approximately of the value of commodities and of the purchasing power of money for the years 1921–1929, inclusive. During these nine years there was a fluctuation only of 3 or 4 per cent, and there was no fluctuation in 1926. Even the bull market in stocks and bonds of 1927 to 1929 did not affect the general commodity index. The general commodity index stood at 98 in July, 1929. The index of the purchasing power of money of 1926 was also 100, for the obvious reason that the general commodity index represents the relative purchasing power of money in terms of commodities.

When the general commodity index falls below 100, the index representing the purchasing power of money rises by inverse ratio, so that at present when the general commodity index is 64 (as it has been substantially for many months), the index of the average purchasing power of money in commodities is 156, obtained by dividing 100 by 64. If the general commodity index should go down to 50, the index of the average purchasing power of money would be 200; and if the general commodity index should rise to 200, the index of the purchasing power of money would fall to 50.

In Bulletin 493, issued by the Department of Labor, on page 30 and on page 246 will be found the general commodity index of average commodity values and the index of the average purchasing power of money running for many years. It is the best practical standard of the comparative measure of the average value of commodities and the average purchasing power of money which has ever been established by any government and has cost very many millions of dollars to accomplish it.

Your using the general commodity index, therefore, as a standard is not only advisable, it is absolutely essential and necessary, and furnishes a dependable basis upon which, by controlled expansion and controlled contraction of money, Congress can discharge its constitutional function and automatically "regulate the value of money."

THE GOLD STANDARD

Your bill in section 3 expressly provides that the new money proposed to be issued and retired under controlled expansion and contraction shall be kept at parity with gold in pursuance of the provisions of the gold standard act of March 14, 1900, and by the means therein provided.

The gold standard act referred to requires all money issued by the United States to be kept at parity with gold. It established a fund of $150,000,000 of gold coin for this purpose and authorized and directed the Secretary of the Treasury to keep all forms of money at parity with gold. It further authorized him to issue 3 per cent gold bonds whenever necessary to prevent the gold coin from going below $100,000,000. The gold coin of $150,000,000 remains untouched in the Treasury after 32 years. The United States now has nearly $4,500,000,000 of gold, and it is steadily growing. There is not the slightest danger of our going off the gold standard. There is no necessity for going off the gold standard.

The purchasing power of gold does not control the purchasing power of the United States dollar, but the purchasing power of the United States dollar controls the purchasing power of gold. This has been pointed out by such men as Sir Edward Holden (deceased), former Chancellor of the British Exchequer and head of the London City and Midland Bank; by Sir Reginald McKenna, former Chancellor of the British Exchequer and now head of the London City and Midland Bank, the greatest bank in the world; by Hon. John M. Keynes, the greatest economist in England; by Gustave Cassel, world-known international economist of Sweden; etc.

There is a sound reason for this. The value of anything depends upon the demand for it. The demand for gold in the United States is—

(1) For industrial purposes, which is comparatively small—probably not exceeding $50,000,000 annually.

(2) For redemption purposes, which is negligible and consumes no gold at all, the redemption taking place by mere bookkeeping cross entries.

(3) For international shipments, where the net annual balances for a very long period of time have been running in favor of the United States.

Even in the year 1931, when there were heavy withdrawals of gold from the United States, there was a net gain of gold by the United States of $145,000,000; and when the figures shall have been made up for 1932, it will be found that our loss of gold will be of no importance. But while the demand for gold is small, as above stated, the demand for dollars has been and is absolutely colossal.

The demand for dollars is demonstrated by the extent to which dollars are used. For example, in 1929 the actual payments by the banks against individual, corporate, and Government deposits amounted to $1,200,000,000,000, and for the 12 months past amounted to approximately $600,000,000,000. These figures are obtained from the Federal Reserve Board's Bureau of Research. The demand for dollars in 1929 was over one hundred times all the gold in the world and is over fifty times all the gold in the world for the last year.

This demand for dollars and the relative contraction of credit and of currency by hoarding have caused the purchasing power of the dollar in terms of commodities to rise to 156; and that means that gold, which is pegged to the dollar by weight (25.8 grains troy nine-tenths fine being a statutory dollar), has also risen in purchasing power 56 per cent.

When the purchasing power of gold, therefore, is thus raised 56 per cent in the United States, it is raised throughout the world in the same way—because all nations, even if they are for the time being off the gold standard, still think in terms of gold and their commodities have fallen in inverse ratio in terms of gold to

approximately 64 per cent. Gold is a commodity and we have caused its value to increase 56 per cent throughout the world by pegging it to the American dollar. We can bring it back to normal by restoring the American dollar to normal.

CAUSE OF THE INCREASED PURCHASING POWER OF THE AMERICAN DOLLAR

We have about $5,500,000,000 of currency outside of the Treasury and reserve banks, of which about $1,000,000,000 is in the bank vaults and about $4,000,000,000 is in the pockets of the people now very rigidly hoarded.

During the years 1927, 1928, and 1929 (the bull market) brokers' loans were expanded to about $11,000,000,000, secured by margined stocks of about $14,000,000,000. Most of these loans were subject to call within 24 hours. These loans were obtained from the New York City banks in about $1,000,000,000, outside banks in about a like amount, and the balance from bank deposits belonging to our industrial corporations and citizens and from foreigners.

Between October 23 and November 30, 1929, about $6,000,000,000 of these loans were suddenly called—precipitating short selling, bear raiding, intense fear, and loss of confidence, and a violent crash in the stock market with a loss in market value of listed securities of about $30,000,000,000. A great major bear movement ensued. The calling of these loans continued until over $10,500,000,000 were called by July, 1932, at which time listed and unlisted stocks and bonds had fallen in value under the mass psychology of fear about $100,000,000,000, and other forms of property almost a like amount.

But the $200,000,000,000 of debts of the people of the United States—personal, corporate, and Government—remained due and payable with interest; and there was the demand for dollars to pay these debts, to pay the interest on them, to pay taxes, to pay fixed charges and the cost of living, and to carry on the business of the country; so that the demand for dollars was very great while the available supply of dollars had decreased:

(1) By contraction of bank loans $14,500,000,000;

(2) By the hoarding of deposits which were not used any further than necessity compelled;

(3) By the calling, hoarding, or refusal of bank credits;

(4) By the withdrawal of bank deposits by $13,500,000,000;

(5) By the rigid hoarding of nearly all the money in the pockets of the people.

As a consequence commodity values fell to 64 per cent of what they had been before and individual stock values fell to one-fourth or one-tenth or one-twentieth of what they had been. Stock values fell far more than commodities, for the reason that commodities as a whole were not overproduced—they were actually of much less volume. Our national annual production income fell from $90,000,000,000 to $42,000,000,000; but stocks had been expanded in volume approximately from 220,000,000 shares in 1922 to about 1,290,000,000 shares in 1930, and therefore when the stock-market crash took place there was a great oversupply of stocks and an undersupply of money and credit with which to buy them.

Moreover, when the colossal losses above cited took place in stock and bond values, they were distributed among 20,000,000 shareholders, and the loss in value of other forms of property was distributed among 120,000,000 people. As a consequence, all the people began to economize rigidly. During the fall of 1929 consumption, production, and employment immediately fell 25 per cent—and the less employment, the less consumption, production, and employment—until we reached the point where we have now less than half our previous consumption and production and probably 12,000,000 persons unemployed and 30,000,000 on part time, cut wages, or at labor which is receiving no compensation.

THE REMEDY

There is but one way of promptly beginning the restoration of consumption, production, and employment, and to cut down the enormous burden on the people being compelled to pay debts, interest, taxes, etc., in such costly dollars, and that is to raise the value of property by controlled expansion of money—the basis of all credit and of all values measured by money—and thus restore confidence.

It is futile to say that there is plenty of money and credit, when the money is congealed and credit is frozen.

Your bill provides this remedy, and it wisely provides at the same time for both controlled expansion and controlled contraction, by an agency of the Government alone. When money is expanded it will immediately have an effect on commodities, and as commodities rise the value of all forms of property will rise. With the expansion of money, credit will be relaxed and hoarded money will begin to flow. For that reason the law must provide, as you have proposed, for controlling expansion and preventing its going too far.

OBJECTIONS

You will be opposed with the cry of "inflation." But inflation means an unjustified expansion, and you are not inflating—you are expanding because of a great national exigency, and you are controlling the expansion by automatic contraction so that it shall not go too far.

You will be met with the charge of "fiat" money. But fiat money is money not redeemable in gold, and the money you propose is redeemable in gold and therefore is not fiat money and is not inflationary money.

You will be met with the charge that there is plenty of money. This is obviously untrue, because the money is largely not functioning and, to that extent, might as well not exist.

You will be met with the charge that there is plenty of credit. This is not true, for the reason that the normal credit is not available for normal purposes.

You will be met with the charge that the money you emit will flow into the banks and by the banks be paid over to the reserve banks and will retire just as many Federal notes as your issue of Liberty notes.

The answer to the last point is that if this were true—and it is partly true to the extent that the Liberty notes should pass into the banks and from the banks to the reserve banks and replace Federal reserve notes, but in that event the banks will receive in exchange for the Liberty notes (or the Federal reserve notes retired) their bonds and their eligible bills on which the reserve notes were issued and will gain quick assets just in that amount, and therefore will be made more liquid and stronger than ever. They can, then, better pay back the loans of the Reconstruction Finance Corporation.

When the banks have accumulated unemployed cash, they will have a strong motive to lend it for productive purposes. When the banks have an oversupply of cash, they will no longer be afraid of their depositors withdrawing cash; and, what is more important, the depositors will not be afraid of the banks as they have been in the past.

With rising value of commodities, of stocks, bonds, lands, and property, the courage and optimism of the people will be stimulated and the spirit of the depression will pass away. With the rise of commodity values, merchants will more readily buy and factories produce, and those who have been waiting for a reaction of the stock market will soon begin buying stocks, and you will find that stocks which are now far below their book value will steadily rise.

As the value of commodities rises and as the value of property rises, the people will be stimulated to consume more and to gratify their needs and desires by buying, because they will realize and anticipate the increasing value of their property. With increased consumption will come increased production and employment.

PRODUCTIVE POWER

The potential productive power of the people is as great now as it was in 1929, when we had a production income of $90,000,000,000. We have the same valuable raw materials, the same fertile fields, forests, mines, transportation and distributing facilities, the same magnificently equipped factories with their powers of mass production. We have the same intelligent trained people, willing, anxious, and even begging to work. When we stabilize the purchasing power of money and restore commodity and property values and confidence based thereon, the energy of the American people will again produce as they did in 1927, 1928, and 1929, and with shorter working hours unemployment should cease.

SOME OTHER EFFECTS OF CONTROLLED EXPANSION

It will balance the Budget permanently by restoring income and taxable values and the means by which to pay taxes. You can not balance the Budget by taxing a vacuum. Men with common sense should realize this.

You can not liquidate labor and the debts of the world on the present increased purchasing power of money and decreased value of commodities and property without universal bankruptcy. The debts of Europe and America amount to $500,000,000,000; and an increase of 56 per cent in the purchasing power of money and gold means an increase of over $250,000,000,000 in these debts measured in commodity values and labor.

Bringing the purchasing power of money back to normal will raise the commodity values in Europe and will enable them to liquidate their debts to us in commodities and services and labor without paying a penalty of 56 per cent—of which they might justly complain.

SOUND MONEY

The Democratic platform stands for sound money, and with that principle we all are in vigorous accord. We all believe in an honest, sound dollar—but the present dollar is not an honest dollar. It is not a sound dollar. It is a dollar buying 56 per cent more in commodities and 500 per cent more in stocks and other forms of property than normally. It is a thief stealing the property of the debtor under the color and protection of law; it is stealing the savings of a lifetime from innocent people who are the victims of a national financial mismanagement or worse.

OTHER METHODS HAVE PROVED UNAVAILING

Other methods have been tried by the administration and have failed. We have authorized the public credit to be used through the Reconstruction Finance Corporation to the extent of $3,800,000,000. This has been no expansion of credit.

It has been merely a substitution of public credit for the benefit of the private creditor, under the color or need of saving the private debtor from bankruptcy threatened by private creditors. The debts still have to be paid with interest—with dollars as difficult to get; and the private creditor has his funds released at a most opportune time when he can buy at bargain prices. We have substituted the public credit for private credit.

The administration—after three years of waging an uproarious "battle on a thousand fronts" against depression and making a great physical effort—has had not the slightest effect in raising commodity values which have gone steadily down, nor any noteworthy effect in balancing the Budget nor in relieving the country of increasing distress. The remedies tried have proved inadequate.

The contraction of credit and currency has been permitted to proceed when it is perfectly well known that it is the contraction of credit and currency—as the Democratic platform proclaims and the Republican platform confesses—which has caused these evils and created our distress. There is but one way to correct the evil consequences of contraction, and that is to reverse the process of contraction and expand the currency upon which the credit structure rests, upon which it is compelled to rest.

THE CREDIT STRUCTURE

The credit structure rests on currency. The colossal activities of the American people using $600,000,000,000 during the last year is cleared by checks drawn against deposits; and the security, stability, and velocity of use of these deposits depends upon confidence that the banks can pay cash on demand.

The banks, with $900,000,000 of cash in their vaults and $2,300,000,000 of cash in the reserve banks, are carrying deposits of over $40,000,000,000, and in 1929 with the same cash were carrying over $55,000,000,000 of deposits. The paralysis of credit and the congealing and withdrawal of deposits and hoarding of cash are due to fear of not being able to get cash. The way to remove the fear is to issue cash in volume sufficient to accomplish that end; and the way to prevent an overissue is by controlled automatic contraction. Hon. KENT KELLER introduced last session two different bills, both containing this principle, to which I call your attention.

I recall that the bill introduced by Congressman GOLDSBOROUGH declaring the same principle as a national policy received the unanimous support, barring one vote, of the Committee on Banking and Currency of the House of Representatives; and, after several days' debate received the votes of 117 Republican Congressmen and 172 Democratic Congressmen. Before the committee it was supported by the representatives of the National Farmers Union, of the National Grange, of the National Federation of Farm Bureaus, of the American Federation of Labor, and by the ablest economists. I have no doubt that you will find in the House of Representatives and in the people of the United States the support needed to secure their relief.

Do not indulge in any overconfidence because there are powerful forces determined to liquidate labor and property on the present basis. Their friends, allies, and agencies will denounce your effort as "inflation," as "fiat money," as "unsound money," as "printing-press money," as an "impossible" effort to "manipulate commodity prices"—as Mr. Ogden Mills proclaimed from Portland to Los Angeles.

The American people passed on these leading issues of this administration, but now their efforts will be to submerge and divert this vitally needed relief by consuming the short session with other questions and preventing an extra session in which the needed relief could be worked out. The ancient struggle between the policies of Hamilton and Jefferson is in vigorous existence right now, in spite of the imperative mandate of the last election which demanded and was promised every effort for prompt relief.

Justice delayed is justice denied, and in this national exigency would be unpardonable.

This country has no time to lose. Immediate, energetic attention should be given to this relief by those whom the people have trusted with their power.

It is my profound conviction from a very careful study of this question that the principles of this bill, if carried out, will give the country prompt relief, will give the world relief, and lay the foundation for an era of continuous stability in industry, commerce, transportation, and employment, and will restore the American people to a condition of permanent and unprecedented prosperity and happiness.

Yours very respectfully,

ROBERT L. OWEN.

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. HART].

Mr. HART. Mr. Chairman, I desire to speak directly upon one of the appropriations for a bureau carried in this bill. Last year we appropriated for the Federal Farm Board $800,000 for the year. The committee this year has appropriated $500,000, to be applicable only for six months. This is a direct increase of $200,000 annually.

The fact that the committee has only made the authorization for six months is evidence that they intend that the Federal Farm Board shall be dissolved, and its work left shall be put into the hands of some other department.

If this bureau is going out of existence and going to be liquidated, I can see no reason for increasing the appropriation at this time.

I want to call your attention in connection with that to the language on page 18 of the bill, beginning at line 15. Here is a clause that reads as follows:

Payment of actual transportation expenses and not to exceed $10 per diem to cover subsistence and other expenses while in conference and en route from and to his home to any person other than an employee or a member of an advisory commodity committee whom the board may from time to time invite to the city of Washington and elsewhere for conference and advisory purposes in furthering the work of the board.

This clause is for the direct purpose of financing a group of propagandists and lobbyists who visit this city. I have noticed around the corridors a group of farm lobbyists who obtain their money, directly or indirectly, from the Federal Treasury.

Here they provide for the payment of travel expenses and subsistence in Washington for these people from all over the United States to come down here and lobby on Members of Congress to get these appropriations increased.

I am going to read the names of the lobbyists now in the Capitol and the salaries they draw:

E. F. Creekmore, of the Cotton Cooperative Association, who owes the Government $50,000.

Mr. COX. Will the gentleman yield?

Mr. HART. I yield.

Mr. COX. Does the gentleman know that Mr. Creekmore was invited here by advocates of farm relief, in the interest of the relief of the cotton farmers of the South?

Mr. HART. I will say to the gentleman from Georgia that the State of Texas passed a resolution the other day which I will read to him. It was passed by the Legislature of Texas.

Resolved by the Senate of Texas (the House of Representatives concurring), That we implore our Representatives and Senators in Congress to desist from further attempting to interfere with the natural economic laws, and further meddlesomeness to control production and price-fixing, and urge especially upon Congressmen and Senators to oppose the passage of this bill, and take from the necks of the producers of this Nation the yoke of governmental control and dictation.

I shall finish the list of lobbyists who are here and who obtain their money directly or indirectly from the Treasury of the United States. I have already mentioned Mr. Creekmore, with a salary of $50,000. Then comes Mr. C. G. Henry, general manager Mid-South Cooperatives, with a salary of $8,800; next Mr. C. O. Moser, vice president American Cotton Cooperative Association, in charge of propaganda work, $13,500; U. B. Blalock, president American Cotton Cooperative Association, $10,000; Homer T. Wade, in charge of propaganda work in Texas, $5,000; W. M. Thatcher, permanently located here as a lobbyist for the Farmers National Grain Co. on a salary of $18,000 a year.

The total of these salaries is $105,300. They insert in a bill here a provision which will enable them to be brought here from distant parts of the United States for the purpose of obtaining further appropriations under this very bill. This man Thatcher, who is down here representing the Farmers National Grain Co., is an old friend of the farmer. He comes down from the Non-Partisan League days and was indicted with another bunch for swindling the farmers. He turned State's evidence and got off free. He is now in the employ of the Farmers' National, who just before election funded a debt of $16,000,000 for a 10-year period upon a capital of $76,000. I have often wondered why, with my knowledge of this racket, I ever came to Congress, when men can get their hands into the Federal Treasury so easily. If it were not for the fact that I have to live with myself, I would be engaged in some other kind of work.

Mr. BURTNESS. Mr. Chairman, will the gentleman yield?

Mr. HART. Yes.

Mr. BURTNESS. I hold no brief for Mr. Thatcher, the Farm Board, or anyone else, but I wish the gentleman would explain that statement as to how the Farmers' Nationals funded a $16,000,000 debt on a capital of $76,000. Surely the gentleman does not mean to imply that there is no security whatsoever for the funded indebtedness of $16,000,000.

Mr. HART. If there is any security for it, the security is given on money they obtained from the Federal Farm Board, because their original investment is only $76,000.

Mr. BURTNESS. What is the security now held by the Farm Board for this $16,000,000? Is it not a fact that it consists of elevators and facilities more or less throughout the entire wheat section of the country?

Mr. HART. Bought with Government money.

Mr. BURTNESS. Entirely so, does the gentleman think?

Mr. HART. Yes; all but $76,000.

Mr. BURTNESS. I think the gentleman is in error.

Mr. HART. No; their own testimony is that they never paid in a dollar to this company to exceed $76,000.

Mr. BURTNESS. But the gentleman proceeds upon the theory that the owners of these elevators and facilities in the first place had no equity whatsoever in the equipment or buildings. Possibly some of them did not, but many of them did. In any event, I think the gentleman ought to be fair enough to tell the House that there is security, whether good or not I do not know, but that there is very substantial security for every dollar that has been loaned.

Mr. HART. No; there is not. The only security furnished is the very properties which they bought with this money. That is the only security which they had. You take $76,000, and try to go out and buy $16,000,000 worth of property, and then get anybody to make a loan on that basis.

Mr. BURTNESS. If the gentleman has patience to yield further, is not this substantially the situation? A local cooperative association doing business somewhere in the country borrowed money—borrowed money from the Farmers National.

Mr. HART. No; that is not substantially the situation. Not a local cooperative, but they took over large terminal operations which were broke, and took them over at a large price. They took over a speculative concern, a bucket shop, in Omaha, as one of their securities.

Mr. HART. Mr. Chairman, for the benefit of the gentleman who comes from the Non-Partisan League territory, North Dakota, he can find on page 262 of the hearings before the Committee on Agriculture and Forestry of the Senate, November, 1931, a statement from Mr. Milnor, who is the vice president of the Farmers' National Grain Corporation, that its total operating capital is $76,000. I quote from those hearings:

> Senator GORE. But few private concerns could operate on a paid-in capital of $76,000 as your organization did without vast reserves of credit.
>
> Mr. MILNOR. Quite right; but, as I understand it, that was the intent of the law, to make it possible for active cooperative organizations to market their grain and to furnish the credit to assist them in doing so.

If the gentleman from North Dakota will proceed a little farther along that testimony he will find out that the farmer back in the country got less for his grain when he sold it to the local cooperative, which is a member of Mr. Milnor's organization, which was operating on a capital of $76,000 and loans running into untold millions. That the farmer should receive less is patent because of the enormous salaries paid by this institution. Mr. Milnor is drawing $50,000 a year.

What I am trying to convey to the Members of this House is that these men whom I have listed as lobbyists, drawing these enormous salaries, do not represent the viewpoint of the farmer; that they do not assist the farmer in any way; that the farmer who deals through them gets not one cent more for his grain or his cotton.

If my friend from North Dakota will pursue the testimony given by Mr. Milnor, he will find that Mr. Milnor stated that not one cent of dividend has even been paid to an actual farmer. These so-called supercooperatives are nothing more than mere rackets which bleed the small local cooperatives, lead them into speculative schemes, and the small ones only serve as a reservoir for the fellows at the top to draw from them sufficient commissions to pay these enormous salaries. Failing to draw sufficient money from the small cooperatives, it comes directly from the Treasury of the United States, because the Government has loaned them more money than they will ever be able to pay.

I predict that they will sponsor legislation here later to cancel the debts of these cooperatives. I am told their books are so kept that whatever profits they have made are segregated in one account and their losses in another; and if these losses are canceled, they will be left with considerable money which these high-priced gentlemen can play with.

If it were not for the tragic condition in which the farmer finds himself and if it were not for the fact that the Government is in financial difficulties in its endeavor to balance its Budget, the spectacle of seeing this group of slick gentlemen whom I have named, drawing fat salaries coming from the Treasury, would be a joke upon Congress.

These men and their organizations represent in no way or manner the average farmer of the United States. They are a fungous growth upon the good old tree of agriculture, and this fungus, if it is not amputated, will destroy agriculture itself with its patent nostrums to create more jobs and to fool with the farmers' economic life so that they may remain in the national picture.

It is now admitted by the Farm Board members and all their allies that stabilization is a failure, and the only justification they have for its continued existence is cooperative marketing. That would be natural because out of the cooperative organizations which the Farm Board set up is where these men obtain their large salaries. The Farm Board itself limited salaries.

If cooperative marketing is the only excuse for the continued existence of the Farm Board, then it should be immediately put out of business. All the cooperatives they have had anything to do with and whose affairs they have directed through large loans are now broke. They took over the management of the Mississippi Long Staple Cotton Association, which had a nice surplus. Now they owe the Farm Board about $5,000,000, without any assets. They took over a cherry cooperative at Traverse City, Mich., that was prosperous and linked it up with another cherry cooperative in Wisconsin. Both are broke to-day.

So far as cooperative marketing is concerned, they have set it back 20 years. They have instilled in them wrong principles of doing business. They have encouraged speculation, and generally have wrought havoc among the cooperatives.

Mr. WOODRUM. Mr. Chairman, I yield two minutes to the gentleman from Georgia [Mr. COX].

Mr. COX. Mr. Chairman, I very much regret the statement of my friend from Michigan [Mr. HART], who has just left the floor. I regret it because I think that it is made upon a basis of misinformation or a lack of information, not only with respect to the reason for these gentlemen whose names are given being here at this particular time but as to the manner in which the cooperative associations of this country are carrying on their business. I have no interest in defending those he has designated as lobbyists, but he has named the most outstanding representative men, that is, men representing agricultural groups of this country, that there are in the country. He referred to Mr. Moser. I happen to know that Mr. Moser has avoided playing the rôle of lobbyist. He is an outstanding economist and a profound student of agriculture and all kindred problems. He mentioned Mr. Henry, who is also a representative of a great cotton association, as well as others. These gentlemen are here as representatives of these associations, made up of the farmers of the country, and if they did not come here and present the case of the farmers, then the farmers would not be heard except as members of this body undertake to represent them specially.

We have heard much in recent years regarding what is commonly referred to as the farm problem. In its broader aspects and in its significance to the country as a whole, it is not only economic but social as well. But the latter phase of the subject is so intimately tied up with the economic one, that is, the financial ability of the farmers to perform their proper part in the social order, that sociologists, as well as economists, approach the problem first from the economic standpoint.

A man who is in danger of losing his home is in no frame of mind to give serious thought to the higher purposes of life and living, but, on the contrary, given economic independence, he and his family are quite as apt to improve their standard of living, culture, and community interest as is any other type of citizen.

The purpose of an increased financial income is primarily not one of accumulating more dollars, or more land and better equipment, but to raise the standard of living and the type of citizenship. In other words, while we aim at the dollar, we shoot through it to those higher purposes and ideals for which we strive as our social objectives. We are all familiar with the fact that the economic status of American farmers, and particularly those who live in the cotton-producing States, is so low that we have an enforced standard of living at least one generation behind that of the urban workers in other industries. In some places the standard of living is fully two generations behind that of other groups. We can not have social equilibrium in our country and stability and permanence of the institutions of democratic government without equality of economic opportunity, and it is such equality that must precede equality of social advantages.

Let it be remembered that agriculture in all of the older countries is a peasant occupation, and agricultural peasantry threatens even the United States, Canada, Australia, and New Zealand, the newer countries of the world which have escaped peasantry thus far. My conception of the term "peasantry" is not limited to those who wear wooden shoes or sandals, but rather to those human beings who are so discouraged with their economic and social conditions that they are unable or unwilling to make the struggle to throw off the yoke of discrimination and injustice from which they are suffering and who consequently accept their condition as inevitable and impossible of correction.

No country in the world has yet solved its farm problem, but those making the greatest strides in that direction are the ones which have made the most progress in organized cooperation among their farmers. Typical and outstanding along this line is the little country of Denmark, once barren, destitute, and poverty stricken, and now offering its farmers the highest standard of living of any country in the world—a country in which there is no poverty or illiteracy among its agricultural producers.

The attempts on the part of American farmers to join themselves into farmer-owned and farmer-controlled business organizations have always met with the organized opposition of those engaged in private trade; and not only have the organized agricultural trades sought by fair and foul means to undermine and otherwise defeat the efforts of farmers to set up their own business organizations in buying and selling but they have likewise opposed every attempt on the part of farmers to obtain for themselves equality under our protective system.

As a result of their difficulty in availing themselves of their combined strength in carrying on their business enterprises, and as a result of the artificial prices of the products and services of other groups entering into the cost of production and the living of the farmers, the farm problem in this country has become aggravated and intensified during the past 12 years. It has finally undermined the entire economic structure of the country. The farm problem, therefore, now is not only one of vital concern to the farmers themselves but in no less a degree to the country as a whole. The free movement of commerce and trade, the employment of workers in other industries, the ability to pay the increased cost of government are all dependent on the resumption of the exchange of goods and services among the various workers in the different industries. This can not be done unless every group is equally capable of influencing or controlling the economic and political forces responsible for the exchange value of their products and services.

We are living in a highly organized age. The unit of society is the group and not the individual. The bargaining power in the exchange of products and services between and among the groups is determined largely by the organized strength of the group. The unorganized or poorly organized group is in no better position to obtain a fair share of the national annual income in competition with the better organized group than is an unarmed mob to cope with a modernly equipped and capably led army. And yet in a country dedicated to the principles of fair play, the very groups which themselves are thoroughly organized, adequately financed, and competently led, and who themselves have been the beneficiaries of governmental favors and bounties, are openly and boastfully using that influence to discourage and, if possible, prevent farmers from utilizing similar devices and instrumentalities looking to the protection of their interests. If agriculture is a necessary industry to our national well-being and the prosperity of farmers is essential to the prosperity of the country as a whole, as business men will readily acknowledge, and if farmers through their individual and collective efforts have been unable to cope with the powerful forces essential to their proper place in the economic system as a whole, then it is a proper function of government to assist them in whatever way may be necessary to effect such organization of their industry. No student of government will deny that wherever any essential group is unable to do those things necessary to their own advancement, the doing of which is in the interest of the public welfare, then the Government not only may but should supply the means and, if necessary, the facilities to accomplish such ends.

When the railroads of this country were without necessary means to extend their lines across the Rocky Mountains to connect the Pacific and Atlantic coasts and the intermediary territories, the Government financed such construction. And it was a sound national policy.

When the shipping interests of the country were unable to dig a canal in Central America necessary to avoid traveling around Cape Horn, again the Government of the United States provided the means in the interest of the public welfare. That was a sound national policy.

When the banks of this country were unable to provide necessary reservoirs of money to finance commerce and industry, regardless of the demand or condition of business, it was a sound national policy for the Government to set up a Federal reserve system to do those things which the banks themselves were unable to do in the interest of the public welfare. A recitation of all of the precedents that have been established in the pursuance of such a national policy would be practically an endless undertaking.

It would appear, therefore, that the only thing necessary to establish is whether or not agriculture is an essential industry, and whether, in the proper functioning of agriculture as a part of society as organized, it can accomplish its indispensable ends without the aid of society as carried on through organized government. Granting these hypotheses, then there is but one consideration, and that is, how?

With the knowledge of the controlling and limiting factors in the success of any economic group, and with the experience of 150 years in the way other groups have attained the full measure of their economic independence, there is little unknown as to how the Government may help agriculture. The particular device required in the specific application of proven principles, considering the difficulties and peculiarities in agriculture, however, may be a debatable question. But with the knowledge of the fundamentals and through experience in this and other countries, there are many positive formulæ which have passed the controversial stage in so far as their practicability is concerned.

In an honest attempt to encourage the business organization of farmers in line with proven successful experience, both major political parties have committed themselves to encouraging cooperative marketing. Even the trades, which have consistently and continuously opposed such organizations, acknowledge its soundness in principle. To do otherwise would point them out and indelibly mark them as enemies of the farmers and of the public welfare. So, masqueraded in the cloak of the shepherd, their wolflike natures exhibit themselves whenever a cooperative is effective or shows promise of becoming effective to the point where it interferes with the dominance which they have had over the markets, or the profits which they have made out of handling farm products. As long as the cooperative is weak and ineffective, they are its espoused friends, but the instant it becomes capable of doing the things which its

members desire, that is, to protect their interests, it then becomes the object of their powerful destructive influence.

Let there be no misunderstanding of the reason for the opposition of the agricultural trades to the agricultural marketing act and the Federal Farm Board. It is because the Federal Farm Board is not only endeavoring but is succeeding in bringing to the organizations of growers those limiting factors in their success necessary to their effectiveness, namely, capital, world information on supply and demand, and facilities for correcting abuses of the trade. It is no surprise, therefore, that the greatest opposition to the Federal Farm Board and the cooperative movement should come from the centers of activities of the traders in these commodities and from the places where the cooperative organizations are most effective.

Largely through the encouragement of the Federal Farm Board 200,000 new members were added the past year to cooperative associations. The Farm Board loaned to cooperatives in the three years of its existence more than a billion dollars. The board loaned more than a million dollars the past year to new cooperatives for organization purposes. One-half of these organization loans have already been repaid the first year, showing how sound these organizations are and what support they are receiving from farmers. Loans to many worth-while cooperative enterprises were refused because Farm Board funds were inadequate. Many illustrations could be cited as to the advantages the growers receive through their cooperatives. Only a few will be referred to here.

In the 7 large milk markets where producers are well organized the net price to producers declined 22 per cent last year, while in 19 other markets not so well organized the price declined 31 per cent, although it was already 79 cents a hundred pounds below the organized markets.

Since the organization of the National Wool Marketing Association prices of wool are 11.2 cents per pound higher in relation to London markets than in the previous 10 years.

Butterfat is 5 cents a pound higher in Minnesota than in Kansas, largely because Minnesota has 644 cooperative associations marketing dairy products while Kansas has only 8. And prices in Kansas are higher than they are in the Southern States.

Eggs are 4 cents a dozen higher on the Pacific coast than in the Corn Belt, although 1,000 miles more distant from the consumer markets. The reason is that there are ten times more poultrymen enrolled in strong cooperatives on the Pacific coast than in the Corn Belt. And in the unorganized sections of the South there were times when there was practically no market for eggs, the price in many local markets being as low as 5 cents a dozen.

In the case of cotton it is common knowledge that when the cotton cooperatives set up local offices, cotton often advances several dollars a bale in those communities, based on an unchanged world price. And when the cooperative offices are closed the local markets similarly decline. It is likewise common knowledge, ascertained by research of the United States Department of Agriculture and State experiment stations, that the difference between market price of cotton at interior points and central markets has been improved to the advantage of the farmer from $5 to $20 a bale, largely as a result of cooperative activities.

It has been the assistance which the Farm Board has given these cooperatives that has made these results to farmers possible, and that is the object of the trades' opposition.

The agricultural marketing act has the indorsement and support of not only the cooperatives but also the general farm organizations of the country. In these organizations are enrolled approximately one-half of all the farmers of the country. They are some of the most progressive and intelligent farmers in the country, and the leadership is of their own selection. They are men of intelligence, character, and business experience. Many of them are among the ablest students of the problem, with a full and complete knowledge of the fundamental economic conditions underlying their solution. They are the men responsible for the leadership of the farmers themselves in the solution of their problem. Without exception, so far as I know, these men are unitedly and determinedly for the agricultural marketing act and favor its continuance. They are likewise highly appreciative of the honest, conscientious, and intelligent effort which the Farm Board has made as an agency established by Congress to administer the agricultural marketing act. These leaders know the long hours of hard work, devotion to duty, and consecration of effort and purpose which the members of the Farm Board have given to the cause of farmer cooperation. They are mindful and resentful of the unfair criticism to which the Farm Board has been subjected by the agricultural trades and their sympathizers. The pity is that their misrepresentations and innuendoes have found lodgment in the minds of some well-meaning friends of the farmers, and even among some farmers themselves.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. SUMMERS of Washington. Mr. Chairman, I yield seven minutes to the gentleman from Utah [Mr. COLTON].

Mr. COLTON. Mr. Chairman, I have never been approached by one of these lobbyists from the Federal Farm Board of whom the gentleman has been speaking; but I have given this matter a very great deal of study on my own initiative. This agitation for the abolition of the Federal Farm Board and the criticism that is being made against it, in my judgment, are not well founded.

Mr. COX. Will the gentleman yield to me for a statement right there?

Mr. COLTON. I yield; yes.

Mr. COX. The opposition of the trader is not to the Farm Board but is to the cooperative organizations of this country; and if this Congress wants to strike down that movement, it can do so or give it a setback for 20 years by striking down the Farm Board. [Applause.]

Mr. COLTON. I agree exactly with the gentleman. There is no question about it.

Surely the gentleman from Michigan [Mr. HART], who has just left the floor, does not mean to infer that the Federal Farm Board is furnishing money for the purpose of lobbying. I happen to be personally acquainted with two or three of the members of the Federal Farm Board, and I say without any hesitation that I know of no men in public life who are more honest and more devoted to public service than they are. I am sure this can be said of all members of the Federal Farm Board. They are high-class men, and, Mr. Chairman, the Federal Farm Board is doing a good work, notwithstanding all this criticism.

We know the struggle that agriculture made for so many years to work out some plan to take up the stretch between the producer and the consumer. We know how long and how hard that fight was. Finally, after years of effort, they partially succeeded. I am not saying that the Federal Farm Board has not made mistakes. It probably has. It was probably a mistake to engage in stabilization work, but that work was undertaken after very great pressure was brought to bear on the board by Members of Congress and by other responsible people. There was never a thought that they could keep price levels as high as they were in 1929 in view of world conditions.

The stabilization work was only for the purpose of preventing a precipitate fall, to cushion the fall, so to speak. They entered into that work to prevent a sudden crash. No one could have anticipated the conditions which followed. We must not forget that their great task—and a worthy and splendid one, too—has been to organize the farmers of this country so that when conditions do come back they will be in a position to partly control the prices of their own commodities. They have been extremely helpful even during these depressing and distressful times. They have organized and fostered 12,000 cooperative marketing associations in this country, and they have loaned to nearly all of those associations.

Their record for loaning is equal to or exceeds that of any other loaning agency in this country. Of all the loans they





have made probably less than 100 have been found to be wholly unsound. They have already had paid back from something like $367,000,000 loaned all but about $158,000,000. Their record is a good one. They came into the picture at a time when agriculture was sinking and sinking rapidly. They have prevented, to a very large extent, the utter collapse of the agriculture industry, and now if you take away this help, if you abolish that board, you will cause agriculture to take a step backward a quarter of a century. It has taken that long to get any concrete working plan for the benefit of agriculture. We fought every inch of the road up to this point. I hope the Members of this Congress will not be stampeded. If you abolish this board and put the work under a bureau of the Department of Agriculture, where the Secretary of Agriculture has more work now than he can do, you dim the hope of the men who have worked consistently so long to bring about this sort of an organization. This board, if left alone, will be, and is now, helpful. They are creating organizations that will enable the farmers to get their commodities to the consumer without the great stretch that has heretofore existed. Do not hamstring them just as they are getting started.

I am disappointed in the action of the subcommittee and of the Committee on Appropriations in even indicating there is a possibility that the Federal Farm Board will be abolished. The gentleman from Michigan [Mr. HART] seems to take it for granted that it will be abolished. There is danger of demoralizing the morale of the great organization that has been set up to help the farmer. We are already creating fear in the minds of the farm organizations. I am glad that recently the Cooperative Council at a meeting here in Washington—and it is one of the influential and strong marketing associations of this country—indorsed the Federal Farm Board and its activities. They are not in favor of abolishing it. These marketing associations which have been succored financially by the board have been a godsend to agriculture.

Mr. Chairman, sometimes in our hysteria we forget the very purpose for which this board was organized. Its purpose was not to stabilize. Its purpose was to help the farmers sell their products. I am here to say to you to-day that these men are conscientiously working to that end and have accomplished a great work. I hope that neither this nor any succeeding Congress will seriously consider any proposition to abolish the Federal Farm Board. Talk about lobbying, those who are against the board have done far more than those who favor it. Its enemies are doing the lobbying. The board is too busy with its great task to lobby.

The CHAIRMAN. The time of the gentleman from Utah [Mr. COLTON] has expired.

Mr. SUMMERS of Washington. Mr. Chairman, I yield 10 minutes to the gentleman from Washington [Mr. HORR].

Mr. HORR. Mr. Chairman, while we are discussing the matter of appropriations, it seems to me at this time we would do well to consider some of the legislation that is now before this House.

I presume all of the Members are cognizant of the fact that the Members on our side have signed a petition which will force a vote on the depreciated-currency legislation which is now before the Committee on Ways and Means of this House and has been there for over a year. I think we should call to the attention of the House the method that is being employed to stifle this all-important legislation, which affects every industry in the United States.

I hesitate, indeed, to bring the charge that any body of men would, for a moment, place any obstacle in the way of legislation so beneficial to the country, but I feel it my duty to call to the attention of the House and the country the fact that the Democratic majority in the Ways and Means Committee must be charged and held responsible for the delay of almost a year in the consideration of this all-important legislation.

It was my honor to have introduced the first bill on depreciated currency in the House, over a year ago, along the lines of the Hill and Crowther bills now being heard before the Ways and Means Committee. Other bills were introduced later and with my bill came before the committee last session. The Democratic members would not report any of these bills out to the House.

We came back this year and new and similar bills have been sent to the committee. I desire to call to your attention the fact that there was already sufficient hearings to have permitted that committee to report out a bill.

The Democratic majority, using dilatory tactics, referred the matter to a subcommittee. Whether or not the charge is correct, the supposition seems to be general that this is merely a method of having this legislation placed in abeyance in order that it may not reach a vote in the House during this session of Congress. This opinion is further substantiated by press accounts which we read in last night's paper wherein it was stated that our friends on the majority side anticipated calling a caucus with the idea in mind of taking up this "tariff legislation" as it is termed by them, with the further idea of delaying action until the next Congress.

Fortunately for the depreciated-currency legislation the Democrats could not agree, especially when it was apparent that the Republicans had enough signers on their petition to force a vote.

I think the country should know that the Democrats, who have, and who have had, a majority in Congress, are responsible for the failure to bring out this much-needed legislation. For over a year they have refused to bring out a bill, and only after the Republican Members had forced a vote by petition under the rules of the House was some action taken. Through Republican activity and over the protests of the Democrats we shall have an opportunity to vote, in effect, on this measure on February 13 next.

May I say to those who are opposing this legislation on the ground that the bills under consideration call for an increase in tariffs that in my opinion such is not a proper interpretation.

This legislation merely protects the tariffs that are now operating. I am of the opinion, and I am now addressing my remarks to the Democratic side of the House, that if your tariff were in operation and you found that depreciated currency was tearing down the tariff walls of protection on products you believed should be protected that you would have no compunction in voting for a bill that would maintain such tariff.

That is all these bills under consideration do. They merely protect our present tariff, which has been torn down by the difference in foreign exchange money values. Furthermore, they protect the articles on the free list by insisting that foreign money values meet our money values.

You can not expect our manufacturers of goods on the free list to compete with not only cheap foreign labor but also cheap foreign money.

May I call attention to the fact that one of the newspaper syndicates which is responsible in large part for the success of Democrats during the last campaign, the Hearst publications, has come out squarely and fairly in editorials demanding that the Democrats, as well as the Republicans, in order to protect these industries, enact legislation that will protect the industries that to-day are being paralyzed on account of the depreciated currencies.

Mr. Hearst in his statement in that editorial showed himself to be a real patriot. When you consider that the purchases of pulp paper for his numerous publications average from five to six hundred thousand tons every year, that he is now compelled, because American pulp mills are closed, to buy approximately 400,000 tons in foreign markets, this declaration of his means he will buy from an American industry when it is revived, and will thus be compelled to pay approximately $5 a ton more for his pulp paper than he now pays. In other words his editorial has cost him between $2,000,000 and $5,000,000 a year.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. HORR. I yield.

Mr. SCHAFER. The Saturday Evening Post also editorially has taken a position in favor of this legislation.

Mr. LaGUARDIA. Is the pulp available in this country?

Mr. HORR. The pulp is not available in this country at the present time. In my State alone 6 of the 10 mills are closed down and the remaining 4 are running half time, because of this unfair competition. Now when orders come in they are unable to fill them and meet the prices caused by this reduced currency.

With pulp on the free list we were able to compete and did compete and did reduce the price on pulp paper from eight to five dollars per ton, until depreciated currency came. During the first nine months of 1932 there were shipped into the Pacific Coast States alone 114,821 tons of foreign print paper, valued at $5,166,945, besides 19,384 tons of foreign pulp, valued at $518,000, or a total of $5,684,942, which amount went to pay wages and dividends to foreign pulp and paper mills.

These figures do not take into consideration the eastern markets taken over by the foreign producers in this industry. It must be apparent that this $5,000,000 loss to the Pacific States is a very small part of the American loss, as a whole.

Pulp is not the only product affected by this differential rate of exchange. The fisheries on both the Atlantic and Pacific coasts are being destroyed.

Canned pink salmon packed in Japan and Siberian waters is being offered in the American markets at $2.25 to $2.40, duty paid, as compared with a domestic price of $3.40 a case of forty-eight 1-pound tins.

Fancy red salmon in ½-pound cans, 96 to the case, has been delivered at Honolulu, duty paid, for $3.57 a case, as compared with a domestic price of $8 a case for this product, f. o. b. Pacific coast ports. A single Japanese freighter recently took to our eastern ports nearly a million pounds of pink salmon for distribution in our markets.

The Calvert Co. of Seattle, wholesalers of canned Alaska salmon, received the following telegram from Young & Roberts (Inc.), their brokers at Columbia, S. C., on December 23, 1932:

> Answering account large lot of Japanese pinks now arrived at Charleston unable to furnish instructions balance pinks, although we regret to do it must release them every case sold, buyers canceling.

The American packers of salmon, who since 1924 have lost 65 per cent of their export market, now face ruinous competition in the domestic market as well. With the new pack of the current season now entering the market, the situation is further aggravated by this influx of foreign goods, and by the imposition of lower duties on the product from some other producing countries than is imposed on the American goods in those markets. According to the report, the Japanese packed 10,000,000 pounds of tuna, chiefly for marketing in this country. Already over 4,000,000 pounds, valued at more than $525,000, have been imported.

The canned-sardine industry of Maine and California is also being affected. Imports of canned sardines from Norway, which compete with the Maine pack, increased from about 285,000 cases in 1930 to 780,000 cases in 1931 to over 900,000 cases for the first nine months of 1932. The Maine pack of sardines amounted to 1,400,000 cases in 1930, 885,000 cases in 1931, and an estimated pack of about 385,000 cases in 1932. At the present rate of imports from Norway, the volume will have increased over 400 per cent in the three years, whereas the Maine pack this year is about one-fourth that of 1930.

The Japanese are now offering pound oval sardines packed in tomato sauce similar to the California pack at $2 a case of forty-eight 1-pound cans, duty paid, Pacific ports, as compared with a domestic cost of production of $2.65. Both the sardines and salmon are packed so as to be undistinguishable from the American products.

Imports of fish oils and fish meals have forced the prices of these commodities down to 10 to 12 cents a gallon for fish oils and $19 to $21 a ton for fish meals, which is below domestic costs of production and far below any recent level of prices.

Swordfish from Japan have been landed at Boston, Mass., the heart of the domestic fishery, to sell in our market for 8 cents a pound, as compared with domestic prices of 20 to 22 cents, and offers have been made to deliver from abroad frozen fish fillets at 4½ cents a pound, packed to resemble domestic goods which in normal times can not be produced for less than 14 cents a pound.

Until this year the fisheries industry brought annually to the Pacific coast alone more than $90,000,000.

To the Northwest, Oregon, the Puget Sound country, and Alaska, it brought approximately $40,000,000 a year.

If this industry dies, 50,000 men will be thrown out of work, and of these 10,000 live in the Puget Sound district.

Japanese fishermen are paid only a few cents a day. Japanese cannery employees receive wages averaging from 25 cents to 40 cents a day.

Last year Wall Street financed two bond issues of $19,000,000 each, which was sold in the United States by the Oriental Investment Co. The bonds were guaranteed by the Japanese Government. The Oriental Investment Co. owns the Japanese fisheries and canneries.

Dairy products are suffering from competition, unfair because of the advantage that the foreign importer has by virtue of this difference in exchange value of moneys.

Chinese eggs enter with the effect of the prohibitive tariff removed. Butter of European make is selling with duty and transportation charges prepaid for 26 cents a pound in Pacific coast points. The importation of fats for oleomargarine, while not affecting my State, is undermining the butter market of the country at large.

The primary interest of dairy farmers is in the competition between butter and oleomargarine. Competition of foreign oils from countries of depreciated currencies is lowering the cost of the components of oleomargarine.

The majority of the domestic oleomargarines can be made at from 5 to 5½ cents a pound. In the face of such competition it is very hard for butterfat producers to obtain a living.

The imports of organic oils have increased from 418,000,000 pounds in 1914 to 726,000,000 pounds in 1931.

These are not the only industries that have felt the effects of this depreciated currency. The cement manufacturers show a reduction of wages of 20 per cent to meet the British competition. The public buildings in my own city have been using British cement. There has been no provision made in their contracts for the use of American-made goods. We are using British-produced cement to-day in the public buildings in the city of Seattle.

Rubber shoes are not produced by us out here. We see them go through our port of Seattle bound for eastern points, with Japanese labels. May I call your attention to the fact that in one of the trade journals is the notice that—I do not know whether the statement is correct, but I am going to quote it—Woolworth's has placed an order for 150,000 pairs of these rubber shoes with cloth tops for delivery into the United States from Japan, to be delivered every two weeks to take care of their customers in this country. Carloads of Japanese goods are constantly going through our port. You can not tell me that they are not in competition with our own goods.

Japan is not the only nation taking advantage of our trade conditions caused by depreciated currency.

We are importing rubber boots and shoes from Czechoslovakia, hardware from Germany, and many other manufactured products from other nations, and selling them on our markets for less than these articles can be produced by the American manufacturers.

There was an increase of 100 per cent in imports of newsprint during the first 10 months in 1932, as compared with the first 10 months in 1931. It is safe to say that every article manufactured in the United States which is thrown into competition with similar foreign articles has felt the effect of the debased currency of these foreign countries.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. HORR. I am sorry, my time is limited; I can not yield.

I will answer the argument which the gentleman from Kansas would make. He, like myself, has been in favor of reducing the purchasing power of the dollar, and he is afraid if we pass this bill it will adversely affect legislation he has in mind, of bringing back the dollar to the purchasing power of the dollar of normal times.

This depreciated-currency legislation is only effective during the time there is a difference between the value of American money and the currencies of foreign countries shipping goods to this country, and when the legislation the gentleman from Kansas favors becomes effective this legislation now before us will become ineffective, because the difference in exchange will be eliminated.

Mr. Chairman, this depreciated-currency legislation is not new in matters of international trade. You will find legislation of this type adopted by France in 1931. Through the means of orders in council, measures were adopted similar to those proposed in the Hill and the Crowther bills; and I ask consent to place in the RECORD this order in council of the French Government, wherein we find France assessing the different nations in surcharge taxes the difference between its currency and the currency of the countries with debased currency from which imports have come into France.

The matter referred to follows:

[Source: Journal Officiel (French Congressional Records), November 14, 1931, p. 11791]

COMPENSATING EXCHANGE SURTAX—REPORT TO THE PRESIDENT OF THE FRENCH REPUBLIC

PARIS, *November 12, 1931.*

Mr. PRESIDENT: The fall in value of the monetary units of certain countries has made it necessary to make provisions for the application of compensation surtaxes for exchange variations, in order to protect our market against the influx of imports from those countries.

The decree of August 1, 1931, has established the principle of the creation of such surtaxes and laid the basis for the methods of computing them.

For that reason it specified in the most explicit manner that such surtaxes could only offset the effects of currency depreciation on the cost price of foreign products.

In other words, the surtaxes in question are not intended to increase, by indirect methods, the tariff protection established by Parliament.

Their only object is to offset exactly the decrease in prices brought about by the depreciation of exchange in certain foreign countries.

Therefore, it tends to restore strictly the tariff balance just as it was before it was broken to the detriment of our production by the depreciation of foreign currency.

The complaints from numerous national industries have recently taken on an increasingly urgent character. After an intensive study of the situation the Government has deemed that it could no longer postpone the application of protective steps intended to avoid the crowding of our market and great difficulties for our industries.

Such is the purpose of the attached draft decree which creates various provisional exchange surtaxes. Please accept, Mr. President, the assurance of our deep respect.

PIERRE LAVAL,
President of the Council, Ministry of the Interior.
LOUIS ROLLIN,
Minister of Commerce and Industry.
ARISTIDE BRIAND,
Minister of Foreign Affairs.
P.-E. FLANDIN,
Minister of Finance.
FRANÇOIS PIÉTRI,
Minister of the Budget.
ANDRÉ TARDIEU,
Minister of Agriculture.
ANDRÉ MAGINOT,
Minister of War, Minister of Colonies ad interim.

The PRESIDENT OF THE FRENCH REPUBLIC:

In view of article 17 of the decree of December 28, 1926, providing for the codification of the tariff laws;

In view of the decree of August 1, 1931, concerning the establishment of surtaxes compensating the currency variations;

Following the report of the president of the council, Minister of the Interior, of the ministries of commerce and industry, of foreign affairs, of finance, of the budget, of agriculture, and of colonies;

The council of ministers, by agreement, decrees that:

ARTICLE 1. In order to offset the indirect premium on export which results from the depreciation of certain foreign currencies with reference to their legal par, the following surtaxes shall be established as applying to the countries enumerated below for commodities originating in those countries and those shipped from those countries, where it is not shown that they have originated in another country.

ART. 2. The following shall be exempt from the payment of the above surtaxes:

First. Commodities which, upon their entry into France, are favored with exemption from customs duties in minimum tariff, by virtue of the tariff law.

Second. Products for which there is a world market or the marketing of which is not influenced by the national currency variations and the list of which shall be drawn up by interministerial decisions.

ART. 3. Commodities which will be shown in accordance with the conditions stipulated in article 11 of the codified tariff laws to have been shipped directly to France before the insertion in the Journal Officiel of the present decree, as well as those which will have been deposited in warehouses or stored before the same date, shall be admitted for importation and exempted from the surtaxes created by article 1.

ART. 4. The provisions of the present ruling shall be applicable to Algeria.

ART. 5. The president of the council, Minister of the Interior, the Ministers of Commerce and Industry, Foreign Affairs, Finance, Budget, Agriculture, and Colonies shall be charged with the execution of the present decree within their respective fields.

Done at Paris, November 12, 1931.

PAUL DOUMER.

By the President of the French Republic:

PIERRE LAVAL,
President of the Council, Minister of the Interior.
LOUIS ROLLIN,
Minister of Commerce and Industry.
ARISTIDE BRIAND,
Minister of Foreign Affairs.
P. E. FLANDIN,
Minister of Finance.
FRANÇOIS PIÉTRI,
Minister of the Budget.
ANDRÉ TARDIEU,
Minister of Agriculture.
ANDRÉ MAGINOT,
Minister of War, Minister of Colonies, ad interim.

Table annexed to the decree of November 12, 1931, to create compensating exchange surtaxes.

Amount of the surtaxes	Per cent
Australia	15
Denmark	15
Great Britain	15
British India and combined native states	7
Mexico	15
Norway	8
Republic of Argentina	10
Sweden	15
Uruguay	10

The president of the council, Minister of the Interior, the Minister of Commerce and Industry, the Minister of Agriculture, the Minister of the Budget, and the Minister of Colonies, in view of the decree of November 12, 1931, which created compensating surtaxes for exchange surtaxes, order that:

ARTICLE 1. The products listed below shall be free, for importation into France, from the payment of compensating surtaxes for exchange variations, created by the decree on November 12, 1931:

Tariff number	Description of the commodities
53	Hard roe of cod and of mackerel.
Ex. 68	Wheat, spelt, and maslin in grain.
88	Oilseeds and fruit.
108	Tea.

ART. 2. The counselor of state, general administrator of tariffs, shall be charged with the execution of the present decree.

Done at Paris, November 12, 1931.

PIERRE LAVAL,
President of the Council, Minister of the Interior.
LOUIS ROLLIN,
Minister of Commerce and Industry.
ANDRÉ TARDIEU,
Minister of Agriculture.
FRANÇOIS PIÉTRI,
Minister of the Budget.
ANDRÉ MAGINOT,
Minister of War, Minister of Colonies, ad interim.

[Source: Journal Officiel (French Congressional Records). December 10, 1931, p. 12561]

THE MINISTER OF COMMERCE AND OF INDUSTRY—SURTAXES OFFSETTING EXCHANGE VARIATIONS

The President of the French Republic, following the report of the President of the Council, Minister of the Interior, of the Minister of Commerce and Industry, of the Minister of Foreign Affairs, of the Minister of Finance, of the Minister of the Budget, of the Minister of Agriculture, and of the Minister of Colonies, the Council of Ministers, by agreement, rules:

Single article. The decree of August 1, 1931, shall be modified as follows:

ARTICLE 1. When the indirect premium covered by article 17, section 4, of the codified tariff laws, which results in a depreciation of the currency with reference to its legal par, the surtaxes which may be established must be computed in such a way as to offset the effects of such depreciation upon the cost price of foreign products.

ART. 2. They shall be established by comparing the actual difference between the present prices in the countries concerned expressed in gold values and those which were used in those countries when the depreciation of the national currency was brought about.

ART. 3. For countries with which France has signed commercial agreements account shall be taken of the depreciation of their currency only in so far as depreciation will have occurred since the conclusion of the last commercial accord between France and those countries.

Done at Paris, December 9, 1931.

PAUL DOUMER.

By the President of the Republic:

PRESIDENT OF THE COUNCIL.
PIERRE LAVAL,
Minister of the Interior.
LOUIS ROLLIN,
Minister of Commerce and Industry.
ARISTIDE BRIAND,
Minister of Foreign Affairs.
P. E. FLANDIN,
Minister of Finance.
FRANÇOIS PIÉTRI,
Minister of the Budget.
ANDRÉ TARDIEU,
Minister of Agriculture.
PAUL REYNAUD,
Minister of Colonies.

The President of the French Republic, in view of article 17 of the codified tariff laws; in view of the decree of August 1, 1931, relating to the establishment of surtaxes compensating exchange variations; in view of the decree of November 12, 1931, creating surtaxes for compensating exchange variations; following the report of the president of the council, Minister of the Interior, Minister of Commerce and Industry, of Foreign Affairs, of Finance, of the Budget, of Agriculture, and of Colonies; the Council of Ministers, by agreement, decrees that:

ARTICLE 1. The following surtaxes compensating exchange variations shall be established or modified for commodities which have originated in the countries enumerated below and for those shipped from such countries, where it has not been shown that they have originated in another country:

Canada, 11 per cent of the value.
Egypt, 15 per cent of the value.
Finland, 15 per cent of the value.
British India and combined native states, 15 per cent of the value.
Ireland, 15 per cent of the value.
Norway, 15 per cent of the value.
The Republic of Argentina, 15 per cent of the value.
Uruguay, 15 per cent of the value.

ART. 2. The provisions of articles 2, 3, and 4 of the decree of November 12, 1931, which established compensating exchange surtaxes shall apply or shall remain applicable. In particular, the commodities shipped before the date of the insertion of the present decree in the Journal Officiel, on the conditions stipulated by article 3 of the above-mentioned decree, shall remain subject to the previous regulations.

ART. 3. The president of the council, Minister of the Interior, Ministers of Commerce and Industry, the Minister of Foreign Affairs, the Minister of Finance, the Minister of the Budget, the Minister of Agriculture, and the Minister of Colonies shall be charged with the execution of the present decree within their respective fields.

Done at Paris, December 9, 1931.

PAUL DOUMER.

By the President of the Republic:

PIERRE LAVAL,
President of the Council, Minister of Interior.
LOUIS ROLLIN,
Minister of Commerce and Industry.
ARISTIDE BRIAND,
Minister of Foreign Affairs.
P. E. FLANDIN,
Minister of Finance.
FRANÇOIS PIÉTRI,
Minister of the Budget.
ANDRÉ TARDIEU,
Minister of Agriculture.
PAUL REYNAUD,
Minister of Colonies.

Mr. HORR. This policy is in force likewise in Argentina, the Irish Free State, Australia, Belgium, and other countries.

If France, a gold-standard country, finds it necessary to make a charge to cover the difference in exchange, why should we not do the same to protect our industries. [Applause.]

Nine months ago the matter was considered as primarily a local matter. Since that time other States and commodities have been affected.

Both the President and the President elect have referred to the need of legislation along those lines in the last campaign, and the day before yesterday the President was quoted as favoring the enactment of laws affecting depreciated currency.

I anticipate that the President elect has not changed his opinion on this subject.

At the present time there is no adequate law to remedy this condition. The antidumping law is ineffective. There is no dumping unless the goods involved are sold in the United States at less cost than in the country of their production.

Besides, the Tariff Commission is ineffective. The Tariff Commission states that it takes an average of six months to determine on its decisions after complaint has been made. Then we get a decision that often is not a decision. We must provide a flexible method of meeting the situations as they arise.

We must have some kind of an organization or commission that can meet these orders in council, or otherwise we can not expect to compete in the markets of the world.

We received a tariff on lumber; and before it actually went into effect, gentlemen, Canada came back with a reciprocal tariff equivalent to ours. To make the State of Washington like it, because we were particularly active in securing that tariff, British Columbia put on for good measure a tariff on our fruits.

You ask me if this depreciated-currency legislation will help. It certainly will. There is not an industry in the State that has not written me, calling my attention to the fact that they can not continue and carry on without this assistance.

Agriculture, mining, fish, timber, everything we had, is gone, and I desire to lend my voice to tell you of the plight of my people. We are not asking for another tariff wall, we are just asking for the opportunity for a square deal. We want our dollar to equal the dollar of Canada and other nations, and without it, gentlemen, you can not expect our people to carry on.

You can not expect them much longer to withhold themselves and be as patriotic as they have always proven themselves in the past. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, very shortly we will be called upon to decide whether or not we intend to continue or destroy the air mail service. A reduction has been proposed in the other legislative body of approximately $9,500,000 in the appropriation, which passed the House a short time ago.

When we analyze the cost of operation of the air mail service, I believe we will come to the conclusion that such a drastic cut as proposed will absolutely ruin this service.

In 1933 we spent approximately $19,460,000 for the air mail service. This sum does not include the revenues resulting from its operation.

The Budget estimate for this year was $20,000,000. The House Committee on Appropriations reduced the amount to $19,000,000, and this amount was approved by the House.

The revenues resulting from air mail are not considered in this appropriation, because it stands by itself and is considered a subsidy to the extent of the appropriation. The revenue from this postal facility amounts to $9,000,000. This is an estimate made by our committee. Therefore, the actual subsidy amounts to $11,000,000; and if you cut $9,500,000 from that appropriation, you destroy the service. When you are doing that you must take into consideration the fact that we have certain contractual agreements with these companies that can not be destroyed without serious consequences.

This industry has been developing over a period of years, and every company has certain equities that ought to be considered before we act in the drastic manner proposed in the other branch of the Congress. Our committee proposes to submit legislation which will correct many of the ills and remedy some of the defects in the air mail industry.

We were authorized by the present Congress in the closing days of the last session, by the Sabath resolution, to make an investigation of this and other activities of the Post Office Department. We have made a complete and exhaustive survey of the air mail lines. An accountant from the department, together with our investigator, traversed every line and examined their equipment, making a trip of approximately 18,000 miles and visiting every air mail center in the United States. Our committee held hearings here in Washington and in the city of Chicago. We have gone into this subject very thoroughly. We are ready now to make a report to the Congress that will provide for substantial savings, permit of substantial reductions, and in my judgment eliminate the sudsidy in its entirety by 1941.

The conclusions reached are that the scope but not the volume of air mail service, judging from the motives underlying the subsidy policy and from the economic circumstances and conditions now existing, is excessive.

We believe that the air mail rates now being paid are higher than necessary, and that the air mail appropriations for the coming fiscal year can be reduced safely by $1,000,000, and this reduction was made by the House Committee on Appropriations and approved by the House; but any further reductions will seriously cripple this industry and defeat the fundamental objectives underlying the present governmental subsidy policy.

We believe also that certain of the extensions authorized by the Post Office Department before and since the passage of the Watres Act should be canceled. We believe that greater limitations should be placed upon the Postmaster General's power to grant extensions and to make rates.

We are convinced that a field audit, an audit of the accounts and the costs of the various lines, should be instituted at once and conducted by the Post Office Department. The results of such an audit, conducted by the department rather than by the companies themselves, will determine the savings that may be effected and the rates that are fair and equitable.

We are ready to propose a fixed rate which, in our judgment, will take 33 per cent of the air mail service out of the subsidized class. The rate that we propose will give the air mail contractor 2 mills per pound-mile, with a maximum of 75 cents per mile. When the mail volume increases so the amount per mile at the mileage rate would exceed 75 cents, that limit would apply. A rate of 2 mills per pound-mile, with a subsidy rate not to exceed 25 cents per mile, would be given to those lines which can not operate without a subsidy. Within a period of five years all of the lines in this class receiving a subsidy would have to go in with the first class and operate on a self-sustaining rate.

We are also going to recommend that interlocking financial interests and directorates in this industry be prevented by law. In last night's papers we read with alarm the report that two holding companies are now buying stock in several air mail lines as well as in aviation manufacturing concerns. If we allow this practice to continue, we will have a giant monopoly that will control the service and hinder the proper development of the industry.

Is it possible for us to reduce the subsidy by $9,500,000? Of course it is possible; but it can not be done, if we intend to continue the air mail development in this country.

It is my judgment that if the recommendations proposed by our committee are approved by the Congress, that we will eliminate this subsidy and within a few years we will make the savings that are now being proposed in the other body. If $9,500,000 is taken from the appropriation for the next fiscal year, the air mail service in many sections of the United States will have to be eliminated. This will certainly be an embarrassment to the incoming administration and a death blow to aviation in this country.

I hope, when the matter is finally acted upon in the other body, and also when the subject comes before our conferees, that the military value, the commercial value, and the social value of aviation will be taken into consideration, and that we will continue to advance this postal facility. [Applause.]

Mr. SUMMERS of Washington. Mr. Chairman, I yield five minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Chairman, I am glad to follow the gentleman from New York [Mr. MEAD], after the constructive statement he has made as to the air mail service. He has done a real public service as presiding officer of the investigating committee. I say without hesitation, the work of that committee should result in the saving of millions of dollars in the operation of the Postal Service.

Judging by recent developments in another body, we may be faced with such a drastic cut in the air mail service that it would mean the destruction of this branch of the Postal Service. The report of the special committee headed by the gentleman from New York [Mr. MEAD] will show how the cost can be reduced in a constructive manner. We will propose a plan which will eliminate every dollar of the subsidy now paid the air mail contractors in a reasonable time and make the service pay for itself. The committee had that goal in mind, and is as much interested in reaching it as any Member of the other body could possibly be.

We have expanded more than we should, and we have developed greater mileage in the last two years than we should. Still the service here compares favorably with the air mail service in other countries of the world.

France in 1932 had 22,000 miles in operation and paid a subsidy of $9,683,000 and, in addition, gave the contractor every dollar in postal revenue.

Germany had 20,000 miles in operation and paid $6,868,000 besides the revenue. Great Britain had 13,000 miles in operation and paid $4,260,000 besides the postage revenue.

Italy had 9,500 miles in operation and paid $5,500,000 besides the postage revenue.

The United States had 26,000 miles in operation, flew 32,000,000 miles, and paid a subsidy of $9,500,000.

The figure $19,000,000 is often given as the air mail subsidy. The fact is that postage revenue on air mail equals about half the total appropriation. We actually expend half the appropriation for the purpose of helping establish a great new industry in the United States.

The committee will urge a new system of payment for those carrying air mail. Under it there will be two classes of air mail carriers. The first class will get a rate of 2 mills per pound-mile. The other class will get the fixed rate of 2 mills per pound-mile with a varying payment per mile in addition for a temporary period while mail volume is being increased to the point where the basic rate alone can be substituted.

Mr. Chairman, all air mail operations can continue until the 1st of April, 1936, on their present certificates. I believe several of the largest would come in immediately and take the 2 mills a pound-mile rate. That would take them outside of the subsidy class entirely, for their payments would come from revenues on postage received from air mail. The remaining contractors would for a period of time require the additional payment per mile, but at a fixed date that subsidy would end.

Your committee will undertake to present a plan which will at the expiration of five years take all subsidy from the United States air mail service. It will provide a great nation-wide network of air mail as a postal facility without attempting to subsidize passenger-carrying lines. It will be a post-office facility, furnishing speedy communication at a low rate, proving that it is possible to organize air mail service without a dollar of subsidy. I know the House will not permit the ruthless destruction of this valuable service. I hope you will support the plan to be presented in the committee report. [Applause.]

Mr. BOYLAN. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, it is apparent that I will not be able to cover the subject I intend to discuss fully within the time allotted, and I ask unanimous consent that I may extend my remarks by inserting certain excerpts together with what I discuss.

The CHAIRMAN. Without objection, it is so ordered.

Mr. UNDERHILL. Mr. Chairman, I could not hear what the gentleman's request is.

Mr. RANKIN. I make the point of order that the gentleman from Massachusetts is too late. The question has been put and agreed to.

The CHAIRMAN. The Chair thinks if the gentleman did not hear he has a right to be heard at this time.

Mr. PATMAN. Mr. Chairman, I want to discuss veterans' legislation and the Federal Trade Commission; and as I will not have time to cover the subjects fully, I ask permission to extend my remarks, taking in certain excerpts that I have made up in connection with my remarks.

Mr. SCHAFER. Mr. Chairman, I reserve the right to object. In the gentleman's extension, is he going to cover his views on Andy Mellon also?

Mr. PATMAN. I think I have pretty well covered that subject.

Mr. SCHAFER. If the gentleman is going to cover his views on Andy Mellon, I would have to object, because we are going to have a Democratic Attorney General and a Democratic administration, and I suggest that he lay his views before them on that subject.

Mr. PATMAN. I have that in mind.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Chairman, yesterday the gentleman from Virginia [Mr. WOODRUM] delivered a very interesting address about this bill; and although I do not agree with him on everything that he has said in regard to the appropriations contained in the bill, yet I think the gentleman and his committee have been fair with all of us who entertain contrary views. I shall not have the time to fully discuss veterans' affairs. I want to discuss a few of the most common statements that are being conveyed over the country at this time by means of radio, the newspaper, the stage, and the screen.

UNTRUE STATEMENTS

One statement is often made and was made again by the gentleman from Oregon [Mr. MARTIN] yesterday, to the effect that the veterans will cost the United States Government $4,000,000,000 annually by 1946. That statement has been made, and it has been carried in the newspapers. It is absolutely false; there is not a word of truth in that statement. The gentleman from Oregon has withdrawn the statement because it is not true. General Hines made the statement, I understand, before the joint committee, that the veterans will cost the Government $3,000,000,000 by 1946 and later said they would cost the Government $1,446,000,000 annually by 1946. Even the last statement is erroneous, and he asked to withdraw it from the joint committee in order that he may submit a new statement, which he did, and the gentleman from Virginia [Mr. WOODRUM] quoted that statement yesterday, which is that if the laws continue as they are to-day, by 1958, at the peak, at the highest point, the veterans of not only the World War, but of all wars, will cost this Nation only $1,081,000,000 a year.

MAILS USED TO DEFRAUD

These people who are going around the country getting money on the strength of these erroneous and false reports should be prosecuted for using the United States mails to defraud. That is exactly what they are doing, and the National Economy League is one group that is spreading false information.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. RANKIN. Before he leaves that point the gentleman from Oregon [Mr. MARTIN], who made that statement yesterday, is always attacking veterans' legislation and upholding Army and Navy appropriations. Suppose the Army and Navy appropriations increased at the velocity they have since the outbreak of the World War, what would they amount to in 1958?

Mr. PATMAN. They would amount to a considerable sum, I will state to the distinguished gentleman from Mississippi, who is chairman of the Committee on Veterans' Affairs. Mr. Chairman, on August 28 Admiral Byrd made the statement in Boston that the veterans of the World War have already cost the Government more than $6,000,000,000. That was not a correct statement. It is exaggerated.

PAID TO FIGHT THE VETERANS

Another statement that he makes is that the taxes raised from the people annually to support the National Government, the State governments, and the local governments aggregate $15,000,000,000, and this group is raising money from the rich people and other people of the country on the plea that they are trying to reduce the $15,000,000,000 annual tax burden. That statement is not true. It is not even two-thirds true. The tax burden, although very heavy, is nothing like that. The aggregate for all taxes—government, schools, roads, waterways, highways, drainage and irrigation systems, pensions, employees, and every function of government, whether it be local, State, or National—is less than $10,000,000,000 a year. They are making money by making these statements and using the mails to collect this money. Why? In order that they may create a little sentiment against the veterans who were honorably discharged from the United States Army, Navy, or Marine Corps, who had more than 90 days of service during the World War, and who are now drawing $12 a month for a 49 per cent disability. The money is also used to pay high salaries to workers and traveling and other expenses.

DOES IT REQUIRE COURAGE TO FIGHT VETERANS?

I have heard people say that it requires courage to oppose veterans' benefits. Does it? Those who oppose veterans have all the metropolitan daily newspapers praising them each day; they get lots of very fine publicity. These newspapers have the ability of the London barristers, who, according to Dickens, "can make the worst appear the better part." The radio, screen, and stage, the other great means of communication, are likewise on the alert to sing the praise of such so-called courageous spokesmen. All these mouthpieces have the ears of the public and are backed by billions of dollars. Does it require so much courage for one to have the side of a question where he will be so ably supported? Men are being paid to fight the veterans. They do not want the people to have the truth.

ANOTHER FALSE STATEMENT

The statement was made, and broadcast, that the World War veterans were costing the Government a billion dollars a year. Of course, that was so erroneous and false that honest and truthful people quit repeating it. It was not more than half true. A substantial part of the half was for insurance benefits, which the veterans themselves paid for with their own money when they were working for Uncle Sam at a dollar a day.

COST OF WAR

Mr. STOKES. Will the gentleman yield?

Mr. PATMAN. Yes. I yield briefly.

Mr. STOKES. Does the gentleman know what the veterans are costing the Government to-day?

Mr. PATMAN. Yes; I think I do. The cost of the last war was more than $30,000,000,000. Does the gentleman from Pennsylvania know how much the men received out of that war? They received less than four and one-half billion dollars out of it during the service, and the difference between four and one-half billion dollars and $30,000,000,000, a substantial part of it at least, went to the war profiteers, some of whom are backing the National Economy League and fighting the veterans who are getting $12 a month for a 49 per cent disability.

NOTHING ALARMING ABOUT PRESENT EXPENDITURES

It is true the war will cost the Government a considerable amount for veterans, but do not be alarmed, when we are assured by General Hines that the amount will never exceed

much what it is to-day, because as World War veterans go on the disability-allowance roll the Civil War veterans and their widows will go off. Spanish-American War veterans and their widows will go off. As one class goes off another class goes on, and in 1958 the amount, General Hines says, will not exceed $1,081,000,000, not much more than it is to-day, including all veterans of all wars.

Mr. WOODRUM. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. WOODRUM. The gentleman, of course, knows that there is a much greater difference between the cost in 1958 and the cost now than would appear on the surface of the statement the gentleman has just made, for the reason that now we are paying Civil War veterans, which will practically all be out of the way. Now we are paying adjusted compensation at the rate of over a hundred million dollars a year. All of that will be out of the way. As a matter of fact, the increase, according to the statement the gentleman refers to, is nearly $400,000,000.

Mr. PATMAN. That is true; and the insurance benefits will be out of the way. Many people have drawn for 12 or 14 years on their insurance. They can only draw 6 or 8 years longer, and so that will be out of the way. The Government is saving money as additional men and their widows are placed upon the pension rolls. So do not be misled by this talk of two or three or four billion dollars a year for veterans. It is not true and never will be true.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. WHITTINGTON. I am interested in the gentleman's statement that the total tax burden will not exceed $10,000,000,000 annually.

Mr. PATMAN. I did not say ten billion. I said one billion.

Mr. WHITTINGTON. The total tax burden of the people of the United States is $10,000,000,000, I understood the gentleman.

Mr. PATMAN. Oh, yes, indeed. I thought at first you were referring to expenditures for all veterans.

Mr. WHITTINGTON. I am wondering if the gentleman would give us the authority or the facts for those figures?

Mr. PATMAN. Yes, sir; I certainly can. We have recently had an investigation. The gentleman from Kentucky [Mr. VINSON], I think, was chairman of the subcommittee that made the investigation for the Ways and Means Committee, and the report has already been made, and I venture to say it is on the desk of the gentleman from Mississippi. The amount is approximately $9,500,000,000 for all Government enterprises.

Mr. WHITTINGTON. Yes. I am familiar with it. It occurred to me that the facts and figures would be interesting in support of the gentleman's statement.

Mr. PATMAN. Yes. I hope the gentleman will put them in in connection with his own remarks.

FEDERAL TRADE COMMISSION

Now, in regard to the Federal Trade Commission, I want to talk a little time about that. That is one bureau of this Government that can be abolished without interfering in any way with the efficiency of this Government. I suspect every Member of this House has at one time or another made the statement that he was in favor of abolishing bureaus and commissions, and when this bill is considered under the 5-minute rule you will have an opportunity to do so, as I expect to offer such an amendment.

NO REDUCTION FOR VETERANS

Before I go into that more fully I want to suggest to the membership that, as far as I am concerned, I am not going to vote at this time for any amendment which will reduce the veterans or widows' and orphans' compensation and allowance.

I understand the gentleman from Virginia [Mr. WOODRUM], is not going to introduce such an amendment, but I understand that some one else will, and if anyone does introduce an amendment to cut down veterans' benefits 10 per cent, I shall vote against it for this reason: No man who has a service-connected disability should be reduced one penny. The amount that would be saved by reducing the $12 a month veteran would not be sufficient to operate this Government for 8 hours, so why pick on the $12 a month man?

2,000,000 MORE CHARITY CASES

While I was out in the great West last summer and fall I would travel sometimes by stage, going over that beautiful country in New Mexico, Arizona, and Wyoming and other sections of the West, and I would see little shacks along the road, homesteads, the shacks containing perhaps just one room. A veteran in most cases would be living there on that homestead, supporting his wife and his children, sometimes his father and mother, and sometimes one of his grandparents. A great many of these people are afflicted with that dreaded disease tuberculosis. They are being cured in that climate. He raises chickens and sheep or cattle or hogs or something, enough to make a living, along with this $12 a month he is getting from the Government, which would provide flour, sugar, and coffee. He could not make a living without it. Whenever you cut out this $12 and $18 a month man you might just as well make up your minds to take those people, many of them afflicted, out of the great West and take the people off the little farms in all sections of the Nation who are now there and put them on the charity roll of the Government or the local community somewhere. They could not remain on those homesteads or on those little farms unless they got this $12 or $18 a month. At least 2,000,000 people would be placed upon the charity list of some government—city, county, State or National—if the disability allowance law is repealed. So if you are going to make any cuts and reductions, why start on the man who has been drawing, and is now drawing, the small, insignificant sum of $12 a month for a 49 per cent disability? If you want to make up that difference, Mr. Chairman, I can tell you how you can make it up, in a more painless way.

BANKERS' BONUS

Mr. WOODRUM. I was just going to ask the gentleman how he would make up the difference.

Mr. PATMAN. Cut off the bankers' bonus. They are getting a pretty big bonus. This Government can save each year on interest paid to a few powerful bankers more than World War veterans are costing the Government. It is not necessary to pay the bankers an annual bonus of several hundred million dollars.

Mr. WOODRUM. I am willing to join the gentleman in cutting the bankers wherever possible, but will the gentleman point out any place in this bill in the cost of veterans where he would be willing to suggest where we could save a little money or make a reduction?

Mr. PATMAN. There is an investigation of veteran affairs going on now by a joint committee of the House and Senate. That committee has not made its report. Why go into this question while it is pending before the committee? Why can we not wait until the committee makes its report and find out what its recommendations are?

Therefore, we are justified in voting against every one of these reductions, at least until we see the report of the joint committee composed of Members of the House and Senate. There are plenty of places to cut and save money but we will get on the toes of the rich and influential. Our so-called courageous men who are fighting the veterans may accept this as a suggestion as to how they may exercise real courage.

FEDERAL TRADE COMMISSION

Mr. LAGUARDIA. Tell us something about the Federal Trade Commission.

Mr. PATMAN. I shall place in the RECORD an argument that I believe will be convincing as to why the commission should be abolished. It is the most useless board in existence in Washington to-day. It was organized and created for a very useful purpose, but as most boards and commissions usually do, it has departed from the object of its creation and has gone to dabbling and nagging into the business of other boards and bureaus, making itself a nuisance generally, and doing little good, but doing much harm instead. It has no power to enforce laws. It has organized many trusts in violation of the laws. They are an obstacle to law enforcement. I had before the committee the

power hearings, consisting of about 50 volumes. The investigation has gone on four years. It has cost this Government more than a million dollars. They have disclosed some valuable information, but a grand jury could have disclosed all that was material in 30 days. We will find out more in a short time by reason of the Insull collapse than the Federal Trade found out in four years. The Federal Trade did nothing to protect the people against Insull. A good prosecuting attorney could have gone before a grand jury and disclosed that information in less than 30 days. Nobody will read these reports. Will you read them? They are too old. How many people have ever been punished because this commission was protecting the people's rights? Not one. It is a useless, unnecessary board. The statute of limitations has run against every criminal offense before it is disclosed by these investigations. [Applause.]

[Here the gavel fell.]

Mr. SUMMERS of Washington. Mr. Chairman, I yield 20 minutes to the gentleman from Indiana [Mr. WOOD].

Mr. WOOD of Indiana. Mr. Chairman, during the debate in the last two weeks much has been said in criticism of the President of the United States for the figures he has given to the public and this House with reference to his recommendations for economies and for appropriations.

It is my purpose, without injecting any political angle at all, if I can avoid it, to state the facts to this committee with reference to the manner in which these estimates should be considered.

There is always more or less confusion with reference to every appropriation bill that comes before the House. No appropriation bill ever came before the House that presented the exact picture.

The appropriation bills that we consider here are for the purpose of appropriating new money, money that is appropriated for the first time. There is nothing in the bills presented here that shows anything whatever with reference to the permanent appropriations. There is nothing in the bills that shows anything whatever with reference to nonrecurring appropriations.

To my mind, in order that the Congress itself might know and that the people of the country might know, there should be a change in the manner of presenting these money bills. I think either in the report, or through the chairman of the committee presenting the bill, there should be given a list of the permanent appropriations which occur under the jurisdiction of that particular subcommittee and also all the permanent appropriations. Then we would know exactly each year what the operation of the Government of the United States is costing the people. If time permits, I expect to show some of these things that are confusing and some of these things that would be enlightening to Congress if they could be presented at the time of the presentation of the bill.

I wish to take this opportunity to commend the chairman of the subcommittee in charge of the independent offices appropriation bill for the splendid fashion in which he presented his bill. In all my experience as a member of the Appropriations Committee and out of it, I have never known anyone to present his bill as fully and completely as he has done or to throw as much light upon it as he has upon this one. [Applause.] I commend him for it, and I recommend his practice for emulation by chairmen of every other subcommittee.

This measure does not present the true picture, and it does not do it because of some of the things I have referred to. It does not do it because of the nonrecurring appropriations that are not mentioned therein. It does not do it because of the permanent appropriations not being set out. On its face, this bill seems to show a reduction of expenditures as compared with the expenditures carried under the bill two years ago, but as a matter of fact this bill will cost the taxpayers of the country more than the bill of two years ago. This may be news to you, but it is absolutely correct.

When the President of the United States, on the 17th day of January, sent a message to the House calling attention to the fact that excesses were being had in appropriations with no provision being made for raising money for the purpose of balancing the Budget, our good friend, the splendid chairman of the Appropriations Committee, made a mistake when he assumed that the President was complaining because we had not adhered to the maximum appropriation. Had the gentleman read that message in its entirety, he would have seen that what the President was complaining about was that we did not stop at the maximum; that we did not adhere to the maximum, and that we paid no attention to the recommendations for economy.

The chairman of this subcommittee on yesterday made a statement with which I believe every Member of Congress will agree: That the one thing above all others that Congress should do is to balance the Budget. We never can expect to restore confidence in this country, we never can expect to bring money out of its hiding place until that confidence is restored and business is encouraged to start again, and it will never be restored until the Budget is balanced.

In order to balance the Budget two things are necessary. One of them is to reduce expenditures to the lowest possible ebb. The other is to provide measures whereby these expenditures can be met. These are two essentials, and without them our work is not what it should be. It does but little good, or it does only half the good that should be done, to reduce the expenditures of the Government if we do not at the same time provide means of defraying the expenses of Government.

Mr. THATCHER. Mr. Chairman, will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. THATCHER. In order to make wholesale reductions would there not be necessary further action by the Committee on Appropriations and would there not be needed wholesale legislation to curtail and eliminate departments and activities of the Government?

Mr. WOOD of Indiana. That is correct, and that is one of the things the President tried to get us to do in his Budget. The Constitution makes it the duty of the President to advise Congress with reference to existing conditions in the United States and the state of the Union.

It is just as much his duty to advise as to what his ideas are with reference to economy as it is with reference to providing ways and means whereby money may be raised. The President undertook to do this in his message. It seems not to have met with the favor of the Congress or this House.

In order that we may go before the people and square our action it occurs to me that if being not satisfied with the recommendation made by the President whereby means could be provided for the purpose of meeting the expenses of this Government, we at least ought to provide some scheme of our own. Up to this time nothing of that character has been done, and we are bound to adjourn this Congress and turn it over to the new President with an unbalanced Budget. It occurs to me that the best thing that the President elect would like to have done would be to commence running his administration on an even keel and a balanced Budget. Without that being done he can not expect the confidence of the business world to return. If it is not done, instead of conditions getting better in this country they will get worse.

I trust that I am not overpessimistic. I wish I could see in the future, and in the very near future, what a great many people in this country believe will transpire; that immediately after the 4th of March times will get better in this country. Conditions have got to change before times will get better, and conditions will not change through the waving of any magic wand. To my mind we could find no better means of employing our time between now and the adjournment of this Congress than by providing means for balancing the Budget. If this is not done by this Con-

gress, I fear it will not be done by the next one, for God alone knows what that Congress will do; we can only hope for the best.

Much confusion has been had and partisan criticism of the President because of his recommendations for economy and because he has been complaining of the excess of appropriations. There is no need for any confusion on this point. If every Member of the House will look at the first page of the Budget he will see that there are two sets of estimates. The first set of estimates is the preliminary set that comes to the various committees before the House even convenes. The permanent set of estimates does not come until after the Congress convenes and is delivered to the Congress by the President of the United States. For instance, take the Post Office-Treasury bill. This bill was formed, the evidence all heard, and it was marked up before Congress convened. In consequence we did not have the benefit of the revised addition of the Budget and did not obtain it until the 5th or 6th day of December, as I recall.

Mr. BOYLAN. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. BOYLAN. In the gentleman's experience as chairman of the committee did he ever receive two estimates from any President while he was chairman?

Mr. WOOD of Indiana. It is the ordinary practice and is done for this reason: In a short session there are only three months in which to pass not only the appropriation bills, but also to do whatever other business we may find time to do. If we have to depend upon the submission of the official Budget, which can not be submitted until after Congress convenes, there would be confusion worse confounded, and we would not pass but very few appropriation bills.

So, the first set of estimates is a working set, and it has been the practice ever since the Budget was adopted to do as we did this time. The preliminary Budget was submitted some time before the committees were called together in November. The official Budget was submitted on the 5th day of December.

Mr. BOYLAN. Will the gentleman yield further? In the submission of the second estimate was that not contingent upon the passing of certain legislation?

Mr. WOOD of Indiana. I shall explain that.

Mr. BOYLAN. The Committee on Appropriations is not a legislative committee.

Mr. WOOD of Indiana. Certainly, it is not a legislative committee, but one of the duties of the Appropriations Committee, as I understand it, is that whenever they submit any legislative proposal that is subject to a point of order, it is their duty to call it to the attention of the proper legislative committee. This has been the practice ever since I have been a member of the committee and is the practice now. We are laboring now under quite different conditions from those of any previous Appropriations Committee in my time, and I dare say, since the Civil War. There are new conditions arising every day. There are new emergencies presenting themselves constantly, so that it is no wonder that there was confusion between the preliminary estimates in the Budget and the official Budget. There is always more or less confusion, and never, in my experience, have we ever found the preliminary Budget to correspond with the official Budget. Sometimes it is greater, sometimes it is less, and this time, fortunately, it happens to be less. With this Budget came certain recommendations.

Upon the 17th day of December the President of the United States saw that nothing was being done toward carrying out his recommendations with reference to economy and also saw that there were excesses in the appropriations being reported at that time, the difference between the two amounting to $172,000,000 plus. Some things have modified this until it is now $163,000,000 plus.

This has occurred in very many different ways. It has occurred by reason of appropriations being made that might have been deferred. It has also occurred by reason of deferred appropriations that should have been made, which simply postpone the evil day. These, if you please, altogether aggregate $163,000,000 in the bills already provided for.

I have asked the Secretary of the Budget to give an analytical statement of what has occurred with reference to the budget and with reference to the economies that have been had and with reference to the deficit that is bound to occur in consequence of economies not having been made.

I shall cite only a few of these, because under my permission to extend my remarks I expect to set this all out in full, because I think you will find it very edifying.

Taking the Department of Agriculture alone, the annual appropriation is $105,130,181, and the permanent appropriation that you did not see in the agricultural bill and had no chance to consider and that you were not enlightened upon amounted to $10,753,166, and the increase by the House of Representatives or by the Appropriations Committee of the House, in consequence of not following the recommendation of the President of the United States or adopting something else in its stead, amounts to $2,931,612.

All the way through we find these facts occurring, so that I say that instead of our getting up here and criticizing the President because of the fact that he, in turn, has been criticizing the Congress for not doing something to balance the Budget, we ought to get busy and do something to that end.

I also think it would, perhaps, be edifying to call your attention to some other facts.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. LAGUARDIA. Is the gentleman in favor of carrying out the President's recommendations as contained in the Budget message?

Mr. WOOD of Indiana. I will say to the gentleman that there are some things in the Budget estimates that I might not agree with in toto; but I wish to say further that before I would ignore the suggestions made by the President, I would find something to take their place.

I might not be in favor of reducing the Veterans' Bureau expenditures by the amount of $127,000,000, but I would be in favor of doing something else which could be done. My judgment is that, if proper work had been done with reference to investigating and uncovering the frauds that have been committed in that department, not by the department itself but by abuse of the laws passed by the Congress, there would have been a saving of more than $127,000,000.

[Here the gavel fell.]

Mr. SUMMERS of Washington. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. WOOD of Indiana. The President recommended total appropriations for the Departments of Commerce, Justice, and Labor, together with the independent offices bill, a total appropriation for all the services of $1,058,741,556, including permanent appropriations amounting to $81,104,553, or $977,637,003, excluding permanent appropriations. The House committee recommended $1,106,172,818, excluding permanent appropriations, or $128,535,815 increase over the President's recommendations.

Now, what excuse has this Congress for going before the people and saying that we have ignored the President's recommendations with reference to reducing the expenses of Government, and we have been absolutely idle so far as supplanting something in place of his recommendations?

To this amount should be added $1,268,480 for deferments which will be required in the fiscal year, making the total increase for these services $129,804,925.

It is my purpose to insert in the RECORD the genuine cuts, so that this Congress and the Members thereof may know not only the genuine cuts—and there have been many of them made by the committee—but also the postponement of deficiency bills which in themselves are a deception so far as the public is concerned, and also the increases, so that the entire picture may be presented to the Congress. [Applause.]

Analysis of Budget estimates which have been acted upon by the House of Representatives or its Committee on Appropriations to January 27, 1933

Department and type of appropriation	President's recommendations for appropriations (second figure column on first page of Budget message)	Increases by House or by Appropriations Committee of the House		Decreases by House or by Appropriations Committee of the House		Amount approved by House or by Appropriations Committee of the House	Increases over (+) and decreases under (−) President's recommendations after adding amounts representing postponements to future deficiency bills
		By failure to accept the recommendations	Other increases	Genuine reductions	Postponements to future deficiency bills		
Agriculture: [1]							
Annual	$105,130,181	$2,931,612		$1,138,315	$6,814,387	$100,109,091	+$1,793,297
Permanent	10,753,116					10,753,116	
Total	115,883,297	2,931,612		1,138,315	6,814,387	110,862,207	+1,793,297
Interior: [1]							
Annual	44,487,543	1,596,386	$460,000	846,425	2,044,600	43,652,904	+1,209,961
Permanent	12,107,000					12,107,000	
Total	56,594,543	1,596,386	460,000	846,425	2,044,600	55,759,904	+1,209,961
Post Office: [1]							
Annual	694,343,491	29,784,670	5,177,800	1,315,400	10,957,183	717,033,378	+33,647,070
Permanent	165,000					165,000	
Total	694,508,491	29,784,670	5,177,800	1,315,400	10,957,183	717,198,378	+33,647,070
Treasury (exclusive of public debt): [1]							
Annual	265,237,330	4,963,410		12,167,521	13,650,000	244,383,219	−7,204,111
Permanent	19,660,817					19,660,817	
Total	284,898,147	4,963,410		12,167,521	13,650,000	264,044,036	−7,204,111
War: [1]							
Annual	348,406,591	4,033,554	11,307,982	11,272,406	3,710,000	348,855,721	+4,069,130
Permanent	12,479,440					12,479,440	
Total	360,976,031	4,033,554	11,307,982	11,272,406	3,710,000	361,335,161	+4,069,130
State: [2]							
Annual	12,474,304	503,323		800,163		12,177,464	−296,840
Permanent	31,000					31,000	
Total	12,505,304	503,323		800,163		12,208,464	−296,840
Justice: [2]							
Annual	42,621,843	1,660,644		[3] 2,179,957	268,480	41,834,050	−519,313
Permanent	800,000					800,000	
Total	43,421,843	1,660,644		[3] 2,179,957	268,480	42,634,050	−519,313
Commerce: [2]							
Annual	36,392,372	1,524,951		[4] 1,328,858		36,588,465	+196,093
Permanent	17,000					17,000	
Total	36,409,372	1,524,951		[4] 1,328,858		36,605,465	+196,093
Labor: [2]							
Annual	12,789,616	599,729		707,285		12,682,060	−107,556
Permanent	4,000					4,000	
Total	12,793,616	599,729		707,285		12,686,060	−107,556
Executive office and independent establishments: [2]							
Annual	[5] 873,358,868	131,189,433	50,000	707,522	1,000,000	1,002,890,779	+130,531,911
Permanent	80,252,553					80,252,553	
Total	953,611,421	131,189,433	50,000	707,522	1,000,000	1,083,143,332	+130,531,911
Aggregate:							
Annual	2,435,332,139	178,787,712	16,995,782	32,463,852	38,444,650	2,560,207,131	+163,319,642
Permanent	136,269,926					136,269,926	
Total	2,571,602,065	178,787,712	16,995,782	32,463,852	38,444,650	2,696,477,057	+163,319,642

[1] As passed by the House of Representatives.
[2] As reported by the Committee on Appropriations, House of Representatives.
[3] $331,000 of this amount represents no saving, being merely the reappropriation of unexpended balances.
[4] $60,000 of this amount represents no saving, being merely the reappropriation of an unexpended balance.
[5] As increased by supplemental estimate Jan. 14, 1933 (H. Doc. No. 526), in the sum of $10,000 and as reduced by subsequent reduction on Jan. 4, 1933, of $23,248,200 (H. Doc. No. 518).

The genuine cuts are summarized by departments as follows:

Agriculture	$1,138,315
Interior	846,425
Post Office	1,315,400
Treasury	12,167,521
War	8,070,455
Total	23,538,116

The postponements to deficiency bills are:

Agriculture	$6,814,387
Interior	2,044,600
Post Office	10,957,183
Treasury	13,650,000
War	7,901,951
Total	41,368,121

The increases are:

	Recommendations of economies not adopted	Other increases
Agriculture	$2,931,600	
Interior	1,596,300	$460,000
Post Office	29,784,600	5,177,800
Treasury	4,963,400	
War	4,033,400	9,285,793
	43,309,300	14,923,593
	14,923,593	
	58,232,893	

The details of these amounts are shown in the attached tabulations.

Statement of reductions below 1934 Budget estimates made in appropriation bills which have been reported by the House Committee on Appropriations or passed by the House of Representatives

Items	Total reductions	Reductions which would require appropriations later	Reductions which would result in savings
AGRICULTURE BILL			
Office of Information: Printing and binding	$50,000		$50,000
Extension Service:			
Farmers' cooperative demonstration work	20,000		20,000
Agriculture exhibits at fairs	89,085		89,085
Weather Bureau: Horticultural protection	7,448		7,448
Animal Industry:			
Tuberculosis eradication, indemnities	40,000		40,000
Diseases of animals	17,900		17,900
Eradication, hog cholera	14,390		14,390
Eradication, dourine	4,000		4,000
Plant Industry:			
Citrus-canker eradication	1,542		1,542
Cotton production and diseases	4,921		4,921
Dry-land agriculture	7,639		7,639
Forage crops and diseases	24,486		24,486
Sugar-plant investigations	8,409		8,409
Tobacco investigations	2,403		2,403
Western irrigation agriculture	1,655		1,655
Forest Service:			
Sanitary facilities	1,096		1,096
Planting	60,800		60,800
Range investigation	12,102		12,102
Forest economies	5,608		5,608
Forest-fire cooperation	13,720		13,720
Acquisition of lands	106,246		106,246
Chemistry and Soils:			
Agricultural chemical investigation	16,238		16,238
Color investigation	730		730
Fertilizer investigation	5,987		5,987
Soil Survey	13,792		13,792
Entomology:			
Fruit and shade tree insects	745		745
Truck and garden crop insects	5,100		5,100
Forest insects	13,730		13,730
Cereal and forage insects	36,400		36,400
Cotton insects	14,320		14,320
Insects affecting man and animals	4,850		4,850
Household and stored products insects	3,600		3,600
Identification and classification of insects	4,030		4,030
Bee culture	1,730		1,730
Biological Survey:			
Maintenance of mammal and bird reservations	3,601		3,601
Food habits, birds and animals	18,677		18,677
Control of predatory animals	10,454		10,454
Product of fur-bearing animals	3,791		3,791
Biological investigations	8,287		8,287
Enforcement Alaska game law	5,158		5,158
Bear River migratory bird refuge	2,114		2,114
Migratory bird conservation act	104,775		104,775
Public roads, Federal-aid highways	4,814,387	$4,814,387	
Agricultural engineering, agricultural engineering investigation	75,187		75,187
Agricultural economics:			
Farm management and practice	6,487		6,487
Marketing and distribution	17,270		17,270
Crop and livestock estimates	25,642		25,642
Foreign competition and demand	5,930		5,930
Market news service	4,400		4,400
Cotton statistics	3,477		3,477
Enforcement perishable agricultural commodities act	1,426		1,426
Cotton standards act	1,480		1,480
Grain standards act	6,630		6,630
Wool marketing studies	2,400		2,400
Plant quarantine:			
Plant quarantine act	1,481		1,481
Gipsy moth	35,000		35,000
Corn borer	171,900		171,900
Enforcement grain futures act	1,370		1,370
Food and Drug Administration:			
Enforcement food and drug act	3,224		3,224
Enforcement tea importation act	647		647
Enforcement insecticide act	2,805		2,805
Miscellaneous, forest roads and trails	2,000,000	2,000,000	
Total, Department of Agriculture	7,952,702	6,814,387	1,138,315
INTERIOR BILL			
General Land Office:			
Salaries	41,670		41,670
Surveying public lands	44,090		44,090
Contingent expenses of Land Office	17,170		17,170
Protecting public lands	10,000		10,000
Bureau of Indian Affairs:			
Salaries	22,460		22,460
Purchase and transportation of supplies	44,600	44,600	
Field representatives	620		620
Judges of Indian courts	2,000		2,000
Indian police	10,000		10,000
Determining heirs of deceased Indians	460		460
Probate attorneys	690		690
Surveying and allotting reservations	4,190		4,190

Statement of reductions below 1934 Budget estimates made in appropriation bills which have been reported by the House Committee on Appropriations or passed by the House of Representatives—Continued

Items	Total reductions	Reductions which would require appropriations later	Reductions which would result in savings
INTERIOR BILL—continued			
Bureau of Indian Affairs—Continued.			
Quieting land titles, Pueblo Indian land grants	$1,000		$1,000
Supervision of mining operations by Geological Survey	9,000		9,000
Expenses of obtaining employment for Indians	30,000		30,000
Development of agriculture and stock raising	58,000		58,000
Irrigation, Wind River Reservation	2,240		2,240
Boarding schools	13,005		13,005
Education of natives in Alaska	21,800		21,800
Bureau of Reclamation: Boulder Canyon project	2,000,000	$2,300,000	
Geological Survey:			
Salaries	3,340		3,340
Topographic surveys	62,000		62,000
Geologic surveys	35,700		35,700
Fundamental research in geologic science	46,470		46,470
Volcanologic surveys	6,010		6,010
Mineral resources of Alaska	60,180		60,180
Gaging streams	81,400		81,400
Classification of lands	72,950		72,950
Printing and binding	64,170		64,170
Mineral leasing	25,180		25,180
National Park Service:			
Salaries	4,490		4,490
General expenses	9,000		9,000
Acadia National Park	5,040		5,040
General Grant National Park	3,150		3,150
Glacier National Park	9,380		9,380
Grand Teton National Park	3,790		3,790
Lassen Volcanic National Park	15,030		15,030
Sequoia National Park	5,000		5,000
Zion National Park	2,440		2,440
Insect control and fire prevention	14,670		14,670
Office of Education: Salaries	15,610		15,610
Temporary government for Virgin Islands	13,030		13,030
Total, Department of the Interior	2,891,025	2,044,600	846,425
Less increase: Howard University, power plant			460,000
Net savings			386,425
POST OFFICE BILL			
Departmental:			
Contingent expenses—			
Stationery	3,000		3,000
Fuel and repairs	2,500		2,500
Miscellaneous items	2,000		2,000
Furniture and filing cabinets	2,500		2,500
Printing and binding	80,000	80,000	
Field service:			
Office of the Postmaster General, freight, express, or motor transportation of equipment	50,000		50,000
Office of the chief inspector, traveling expenses	25,000		25,000
Office of the First Assistant—			
Compensation to postmasters	1,022,000	1,022,000	
Compensation to assistant postmasters	216,667	216,667	
Clerks, contract stations	50,000		50,000
Separating mails	30,000		30,000
Unusual conditions at post offices	25,000		25,000
Clerks, third-class post offices	299,200	299,200	
Miscellaneous items, first and second class post offices	180,400	180,400	
Village delivery service	66,700	66,700	
Carfare and bicycle allowance	50,000	50,000	
Special-delivery fees	24,200	24,200	
Office of the Second Assistant—			
Star-route service	500,000	500,000	
Star-route service, Alaska	5,000	5,000	
Power-boat service	50,000	50,000	
Railroad-transportation and mail-messenger service	5,000,000	5,000,000	
Railway Mail Service, salaries	500,000	500,000	
Railway Mail Service, traveling expenses	5,000		5,000
Railway Mail Service, miscellaneous expenses	25,000	25,000	
Electric and cable car service	30,000	30,000	
Foreign mail transportation	1,950,000	1,829,600	120,400
Balances due foreign countries	200,000	200,000	
Contract air mail service	1,000,000		1,000,000
Office of the Third Assistant—			
Manufacture of postage stamps and stamped paper	100,000	100,000	
Indemnities, domestic mail	100,000	100,000	
Office of the Fourth Assistant—			
Stationery	25,000	25,000	
Post-office equipment and supplies	150,000	150,000	
Twine and tying devices	20,000	20,000	

Statement of reductions below 1934 Budget estimates made in appropriation bills which have been reported by the House Committee on Appropriations or passed by the House of Representatives—Continued

Items	Total reductions	Reductions which would require appropriations later	Reductions which would result in savings
POST OFFICE BILL—continued			
Field Service—Continued.			
Office of the Fourth Assistant—Contd.			
Shipment of supplies	$1,291	$1,291	
Labor-saving devices	2,125	12,125	
Mail bags and equipment	50,000	50,000	
Rent, light, and fuel	400,000	400,000	
Total	12,272,583	10,957,183	$1,315,400
Increases:			
Office of the First Assistant—			
Clerks, etc., first and second class post offices			3,491,400
City delivery carriers			203,400
Rural Delivery Service			1,483,000
Total increase			5,177,800
Net increase			3,862,400
TREASURY DEPARTMENT BILL			
Chief clerk, contingent expenses	10,000		10,000
Division of supply:			
Printing and binding	25,000		25,000
Stationery	25,000		25,000
General Supply Committee	5,400		5,400
Division of bookkeeping and warrants, contingent expenses, public moneys	5,000		5,000
Public Debt Service:			
Public Debt Service	29,200		29,200
Distinctive paper for United States securities	18,180		18,180
Bureau of Customs	192,400		192,400
Federal Farm Loan Bureau	35,200		35,200
Bureau of Internal Revenue	120,960		120,960
Refund of taxes illegally collected	13,000,000	13,000,000	

Statement of reductions below 1934 Budget estimates made in appropriation bills which have been reported by the House Committee on Appropriations or passed by the House of Representatives—Continued

Items	Total reductions	Reductions which would require appropriations later	Reductions which would result in savings
TREASURY DEPARTMENT BILL—continued			
Bureau of Industrial Alcohol	$98,065		$98,065
Bureau of Narcotics	27,573		27,573
Coast Guard:			
Pay and allowances	[1] 709,322		[1] 709,322
Fuel and water	50,000		50,000
Outfits	46,140		46,140
Contingent expenses	9,000		9,000
Repairs to Coast Guard vessels	77,242		77,242
Bureau of Engraving and Printing	125,000		125,000
Secret Service: Uniforms, White House police	500		500
Public Health Service:			
Office of Surgeon General	2,530		2,530
Pay, etc., commissioned officers	42,084		42,084
Pay of personnel and maintenance of hospitals	77,870		77,870
Studies of rural sanitation	92,045		92,045
Division of venereal diseases	13,060		13,060
Bureau of the Mint: Salaries and expenses, mints and assay offices	40,750		40,750
Supervising Architect:			
Sites and construction of public buildings	10,000,000		10,000,000
Remodeling and enlarging public buildings	200,000	$200,000	
Post office and courthouse, Hilo, Hawaii	5,000		5,000
Narcotic farm, Lexington, Ky	200,000	200,000	
Rent of temporary quarters	100,000	100,000	
Repairs and preservation of public buildings	150,000		150,000
Mechanical equipment for public buildings	50,000	50,000	
Furniture and repairs of same for public buildings	100,000	100,000	
Operating supplies for public buildings	135,000		$135,000
Total, Treasury Department	25,817,521	13,650,000	12,167,521

[1] Of this figure a reduction of $475,000 was requested by the Bureau of the Budget due to elimination of reenlistment allowance.

Statement of reductions below 1934 Budget estimates made in appropriation bills which have been reported by the House Committee on Appropriations or passed by the House of Representatives

	Total reductions, as reported to the House	Reductions which would require appropriations later	Reductions which would result in savings	Remarks
WAR DEPARTMENT BILL				
Title I. Military activities				
Salaries, departmental	$10,125		$10,125	
Contingent expenses, departmental	23,000		23,000	
Printing and binding, departmental	50,000		[1] 50,000	Actually no cut.
Contingencies, Military Intelligence Division, General Staff	35,010		35,010	
Army War College	6,880		6,880	Discharges employees.
Command and General Staff School	7,985		7,985	
Welfare of enlisted men	175		175	
Pay of the Army	2,310,501	[2] $2,201,951	108,550	
Mileage	68,750		68,750	
Expenses of courts-martial	5,000		5,000	
Finance service, field employees, salaries	6,820		6,820	
Subsistence of the Army	1,138,400	[3] 1,100,000	38,400	
Regular supplies of the Army	800,064	[4] 500,000	300,064	
Clothing and equipage of the Army	1,581,534	[4] 1,500,000	81,534	
Incidental expenses, Army	67,604		67,604	Do.
Army transportation	2,021,978	[4] 425,000	1,596,978	Do.
Horses, draft and pack animals	220,875		220,875	Immobilize certain mounted units.
Barracks and quarters	1,928,725		[5] 1,928,725	
Construction and repair of hospitals	23,822		23,822	
Signal Service of the Army	129,083		129,083	
Air Corps, Army	494,375		494,375	
Medical and hospital department	175,495	[4] 175,000	495	
Engineer Service, Army	26,158		26,158	
Ordnance service and supplies	149,344		149,344	
Rock Island Arsenal bridges, operation and maintenance	1,000		1,000	
Chemical Warfare Service, Army	+85,962			
Cavalry School	310		310	
Field Artillery instruction	1,400		1,400	
National Guard:				
Camps of instruction	+200,000			Immediately available, 1933 no Budget estimate.
Armory drill pay	+8,934,831			$2,000,000 immediately available, 1933; no Budget estimate.
Uniforms, equipment, etc	1,000,000		1,000,000	
Reserve Officers' Training Corps	557,798		557,798	
Civilian military training camps	1,000,000		1,000,000	Estimates, all camps.
Ordnance equipment for civilian rifle instruction	+50,000			

[1] In addition, new language inserted authorizes payment for printing survey reports from river and harbor appropriations.
[2] Committee report proposes no reduction in strengths, hence deficiency is indicated; exact amount indeterminate now.
[3] Possibly can be absorbed if cost of ration remains at 31.5 cents (or is less)—rate used by committee. Any increase in cost eats into working capital, which must be replaced by supplemental appropriation.
[4] Will create deficiency—amount can not now be determined. This figure is an estimate.
[5] Estimated deficiency if travel becomes military necessity. Total cut will result in grossly inadequate motor facilities.
[6] Of this cut, $1,203,700 is replaced by a reappropriation of unexpended funds. Net cut is, therefore, $725,025.

Statement of reductions below 1934 Budget estimates made in appropriation bills which have been reported by the House Committee on Appropriations or passed by the House of Representatives—Continued

	Total reductions, as reported to the House	Reductions which would require appropriations later	Reductions which would result in savings	Remarks
WAR DEPARTMENT BILL—continued				
Title I. Military Activities—Continued				
Maintenance, U. S. Military Academy	$79,835		$79,835	
Total, Title I	−13,922,046 +9,270,793	−$5,901,951	−$8,020,095	
Net	−4,651,253			
Title II. Nonmilitary activities				
Cemeterial expenses	46,165		46,165	
Petersburg National Military Park	+10,000			
Shiloh National Military Park	+5,000			No Budget estimate.
Washington-Alaska Cable and Telegraph System	995		995	
Preservation of historical fortifications, San Juan, P. R.	10,000	10,000		
Dam No. 2 Muscle Shoals, maintenance and operation	3,200		3,200	
Panama Canal, maintenance and operation	2,000,000	[1] 2,000,000		Actually no cut.
Total, Title II	−2,060,360 +15,000	2,010,000	50,360	
Net	−2,045,360			
Grand total	−15,982,406 +9,285,793	−7,911,951	−8,070,455	
Net	−6,696,613			

[1] Nullified by provision authorizing use of $2,000,000 of Panama R. R. dividends, reducing receipts by same amount.

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, I regret that I find myself in the position for the first time this session of being unable to follow the Committee on Appropriations. This bill carries the appropriation for the Federal Trade Commission. The Budget recommended $1,109,550, and the committee has reduced this amount to $510,000.

If the recommendation of the committee is approved by the House, then the fight that has been carried on in this body for the last five years will be won by those who are opposed to the Federal Trade Commission looking into the operations of large corporations that have been defrauding the people of this country out of billions of dollars.

Year after year powerful men of this body have attempted to reduce the appropriations for this commission in the House bill.

What does the present reduction mean? It means that the economic division will be practically wiped out. What is that division? That division has been carrying on the water-power investigation and other public-utility investigations, the chain-store investigation, and many others. The work of the investigation of the chain stores will be through by July, but the investigation of the public utilities will not be through.

How about the reports? If the reports are not prepared how will Congress know what legislation should be passed; how will it correct the abuses? Is the money already spent to be wasted?

They have new work proposed for the economic division, and that new work is most important to protect the masses of the people of this country. The millions of our citizens who lost their savings in the stock-market crash in 1929 are interested in these proposed investigations.

One new investigation that is proposed is a sweeping investigation of corporate practices and stock-market transactions. It is hoped that this investigation will result in legislation that will control to some extent stock issues, thus protecting citizens who purchase bonds and stocks. This is a service beneficial to the people and should in no way be curtailed. We do not want a repetition of what occurred in the fall of 1929.

The committee takes it upon itself to pass on the value of future investigations by the Trade Commission. I read from the report:

> The committee did not approve of the initiation of new economic investigations at this time and has stricken from the bill the entire amount estimated for the purpose. The committee is also of the opinion that the remaining activities of the commission can be substantially curtailed without injury to the public interest and has further cut the Budget estimate to the figure indicated.

It looks to me as though this committee is assuming a great responsibility when it takes this position. You are going a little too far when you seek to curtail the activities of the only commission that is supposed to function in a way that the masses of the people will receive some protection and benefit by reason of its investigations.

When the time comes I propose to offer an amendment to strike $500,000, on page 22, line 8, and substitute $1,000,000.

In support of my argument I want to call attention to the testimony of Mr. Walker, the head of the economic division. If you will read that testimony, you can not help but restore that appropriation when the amendment is offered.

He tells you what that commission is doing for the benefit of the people of the country. They want to go into the Insull investigation further. He states that in his testimony. He says that they are receiving complaints now from investors, and I tell you that millions and millions of people hardly have bread to-day who had plenty of money, who lost their savings in the Insull corporations, and yet we find the head of that corporation in a foreign country, refusing to come back to this country and face his accusers, because he knows that he has done wrong. If he did not know that he had done wrong, he would not be taking refuge in a foreign country. Something should be done by this Nation, by the President of the United States, to call upon that foreign country to send that man back here so he will be placed before a jury to determine whether or not he had violated the laws of this country.

If you will read Mr. Walker's testimony and see what he has to say with reference to the value of these investigations and the necessity for proceeding, I know that you will not fail to restore at least a portion of the amount that the Budget was willing to give to this most important commission. I hope that every Member of the House will give some attention to these hearings before this item is reached.

Mr. Chairman, I ask unanimous consent that as a part of my remarks I be permitted to place in the RECORD for the information of the House certain portions of Mr. Walker's testimony, so that Members will have an opportunity to know just what the situation is in the Federal Trade Commission at this time.

Mr. WOODRUM. Mr. Chairman, reserving the right to object, I hope the gentleman will not do that. To just a small portion of the testimony I would not object. I hope

the gentleman will not include a great amount of the testimony that has already been printed in the hearings.

Mr. COCHRAN of Missouri. I would not want to put in a great deal, but I would want to include six or seven paragraphs. The gentleman will claim that he bases his recommendation upon the testimony taken before the committee, and if that is so, he should be willing to put that testimony in the RECORD.

Mr. WOODRUM. But it has already been printed.

Mr. COCHRAN of Missouri. Yes; in the hearings which few Members see.

Mr. WOODRUM. And the gentleman is a great economist, and I know that he does not want to put his constituents to the expense of printing the testimony twice.

Mr. COCHRAN of Missouri. But this is one time where a little money will be well spent. If a reasonable amount is appropriated for this work to continue, my constituents are going to get some benefits, because this commission, with the new appointees that will be selected by President-elect Roosevelt, when he takes office, is going to conduct the Trade Commission in a different way from what it has been conducted in the past 12 years. [Applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN of Missouri. Here is what Doctor Walker, chief of the economic division, said in part before the committee:

The Government has done a great deal in the way of investigations. We have had an enormous amount of investigations of all kinds, of technological problems and scientific problems, and the amount spent comparatively on business and economic problems that are not technological or of a scientific character in the ordinary sense of the word "scientific," natural science, etc.—I say, the amount spent has been quite small. Yet the problems are much more serious, affecting the welfare of the country and the stability of its organization and its economic success, than most of these others. A great many of them now really amount to little more than making two blades of grass grow where one grew before. That is what the trouble has been; we have got too much production compared with the demand. What we need is to have order in the economic field, and a great deal of attention must be paid to that.

Our corporation laws are notoriously bad. There is not a proper control of accounting in this country. It is much inferior to that of England, for example. Reports of auditors do not mean anything, particularly when you read the certificates which do not themselves claim to verify the accounts. It is an enormous proposition, and the subject has only been attacked in spots. The need of it and the timeliness of it have sometimes been questioned.

I would like to make one or two remarks about the investigations we are conducting for your information. The public-utilities inquiry has been going on for some time, but I think you realize it is an inquiry into an industry that is comparable with the railroads; not quite so large, but of the same general magnitude. The investigation has involved going right through the books, sometimes for 20 years or more, and determining whether the property accounts were accurate as a statement of investment, whether the income was earned as stated, and whether the surplus claimed is a real surplus, and other related questions.

I have a list here which you may wish to have put in the record, possibly, that shows the companies covered by the hearings; that is to say, where the reports and testimony have been put in the record. It shows it by the main groups and the various companies under each group.

A second part of that list shows the companies that are under examination but have not yet been covered in the hearings. That is a smaller list, because we practically had notice—the commission, that is—that we could not expect an appropriation for this inquiry after the current fiscal year.

So our plan is to try to get in all this material, although it will be a very difficult job, before the close of the fiscal year. It can not be put in in the same effective way, I think, that all of it has been done heretofore that has been put in.

We realize that there are important gaps in the degree to which we have covered the public-utilities field with respect to the electrical companies.

We realize even more that the gas utilities will not be adequately covered. We will cover, or try to cover, the two principal groups in a partial way. We do not cover everything in every group. We will cover the two principal ones from certain points of view, namely, the Columbia Gas & Electric and the Cities Service. But there are others that ought to be covered.

I presume you know quite well that we have very recently developed an enormous network of gas-pipe lines, so immense that gas is now conveyed from gas fields in Texas, for example, to the north Atlantic seaboard. Of course, there are numerous gas fields in the country. This interstate movement of gas and the organization of complicated groups of companies, with holding companies and service companies, and so forth, has developed recently in the gas field somewhat in the same manner as in the electrical field, and it is growing rapidly.

This part of the inquiry we did not begin as early as the electrical side and we are in a position where we can not finish this year what we would consider even a reasonably adequate survey of the gas industry. I think the committee is entitled to that information.

You should consider the great many years that have been spent in getting a valuation of railroad properties, which we do not do for the utilities, but which is a subject not greater in magnitude than that we have attempted. We do not attempt to cover every operating company; if we did, it would take many years. But we cover a good many operating companies, the principal holding companies, the principal service companies, and the principal "security" companies, through which sometimes some companies manipulate the values as they pass through the organization.

If I may say a word or two more about utilities, there is one thing we have not got in that list that we intend, nevertheless, to try to get done this fiscal year, if possible; that is, to go through the Insull receivership reports. Some of the practices we found that have been most harmful, perhaps, to that group actually occurred after we had left their offices. The whole situation developing since we were there requires, in our opinion, attention and the receivers are cooperating and glad to cooperate with us in this matter.

There is a great deal of complaint coming to the commission about the finances of these utilities. We have scores of letters coming in from investors complaining about their treatment in regard to securities from all quarters of the country.

In speaking of the staff on duty in the economic division, Mr. Johnson, secretary of the commission, had this to say:

Mr. Chairman, this staff that the commission has in the economic division, and which it proposes to assign to these new investigations next year if funds are allowed, is a skeleton staff, more or less, and it is what we call our normal permanent staff—

It numbers about 100—

They are a group of professional persons, economists, accountants, and statisticians, many of whom came from the Bureau of Corporations. They have devoted their lives and talents to this phase of Government work. If this staff should be dissipated, in my opinion, it would be a most uneconomical and inefficient thing to do, because they could not be replaced. It would be almost impossible to reassemble them again if future work should make their services necessary.

Mr. Chairman, I know many Members are very bitter against the Trade Commission for some of its activities. I have complaints myself and my constituents have complained to me. The commission has in some instances strayed from the intent of Congress. Instead of protecting the little fellow it has to my knowledge in two cases acted in a way to subject it to severe criticism. Be that as it may, we should appropriate sufficient money to carry on these important investigations by the economic division.

Mr. SUMMERS of Washington. Mr. Chairman, I yield seven minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, I agree with the statement made by the gentleman from Missouri [Mr. COCHRAN], and just a little bit more. I fear that the Committee on Appropriations, unwittingly and innocently of course, has permitted itself to become the tool of dishonest and dirty business of this country. There is no doubt that there is a small group of business men that has been trying to put the Federal Trade Commission out of business for some time. This is particularly true of the power group. Commissioner Humphreys has repeatedly come to the Committee on Appropriations in his efforts to abolish the bureau of economics, and the gentleman from Tennessee [Mr. BYRNS] has repeatedly on the floor of the House, year after year, fought to retain the necessary appropriations. Are we at this crucial time to fall for the underhanded and insidious work of dishonest business and terminate this very useful and necessary investigation? To say that the Federal Trade Commission has not rendered a very useful public service is to ignore the record and to absolutely deny the facts. They have put the dirty power monopoly right out of business, and I am sure the gentleman from Virginia [Mr. WOODRUM] is not unacquainted with what has happened in the last few weeks in New York, because he must know that their lobbying, their bribing, and their propaganda department has gone out of business and they have reincorporated under a new game which they seek now to cover up their dirty and nefarious work of the past—and when I say bribery I

mean bribery—throughout the country in legislatures, municipal councils, public-service commissions, and even educational institutions. The facts revealed by the Federal Trade Commission leave no doubt as to that. They now call themselves the Edison Electric Committee, and are now under the personal direction of an experienced though slimy lobbyist.

Mr. WOODRUM. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. WOODRUM. The gentleman was present, I think, when I made my opening statement on the bill, and he will recall that I said in my opening statement that probably the Federal Trade Commission had been cut too much.

Mr. LAGUARDIA. Yes; and the gentleman so stated to me personally. I am glad to have him on our side. Our colleague from Texas [Mr. PATMAN] referred to the volumes and volumes of the record of investigation of the power interests, and yet, gentlemen, if we cut this appropriation to the extent recommended by the committee, all that work will be lost and they will be unable to complete their report, which runs into the next year. Of course, it will be necessary to complete that work. Naturally the individual culprits, the stock manipulators, and the crooked directors would want to see the the final report prevented. It does not affect perhaps the individuals in Virginia or the individuals from the State of Washington directly, but it interests the investing public of those and all States. Right in my own city there is a gang that wants to put the Federal Trade Commission out of commission, because the commission is now contemplating an investigation into the financial practices of corporations.

The people of this country have been mulcted and swindled to the extent of billions of dollars by confidence men posing as financiers and big business men. I have a letter on file in my office from an official of one of the biggest corporations in the world, and every gentleman here would recognize it in a moment, who writes me:

> I don't know whether my directors are double-crossing me at this very moment by running down the stock of their own corporations.

And the Federal Trade Commission, which is the one fact-finding body which we have at this time to go into these details properly, intelligently, with the necessary technicians and experts to get the information, is preparing to conduct just such an investigation. The crooks of big business and the cheats of power dare not come out in the open and oppose the commission, so they seek to cripple it by taking away appropriations. I was very happy to hear the gentleman from Indiana [Mr. WOOD], the former chairman of this great committee, after speaking for 20 minutes in defense of his administration, in defense of the recommendations of the Budget, defending the administration and criticizing Members for taking issue with the criticism of Congress and the Committee on Appropriations, say that he would go along with the Budget recommendations, because the Budget recommendations for the Federal Trade Commission are $599,000 more than the amount given by the committee. I expect the gentleman from Indiana, therefore, to fight with us for the restoration of this amount to the appropriations for the Federal Trade Commission. If Commissioner Humphreys desires to protect the crooks of business, he ought to take a retainer from them and resign his position. He is not doing his duty and carrying out the intent of the law by his covered attitude to defeat and destroy the purpose and function of the commission. I insist that we must continue the good work initiated by the commission.

I expect the gentleman from Indiana [Mr. WOOD] to support this item, although I know down deep in his heart he is one of the few who would want to put the Federal Trade Commission out of business.

Mr. HASTINGS. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. HASTINGS. I wish to say in behalf of the committee, we appreciate the fact that the Federal Trade Commission has done some good work, but we think this appropriation is adequate. Those who voted to reduce this amount believe that every time a Senator rises in his place and offers a resolution to make some investigation, he ought to be compelled to see that the money is forthcoming to pay the expense of that investigation.

Mr. LAGUARDIA. Oh, I know the gentleman from Oklahoma [Mr. HASTINGS] acted in the best of good faith, but let me call attention to a plank in the platform of the gentleman's party. Let me say that it was a very attractive plank:

> We advocate the protection of the investing public by requiring to be filed with the Government and carried in advertisements of the offerings of foreign and domestic stocks and bonds, true information as to bonuses, commissions, and principal invested, and the interest of the sellers.

That is a part of the business-practice investigation which this commission is about to undertake. I am sure the gentleman from Oklahoma [Mr. HASTINGS] and other members of the committee do not want to lend themselves as agencies to destroy this very necessary information for the protection of the investing public.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. SUMNERS of Washington. I would like to say, as one member of the committee, that I have always been a very staunch supporter of the Federal Trade Commission and a very great believer in the efficacy of its work in behalf of the public. That is still my attitude, although in our judgment we did believe there were some estimates that might be eliminated at this time, but we did not mean to cripple the work of the commission.

Mr. LAGUARDIA. Now that is very encouraging. I never utilized seven minutes in this House for a better purpose. The distinguished chairman of the subcommittee, the gentleman from Virginia [Mr. WOODRUM] admits that the cut was too drastic. The ranking member of the subcommittee on the minority side, the gentleman from Washington [Mr. SUMNERS], states he believes perhaps the appropriation is not large enough—it looks indeed as if the swindled investors and honest business will really have their day.

Mr. WOODRUM. If the gentleman will permit, I admitted that before the gentleman made his speech.

Mr. LAGUARDIA. Oh, certainly. I know I could not influence the gentleman from Virginia by anything I said, but I say it is comforting to have the gentleman repeat his stand, and to get that reassurance, and also that of the gentleman from Washington [Mr. SUMMERS] so that when the time comes, we ought to reinstate the appropriation necessary to carry on this very useful work. [Applause.]

The CHAIRMAN. The time of the gentleman from New York [Mr. LAGUARDIA] has expired.

Mr. WOODRUM. Mr. Chairman, I yield three minutes to the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Chairman, I had not intended to say anything on this item in the bill. Frankly, I did not know what the Appropriation Committee had done until this morning when I read the remarks of the gentleman from Virginia [Mr. WOODRUM].

It so happens that I was a Member of this House when the act was passed creating the Federal Trade Commission, and I happened to be a member of the subcommittee of that committee which whipped the bill into form and brought it to the full committee. I remember it was one of President Wilson's recommendations. It was a part of his main program for legislation, during his term. I do not think there has been a law passed in the last 20 years that had a higher or nobler purpose than that which actuated the enactment of the Federal Trade Commission act. I have, however, at times, on this floor, criticized the set-up of that commission, and there have been times since its creation when its personnel, in my opinion, practically destroyed the efficiency of the law. I know and everyone here knows that when any function of government is committed to a board or to a commission, it matters not how good the law may be, if it is administered by men who are not right the administration

of the law is not right and it is a futility. I do think, however, that at this time, in the condition in which we find ourselves, and in view of the searching investigations that the commission has made in recent months, it would be most unfortunate if we now let it go to the country that we, in this appropriation bill, by refusing an appropriation, had crippled the Federal Trade Commission. [Applause.]

I think it would give courage to elements in this country that do not deserve to be encouraged at this time. I feel that the incoming President will realize that this commission, great in its inception, great in its possibilities, will be no more useful or helpful than the men who compose its membership. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from Nebraska [Mr. HOWARD].

Mr. HOWARD. Mr. Chairman, the Republic of the United States is at the crossroads, and both of the roads lead to revolution.

One of the roads leads to a revolution by physical force.

The other road leads to a revolution of law—law to be enacted by the new Congress, which has received a positive mandate from the American people.

This country can not stand long at the crossroads. Very soon a choice must be made. Very soon the torch which has been touched to the powder can in Iowa and Pennsylvania, where the landowners have offered physical resistance to lawful authority, will be applied to other powder cans in other States.

There is only one mighty arm which can be stretched out to prevent a revolution by physical force. That arm is a new President and a new Congress, elected by the country to revolutionize the style of government which has brought millions of citizens to the door of despair.

Under that style of government which has held sway in recent years the demands of wealth have reached official ears, which have been closed against the pleadings of the masses of the American people for equal rights to all and special privilege to none. The administration to be conducted by the new President of the United States and the new Congress will obey the mandate of the American people, as expressed at the polls in November, or will ignore that mandate. To ignore that mandate will be a direct invitation to the landowners in all the States to adopt the policy of the landowners in Iowa and Pennsylvania.

What is the policy of the Iowa and Pennsylvania landowners?

It is nothing less than organized opposition to the lawfully constituted authorities in those States. It follows naturally that the next step to be taken by the authorities in those States where the farmers are in open revolt will be an effort to subdue the revolting farmers by force. The local sheriffs have not been able to bring sufficient force to bear against the revolting farmers. Very soon some governor in some one of the farm States will call out his troops to subdue the revolting farmers.

What then?

Every student of the situation now knows what will happen in the day when a military force shall be called to subdue the revolting farmers.

Let us turn from contemplation of the horrors which must attend a revolution against existing law—a revolution against authority which the folks in all the farm States feel and believe has been created by and for the owners of great wealth rather than by and for the masses of the people. Let us look upon a picture of revolution by law rather than upon a picture of revolution against law. We must contemplate one of the two pictures. In a very near day the American people will be compelled to look upon one of the two pictures.

I have faith to believe that our new President and our new Congress will immediately begin a revolution by law, not delaying until the masses of the people shall rise in revolt against existing law. Our new President and our new Congress will come to Washington fresh from contact with the people. Among the new Members of the Congress will be found many—perhaps a majority—ready to begin the revolution by law rather than to delay until the day of actual revolution by the people against law. It has been written that in all great emergencies a leader appears. I believe Franklin D. Roosevelt will be that leader. He will need helpers in his leadership. He will find them in the ranks of the membership of the new Congress. He will find them in the ranks of the membership of the present Congress. I am not speaking now as a political partisan. I have talked with both Republicans and Democrats elected from the farm States as Members of the new Congress. And among them will arise from one farm State a Blücher, who will be the same kind of helper to Roosevelt that Blücher was to Wellington. And from another farm State will arise a Sheridan, who will be the same kind of helper to Roosevelt that Sheridan was to Grant. And from still another farm State will come a new Member of the Congress, with all the zeal of a Polish lancer, and who will be as loyal to Roosevelt in the bringing of a revolution by law as ever were Polish lancers in battle, loyal under the eye of the emperor. And from some farm State in the Southland will come a Congressman with Christian zeal to help Roosevelt as Stonewall Jackson helped Lee. And together the forces of right, under command of a Roosevelt, will accomplish a successful revolution by law against a style and type of government which has carried despair to the hearts of millions of the victims of that type of Government.

I now believe President Roosevelt and his helpers in the new Congress will immediately lay the foundations for a peaceful and bloodless revolution by law. To believe otherwise is to believe that a revolution of the other kind will appear like a thunderbolt from a clear sky.

May the God of men and nations attend the immediate launching of a revolution in the United States by law, to the end that the Republic may escape a revolution against the existing law which has brought the country to the very door of danger. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. Mr. Chairman, several times during the last two months I have protested the unwarranted and arbitrary abandonment of Fort D. A. Russell, a military post on the Mexican border at the town of Marfa, Tex.

Several times I have made bold to predict that if that post were abandoned it would not be very long until the old border raids would be renewed.

I presume if there is a responsible news-gathering agency in this country it is the Associated Press, and with the permission of the Chair I shall read a brief clipping from an Associated Press report of day before yesterday.

BANDITS RAID RANCH STORES IN BIG BEND—MEXICANS CROSS RIVER AND STEAL CATTLE NEAR MARFA—CITIZENS ARM SELVES—REMOVAL OF TROOPS, LEAVING ISOLATED BORDER POINTS WITHOUT PROTECTION

JANUARY 28.

Reports reached here to-day that ranch men in the vicinity of Presidio, 70 miles south of Marfa on the Rio Grande, had armed themselves as a protection from raids by bandits crossing the river.

Stanley Casner, manager of the Chinati Plantations north of Presidio, said that a store which carried supplies and clothing for farmers had been looted and that an investigation proved the robbers were from Mexico.

Casner stated the Mexicans who crossed a shallow ford at that point had boasted openly that soldiers at the post at Fort D. A. Russell at Marfa had been removed and that they could do as they pleased.

Robbery of a small store at Ochoa and the burning of a dwelling near Presidio after it had been ransacked also were reported. Cattle and horses were said to have been driven across the river in large numbers.

I also read an article from a Washington paper carrying a dispatch of the Universal Service:

MEXICAN BANDITS RAID UNITED STATES STORE—BORDER ALARMED

MARFA, TEX., January 28.—Texas Rangers to-night were strung along the Rio Grande to prevent another raid on American property by Mexican bandits.

The increased vigilance followed a report that a band of 25 mounted Mexicans crossed the Rio Grande 8 miles below Presidio and raided a store of merchandise and $800 in cash.



A renewal of the reign of terror which was rampant before the war was feared by border residents as a result of the withdrawal from Fort D. A. Russell of United States Cavalry, which leaves the border unguarded except for the handful of Texas Rangers assigned to the 500-mile stretch of wild and uninhabited border country.

Mr. Stanley Casner is a friend and constituent of mine, a former mayor of the town of Marfa, and a prominent rancher in that section. I know him to be a truthful man, and I repeat and urge what I have tried to say several times on the floor of this House: That the abandonment of this post was absolutely unwarranted and without proper investigation of the facts.

Mr. Chairman, I also repeat the statement I have made several times: That in peace times the United States Army ought to be used for the protection of the lives and property of American citizens. If they are needed anywhere, it is on the Mexican border.

I know the border of Texas, because I have lived there many years. I am not going to recite the sordid details of the Columbus raid again, or of the Brite ranch raid, and I realize that Pancho Villa and Pascual Orosco are dead, but their successors are still running wild by the hundreds in northern Mexico. I say it is not fair to my people nor to this House that the War Department of the United States should deny any Member of Congress a fair and decent hearing before the Military Affairs Committee when a resolution to determine proper military policy is pending. The chairman of the Subcommittee on Appropriations announced that hereafter we were to have a mechanized army. The War Department issued an order almost overnight moving 600 men to the plains of Kentucky, at a cost of $75,000, to a place where they were not needed, scattering the horses over the country and leaving 500 miles of the Mexican border without a soldier on it.

If you followed the reading of the article carefully, you noticed that the bandits came in on horses, and I should like to see the $435,000 increased motorized equipment that was placed in the War Department bill the other day catch these 25 Mexican bandits. [Applause.] I know that country, every foot of it. An airplane can land in not more than half a dozen places in the Big Bend of Texas. These motor trucks and all of this motorized equipment that we talked about so much, and which came up by way of legislation on an appropriation bill the other day, can not get a mile off a road in the Big Bend country of Texas. Yet, without an announced policy by Congress, the War Department moved these troops twenty-five hundred miles to the interior, taking them from the place they were needed and leaving border protection to a small band of brave Texas Rangers. I am proud of the Texas Rangers, but my State is an empire, and they can not defend a thousand miles of wild border. My district alone is bigger than most of the States of the American Union. It is more than 600 miles long.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. McKEOWN. I may say to the gentleman that this last summer I was in that country. You can not catch bandits or get over that rough country without good horses.

Mr. THOMASON. That is the truth. General Pershing took a whole regiment of Cavalry and chased Pancho Villa 150 miles into Mexico and then did not catch him.

Mr. SCHAFER. Will the gentleman yield?

Mr. THOMASON. I yield.

Mr. SCHAFER. Has the gentleman heard Mr. COLLINS, chairman of the Subcommittee on Appropriations, say that we do not need any increase in the Army?

Mr. THOMASON. I am here to let you know that my prediction has come true, and not only that, but I make the further prediction that if the War Department will not listen to those who know the true situation and will not come before the great Committee on Military Affairs, of which my friend from South Carolina, Mr. McSWAIN, is the very able chairman, and give us a hearing to determine policies of national defense, we are going to find many little towns along the Mexican border wiped out just as Columbus, N. Mex., was wiped out, and the consequent loss of American lives and property.

In behalf of my people I beg and plead with Congress that if the War Department will not give us relief, that the Congress see that we get it and that the American citizens on that far-flung border have some measure of protection. I hope to renew my efforts with a larger measure of success after we have a new and sympathetic administration.

Mr. SUMMERS of Washington. I yield five minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, my friend from Washington, Mr. HORR, stood here this afternoon and discussed the need for additional tariffs. I am in sympathy with the gentleman from Washington in so far as he presents a most embarrassing situation. There is not any question but that depreciated foreign currencies are causing no end of trouble to American industry. There is no question about that. Depreciated foreign currencies are not only driving American industry out of its own American market, but depreciated foreign currencies are driving American industry out of the foreign market.

Any right-thinking person wants to meet this situation, but you simply can not meet the question brought about by depreciated foreign currencies with more tariff. You do not start to reach the real evil; all you do by increasing the tariff in proportion to the depreciation of foreign currencies is that you say to American industry, "We guarantee you a monopoly of the American market," but you stop there. You give American industry no relief in its foreign market, and you do not benefit the American manufacturing industry in the end. Why? Because the American manufacturing industry must depend on American agriculture for the principal source of its American market. Give to American industry a monopoly of the American market and yet not protect American agriculture from the evils of depreciated foreign currencies, and you have given American industry a gold brick, because American agriculture will be unable to buy the product of American manufacturing industry.

Let me give you the picture. There is nothing suffering quite so much to-day from depreciated foreign currencies as agriculture. Wheat and cotton are our two principal agricultural products, and they must suffer discriminatory freight rates from the point of origin to the Atlantic coast, then transportation charges to England, and then sell for the depreciated British pound, which is brought back to this country and is worth $3.30 instead of $4.86, the former established value of the British pound.

This tariff arrangement will not deliver wheat and cotton from the evils of depreciated foreign currencies; and unless you deliver wheat and cotton from the evils of depreciated foreign currencies, you will have no market for the manufacturing industry. You can come here and by legislation guarantee to industry a monopoly on the American agricultural market; but industry will have nothing, because agriculture must be sold for depreciated foreign currency.

We find ourselves to-day in this dilemma; we find one class here thinking it can deliver itself at the expense of the other class. That can not be done. The truth is we are all in the same boat, and we are either coming to shore together or we are not coming at all. That is particularly true with industrial labor and agriculture. They are both in the same boat, and they are either coming ashore together or they are not coming. This was the weakness of the allotment bill. Basically, the theory of it was that we could arbitrarily increase farm prices at a time when there are 12,000,000 unemployed who with their dependents make 48,000,000 people.

Mr. SUMMERS of Washington. Mr. Chairman, I yield the gentleman from Kansas two additional minutes.

Mr. McGUGIN. It is a false philosophy to assume that you can arbitrarily save agriculture at the expense of the 12,000,000 unemployed. This proposed tariff measure presents the same proposition, only the other way around. You are assuming that if you give industry a monopoly on the agricultural market, you can save industry at the expense of

agriculture. This will not work. Both propositions are just as wrong as one person who is pauperized thinking he can profit off another person who is also pauperized. The scheme will not work.

We hear it said that all that is asked by this bill is to restore the Hawley-Smoot tariff rates to where they were at the time of their enactment. All right; maybe you can on paper restore them to where they were at the time of their enactment by arbitrarily increasing them in keeping with the depreciation of foreign currency, but you are overlooking something. At the time of the enactment of the Hawley-Smoot tariff bill agriculture had an income which was from 60 to 70 per cent more than it is to-day. So you might restore the rates, but you can not restore your market for industry by following this policy. Unless you can restore the income of agriculture by increasing it from 50 to 60 per cent, and thereby restoring it to where it was at the time of the enactment of the Hawley-Smoot tariff bill, it is folly to try to increase these tariff rates.

Again, pass this bill, and England and every other foreign country would be justified in laying an embargo against American products. Then what will we do for a market for wheat, cotton, hogs, and other exportable products?

Mr. BOYLAN. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. MAY].

Mr. MAY. Mr. Chairman, personally I am very much in favor of a well-controlled expansion of the currency. I am warmly in favor of the retention of the proper functions and activities of the Federal Trade Commission, and yet I believe very greatly in a more extended program of economy than we have yet undertaken. I agree with my distinguished colleague of long years of experience from the State of Indiana [Mr. WOOD] that if we hand over to the new administration the Government with an unbalanced Budget, we will have paralyzed its efforts in the beginning. In some instances cutting appropriations is practicing what is sometimes styled "penny wise and pound foolish" methods.

But I have not risen to talk to you about the question of either balancing the Budget or the necessary methods by which economy may be obtained. I have risen, with the indulgence of the committee, for a few moments to defend, if I may say so, not only the present Republican President of the United States but also the incoming Democratic President of the United States.

When I was a mere boy, my dear, old father, who journeyed upon this earth for more than 94 years, in good health and in sound mind, used to take me upon his knee in my spasms of impassioned and ill-considered expressions, and say to me, "Son, if you can not say something good about the man, for the Lord's sake do not say anything at all."

I take the position that it is not only in keeping with the dignity of the House of Representatives but it is the duty of the Membership of the House to maintain that high equilibrium set forth in Holy Writ, which says that it is our duty to maintain and support the magistrates and those in authority in the Nation.

I undertake to say, notwithstanding the exaggerated and inflammatory utterances of some of the subsidized press of this country, that it is infinitely unjust to the President of the United States or to the President elect for the press or the House of Representatives to criticize until they know what they are talking about.

The question of war debts is an international issue, and it involves complications of diplomatic relations and matters of diplomacy and of necessity must always be somewhat veiled in the discretion of wise men. Knowing the history and the career of the President elect, as I do; knowing that he is a great Democrat, perhaps as great a one as we have had since the day of Thomas Jefferson, and knowing the broad, actual practical experience he had as Assistant Secretary of the Navy during the troubled days of the Woodrow Wilson war Congress, I am unwilling to believe that he is so unwise, so inconsiderate, and so void of discretion as to either commit himself personally or as Chief Executive of the Nation, much less to assume the authority to commit the Congress of the United States to any definite terms in the settlement of war debts. Therefore, I undertake to say that it is the duty of this Congress, in good faith, upon the doctrine that he who would speak when he should not speak will not be permitted to speak when he would speak, to let the President elect and the President of the United States and the world and the nations of Europe know just where we stand upon this proposition, that they may not be misled or deceived by anything that we may do hereafter.

I want to read from the Democratic platform of 1932, adopted at the Chicago convention, this preamble, if you please:

> We believe that a party platform is a covenant with the people to be faithfully kept by the party when entrusted with power, and that the people are entitled to know in plain words the terms of the contract to which they are asked to subscribe. We therefore declare this to be the platform of the Democratic Party.

Then follows this declaration:

> We oppose the cancellation of debts owing to the United States by foreign nations.

When I realize that this precedent-breaking President elect, although disabled physically and yet a giant mentally, climbed into an airplane at Buffalo, N. Y., and broke the precedents of all time in a mad rush to Chicago to accept the Democratic nomination for President and there declared to the representative delegates of the American people and his party that he stood 100 per cent for this platform—I say I am unwilling, in the face of this declaration, to believe that he would be a party to any understanding, direct or indirect, with the ambassador of any country upon the face of the earth in any manner contrary to the wishes of the Congress of the United States.

Nevertheless, I say now, speaking to Democrats, in the face of our party's platform, in the face of similar declarations in the platform of the Republican Party, it is the duty of the Congress of the United States to let the President elect of the United States know where they stand upon this question, and I call attention to the policy of the Congress adopted in the resolution that granted a moratorium in December, 1931, and to a subsequent resolution of the Senate of the United States which declares the policy of this Congress to be against the surrender or cancellation of any of these debts. As for me, I propose to keep faith with the people who so generously supported me with their votes in the recent election when I stood upon the covenant contained in the party's platform adopted in Chicago last June. I do not propose to lift the burdens of these debts off the governments of Europe and place them upon the already burdened backs of my people. I refuse, Mr. Chairman, to transfer, by my vote, the benefits of these debts from the American people to the great international bankers and speculators of America and Europe and thus impose upon the American taxpayer burdens he must bear for generations to come. I have no enmity or animosity toward any other nation upon the earth; but when I hear the edict of Israel's first lawgiver, "Choose you this day whom ye will serve," I gladly choose to serve America.

Therefore, I say this in conclusion, that it is unfair to the membership of this House and the President elect that he should be even suspected of secret understandings in violation of the expressed policy of the Congress on the subject of war debts without first knowing what he has done. I have no fears of any rash or unwise action on his part, and, as for me, I shall not convict or condemn my party's leader until I hear all the evidence and am fully and adequately advised.

Mr. Chairman, I conclude by this statement, that if we should remain here during this Congress silently and quietly refusing to express ourselves on this proposition we will have done an injustice not only to our incoming President but an injustice to the people whom we represent and ourselves as well.

I am unwilling to agree to a cancellation of these debts. I shall not remain on the floor of this House and vote for the cancellation or the surrender of any of them, but I say I shall follow the leadership of the great and wise statesman

and leader, Franklin D. Roosevelt; and if he shall come to me and recommend some readjustment of war debts by the Congress, and his proposal shall seem expedient and wise, I will give it consideration, but I say I stand where I stood in 1931, when I voted against the moratorium on the European debts, which seems to have cast us into many difficuties. [Applause.]

These remarks are made with the hope that this House will make an effort to help the President elect settle this by diplomacy rather than by newspaper reports which are sometimes true and sometimes untrue, or at least often greatly exaggerated, especially when one acts upon a misunderstanding of the facts, or lack of sufficient information.

Mr. Chairman, I yield back the remainder of my time. [Applause.]

Mr. SUMMERS of Washington. Mr. Chairman, I yield one minute to myself, in order to say that as another who voted against the moratorium, I greatly appreciate and concur in what the gentleman from Kentucky [Mr. MAY] has said in regard to the advisability of this House letting the country know what its attitude is toward cancellation of debts by foreign governments. I am opposed to cancellation. I have always opposed cancellation. To do so would transfer the war burden to the backs of American taxpayers.

I can not conceive of the President elect engaging in any conversations that would forestall the action of the Congress or of attempting to do so as portrayed in the press during the last few days. I stand where I have always stood—I never voted for the moratorium, I never promised to do so, and I am against the cancellation now.

Mr. Chairman, I yield five minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, there has been such a vigorous and concerted attack made upon the Hawley-Smoot Tariff Act, especially by its political opponents during the recent campaign, that I venture to say that much of the criticism has been inspired from foreign sources. The fact that its chief critics in this country have pictured the disaster it has caused, especially to our farming interests, makes it interesting to compare these assertions with those made by its foreign opponents.

There appeared in the Canadian Forum, under date of September, 1932, an article entitled "Canada and the American Tariff," in which the writer points to the effect of the Smoot-Hawley Tariff Act upon the Canadian farmers. This is what the writer had to say on this particular topic:

> This act practically wiped out Canadian export of feeder cattle, and of milk and cream to the United States. The farmers of the prairies found the cattle a welcome source of cash income in times of poor wheat crops, and the dairy farmers of eastern Quebec and of New Brunswick had built up a profitable business selling to the metropolitan centers along the eastern seaboard of the United States. Furthermore, they had gone to great pains to change their herds of cattle to conform to sanitary requirements of the consuming markets.

While it is claimed by the opponents of the Hawley-Smoot Act that it has not been beneficial to the American farmers, the foreign competitors complain bitterly because it has protected the American market by keeping foreign dairy products out. The Canadian critics admit that our tariff act has prevented them from invading our market in three important particulars: First, it has prevented the sale of a large number of Canadian cattle in our market; second, it has greatly reduced the sale of Canadian milk and cream in our market; third, it has forestalled Canadian plans to expand its dairy industry to take advantage of our market.

The assertion can not be made too often, lest the dairy interests forget, that the chief market for their dairy products is in the protected market of the United States. It is the best cash market in the world to-day. This is true even under the present depressed conditions. Not only this, were it not for the high duties on dairy products carried in the Hawley-Smoot Tariff Act, the domestic market would be flooded with the butter, cheese, milk, and cream from New Zealand, Australia, Denmark, and Canada.

Naturally, the critics of the Hawley-Smoot Tariff Act will challenge the statement that countries so far removed from the United States as those I have mentioned could not pay transportation rates and successfully compete with our farm products. On this point I again wish to refer to Canada. I refer to the action taken by the Dominion Government when New Zealand saw fit to ship dairy products into Canada under a special dispensation primarily intended for Australia under a trade agreement.

> I quote from the Canadian Year Book (1930–31): New Zealand had taken full advantage of the opportunity to export butter to Canada and this trade had reached such proportions as to alarm the dairy industry. In May, 1930, the Dominion Government gave notice to New Zealand that on October 12 the Australian treaty rates would be withdrawn on New Zealand products, the intention being that in the interval a new arrangement would be concluded.

This action was taken by Canada against a competition 10,000 miles from her markets. It was taken against a country composed of three islands, the aggregate area of which would about equal the area of Pennsylvania, Illinois, and half of Rhode Island combined.

I am not complaining about the action of Canada in the case nor do I question her wisdom in protecting her dairy industry. I think Canada acted wisely. I maintain that the Congress of the United States acted wisely when it took action to protect our farmers from the dairy imports from Canada.

The benefits derived from the Hawley-Smoot Tariff Act, to which I have referred, occurred before foreign countries had depreciated their currencies and largely nullified the protection which it was sought to give to the dairy interests.

It was impossible for the Ways and Means Committee when it framed the tariff act of 1930 to foresee the action that would be taken by foreign countries to circumvent the tariff rates intended for the complete protection of the dairy interests of this country. Since these countries have depreciated their currency the tariff wall is no longer effective. Therefore, this Congress should no longer delay action on a tariff measure to prevent disaster to the dairy industry because of foreign depreciated currency. This delay is causing untold hardships to this great industry and there is no excuse for aggravating the situation by further procrastination. There is no doubt that action taken by the present Congress to that end would have the cooperation of the Republican Members of the House and Senate. I believe that in a time of great emergency that it is the duty of every man, no matter how partisan, to realize that we face a condition and not a theory when it comes to protecting the interests of this country. It may be unpleasant for the majority in power, in view of the pledge made in its platform to reduce the tariff, to now take action to increase it. It may be a matter of personal embarrassment to many individual Members of Congress who so viciously attacked the Hawley-Smoot Tariff Act during the last campaign to now vote to make that act effective under present world conditions. The conditions of this country, however, demand it and we can not hope to increase commodity prices of farm products in the face of the large imports coming into our market at a time when it is difficult to dispose of our own domestic surplus.

The problem which confronts us, due to the depreciated currency of foreign countries, could and should be remedied at once. It is well known to every legislator that foreign countries have taken prompt and effective action to protect their interests with adequate tariff duties. While they are protecting their own markets they are invading ours with disastrous results to our home producers. [Applause.]

Mr. WOODRUM. Mr. Chairman, I yield five minutes to the gentleman from Indiana [Mr. CROWE].

Mr. CROWE. Madam Chairman, ladies and gentlemen of the House, I heartily agree with the gentleman from Kentucky [Mr. MAY] in his stand on the moratorium and war debts. I think Members of the House should express themselves in some manner in regard to that question. I am unalterably opposed to any cancellation of the foreign debts.

A few minutes ago I listened with interest to my good friend from Indiana [Mr. WOOD]. I appreciate the splendid

words of admonition that he always gives to the House. I agree with him that we should balance the Budget. I think that is one of the necessary and important things to be done, and must be done at the earliest possible date. But I think it is coming a little late. With the unbalanced Budget that we have had during the last three years, with a deficit of $903,000,000 for 1931, with $2,880,000,000 for 1932, and now so far this year running in red ink $200,000,000 a month, I think our President started a little late with his admonition. However, I agree with him and with the gentleman from Indiana [Mr. WOOD] that it is high time that the Budget be balanced. This country can not continue on and on indefinitely with an unbalanced Budget, going tremendously into the red as we are. In that connection, I disagree with a lot of people I hear over the radio and through the press, on the floor of the House, and other mediums, who are trying to make their attack entirely upon our veterans. I disagree with people who would attempt to balance the Budget by making a drive on the compensation paid the boys of the World War who are drawing to-day just a small stipend of perhaps $12 or $18 or $20 a month.

I listen at times to the remarks of some people against our generals, and I would not be among the group who would attempt to cast a slight upon any general of this country, either present or past. They have performed great service and there is no reason to believe that they are in any way cowardly. Just because General Pershing viewed the battle front through field glasses did not in any way reflect on him; it was the right and only way to do, but the humblest soldier is entitled to the same respect as the general and I resent it when they with their fat retired salaries say or do things to reduce the small compensation and pension given our soldiers. I am for them 100 per cent until they join with the Economy League among whom are income-tax evaders and those who made their millions while our veterans were in the trenches, in an attempt to take from our boys the small amount of money that is due them. In my district I find men who were shell shocked, who were on the front in the World War, one in particular for 11 months on the front, Toulon-Aisne-Marne offensive, Marbache sector, St. Mihiel offensive, Meuse-Argonne, and then in the Army of Occupation seven months, and who to-day is unable to get a cent of compensation. This poor man is a complete nervous wreck from shell shock, unable to work, family destitute, and yet he can not secure compensation.

Another man disabled in the World War—who was gassed in action, shot through the hip with two German machine-gun bullets, who received three citations for bravery under fire, who is now unable to work—who was granted disability allowance at the rate of $12 per month, and who just recently under the drive for economy was notified by the Veterans' Bureau, without even calling him in for an examination, that his compensation was discontinued. I am sure the veterans will bear me out that they are opposed to any veteran drawing a pension or compensation who is not deserving. They are the defenders of our country. But where I find boys who were on the front in France for months, in dugouts, in the mud and rain, and shot and shell, disabled, wounded, and yet I am unable to secure for them a small bit of compensation, I am inclined to believe there are not many drawing compensations or pensions who are not entitled to every cent they are receiving.

History shows us that nations which do not protect and take care of their veterans soon fall. I have no patience with the man or organization that calls our veterans treasury looters. Without our veterans we would not have had a Treasury in the first place.

I do not believe that we will find many men among our veterans who are drawing compensation illegally. For that reason I am opposed to any drives to make the veterans of the World War bear the burden in our attempt to balance the Budget. Understand, I am unalterably opposed to our Government spending more than they receive in taxes. I am opposed to levying more taxes. We are already paying more for taxes than we can afford. But in that connection why not make a special effort to collect part or all of the $1,000,000,000 income tax now due the Government and unpaid? But there are many ways to balance the Budget. For instance, last week I attempted to save three quarters of a million dollars in the construction of one building, the New York courthouse. They could save there three quarters of a million dollars by using Indiana limestone. Indiana limestone, according to the Government survey, is one of the best, strongest, longest-lived of building materials. It is beautiful and imposing. There are many ways in this country to balance the Budget without going to the soldiers.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. CROWE. Yes.

Mr. LAGUARDIA. The gentleman would not wear a khaki shirt with a dress suit, would he?

Mr. CROWE. No; but I want to say that our Government gives Indiana limestone in its research as one of the greatest building stones in the country. It will not corrode at the rate of more than 1 inch in 1,100 years, and that is longer than you will let that building stand.

Mr. LAGUARDIA. But the gentleman knows that that building is in a setting of beautiful monumental structures.

Mr. CROWE. How many?

Mr. LAGUARDIA. There is the courthouse and the new health department movement building, all beautiful, in a beautiful setting. I am sure the gentleman would not want to mar that setting by the use of Indiana limestone in the courthouse.

Mr. CROWE. There are only three structures in the setting you mention, and they are all old buildings and unsightly and low buildings. While on the other hand, all over New York City are beautiful edifices, built by our industrial giants, by churches, and so forth, such as the Empire State Building, Waldorf-Astoria Hotel, City Service Building, National City Farmers Trust, Bankers Trust, Metropolitan Life Insurance Building, New York Life Insurance Building, Parcel Post Building, Bronx County Courthouse, Cathedral of St. John the Divine, Radio City, and others of magnitude in every State in the Union, in which Indiana limestone is used and at tremendous savings to the builders, and at the same time they are buildings of strength, durability, and beauty.

What about this post-office building on Pennsylvania Avenue, Washington, D. C., only 33 years old, built of granite? Why destroy it after only 33 years? Will you deny it is largely because of the black, unsightly condition and ugly appearance of the building? A limestone building of the same age would still be beautiful and usable.

Mr. LAGUARDIA. But that is in a different setting.

Mr. CROWE. Yes; a setting made because of the splendid building qualities of Indiana limestone.

The CHAIRMAN. The time of the gentleman from Indiana has expired. [Applause.]

Mr. SUMMERS of Washington. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. SCHAFER].

Mr. SCHAFER. Mr. Chairman, I did not intend to speak to-day, but after listening to the addresses delivered a few moments ago by our Democratic colleagues, I am forced to do so. I am one of those who agrees that the Budget should be balanced, and that we should be fair with the next President of the United States and give him a balanced Budget. One of our Democratic Members indicated that the Budget should have been balanced several years ago. The reason why it has not been balanced is not due to the Republican Party or its failure to act. In this very well on the floor of the House your Democratic Speaker of the House during the last session and your Democratic floor leader in eloquent addresses indicated that the Budget must be balanced, and then, after making a trip with several other Democratic leaders to New York, they came back in disorder, retreated, and said that they would wait and let the next administration balance the Budget.

The Democratic Party for two years has had control of this House, in which revenue legislation must originate, under the Constitution, and in which appropriation bills originate. If the Budget is not balanced when your next

Democratic administration takes office, the responsibility rests fairly and squarely upon the Democratic majority in this House. I was somewhat surprised to find one of the Democratic Members of this body to-day, and a Democratic Member in the other great legislative body yesterday, by indirection, at least, criticize the reception by the President elect of the ambassador of Great Britain at Warm Springs, with particular reference to press releases concerning foreign-debt settlements.

This Congress does not have to again reiterate its position as against cancellation or reduction of these foreign debts in order to give the President elect light, as the gentleman desired. The record speaks for itself. The Democratic Party in the last campaign pledged itself against any debt cancellation, but you now find that you have made so many conflicting promises, and the day is approaching when you must deliver, and you can not do so. Why should the President elect of the United States be condemned by members of his own party for receiving the ambassador of the British Government and indicating through press releases by those close to him that there were going to be certain terms under which the debts or part of them would be canceled, when we consider that the President elect himself in his acceptance speech in the fifth paragraph thereof pledged the Democratic Party to continue the interrupted march and policy of the last Democratic administration. The last Democratic administration gave the foreign nations billions of dollars and even after the armistice received the French ambassador day after day and gave him hundreds of millions of dollars of the American taxpayers' money.

Just because the President elect is apparently going to continue the Democratic policy of foreign nations and foreign people first, and the American Nation and American people second, I think it is a little out of turn for members of his own party, by indirection, at least, to condemn him before he assumes office.

Of course, we know that a few weeks ago the President elect disowned this war-debt-baby problem, but recently we find that he has now accepted its parentage, according to reliable newspaper reports coming from Warm Springs. His position on the war debts is only an indication that for the next four years the Democratic principle of foreigners and foreign governments first is going to be carried out. You take this position with reference to a protective tariff. "Oh," you say, "keep the aliens out, but let the aliens stay in foreign lands and produce on foreign farms and in foreign factories and send the products of those foreign farms and factories and foreign labor into America without tariff protection." You Democrats in the House during the last four years and on the stump during the last campaign indicated that the prosperity of this Nation rested upon tearing down our tariff walls and allowing cheaply produced foreign importations to flood and destroy the American markets for American products. I call upon you Democrats to follow the leadership of your leading Democratic campaigner, Mr. Hearst, and support legislation to raise and bolster our tariff walls, which are now being leveled like the walls of Jericho. Help to furnish jobs for unemployed workers in the cities, so that they will have a pay check with which to buy the surplus of the American farms. [Applause.]

I suggest that you do so, even though by doing so you admit that you demagogued on the tariff issue in the last campaign. You know that your party demagogued on that issue. The Hill bill that we now hear and read so much about all over the country, introduced by a Democrat who realized that the Hawley-Smoot tariff rates were not high enough, is practically identical with numerous bills introduced by Republican Members many months before the Hill bill was ever thought of. These Republican bills were chloroformed in the Democratic-controlled Ways and Means Committee. It appears from press releases, particularly with reference to international negotiations, that in the next four years, as in the last Democratic administration, the Stars and Stripes will be pulled down and the tricolor of France and the Union Jack of Great Britain raised above Old Glory.

Mr. BOYLAN. Will the gentleman yield?

Mr. BLACK. Will the gentleman yield?

Mr. SCHAFER. And we will perhaps be singing the Marseillaise and God Save the King instead of America and the Star-Spangled Banner, because the Democratic record is for foreign nations and foreign peoples first and the American Nation and American people second.

Mr. BLACK. Will the gentleman yield?

Mr. SCHAFER. I yield to the distinguished gentleman from New York.

Mr. BLACK. I just wanted to remind the gentleman that Hoover will not be President during the next four years.

Mr. SCHAFER. The record speaks for itself. It was not the Hoover administration but the last Democratic administration which tried to crucify America for the benefit of foreign nations. You will wish to God, and millions of people who voted for Roosevelt and the Democrats last November will wish to God, before two years roll around that you had put Hoover in the White House again, with a Republican majority in both the House and the Senate.

You Democrats have no program. You promised everything under the sun, and every Democratic Member of the House and the Senate and the President elect would veritably have to be a political Houdini to carry out all the conflicting promises you made in your mad scramble to obtain votes and public office and control of the Federal Government.

Mr. BOYLAN. Will the gentleman yield?

Mr. SCHAFER. Yes; I yield.

Mr. BOYLAN. I wanted to ask the gentleman whether he is holding forth to-day as a prophet or the son of a prophet?

Mr. SCHAFER. As a historian. I am just relating the facts as they are. [Applause.]

Mr. BOYLAN. The gentleman must be a mind reader when he can see four years ahead the things that will occur.

Mr. SCHAFER. Oh, no. Many are occurring right now, and have occurred in the past.

Mr. BOYLAN. Well, the gentleman says in four years thus and so will happen.

Mr. SCHAFER. No. I say during the next four years.

Mr. BOYLAN. Is the gentleman a crystal gazer or a clairvoyant?

Mr. SCHAFER. Oh, we can observe what has been transpiring since the last election, not only with reference to the position taken by the Democratic President elect, but to the disorganized program—no, it is not a program, because you do not have a program—but the disorganized, disorderly rampage of the Democratic leaders and majority of the House of Representatives.

Mr. BOYLAN. May I ask the gentleman if he has read the excellent poetic effusion of the lady now presiding entitled "The Lame Duck's Lament"? [Laughter.]

Mr. SCHAFER. I will say that I have not read it, because I have something more important to do than read the poetic effusions inserted in the RECORD by Democrats. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. SUMMERS of Washington. Mr. Chairman, I yield five additional minutes to the gentleman from Wisconsin.

Mr. SCHAFER. I will venture to say that the Democratic Members, if they continue to perform during the next two years as you have since the election, will have to write many poetic effusions with respect to lame-duck Democrat Members—many more than were written with reference to lame-duck Republicans.

I have received hundreds of letters from people who apologize for falling for the camouflaged and conflicting promises of the Democratic Party in the last campaign. The Democratic orators and spellbinders in the last campaign convinced many of the American people that President Hoover was the man who let the billions of dollars of American taxpayers go to foreign countries, much of it even after the armistice, and indicating that all they had to do was to vote for Roosevelt and the straight Democratic ticket and that the Democrats would send a collector overseas and

collect and bring back to the American taxpayers' Treasury more than the last Democratic administration gave to foreign governments. [Applause.] They announced to the rank and file that the Hawley-Smoot tariff bill was responsible for the most of the ills of the world and America, and that all we had to do was to reduce the Hawley-Smoot tariff rates and allow more cheaply produced foreign importations to come in from Asiatic countries, for instance, where they pay 10 cents for a day's labor. To-day the leading Democratic campaigner, Mr. Hearst, is taking the lead in showing to the American people the bad effects of a nonprotective tariff policy. For the benefit of the American people I ask you Democrats to follow Mr. Hearst, even though it is a retreat from your demagogic campaign position.

When the record of the next two years is made up we will find a multitude of Democratic campaign promises which were not kept. They will be like the promise of a good 5-cent glass of good beer before Christmas. I have received many letters from people wondering where this big glass of good beer for 5 cents, promised by the Democrats before Christmas, was. They still go to the bootlegger and the speakeasy and pay 25 cents for a little snit of beer, although many of them voted the straight Democratic ticket believing that the day after election they would be able to go to the corner and get a great, big, foaming pitcher of good potent beer for 5 cents.

Mr. BLACK. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. I yield.

Mr. BLACK. The Democratic House passed the beer bill, but the Republican Senate did not.

Mr. SCHAFER. Republican Senate, nothing! It may be a Republican Senate on paper, but when you look at the positions taken in the last campaign you will find that the majority of the other body were Roosevelt Democrats.

While the gentleman mentions beer, how about the eighteenth amendment? Why, every Democratic Member of this House from the State of Arkansas, the State of the Democratic leader in the other body, voted against the repeal of the eighteenth amendment, and the repeal resolution lost by only 6 votes. Seven Democratic Members from Arkansas voted against submitting the repeal.

Yesterday you tried to bind the Democratic Members in caucus on the Crowther bill, which the Republican Members petitioned the House to take from the Ways and Means Committee, and you could not. You may find that in the next Congress you will not be able to bind your Members by caucus, for the Republicans will be on the job and obtain roll calls that will put your fellows on the spot who were bound in caucus.

It is safe to say that when another year rolls around the eighteenth amendment will still be a part of the Constitution, because 44 State legislatures are now in session, or will be shortly, and even though you pass a repeal resolution at the special session, many of these legislatures will have adjourned. Even though you provide for ratification by conventions instead of by legislatures, the legislatures will certainly have to create the machinery for the conventions.

As to fulfillment of most of the Democratic campaign promises, the American people will find that they have been hoodwinked again, for the promises are so conflicting that they will be kept as was the promise of a national Democratic campaign committee made in an earlier campaign: "If you want war, vote for Hughes; if you want peace, vote for Wilson."

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. SCHAFER. I yield.

Mr. HASTINGS. Will the gentleman take the balance of his time to explain to the House and to the country where President Hoover stands on prohibition?

Mr. SCHAFER. The gentleman apparently has not read the record. The Democratic Party, lacking able Democrats during the war to perform duties such as those of Food Administrator, called on Mr. Hoover to do the job. In order to conserve food and man power the Democratic President issued an order prohibiting the manufacture and sale of cereal beverages. The order was later amended to prohibit the manufacture and sale only of intoxicating cereal beverages. The Republican Mr. Hoover, as Food Administrator, issued the order interpreting the intoxication point of cereal beverages at 2.75 by weight, and under his interpretation of the order of the President the people were permitted beer with an alcoholic content of 2.75 by weight. I think that answer's the gentleman's question.

Mr. Hoover in the last campaign also definitely and positively indicated his position in favor of a resubmission of the eighteenth amendment.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield one second to the gentleman from New York [Mr. BOYLAN].

Mr. BOYLAN. Deo gracias.

Mr. WOODRUM. Mr. Chairman, I yield five minutes to the gentleman from Pennsylvania [Mr. BOLAND].

Mr. BOLAND. Mr. Chairman, it is rather difficult to try to get the House serious after the very interesting discourse we just heard, but I wish to address you on the subject of balancing the Budget, about which we have heard so much. I call the attention of the House to the fact that on January 8, 1932, I presented a bill, H. R. 7246, that called for a tax on busses and trucks upon the highways. I will try to convince Congress that it should put this tax upon these carriers operating in intrastate commerce. Hearings were held before the Committee on Ways and Means upon this bus and truck bill. I told the Committee on Ways and Means that I had no connection whatsoever with railroads; that I was not interested in the management of the railroads in any capacity, but I was very, very much interested in the fact that statistics proved that over 25 per cent of the railway employees had lost their jobs because of this serious and unfair competition upon our highways.

You men have spent considerable time in trying to arrive at a fair and just way of raising money to balance the Budget. My bill creates a way for you to derive some of this revenue. If you figure the amount of mileage consumed by busses and trucks, you will readily see that a revenue tax placed upon them will accomplish the much-needed revenue at this time.

While it is true the railroads spent $30,000,000 in 1931 in the elimination of grade crossings, still there were more grade crossings after the $30,000,000 had been spent than there were before this expenditure, because of new road construction; and these roads and grade crossings are used by the busses and the trucks without the investment of one dollar and are receiving the benefit of the railroads and public moneys in the elimination of the danger to the public; in fact every State in the Union is passing legislation to protect the public on grade crossings.

In many parts of the country, particularly those of sparse population, the taxes received from railroads constitute the largest contribution toward the maintenance of schools and governmental and civic activities while this ever-growing menace on the highways is allowed to go unrestrained, unregulated, and untaxed proportionately.

The time has arrived when Congress must act upon this vital question. Effective legislation must be placed upon our statutes to regulate this hijacking of our highways.

Then again we have the so-called wildcat operator of trucks. He is an outlaw from every angle from which he may be viewed. He wholly disregards the laws relating to certificates of convenience and necessity and he fails to pay the proper authorities the taxes now levied upon legitimate operators in almost every State. As a rule, he has inferior equipment and carries no insurance for the protection of the persons and property entrusted to his care. Even the motor operators who are compelled to have certificates are now suffering from the depredations of these wildcat operators. We must make it impossible for this class to continue to prey upon the public.

One weakness of the present situation is the lack of established and dependable rates. This is due entirely to the fact that the interstate carrier is unregulated and that he

may and does make any rate necessary to secure business. His rates may be changed and are changed upon a moment's notice. With the establishment of effective regulation, all of this can be and will be changed.

The railroads are one of the largest employers of labor and purchasers of material, and they are one of our largest taxpayers. They perform a service which no other transportation system can furnish. They are, therefore, vital to the Nation.

Our highways were built mostly to take people out of the mud. What do we find? We find it absolutely impossible at some times of the day on certain highways for the motor vehicle to even have a chance to travel these highways.

Mr. FISH. Will the gentleman yield for a question?

Mr. BOLAND. I yield.

Mr. FISH. Will the gentleman state where this proposed legislation is, what is the status of it, and what can be done to get it out?

Mr. BOLAND. The Committee on Ways and Means heard this evidence; they had very material and expert witnesses appear before them who presented facts and figures along the lines that I am talking about; and that bill, I would say, was smothered in the committee.

When I came back to this session, after interviewing the chairman of the Ways and Means Committee, I asked him if there was any way that this bill could be brought before the House; and I am frank to say right now if this bill did come upon the floor of Congress, I am satisfied it would pass, because it raises revenue that would help balance the Budget. It is one of the most meritorious bills presented before the Committee on Ways and Means, and it has not been reported out.

I got a petition ready to put upon the Speaker's desk to take the bill out of the committee, and I was promised that they would give this bill proper consideration, so I refrained from placing same on the Speaker's desk. I was hoping it would come out, but it is not out yet, and I do not expect it out because of the statement of the chairman of the committee the other day that they would not take up any more revenue-raising legislation this session.

That is why I appeared before the House the other day to ask that this bill be given the proper consideration that it deserves, because the facts are that 25 per cent of the railway employees have lost their jobs due to this unfair competition taking freight away from the railroads. It is impossible for this country to get along without the railroads. They are part of our Nation's life and vital in many instances to our national defense. They have performed a very important part in the development of our country and are entitled to fair and just consideration of this unequal competition.

Just imagine statistics of this kind.

The extent of the burden placed upon general taxpayers by heavy commercial vehicles is not generally realized by the public. In the eight years from 1923 to 1930, inclusive, total expenditures for highway construction and maintenance in the United States exceeded $11,700,000,000. Of this great sum highway users of all kinds contributed in license fees and gasoline taxes less than $4,000,000,000, or little more than a third. The remainder of the cost, over $7,800,000,000, fell upon farm and other property owners and income-tax payers.

It is conceded by experts that heavy trucks contribute a smaller relative share to highway costs than the lighter vehicles, partly because of consuming less gasoline in proportion to length of haul and weight carried. Therefore, large trucks are paying even less than one-third of their fair share of highway expenses.

The more than two-thirds contributed by general taxpayers is a gift from the public to those who are using the highways for profit in the heavy transportation business.

This unfair competition of busses and trucks is very largely responsible for the present difficulties of the railroads. It makes it necessary for them to reduce their employees at least 25 per cent, according to statistics compiled by the Railroad Clerk's Association. Constructive national and State legislation is fundamentally necessary to correct the present chaotic conditions.

We find men who have spent the best part of their lives working on railroads now thrown out of employment, all because Congress has allowed this situation to develop.

Mr. MILLARD. Will the gentleman yield for a question?

Mr. BOLAND. I yield.

Mr. MILLARD. Should not your bill be before the Interstate and Foreign Commerce Committee rather than before the Ways and Means Committee?

Mr. BOLAND. No; this bill should be before the Ways and Means Committee because it raises revenue for the Government.

Mr. FISH. Why does not the gentleman present a petition here so he can get a chance to bring it up?

Mr. BOLAND. I was going to present a petition, but I was told that the bill would get proper consideration.

Mr. FISH. Why does not the gentleman do that now?

Mr. BOLAND. The Associated Press carried the story that I was going to petition Congress to consider my bill, and that is the reason I am appearing on the floor to-day.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I yield five minutes to the gentleman from Tennessee [Mr. DAVIS].

Mr. DAVIS of Tennessee. Mr. Chairman, Tennessee recently lost one of her most distinguished, most patriotic, most picturesque, and best beloved citizens. Hon. Benton McMillin passed away on January 7, 1933. He was born in Monroe County, Ky., September 11, 1845, but moved to Tennessee in early manhood.

Mr. McMillin was presidential elector on the Democratic ticket of Tilden and Hendricks in 1876. He was elected as a Democrat to the Forty-sixth and to the nine succeeding Congresses, serving from March 4, 1879, until his resignation on January 6, 1899, to become Governor of Tennessee. Wherefore it will be noted that he served as a Member of this House for nearly 20 years, during 14 years of which he was a very active and able member of the Ways and Means Committee; he made a national reputation as a Member of this body.

There is not now a Member of either branch of Congress who was a Member during any period of Mr. McMillin's service as a Member of this body.

Governor McMillin was reelected Governor of Tennessee, serving until 1903. He was one of the best governors Tennessee ever had.

President Woodrow Wilson appointed Governor McMillin envoy extraordinary and minister plenipotentiary to Peru on July 2, 1913, and he served until September 22, 1919, when he was likewise appointed by President Wilson as envoy extraordinary and minister plenipotentiary to Guatemala, where he served until January 9, 1922.

Governor McMillin attended every Democratic national convention from 1876 to 1932, with the exception of one convention, when he was absent at his post of duty as minister to Peru.

At the time of his death and for many years previous he was Democratic national committeeman for Tennessee.

For more than half a century Governor McMillin was a conspicuous figure in Tennessee politics. He was a fundamental Democrat as well as a party Democrat. He was a close student of government. He was a great campaigner. It is said that he had spoken many times in every courthouse in Tennessee. He was a typical statesman of the old type, always courageous, aggressive, and effective. During his long career his personal and political integrity was never questioned. He gave the best that was in him to his country and his party and died a poor man.

Governor McMillin's interest in public affairs never waivered. He retained his mental and physical vigor until his death.

During the past year he was the preconvention manager for Tennessee of Gov. Franklin D. Roosevelt and marshaled the forces so ably that Tennessee unanimously instructed its delegation to vote and work for the nomination of Gover-

nor Roosevelt. Then after the nomination of Governor Roosevelt and the remainder of the Democratic ticket, Governor McMillin, although in his eighty-eighth year, actively participated in the campaign. His services were in great demand, and he delivered vigorous and effective speeches over a large portion of Tennessee. His logical, eloquent speeches contributed materially to the largest majority ever given a candidate for President in the history of Tennessee. [Applause.]

[Here the gavel fell.]

Mr. DAVIS of Tennessee. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by inserting a few editorials on Governor McMillin.

The CHAIRMAN (Mrs. OWEN). Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. DAVIS of Tennessee. Under leave granted, I herewith insert the following editorials:

THE OLD ROMAN PASSES

Tennessee has lost her most beloved citizen: Benton McMillin is dead. In a Sabbath twilight the Old Roman sank to sleep, venerated for his virtues, honored for his achievements, secure in his fame. The thousands who, with uncovered heads, will gather at his bier on Capitol Hill in the imposing structure within whose walls, as youthful legislator and in the maturity of his powers, as chief executive, his fidelity and patriotism had been exhibited, will but symbolize the tribute of all Tennessee for a son whose service had been long and illustrious, devotion steadfast and stainless, whose qualities ennobled and endeared.

The passage of no citizen within the borders of the Commonwealth would have evoked a more genuine and general sense of loss and sorrow, for Benton McMillin was known and esteemed in every hamlet from the mountains to the great river. His life had been interwoven with that of his State for two-thirds of a century.

A native of Kentucky, he came to Tennessee in his early manhood, making his home in the mountain country, whose sons seem to inherit something of the rugged strength of the hills they love.

From the time that as a lawyer with his first brief he followed the standard of Brown, Bate, Dibrell, and Porter in their struggle to redeem Tennessee from the shame and peril of reconstruction days, throughout the passing decades he displayed an unwavering devotion to the highest interests of the Commonwealth of his adoption.

No Tennessean who had held public station in all the annals of the State had lived under the administration of so many Presidents as had he, and few had been called to so many positions of trust in Federal and State Governments and in party affairs.

Born a few months after Old Hickory had passed away, and in the year when Polk entered the White House, Mr. McMillin had seen the administrations of 18 of the 30 Presidents; and, had he been spared two months, would have attended the inauguration of the nineteenth of that great company of his knowledge, after a campaign in which the former governor, now national committeeman, had borne a conspicuous part.

It was the ability which he displayed as an elector for Samuel J. Tilden in 1876, following by two years membership in the House of Representatives, which won for Mr. McMillin his first nomination to Congress from the old fourth district, and ushered him upon a career that was to see him for a half century a prominent figure in the public life of his State and Nation.

He was an intense but not bitter partisan. He fought for principles and not against men. He was wise and temperate in council, militant and impressive on the hustings; no Tennessean of his times had worn armor in so many battles for his party.

As a young man he dedicated his powers to country and party; he held his energies of mind and body a trust for their service; and it was in obedience to that guiding principle of his life that his last battle was fought, which saw him, in the campaign so recently given to history, displaying the fire of his youth in defense of his party in Nation and in State.

He early won distinction at the National Capital. For the greater part of his long stay in the House he was a member of the important Ways and Means Committee, and frequently presided in the absence of Speaker Crisp.

His readiness to carry the fight to the enemy made him a valuable party asset. He stood with Cleveland, Carlisle, Watterson, and Mills in the great tariff battles of the '80s; and no Representative from all the South was more courageous and effective in attack upon the notorious and nefarious force bill than the Representative from the fourth district of Tennessee.

Mr. McMillin was always a student of government. His vision was comprehensive and clear, and he never made the mistake of overlooking the importance of details. He was, therefore, useful as legislator and constructive as governor.

His call to the governorship in 1898 represented the spontaneous demand of the Democracy of the State; and, resigning his seat in Congress, he gave to the Commonwealth four years of strong and useful leadership. He directed his attention especially to financial affairs of the State, creating a sinking fund for the retirement of the public indebtedness, which was reduced by $5,000,000 during his incumbency. Realizing that popular education was the bedrock foundation for the welfare and advance of the Commonwealth, he was a firm advocate of expansion of the public schools, and established the uniform textbook system.

His successful career in Congress and enhanced public service as governor, supplementing the reputation strengthened by his repeated appearance on the hustings in other parts of the country during presidential campaigns, had made him one of the Nation's foremost public men; and the honor of representing its Government in foreign lands awaited him. As minister to Peru and Guatemala, he was conspicuously successful in cementing the ties of friendship between the United States and those countries, and in promoting policies of commercial exchanges which have been attended by increasing and mutual benefits with the passing years.

The gamut of his public and party service was wide, indeed: Legislator, special circuit judge under appointment from Governor Porter, Member of Congress, governor, minister to Central and South American countries, presidential elector; champion of Democratic principles and nominees in State and national campaigns for over a half century, and in the closing period the national committeeman from Tennessee, and one of the leaders in the movement to secure the presidential nomination for Mr. Roosevelt, one of the closest advisers of the President elect, who, it is said, would have tendered him an important diplomatic post—his career was both notably long and illustrious.

He was called to no trust throughout the 60 years of public and party service which he did not merit and to which he did not measure.

Loyalty to country and Commonwealth, party and principle, was to this lamented and honored man the ever heeded mandate of conscience, judgment, and desire. His ideals of official duty were sensitive and high. He never forgot or ignored them. To him public faith and private honor were one and inseparable.

The commercial spirit of the age had for him no lure. He might easily have been a rich man, had his conception of the exactions and obligations of the public service and private conduct been less elevated or compelling. That he died a poor man is not the least of the tributes which the generation which saw him pass from the scene and those who are to come will pay him.

He has gone to join the vanished but undying group of Tennesseans whose labors and abilities, courage, and character are the noblest heritage, richest possession, most inspiring record of the Commonwealth which to-day stands in reverent consciousness of its loss.

TRIBUTES TO THE OLD ROMAN—TENNESSEE BIDS FAREWELL TO AN OLD FRIEND

[Memphis Commercial Appeal]

Tennesseans everywhere will bow their heads in silent reverence for the memory of Benton McMillin, whose death in Nashville last night removed from public life one of the most capable, patriotic, and faithful servants the people of the Volunteer State ever had. * * *

Benton McMillin made one of the best governors the State ever had. He was among the last of the old type of statesmen who regarded public office as a public trust in the strictest sense. As governor he applied himself to the State's financial problems, and his long experience in Congress as a member of the powerful Ways and Means Committee enabled him to deal intelligently and capably with these problems. * * *

Death is always a tragedy, even though the victim may long have passed his allotted time. It is a sorrowful adieu that Tennessee bids Benton McMillin. It is the breaking of a link that bound the new to the old. * * *

The ups and downs of political favor often worked cruelly against Benton McMillin. His ambition was to represent Tennessee in the United States Senate. Twice within his career he saw that exalted honor flee from him by the margin of a half dozen votes; and be it said that he never offered for a service that he would not have honored with credit to himself and to his constituency.

Benton McMillin loved Tennessee and he served her well. For nearly 60 years he fought the battles of his State and his people. He goes to a well-earned and glorious reward. Tennessee bids farewell to a distinguished son, a faithful servant, and an old friend.

TENNESSEE LOSES GRAND OLD MAN

[Chattanooga Times]

The death of Benton McMillin marks the passing of one of Tennessee's best-known and best-loved citizens. He was an estimable, cultured gentleman and a fine citizen, clean in both his public and his private life. He left his impress upon the State of his adoption, in which he spent most of his more than 87 years, and made his influence felt in national legislation and in the Diplomatic Service of the country. * * *

He was a Democrat first, last, and always. He delighted in ridiculing and denouncing the Republicans and was ever ready to turn upon them the guns of his fiery oratory and to rally the members of his own party. So enthusiastic and indefatigable a Democrat was he that he had for many years been called "the war horse of Tennessee Democracy." As a colorful character, a Democratic stalwart, a noted and useful citizen, and a beloved adopted son of Tennessee, the people of the State mourn the passing of Benton McMillin.

UNIVERSALLY HONORED

[Clarksville Leaf-Chronicle]

In the sudden death of former Gov. Ben McMillin, for 50 years a leading figure in the counsels of Tennessee politics, this State has lost a fine character, in whom the citizenry of Tennessee had the utmost confidence and respect.

Many who knew him termed him "the old war horse," which title he won by the vigorous campaigns he conducted over the North and East in the interest of his party. Perhaps the most memorable stumping tour he went on and which he liked best to recall was the time he left Tennessee, even though a candidate for Congress from the fourth district, and stumped a number of States for Grover Cleveland when he was running for President. * * *

Governor McMillin served his State and country well. He met death bravely as he met the problems of life. To the last he contended that he felt fine, even though death was rapidly approaching. He took death as courageously as he took defeats in his career, and Tennesseans to-day feel that they have lost a valuable friend, one who linked the past with the present, old enough to know the lessons of the past, young enough to vision the future.

In the words of the poet, as the body of the former governor lies in state, we can say, "There lies the greatest Roman of them all."

NOTABLE PUBLIC SERVICES

[Jackson Sun]

Elder west Tennesseans who have followed political trends over the past half century are to-day expressing their appreciation of the fine character and splendid public service of Benton McMillin, former governor and former Congressman, who is dead at 87 years of age at Nashville.

His death removes one of Tennessee's most picturesque figures—the last link, perhaps, between the old style of political campaigner and the new, for as a stump speaker McMillin was without a peer in Tennessee. Devoted as he was to the policies of Jefferson and Jackson, the veteran statesman became very partisan in his campaigning and was of such type of orator as to arouse his fellow Democrats to action in the crucial hours of a close election. For more than 50 years his voice had been heard in political campaigns in Tennessee. He had spoken in every courthouse in the State, not once but many times. * * *

McGee's History of Tennessee gives high place to McMillin's gubernatorial leadership, and he justly deserves it. The State is better and its history richer for his public service.

HONORED AND BELOVED

[Bristol Herald Courier]

In the death of former Gov. Benton McMillin, Tennessee has lost a distinguished son whom she loved and who loved her. Although born in Kentucky, he came to Tennessee in boyhood and spent the remainder of his long life in the Volunteer State, devoting himself to her interests and receiving honors at her hands.

Mr. McMillin's public career began in 1874, when he was not yet 30 years old, as a member of the Tennessee Legislature in a session which is historical in that it elected Andrew Johnson to the United States Senate after he had served nearly the whole of Abraham Lincoln's second term as President. From that time forward through a period of half a century he was active in politics, and for a generation had been a leader of the Democratic Party in his State. * * *

Mr. McMillin had spoken in all parts of the country in presidential campaigns and was known far and wide. From young manhood he had enjoyed the friendship of national leaders of his party and was a personal friend of Grover Cleveland, the only Democratic President to serve during his score of years in Congress. He was a man of strong character and fine ability, a writer as well as a platform speaker, and since youth had held a high place in public esteem. His death brings sadness to the people of Tennessee and will be regretted beyond the confines of the State.

A USEFUL LIFE

[Knoxville Journal]

The death of former Gov. Benton McMillin marked the passing of another of the few surviving old-line politicians of Tennessee. From the years of his early manhood to the end of a long life he was a militant and forceful champion of the political ideals which made him from first to last an unswerving party man.

Less brilliant, perhaps, than some of his compeers, he was unusually successful in his bids for public office on account of his acknowledged sincerity and high personal character. He served with credit his district in Congress for a long number of years, was a capable Governor of Tennessee, and ably represented the country as minister to South American Republics.

A devotee of the old school of political discussion, Governor McMillin delighted in the opportunity which the public platform gave for entertaining and enlightening the public on the issues which differentiated the Democratic Party from the Republican Party. He believed in joint debates between party candidates for office and was no mean antagonist in that forum. There is little doubt that they were prolific, of more public interest in issues, and more concern for the qualification of candidates than are present methods of campaigning.

The private character and public service of Benton McMillin will add something of permanent value to the history of his State and country.

DEMOCRACY LOSES A CHAMPION

[Knoxville News-Sentinel]

The passing of ex-Gov. Benton McMillin removes from the scene a man whose vigor and personality made his influence felt almost unto the very day of his death. And it leaves us one less of that kind of politician we most admire—one that speaks out and says what he thinks. The modern brand of politician is too often the pussy-footing, whispering kind, who prefers to trade and compromise. Not so Benton McMillin.

In his heyday he contended that candidates should always meet in joint discussions.

"Joint debates," he used to say, "tend to refine discussion, prevent rash, false, or misleading statements and bring about more certain establishment of truth."

A champion of Democracy with a capital "D," he campaigned far and wide for the cause of his party. He is remembered for the speaking tours he made for Grover Cleveland and for sallies into Virginia and other States in behalf of gubernatorial candidates. Although up in the eighties, he stumped Tennessee in behalf of Al Smith in 1928, and it is said the ovation given him when he mounted the platform with Al at Nashville was almost as great as that accorded the candidate.

"Governor" McMillin through his long life was a scrapper. The Democratic Party will miss him.

UNCOMPROMISING DEMOCRAT

[Chattanooga News]

The dean of Tennessee political life is dead. Benton McMillin, who succumbed to pneumonia at the age of 87 yesterday, was active almost to the time of his death, but his most energetic years were those before the turn of the century. * * *

Mr. McMillin was always an uncompromising Democrat. Party regularity was, with him, a religion. Born in 1845, he was strongly Confederate in his sentiments. He lived in the "dark and bloody battle ground," Kentucky, and during the war, as a youth of 16, he was held prisoner by the Union forces for months, refusing to swear allegiance to the Union cause.

In reconstruction days Mr. McMillin knew the sufferings of the South. He knew those causes which made the South solidly Democratic, and it is no wonder that party regularity was ingrained in his very character. While in Congress he helped defeat the notorious Force bill.

For 57 years Benton McMillin was prominent in Tennessee public affairs. He counted his friends by the thousands, and his long service to the State is cause for widespread tribute to his memory.

A STAINLESS CAREER

[Huntsville Times]

There are many outside Tennessee who read with regret this morning of the sudden passing of Benton McMillin at the age of 87 in Nashville yesterday.

There was never mark nor stain on his political life of more than half a century. No one ever questioned his honesty or integrity.

Age never dulled his interest in the affairs of the Democratic Party, or lessened his allegiance to the political tenets and beliefs of Thomas Jefferson.

Last year, at the age of 86, he directed the Tennessee campaign for Roosevelt and delivered a score of speeches for the Democratic nominees in the November campaign.

With his passing the last chapter in a rich, romantic life has been written.

He was truly, as his wife often proclaimed him, "the noblest Roman of them all."

Mr. WOODRUM. Mr. Chairman, this concludes general debate on the bill.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

ALIEN PROPERTY CUSTODIAN

Funds available to the office of the Alien Property Custodian for administrative expenses in the District of Columbia shall not be used for the purchase, maintenance, operation, and/or repair of any passenger automobile.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. It is rather unusual to find a paragraph with the phraseology that we have here, that this fund "shall not be used for the purchase, maintenance, or operation, and/or repair of any passenger automobile," unless there has been some abuse by the Alien Property Custodian. What are the facts that makes this language necessary?

Mr. WOODRUM. That is the same provision that was incorporated on all of the department bills last year when we struck out the right to use passenger automobiles for private use.

Mr. STAFFORD. This does not say that no automobile shall be used for private use, but it absolutely forbids the use of an automobile for any purpose.

Mr. WOODRUM. The committee thought that the Alien Property Custodian had no official duties that required the use of an automobile.

Mr. STAFFORD. I wondered when the work of this establishment was coming to an end. Can the gentleman tell us what the situation is in regard to that?

Mr. WOODRUM. They never come before us for any appropriation, and we make no appropriation for them at all. I can not give the gentleman the information.

Mr. STAFFORD. Sometime that must come to an end. I was wondering why we could not put in a mandatory provision terminating their activities.

Mr. Chairman, I withdraw the pro forma amendment.

The Clerk read as follows:

AMERICAN BATTLE MONUMENTS COMMISSION

For every expenditure requisite for or incident to the work of the American Battle Monuments Commission authorized by the act entitled "An act for the creation of an American Battle Monuments Commission to erect suitable memorials commemorating the services of the American soldier in Europe, and for other purposes," approved March 4, 1923 (U. S. C., title 36, secs. 121–133), including the acquisition of land or interest in land in foreign countries for carrying out the purposes of said act without submission to the Attorney General of the United States under the provisions of section 355 of the Revised Statutes (U. S. C., title 34, sec. 520; title 40, sec. 255); the maintenance of memorials erected by the commission until the Secretary of War is advised of their completion and assumes their maintenance; employment of personal services in the District of Columbia and elsewhere; traveling expenses; the establishment of offices and the rent of office space in foreign countries; the maintenance, repair, and operation of motor-propelled passenger-carrying vehicles which may be furnished to the commission by other departments of the Government or acquired by purchase; printing, binding, engraving, lithographing, photographing, and typewriting, including the publication of information concerning the American activities, battlefields, memorials, and cemeteries in Europe; the purchase of maps, textbooks, newspapers, and periodicals; $143,322, to be immediately available and to remain available until expended: *Provided*, That the commission may incur obligations and enter into contracts for building materials and supplies and for construction work, which, inclusive of the amounts herein and heretofore made available, shall not exceed a total of $4,500,000: *Provided further*, That notwithstanding the requirements of existing laws or regulations and under such terms and conditions as the commission may in its discretion deem necessary and proper, the commission may contract for work in Europe, and engage, by contract or otherwise, the services of architects, firms of architects, and other technical and professional personnel: *Provided further*, That the commission may purchase materials and supplies without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) when the aggregate amount involved does not exceed $500: *Provided further*, That when traveling on business of the commission, officers of the Army, serving as members or as secretary of the commission, may be reimbursed for expenses as provided for civilian members of the commission.

Mr. GOSS. Mr. Chairman, I reserve a point of order against the proviso beginning on line 4, page 5. I would like to ask the chairman of the subcommittee if it is necessary to give that power to engage architects and other technical personnel?

Mr. WOODRUM. The work is already completed, or will be completed in a few months. Then the work will be turned over.

Mr. GOSS. Why is it necessary to carry this language?

Mr. WOODRUM. Because there are some unexpired contracts that have been entered into.

Mr. GOSS. The second proviso exempts it from existing laws or regulations. Is that all it does?

Mr. WOODRUM. Yes; if it does not exceed $500.

Mr. STAFFORD. Would the gentleman from Connecticut have all these memorials constructed by American labor exported from this country for that purpose?

Mr. GOSS. I do not know that I would want to go that far, but I do not want to take men from America to Europe, and I think the reverse is true, that we should not bring men from Europe here.

Mr. STAFFORD. The gentleman would not favor incurring the ill will of France, where diplomatic relations are delicate just now, by requiring that American labor only shall be employed in these sacred memorial cemeteries?

Mr. GOSS. No. Mr. Chairman, I withdraw the reservation of a point of order.

The Clerk read as follows:

ARLINGTON MEMORIAL BRIDGE COMMISSION

For continuing the construction of the Arlington Memorial Bridge across the Potomac River at Washington, authorized in an act entitled "An act to provide for the construction of a memorial bridge across the Potomac River from a point near the Lincoln Memorial in the city of Washington to an appropriate point in the State of Virginia, and for other purposes," approved February 24, 1925 (43 Stat., p. 974), to be expended in accordance with the provisions and conditions to the said act, $294,675, together with not to exceed $25,000 of any unexpended balance of funds heretofore appropriated for this project to be available for widening and resurfacing the present road from the memorial entrance of the cemetery to the southeast cornor of the cemetery, conditioned upon the State of Virginia completing the construction of the Lee Boulevard link of the Virginia State highway system to the same point; of which not exceeding $20,000 shall be available for clerical and accounting service, including all necessary incidental and contingent expenses, printing and binding, and traveling expenses, to remain available until expended: *Provided*, That the commission may procure supplies and services without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) when the aggregate amount involved does not exceed $50: *Provided further*, That no part of this appropriation shall be used to pay for the cost of reconstructing and paving Constitution Avenue east of Virginia Avenue, as provided in the approved project, except for such portions as may abut upon Government-owned property, and not in excess of 40 per cent of the cost of such reconstructing and paving of that portion of the said street which so abuts.

Mr. STAFFORD. Mr. Chairman, I reserve the point of order on the paragraph. What is the reason for the limitation in the last paragraph forbidding any work of construction on Constitution Avenue east of Virginia Avenue and providing that it shall not be in excess of 40 per cent?

Mr. WOODRUM. Mr. Chairman, the original act provided that the Congress should decide what portion of this paving should be done and paid for by the Government. That is the proportion that has been carried in the act heretofore for that paving work, that the Government should not pay more than 40 per cent of it. We have carried the provision in the appropriation. It is simply the pro rata assessment against private property.

Mr. STAFFORD. Can the gentleman give the House any idea as to what the plan is for having Constitution Avenue paved and ready for use from Fourth Street westerly?

Mr. WOODRUM. They are working on it, but some of that project has been put off. The Bureau of the Budget thought it could wait. Some of Constitution Avenue down near the Memorial is in bad shape. It ought to be paved, but we have not included it in the bill.

Mr. STAFFORD. And there is not time to provide for the rebuilding and resurfacing of Constitution Avenue?

Mr. WOODRUM. Not at the present time. The work ought to be done. It is one of the projects that ought to be carried out.

Mr. STAFFORD. I rose largely to inquire about the expenditure of money by the Arlington Memorial Bridge Commission. On Tuesday morning I had occasion to accompany the Commissioners of Arlington County to determine whether the Government should transfer to Arlington County some Government land for this proposed Lee Boulevard link. I had not been over on the Virginia side for six or eight months. I was amazed at the amount of money that had been expended for an architectural structure on the westerly end of the Memorial Bridge. My impression was, as I viewed it, that if there was any case where expenditure of money running into half a million or more could have been postponed, it was in the ornate structure on the westerly end of that bridge. Yet Congress last year appropriated the necessary money to provide for work which was largely done by machine, and which is of an ornamental character. No doubt it should have been constructed some time, but it is one of a number of instances called to my attention where ornamental work running into millions and millions of dollars could well have been postponed without

delaying in any way the utilization of the project. I am not going to level a point of order against this appropriation for utilizing the Government money to pay its part of that new link for the Lee Boulevard Highway.

The members of the Committee on Military Affairs that accompanied the commissioners the other day were all impressed with the need for transferring the old right of way of the electric railroad and having that utilized for this link, coming down to the northeasterly end of the reservation, but I really think Congress made a mistake last year in making available all that money for purely ornamental purposes. I am not referring to the pavement that was in a dreadful condition eight months ago between the westerly terminus of the Memorial Bridge and Arlington Cemetery, but I do protest against the wasteful expenditure in these pressing times of half a million dollars purely for granite ornaments.

Mr. WOODRUM. Mr. Chairman, $340,000 was carried in the bill last year for this work, and that was a cut from $1,000,000. The cut was made for the reason that the committee and Congress felt that some of that work could be put off, but let me say to the gentleman in justification for the expenditure of $340,000, that the beautiful stone and granite that he saw in that magnificent memorial right of way over there had already been cut and was on the ground and the pieces numbered. It was there, and it was shown to Congress and the committee that to allow that stone to stay there for an indefinite time, on the ground, would not have been the course of wisdom, and Congress appropriated enough money to put in the driveway up to the road, and to put the stone in place.

Mr. STAFFORD. It is only another instance, just like these monumental piles around here, such as the Annex to the Post Office Building, of $5,000,000, and the façade to the State, War and Navy Building, of $3,000,000, which was checked. Congress has been going wild in the expenditure of money, which means nothing more than the utilization of machinery.

I withdraw the reservation of the point of order.

Mr. WOODRUM. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOODRUM: Page 6, line 3, strike out "$294,675" and insert in lieu thereof "$282,675."

Mr. WOODRUM. Mr. Chairman, that is a reduction of $12,000 on account of the differential in the sewer work that is being done. It was developed that some of the work provided in this bill is properly chargeable to the funds of the District, and that is being carried in the District bill.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GLOVER. I offer an amendment, Mr. Chairman, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. GLOVER: Page 5, line 18, after the period, strike out lines 19, 20, 21, 22, 23, 24, 25, and all of page 6.

Mr. GLOVER. Mr. Chairman, here is an item of $294,675 that can be taken out of this bill and if it is ever done it can wait until we get out of the depressed condition in which we are, and not hurt the Government or the work that has already been done. It can easily be delayed and that much money saved to the Treasury of the United States in this time of distress. It ought to be done. Already there has been spent on this bridge since the first appropriation in 1925, $12,041,987.16. You appropriate this time $294,675 and yet that does not complete it.

I read from the hearings a question asked by Mr. WOODRUM, to Colonel Grant.

You have spent up to November 1, 1932, a total of $12,041,987.16?
Colonel GRANT. Yes, sir.
Mr. WOODRUM. What is the total amount of the authorization?
Colonel GRANT. $14,750,000.

I submit that this kind of an expenditure of the people's money is not only ridiculous in this time of distress, but it is almost nonsensical. There are people in this country who can not pay their taxes. There are people whose homes are being sold under the hammer to satisfy mortgages. Here we are every day clamoring about balancing the Budget, and then you take nearly one-third of a million dollars out of the Treasury for this purpose, when it will not do one particle of good but will do that much harm. I believe that project never should have been undertaken in the first place. I was not here in 1925, but I say that is an expenditure of money that can not be justified by any man on the floor of this House. The people of the United States do not indorse that kind of action by this Congress.

I would like to know what the farmers of your country, who are so in distress, would think if they knew you were here voting for that sum of money for that bridge, which is already completed. I drive across that bridge once in a while. Everything is done to it that ever will be done to it, as far as crossing the stream is concerned. It will serve the purpose now just as well as it will if $294,675 more is spent on it this year. You can go on and spend the people's money in this way, but I say to you that the time is now here when we ought to call a halt on this thing. We can cut out this amount by my amendment and save taxing the people that much. We will save that much money for the Treasury of the United States. Who will be hurt? Not a soul on the face of this earth. There is a paved highway there now 60 feet wide, over which you can travel at 100 miles an hour if you are willing to risk it. There is nothing in the way of travel. This money is purely for some decorations over there.

Let me read some of the expenditures as shown by this report to date:

For construction work, $10,092,357.86.
For engineering work, $562,607.94.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. GLOVER. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia [Mr. WOODRUM]?

There was no objection.

Mr. GLOVER. Mr. Chairman, I had started to read some of the items. I believe I will read them all.

Office construction work, $40,997.14.
For professional services, consulting engineers, $222,964.29.
Other services and expenses, $49,688.34.
For engineering work, $562,607.94.

I wonder how they got that 94 cents in? That was to be accurate, I suppose.

For architectural work, $188,678.58.
For landscape work, $22,156.20.
For contingent and miscellaneous expenses, $66,853.72.

If you will notice this, every time it comes out with an odd cent for expending these large sums of money. That sounds a little "fishy" to me.

Let me see what else there is here. It reads:

Of which not to exceed $20,000 shall be available for clerical and accounting service.

Accounting for what? They ought to be accounting for about $12,000,000 that has been spent down there. But that is not what it is for. It reads:

Including all necessary incidental and contingent expenses, printing and binding, and traveling expenses.

Bless your life, they want $20,000 here for traveling expenses for this thing that is already completed.

Now, I say to you if we mean to have economy, if we are for economy, here is the place to start. If you vote for this amendment of mine, you will save putting a burden of $294,675 on the backs of the taxpayers of this country, who are already burdened with a load they can not carry.

I ask you to support the amendment, and I assure you it will not damage anybody nor inconvenience anybody in traveling across the bridge. You have crossed it. You know how wide it is and how accessible it is. You can run six or seven cars along side by side going over it. There is a highway on the other side of about the same width.

What is the use of going on spending money in this way when even this is not the end of it? We are told in the hearings that there is more yet to follow before this thing is completed. I say it is time to call a halt in the matter. It is not needed at this time. So, for the sake of the now burdened taxpayer, let us save some money on this project.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. ARENTZ. Why is it necessary to import this black German peat in square packages to enrich soil along the highway?

Mr. WOODRUM. That comes under the boulevard highway. This amendment is on the Arlington Memorial Bridge. I will answer the gentleman from Nevada when I get to the boulevard highway. I wish to answer the gentleman from Arkansas first.

If the position of the gentleman from Arkansas is logical, then if we take out of every Federal appropriation bill the money which is being spent for public works by the same argument it has been saved, by the same reasoning we could stop work on every building we have started, repudiate every contract with contractors doing the work, let them go into the Court of Claims and sue us and save money. As a matter of fact, it would result in no saving.

It is no time now to decide whether the Arlington Memorial Bridge should have been built. There are many projects now under way which if we were considering now we would hesitate to embark upon; but we have a different situation to face; the work has been undertaken, and this bill authorizes simply enough money to carry on this project and to carry out and discharge the obligations the Arlington Memorial Bridge Commission has entered into.

Mr. LAGUARDIA. The gentleman will recall that we had a similar outburst of economy either last year or the year before, when the gentleman from New York [Mr. TABER] offered a limitation on this appropriation and the next day admitted that the material was available, that the commitments had been made, and that it would cost us more next year if we carried out the provisions of his amendment.

Mr. TABER. If the gentleman will yield——

Mr. LAGUARDIA. Is not that right?

Mr. TABER. The net result of the operation was a cut, as I remember it, of about $500,000.

Mr. WOODRUM. That occurred last year.

Mr. TABER. The net result of my operation was a cut of $500,000.

Mr. LAGUARDIA. The gentleman withdrew his amendment the next day, and the RECORD will show it.

Mr. TABER. The RECORD will not show it.

Mr. WOODRUM. I can set the matter straight. After we got all the way through the bill I came back and prevailed upon the committee to allow a portion of that fund to be reinserted, upon the showing in a letter from Colonel Grant that the stone was cut and on the ground. The gentleman from New York very graciously and properly agreed to the amendment.

Mr. Chairman, this appropriation has been cut by the Bureau of the Budget and by the committee just as low as it possibly can be cut without causing the Arlington Memorial Bridge Commission to repudiate existing contracts and to suspend operations on work they are actually doing that is necessary for the project.

Mr. HOWARD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. HOWARD. Will the chairman of the committee explain the meaning of the proviso beginning in line 14 on page 6?

Mr. GOSS. It does away with the lowest bidder.

Mr. WOODRUM. For the purchase of small amounts of material or for services rendered the aggregate amount of which is under $50, it provides that they will not be put to the expense and cost of advertising for bids.

The CHAIRMAN. The question is on the amendment of the gentleman from Arkansas.

The question was taken; and (on a division demanded by Mr. GLOVER) there were—ayes 9, noes 33.

So the amendment was rejected.

The Clerk read as follows:

CIVIL SERVICE COMMISSION

Salaries: For three commissioners and other personal services in the District of Columbia, $789,300.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 9, line 21, strike out "$789,300" and insert in lieu thereof "$650,000."

Mr. TABER. Mr. Chairman, this is a cut of $139,000 on the appropriation for the office force and the examining force in the District of Columbia. The burden upon the Civil Service Commission has been growing less and less with the situation of the Government. Instead of holding examinations now, they are making up lists of surplus employees from bureaus which are under the control of the commission and who are available; and appointments are made from these lists.

In some cases examinations have been held even though these pools existed, and lists created from which no appointments were made.

In 1927 the number of central office examinations was 343, and in 1932 it was 48. Frankly, from the information I have been able to secure, I do not believe the number for 1934 will exceed 25.

The number of district examinations in 1924 was 7,729, and it 1932 it was 2,441, or less than one-third. In 1934, with the number available in pools for transfer and with the number of surplus employees in all the different post offices in the country who are available for transfer, I do not believe the number will exceed 1,500.

It seems to me we can very well cut this appropriation by another $139,000. I do not believe the work will anywhere near provide employment for those who are over there. Last year an extra 30-day furlough was given, and last year the work of holding examinations was double what it will be next year.

It seems to me this appropriation and the one that follows, in line 22, can very well be cut. I think I have been very conservative in the amount I have suggested and I only propose a cut commensurate with the cut in the work they will have to do.

Mr. MILLARD. Will the gentleman yield?

Mr. TABER. Yes.

Mr. MILLARD. Is this an increase over last year?

Mr. TABER. No; it is a cut. The amount recommended in the bill by the committee is a cut of approximately $198,000.

Mr. MILLARD. According to my figures it is an increase of $75,000 in the item referred to over last year.

Mr. TABER. That is not the way I understand it. The Budget estimate is $71,000 below the amount appropriated for last year.

Mr. MILLARD. Last year it was $716,000, and this year it is $789,000.

Mr. TABER. No; last year it was $861,000 according to the report, and I have not any better information.

Mr. MILLARD. I compared it with last year's Budget.

Mr. RAMSPECK. Will the gentleman yield?

Mr. TABER. Yes; I yield.

Mr. RAMSPECK. I think the gentleman from New York has disregarded the fact that we are going to have a lot of postmaster examinations during the next fiscal year.

Mr. TABER. The postmaster examinations do not come out of this fund. They come out of a later fund, which is reached under a separate paragraph in the bill.

Mr. RAMSPECK. And, in addition, there will be a lot of changes in personnel.

Mr. STAFFORD. Is it a part of the Democratic faith that they are going to take the postmasters out of the spoils system and put them under the civil service?

Mr. RAMSPECK. Personally I am in favor of that.

Mr. TABER. I do not know about that. I do not know whether they are going to violate all the rules of the civil service law or not. I hardly expected it. I assumed they were going to leave most of these civil-service employees in Washington alone.

Mr. RAMSPECK. I want to say to the gentleman from Wisconsin [Mr. STAFFORD] that if I had my way I would put them all under civil service.

Mr. STAFFORD. The gentleman is a lone Democrat in the espousal of that faith.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I was aware of the attitude of my colleague on the committee, the gentleman from New York [Mr. TABER], and after he notified the committee of his intention to ask for a substantial cut in this appropriation, the committee reassembled and reconsidered the appropriation for the Civil Service Commission.

I may say that prior to the meeting of the committee this year, at the request of the subcommittee the Bureau of Efficiency made a very thorough study and canvass of the activities of the Civil Service Commission to see if it were possible at any place to make savings or if there were any surplus personnel. I have in my hand a very voluminous and very exhaustive report of the survey made by the Bureau of Efficiency.

I believe my friend, the gentleman from New York, bases his idea that this commission can take such a drastic cut upon the fact that fewer Civil Service examinations are being held. This is true, but as my colleague has pointed out, there are going to be a great many postmaster examinations, and my friend from New York is not entirely accurate when he says that none of this appropriation goes for postmaster examinations, because I am advised by the commission that it does.

Mr. COCHRAN of Missouri. Will the gentleman yield? I want to say to the gentleman and the House that since November 28 the Post Office Department has not made one request on the Civil Service Commission to hold examinations for postmasters, even though a vacancy occurred. In other words, they are waiting until March 4, and then it will take several months. So the Republicans can hold over that long.

Mr. SNELL. What is the use of having examinations when you are not going to confirm any appointments?

Mr. COCHRAN of Missouri. So that we can have them ready.

Mr. SNELL. I would like to give the gentleman some eligibles if you will confirm the appointments.

Mr. TABER. I want to call attention to the fact that in a subsequent paragraph there is $36,570 for presidential postmaster examinations, of which amount $33,520 can be expended in the District of Columbia.

Mr. WOODRUM. That is true, but a part of the general overhead of the Civil Service Commission for the operation of the committee extends into this appropriation, to which the amendment of the gentleman from New York applies.

Now, in 1931, 423 of the personnel employees of the civil service were engaged in the work of the commission in no way connected with holding competitive examinations. In 1933 there were 400 of their personnel engaged in that work, whereas in 1931, 306 members of their organization were engaged in competitive examination work. The estimate for 1934 is for only 120, showing, even in the reduced personnel, the holding of the examinations has been effective for 1931, when 42 per cent were engaged in competitive examinations, and 1924 only 23 per cent.

It is all right and very well for a Member of the House to offer an amendment making a cut. It sounds good and looks good, but I know the gentleman from New York is as much interested in these cuts of the departments as the rest of us are; and I want to submit to him that the subcommittee, after thoroughly going into the subject, was unable to find any place where appropriations could be reduced, if you expect the Civil Service Commission to carry out the functions placed on it by the organic law.

Mr. GOSS. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. GOSS. I see here there is an increased appropriation for travel by $19,000. We have not reached that provision yet, but we are discussing this whole thing, and I notice on page 22 it says that there is a reduction of $19,000. That should really be an increase, should it not?

Mr. WOODRUM. The gentleman will find that sort of a situation occurs in several appropriations, for this reason: The gentleman knows that after the bill passed the House last year the Senate arbitrarily cut many departments, and they had to apportion it. Last year they took it off of traveling expenses, and the Civil Service Commission had to give its own personnel a furlough in addition. It is estimated that they had a cut of 18 or 20 per cent.

Mr. GOSS. I was wondering, upon the basis of the gentleman's statement that there are not so many examinations to be held, why it is necessary to increase the appropriation $19,000 this year.

Mr. WOODRUM. It is increased over last year, but the 1932 figure was $85,000. It is increased over the last year because the economy act arbitrarily cut and they had to apportion it somewhere, and they took it off the traveling expenses.

Mr. GOSS. It is necessary to have that, is it?

Mr. WOODRUM. It is necessary to have that.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. STAFFORD. I notice that in this item the subcommittee has agreed with the Budget estimate. We do not have to have official information as to the status of the work in the Civil Service Commission. I am rather influenced by the statement made by the gentleman from New York [Mr. TABER] that if there is any item that can stand a cut without doing injury to the service, political or otherwise, it is this item.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that his time be extended five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STAFFORD. Here we are appropriating $700,000.

Mr. WOODRUM. I call the gentleman's attention to this fact, that the appropriation for 1934 for the Civil Service Commission is over $500,000 under what it was for 1932. It was cut last year down to the bone, and beyond the bone.

Mr. STAFFORD. How much under the 1932 appropriation is it?

Mr. WOODRUM. $500,000.

Mr. STAFFORD. I challenge that statement of the gentleman. Before I took the floor I examined the amount of the appropriation for 1932, and I found for salaries that we appropriated $863,370.

Mr. WOODRUM. But I was talking about the whole appropriation.

Mr. STAFFORD. I am talking of that character of work, namely, the clerical force down here in the department, which we know is not being utilized, because they are not filling vacancies. We phone down to the Civil Service Commission and are told that the eligible lists for a year or two years are still serviceable, and that it is not planned to have any additional examinations. There is no attempt on the part of this side or any Member of the House to try to curtail the rightful activities of this establishment, particularly so far as the examination of postmasters is concerned, but that is a very, very small part in the expenditure of this appropriation.

Mr. WOODRUM. This particular item is $74,000 under what it was in 1932.

Mr. STAFFORD. Yes, and I say, in view of the fact that we know that in the next fiscal year there will not be any change in the method of appointments and the Civil Service, that this appropriation of all appropriations can be cut without doing any violence to the service.

Mr. PITTENGER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. If I have the time.

Mr. PITTENGER. As a matter of fact if they are going to cut this to the extent of the amendment of the gentleman from New York, it will cripple the work of the Civil Service Commission.

Mr. WOODRUM. There is no question about that.

Mr. STAFFORD. Wherein?

Mr. PITTENGER. In the general work they do.

Mr. SUMMERS of Washington. Mr. Chairman, I move to strike out the last two words. I think we all recognize the importance of the work being done by the Civil Service Commission. The subcommittee is just as anxious as any member of the whole committee or any Member of the House of Representatives to cut appropriations wherever we can do so; but it is not good economy, in my opinion, to cut the appropriation for the Civil Service Commission below where it now is. Many of the lists in existence were prepared long before many efficient employees who are now walking the streets were thrown out of employment. They have not the opportunity of competing at all in an examination that might be held and probably should be held at this time. There are innumerable examinations that must be held. Instead of about a thousand yearly for presidential postmaster appointments, the commission estimates that during the next year there will be 4,000 of such examinations held.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. SUMMERS of Washington. Yes.

Mr. STAFFORD. The gentleman does not mean that they will require several hundred thousand dollars for that purpose? That is a small modicum of the work.

Mr. TABER. And there is a separate appropriation for that?

Mr. SUMMERS of Washington. I understand about the separate appropriation, but as the gentleman from Virginia [Mr. WOODRUM] has said, this appropriation covers a part of that. It is all interwoven, in the overhead that must be maintained. The appropriation as it was cut last year necessitated not only the application of the legislative furlough but an administrative furlough, so that the employees in the Civil Service Commission had to accept about seven weeks instead of four weeks' reduction during the last year.

Mr. WOODRUM. I call attention to the fact that you will find by a comparison in the bill that the appropriation for the combined personnel in the Washington office and in the field, as it is estimated for in this bill, is $219,010 less than it was in 1932, which shows a substantial and drastic cut.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. SUMMERS of Washington. I yield.

Mr. SNELL. In the investigation, does the gentleman find that they intend to hold very many examinations in the immediate future? I have had occasion to call them up within the last month on half a dozen different items, and each time they told me they had such a long eligible list that they did not intend to hold any examinations of that character for several months to come.

If they do have this long eligible list, how are they going to use these men? As far as the postmasters are concerned, the country has gone Democratic, and I am willing they should have the postmasters, and I want them to have any examinations they desire, but I am talking about the clerical force in Washington. Every time I have called up they have told me, "We are not filling any positions, and we do not intend to hold any examinations." That is the information I get.

Mr. FULLER. Will the gentleman yield?

Mr. SUMMERS of Washington. I yield.

Mr. FULLER. As leader of the minority, the gentleman from New York would not want to place himself in the attitude of objecting to the incoming administration holding as many examinations as they wanted to?

Mr. SNELL. I made that statement, that I am willing you should hold all the examinations you want to. I am one of those who believe that the offices belong to you and you have a right to take them. I am not quibbling about that, but I am talking about the general examinations held in Washington to fill clerical positions.

Mr. FULLER. We do not expect to do more than you have done. The gentleman would not want to advise his friends on that side of the House to handicap us in the matter of examinations?

Mr. SNELL. I do not want to handicap you, but I am simply stating the information I have received myself from the Civil Service Commission. I had asked if the investigation showed they intended to hold more examinations than there was any reason for.

The CHAIRMAN. The time of the gentleman from Washington [Mr. SUMMERS] has expired.

Mr. SUMMERS of Washington. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. SUMMERS of Washington. Aside from the committee hearings, I have given considerable thought and investigation to commission requirements, and it is my candid judgment that they do need all the money that is carried in this bill, in order that they may properly conduct the duties that are imposed upon them.

The CHAIRMAN. The time of the gentleman has expired.

The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and on a division (demanded by Mr. TABER) there were ayes 14 and noes 20.

So the amendment was rejected.

The Clerk read as follows:

Field force: For salaries of the field force, $412,600.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment by Mr. TABER: Page 9, line 22, strike out "$412,600," and insert in lieu thereof "$350,000."

Mr. TABER. Mr. Chairman, the same thing which I stated with reference to the other amendment applies to this, except that it applies with all the more force, because practically every duty of the field force is in connection with examinations and looking up things in connection with them. There are absolutely no examinations which will be held that amount to very much out in the field, because of the great surplus pool out of which all appointments will be made.

I hope the House will adopt the amendment and save some money.

Mr. WOODRUM. Mr. Chairman, the same argument.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The amendment was rejected.

The Clerk read as follows:

No details from any executive department or independent establishment in the District of Columbia or elsewhere to the commission's central office in Washington or to any of its district offices shall be made during the fiscal year ending June 30, 1934; but this shall not affect the making of details for service as members of the boards of examiners outside the immediate offices of the district managers. The Civil Service Commission shall have power in case of emergency to transfer or detail any of its employees herein provided for to or from its office or field force.

Mr. GOSS. Mr. Chairman, I reserve a point of order on lines 6 to 8, inclusive, on page 10. Why should this one department of the Government be allowed to transfer its employees from one place to the other? It is the only department that I know of which does that.

Mr. WOODRUM. Because of the very peculiar and unusual duties which they have to perform in making the character of investigations they must make in the field. If we undertook to require them to have a permanent force in

the field to make these periodic examinations, it would increase the cost of Government very much, and we do not want to do that now.

Mr. GOSS. On page 9 there is an amount of $789,000 for salaries of commissioners in the District, and another item of $412,000 for the field force.

Mr. WOODRUM. The Civil Service Commission has always had the right to transfer its personnel from the main office to the field force wherever it appeared necessary in the conduct of their work.

Mr. GOSS. But it is the only one in the Government that does it, is it not?

Mr. WOODRUM. It is the only Civil Service Commission in the Government.

Mr. GOSS. Mr. Chairman, I withdraw the reservation of the point of order.

The Clerk read down to and including line 9 on page 12.

Mr. WOODRUM. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. RAYBURN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill H. R. 14458, the independent offices appropriation bill, had come to no resolution thereon.

ANNUAL REPORT OF DIRECTOR OF PUBLIC BUILDINGS AND PUBLIC PARKS OF THE NATIONAL CAPITAL

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Public Buildings and Grounds:

To the Congress of the United States:

I transmit herewith, for the information of the Congress, the annual report of the Director of Public Buildings and Public Parks of the National Capital for the fiscal year ended June 30, 1932.

HERBERT HOOVER.

THE WHITE HOUSE, *February 1, 1933.*

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WIGGLESWORTH (at the request of Mr. MARTIN of Massachusetts), indefinitely, on account of illness.

COMMENCEMENT OF THE TERMS OF PRESIDENT, VICE PRESIDENT, ETC.

The SPEAKER laid before the House a communication from Theodore Dammann, secretary of state of the State of Wisconsin, announcing that the Legislature of Wisconsin had ratified the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

FINANCIAL ROAD TO ECONOMIC RECOVERY

Mr. BACON. Mr. Speaker, I ask unanimous consent to insert in the RECORD as an extension of my remarks a speech made on Tuesday by the Secretary of the Treasury.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BACON. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made on Tuesday by the Secretary of the Treasury before the Columbia Institute of Arts and Sciences.

After almost four years of a world-wide economic depression, characterized by an enormous contraction of business and commerce; a precipitous though uneven decline in price levels; dislocated foreign exchanges; currency depreciation and instability in many countries; the erection of arbitrary trade barriers, and the dislocation of world markets, it is not surprising that there is much confusion of thought and a general bewilderment as to the most effective point at which these manifold difficulties are to be attacked. Nor is it to be wondered that many people, dissatisfied at the slow progress made in reestablishing a foundation for recovery—though progress has been made—instead of recognizing the need of attacking the several basic problems one by one, seek through some general formula to remedy the universal malady even at the cost of sacrificing certain fundamental principles, the disregard of which has inevitably brought increased disaster in the past. Under the stress of the times they seek to minimize or fail to realize the vital importance of maintaining beyond question the credit of the Government, upon which in the final analysis our entire public and private credit structure depends, and of preserving at all costs the most valuable of national assets—a sound currency.

In doing so they advocate the very policies which we so severely criticized when followed by other countries heavily beset with difficulties, and the disastrous consequences of which as applied to others we saw with a clarity of vision which seems to be lacking in our own case. There is a great distinction between viewing these problems objectively and coming to grips with them ourselves. But wise and cool-headed men will retain their objective viewpoint and apply to the conduct of their own fiscal affairs that clear judgment they applied to the fiscal affairs of others.

Visit those countries of Europe which, through force of circumstances rather than choice, experienced the panacea of inflation and you will find that they fear inflation more than any other economic phenomena. They know what it means, for they have learned in the hard school of experience.

WOULD PARALYZE ECONOMIC LIFE

We have had a sound currency for so long that we take the soundness of the money which we handle for granted, and it is difficult for us to picture the ruinous effects of currency depreciation. Whereas our purchases and sales, in fact, all of our daily reckonings, have been expressed in terms of a definite standard, a fixed quantity of gold, these means of daily transactions would, if the inflation were violent enough to force us off the gold standard, have to be conducted on the basis of a dollar of doubtful, ever-changing, and ever-declining value. We can not adequately picture the disastrous and paralyzing effect on the economic life of the Nation which would result from the necessity of carrying out the simplest and the most complicated business and financial transactions in the terms of a monetary unit of doubtful and shifting value.

For the first time in almost half a century our Nation is called upon to face the fundamental problems involved in the maintenance of the national credit and of a sound currency. I except the war-time period when, under totally different circumstances, we faced financial problems of the first importance.

There are two main groups of proposals seeking a short cut out of the depression by means of governmental action in contract with what, for want of a better name, I may call an orthodox or semiorthodox program. These two groups are by no means distinct and separate. They tend to overlap and both would probably reach the same terminal, though by different routes.

INFLATION BY DEFICITS

The first group would bring about inflation by the piling up of large governmental deficits that can not be met through normal borrowing operations, of which proposals for a huge public-works program is an example; the second, by partial or complete debasement of the currency. Under the first program the Government must inevitably resort to the central banks of issue. They, not acting on their own volition but the Government compulsion, are driven to provide the basis for a credit increase. Such a procedure was resorted to during the war. In fact, many of our agricultural troubles to-day are directly traceable to this war-time inflation of prices of agricultural products and land. The best example, however, is furnished by the course of events in France after the war.

The French Government, faced with recurring deficits, turned to the Bank of France for funds. The Government gave its promissory notes to the bank. The bank in turn gave bank notes to the Government. The currency was paid out by the Government to meet current expenditures. The procedure reduced the value of the franc from 19 cents to 2 cents, and complete collapse of the monetary system was threatened before the inflation was brought under control.

Under the second and more powerful method of inflation the United States Government would issue a paper dollar which would have no value except for the say-so of the Government. It will be urged, of course, that the promise of the United States Government is worth a great deal. It is under ordinary circumstances and when the Government conducts its business with prudence and in accordance with the dictates of sound financial policy. But if the Government of the United States should undertake to print and pass out "say-so" money, it would at once destroy confidence in all United States currency.

The people know that greenbacks depreciated to 35 per cent of their face value. They know that the "say-so" marks printed by the German Government depreciated from a value of 24 cents to zero. They know that, once the United States embarks on this course, United States currency is going at once to depreciate in value.

WOULD HALT GOLD PAYMENT

What would happen? It should be recognized that the bad effects of such currency issues would be immediate and would occur even if the issues were moderate in amount, but in order to have an effect on prices the issues would have to be of very large dimensions. So long as our currency were redeemable in gold every holder of currency, everyone with a bank balance, every foreigner with balances in this country or American securities, would at once convert them into gold. In a very short while our gold stock would approach exhaustion. We would be obliged to sus-

pend gold payment. We would then find ourselves on an irredeemable paper-currency basis, with currency that, as the vicious spiral of inflation circled upward, would constantly decrease in value.

The first effect would be to enormously diminish the value of all savings. Every man or woman whose savings were deposited in savings banks, or which took the form of insurance policies, or are represented by investments in bonds or mortgages, other than those payable in gold, would find their savings and their income from those savings correspondingly reduced.

Prices and the cost of living would rise very rapidly.

While wages and salaries would also rise, they would lag behind, so that though business would in the early stages be stimulated, and to that extent unemployment relieved, the wage-earning and salaried classes would find themselves involved in a situation from which there would be no escape, with their real wages and standards of living falling steadily. Production, stimulated by rising prices, would increase rapidly. But with the decreased purchasing power of the fixed income and of the wage-earning classes there would soon develop a serious maladjustment which would eventually result in collapse.

FARMER WOULD LOSE IN END

The farmer would appear, in the first instance, to be the gainer. If his mortgage were not payable in gold, he could pay it off in cheap currency. Rising prices would be reflected in what he received for his products. But the rise in the prices of what he must buy would soon offset the gains. Furthermore, as the values of farm land rose through the process of inflation, new debts would be incurred at the higher levels, and when the final crash came he would find himself worse off than ever, with a much heavier burden of debt and his markets destroyed. While inflation at some stages in the process and at some points appears to correct some of the evils arising during a period of deflation, the one outstanding characteristic of the movement is that once started it soon becomes completely out of control and pursues an irresistible course until it collapses.

All experience teaches that, whatever the earlier appearance may be, all classes are ultimately adversely affected by the process of inflation, and eventually it results in ruin to the economic life of a nation and brings terrible disaster to all of its people.

While I believe that increases in commodity prices over prevailing depression levels would be clearly desirable, any attempt to lift prices through currency manipulation is based on an utterly false conception of the problem which is presented by declining commodity prices.

PROGRAM FOR SOUND RECOVERY

The kind of program which I would like to see initiated and which I think would lay a foundation for a sound recovery is as follows:

First, a balanced Budget; second, an easy-money policy consistently pursued by the principal central banks; third, a definite attack on the debt problem, not by wholesale treatment but by setting up adequate machinery to deal with different categories of debts; fourth, a settlement of the foreign-debt question; fifth, a stabilization of world exchanges by a return in the first instance to the gold standard by the more important commercial and industrial countries; sixth, the lifting of arbitrary trade barriers.

I believe that if these measures were carried through in a broad and constructive spirit the stimulus to world economy would be so great that there would be an immediate response in the way of an industrial and commercial expansion and a marked increase in prices, accompanied gradually by essential readjustments.

Before leaving this subject and presenting to you briefly the budgetary problem proper, I should like to quote what I consider a very pertinent statement made by William Graham Sumner in 1896, when the question of cheapening the dollar was an active issue:

"The plain fact, therefore, to be faced without any disguise is that we are invited to debase the coinage and lower the standard of value, now and for the future, as a free act of political choice, to be deliberately adopted in a time of profound peace, and that this is to be done with the intention and hope that it will perpetrate a bankruptcy at 50 cents on the dollar for all existing debtors. Can this project be executed? It can not. The scheme and plan of it for a nation of 70,000,000 people is silly and wicked at the same time, and is both beyond the power of words to express. The projectors of it deal with the economic phenomena of a great nation as if they were talking about a game at cards, and they plan to do this with prices and that with debts, this with exports and that with banks, as if they were planning a program for building a barn. If we try to realize the operation proposed, we shall see how childish and absurd it is."

THE BUDGET PROBLEM

Turning now to the Budget problem, balancing the Federal Budget is not an academic formula insisted on by an over-nice Treasury, nor a catchword designed to bring pressure on a recalcitrant Congress any more than deficits are mere matters of accounting practice. Both are realities from which, in spite of all the arguments and talk, certain definite consequences flow.

Under existing conditions it requires a very determined effort to balance a budget. This effort involves the task, difficult enough under the most favorable circumstances, of cutting Government expenditures at the very moment when there is pressure to expand them for all manner of purposes. To avoid the necessary effort, or to permit these desired expenditures, specious arguments are advanced which run all the way from denying the existence of a deficit "in a true economic sense" to the contention that deficits are of no real consequence and may for the present be disregarded.

As to the existence of deficits, from June 30, 1930, to December 31, 1932, the Treasury has found it necessary to increase the public debt by $3,875,000,000, exclusive of borrowing necessitated by loans to the Reconstruction Finance Corporation. This is a fact. During the three fiscal years ending with the current one, the Government will have failed to effect a reduction of $1,230,000,000 of public debt as required by the sinking-fund provisions applicable to our public debt, which are in effect a contract with the holders of our securities. This also is a fact. As a result of these two facts, instead of reducing our war debt during this period by $1,230,000,000 we have actually increased it by $3,875,000,000.

Now there are those who maintain that under some theoretical system of accounting the Government would have been justified in treating construction expenditures, for example, as capital items in order to spread the burden on the Budget over a number of years and so, as a matter of bookkeeping, either reduce the size of the deficits or even eliminate them entirely.

No matter how the Treasury set up its accounts, the fact of a huge increase in the public debt would remain. The failure to cover our sinking-fund requirements would not disappear. The increased amount of Government securities outstanding would not be retired. The uncertainty as to the Government's position in the money market as a borrower would not disappear, but rather would be increased. The difficulties incident to the management of the public debt under existing conditions would become more complex, rather than less. Fancy bookkeeping might give a false sense of security to the unwary and a specious argument to the spenders, but it would not alter the fact that the United States Government will have closed three fiscal years with large deficits and with a large increase in the public debt, and that all experience teaches that continuing deficits entail serious consequences.

CAPITALIZING IMPROVEMENTS

I know all of the arguments in favor of capitalizing governmental expenditures applied to so-called permanent improvements, of excluding them from the current Budget, and of issuing bonds to cover them. I have heard them for years. They have never appealed to me as sound, and to-day they appeal to me less than ever, since I know that these same arguments have enabled politicians and contractors all over the United States to saddle on States, municipalities, and local governmental subdivisions in the course of the last 12 years some $10,000,000,000 of public debt. I am not speaking from a theoretical standpoint. I am speaking from the standpoint of actual experience. I served in the State legislature. I was chairman of a committee that devoted over a year of its time to the special study of our State tax financial system. I was a member of the committee on finance of the State senate. When I was in Congress I was for five years a member of the Ways and Means Committee. I have served for six years in the Treasury Department of the United States Government. I can claim, therefore, to have had a fairly broad experience in the field of public finance.

Everything that I have learned in the course of these many years has led me to the definite conclusion that the cash accounting system of the United States Treasury, subject, of course, to improvement in the future as in the past, is in principle the best and wisest system from a practical standpoint for a government such as ours to follow.

It is said that business corporations capitalize improvements. But there is this great difference between business corporations and the Government. Capital improvements by business corporations are productive in character and are intended to produce enough revenue to pay for the indebtedness over a given period of years. Generally speaking, this is not true of capital improvements made by the Government. With very few exceptions these new Government buildings represent cash liabilities rather than assets. They require additional funds for repairs and upkeep. The claim that has been so frequently made that the savings in rental would be enough to cover fixed charges, running expenses, repairs, and depreciation will not bear examination. Under the present building program, of the buildings completed up to January 1 last, replacing leased quarters, we are spending on running expenses alone $1,130,000, as compared with the rental for accommodations previously leased of $475,000.

GIVES EXAMPLE OF FALLACY

Let me illustrate. In the town of X, let us say, we are paying $2,400 to rent the necessary accommodations for a post office. The Government erects a $100,000 building. Without figuring the cost of land, interest on the investment, the maintenance cost of that building amounts, together with depreciation, to $6,300 per annum. In other words, whatever the other charges may be in dollars and cents, the new post office in this particular town costs the United States Government $3,900 more a year than the rented quarters did. To say that we should capitalize this new liability and issue bonds against it because it is analagous to what a manufacturing corporation does when it erects a new building, or a railroad when it builds a new connecting link, which are expected to pay for themselves, is, to say the least, illogical.

Moreover, it should be pointed out that in budgeting for Federal-construction expenditures we are dealing primarily with relatively continuous operations and not with isolated and nonrecurring expenditures. This is more than a question of mere



accounting. Inevitably it has an important bearing upon the effective control of expenditures which clearly is one of the most pressing issues in the field of public finance to-day.

Those of us who have been responsible for the fiscal policies of the Government during this trying period can not be accused of having acted hastily and harshly in attempting to bring the Budget into balance. During the first two years of the depression the Treasury refrained from urging increased taxes, or from exerting pressure for the curtailment of expenditures that might possibly be useful in cushioning the effects of business contraction. We recognized that during the days of plenty the public debt had been retired at a rate faster than originally contemplated, and that as a result it may fairly be contended a reserve had been set up which we were justified in drawing on in order to avert the imposition of new tax burdens in a time of stress. We only became insistent in the matter of balancing expenditures and receipts when it became apparent that the size and recurring character of the deficits had reached a point where the situation might get out of hand, with all of the consequences which experience has taught us would follow.

CREDIT REQUIRES BALANCED BUDGET

We are insisting to-day on the necessity of bringing the Budget into balance not from a theoretical standpoint but because this represents one of the essential steps to be taken as part of a program of economic rehabilitation. There is no doubt as to the importance of the credit factor in the present depression. Nor is it open to dispute that a sound and unquestioned Government credit is the cornerstone upon which an expanded credit structure must rest. By that I do not mean to imply that there is to-day any question as to the soundness of the credit of the United States Government. There is not. As a result of the vigorous program followed insistently for the last year, that danger has been averted. But it will remain out of the picture only so long as the Government recognizes the absolute necessity of adhering unswervingly to the principle of a balanced Budget. Break down the principle, disregard this fundamental policy, and you embark on a downward slope upon which it becomes increasingly difficult to arrest your course.

Assurance and confidence on this basic point can not be maintained by mere lip service. What is essential is clear evidence that the finances of the Government are under control, and, in the last analysis, this can be given only by the readiness and determination of the Congress promptly to make provision for the Budget.

EASY-MONEY POLICY

If we keep on pumping out Government securities a point must be reached at which the question arises not necessarily as to the ultimate credit standing of the Government but as to its ability to maintain the value of its securities in the face of a constantly increasing volume. When this point is reached banks and investors hesitate to buy because of the fear of future depreciation. Interest rates will tend to rise with each new issue. Ultimately the point might be reached where central bank credit has to be invoked to support the credit of the Government, and when that point is reached we have entered the field of destructive inflation.

Moreover, a continuation of recurring deficits, even on a moderate scale, necessarily restricts the freedom of action with which the central banks can conduct their credit operations. I think it will be universally agreed that at this particular stage in the period of depression an easy-money policy on the part of the Federal reserve banks is highly desirable. Such an easy-money policy can best be pursued through means of open-market operations. These are necessarily hampered by unbalanced budgets, for their effect, even though indirect, partakes of the character of mopping up Government deficits. Paradoxical as it may sound, if we are to pursue sound policies, one of the surest means of bringing about a condition which will permit easy money and expanding credit is a balanced Budget rather than a Government deficit.

But aside from central bank policy the retirement of the Federal Government from the money market as a constant seeker for new funds would have a stimulating effect on the capital market, to which we must look for the initial impulse toward recovery.

From the standpoint of the Treasury a balanced Budget should permit large saving in interest charges, not only through the prevention of a further increase in the public debt but because it would enable the refunding on favorable terms of bonds bearing a high rate of interest, and which by October, 1933, will be callable in an amount not far from $7,000,000,000. A lower interest charge on such a large volume of Government securities would affect long-time interest rates. Lower rates and increased bond prices would stimulate the capital market and create one of the conditions essential to business recovery. The goal is so definitely possible of attainment and the results will be so beneficial in many directions that one can not help but be impatient at the difficulties and delays; and even more impatient at the uncertainty.

ACTUAL BUDGET SITUATION

Turning to the actual Budget situation, the picture is as follows:

Our total expenditures for this fiscal year which ends June 30 next will aggregate $3,771,000,000, exclusive of public-debt retirements. These expenditures will be devoted to the following purposes: $695,000,000 are required for interest on the public debt, $134,000,000 represent excess of postal expenditures over receipts, $87,000,000 customs drawbacks and internal-revenue refunds, $21,000,000 payments to the Civil Service retirement fund, and $157,000,000 on trust fund account, such as the Government life-insurance fund, trust funds for the benefit of Indian tribes, expenditures of the District of Columbia government, etc., or a total of $1,094,000,000 of unavoidable obligations. We shall expend about $630,000,000 for national defense—an amount which, until greater progress is made in international disarmament, can not be safely reduced; about $920,000,000 on our veterans (both exclusive of construction items), and about $600,000,000 on public works in completion of the program already embarked on, making a total for these purposes of $2,150,000,000.

This leaves about $500,000,000 for the ordinary running expenses of the Government, including the legislative and judicial branches, fiscal administration and control of banking and currency, foreign relations, conservation of national resources, education, promotion of the public health, Indian affairs, aids to agriculture, labor, aviation, and industry. In other words, if we exclude the unavoidable obligations such as public-debt expenditures and exclude the Army, Navy, and veterans, the ordinary expenses of the Federal Government are approximately $500,000,000. I stress this point because of the misleading picture that has been painted of an immense and costly bureaucracy and of the vast savings to be effected through a reorganization of the Federal Government. Such reorganization is desirable in the interest of greater efficiency and greater economy, but substantial relief to the taxpayer must be sought elsewhere.

WAY INDICATED BY PRESIDENT

The President in his Budget message has indicated how and where economies can be effected.

The 1934 Budget, as supplemented, contemplates expenditures, exclusive of public-debt retirements, of $3,233,000,000 for the fiscal year 1934 after all reductions proposed by the President, as compared with $3,771,000,000 for the present fiscal year, or a saving of $538,000,000. This would be accomplished in the main by curtailing expenditures for public works by about $260,000,000; by amending veterans' legislation to do away with certain unjustifiable payments resulting in a reduction of $127,000,000; by the application of the strictest economy in the various departments and bureaus of the Government, and a further reduction in salaries of $57,000,000.

Reducing the cost of government by over half a billion dollars, following the substantial savings already effected this year, would constitute a real and fruitful achievement. It is the first essential step toward bringing the Budget into balance and laying a foundation for ultimate relief to the taxpayer. I know of no reason why the country should not get the benefit of these reductions in expenditures. I am not talking of a vague and theoretical program. Every one of the economies that go to make up this saving of over half a billion dollars is set out in detail in the Budget message. It requires but the affirmative vote of the Congress to make these economies effective, and both parties are pledged to drastic economies and to a balanced Budget.

But this is only part of the story. Even if current expenditures are reduced to $3,233,000,000, the Budget will not be in balance. The total receipts, exclusive of foreign-debt payments which recent events have made a highly uncertain item, are estimated at $2,620,000,000, leaving a gap of $613,000,000 which will have to be bridged by increased taxation. Assuming that we shall collect something on foreign-debt account, we need, roughly speaking, a half billion dollars of additional receipts.

The situation thus may be summarized by saying that, exclusive of public-debt items, our Federal Budget may be brought into balance in the next fiscal year by reducing expenditures half a billion dollars and by providing half a billion dollars of new money. But this does not afford provision for sinking-fund obligations, and it presupposes that no new obligations of any kind will be incurred.

CITES REVENUE SOURCES LEFT

The savings, as I have said, are set out in detail in the Budget message. When I appeared before the Ways and Means Committee on December 14, when the so-called beer bill was under consideration, I pointed out that the beer bill alone, yielding, say, $125,000,000, or even coupled with the gasoline tax, yielding another $137,000,000, could not be expected to produce the necessary revenue—in fact, they would only produce about one-half—but that, combined with a general manufacturers' excise tax, they would furnish a base of taxation sufficiently broad to give adequate assurance of a balanced Budget. Without the manufacturers' excise tax it will be extremely difficult to balance the Budget, since the field of new taxes has been pretty well exhausted by the revenue act of 1932.

It should not be forgotten that we adopted income-tax rates that run as high as 63 per cent, which is an extraordinarily high peace-time rate, and an inheritance tax law with rates running as high as 45 per cent, that we have imposed sales taxes on a great variety of articles, including lubricating oils, brewers' wort, automobiles, trucks, parts and accessories, tires, gasoline, candy, chewing gum, soft drinks, jewelry, toilet preparations, furs, electricity, radios, mechanical refrigerators, sporting goods, and cameras, and that, in addition, new and increased stamp taxes were imposed; taxes on admissions were extended; a tax on telephone, telegraph, cable, and radio messages, checks, safety-deposit boxes, transportation of oil by pipe line, and the use of boats were

adopted. Many of these taxes are difficult of administration and not particularly productive. Some are inequitable and unjustifiable in their present form. The adoption of a general manufacturers' excise tax at a comparatively low rate would permit the elimination of a number of them.

URGES MANUFACTURERS' EXCISE TAX

There was a time when I did not favor a manufacturers' excise tax. But at a time when our normal sources of revenues from excises and customs, supplemented by income and inheritance taxes imposed at war-time rates on not more than two and a half million people out of a nation of 120,000,000 are inadequate to supply the necessary revenue, the objections ordinarily urged against the manufacturers' excise tax do not seem to me to remain valid. It appears preferable to a great variety of discriminatory sales taxes, which are just as much consumption taxes as a manufacturers' excise tax. It would be levied at a low rate and imposed on such a broad base as not to be truly burdensome to any class of taxpayers. It is not a novel form of taxation, but one which has given satisfaction in Canada, where conditions are not fundamentally different from ours, and in Australia.

The objections to it are theoretical rather than practical. It is the most promising source of new revenue that we can turn to at this time to assure the safeguarding of the public credit. But as far as I am concerned, I would be glad to consider with an open mind any other forms of taxation that might be suggested to bring our Budget into balance.

We have been through three and a half years of extreme depression and drastic liquidation. We have endured many of the sufferings and evils incident to drastic readjustments. We have overcome the immense dangers threatened by a financial panic of the first magnitude, superimposed on the extreme stress brought about by predirected depression. While still confronted by immense difficulties and intense suffering on the part of millions of people, the world has, I believe, moved forward in the last 12 months, and the ground is firming under our feet. The outlines of the program which should be developed and followed are beginning to become clearer. I believe that proper efforts at this time to avoid disturbances and to hasten the operation of constructive forces will be effective in bringing recovery through normal and controlled channels. After all they have endured, after the extraordinary patience, steadfastness, and courage of the peoples of the world, it would be nothing short of tragedy on a world-wide scale to throw up our hands now and to resort to untried measures—measures which all experience teaches are doomed to failure—when the way is clear and the goal within reach if we have but the hardihood to push forward along the obvious if undramatic path of common sense to reconstruction and recovery.

ADJOURNMENT

Mr. WOODRUM. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 19 minutes p. m.) the House adjourned until to-morrow, Thursday, February 2, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Thursday, February 2, 1933, as reported to the floor leader:

WAYS AND MEANS

(10 a. m.)

Continue hearing on depreciated currency bill.

NAVAL AFFAIRS

(10.30 a. m.)

Hearings on private bills.

INTERSTATE AND FOREIGN COMMERCE

(10 a. m.)

Continue hearings on H. R. 11675, to amend Federal water power act.

COINAGE, WEIGHTS, AND MEASURES

(10 a. m.)

Continue hearings on silver bills.

JUDICIARY

(10 a. m.)

Hearings on bill to punish those who incite overthrow of Government.

AGRICULTURE

(10 a. m.)

Subcommittee hearing on oleo.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

905. A letter from the treasurer of the Washington Rapid Transit Co., transmitting copy of the balance sheet of the Washington Rapid Transit Co. as of December 31, 1932; to the Committee on the District of Columbia.

906. A message from the President of the United States, transmitting the annual report of the Director of Public Buildings and Grounds of the National Capital for the fiscal year ended June 30, 1932; to the Committee on Public Buildings and Grounds.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. McREYNOLDS: Committee on Foreign Affairs. Senate Joint Resolution 243. Joint resolution authorizing the President of the United States to extend a welcome to the Pan-American Medical Association which holds its convention in the United States in March, 1933; without amendment (Rept. No. 1952). Referred to the House Calendar.

REPORT OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BLACK: Committee on Claims. H. R. 14508. A bill for the relief of William Sulem; without amendment (Rept. No. 1951). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. THOMASON: A bill (H. R. 14531) to make provision for suitable quarters for certain Government services at El Paso, Tex., and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. O'CONNOR: A bill (H. R. 14532) to amend section 604 of the revenue act of 1932, relating to the tax on furs; to the Committee on Ways and Means.

By Mr. EVANS of California: A bill (H. R. 14533) to amend an act approved August 13, 1894, entitled "An act for the protection of persons furnishing materials and labor for the construction of public works"; to the Committee on the Judiciary.

By Mr. SWING: A bill (H. R. 14534) to provide for the selection of certain lands in the State of California for the use of the California State park system; to the Committee on the Public Lands.

By Mr. ANDREW of Massachusetts: A bill (H. R. 14535) to amend section 3 of the act of May 28, 1928, relating to salary rates of certain civil-service positions; to the Committee on the Civil Service.

By Mr. HOWARD: A bill (H. R. 14536) to authorize the acquisition by the United States of the land upon which the Seneca Indian School, Wyandotte, Okla., is located; to the Committee on Indian Affairs.

By Mr. ANDREW of Massachusetts: A bill (H. R. 14537) authorizing Essex Shore Way (Inc.), its successors and assigns, to construct, maintain, and operate a bridge across the Merrimac River at or near Plum Island Point, Mass.; to the Committee on Interstate and Foreign Commerce.

By Mr. HOWARD: A bill (H. R. 14538) to authorize the creation of an Indian village within the Shoalwater Indian Reservation, Wash., and for other purposes; to the Committee on Indian Affairs.

By Mr. SWANSON: Joint resolution (H. J. Res. 584) proposing an amendment to the Constitution of the United States; to the Committee on Ways and Means.

MEMORIAL

Under clause 3 of Rule XXII, a memorial was presented and referred as follows:

Memorial of the Legislature of the State of Washington, memorializing Congress in regard to the condition created by depreciated foreign currency; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRAND of Georgia: A bill (H. R. 14539) for the relief of Henry Norrell Wylds; to the Committee on Claims.

By Mr. BLACK: A bill (H. R. 14540) for the relief of St. Anthony's Hospital at Michigan City, Ind.; Dr. Russell A. Gilmore; Emily Molzen, nurse; and the Hummer Mortuary; to the Committee on Claims.

Also, a bill (H. R. 14541) for the relief of Mrs. Carlysle Von Thomas, sr.; to the Committee on Claims.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 14542) granting a pension to Sallie T. Dieterich; to the Committee on Invalid Pensions.

By Mr. HOGG of Indiana: A bill (H. R. 14543) granting an increase of pension to Aroline M. Rhoades; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14544) granting an increase of pension to Rebecca Brouse; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14545) granting an increase of pension to Susannah L. Allen; to the Committee on Invalid Pensions.

By Mr. PARKER of New York: A bill (H. R. 14546) granting an increase of pension to Addie L. Wright; to the Committee on Invalid Pensions.

By Mr. SCHAFER: A bill (H. R. 14547) for the relief of Edith Peeps; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10096. By Mr. BACON: Petition of sundry citizens of Floral Park, L. I., in opposition to every legislative act which would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on the Judiciary.

10097. By Mr. BOYLAN: Resolution adopted by the Lackawanna Railroad Veterans' Association, opposing the ratification of the treaty which provides for a deep waterway between the Great Lakes and the Atlantic Ocean; to the Committee on Foreign Affairs.

10098. Also, resolution unanimously adopted at a convention of the National Guard Association of the State of New York, advocating the maintaining of appropriations for the Naval Reserve on a basis sufficient to afford 48 drills and 15 days' training per annum, etc.; to the Committee on Appropriations.

10099. By Mr. BULWINKLE: Petition of citizens of Mecklenburg County, Banners Elk, N. C., and Cleveland and Gaston Counties, protesting against the repeal of the eighteenth amendment; to the Committee on the Judiciary.

10100. By Mr. CULLEN: Petition of Lackawanna Railroad Veterans' Association, opposing the treaty between the United States and Canada relative to the construction of a deep waterway between the Great Lakes and the Atlantic Ocean; to the Committee on Interstate and Foreign Commerce.

10101. Also, petition of the National Guard Association of New York, represented by the Naval Militia, advocating the maintaining of appropriations for the Naval Reserve on a basis sufficient to afford 48 drills and 15 days' training per annum for the drilling units of the Naval Reserve; to the Committee on Naval Affairs.

10102. Also, petition of the National Canners Association, urging Congress to take immediate steps to bring about a solution of the problem relating to depreciated currency of many countries; to the Committee on Banking and Currency.

10103. Also, petition of the New York State Horticultural Society, opposing the farm allotment bill; to the Committee on Agriculture.

10104. By Mr. DARROW: Resolution of Benjamin Franklin Chapter, No. 105, National Sojourners, of Philadelphia, in behalf of a strong Army and Navy; to the Committee on Military Affairs.

10105. By Mr. DRANE: Petition of citizens of Hillsboro County, Fla., protesting against the repeal of the eighteenth amendment; to the Committee on the Judiciary.

10106. Also, petition of board of governors of Clearwater (Fla.) Chamber of Commerce, in behalf of House Resolutions 317 and 323; to the Committee on Expenditures.

10107. By Mr. ENGLEBRIGHT: Petition of J. H. Finley, of Altaville, Calif., relative to the money system of the United States; to the Committee on Banking and Currency.

10108. Also, petition of League of California Municipalities, regarding Federal taxes, revenue act of 1932; to the Committee on Ways and Means.

10109. Also, petition of the Thirty-seventh Legislative Assembly of the State of Oregon, Senate No. 1, urging payment soldiers' bonus; to the Committee on Ways and Means.

10110. By Mr. HAINES: Resolution of the Patriotic Order Sons of America, No. 162, of West York Borough, York County, Pa., urging tariff on coal admitted into this country, and pledging themselves to buy only American-made goods, in favor of reemployment of American citizens, and pledging themselves to public-school system; to the Committee on Ways and Means.

10111. By Mr. HALL of Mississippi: Petition of 38 members of the Biloxi (Miss.) Chapter of the Woman's Christian Temperance Union, opposing the resubmission of the eighteenth amendment to State conventions or State legislatures for the purpose of ratification, and asking for adequate appropriations for law enforcement and for education in law observance; to the Committee on the Judiciary.

10112. By Mr. LAMBERTSON: Petition of the Woman's Christian Temperance Union, of Winchester, Kans., signed by its president, Mrs. W. S. Price, and secretary, Mrs. Alice McDermond, favoring the improvement of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10113. By Mr. LINDSAY: Petition of National Guard Association of the State of New York, favoring appropriations for the Naval Reserve in the Federal appropriation for Navy; to the Committee on Appropriations.

10114. Also, petition of Philip DeRonde, chairman Colonial Trust Co., New York City, opposing reduction of the enlisted personnel of the Marine Corps; to the Committee on Naval Affairs.

10115. By Mr. MEAD: Petition of the National Guard Association of the State of New York, protesting against proposed reduction in training program for the Naval Militia-Naval Reserve; to the Committee on Naval Affairs.

10116. By Mr. PARKER of Georgia: Memorial of J. L. Purcell, chairman of mass meeting of the citizens of Vidalia, Ga., held on Sunday, January 29, 1933, expressing opposition to any repeal or modification of the eighteenth amendment or the Volstead Act; to the Committee on Ways and Means.

10117. Also, letter of the Hon. A. S. Boyer, of Millen, Ga., outlining a proposal to effect a reduction in cotton acreage; to the Committee on Agriculture.

10118. By Mr. REID of Illinois: Petition of Elbert D. Sperring, of Bensenville, Ill., asking for action to revaluate the gold ounce and to correct financial abuses; to the Committee on Banking and Currency.

10119. By Mr. ROBINSON: Petition signed by the president of Union 1047, United Mine Workers of America, Mr. Bert Blaskerby, of Des Moines, Iowa, route 3, and Frank Smith and Lew Jones, urging the passage of the Costigan-La Follette bill, S. 5125; to the Committee on the Judiciary.

10120. By Mr. SANDERS of New York: Petition of Rev. Herbert W. H. Cary and other citizens of South Byron, N. Y., urging passage of the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

10121. Also, petition of Mary M. Meekin and other citizens of Avon, N. Y., urging passage of the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

10122. By Mr. SEGER: Petition of Rev. C. S. Hunt and members of Union Methodist Episcopal Church, Totowa Borough, N. J., favoring adoption of the stop-alien-representation amendment; to the Committee on the Judiciary.

10123. Also, petition of Woman's Home Missionary Society of the First Methodist Episcopal Church, of Passaic, N. J., favoring passage of Senate bill 1079 and Senate Resolution 170 for regulation of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10124. By Mr. SINCLAIR: Petition of North Dakota Cooperative Wool Marketing Association, recommending the passage of the Frazier bill (H. R. 7524) to refinance agricultural indebtedness; to the Committee on Banking and Currency.

10125. Also, petition of North Dakota Cooperative Wool Marketing Association, opposing the repeal of the marketing act and urging that this act be strengthened; to the Committee on Agriculture.

10126. By Mr. TREADWAY: Petition of Henry G. Hammond and other citizens of Westfield, Mass., urging the adoption of a constitutional amendment to eliminate alien population in making future apportionments for congressional districts; to the Committee on the Judiciary.

10127. By the SPEAKER: Petition of the Sons of the American Revolution, urging enactment of House bill 6466; to the Committee on Naval Affairs.

10128. Also, petition of the Eighth Women's Patriotic Conference on National Defense, urging that immediate steps be taken to build the Navy up to the strength permitted under the London and Washington treaties; to the Committee on Naval Affairs.

10129. By Mr. SUTPHIN: Petition of the Lackawanna Railroad Veterans' Association, of Hoboken, N. J., opposing the proposed deep waterway between the Great Lakes and the Atlantic Ocean; to the Committee on Interstate and Foreign Commerce.

10130. By Mr. TEMPLE: Petition of a number of residents of Washington County, Pa., supporting the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

10131. By Mr. SPENCE: Petition of Fred F. DeJaco and others, of Newport; Gertrude Wilke, R. N., and others, of Covington; Ray Griffith, of Erlanger; and Norbert Stenger, of Bellevue, all in the State of Kentucky, concerning the revaluation of the gold ounce; to the Committee on Coinage, Weights, and Measures.

SENATE

THURSDAY, FEBRUARY 2, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kendrick	Schall
Austin	Davis	Keyes	Schuyler
Bankhead	Dickinson	King	Sheppard
Barbour	Dill	La Follette	Shipstead
Barkley	Fess	Lewis	Shortridge
Bingham	Fletcher	Logan	Smith
Black	Frazier	McGill	Smoot
Blaine	George	McKellar	Steiwer
Borah	Glass	McNary	Swanson
Bratton	Glenn	Metcalf	Thomas, Idaho
Brookhart	Goldsborough	Moses	Thomas, Okla.
Bulkley	Gore	Neely	Townsend
Bulow	Grammer	Norbeck	Trammell
Byrnes	Hale	Norris	Tydings
Capper	Harrison	Nye	Vandenberg
Caraway	Hastings	Oddie	Wagner
Connally	Hatfield	Pittman	Walcott
Coolidge	Hawes	Reed	Walsh, Mass.
Copeland	Hayden	Reynolds	Walsh, Mont.
Costigan	Hebert	Robinson, Ark.	Watson
Couzens	Johnson	Robinson, Ind.	Wheeler
Cutting	Kean	Russell	White

Mr. FESS. I wish to announce that the Senator from Missouri [Mr. PATTERSON] is necessarily absent from the Senate because of a death in his family. I ask that this announcement may stand for the day.

I also wish to announce that the Senator from Wyoming [Mr. CAREY] is detained from the Senate, and will be detained for several days, on official business connected with the Senate. I will let this announcement stand for the day.

Mr. NORRIS. I desire to announce that my colleague the junior Senator from Nebraska [Mr. HOWELL] is absent on official business of the Senate.

The PRESIDENT pro tempore. Eighty-eight Senators having answered to their names, a quorum is present.

CHAIN STORES—GROSS PROFIT AND AVERAGE SALES PER STORE OF RETAIL CHAINS (S. DOC. NO. 178)

The PRESIDENT pro tempore laid before the Senate a letter from the chairman of the Federal Trade Commission, transmitting, in response to Senate Resolution No. 224, Seventieth Congress, a report relative to the gross profit and average sales per store of retail chains, which, with the accompanying report, was referred to the Committee on the Judiciary and ordered to be printed.

ECONOMIC ANALYSIS OF FOREIGN TRADE OF THE UNITED STATES IN RELATION TO THE TARIFF (S. DOC. NO. 180)

The PRESIDENT pro tempore laid before the Senate a letter from the chairman of the United States Tariff Commission, in partial response to Senate Resolution 325, agreed to on January 28, 1933, which, with the accompanying tables, was ordered to lie on the table and to be printed, and the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES TARIFF COMMISSION,
Washington, February 1, 1933.

The PRESIDENT OF THE SENATE,
United States Senate, Washington, D. C.

SIR: I have the honor to transmit herewith certain information in partial response to Senate Resolution 325, present session, passed on January 28.

The material consists of certain tables containing statistical and textual information which is indicative of the form and substance of the response which will be made to paragraphs 1, 2, 3, and 4 of said resolution. There is also included a form of a table to include information bearing upon paragraph 9 of the resolution.

The tentative table prepared for information under paragraph 9, it will be observed, omits the year 1930, because during that year there was a change of the tariff. The commission would be assisted in its work if it knew that the Senate regarded it as important that the table should contain information bearing upon that year. We may remark that to include this information would mean a considerable addition to our work inasmuch as it will be necessary to present separately the dutiable articles imported during the months previous to and the months subsequent to the enactment of the existing tariff law.

If arrangements can be made to have these tables printed, the material with respect to other paragraphs and schedules of the tariff act will be forwarded directly to the Printing Office from time to time in order that the data completed by February 15 and March 1, the dates specified in the resolution, may be made available to Members of the Senate in printed form.

Work is also going forward upon material in response to the other paragraphs of the resolution, much of the basic material, in fact, now being in process of compilation. If agreeable, this material, in so far as it consists of tables, will also be forwarded directly to the Printing Office as it is prepared.

The textual material with respect to paragraphs 10 and 11 will be sent directly to the Senate for such disposition as it wishes to make of it.

The commission would appreciate suggestions from the Senate, or from Members of the Senate, that might aid in perfecting the form in which the material is to be presented, with a view to being most useful to the Senate under the aforesaid resolution.

Very respectfully,

ROBERT L. O'BRIEN, *Chairman.*

REPORTS OF CERTAIN PUBLIC UTILITIES IN THE DISTRICT

The PRESIDENT pro tempore laid before the Senate letters from W. F. Ham, president of certain public utilities in the District of Columbia, transmitting, pursuant to law, reports of the operations of the following companies for the year ended December 31, 1932, which were referred to the Committee on the District of Columbia:

Potomac Electric Power Co., Washington Railway & Electric Co., and the Washington Interurban Railroad Co.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate a resolution adopted by the District of Columbia Society of the Sons of the American Revolution, favoring the passage of the bill (S. 1282) to authorize the appointment and retirement of Evelyn Briggs Baldwin in the grade of captain in the Navy in recognition of his patriotic and scientific serv-

ices, and for other purposes, which was referred to the Committee on Naval Affairs.

Mr. ROBINSON of Arkansas presented a letter from Harold Remington, Esq., of New York City, N. Y., relative to amendment of the bankruptcy law, which was referred to the Committee on the Judiciary.

Mr. TYDINGS presented a petition of members of the Janet Montgomery Chapter, Daughters of the Revolution, of Maryland, praying for the adoption of an adequate national-defense program and the making of necessary appropriations therefor, which was referred to the Committee on Appropriations.

Mr. CAPPER presented a memorial of sundry citizens of Woodbine, Kans., remonstrating against the repeal of the eighteenth amendment of the Constitution or the repeal or modification of the national prohibition law, which was ordered to lie on the table.

He also presented resolutions adopted by the Central Sunday School of Augusta, the Ladies' Aid Society of the Christian Church of Manhattan, the Methodist Episcopal Sunday School of Ransom, and local chapters of the Woman's Christian Temperance Union of Arkansas City, Beloit, Coffeyville, Lewis, Manhattan, Osborne, Tyro, and Winchester, all in the State of Kansas, favoring the passage of legislation to regulate and supervise the motion-picture industry, which was ordered to lie on the table.

Mr. GRAMMER presented a resolution adopted by the South End Civic and Progressive Club, of Seattle, Wash., favoring the adoption of the resolution (S. Res. 300) authorizing an investigation of labor conditions prevailing upon the Mississippi flood-control project (submitted by Mr. WAGNER), which was ordered to lie on the table.

He also presented resolutions adopted by the Federation of Women's Clubs of Seattle and the King County Pomona Grange, both in the State of Washington, favoring the prompt ratification of the World Court protocols, which were ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the Stanford Dairymen's League, of Stanfordville, N. Y., favoring the passage of legislation to inflate the currency so as to increase commodity prices to the 1928 level, which was referred to the Committee on Banking and Currency.

He also presented resolutions adopted by the National Guard Association of the State of New York, in convention assembled at Troy, N. Y., favoring the making of adequate appropriations for the Naval Reserves, which were referred to the Committee on Appropriations.

He also presented resolutions adopted by the Ossining Democratic Club and the Italian-American Civic Association, of Ossining (Inc.), both of Ossining, N. Y., protesting against the passage of legislation effecting a reduction in the number of drill nights of the Naval Reserves from 48 to 24 nights per year, and also the discontinuance of the two weeks' annual training cruise, which were referred to the Committee on Appropriations.

He also presented a resolution adopted by the Eighth Women's Patriotic Conference on National Defense, assembled at Washington, D. C., protesting against the passage of legislation reducing the pay and allowances of active and retired officers of the Regular Army, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by the Aero Medical Association of the United States, favoring the placing of the flight surgeons of the Army and Navy on flying status and allowing them flight pay, which were referred to the Committee on Military Affairs.

He also presented resolutions adopted by the Queens Colony Civic Association (Inc.), New York, favoring the repeal of the so-called economy act as applied to Federal employees, which were ordered to lie on the table.

He also presented a memorial of sundry citizens of Onondago County, N. Y., remonstrating against the repeal or modification of the national prohibition law, which was ordered to lie on the table.

He also presented a memorial of sundry citizens, being members of the adult department, Methodist Sunday School, of Newark, N. Y., remonstrating against the repeal of the eighteenth amendment of the Constitution or the modification of the national prohibition law, which was ordered to lie on the table.

He also presented a resolution adopted by members of the Sunday School of the Presbyterian Church of Verona, Oneida County, N. Y., protesting against the repeal of the eighteenth amendment to the Constitution and also the repeal or modification of the national prohibition law, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. BINGHAM, from the Committee on Territories and Insular Affairs, to which was referred the bill (H. R. 311) to approve Act No. 268 of the session laws of 1931 of the Territory of Hawaii, entitled "An act to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within the island of Molokai," reported it without amendment and submitted a report (No. 1135) thereon.

Mr. JOHNSON, from the Committee on Commerce, to which was referred the bill (S. 5035) amending the shipping act, 1916, as amended, for the purpose of further regulating common carriers by water, reported it with amendments and submitted a report (No. 1136) thereon.

He also, from the same committee, to which was referred the bill (H. R. 6733) for estimates necessary for the proper maintenance of the flood-control works at Lowell Creek, Seward, Alaska, reported it without amendment and submitted a report (No. 1137) thereon.

Mr. WALSH of Montana (for Mr. SCHALL), from the Committee on Interoceanic Canals, to which were referred the following bills, reported them severally with amendments and submitted reports thereon:

H. R. 7519. An act to amend the Penal Code of the Canal Zone (Rept. No. 1138);

H. R. 7520. An act to amend the Code of Criminal Procedure for the Canal Zone (Rept. No. 1139);

H. R. 7521. An act to provide a new Code of Civil Procedure for the Canal Zone and to repeal the existing Code of Civil Procedure (Rept. No. 1140); and

H. R. 7522. An act to provide a new Civil Code for the Canal Zone and to repeal the existing Civil Code (Rept. No. 1141).

Mr. WALSH of Montana (also for Mr. SCHALL), from the Committee on Interoceanic Canals, to which were referred the following bills, reported them each with an amendment and submitted reports thereon:

H. R. 7518. An act to amend an act entitled "An act extending certain privileges of canal employees to other officials on the Canal Zone and authorizing the President to make rules and regulations affecting health, sanitation, quarantine, taxation, public roads, self-propelled vehicles, and police powers on the Canal Zone, and for other purposes, including provision as to certain fees, money orders, and interest deposits," approved August 21, 1916 (Rept. No. 1142); and

H. R. 7523. An act to amend sections 7, 8, and 9 of the Panama Canal act, as amended (Rept. No. 1143).

Mr. WALSH of Montana (also for Mr. SCHALL), from the Committee on Interoceanic Canals, to which were referred the following bills, reported them severally without amendment and submitted a combined report (Rept. No. 1144) thereon:

H. R. 7503. An act to repeal the Executive order of November 23, 1909, making the enticing of laborers from the Isthmian Canal Commission or the Panama Railroad a misdemeanor;

H. R. 7506. An act to repeal an ordinance enacted by the Isthmian Canal Commission August 5, 1911, and approved by the Secretary of War August 22, 1911, establishing market regulations for the Canal Zone;

H. R. 7508. An act to provide for the inspection of vessels navigating Canal Zone waters;

H. R. 7514. An act in relation to the Canal Zone postal service; and

H. R. 7515. An act to provide for the establishment of a customs service in the Canal Zone, and other matters.

ENROLLED BILLS PRESENTED

Mr. VANDENBERG, from the Committee on Enrolled Bills, reported that on February 1, 1933, that committee presented to the President of the United States the following enrolled bills:

S. 284. An act for the relief of William B. Thompson;

S. 3147. An act for the relief of Anna Pokorny; and

S. 5484. An act to extend the time during which certain provisions of the act of February 27, 1932, relating to improving the facilities of the Federal reserve system to meet the needs of member banks in exceptional circumstances, shall be effective.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TRAMMELL:

A bill (S. 5573) to amend the Federal home loan bank act by adding a new section thereto providing authority for loans to home owners; to the Committee on Banking and Currency.

By Mr. BULKLEY:

A bill (S. 5574) for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of catastrophes of nature; to the Committee on Foreign Relations.

By Mr. BINGHAM:

A bill (S. 5575) for the relief of Ferry Wilson (with accompanying papers); to the Committee on Claims.

By Mr. FRAZIER (by request):

A bill (S. 5576) to authorize the creation of an Indian village within the Shoalwater Indian Reservation, Wash., and for other purposes; to the Committee on Indian Affairs.

By Mr. HAWES:

A bill (S. 5577) granting a pension to Sarah C. League (with accompanying papers); and

A bill (S. 5578) granting a pension to Frank Vance (with accompanying papers); to the Committee on Pensions.

By Mr. COOLIDGE:

A bill (S. 5579) for the relief of John H. Hartnett; to the Committee on Finance.

By Mr. KING:

A bill (S. 5580) for the relief of the Uintah, White River, and Uncompahgre Bands of Ute Indians of Utah, and for other purposes; to the Committee on Indian Affairs.

AMENDMENT TO WAR DEPARTMENT APPROPRIATION BILL

Mr. FLETCHER submitted an amendment proposing to appropriate $30,000, or so much thereof as may be necessary, for dredging the channel of Fort Pierce Harbor, Fla., fiscal years 1933 and 1934, intended to be proposed by him to House bill 14199, the War Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

AMENDMENTS TO TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL

Mr. BYRNES submitted an amendment providing for a reorganization of the executive departments, intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed.

Mr. BULKLEY submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 71, after line 6, to insert the following:

"(5) Section 105 is amended by adding at the end thereof the following new subsection:

"'(f) When no additional expense is entailed, annual leave of absence with pay, not to exceed 24 days, not including Sundays and holidays, may be granted to officers or employees of the Government, otherwise entitled to less than 24 days annual leave of absence with pay, whose compensation has been reduced by this section.'"

(Change succeeding paragraph numbers.)

Mr. BRATTON submitted an amendment intended to be proposed by him to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 82, after line 21, to insert the following:

"SEC. 20. The head of each executive department and independent establishment is authorized and directed to make such reductions in the expenditures from the appropriations made by the regular annual appropriation act for the several purposes of his department or establishment for the fiscal year ending June 30, 1934 (except, in the case of the Treasury Department, appropriations for acquisition of sites for and construction of public buildings and the appropriation for addition to the cumulative sinking fund pursuant to section 308 of the emergency relief and construction act of 1932), as will in the aggregate equal at least 5 per cent of the total amount so appropriated for his department or establishment for such year (excluding, in the case of the Treasury Department, the appropriations specified above). Such reductions shall be made in a manner calculated to bring about the greatest economy in expenditure consistent with the efficiency of the service."

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The PRESIDENT pro tempore. Following the decision of the Chair, from which an appeal was taken by the Senator from New Mexico [Mr. BRATTON], the question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. TYDINGS. Mr. President, I have in my hand a short newspaper clipping which I would like to have read at the desk in connection with the pending amendment.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

WASHINGTON, January 17 (U. P.).—The following table, said to be conservative by a Treasury expert, shows the taxes for an average person for a full year under existing rates:

Federal taxes

Cigarettes (1 pack daily)	$19.90
Gasoline (20 gallons per week)	10.40
Electricity ($5 per month)	1.84
Long-distance telephone and telegrams	3.50
Safety-deposit box	1.50
Lubricating oil	1.60
Tires and automobile accessories	4.50
Amusements ($3 per week)	9.36
Firearms and matches	1.75
Candy and chewing gum	1.25
Soft drinks	1.60
Jewelry	7.50
Wort, malt sirup, grape concentrates	2.25
Purchases radio, phonograph, or records with value $100	5.00
Cosmetics ($20 purchases)	2.00
Checks (20 per month)	4.50
Total	78.45

State taxes

Real estate	125.00
Gasoline and lubricating oil	31.20
Licenses, automobile, hunting, etc.	7.50
Total	163.70

TRIBUTE TO THEODORE F. SHUEY

Mr. VANDENBERG. Mr. President, this is the eighty-eighth birthday of the Chief Reporter of the Senate, Mr. Theodore F. Shuey. I am sure the Senate would not want it to pass without a word to him on its behalf. This amazing man still proceeds upon his busy and efficient way. Never did I know the Gulf Stream of youth to run so warm in the Arctic Circle of the calendar. Mr. Shuey has served six and one-half generations of the Senate. He is a living encyclopedia of American history for nearly three-quarters of a century. I take the liberty of presenting to him the compliments of the Senate upon this auspicious day. [Applause.]

Mr. ROBINSON of Arkansas. Mr. President, let me concur in the sentiments expressed by the Senator from Michigan. In Mr. Shuey we have a splendid example of one who

is always at his post of duty, who is efficient, faithful, and unfailing in the performance of the tasks which he assumes.

Mr. COPELAND. Mr. President, I can not refrain from adding a word regarding Mr. Shuey. The mistake most men make is that they look at the calendar and count the years, imagining that in that way they record the passage of time. As a matter of fact, as I see it, it is because Mr. Shuey has stayed here on the job and has worked that he is so active to-day.

I congratulate him not alone upon his birthday but upon the fact that he has had such great common sense as to continue active past the time when most men think they must retire. Because he will continue to exercise common sense, we look forward in full confidence that a year from now Mr. Shuey will be here to receive our congratulations.

Mr. FESS. Mr. President, I ask unanimous consent that the rules of the Senate may be sufficiently suspended for a moment in order that the Senate and those in the galleries may extend a greeting to Mr. Shuey, and, if Mr. Shuey will stand, that those in the galleries may know who this man is who has been here for this great number of years.

The PRESIDENT pro tempore. Is there objection? The Chair hears none.

Mr. ODDIE. Mr. President, would it not be apropos to state that in his 65 years of service Mr. Shuey has never missed a day?

Mr. FESS. That is very good.

Mr. Shuey rose at the Official Reporters' table amid applause on the floor and in the galleries, the Senators rising.

PROPOSED LIMITATION OF DEBATE ON APPROPRIATION BILLS

Mr. BRATTON obtained the floor.

Mr. LA FOLLETTE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New Mexico yield to the Senator from Wisconsin?

Mr. BRATTON. I yield.

Mr. LA FOLLETTE. Will the Senator yield to enable me to propose a unanimous-consent agreement relating to a limitation of debate on appropriation bills?

Mr. BRATTON. I yield for that purpose.

Mr. LA FOLLETTE. I propose the unanimous-consent agreement which I send to the desk.

The PRESIDENT pro tempore. The Senator from Wisconsin proposes a unanimous-consent agreement, which will be read for the information of the Senate.

The Chief Clerk read as follows:

It is ordered by unanimous consent that after any general appropriation bill shall have been considered by the Senate for more than two hours, no Senator shall speak more than once or longer than 20 minutes on said appropriation bill or any amendment thereto, or on points of order and appeals therefrom.

The PRESIDENT pro tempore. Is there objection?

Mr. ROBINSON of Arkansas. Mr. President, I heartily concur in the request of the Senator from Wisconsin.

Mr. HALE. Mr. President, I should like to say that I also heartily concur in the request of the Senator from Wisconsin.

The PRESIDENT pro tempore. Is there objection to the request?

Mr. ROBINSON of Indiana. Mr. President, reserving the right to object, I should like to suggest to the Senator from Wisconsin that some of us are intensely interested in seeing that no injustice shall be done to the veterans of America's wars and their dependents. Since matters affecting them will come up in the course of the discussion of the various appropriation bills, if the proposed agreement provides such a severe limitation as it seems to me it does, having heard the reading, I will be forced to object.

Mr. LA FOLLETTE. Mr. President, will the Senator from New Mexico yield to me?

Mr. BRATTON. I yield further to the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, may I say to the Senator from Indiana that the proposed unanimous-consent agreement would permit two hours of general debate upon each general appropriation bill, and then it would permit any Senator 20 minutes to discuss any amendment offered thereto, and he would also have 20 minutes on the bill. So, in connection with any amendment which the Senator has in mind in relation to particular appropriation bills, he would have 40 minutes in all, and would also have his share of the time provided for general debate, namely, 2 hours.

I will say to the Senator from Indiana that I have modified the original proposal which I suggested yesterday, because I have found, upon consultation with many Senators, that at this stage of the proceedings they are not convinced that it is necessary to provide, for instance, for night sessions or to provide for the consideration of general legislation as distinguished from appropriation bills; but being greatly concerned about the transaction of the business of the Senate, including the consideration not only of appropriation bills but of pressing general legislation of an emergency character, I hope the Senator from Indiana will not object, because I believe that he is likewise interested in much of the other legislation awaiting consideration. Unless we can provide for some limitation of debate upon the appropriation bills, it must be obvious to the Senator from Indiana and to all other Senators that we will not have an opportunity to consider legislation of great importance to the people of the country. I hope, in view of the fact that the Senator from Indiana will have 20 minutes on every amendment proposed, as well as 20 minutes upon the bill, that he will find it possible to agree to the request for unanimous consent.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New Mexico yield further?

Mr. BRATTON. I yield.

Mr. ROBINSON of Indiana. So far as I am personally concerned, I would far rather remain here every night, until late at night, than to see injustice done to a single disabled veteran of any of our wars and their dependents. I do not think that a proper statement could be made in 20 minutes with reference to some of the propaganda going around over the United States against them at this moment. Therefore, because all of us are concerned with their best interests, I fear I shall be forced to object at this moment. But, Mr. President, I will say to the Senator that I have great sympathy for the object he has in view, and in the measures he is seeking to have enacted into law here he will have considerable support from me.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield.

The PRESIDENT pro tempore. The Senator from New Mexico has the floor.

Mr. ROBINSON of Arkansas. Will the Senator from New Mexico yield to me?

Mr. BRATTON. I yield.

Mr. ROBINSON of Arkansas. May I point out to the Senator from Indiana that legislation affecting the subject to which he has referred would be subject to a point of order on a general appropriation bill, and that if the Senator should choose to avail himself of the right to make the point of order he could do that. I hope the Senator will not object to this request. We have only a few more days of the present session remaining, and we ought to make sure that the appropriation bills shall be considered. As stated by the Senator from Wisconsin, I feel that the limitation provided in the request is adequate for all reasonable purposes. I thank the Senator from New Mexico for yielding.

Mr. ROBINSON of Indiana. Mr. President, I apologize to the Senator from New Mexico for taking so much of his time.

The PRESIDENT pro tempore. Does the Senator from New Mexico yield further to the Senator from Indiana?

Mr. BRATTON. I yield.

Mr. ROBINSON of Indiana. I have only this further suggestion, that we have in this very bill we are now discussing matters of gravest importance to totally disabled veterans who are receiving a thousand dollars or more. In my absence, a unanimous-consent agreement was entered into—I am not complaining about that, Mr. President; I should have been on the floor, doubtless—but, at any rate, a unani-

mous-consent agreement was entered into which limits debate on that question to 15 minutes, and I submit that possibly the true state of affairs might not be made known to the Senate in 15 minutes. Therefore I ask that this matter go over until to-morrow.

The PRESIDENT pro tempore. Objection is made.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New Mexico yield to the Senator from Nebraska?

Mr. BRATTON. I yield.

Mr. NORRIS. I should like to say to the Senator from Indiana that I am in entire sympathy with what he has said about the particular amendment to which he has referred, but I should like to call his attention to the fact that the limitation has already been applied to this bill; the limitation has already been applied to the particular amendment which he has in mind and to all other amendments to this bill.

I do not believe that limitation ought to have been applied to the particular amendment to which the Senator has referred, but it has been done. The request now made has application therefore only to subsequent appropriation bills; and as to all subsequent appropriation bills, as I understand the parliamentary situation confronting the Senate, the suggestion made by the Senator from Arkansas applies, namely, that on all subsequent appropriation bills an amendment such as the Senator suggests would be subject to a point of order. So that the Senator will lose nothing by agreeing to the request for unanimous consent, as I look at it, and his rights will be fully protected, because if attached to any other appropriation bill the amendment he has in mind would be subject to a point of order, and therefore he would not be prejudiced by agreeing to the unanimous-consent request.

Mr. ROBINSON of Indiana. I suggest that the Senator from Wisconsin permit me an opportunity to look further into it and let it go over until to-morrow.

The PRESIDENT pro tempore. The Chair understands the Senator from Indiana to insist upon his objection.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The PRESIDENT pro tempore. The question is, Shall the decision of the Chair stand as the judgment of the Senate?

Mr. ODDIE. Mr. President, will the Senator from New Mexico yield?

The PRESIDENT pro tempore. Does the Senator from New Mexico yield to the Senator from Nevada?

Mr. BRATTON. I yield.

Mr. ODDIE. I hope that this bill may be completed before evening. If it shall become evident that there is undue delay, I shall ask for a night session; but I hope that the consideration of the bill may be expedited so that we may finish it to-day.

Mr. BRATTON. Mr. President, I wish to say that I shall cooperate with the distinguished Senator from Nevada in having the consideration of the bill concluded.

On yesterday the distinguished occupant of the chair sustained a point of order made by the junior Senator from Wisconsin [Mr. BLAINE] to the two amendments proposed by me and considered together.

Mr. President, it is my desire to withdraw that appeal and to perfect the amendments separately, in an effort to meet the point of order lodged against them; and, with that statement in advance of my desire, I now withdraw the appeal.

The PRESIDENT pro tempore. The Senator from New Mexico withdraws his appeal from the ruling of the Chair, and, under his right, desires to modify the amendment.

Mr. BRATTON. Now, Mr. President, I modify each amendment by inserting therein, preceding the first word, this language:

Provided, however, That—

Then, in line 1 of each amendment, I propose to strike out the words "and directed," so that the first amendment will read:

Provided, however, That the Secretary of the Treasury is authorized to make such reductions in the expenditures from the appropriations made in this act—

And so on.

The other amendment would read:

Provided, however, That the Postmaster General is authorized to make such reductions in the expenditures from the appropriations made in this act—

And so forth.

Now, Mr. President, having perfected the amendments in that way, I think they are in order and meet the point of order lodged by the junior Senator from Wisconsin. I do not care to take the time of the Senate debating them further. I discussed them at length yesterday. They merely authorize the Postmaster General, in the one instance, and the Secretary of the Treasury, in the other, to curtail expenditures under the bill by a sum equal to 5 per cent of the appropriations made for the several purposes.

As stated yesterday, we in the Congress are not familiar with the detailed set-up of any department. Obviously, a conscientious head of a department, with the aid of his chiefs and his assistants, can do a better job of that kind than can we. This remits the matter to the head of the department to scale down the total appropriation by a sum equal to 5 per cent.

I said yesterday—and I use the illustration again—that it is closely akin to a situation where the board of directors say to the manager of an industry, "These expenditures must be reduced; you know better how to accomplish that than we do; we direct you to scale them down 5 per cent."

Mr. COUZENS. Mr. President——

Mr. REED. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from New Mexico yield; and if so, to whom?

Mr. BRATTON. The Senator from Michigan rose first, and I yield to him; then I will yield to the Senator from Pennsylvania.

Mr. COUZENS. May I ask the Senator if, under that changed language, the Postmaster General or the Secretary of the Treasury could cut a salary which Congress had fixed?

Mr. BRATTON. That is doubtful. I said yesterday that perhaps some salary reductions would be effected; that is doubtful; but I say to the Senator, in all earnestness and all seriousness, that I think a 5 per cent reduction could be effected in any department without cutting salaries. There is enough duplication, there is enough overlapping, there is enough waste to scale down the appropriations 5 per cent without cutting salaries. That is my judgment. Of course, I am not in a position to give any guaranty along the line suggested by the Senator and would not do so.

Mr. COUZENS. I have great sympathy with the object the Senator from New Mexico has in mind, but I shall protest to the utmost of my ability against giving any of the department heads the right to change salaries fixed by law. If we are going to allow them to change and determine the salaries of employees, let us do it openly here and not by any question of doubt to leave it to administrative officers to change salaries that we fix.

I think, with the Senator from New Mexico, that it is possible to bring about reductions by eliminating waste, even by eliminating departments, if necessary, but not by cutting salaries of those who are retained on the pay roll; and unless the Senator can give us some assurance that this amendment will not do that, I am going to protest to the limit against the giving any administrative officer the right to do it.

Mr. BRATTON. Of course, Mr. President, I give him my candid judgment about it. The head of the department could dismiss employees; he probably could curtail services

in doing away with overlapping and waste. It is possible that he could impose additional administrative furloughs under the general provisions in the economy act. It doubtless will be administered in that way; but certainly I shall not assume to give the Senator from Michigan any guaranty. I would not assume to do that.

Mr. COUZENS. Mr. President, will the Senator yield further?

Mr. BRATTON. Yes.

Mr. COUZENS. Could not the Senator incorporate in this amendment of his, or this suggestion of his, a provision that the administrative officers charged with this responsibility shall not cut any salaries fixed by Congress?

Mr. BRATTON. I do not think that should be appended here. We are confronted again with what we discussed here yesterday—that every time we undertake to economize we can not agree on it. That is the very reason why we have not economized, and it is the very reason why we will not do so unless we remit the matter to the Chief Executive. I realize that we can not economize much. We have not done it; and the Senator from Michigan is just as earnestly anxious to do that as I am.

Mr. COUZENS. Mr. President, will the Senator yield further?

Mr. BRATTON. Yes.

Mr. COUZENS. The Senator does not want to stand here and urge that we economize by further cutting salaries and yet not want to put the Senate on record as to what they want to do on the salary question.

Mr. BRATTON. I insist, Mr. President, that we must cut these expenditures. We must carry out our promise to reduce these expenditures; and every time we undertake it, we fall back under a suggestion that somebody is going to lose something.

Mr. REED. Mr. President——

Mr. BRATTON. I yield to the Senator from Pennsylvania.

Mr. REED. As I heard the Senator read the modified language of his amendment, it seemed to give authority to these Cabinet officers to make this reduction but did not require that that be done. Is that correct?

Mr. BRATTON. That is correct. As offered yesterday, each amendment provided that the department was authorized and directed to make these reductions. A point of order was lodged against the amendments on the ground that the direction constituted legislation, and the point of order was sustained. Now, in an effort to meet the point of order, I have eliminated the words "and directed."

Mr. REED. Now will the Senator give us his understanding of the effect of this proposal?

What I have in mind is this: There are certain expenses in the Post Office Department, for example, that are incapable of change. I think of the leases of post-office buildings, for example, where the Government has a contract for a fixed term of years at a fixed rent. The Postmaster General can not abrogate that contract. I think of the contracts for the carriage of mail by the railroads. Those are fixed contracts at fixed rates which the Postmaster General has no power to abrogate. When we analyze the situation further, we find that a 5 per cent cut on the whole spending comes down to a 10 or 15 per cent cut on personnel, on the wages and salaries paid to the human beings who carry on the work.

Does the Senator think it is fair to include a percentage on these irreducible items, and make the few reducible items carry the whole burden?

Mr. BRATTON. Mr. President, we can not economize otherwise. We are not going to economize unless we begin to cut. Of course, we can not cut the items which the Senator calls irreducible items.

Mr. REED. That is right.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BRATTON. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. As I came into the Senate this morning there was handed to me a memorandum from parties who are opposed to the amendment. It shows that the percentage of reduction necessary to effect a 5 per cent saving on the entire appropriation, after eliminating fixed charges upon which no saving can be effected, is 7.41 per cent, instead of 10 or 15 per cent, as stated by the Senator.

Mr. HASTINGS, Mr. ODDIE, and Mr. ROBINSON of Indiana addressed the Chair.

The PRESIDENT pro tempore. To whom does the Senator yield?

Mr. BRATTON. I have just a few words more, and then I shall surrender the floor.

Mr. HASTINGS. I desire, if the Senator will permit me, to ask him a question before he concludes.

Mr. BRATTON. Yes; I yield for that purpose.

Mr. HASTINGS. These two amendments, as the Senator from New Mexico has perfected them, provide as follows:

> *Provided, however,* That the Secretary of the Treasury is authorized to make such reductions in the expenditures * * * as will in the aggregate equal at least 5 per cent.

I want to inquire whether there is in the present law, without adopting this amendment, anything to prevent the Postmaster General and the Secretary of the Treasury from reducing the expenditures 10 per cent if it is possible, under the situation as he finds it, to do so.

Mr. BRATTON. I think not.

Mr. HASTINGS. There is no legal objection to that course, is there?

Mr. BRATTON. I think not.

Mr. HASTINGS. Then, if that be true, may I inquire whether this amendment, if adopted, will have any possible effect upon either of those departments?

Mr. BRATTON. I have not the slightest doubt that the Secretary of the Treasury in the one case and the Postmaster General in the other would regard this as a solemn mandate from the Congress and would so administer it, and so it would be effective.

Mr. HASTINGS. Then, may I make this further suggestion: If that be true, would they not feel, in view of this amendment that we are asked to adopt, that they would be limited to 5 per cent, and might they not say, "Except for the amendment offered by the Senator from New Mexico, we think we might increase this to 10 per cent"? For that reason, if the amendment has any effect at all, is there any objection to putting in there, instead of 5 per cent, 10 per cent, with the hope that they may do as much as that?

Mr. BRATTON. Mr. President, does the Senator mean to suggest seriously that he thinks these appropriations should be cut 10 per cent in each instance?

Mr. HASTINGS. I am not saying that at all——

The PRESIDENT pro tempore. The time of the Senator from New Mexico has expired.

Mr. ROBINSON of Indiana obtained the floor.

Mr. HASTINGS. Mr. President, will the Senator from Indiana yield to me for just a moment?

Mr. ROBINSON of Indiana. Yes; I yield to the Senator if he will bear in mind that I have only 15 minutes.

Mr. HASTINGS. I shall be only a moment.

The Senator from New Mexico inquired whether I seriously thought that these appropriations might be reduced 10 per cent. I only know, of course, what the committee has done; and I usually take the committee's recommendations with respect to such matters. I only point out that there is a possibility here, if this amendment is adopted, of making the department believe that it is limited by this amendment to 5 per cent, when, as I understood the Senator from Arkansas to say a moment ago, it had been suggested to him that it might be 7 and a fraction per cent.

Mr. BRATTON. Mr. President, the Senator will observe that the language is "at least 5 per cent."

Mr. HASTINGS. "At least 5 per cent?"

Mr. BRATTON. Yes.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. The Senator from Indiana [Mr. ROBINSON] has the floor.

Mr. ROBINSON of Indiana. I must decline to yield, Mr. President, because I have only a few minutes. If I have any time remaining when I conclude making this brief statement, I shall be happy to yield to the Senator.

The PRESIDENT pro tempore. The Senator declines to yield.

ACTIVITIES OF WILLIAM C. BULLITT RELATIVE TO FOREIGN DEBTS

Mr. ROBINSON of Indiana. Mr. President, I am deeply concerned again to-day, as I suppose every Member of the Senate is concerned, over a Universal Service special cable with a Berlin date line under the heading:

Bullitt visits Berlin, Vienna.

Then I read, Mr. President:

BERLIN, February 1.—William C. Bullitt, America's self-described secret emissary, paid calls in German official quarters here Monday and then left for Vienna, it was learned to-day.

Covering his tracks under an assumed name, Bullitt came from London and Paris, where he talked with Prime Minister MacDonald and French Premier Paul-Boncour.

In Berlin he called on Foreign Minister Von Neurath and the chief of the American division in the German foreign office.

London and Paris dispatches state Bullitt described himself in those capitals as the representative of President-elect Roosevelt, despite Roosevelt's denial that Bullitt or anyone else was representing him.

Bullitt registered in Berlin under another name and asked that his presence be kept secret. He expressed himself bitterly over what he termed the London "indiscretions" which exposed his mission.

Mr. President, a story like that is naturally disconcerting to the American people. Who is this man Bullitt, and what is he doing in Europe, and whom does he represent?

Mr. Bullitt says he represents the President elect of the United States. The President elect, I think, has not categorically denied that statement, but he has categorically stated that Mr. Bullitt does not represent him on the debt question. Yet, Mr. President, that seems to be the principal subject of conversation so far as Mr. Bullitt's conferences in London are concerned and so far as his interview in Paris with Paul-Boncour is concerned. Accordingly, it seems to me it is high time for the American Government to ascertain who he is and what he is doing over there. He is unquestionably making the American Government a laughing stock. He goes around in disguise—or, if not in disguise, certainly under an assumed name—and apparently assumes to be some one he is not.

The President elect says Mr. Bullitt does not represent him. I take it, of course, he does not represent the present administration. Does he represent the house of Morgan? Does he represent the international bankers? Whom does he represent? That is the important thing. He has even gone so far over there as to suggest that the President elect favors an 80 per cent cut in the debt due from Great Britain to this country.

Here is another interesting statement, published with a Paris date line:

January 27.—Premier Paul-Boncour to-night reluctantly admitted he has discussed the Franco-American war-debt situation with William C. Bullitt, America's self-described secret emissary.

He declined to discuss the report that Bullitt had left him confidently expecting—

Mark this—

He declined to discuss the report that Bullitt had left him confidently expecting a Washington invitation within 15 days to join in debt negotiations.

Mr. President, Bullitt evidently made that statement. He may have had no authority whatever to make it. I assume he did not have. Under those circumstances he should be apprehended, it seems to me, immediately and brought to justice. I think the Logan Act is broad enough to cover indiscretions of this kind. I will read it to refresh the memory of Senators who probably have not had occasion to examine it for some time. It is section 5 of the Criminal Code:

Every citizen of the United States, whether actually resident or abiding within the same, or in any place subject to the jurisdiction thereof, or in any foreign country [who], without the permission or authority of the Government, directly or indirectly, commences or carries on any verbal or written correspondence or intercourse with any foreign government or any officer or agent thereof, with an intent to influence the measures or conduct of any foreign government or of any officer or agent thereof, in relation to any disputes or controversies with the United States, or to defeat the measures of the Government of the United States; and every person, being a citizen of or resident within the United States or in any place subject to the jurisdiction thereof, and not duly authorized [who], counsels, advises, or assists in any such correspondence with such intent, shall be fined not more than $5,000 and imprisoned not more than three years; but nothing in this section shall be construed to abridge the right of a citizen to apply, himself or his agent, to any foreign government or the agents thereof for redress of any injury which he may have sustained from such government or any of its agents or subjects.

Mr. President, this man is evidently interfering with this Government's official relations with governments in Europe, and he seems to have no credentials. He is not representing the American Government; he seems not to be representing the President elect. He certainly is not representing the Senate of the United States and the House of Representatives, both of which have gone on record in a joint resolution to the effect that there would be no reduction and no cancellation of any of the foreign debts. So, unless this man is representing private interests to the detriment of the American people, he can be representing nobody. Hence it seems to me that his activities come directly under the Logan Act, and I think the State Department should immediately apprehend him.

This man is flitting around over Europe, from one capital to another, deliberately working against this country's best interests, and in utter defiance of the American Congress. He is preaching the doctrine of reduction of the war debts, indeed, their cancellation, and he is holding conferences with the most important public officials in Europe. He claims to be representing the President elect of the United States, and he goes around under an assumed name, and, so far as I know, in disguise. He is an undercover man. Of course, he brings the United States Government into disrepute all over the earth, and I submit that it is high time he were apprehended and brought to justice, under the Logan Act, which is broad enough to cover the case.

If this man is acting officially, or semiofficially, or for any department of our Government, or for any incoming Government, then the whole situation is disgraceful in the extreme, and we have departed a long way from the principle of "open covenants openly arrived at."

Mr. President, I submit that this matter should be brought to the attention of the State Department, and if it is not done otherwise I shall not hesitate myself to write to that department urging that immediate steps be taken to investigate this man's activities and see that he is properly indicted for any offense with which he may be chargeable.

Mr. LOGAN. Mr. President, since the junior Senator from Indiana seems to be very much concerned about some fellow going about Europe talking too much, and refers to the Logan law, which was the result of one of my distinguished kinsman's getting himself into trouble by prowling around Europe talking too much, it seems to me some one should send this man, about whom the Senator complains, a cablegram and tell him to stop talking. Also, I suggest that some of my friends close enough to the President elect to advise with him send him a telegram and tell him to stop considering the war debts, because it is worrying the distinguished junior Senator from Indiana until he is not able to discharge his duties in the United States Senate. I think that ought to be done.

Mr. BARKLEY. Mr. President, will my colleague yield to me?

Mr. LOGAN. I yield.

Mr. BARKLEY. Might not an appropriate reply from both Mr. Bullitt and the President elect be that some of us should stop?

Mr. LOGAN. I think there could be such a reply, and that it would be absolutely pertinent to the things which go on here in the Senate. But I am only trying to protect the junior Senator from Indiana. I have observed him from day to day worrying himself so terribly about these war debts, which I know very little about, and will never know very much about, because no one else does; consequently, I simply

want to quiet the mind of the Senator from Indiana, so that he will allow us to rest on the question, and so that he will get a little rest himself. What I have suggested would be a good thing. I think some of my colleagues ought to send a telegram to the President elect and suggest that he quit considering those things.

Mr. ROBINSON of Arkansas. Mr. President, the statement has been made by the President elect, Mr. Roosevelt, that the gentleman referred to by the junior Senator from Indiana has no authority to represent him, and I think that statement should be accepted without question. Having made some inquiry into the subject, I am convinced that the declaration is accurate.

There are a great many men in this world who adopt the policy of popularizing themselves and giving notoriety to themselves by assuming authority which in fact they do not possess and by making representations which they are not authorized to make. I know, if I may be permitted to express myself with that degree of emphasis, that there is not and there never was the slightest foundation for the declaration that the President elect stated that he favored a reduction of 80 per cent in the war debts. I can not ask the Senator from Indiana to accept my statement about the matter, but I repeat, I know that there is not one word of truth in the statement as to the attitude of the President elect.

The Senator from Indiana asks a question in which I myself was somewhat interested. He wanted to know, Who is W. C. Bullitt? That this man Bullitt has no official status is apparent, is admitted. The press reports him to have represented himself as a secret emissary going about Europe talking with the heads of the governments. He has been repudiated in every way that he can be repudiated by those for whom he assumes to speak.

In view of that situation of the matter, Mr. President, I wonder whether I may inject into the discussion a story which was told by the late Senator from Texas, Mr. Joseph W. Bailey, as applicable to himself. Senator Bailey was engaged in a campaign in the State of Texas, and to a great audience he was introduced by an enthusiastic supporter, an eloquent orator, who began his address by saying, "Who is Joseph W. Bailey?" Then he consumed some five minutes in lauding the experiences of the Senator in his childhood. He repeated the question, "Who is Joseph W. Bailey?" and took five minutes more in discussing the experiences of the Senator during his early manhood. A third time he repeated the question, "Who is Joseph W. Bailey?" and was approaching his climax when an old gentleman in the rear of the audience rose and said, "I'll bite. Who in the hell is Joseph W. Bailey?" [Laughter.]

Mr. President, I make the same retort to the question of my friend the Senator from Indiana, Who is W. C. Bullitt?

Mr. GLENN. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. GLENN. I do not suppose he could be Colonel House in disguise, could he? [Laughter.]

Mr. ROBINSON of Arkansas. If so, the Senator will please excuse me and President-elect Roosevelt for any responsibility for Colonel House. [Laughter.]

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the senior Senator from New Mexico [Mr. BRATTON], as modified.

Mr. ODDIE. Mr. President, I have in my hand the statement which has been referred to this morning, containing some very interesting figures, which show, to my mind, the injustice and harm that would be done if the amendment of the Senator from New Mexico were adopted. I am very bitterly opposed to the amendment in its present form. I feel that it would cause a further reduction in the salaries and wages paid to Federal employees, which is out of all reason and which would be very damaging in many ways.

The statement is as follows:

FIXED CHARGES EITHER BY LAW OR CONTRACT

Transportation and delivery of equipment by freight, express, or motor	$350,000
Payment of rewards	45,000
Compensation to postmasters and allowances for rent, light, and equipment to postmasters of the fourth class	46,000,000
Compensation to assistant postmasters, first and second class post offices	6,200,000
Fees to special-delivery messengers	7,450,000
Car-fare and bicycle allowance	1,250,000
Inland transportation by star routes	14,000,000
Inland transportation by steamboats	1,350,000
Inland transportation by railroad routes and for mail-messenger service	100,000,000
Transportation of foreign mails by steamship and aircraft	35,500,000
Balance due foreign countries	1,000,000
Manufacture of postage stamps, etc	4,900,000
Rent, fuel, light, and water for first, second, and third class post offices	16,000,000
Pneumatic-tube service, New York, Brooklyn, and Boston	548,000
Total fixed charges	233,343,000

PERSONNEL SERVICE (SALARIES) POST OFFICE DEPARTMENT

Office of Postmaster General	$214,463
Office of First Assistant Postmaster General	471,000
Office of Second Assistant Postmaster General	394,275
Office of Third Assistant Postmaster General	725,532
Office of Fourth Assistant Postmaster General	328,038
Office of Solicitor of Post Office Department	68,750
Office of chief inspector	188,045
Bureau of Accounts, Post Office Department	87,083
Total	2,477,786

PERSONNEL SERVICE (SALARIES) FIELD

Inspection service	1,878,750
Clerks at inspection division headquarters	300,700
Clerks and employees at first and second class post offices	161,000,000
Clerks in charge of contract stations	1,800,000
Allowances to third-class offices for clerical hire	8,000,000
Village Delivery Service	1,400,000
Detroit River service	15,995
Letter carriers, City Delivery Service	113,000,000
Rural Delivery Service	95,000,000
Railway Mail Service, clerks	51,000,000
Total	433,395,195

TOTAL SALARIES, POST OFFICE DEPARTMENT AND FIELD SERVICE

Post Office Department	$2,477,786
Field service	433,395,195
Total	435,872,981

RECAPITULATION

Total appropriation	717,033,378
Fixed charges by law or contract (from which no deduction can be made)	233,343,000
Amount on which reduction can be made	483,690,378
Amount of appropriation necessary for salaries	435,872,981
Amount of appropriation, less salaries, on which deductions can be made	47,817,397
5 per cent saving on the entire appropriation	35,851,666

Per cent of reduction necessary to effect a 5 per cent saving on the entire appropriation after eliminating fixed charges upon which no saving can be effected, 7.41 per cent.

Mr. President, I hope the amendment of the senior Senator from New Mexico in its present form will be defeated.

Mr. SMOOT. Mr. President, I want to invite the attention of the Senator from New Mexico [Mr. BRATTON] to the fact that if his amendment applies only to expenses of the department and does not apply to salaries, he will get mighty little in the way of a saving. Let me refer, for instance, to the Department of Labor. The total amount of the appropriations for the Department of Labor is $734,865. Of that amount, $660,225 is for labor or personal services. In other words, for all of the expenses aside from labor and personal services for the department there is appropriated only about $37,000, and all the saving that will be effected under the Senator's amendment will be 5 per cent of $37,000.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Washington?

Mr. SMOOT. I yield.

Mr. DILL. Does not the Senator think that in that department, as in many other departments, there is a large number of unnecessary employees we can get along without during these times when the business of the Government is not so pressing as it ordinarily is?

Mr. SMOOT. Yes; but this is not supposed to be a 5 per cent reduction of salaries.

Mr. DILL. But it does not say so. It says reduction in the amount of money. If we restrict it to employees' salaries, it does not reduce the total amount spent.

Mr. SMOOT. I wish the Senator had been present at the hearings before the Appropriations Committee and heard the heads of departments ask for these appropriations. Nearly all of them are pleading either for an increase in the number of employees or for some particular employee, trying to prevent the lowering of the salary which they think ought to be drawn.

I am not complaining at all of the Senator's proposal for a decrease in expenditures. That is not what I have in mind. But if the amendment is limited to 5 per cent of the salaries of the Government employees, then, of course, there will be very little saving in the general expenses of the Government. I think that is where there ought to be a saving and that there ought to be an elimination of labor to as limited an extent as possible. That is the situation to which I wanted to invite the Senator's attention.

Mr. FESS. Mr. President, I am in entire sympathy with the effort that is being made to reduce expenses. It is going to be a very difficult thing to accomplish, no matter what form the reduction may take. I have held for a long while, ever since there was an effort made under President Harding to reorganize the executive departments, that we are not going to be able to effect any substantial reductions without giving the President authority in that behalf. During the last three years I have urged the giving of that authority to the present President. I am going to continue that policy and shall vote to give such authority to the President elect.

I see some difficulty in the effectiveness of the amendment offered by the Senator from New Mexico. It has some elements in it which I deplore. I believe that if the Senator is proceeding on the theory that we will get a 5 per cent reduction in expenditures and not touch the salaries of Government employees, he is bound to be sorely disappointed in that respect.

Mr. BRATTON. Mr. President, will the Senator yield?

Mr. FESS. Will the Senator permit me to conclude my statement? I am compelled to leave the Senate in a very short time to attend a funeral, and I wish to complete my statement before I go.

Mr. President, I think the Senator's amendment will involve a cut in salaries. I am not sure that we must not do that in any event. On the other hand, I am rather inclined to think we will have to do it, if we make any substantial saving. I would much prefer having it done here than to have the head of a department do it. I think that would not be a very wise course to pursue.

There is another element in the proposal that I think is subject to severe criticism, and that is that we might make no cut in certain units and might make a large cut in another unit, or the cut might all be put on one unit, which would subject the amendment to a substantial criticism.

However, I realize that our deficit is growing. We must balance the Budget. I think no one questions the necessity for doing that from every standpoint. It can only be done by cutting expenses, on the one hand, and then adding whatever additional taxes may be necessary. We must proceed along that line, if we balance the Budget in some way that will be legitimate. While I am opposed to this particular method because of certain elements which it includes, it seems to me it is probably the best thing that has been proposed.

While I can not speak for others on this side of the Chamber, I do think it is unwise for the Republicans in these closing weeks of the administration to do anything that would look as if we were handicapping the administration that is coming into office. If it might not have been misconstrued, I as a Republican—and I would have hoped that other Republicans would join me—would have been in favor of leaving all of the appropriation bills to the next administration, so that they would be wholly unhandicapped in what they propose to undertake to do, and that we should give them full authority to proceed as they see fit in doing the things they have promised the people they will do.

Speaking for myself, I am going to vote for the amendment. I am sorry I have to break with the Senator from Nevada [Mr. ODDIE] in charge of the bill. He thinks the amendment ought not to be adopted, but I am going to vote for it. More than that, I am going to vote for every legitimate cut that does not violate a contract. I shall not vote to repudiate a contract which the Government has solemnly made, but I am going to vote for any substantial cut and pass it over to the party that is coming into power and let it be unhandicapped by what we do here. In that way, if we do get the reduction, no one will be harmed, but everybody will be benefited except the people who are cut in their remuneration.

I want to announce again that when we talk about cutting Government expenses and then announce in the next breath that we are not going to cut salaries, it is a perfectly inconsistent thing to say. We are going to cut salaries, and I am in favor of making it as equitable as it is possible to do. When I vote for the 5 per cent reduction, giving authority to the Secretary of the Treasury and the heads of the other departments, I realize the difficulty of putting it into operation, but I do not want anybody to be fooled into believing that we are doing this and promising the people that we are not going to hurt them.

Mr. COSTIGAN. Mr. President, I send to the desk and ask to have stated an amendment which I propose to the amendment of the Senator from New Mexico.

The VICE PRESIDENT. Let it be reported for the information of the Senate.

The LEGISLATIVE CLERK. The Senator from Colorado proposes the following amendment to the amendment of the Senator from New Mexico:

Add at the end of each of the amendments of the Senator from New Mexico the following:

"*Provided further*, That in making such reductions in expenditures no wage cuts or furloughs other than those heretofore in effect shall be ordered."

Mr. COSTIGAN. Mr. President, the Senator from Michigan [Mr. COUZENS] in my judgment has stated the correct rule with respect to this type of legislation, namely, that if wage cuts are to be made, they should be determined by Congress and not left to the discretion of departmental heads. The amendment of the Senator from New Mexico [Mr. BRATTON] is not limited to a 5 per cent cut applicable to wages which may be achieved directly or through the ordering of furloughs. The Senator's amendment provides in substance that a 5 per cent cut "at least" shall be authorized. If I correctly interpret that language, wage cuts may be extended the full limit of 100 per cent and indefinite furloughs will be in order. Congress will have surrendered control over the wage situation if the Senator's amendment is adopted in the form in which it was offered.

Our Federal Government can ill afford, least of all in this tragic era of nation-wide unemployment and deplorable wage and living standards, to set an example of this sort with respect to its employees. Whatever precedent it establishes will be regarded as justifying similar reductions in industrial wages in all parts of the United States.

Reference is in order to unfortunate effects of the 10 per cent cut ordered last year by the Congress. It had the merit over the proposal of the Senator from New Mexico [Mr. BRATTON] of not being a cut of "at least" 10 per cent. It was a cut limited to that precise figure. I had occasion recently to ask certain heads of departments how that cut

had operated with respect both to the 10 per cent reduction in wages and to furloughs. I invite the attention of Senators to one or two replies which tend to show how far-reaching and unexpected legislation of this general character may prove, however well intentioned.

The Secretary of the Interior, answering my inquiry on December 15, 1932, with respect to administrative furloughs, made this, among other observations:

So far we have furloughed 126 employees, 27 for periods from two to six months and the remainder for an indefinite period. A few of those furloughed indefinitely have been returned to duty.

The Secretary of Commerce, speaking through his administrative assistant on December 16, replied in part:

When the reductions were made in our 1933 fund, under the 10 per cent in the aggregate program of the Senate last spring, the reductions in certain items were so severe that notwithstanding many economies introduced and the curtailment of services, extensive administrative furloughs will have to be taken. For instance, in the Secretary's office, the Bureau of Standards, the Bureau of Foreign and Domestic Commerce, and the Steamboat Inspection Service, about 40 days' leave without pay will have to be taken in addition to the 30 days' legislative furlough unless some relief is obtained.

These replies are cited merely as illustrations of consequences which may be expected if the thoroughly disorganizing provision in the amendment of the Senator from New Mexico with respect to a 5 per cent reduction "at least" shall be adopted by the Senate.

I strongly join the Senator from Nevada [Mr. ODDIE], the Senator from Michigan [Mr. COUZENS], the Senator from Utah, and other Senators here in their protests against that method of legislating with respect to the lives and the welfare of innumerable workers, many of whom, as all of us know, have given years of devoted, faithful, and efficient service to the Government of the United States.

Mr. COSTIGAN subsequently said: Mr. President, the remarks of the able junior Senator from New Mexico [Mr. CUTTING] and the article placed in the RECORD by the gifted Senator from West Virginia [Mr. NEELY] lead me to ask to have incorporated at the conclusion of my earlier remarks certain extracts from an article dated January 16, 1933, on balancing the Budget, prepared, it is reported, by leading professors and their associates of the University of Chicago.

The VICE PRESIDENT. Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

BALANCING THE BUDGET—FEDERAL BUDGETARY POLICY DURING A DEPRESSION

Few problems confronting the American public transcend in importance that of Federal financial policy. There appears to be grave danger that in balancing its Budget the Federal Government may adopt policies the inevitable consequence of which will be the retardation of business recovery and the impairment of the social usefulness of Government. These evil consequences can be avoided.

* * * * * * *

In one important respect there is a vital difference between the fiscal operations of the national and those of other political units. For the Federal Government has control over the monetary system of the country, and its fiscal policies can and should be controlled with reference to the monetary and credit situation of the Nation. The activities of the National Government are of greater importance in reference to the swings of the business cycle than are those of State and local governments.

* * * * * * *

"Balancing the Budget" should be used to mean the attempt to secure sufficient revenue to defray the expenditures of Government. That portion of the Budget not covered by revenues may be considered as unbalanced. Funds to meet the fiscal requirements of the unbalanced portion can be secured (1) by short-term borrowings, (2) by long-term funding, or (3) by issuance of fiat money. Given an expenditure program, the question Congress faces is: How much of the needed revenues should be obtained by taxation and how much by borrowing?

This question can be answered only after the expenditure program of the Federal Government is carefully analyzed.

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Those expenditures which should be financed from current revenues can best be seen by the listing of items which need not be so financed. Among the types of expenditure which in this emergency should not be financed from current taxation are the following:

1. Nonrecurrent emergency expenditures.
2. Loans and investments.
3. Expenditures for public works.
4. Permanent appropriations not to be spent during the current fiscal year.
5. Public-debt retirements.

With the foregoing items excluded, the aim of the Treasury for the fiscal year 1934 should be to finance only normal operating expenses from current revenues. Relief, investments, loans, and public works should be financed from borrowings; and the Federal debt during the next fiscal year should be increased by a sum not less than the amounts so expended.

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NONRECURRENT EMERGENCY EXPENDITURES

The public should not be called upon at this time to furnish funds by taxation to finance nonrecurrent emergency expenditures. The burden of normal taxation has already been made severe by the shrunken incomes and losses of the depression, to which have been added the weight of emergency taxes enacted by the last Congress. It is not desirable that relief from unforeseen disasters or floods, for example, should under existing circumstances be provided by current taxation.

PUBLIC WORKS EXPENDITURES

Outlays for public works undertaken to stimulate employment are essentially capital investments which in this emergency should be financed by loans. These outlays are made to acquire permanent improvements, the life of which will extend over many budgetary periods. If sound practices of private businesses were followed, sums expended for such purposes might properly be distributed over the period of the useful life of the property, the original outlay being financed by the issuance of bonds.

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SHOULD THE BUDGET BE BALANCED ANNUALLY?

It is by no means axiomatic that the Federal Government should annually collect revenues sufficient to cover even its ordinary operating expenses. This, of course, should be an aim of the Treasury; but if this policy involves too great hardship from the imposition of burdensome taxes, the Government is justified in borrowing for a few years in order to meet deficits from current operations. As the Secretary of the Treasury said in his annual report presented to Congress December 8, 1932:

"In a period of deep depression, with the income of the people greatly reduced, with their buying power drastically curtailed, and with millions deprived of their earning capacity, it is not only unwise but impossible to bridge the gap in the Budget entirely by increased taxation.

* * * * * * *

The reduction of expenditures should not be confused with the curtailment of activities. It may be doubted whether citizens desire the curtailment of Government functions; they have, rather, for the most part, insisted upon their extension. The demand for economy properly considered is a demand for the reduction of unit costs rather than a demand for the curtailment of necessary and beneficial public services.

SALARY REDUCTIONS

Salaries should not be further cut unless steps are taken at the same time to accomplish all the other possible economies in the public service. Personnel surveys should be made, and their findings should be used immediately as a basis for the separation from pay rolls of superfluous and inefficient employees and for any cuts are employed, the service is not purged of the incompetents nor in wages which may be decided upon. Where horizontal cuts alone of political "hangers-on." The "horizontal" method of retrenchment is an easy means for meeting the demand for economy and only slightly reduces the cost of political patronage. In retrenchment the principle to be followed is to reduce expenditures and curtail operations where they will do the least social damage. No discrimination as to consequences is possible when horizontal or uniform percentage reductions are followed.

For those employees who are discharged from the Federal service adequate unemployment relief or employment in emergency services should be provided. These adjustments in personnel should be a phase of the reorganization of Federal administrative departments now being considered by Congress.

POSTPONEMENT OF EXPENDITURES

Modest reductions in expenditures may be achieved by the postponement or complete elimination of certain projects included in the Budget. For example, the surplus of agricultural land now under cultivation justifies the curtailment and postponement of expenditures for land reclamation and irrigation, save perhaps to the extent of salvaging capital already sunk in such projects. Substantial economies can be realized from the postponement of naval construction. The 1934 Budget estimates for vessel construction are about $21,000,000 in excess of appropriations for 1933. The modernization of battleships also calls for the expenditure of $9,450,000. The total amount available for naval construction during 1934 is estimated by the President at $53,380,000. Further reduction in expenditures may be achieved by postponing the acquisition of land and improvements not immediately needed. In the 1933 Budget, for example, reductions in appropriations for the Department of Agriculture were accomplished, in part, by a reduction of $1,750,000 in the estimate for the purchase of additional forest lands. Such savings as these may be used either to reduce total expenditures or to make possible the increase in appropriations for more pressing needs.

CURTAILMENT OF SPECIAL SERVICES

Likewise, services undertaken primarily for the benefit of particular individuals and conferring little or no advantage upon the citizens as a whole should either be dropped completely from the Budget or placed upon a self-supporting basis by the collection of charges for services rendered. Many activities of the Department of Commerce are illustrations in point, notably the foreign services of the Bureau of Domestic and Foreign Commerce. Moreover, these duplicate in part the activities of the Consular Service.

SUBSIDIES

Subsidies to special interests should also be speedily withdrawn. Some of these subsidies are disguised by excess payments for services. The least that can be asked is that such subsidies as are retained should be clearly designated as such in the Budget. The postal deficit for 1934 is estimated at $97,000,000, substantial portions of which are due to losses on parcel post and second-class mail, to the continuance of rural free-delivery routes laid out for horse-and-buggy delivery, to excess rentals, and to excessive as well as uneconomic subsidies to steamships and air lines carrying mail. Economies can be effected here without impairment of the quality of service.

OBSTACLES TO EXPENDITURE REDUCTION

In the pursuit of any program of expenditure reduction, numerous obstacles will be encountered. A survey of the Budget discloses the fact that the reducible portion of appropriations is small indeed. The 1934 Budget called for appropriations totaling $4,248,160,731, which were reduced by additional recommendations in the President's Budget message to $4,218,808,344. Of this latter total (except for slight adjustments in amounts for specific items in the body of the Budget to bring them into harmony with the modifications in the Budget message), $1,628,517,319 is for military functions (38.60 per cent), fixed-debt charges take $1,259,070,321 (29.84 per cent), public improvements call for $122,108,690 (2.89 per cent), the postal deficit exacts $97,000,000 (2.29 per cent), refunds call for $85,238,800 (2.02 per cent), the construction of general Government buildings is to receive $69,060,000 (1.64 per cent), and $42,458,590 is estimated as the cost of governing the District of Columbia and other Territories (1.01 per cent). These so-called "nonreducible" items call for the expenditure of $3,303,453,720, or 78.30 per cent of the aggregate appropriations proposed for 1934. Included in the percentage just given are certain items referred to in the Budget statements as "fixed charges," representing interest, pensions, retirement salaries, annuities, and World War allowances, together with subsidies, grants, and contributions, which amount to $1,723,436,793, or 4.85 per cent of proposed total appropriations. Unless curtailments are made in these items, improperly designated "nonreducible," substantial reduction of ordinary expenditures can be accomplished only with serious loss to the community.

INCREASED DEMANDS

The depression, it must be recognized, has brought with it an increased demand for Federal services. Upward of 11,000,000 people are out of employment through no fault of their own. The resources of State and local governments, together with private philanthropy, have been unable to provide adequate relief. During the present winter the Federal Government probably will be forced to provide direct aid—not loans of its credit to States and cities—in order to mitigate human suffering. Yet in the 1934 Budget the President provided only $18,000 for relief expenditures, as compared with $40,018,000 appropriated for the fiscal year 1933 and $461,651,000 for 1932. Of this latter sum $450,000,000 was represented by a subscription of that amount to the capital stock of the Reconstruction Finance Corporation, while the remaining subscription of $50,000,000 to the capital stock of that body was charged to the promotion and regulation of agriculture. However, from the total resources of the Reconstruction Finance Corporation only $300,000,000 was "to be used in furnishing relief and work relief to needy and distressed people and in relieving the hardship resulting from unemployment." In addition a curtailment of building construction and public-works projects is recommended for 1934. Appropriations for general Government buildings were $212,638,000 in 1933, but only $69,060,000 is recommended for 1934. Public improvements—roads, rivers, and harbors; flood control and others—received appropriations of $402,482,000 in 1933, while only $122,108,690 is proposed for 1934. The President did not deem "further building at this time in the public interest." It is doubtful whether the volume of useful public works should now be curtailed. Business recovery has not sufficiently advanced to warrant this retrenchment. Likewise, generous Federal appropriations for the direct relief of the unemployed are recommended.

AID TO CITIES AND STATES

Another phase of the problem relates to financial aid to cities and States not by way of loans but through the direct sharing of public revenues. Local-government revenues have especially been drained during the past two winters to provide unemployment relief. The depression has demoralized many State and local revenue systems whose chief reliance has been the property tax. The collapse of real-estate values has been accompanied by unprecedented tax delinquency; and while revenues have dwindled, relief demands have prevented substantial reductions in expenditures and taxes. The constitutions of many States prevent any ready modernization of revenue systems or extension of borrowings. Hence the National Government will soon be confronted with the problem of keeping the State and local governments functioning as well as solvent. The Federal Government can not afford to allow its political subdivisions to cease to function. Curtailment of their functions will decrease the volume of social services needed during this emergency, will reduce the demand for labor and materials when they should be increased. If the subdivisions default on the payment of substantial amounts of bonds and other obligations, this may react unfavorably on the credit of the National Government. Such defaults will tend to restrict the flow of funds in trade and commerce and will undoubtedly restrict the volume of credit with which business is being transacted. Such consequences the Government is endeavoring to prevent through the banking and currency system. Increased lending of credit to State and local governments and an increase in grants for their use would materially aid the efforts toward recovery which have already been made.

REDUCTION OF AGGREGATE EXPENDITURES

There finally arises the question: "Should the aggregate of public expenditures be reduced?" This question should not be confused with the reduction of unit costs and the reallocation of appropriations among the items of expenditure. After all reasonable adjustments to effect economies and promote efficiency have been made, this question must still be faced.

What is needed to-day is an increase in the circulation of money and credit, an increase in the volume of purchases, more employment, larger aggregate pay rolls, and an improvement in the morale of the people. The reduction of aggregate public expenditures, except as and if accompanied by reduction of current excise-tax rates, will influence these factors in exactly the wrong direction. But if the Government decreases the unit cost of providing present services as lower prices and wages enable it so to do, and if it eliminates all elements of waste in its operations, it should be encouraged to undertake such additional activities involving expenditures as the prevailing emergency makes urgent.

Mr. WALSH of Massachusetts. Mr. President, I desire to ask the Senator from New Mexico a question. In the operation of this amendment would it be possible for the Postmaster General, in a department under him where there is a superintendent of postmasters and two assistants, to decide that he could get along with one assistant to the superintendent of postmasters and eliminate the other office?

Mr. BRATTON. Yes, Mr. President; undoubtedly he could do that.

Mr. WALSH of Massachusetts. I desire to ask the Senator another question. There are now a Postmaster General and four Assistant Postmasters General. If the Postmaster General should find that he could consolidate those offices and operate the department as efficiently and as effectively with two Assistant Postmasters General, could he do it?

Mr. BRATTON. Undoubtedly he could. Those are merely two of the hundreds of ways in which he could economize.

Mr. WALSH of Massachusetts. Mr. President, everybody who talks about economy, in and out of this Chamber, talks about eliminating waste, consolidating bureaus, abolishing surplus departments and unnecessary employees. Everybody agrees that these are the kind of expenditures we should eliminate. There is a difference of opinion about whether or not we should reduce expenses by cutting salaries. What is the evil at which we are striking when we talk about economy under present conditions? It is the evil that grows up in every organization in the world, private and public, in times of long-continued prosperity, namely, adding to the pay roll, hiring extra employees, building up bureaus, and increasing the functions of departments. I ask, Who does that? The Congress of the United States incidentally, but chiefly it is the work of executives. What we are confronted with and what private business generally is confronted with is the increase in overhead expenses, by natural expansion in times of prosperity of particular departments in the governmental organization and in the business organizations of the country.

Mr. President, I say it is a "natural" condition. This condition is the result of great sums of money being easily obtained from the taxpayers and resulting from a bulging Public Treasury. Expansion of jobs is the result of executive favor. How is this to be stopped? By executive rigidity, and in no other way. To be sure, the Congress appropriates the money, but the pressure and the urge for expansion comes from department heads.

Unless the new administration and its department heads, the Cabinet officers, have the courage to eliminate activities which are unnecessary and which have been created partly by way of political favor or of individual benefit, such activities as we could enjoy in time of luxury, in time of ease,

and in time of prosperity, and unless adequate power shall be conferred upon the new Executive and his Cabinet officials, we are talking in vain about economies. If the President elect has given one impression to Senators with whom he has talked—for I have heard it from many lips—it is that he proposes to do that very thing, to reduce, to remove the extravagant, the excess, and the surplus employees that have been multiplied in our recent period of prosperity and expansion.

Here is an amendment that seeks to give Cabinet members—in this instance the Postmaster General and the Secretary of the Treasury—that power and that authority and that sanction from the Congress. I propose to give it to them in order that if they find upon taking office that there are unnecessary employees and useless activities that they may eliminate them.

Even among the number of employees of the Senate we find this tendency to expand. We are from time to time increasing the pay roll and putting people to work. Senators on the majority side of the Chamber have been doing that. That is a natural condition. It is a consequence of long continuance in power, of getting money easily. In my judgment, the number of employees about the Senate could be reduced substantially without any injury to service and that money could be saved to the Public Treasury. I am not saying this in criticism. It is, I repeat, the natural result of easy money, of long continuance in power, and of prosperity unlimited and unchecked. How can we eliminate these abuses that overtax the Public Treasury in times of depression? By drastic action when political power changes.

So it seems to me the first thing that we must do is to rely upon the courage and the nerve and the strength of executives to undo what other executives under and during a period of expansion have done.

We did not have any vote when some Senator on the other side went out and whispered into the ear of the Secretary of the Senate or the Sergeant at Arms or some other official and said, "I want another man put on the roll here or two men put on the roll here." We did not have any vote when a man was put on the pay roll here and another man there throughout the Senate wing of this building. We did not have any vote in the Senate about it. It is executive action; it is executive administration; and, in my judgment, the departments and agencies that are useless can be cut out and eliminated only by a forceful Executive who will either himself do it, if we give him the power, or will call the attention of Congress to the facts and recommend action that is remedial. Let us give that power to eliminate the waste—some of it merely political patronage—we are talking about, if there is any, and to reduce the number of political employees. Who has not been in the Post Office Department and seen messengers around the corridors doing little or nothing? Let us talk plainly now. We hear it whispered around every time we go down town of the large number of employees of various governmental agencies that appear to be surplusage. Why not give the new Postmaster General the power to put them out unless they are really necessary and doing a day's work? It is agreed that we can not reduce wages without a special act of Congress; therefore, the amendment to the amendment merely beclouds the issue and may force discharges rather than furloughs of Government employees.

Mr. BLAINE. Mr. President——

Mr. WALSH of Massachusetts. I will yield in a moment. I agree with what has been said about not reducing the salaries of employees. Let us do that in the open; let us do it by reducing our own salaries first. Let us be on the level with the public. If we are going to reduce salaries, let us do it openly and frankly and have a roll call and a vote here, and let us begin by reducing our own salaries as an example to the people of this country. Here, however, is a proposition that does not go to the reduction of salaries. The amendment proposed by the Senator from Colorado to the amendment of the Senator from New Mexico, as I understand, purposely retains the power to remove that may be implied in the amendment of the Senator from New Mexico. Am I correct about that?

Mr. COSTIGAN. The word "dismissal" and the word "discharge" are omitted from the amendment.

Mr. WALSH of Massachusetts. That is what I thought.

Mr. President, I have said about all I want to say, but I should like to repeat that I am convinced that a majority of the 500 Members of the Congress can not see this problem alike; 500 Members of the Congress have different impressions and different notions about how to bring about economy; and if economy is going to be something besides talk, something besides good intentions, it must be brought about by executives of the departments of the Government who have courage and who have the will and disposition to say, "This activity is unnecessary; that bureau or agency can be consolidated with another; this number of employees can be reduced." I hope the new administration will meet its responsibilities and do that. As the Senator from Ohio said, let us give them the opportunity. If they fail, then it will not be the fault of the Senate.

Mr. BLAINE. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Wisconsin?

Mr. WALSH of Massachusetts. I am always glad to yield to my friend from Wisconsin, for whom I have the highest admiration.

Mr. BLAINE. The Senator made reference to messengers around the Post Office Building——

Mr. WALSH of Massachusetts. I said in the corridors.

Mr. BLAINE. In the corridors—many of whom were unnecessary.

Mr. WALSH of Massachusetts. Many of whom seem to be unnecessary.

Mr. BLAINE. Yes; and that the Congress had no voice in that respect. He also used the illustration that the Secretary of the Senate, upon the request of some Member of the Senate, appoints employees and puts them upon the pay roll.

Mr. WALSH of Massachusetts. I did not have in mind any specific act, but I said undoubtedly that has been done.

Mr. BLAINE. I understand.

Mr. WALSH of Massachusetts. I do not think the Senator will dispute that we have been increasing steadily the number of employees here, there, and everywhere during the era of prosperity.

Mr. BLAINE. I was endeavoring to give the two illustrations so that the Senator might answer the question I was about to propound. With these two illustrations in mind, does the proposed amendment confer any other or additional power than now rests with the heads of the departments?

Mr. WALSH of Massachusetts. I think the Senator has presented a viewpoint that has not been emphasized here. In all probability, any executive can refuse to fill a vacant office; he can dismiss an employee who is not needed; but I do think that this amendment expresses the sentiment of the Congress and gives the heads of the executive departments the implied assurance that the Congress will support them in taking such action.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from Massachusetts yield further to the Senator from Wisconsin?

Mr. WALSH of Massachusetts. I yield.

Mr. BLAINE. Let me ask the Senator another question. Assuming that this is a sort of political resolution expressing the sentiment of Congress——

Mr. WALSH of Massachusetts. I do not think that is fair. I think the Senator who offered the amendment is actuated by highly commendable motives.

Mr. BLAINE. I do not mean to insinuate anything unfair or improper, but the statement of the Senator was that this express declaration would advise the administrative officers of the sentiment of the Senate. Well, that is nothing more

than a sort of political resolution. I do not mean that it is presented from the standpoint of partisanship at all, but it is a resolution.

Now, is it fair to the people, is it fair to the Government, for Members of Congress to have this method of running to cover when we should write those provisions into the economy provisions of the bill according to the theory of this measure as substantive law and not as a resolution?

Mr. WALSH of Massachusetts. I would accept and be inclined to agree with the Senator if he had not taken the position—if I am correctly informed about it—of opposing economy proposals here. I am not criticizing him.

Mr. BLAINE. The Senator should know that I voted for all the economy provisions last year, including the proposition to cut the salaries of Members of the Congress 25 per cent; and I am going to follow that policy in the present session.

Mr. WALSH of Massachusetts. I was under the impression that the Senator entertained the opinion that the conditions of this country had now reached such a state that it was not necessary to extend further economy this year.

Mr. BLAINE. If the Senator asks me that question, I will answer it very briefly by saying certainly there should be a very, very large degree of economy practiced.

Mr. WALSH of Massachusetts. And the only difference is the manner of doing it.

Mr. BLAINE. Oh, no.

Mr. WALSH of Massachusetts. The Senator wants it done more directly.

Mr. BLAINE. No; that is not the difference. The difference is as to the substance of the economy, not the method.

Mr. WALSH of Massachusetts. What would the Senator suggest in this bill to equal a cut of 5 per cent?

Mr. BLAINE. Exactly what the Senator did yesterday—cut $19,000,000 of graft out of the bill. The Senate adopted that proposal, and I was quite in agreement with it.

Mr. WALSH of Massachusetts. Does the Senator think that will remain out of the bill when the new administration takes control of the Postal Service?

Mr. BLAINE. I hope it will. I am opposed to subsidies. Let us cut out the ship subsidies, let us cut out some of the enormous useless and wasteful expenditures respecting the Army and the Navy. There is lots of room for economy by cutting off public expenditures in great chunks rather than to pinch the pennies from the ordinary clerk who may receive $1,100 a year.

Mr. WALSH of Massachusetts. Mr. President, I understand my time has about expired.

Mr. BLAINE. The Senator's economy and mine might be entirely different as to substance as well as to method.

Mr. BRATTON. Mr. President——

Mr. WALSH of Massachusetts. Mr. President, I yield to the Senator from New Mexico for one-half minute.

Mr. BRATTON. In reply to the observation of the Senator from Wisconsin, I desire to say that we frequently use the word "authorized." Many times we authorize a department to do a certain thing, and it is always regarded as a mandate. I have no doubt that this provision will be regarded in that way and will be administered in that fashion.

Mr. BLAINE. Mr. President, I desire to make a brief statement, and then I desire to make a point of order.

The Senator from New Mexico has just suggested—that is what gives rise to the point of order—that the word "authorized" no doubt means that it is mandatory rather than directory. I want to point out, Mr. President, that while the Senator has modified his amendment to read:

Provided, That the Secretary of the Treasury is authorized to make such reductions in the expenditures from the appropriations made in this act—

And so forth; and while he has stricken out the words "and directed," yet it is now contended that the word "authorized" is mandatory.

That is not all, however. I want to call attention to the fact that while the Senator has modified the amendment, no consideration has been given to the exception contained in the amendment. The Presiding Officer, the distinguished Senator from New Hampshire [Mr. MOSES], sustained the point of order I made on yesterday on the ground that this was new or general legislation; but consideration was given only to the language authorizing and directing the Secretary of the Treasury to do a certain thing. No consideration was given to the exception made in the amendment; and that exception is this:

Except—

That is, excepting the following from his power and his authority—

Except appropriations for acquisition of sites for and construction of public buildings * * *.

The Treasury Department having charge of post-office sites and the sites for other public buildings, the authority to purchase those sites, and the sole power to construct the public buildings, under the present law the Secretary of the Treasury may exercise a discretion and decline to purchase any site whatever, all sites, or any particular site. Under the present law he may decline to build any building or all buildings. He has that right of discretion. Here is a proposition whereby it is proposed to give the Secretary of the Treasury authority—I am not concerned about whether it is mandatory or directory—to reduce appropriations, except for the purchase of sites and the construction of public buildings. That exception was not taken into consideration yesterday, I am certain, by the Presiding Officer. I know that it was not taken into consideration by myself when I made the point of order. I think that section, beyond any doubt, will make this proposed amendment general legislation, and therefore the point of order should lie against it; and I make the point of order.

Mr. BRATTON. Mr. President, under the parliamentary situation am I permitted to speak on the point of order?

The VICE PRESIDENT. Yes; the Senator may speak on the point of order.

Mr. BRATTON. Mr. President, as thus revised, it seems clear to me that the amendment is not subject to the point of order. It is solely a limitation on the money appropriated in this bill, and it merely authorizes the Postmaster General to withhold the expenditure of 5 per cent of the money appropriated in this particular bill. That is what it does, and that is all it does. It is a proviso attached to the bill restraining the disbursement of 5 per cent of the total funds appropriated. There is nothing mandatory in the text of the provision. It is simply an authorization.

As to how the proviso will be administered is not a parliamentary matter addressing itself now to the Chair. The Chair will pass upon the point of order measured by the language within the four corners of the amendment.

I think as modified, attaching to it the proviso and striking out the words "and directed," the amendment is free from the point of order.

Mr. BLAINE. Mr. President, just a brief observation.

The legal effect of the exception to which I have called attention is to prohibit the Secretary of the Treasury from making a 5 per cent reduction respecting appropriations for sites for public buildings and for public buildings. That discretion now rests with him; but if he undertakes to make the 5 per cent reduction, under the discretion or authority, whether it is mandatory or not, he can not make the reduction under that discretion or authority with respect to appropriations for post-office sites and public buildings.

Mr. BRATTON. Oh, certainly. If he has authority under other law, and this does not apply to that appropriation, he can make those cuts under existing law entirely aside and free from this provision. This provision does not apply one way or the other to those appropriations, and his right is measured by existing law.

The VICE PRESIDENT. In view of the statement made on yesterday by the President pro tempore in sustaining the point of order raised against the amendments of the Senator from New Mexico [Mr. BRATTON] from which ruling an appeal was taken, and which statement resulted in the withdrawal of the appeal to-day and the submission of the



amendments in a modified form which the occupant of the chair said would make them in order, the present occupant of the chair feels that it is his duty to overrule the point of order.

Mr. VANDENBERG. Mr. President, may I have the attention of the Senator from Colorado [Mr. COSTIGAN]? I desire to interrogate him regarding the language of his proposed amendment.

When he prohibits all wage cuts, I understand that he is speaking about the scale and not the sum total of the pay roll of the department. In other words, it is a correct interpretation of this language that there would be no inhibition against general dismissals in respect to functions of government that might be eliminated? Is that correct?

Mr. COSTIGAN. Mr. President, in answer to the Senator from Michigan I wish to say that my unwavering personal preference would bar discharges or dismissals, except as specifically ordered by Congress, with furloughs and other proposed wage reductions. As a result of careful inquiries, it is my judgment, however, that a large majority of the Senate would not be willing to support such an amendment. The amendment, therefore, does what the Senator from Michigan has suggested. It does not bar dismissals. It merely prohibits reductions in wages and furloughs other than those already in effect.

Mr. VANDENBERG. Now, let me ask the Senator one further question of interpretation:

No wage cuts or furloughs other than those—

Mark these words—

heretofore in effect.

I ask the Senator whether that does not foreclose the effectiveness even of any changes, either in wages or furloughs, which might be carried in these particular appropriation bills? Is it not the Senator's purpose to say that there shall be no wage cuts or furloughs other than those in effect by law, or something of that sort?

Mr. COSTIGAN. Mr. President, the amendment or addition suggested by the Senator from Michigan would appear to be appropriate.

Mr. WHEELER. Mr. President, if the Senator will pardon me, I am not entirely sure that it would, because if we said "excepting those that are in the bill" we might complicate the matter by saying that they could still cut under this proposed amendment.

Mr. VANDENBERG. The Senator sees what I am trying to reach.

Mr. WHEELER. Certainly; I see what the Senator is trying to get at.

Mr. VANDENBERG. It seems to me that as the amendment is drawn the Senator has closed the door to any further consideration of that section of the problem.

Mr. WHEELER. I think it could be done very well by saying "except as heretofore provided or under other provisions of the bill."

Mr. VANDENBERG. "Heretofore or herein."

Mr. WHEELER. Yes; "heretofore or herein," or "under other provisions of law."

Mr. VANDENBERG. May I suggest to the Senator that he perfect his amendment in that respect, so that it will be perfectly clear?

Mr. COSTIGAN. Will the language "heretofore in effect," or "herein provided for," satisfy the Senator from Michigan and the Senator from Montana?

Mr. VANDENBERG. It will satisfy me.

The VICE PRESIDENT. The Senator from Colorado has a right to modify his amendment.

Mr. COSTIGAN. That addition may be made.

The VICE PRESIDENT. The Senator will state the modification.

Mr. COSTIGAN. Following the words "in effect," in the last line of the suggested amendment, add the words, "or in this act provided."

Mr. DILL. Mr. President, I do not know, and I do not think anybody here knows, what effect the language which the Senator from Colorado has offered to this amendment will have.

My own viewpoint is that as the amendment is written by the Senator from New Mexico there is not any possibility of cutting the wage scale of employees, but as to the furloughs there is an unlimited right of furlough.

The most ridiculous system of wage cutting that has ever been invented is this furlough system. In practical operation the result is that nobody, in any Government department, knows how much furlough he is going to have. The application of it has resulted in many employees having such long furloughs that instead of their remuneration being cut 8⅓ per cent it is cut as high as 20 and 30 per cent.

It was a foolish and a mistaken policy that caused the adoption of the furlough as a method of cutting salaries. It was done on the theory that it could be said that wages had not been cut; but in practical operation it results in the most unequal and unsatisfactory system of cutting wages.

I am glad that the Senator from New Mexico has presented this amendment. If carried through these bills it may result in the saving of $100,000,000 or, perhaps, $130,000,000. I say that this is one of the things that this Congress can do to help the present situation in this country.

I am not so foolish as to believe that balancing the Budget will bring back prosperity; but I do believe that the only sound way to balance the Budget in these times is to cut our expenditures until they are no greater than our revenue; otherwise we must resort to new taxes or resort to greater deficits in the Treasury.

I am going to vote for this amendment. I am going to vote for every proposed cut in these appropriation bills that will not interfere with the absolute necessities of the Government's action. I say to Senators here that if they had any real conception of the conditions at home, of the people whom they represent, they would quit thinking so much about the employees who din the talk of wages into their ears. They would think more of these millions at home who can not pay taxes, who can not buy food and clothing, who can not get work.

They are growing in number every day, and we sit here in the city of Washington, with the great pay rolls of our Government around us, and fail to realize the terrible condition that is developing all over the United States among the masses of the common people, upon whom we must in the end depend for the perpetuity of our institutions.

Mr. President, I have little fear, indeed, I have no fear, that this Government is going to be overturned by a bloody revolution, as some men predict; but I am frightened for the future of the Government when I think of the sentiments developing in the United States which will eventually send men to these halls who will rewrite the laws, aye, rewrite the Constitution, if necessary, until the old landmarks of liberty of our Republic will be wiped away by legal action on the part of men who come here as the representatives of our constituencies.

For my part, I have made up my mind to do what I can to stem the tide by first trying to cut the expenditures on every hand, and, second, by trying to get legislation at the first possible opportunity that will revive the trade of the world, by bringing more money into circulation, by bringing about trade between the nations of the world, and by bringing about confidence in the financial institutions of this country.

I say to Senators now that unless we recognize the situation, we will find ourselves confronted with a mass public opinion that will amaze us, and all the rest of the thinking people of the world will be amazed at what will happen as a result of the spirit of radicalism that will sweep the country and bring men into our places who will, by legal methods, change the laws and the Constitution to the point where most of the standards of which we boast, in which we believe, will be wiped away.

Mr. BARKLEY. Mr. President, I do not like to detain the Senate from a vote on the pending amendment or any other amendment or any other proposition, because at the rate

we have been going and are going now, we will have only time enough between now and the 4th of March to consider about eight more amendments to the Post Office appropriation bill. I am truly thankful that this is the last, as it has been the worst, lame-duck session in the history of the United States.

I heard a story the other day about a tobacco grower in my State who hauled a load of tobacco to the market, and, after he had paid all the expenses incident to its preparation for sale, and sale, he owed the proprietor of the warehouse 50 cents. When he went by the office to explain to him that he could not pay the 50 cents, the proprietor said to him, "Well, bring a chicken in to-morrow. I will just take a chicken for what you owe me for processing and selling your tobacco." The following day the farmer brought in two chickens, and when asked why he brought in two chickens, he replied that he intended to bring in another load of tobacco the next day, and he would pay the chicken in advance. [Laughter.]

Mr. President, that is probably an exaggerated illustration of the situation which confronts hundreds of thousands of the farmers of the United States, if not millions of them, and I wonder what such a man to-day thinks about the quibbling in the Senate of the United States over a reduction of 5 per cent in the expenses of operating any department under any Cabinet officer. We act here as if we were petifogging lawyers representing a criminal before a justice of the peace in an effort to get him out from under punishment which he might well deserve.

I recognize the fact that there are some men, and probably some women, who are against all reductions in governmental expenses, and against all discharges, regardless of how useless the employee may be. The Senator from Massachusetts referred to the fact that in some of the public buildings in this city there are numerous messengers sitting around the doors doing nothing.

I was told the other day that the proprietor of a soda-water stand near one of the public buildings in Washington made a count one day of the number of Government employees who, during working hours—not at lunch time, not before 9 o'clock, not after 4.30 o'clock, but during working hours—came in and sat down and drank soda water and ate ice cream, and the number in one day was 720. I do not know that that is an accurate statement. If I have any way to check up on it, and can find out the name of the proprietor of the stand, I am going to inquire about it and find out whether it is true or whether it is an exaggerated rumor.

Mr. President, if anybody doubts how the people of the United States are feeling on this subject of governmental expenses, let him go out among them. Let us read our own mail, if we have time to read it. I am receiving about 150 applications a day from friends and constituents of mine in Kentucky for positions under the Government of the United States. Some of them specify what they desire, but most of them are appealing to me to get them any kind of a job, at any kind of a salary. I am sorry that we can not accommodate all of our friends who are in the midst of hardship with reference to Government employment and Government positions; but where there is one applicant for a job under the incoming administration, there are a thousand men in this country who have no jobs of any kind.

Mr. President, testifying yesterday before the Committee on Interstate and Foreign Commerce, Mr. Daniel Willard, president of the Baltimore & Ohio Railroad, said that his company is still discharging men from employment on his line because of the condition of business and because they are compelled to economize in order to make their budget balance. If we have not the courage or the sense to do the same thing with reference to the United States Government, then we are not qualified to act as a board of directors of the United States Government, which we are in our capacity as United States Senators.

We have to refund several billion dollars' worth of public debts in this country bearing around 4, 4¼, and 4½ per cent. It is the desire of everybody, regardless of politics, that we may refund the seven or eight billion dollars during the current year at lower rates of interest. We can not refund that public debt at lower rates of interest unless we preserve the credit of the United States Government. The only way by which we can save to the taxpayers of this country two or three hundred million dollars a year by refunding our Liberty bonds at a lower rate of interest is by preserving the credit of the United States Government.

We created a Reconstruction Finance Corporation and gave it $500,000,000 in cash out of the Treasury, and authorized it to issue debentures for about $3,000,000,000 more, in order that it might lend money to public and quasi-public and private organizations, self-liquidating and otherwise, and although that Reconstruction Finance Corporation has been in operation for nearly a year, it has not sold a single dollar's worth of debentures or bonds. Although it has loaned about a billion and a quarter dollars to private and public organizations, it has done so by resorting to the credit of the Treasury of the United States to obtain the money with which to do it, rather than selling debentures on a market that has not been ready or willing to absorb such bonds.

We are holding hearings every day in the Committee on Banking and Currency, of which I am a member, to find some method by which to finance the farm mortgages of the United States, amounting to about $9,000,000,000, and it is generally conceded on all sides, I think, that if we shall be able to refinance those farm mortgages at a lower rate of interest, giving the farmer longer time to pay out, so that he may preserve his home, the credit of the United States Government in some degree must be brought to the rescue of the situation.

I ask my colleagues here, in all earnestness and in all sincerity, how are we to compare the condition of an American farmer, or millions of American farmers, who have suspended over their heads to-day the possibility, and the probability, and the certainty, unless something is done for them, of losing their homes and their lifetime savings, with a 5 per cent reduction of somebody who is on the pay roll of the Government of the United States?

If it were not a serious thing, it would be a joke to compare a 5 per cent reduction in the pay of anybody who has a lifetime job with the loss of millions of homes of the people of this country—not only on the farms but in the cities—people who are losing their homes day by day because they have no means by which to pay their debts or the interest on their debts or their taxes.

Mr. President, I am in favor of the amendment of the Senator from New Mexico, and I am against the amendment offered by my friend the Senator from Colorado.

Mr. COSTIGAN. Mr. President, will the Senator yield for a question?

Mr. BARKLEY. I yield.

Mr. COSTIGAN. May I say to the Senator from Kentucky that I know personally of instances of faithful employees of the Government who are certain to lose their investments and their homes if they are forced at this time to take an additional 5 per cent reduction in their pay.

Mr. BARKLEY. Mr. President, I would not dispute the statement of the Senator from Colorado. There are probably Government employees here in Washington who might lose their homes because of a drastic reduction in their pay, although I can not see how a 5 per cent reduction would result in anybody losing his home. They have at least lifetime positions, and salaries enough to support them during the rest of their lives, while thousands, aye, millions, scattered all over this country, in cities and in the country, as well, who are losing their homes, have not even the means of supporting themselves, and are objects of charity. I can not compare a man or a woman who has a lifetime civil-service position, receiving living wages, with somebody out in the country or somebody in a city who has nothing to do whatever. There are 12,000,000 of them walking the streets of the country to-day, objects of charity.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. WHEELER. Mr. President, I have seen hysteria sweep this country before, and I see hysteria sweeping the country at the present time. The 5 per cent cut proposed does not mean simply a cut of 5 per cent in the wages of the employees; it will mean a cut of at least 10 or 15 per cent in the pay of the employees in the Treasury Department and the Post Office Department. I saw hysteria sweep this country during the war, and I have seen men completely lose their balance, until one time I went to the Federal judge of my own district and said to him, "Have I gone crazy or is everybody else crazy?" He replied that he had been asking himself the same question.

I see men standing up here in the Senate of the United States advocating a cut in appropriations of 5 per cent or a cut of 10 per cent or a cut of 15 per cent for the employees, apparently thinking that that will balance the Budget or will bring back prosperity in this country.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. COSTIGAN. I merely rise to ask the Senator whether the 10 per cent cut of a year ago restored prosperity?

Mr. WHEELER. Of course, such a thing can not restore prosperity.

Mr. BARKLEY. Mr. President, if a cut of 5 per cent or of 10 per cent will not restore prosperity—and I agree it will not restore prosperity—and the reduction of these enormous governmental expenses now upon the backs of the people will restore prosperity, or prevent a further decline in prosperity, why not logically increase all Government salaries and all of the other expenses of the Government so as to assure more prosperity, if the reduction of the present scale will not tend in the direction of bringing prosperity?

Mr. WHEELER. Mr. President, I think that is entirely beside the issue, and I do not think it is pertinent at all.

There are two lines of thought in this country at the present time, and it seems to me that we ought to face the issue. There are those who believe that we should let the deflation go on, reduce wages all along the line in private industries as well as in the Government. Many of them honestly believe that by this means we can bring back prosperity. Those who believe this agree that it will result in general liquidation and a general reorganization of business. To those who believe that I propound the questions: First, will the people stand for it? Second, should they stand for it? The other group believes we should inflate our currency either by paper or expending huge sums of money on Government works or by remonetization of silver. I believe the first step we should take is to increase purchasing power of the people of the world by remonetizing silver thereby doubling the primary money of the world and make it possible for various countries to buy from us instead of depressing the gold price of commodities.

The great bankers of the city of New York are advocating cutting wages, which means deflation and liquidation. They are advocating it with every industry that they own. They are coming to the Congress of the United States and asking us to further the proposition with the idea that if we set the precedent and cut wages of the employees of the Government of the United States that precedent will be followed by industries throughout the United States.

We reduced wages 10 per cent. We passed the Reconstruction Finance Corporation bill. We passed the Glass-Steagall bill for the bankers and the banking crowd of the country. We were told by the leaders upon both sides of the Chamber that prosperity was just around the corner. The leader upon the other side of the aisle said to me "With the Glass-Steagall bill passed, we will have unemployment obliterated, and it will only be a few days until smoke will be coming out of the chimneys and the wheat on your farms will begin to move." Yet from that time in 1929 up to the present time we have seen commodity prices fall. I say now that we are not going to balance the Budget, whether we cut wages and salaries 5 per cent or 10 per cent or 25 per cent. It is all nonsense to talk about balancing the Budget when commodity prices are falling as they are at the present time, because if we balance it to-day it is out of balance to-morrow.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Virginia?

Mr. WHEELER. I yield.

Mr. GLASS. The Senator from Montana did not hear the Senator from Virginia say that if the Glass-Steagall bill were passed smoke would be coming from the chimneys and that prosperity would be here. On the contrary, I demonstrated mathematically to the United States Senate that it would not do anything of the kind.

Mr. WHEELER. I agree with the Senator entirely that he did not say it, but the Senator from Connecticut [Mr. BINGHAM] did make that statement on the floor of the Senate.

We should understand some of the facts and not listen merely to the oratory. Statements have been made about how the farmers in the West and in the South would react. I do not care if every man in Montana wrote to me and said, "Cut wages, cut salaries." I do not care if every banker and every business man in the United States wrote to me saying, "Cut the wages of Federal employees." I know that they do not know what that means. They are talking about balancing the Budget, but they do not understand it and do not appreciate what it means. Many of them are merely echoing what is said to them by the Chamber of Commerce of the United States over the radio nearly every week-end. Many of them are echoing what is being sent out by the big banking interests of the city of New York in printed pamphlets, and so forth.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Kentucky?

Mr. WHEELER. I yield.

Mr. BARKLEY. Of course, the question of government expenses does not apply only to the United States Government. I take for granted that it was not the United States Chamber of Commerce and any other chamber of commerce that induced the newly elected Governor of Indiana to recommend to the legislature the combination of all the departments of the State government of Indiana into eight divisions. It was not the Chamber of Commerce of the United States that marched on the city hall of Philadelphia and demanded a drastic reduction of expenses of the city of Philadelphia which resulted in reducing those expenses several hundred thousand dollars.

Mr. WHEELER. I am not entirely sure but what it was the result of propaganda being sent out by the secretary of the chamber of commerce over the radio every week-end, abusing the Congress of the United States, abusing the Senate of the United States, and saying, "You must cut down expenses. You must cut down the expenses of the Government."

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield further to the Senator from Kentucky?

Mr. WHEELER. I have only a few moments and I do not care to yield for a speech, but I am willing to yield for a question.

These facts have been given to me by a reliable authority. Eighty per cent of the employees of the Government are civil-service employees. This means they come to their jobs prepared by training, tests, and examinations. Of these, 20 per cent receive less than $1,000 a year, while 55 per cent received less than $1,500 even before the pay cut of last year. The average salary of all the Federal workers amounts to less than $1,400 a year. Federal employees are not exempt from income taxes, Federal or State, or from other expenses.

What of the military costs of the country? What proportion of our taxes are consumed by war items in the Budget? I find that there is 72 per cent of the total of the 1932–33 Budget expended on war debts, war veterans, and war machinery. Yet we are talking about cutting the wages of the employees of the United States Government! When we cut those employees we are not going to help one

farmer in the United States. We are going to do him a detrimental injury, because we are taking away from the people their buying power. The one thing that we ought to do and that Congress is not doing and has not done is to restore the buying power of the masses of the people of the country.

We have voted in the United States Senate to give $2,000,000,000 to the Reconstruction Finance Corporation—for whom? For the railroads, for the banks, for the insurance companies. Have we voted to raise commodity prices? After giving that money to the railroads and the insurance companies and the bankers of the country, Senators now come here, after the workers of the country have already been ground down, and say, "Take more from their salaries and wages and turn it over to the bankers. Grind down the workers of the country a little bit more." Do they say to save money for the Government by cutting interest on Government bonds which they hold and on which they pay no taxes? Oh, no! Do they say we should refuse loans to railroads to pay interest on railroad bonds? Not so! Reduce wages, reduce wages, is the only song they know.

I am amazed to find on this side of the Chamber men who claim to be the friends of the workers of the United States who are trying, under the guise of reducing Government expenses 5 per cent, to cut the workers in the Treasury Department and in the Post Office Department 10 to 15 per cent more, because that is what it really means. It does not mean merely a 5 per cent cut or 7 per cent cut for the workers. It means that the postal clerks, the rural mail carriers of the country, and all the rest of them will be cut from 10 to 15 per cent more.

Mr. DILL. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Washington?

Mr. WHEELER. I will yield in just a moment. I am not afraid of the hysteria being broadcast by the secretary of the chamber of commerce. I am not going to be stampeded by the hysteria of the banking crowd of New York. I am not going to be stampeded by any of the other groups which are saying, "The thing you have to do is to cut wages and cut wages and cut wages until you grind the Government employees down like the peons of Europe and like the coolie labor of China and of Japan."

No, Mr. President, Senators were not willing, when given a chance to vote for measures that will raise commodity prices, to do anything of that kind. Senators have been sitting here since 1929, and not one single act have they done to try to bring up commodity prices to help the farmer. Now they are being asked to grind down labor further. Not one single act have they voted for to help that little merchant for whom they are pleading while trying to grind down labor.

If the farmers of the country understood what this proposal really means, they would be against it. I am not afraid to go out and face the farmers of my State, I am not afraid to go out and face the business men of my State or any group of citizens in the country including the chambers of commerce, and point out to them where the expense of the Government really is and then say to them, "Do you want me to cut these wages of these employees which comprise only a few cents of the taxes of the whole country?"

No, Mr. President, it is wrong in theory. The proposition is unscientific in principle. It is not the right way to go about cutting down the expenses of the Government. If we are going to cut the expenses of the Government, there are bureaus that ought to be eliminated. There are bureaus in the Department of the Interior that ought to be eliminated. There are expenses of the Indian Bureau that ought to be eliminated. There are bureaus in the Department of Agriculture that ought to be eliminated entirely where thousands upon thousands of dollars could be saved. I have not the slightest doubt but what in the Treasury Department and every other department of the Government we ought to eliminate and could eliminate a lot of bureaus and a lot of activities of different kinds. But let us go about it in a scientific way. Do not say, "Let us have a general reduction of 5 per cent and let the heads of the departments take it out of the pay envelopes of the workers."

Mr. DILL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Washington?

Mr. WHEELER. If we are going to cut wages, let us be frank and open about it and say we are going to reduce the pay of the employees throughout the United States on the Federal pay roll 5 per cent, or rather 10 or 15 per cent, because that is what it would really mean. Let us not merely send out word to the departments to reduce expenses 5 per cent when we know and must know that it means a reduction of 10 per cent in the pay envelopes of the employees. It is not fair to the employees. It is not fair to the Secretary of the Treasury or the head of any other department. It is unscientific in principle and unsound.

Mr. DILL. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from Washington?

Mr. WHEELER. I yield.

Mr. DILL. The question I have been trying to ask the Senator is this: Does he think, under the wording of the amendment, that anybody can cut the wage scale fixed by law? Is there anything in the proposal that makes it possible?

Mr. WHEELER. Of course it is possible—not only possible but entirely probable. How could the department reduce expenses 5 per cent or how will the head of the department reduce his expenses 5 per cent unless he cuts wages?

Mr. DILL. Probably by dropping employees and probably by dropping certain activities.

Mr. WHEELER. Possibly, but not probably.

Mr. DILL. There is no legal right by which he can reduce a salary.

Mr. WHEELER. When he gets a direction by the Congress of the United States to reduce expenses 5 per cent, and the only way he can reduce is by cutting wages, of course he will cut them.

Mr. DILL. Oh, no.

Mr. WHEELER. If the Senator's theory is correct, why will not he agree to the amendment offered by the Senator from Colorado [Mr. COSTIGAN]? The Senator from Kentucky [Mr. BARKLEY] rose a moment ago and said he was opposed to it, when all that it provides is that we shall not reduce the wages of employees.

Mr. DILL. I am not opposed to that part of it, but I am opposed to the part relating to furloughs in the way it is worded, because under the present furlough system there are many employees being cut 25 per cent, and I do not want that perpetuated.

Mr. WHEELER. We are not only going to perpetuate it, but when the Senator from West Virginia [Mr. NEELY] offered an amendment to prevent wage cuts it was voted down by the Senate of the United States last night. Why? If it is not the intention of the Senate to cut wages, why did not the Senate vote to adopt the amendment of the Senator from West Virginia?

Mr. NEELY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Montana yield to the Senator from West Virginia?

Mr. WHEELER. I yield.

Mr. NEELY. If it is not the intention by the Bratton amendment to affect those employees, and particularly those whose salaries are less than $2,000 a year, can the Senator assign any reason why the Senator from Washington [Mr. DILL], who favors the Bratton amendment, and the Senator from New Mexico, who offers the amendment, objected to the adoption of the amendment which I proposed, which would have made it impossible to deduct the 5 per cent from the salaries of the employees?

Mr. WHEELER. It is inconceivable to me why they should not, but that is their position.

In closing I want to say again that some one has made a suggestion that the people of the United States are asking for a reduction of expenses. I agree that they are asking

for a reduction. They want to cut out a lot of useless, silly bureaus that have no place in our Government.

The PRESIDENT pro tempore. The time of the Senator from Montana has expired.

Mr. THOMAS of Oklahoma. Mr. President, deflation still continues. The downward trend persists. We are not ready yet to try to change this trend. We still have too many people employed. The people yet employed are receiving too much wages. Their salaries are still too high.

Mr. President, we have too many weak banks yet in the United States for the depression to end. We have too many weak corporations for the depression to stop. Everything we do here only accentuates the downward trend of deflation.

The Senator from Kentucky [Mr. BARKLEY] a few moments ago criticized the Congress for what the Congress has done and what the Congress has not done. I hold in my hand an editorial from the Tulsa Tribune, one of the leading papers of my State, criticizing the people for what they are not doing and the thing they are criticized for is not seeing to it that their Representatives and their Senators do something to check the downward trend of deflation. The article is headed:

Why sit we idle here?

Mr. President, I want to read just one or two paragraphs from the editorial, as follows:

It is just about time for the American people to wake up. This depression is all unmitigated and unadulterated nonsense. We can stop it any time we put our boastful American ingenuity and enterprise to work. This is our country. It is infinitely endowed with all the needs of everybody. Nature is ready to pay such big dividends that now, in 1933, we can enjoy prosperity greater than we have ever had. Have we forgotten how to be Americans? Is the spirit of 1776 dead?

There are before us two immediate steps to collectively take, and if taken now will speedily bring back a substantial prosperity for a period of years sufficient to make a new economic order that will adjust us to scientific progress and bring us a sustained standard of living above anything the world has ever known.

First, we must have an immediate inflation of money. The report of the Secretary of the Treasury of the United States shows less than $1,336,000,000 in circulation. The Federal Government itself is running in debt almost that much every year. The commercial debts of the people, not counting mortgages held by trust companies nor our foreign debts, is 36 times the amount reported in circulation. This would be bad enough were it not worse. More than half of this money is not in circulation. More than half is being hoarded right now by our banks. The result is their deposits grow less, they demand that people pay who can not pay because there is no money with which to pay. The banks are scared. They ask the people to hold the fort while they hide.

This loss of faith in their own financial structure, of course, has cut down their earnings for hoarded money earns nothing. The banks cry for help when the people make a run on the bank. Now the banks have made a run on the people. And so in all parts of the country the people are making ready to live without the banks. They are issuing local money, scrip. Colorado plans State money.

The people are getting pretty sick of their own neglect of duty toward their own country. It is our own fault that we have allowed guileless politicians to tamper with our collective rights and property. It is our own fault that we have allowed so-called captains of industry to mismanage our industrial affairs.

The American colonies refused to accept financial tyranny imposed by a fat-headed English king. The American spirit was born in revolution. It was the spirit of 1776 that made this country our own. Only that spirit will regain it for us. Why heed the fatheads now?

The Government must now issue more money. The people themselves and not the banks must issue it. There never was a greater economic idiocy than that which the American people have guilelessly submitted to of paying our banks a fat fee to visa the money the people themselves issue. This has been nothing but polite piracy.

We must get enough money into circulation to start business and keep commerce fluid. Every merchant is now standing in his own way, every mill and factory operator is throwing water on his own furnace fires who doesn't do something besides sit in his office swivel chair, worry and wonder what is going to happen. Your store will not do very well if you attend to it only one hour every four years. And your store depends on your neglected country.

Congress is yours to command as you command your clerks. The spirit of '76 will free you of burdens in 1933 as it did on the first Fourth of July. You will have money when you command Congress to issue your own money.

The second essential step: We should command Congress to declare a moratorium on all debts for at least a year, better, 18 months. This does not mean the cancellation of any debts.

Mr. President, I ask unanimous consent to have the remainder of the editorial printed in connection with my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The remainder of the editorial is as follows:

All debts must be paid, all interest maintained, but it does mean deferring principal payments. If it was proper for the American people to give the German people a moratorium on their debts, it is tenfold right that the American people give themselves an equal opportunity to recover. This will revitalize and reestablish credit in American commerce. This will help our banks to find a new courage and rebuild on a sound basis.

We have everything out of which prosperity is made except money. As one economic writer recently said: "An American mother does not throw her children out on the street to look for scraps of food when there is an abundance of food in the ice box and in the pantry. She lives in a world of reality, and food is food. And if food be there, she feeds the food. Consider the whole Nation as one vast family. Here, because we have a silly and unsound money system made by blundering boys who think America is a green blackboard in the stock exchange and not the green fields blessed by sunshine and shower, we throw 30,000,000 men, women, and children out on the streets, with mountains of wheat and cotton and coal and boots in the storage."

We burn the wheat and corn because the gods of gold have wrecked the economic structure on which our markets and our railroads rest. We have an unlimited capacity to produce jackets and dresses, shirts and aprons, collars, cravats, bonnets and gloves, pianos and autos, and what not. We have slowed down making and selling these refinements. All because we have forgotten there is a spirit of '76 flowing in our veins.

We can have business back in 90 days if our representatives in Washington honestly represent us in that spirit. It is all piffle and nonsense for our Congress, or for our misguided State administration in Oklahoma City or any other State capital, to go on with this fool "tax the people" idea. That will put us deeper into depression. It will never lift us out, and it violates the spirit of '76 and repudiates the American plan.

We want business; work for workers. The American spirit is the fighting foe of enforced idleness. It gives battle to any taxation system that taxes industry to a standstill. It is time now for every citizen to do his duty. It is not enough to play citizen one hour once every four years. If you treated your private business that way you wouldn't have any private business. Private business is sick now because we have neglected our public or collective business.

Whenever the enemy gets so near that we can see the whites of their eyes, the true American, as the minute men of old, opens fire. It is time to fire. It is time to remake America. We can again be busy, prosperous, and happy, and in 60 days from now, if we act as Americans should act and quit behaving like a lot of servile subjects submitting to as blundering a system as ever thrived under a fat and stupid king. This country of ours, with its infinite abundance assures us of a good life if we are smart enough to make it and brave enough to demand it.

It is time to demand that our representatives represent us. It is time to tell them what to do. You can be sure the Wall Street crowd that has mismanaged us are busy telling them. Don't just read, write. Write at least one Representative and Senator. If you don't want to go to the trouble to make your own argument and are willing to accept this, clip this page and mail it and request the money inflation and the moratorium that will reestablish credits and speedily rebuild business. Tulsa, then, for one town, will have taken a first and positive American step in doing its duty to rebuild American business.

Why sit we idle here when so soon it can be done?

Mr. THOMAS of Oklahoma. Now, I call attention to another very brief editorial, as follows:

LOCAL MONEY APPEARS

Because we haven't enough money to meet the needs of trade local money is appearing all over the country. According to the latest statements in something like thirty-two hundred communities, trade or labor exchanges have issued scrip redeemable only through the local clearing agency created to authorize the issue. But already a considerable number of small State banks through the Central West and South have consented to clear this local currency, subject to its acceptance and exchange at the improvised agency which authorized the issue.

Colorado now contemplates making State money by coining silver. To put this into circulation it is proposed to give every man, woman, and child, who is a citizen of Colorado, $50. By such an act dead mines become alive. Thirty thousand jobless will find jobs. Colorado will be $60,000,000 richer, commercial currents will again flow. If Congress won't do this kind of thing, our States will; and when all the States have done this the Chase National Bank won't be worth enough to sweep up in a dustpan.

In October, 1929, there was not a banker in America who would have predicted that we would be where we are to-day. That was but little more than three years ago. The same bankers have no more vision now than they had then. The bankers have always opposed progress. They opposed the railroad because it made insecure canal boat securities. We have to go elsewhere for our

economic intelligence than the big financial boys down in Wall Street who try to hold a nation back to accommodate their avaricious stupidity.

Mr. President, in these latter days we hear much about hoarding. A couple of days ago the head of the Reconstruction Finance Corporation, in testifying before one of the Senate committees, made the statement, so the press relates, that the Reconstruction Finance Corporation has loaned money to banks and to railroads, and that as soon as the loans were made to banks such banks paid the loans to larger banks, and when loans were made to the railroads the railroads immediately passed that money on to the banks in liquidation of existing loans.

Mr. President, it is true that the banks have and are hoarding money, but the banks are not the leading hoarders in the country. Let me call the attention of the Senate to the fact that, according to the last statement of the Treasury Department, we had in circulation only $5,647,000,000, and yet on that date Uncle Sam had in his strong box the total sum of $9,451,000,000. That shows that Uncle Sam, typifying the Government, is the hoarder of practically $3,000,000,000 of the money of the Nation; and while the Government is hoarding this money the people of the country are printing scrip; issuing their own money, while millions walk the streets hunting shelter and begging for bread.

Mr. President, to reinforce what I have just said, I ask unanimous consent to have printed in connection with my remarks a copy of the radio address delivered on last Sunday by Rev. Charles E. Coughlin, of Detroit, Mich.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE MARCH OF THE WORKERS

Two weeks ago this afternoon I had occasion to address this audience on the nineteenth article of the proposed Glass bill.

This bill intended to legalize branch banking throughout the entirety of the United States. It aimed eventually to assimilate all the small independent banks throughout any given State into one or two mighty central banks resident in the State's financial capital. It proposed to make possible the centralization of all banking eventually within the confines of lower Manhattan, New York City.

In a word, this short-sighted bill aimed at cornering all the credit of the Nation in the hands of a few. More will be heard about that in the present Senate investigation.

I pointed out how the head of the Catholic Church lamented this concentration of wealth and of credit in the hands of a few and regarded it as one of the major economic evils of our day. I reminded this audience that the Glass proposal originated in the minds of those who for generations have grown fat upon the exploitation of the American public and was being advocated by a certain banking house whose ancestor multiplied his millions in the days of the Civil War by selling guns to the Federal Government; guns that did not shoot and could not shoot, thereby prolonging the sufferings of that lurid conflict; thereby proving his patriotism to posterity in being partly responsible for the needless sacrifice of thousands of men.

If I may digress at the outset of this afternoon's lecture, let me express a few words relative to war. They come to my mind as associated with this mention of the Civil War. Already you are apprised of the fact that there are existent in this Nation almost $12,000,000,000 of Government bonds whose origin is traceable to the commercial war which was fought between the years 1914 and 1918. They are bonds upon which you citizens of this Nation are paying approximately 3½ per cent interest both to the banks and to the individuals who hold them against you. Your yearly tribute is almost $400,000,000 in taxes to those who have invested in the debts which we have piled up to make the world safe not for democracy but for chaos, not for prosperity but for depression, not for liberty but for a species of economic slavery where money, the medium of exchange, has been transformed into a scourge of control.

Meanwhile, the civilized nations of the world are at present spending approximately $4,000,000,000 each year in preparation for the next war—for the next commercial war—that appears to be inevitable because we do not know how to trade in justice and equity with each other; because the nations persist in upholding a policy of exploitation, of narrow nationalism both abroad and at home.

You are a patient people. But there are times when patience, ceasing to remain a virtue, degenerates into a vice.

You are a childish people who grow enthusiastic over empty victories; who become emotional with tears over needless slaughter; and who will permit again, I presume, your husbands and your sons to be conscripted body and soul, but who lack sufficient courage and leadership and intelligence to demand legislation that if ever another such war shall break upon the tranquillity of our Nation not only men shall be conscripted but money and gold must likewise be conscripted to defend our shores. Wake up!

Does it not seem most incongruous that both ex-service men and widows and sons of the slain victims be burdened with war debts when already they have sacrificed the best years of their existence and their most precious possessions before the altars of international commercial greed? Does it not appear equitable that if precious lives shall be conscripted we shall not fail to conscript precious dollars? Let us cease inflicting with starvation and confiscation a docile people who have borne the burdens of war and now are prostrate upon life's Calvary hill—prostrate and exhausted from carrying the cross of depression!

That is why the prophet Nehemiah said when he beheld the misery of a stricken people—a misery that had been increased by burdensome debts:

"And I was exceedingly angry when I heard their cry according to these words. And my heart thought with myself; and I rebuked the nobles and magistrates, and said to them: 'Do you every one exact usury of your brethren?' And I gathered together a great assembly against them. * * * And I said to them: 'The thing you do is not good. * * * Both I and my brethren, and my servants, have lent money and corn to many. Let us all agree not to call for it again; let us forgive the debt that is owing to us. Restore ye to them this day their fields, and their vineyards, and their olive yards, and their houses. And the hundredth part of the money, and of the corn, the wine, and the oil which you were wont to exact of them give it rather for them.'"

So spoke the prophet of old according to the Scriptures of God, when the Jewish nation emerged from a war.

And so do we contrary in modern times according to the philosophy and devisals of godless man.

My friends, the time has come when like Nehemias we shall gather together a great assembly against the nobles of wealth and the magistrates who serve them.

II

But let us return to the Glass bill, which supports the theory of the concentration of credit in the hands of a few. After 21 precious days of what most news journals called filibustering, this bill passed the Senate in a modified form. It has not yet even got into the halls of the lower House. Its viciousness was well advertised throughout the Nation. Only nine States in the Union, which hitherto permitted branch banking, will be permitted to continue this practice. So passed the bill in the Senate.

Twenty-one days spent in hatching an empty egg!

Twenty-one days destroying the fundamental causes of our national misery, according to some!

Twenty-one days in refusing to admit that we are suffering from a famine of money!

Twenty-one priceless days which were crowned by the same Senator GLASS, who, defeated in the nineteenth article of his bill, then introduced a motion on the floor of the Senate to table all inflationary proposals, every one of which was designed to rid this country of the famine of money. He even refuses to discuss this thing further!

Oftentimes, my friends, I have drawn to your attention the universally known fact that if there is hunger in our midst, it is not due to a lack of foodstuffs; if there are idle factories, it is not due to an absence of desire on our part to use their products; if there are more than 1,000,000 farms confiscated during the past few months, this may not be attributed either to laziness or to inactivity. The American agricultural class is too industrious to suffer this charge.

It is all due to a stupid, vicious, and radical philosophy on the part of certain nobles of wealth that money must be used as a medium of control.

Any proposal to destroy this famine of money is called radical and unsound. Any attempt to restore the purchasing power of the dollar to what it was when these damnable war bonds were launched upon a defenseless people is considered inflationary. By force of logic it is therefore unsound for men to work, it is unsound for a farmer to earn enough from his produce to save his home. It is unsound to clothe the naked, to feed the hungry, to keep open our schools. It is unsound to earn enough money whereby the products of our factories can be purchased. It is doubly unsound and heretical to cease worshipping at the altar of the man-made god of gold.

By the way, did your local newspaper comment upon the fact that any attempt not at inflation, which is a hypocritical word as used in this instance, but at normalization of the American dollar—did your newspapers carry an account that the United States Senate by a vote of 56 to 18 has refused to consider any proposal to increase our currency?

If not, this is what was carried in the columns of the Detroit News on Thursday, January 26. Mr. Jay Hayden, its representative in Washington, writes as follows:

"The Democratic and Republican leaders on Capitol Hill, all opposed to any sort of direct tampering with the currency, now are agreed that there will be no further serious threat of legislation to debase the gold standard, at least until the beginning of the first regular session of the new Congress in January, 1934."

Well, my friends, there is optimism for you—an optimism that tells you to tighten up your belt; an optimism that bids you smile and smile and be a devil as you look forward to the prospect of another year of idleness, of another year of profitless crops; of another year of confiscation; another year of closed factories; another year of loss to our industrialists!

Three years ago, in the face of incontestable facts, you were a radical if you even whispered aloud the word "depression." To-day you are worse than a red bolshevist if you even permit yourself to think that there is such a thing as a famine of money which can be corrected.

III

Is there a famine of money in this country or are we all deceived by a heinous misunderstanding?

Before answering this question, let me once more remind you that money is divided into three parts. First, there is your basic coin which you do not use directly—this is called gold. Secondly, there is your pocket money represented by silver coins and by paper bills—this is called currency. And, lastly, there is your check money, or your bonds, or your mortgages which is called credit or debt money.

Now all political economists agree that for every unit of basic money or gold which we possess, we may have in circulation 2½ units of currency money and not more than 12 units of debt money.

This formula of 1 to 2½ to 12 is the formula of sound money just the same as H_2O in chemistry is the formula for pure water.

Now in our Nation we have approximately $4,500,000,000 of gold. Work out your formula. This permits us to have approximately $11,000,000,000 of currency and $54,000,000,000 of credit or debt money.

Well, what are the facts existing at the present moment in this country? Instead of having approximately $11,000,000,000 of currency, we have in circulation nominally $5,000,000,000 of currency. But if you subtract the money that has gone into hiding, the money that has been destroyed, we have no more than $3,000,000,000 in real currency.

On the other hand, we have the stupendous sum of approximately $235,000,000,000 of debt money instead of $54,000,000,000 actually supported by our $4,500,000,000 of gold.

The sound and scientific formula has been thrown aside by the modern manipulators of finance. Against all precedent and experience they attempt to tell us that sound money exists in the ratio of 1 to 1⅛ to 117—just as sensible to say that the formula for water is C_6H_5OH, which, by the way, is the chemist's terminology for carbolic acid. Try to drink that for water and see what happens. And try to use our present balance of money and watch the "march of the workers."

Now, there is actually more than $7,000,000,000 of a famine of currency money in this Nation. There is approximately an overweight of $180,000,000,000 of credit or debt money in circulation. More than we can conservatively carry.

The Senators in Washington know this far better than do you in this audience recognize it. And yet they have the effrontery to tell you through the columns of the press that those who desire inflation, as they term it incorrectly, are seeking to establish an unsound currency, as if it could be more unsound than that which exists to-day.

The truth of it is the system which they are endeavoring to uphold is so unsound that to it more than to anything else you can attribute the starvation and the idleness and the discontent which are so universal in this Nation. (And a Senator writing to a friend of mine who showed me the letter last evening—the Senator said they have no power in the Senate to regulate this famine of money! He had better read the Constitution.)

My friends, that is why for several Sundays I have been proposing the recall of the billions of dollars of war bonds. That is why I have been advocating the issuance of currency money in place of these bonds. This would not create an inflation but would only normalize the abnormal currency from which we are suffering. Call that radical if you will, but if you do, likewise call the word of God radical after what you have heard as written by the prophet Nehemiah.

And still, by a vote of 56 to 18, the omniscient Senate of the United States refuses, under the leadership of CARTER GLASS, to entertain any consideration aimed at removing this menace!

Of course he and his supporters are ably seconded by many financial institutions in our midst. For this they have their personal reasons—devastating and disconcerting reasons which you have not thought of: First, by accepting currency in payment of the bonds, the bankers and the bondholders would be compelled to invest in American property and industry. And, secondly (and this is the disconcerting reason), if I dare suggest it, these financiers who are opposing such a measure are playing hand in glove with the foreign debtor nations, hoping first to have our Government make a readjustment or partial cancellation of these foreign debts; and then in 1934 or late in 1933 to permit a revaluation or normalization of our money, thereby giving England, France, and the rest of them a double debt cut. This, so they think, is the only way possible to collect the private debts owed by foreign governments and individuals to these bankers. But in the meantime let American people suffer while the bankers play financial politics at the price of our misery.

Do you realize, my friends, that in the banks of this Nation the American people have on deposit approximately $45,000,000,000? Do you also realize that these banks altogether have no more than $800,000,000 of actual currency in their vaults? In other words, they have only one-sixtieth of the money on hand which you deposited with them. This is the information made known to us in the pages of the CONGRESSIONAL RECORD for January 24, 1933.

Of course they have Government bonds at par value and municipal bonds, railroad and insurance bonds not at par value. Of course their vaults are filled with first mortgages and with notes payable, all of which have depreciated. But from whom could these bankers expect to redeem in actual currency their bonds and their stocks and their notes to pay the American people who have deposited $45,000,000,000 with them?

If the patient people of this Nation have lost confidence in a Government whose Congress, according to the Constitution, has the right to coin and to regulate the value of money, and if the right, therefore, the duty—a duty that they have tabled and sidetracked and refused to perform. If they have lost confidence it is because this Congress has not only not exercised its duty but now has gone on record with a resolution to discuss the normalization of the American dollar nevermore.

That is a most serious situation. It means that hardly a single bank in this country dares to lend a sizable sum of money over a period of more than a few days. It means that business is stagnant. It means that profits are a thing of the past. It means that debts must increase. It means that foreclosures and confiscations must continue. It means that our great industrial plants with their huge investments are seriously crippled.

How long can the banks of this Nation survive if this famine of currency money continues?

There are approximately 19,000 banking institutions within the boundaries of our country. In the year ending June 30 deposits to the amount of $11,500,000,000 were withdrawn from them. One more such critical year and it would require 20 Reconstruction Finance Corporations to keep open the doors even of the 42 banks of this country which hold 32 per cent of all its deposits or of the 195 banks which hold 47 per cent of the Nation's deposits.

I quote these astounding figures as a basis of argument against the mighty financial institutions of this Nation who maintain so vigorously that we require no normalization of our currency, and yet who should be the first to recommend it if they desire salvation.

IV

The people are learning quickly.

The farmers of this Nation realize that once before in our history we have had a normalization of our currency. They realize that the Federal reserve deflation policy put into effect in 1920 deflated agriculture $32,000,000,000—$18,000,000,000 of it in land values and the balance of it on the crops of 1920 and 1921.

Nineteen hundred and twenty was the year when we had the largest volume of money in circulation. It was the year when the dollar reached its lowest buying power. In fact, at that date a dollar was worth only 64 cents.

Here is the story: Those were the days when the owners of Government bonds were dissatisfied with the purchasing power of the dollar.

Thus, beginning with 1921 the bondholders and the financial powers of this country took out of circulation more than $100,000,000 every month for 17 months, with the result that the buying power of the dollar increased. By the year 1926 the dollar became worth 100 cents.

Had their program of inflation been concluded in the year 1926 there would have been no complaint. It would have succeeded only in normalizing the dollar. But by 1929 the dollar became worth $1.05. In 1930 it increased to $1.15. And in 1932 it reached the price of $1.54. To-day your dollar is conservatively worth $1.60. To-day, therefore, we are suffering from an inflated, a dishonest dollar.

As far as the farmer is concerned, the United States Department of Labor informs us that the dollar is approximately worth $2.03 in farm commodities. In other words, due to the inflation of the dollar, the farmers of this Nation are paying $203 for every $100 worth of taxes they owe, for every $100 on the mortgage which they owe. It also means that their 5 per cent interest has doubled to 10 per cent.

There, my friends, is a real demonstration of what inflation means. To reduce the 203-cent dollar to a 100-cent dollar by the issuance of the currency money which has been taken out of circulation and sunk in bonds is what we mean by the normalization of the dollar.

But we are told that we must not tamper with the fictitious value of gold.

Now, when the dollar was equivalent to 60 cents or thereabouts, I remember how the bondholders and the influential public utilities who had contracts to sell light and power for so much per kilowatt; to carry passengers on street railways and on steam railways for so much either per ride or per mile—when these contracts were working to the disadvantage of the owners of street railways and public utilities, what happened?

Bondholders and bankers approached the Supreme Court to have these contracts nullified on the grounds, to put it in plain English, that if the said contracts were maintained no profit would accrue either to the bondholders or to the public utilities themselves.

What did the Supreme Court decide when this case was presented to them? It said that the contracts made between the general public and the public utilities were not binding. They decreed that the power to regulate can never be bartered away nor traded away.

Now when the shoe is on the other foot; when the dollar is worth anywhere from 156 cents to 203 cents these same gentlemen oppose its normalization through the regulation and revaluation of our currency. It was a blessed thing to regulate the value of money in 1920. But to tamper with it in 1933 becomes a financial mortal sin.

Let us not become stampeded by catch words or by obsolete phrases unscientifically spoken.

Let not the worshippers of the dishonest dollar deceive us by singing the battle hymn of sound money at one moment and then by practicing the policies of brigands at the next.

Sound money, as far as an American is concerned, means 100 cents in one dollar, not 160, not 203, but 100 cents. Unsound money is that which exists to-day and which can not be ousted from our midst until the formula of the ages is readopted—1 to 2½ to 12. Otherwise your money is as carbolic acid is to water. To-day it is 1 to 1⅛ to 117.

Just yesterday Sir Reginald McKenna, perhaps the greatest living economist and banker in Great Britain, has gone on record as stating:

"Controlled inflation, from being a remedy of fools or knaves, has become widely regarded as the best solution of our troubles, since it has become realized that a substantial rise in wholesale prices need have no more than a slight effect upon the cost of living."

It is the only sensible way and logical way to revaluate our gold ounce.

And without revaluation there is only one thing left—at least three months ago there was only one thing left—and that was repudiation.

V

Are you not appraised of what is happening in Iowa, in Illinois, in Ohio, in Minnesota, in Michigan, and in the Middle West generally? These men have rebelled against the dishonest dollar and those who attempt to use it.

Which one of you will condemn those hard-thinking, hard-working sons of toil from protecting their homes; from rising in revolution, if you like, against the iniquities of a law and man-made contracts that under present circumstances have proven themselves immoral, unsound, unchristian, and un-American?

More power to those farmers! They still retain that spirit of independence, that love of liberty, and that determination for fair play and justice which characterized the patriots of 1776, who, for a lesser reason, rose up in mighty indignation against a system of taxation that was not half so iniquitous as this system of exploitation which stamps the financial structure of our present life.

The precedent of the Supreme Court of the United States is on the side of the farmer. The fundamentals of the moral law of God support them.

We have had enough of evictions. We have been surfeited with confiscations. We have been scourged long enough at the pillar of obsolete contracts and mortgages.

And the law of self-preservation, the first law that God gave to man and which antedates any man-made law, comes rushing with its support to the farmers in their righteous struggle.

A month ago or more we were satisfied with announcing the slogan of "Revaluation or repudiation." But within a few months from to-day that slogan will be changed to "revaluation or revolution" simply because the American people refuse to pay their debts with dishonest dollars.

Let me read for you an editorial which appeared in the New York World-Telegram, dated Thursday, January 26. It, too, is entitled "Workers on the March." It reads as follows:

"When President Green, of the conservative American Federation of Labor, declares that his legion of 2,500,000 unionists 'soon will be on the march' for 'perhaps such a battle as no labor movement has fought before' the Government and business leaders of the country must listen.

"When President Edward O'Neal, of the even more conservative American Farm Bureau Federation, says: 'Unless something is done for the American farmer, we will have revolution in the countryside in less than 12 months, the Government and business leaders of the country can not ignore the warning.

"Yesterday both of these spokesmen of the toilers of the city and the farm unfurled their battle flags.

"When, last fall, Mr. Green on the federation's convention platform in Cincinnati threatened the use of 'forceful methods' in achieving the 30-hour week and higher wages, his words had an ominous sound. Criticism broke forth. Censure did not drive him to cover, for in an interview in Nation's Business, organ of the United States Chamber of Commerce, he repeats that he meant what he said and more.

"'We shall,' he said, 'fight with every legitimate weapon at our command to restore the kind of America in which a man can have a chance in his own right. There has been a fear that we are in earnest. Let me use this opportunity to double rivet the assurance that we are in earnest.'

"American labor, he explains, has not gone wild; it simply has come to what it is 'determined shall be the end of the road of suffering.'

"The significance of this defiant note is not that here is a new Mr. Green speaking. It is that a new union labor is speaking. Mr. Green never has marched ahead of his rank and file. That he now speaks militantly, desperately, shows that he has been forced by his members to do so.

"The same is true of Mr. O'Neal and his farmers.

"These warnings are not bluff. Behind them is the explosive desperation of a vast majority of American citizens."

If that is not enough to disturb the smug complacency of individuals who think that man-made laws and man-made contracts take precedence over God's laws and God's contracts, we have come into desperate days.

You dare not impose more taxes upon a people whose back already has been bowed to mother earth. You dare not permit to continue the starvation and the suffering, the unemployment, and the distress which is so universal in a country that is teeming with the real wealth of the soil, the real wealth of industry, and the real wealth of manhood.

Cease prating of what happened to Germany when that nation had recourse to the printing press to flood its country with worthless marks. Germany and the United States are poles apart. Germany had no gold upon which to predicate the printing of its worthless paper money. America has more gold than all Europe put together; possesses so much gold that her currency money to-day is at least one and one-half times short of what it should be according to the Federal reserve act passed in 1918.

Who is unconstitutional? Who is illegal? Those who seek redress through revaluation or normalization, or those who, to build up their arguments to perpetuate oppression, twist truth and deform facts to suit their purpose?

VI

My fellow Americans, you are being victimized by misinformation which flows like poison into your arteries from the hearts of those who blindly cling to the presumed inviolability of bonds and contracts and defied gold. Once more human life and human rights are being conscripted on the battle front of depression to become food and fodder for the protection of a financial formula that is unscientific, un-Christian, and inhuman.

All that the prophet Nehemias said of old can be assigned to the scrap heap or to the gutter. All that Christ said, too, can be given to the gods of war as useless and poetic because man's way has become more superior and more expeditious than God's.

Perhaps the United States Senate can table any resolution that aims at inflation, as they call it, but it can not eradicate it from the minds of the American public who to-day are aroused and determined to expect justice instead of impudence from their duly elected representatives.

In bestowing life upon the creature man, almighty God likewise bestowed upon him the right to sustain his life by the sweat of his brow. The omniscient Creator conferred upon no man or upon no group of men the license to exploit, to starve, or to curtail unjustly the efforts of an individual much less the activities of the agricultural and laboring class of a nation to pursue the even tenor of its ways.

The laborer is worthy of his hire; and the people of this country have a right to the products of this country, and that right can not be taken away from them by the obstruction of a man-made law of antiquated gold. It is the first duty of this or any other government to erect laws and statutes which will render possible and feasible the employment of every individual citizen who is honest enough to work. That is the business of every state.

That is Catholic doctrine—not socialism, not radicalism.

That is a doctrine that was born in the crib of Bethlehem and was sealed with the ruddy drops of Christ's blood upon the cross of Calvary long before Karl Marx and his atheism ever attempted to gain the leadership of an injured people, and long before any act of Congress decided once and for all that gold is wealth, that gold has a certain value, while men and the things that sustain their lives are valueless.

Mr. COPELAND. Mr. President, I want to inquire of the Senator from New Mexico the purpose of Title IV of the pending bill. First, before he answers the question, I wish to say that I understand by Title IV we are conferring extraordinary powers upon the President—practically dictatorial powers. If I rightly understand the purpose of the reorganization section of the bill, it is to give to the President the power to do anything that he may see fit to do in the reorganization of the departments. While I have had some question about the constitutionality of such action, I do believe that objection could be cured and that power could be conferred upon the President for a limited time; that we have now a great national emergency which is equal, in a sense, to the emergency of war, and for a limited time that tremendous power might be conferred upon the President.

Now, let me ask the Senator if I state the purpose of the originators of this title correctly in what I have said?

Mr. BRATTON. Mr. President, I think the Senator from New York has stated the purpose with substantial accuracy. The specific powers are specified in paragraphs (a), (b), (c), and (d) of section 401. That is the policy. Then in section 403 the President is authorized to carry out that policy in the manner specified in paragraphs (a), (b), (c), and (d), substantially as the Senator has stated the situation.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. COPELAND. I yield to the Senator from South Carolina.

Mr. BYRNES. I simply want to say to the Senator, for his information, that I have an amendment prepared to this title making several changes, a copy of which I shall be glad to furnish the Senator whenever it is proposed, and I will

then be glad to debate it and answer any question which he may desire to ask.

Mr. COPELAND. The Senator means to Title IV.

Mr. BYRNES. Yes.

Mr. COPELAND. Senators will find on their desks two amendments which I have offered, one to section 401, which is the first section of Title IV, reading as follows:

On page 83, strike out lines 4 to 6, inclusive, and insert in lieu thereof the following:

"SEC. 401. The Congress hereby declares that a serious emergency exists by reason of the general economic depression; that it is imperative to reduce drastically all governmental expenditures during such emergency; and that such reduction may be accomplished in great measure by proceeding immediately under the provisions of this title.

"Accordingly, in order to reduce expenditures and increase efficiency in government, it is declared to be the policy of Congress—"

Then follow the provisions relating to the various things which may be done to reduce expenses.

I am proposing also, on page 84, after line 15, to insert:

Provided, That the authority granted to the President under section 403 shall terminate upon the expiration of two years after the date of enactment of this act unless otherwise provided by Congress.

From the advice I have received, if these additions were made, this portion of the bill, in all probability, might be considered to be constitutional.

Mr. President, I would not vote to confer such dictatorial power upon any President unless I had the conviction in my own heart that he would not abuse it. I have that confidence in the President elect.

We are proposing to give him power such as no President ever had, in my opinion, even in war time. However, we have an emergency which demands it; I recognize that. But if Title IV does mean what the Senator from New Mexico says, and what apparently the Senator from South Carolina believes it to mean—that we are going to give the Executive the power to do these unusual things—why do we put in the bill additional language? Is it because we lack confidence in the Executive? Do we doubt whether or not he will carry out what we are proposing to provide in Title IV?

Further, why do we lack confidence in those men who are going to be members of the Cabinet and preside over the various executive departments? Are they not to be trusted to carry out the ideas of economy which the Democratic Party is standing for, and the whole country for that matter?

I do not wish to inject any partisanship in this debate, for if there was ever a time when every citizen, regardless of his politics, whether he be a Democrat or Republican or a prohibitionist or a Farmer-Laborite, or whatever he may be—if there was ever a time when every citizen ought to pray that a party may succeed, it is right now. Every citizen, regardless of his party, has a direct personal interest in the success of the incoming administration.

Mr. President, with changes which would give some hope of making effective what we propose, I would be willing to give this dictatorial power to the President. But it seems to me unwise now simply to upset all the employees of our Government, to bring distress to them, perhaps unnecessarily, and to hamper the President in any views he may have regarding reorganization. I think the wise thing for us to do is to perfect Title IV, so that we may vote on it and adopt it, and confer these powers upon the Executive. Then certainly, he, being at the head of the Government, and the Cabinet officers under him, will carry out, of necessity, every desire he has to effect radical economies.

I have the feeling that the amendment, which is offered by my friend whom I admire and love, is giving unnecessary distress to employees of the Government. I have sympathy with those who on this floor have asked "Why do we take all the economies out of the employees?" There must be found other ways to effect economies, not alone to take it out of human beings employed by our Government but also to take it out of activities which are mechanical in their nature.

So I am frank to say that I dislike exceedingly to vote for this amendment. I do not think we should do it. Certainly we should not if we have faith to believe that Title IV can be enacted, and if we have faith to believe that Title IV means exactly what it says, and what its authors contemplated for it through that title. Through the operation of the economy section of the bill, we will accomplish all those things which are necessary to bring our Government within the revenue which it may expect to receive.

Now I want to say to my friend from New Mexico that I know the sacrifices he has made and the study he has given to these great problems. I can say the same thing for the Senator from South Carolina. No two men have devoted themselves more to this great question of economy than have they.

It does seem to me, however, that if we would concentrate upon Title IV of the pending bill, put all of our energies back of that, make that effective, and confer upon the President these great powers of reorganization, we would have gone then just as far as we should go at this particular time.

Mr. BRATTON. Mr. President, will the Senator yield?

Mr. COPELAND. I yield to the Senator from New Mexico.

Mr. BRATTON. If those economies could be achieved by the Chief Executive only through wholesale dismissals from the service, in what way would Government employees benefit under that system as compared with the Senator's concept of this provision?

Mr. COPELAND. I do not know; I can not answer. I do know what must happen if the amendment offered by the Senator from New Mexico shall be enacted. There can be no other effect than either a radical reduction in salaries or a dismissal of a large group of employees. This would be done without giving the Executive the opportunity to study the problems of Government to see whether or not, through one of those two methods, these economies can be effected or whether some other method is preferable.

We are going to give the President this power—I hope we are—if it is properly guarded. Then the President can exercise his judgment, taking all departments of the Government into consideration, and can effect needed economies. If it brings with it dismissals or if it brings with it lowered salaries, I suppose we shall have to accept them or whatever else comes. But it is certain that the adoption of this particular amendment could bring nothing else than dismissals or radical cuts in salaries.

Therefore, Mr. President, I wish that this matter might be left, and all of our energies placed upon Title IV. Then, if we fail in perfecting Title IV, if we fail in planning for the economies which the country demands and which the country must have, we may come back and by individual amendments to these appropriation bills, or by a general resolution covering them all, effect what the Senator has in mind.

For my part, however, I should prefer to have the Executive make this study, determine the matter for himself, and present his plans for a general reorganization of the Government. We can trust him; and then, of course, whatever the result is, we will have to accept it.

I thank the Senate.

Mr. NEELY. Mr. President, the unyielding opposition of the supporters of the Bratton amendment to a modification that would protect those whose salaries do not exceed $2,000 a year convinces me that the purpose of the amendment is to effect a further reduction in the compensation of the Government employees whose pay is in the "lower brackets." The proposal of the amendment marks the beginning of another general salary-slashing campaign.

Every additional decrease in salaries, whether by the Government or private industries will mean a further decrease in the purchasing and consumptive power of the people. Every decrease in purchasing power will necessarily mean a further decrease in the employment of those who satisfy the wants of the Nation.

In the existing crisis the Government should increase rather than decrease its expenditures for employment and wages regardless of the fact that it would be necessary to draw upon the prosperity of the future in order to meet the crying necessities of the hour.

The folly of attempting to restore prosperity by reducing the salaries or wages of the workers is similar to that of attempting to restore the strength of an exhausted man by shedding his lifeblood.

I shall vote against the amendment for reasons that are ably stated by Prof. Coleman B. Cheney, of Skidmore College, in an article in the World Tomorrow entitled "Unbalance the Budget." It is as follows:

[From the World Tomorrow, January 25, 1933]

UNBALANCE THE BUDGET

By Coleman B. Cheney

Government expenditures should not be reduced. Taxes should not be reduced. Government Budgets should not be balanced.

In these days of hectic budget making, few principles are more important or more unpopular than these three. But let us examine each in turn.

Aside from the fact that we can usually get more for our money by collective spending than by individual spending, expenditures by governments ought, during this time of depression, to be at least as large as, and in most cases even larger than, they have been heretofore. Whatever one may think about the merits of enlarged functions, and therefore finances, of governments in so-called normal times, such a period as this, at any rate, is one for expanding rather than contracting such expenditures.

It is easy, doubtless, when your personal income has been curtailed, and you are obliged to reduce your outlay, to accept the dictum that city, State, and National budgets should be reduced also. If you are getting only one-half as much as you did three years ago, it is likely to seem to you reasonable and just that your neighbor, who is employed by the State, should likewise receive a smaller amount than before. That sounds like justice. But justice really has little to do with the matter. The question is merely one of good sense. If we are honestly desirous of ending the depression, the only question is: Will Budget cutting help or hinder the recovery? The emphatic answer is that it will hinder. Since depression is a phenomenon characterized by the production of more goods than the people who want them are able to buy, recovery is possible only as goods are bought and consumed. The rate of recovery will be in direct proportion to the rate of spending. Decreased spending means delayed prosperity. Every cut in Government expenditures means more unemployment. Governments must spend to restore prosperity. It can safely be said that every depression in the past came to an end largely because of the expenditures by governments, since such spending is ordinarily not reduced as much as private spending. The more regular the total expenditures, public and private together, the less serious the depression. And with governments handling an ever larger proportion of the total purchasing power, the opportunity, and therefore the responsibility, of governments for stabilizing industry is correspondingly greater.

It must be understood, however, that this advocacy of maintaining Government expenditures refers to the total amount, not to specific items. Indeed, it would be wise to make changes in the apportionment by increasing those items which would add to the purchasing power of those now unemployed and reducing, if necessary, others which tend to add to savings. It may not be easy to apply this rule, but the rule itself is clear: We do not need more saving; we do need more consumption. To those who raise the question of how this could be done, it may be answered that spending money in those industries where a large part of the total goes directly to labor is likely to increase consumption more than would an equal amount of spending in industries where interest and rent take the larger share.

The demand for reduced Government spending rests chiefly on the desire for lower taxes. But so far as lower taxes result in reduced spending, they mean increased unemployment. The reduction of some taxes would result in increased savings by individuals at the expense of consumption through Government services, and so would delay the turn toward prosperity. And where it did not do that, where it merely transferred the spending from Government to individual, it would at best do nothing more than provide employment at one point while it provided unemployment at another. At worst, it would increase unemployment, because such shifts in the demand for goods are almost invariably accompanied, in an anarchistic economic order such as ours, by delays in the effective demand for labor. The law of supply and demand may be powerful, but it is also slow, and meanwhile men may starve. Taxes should not be reduced if reduction means less governmental spending.

But here, as before, and even more emphatically, the rule refers to totals, not to details. While maintaining total revenues, it is not necessary to keep each kind of tax exactly as it has been or to require each group of taxpayers to pay the same amounts as they have been paying. Intelligent zeal in fighting the depression would, in fact, result in lower taxes for those classes of people whose incomes would be spent even if their taxes were less, and in correspondingly higher taxes for those who normally save a considerable part of their incomes. Such a change would increase total consumption and decrease total saving.

A further suggestion, which may be somewhat less important from the social point of view but which is of very great importance to many individuals, is that a moratorium be declared on tax debts in the cases of the unemployed and others whose incomes are temporarily gone. This could apply only to direct taxes, of course (direct in the legal rather than the economic sense), and hence only to property taxes. Wherever such taxes would otherwise cause a forced sale of the property, a postponement of the payment would be not only reasonable but wise. The burden on the property owner in the case of a tax sale would, in almost every instance, be enormous, chiefly in the form of loss of property value—a loss which would be balanced by a gain not for the community as a whole but only for the individual who happened to be lucky enough to buy property at the artificially low price. Furthermore, the community would lose in a very positive way in every instance where the dispossessed citizen was left permanently in a semipauperized condition. Tax sales during depressions all too often have precisely that effect.

The myth about the prime importance of "balancing the Budget" is partly a hangover from the mental habits of pioneer days, when both personal and public expenditures usually had to be not more than the revenue; and partly a result of the political ballyhoo of a radio and syndicated-news era. The fact of the matter is that budgets are never balanced, though the surplus or deficit may be very small. But what is more important here is that they never should be balanced.

In an economic system in which there are recurring cycles of prosperity and depression it would be good sense to have public expenditures in excess of revenues during "hard times," and the opposite during "good times." In periods of war we do exactly that. We spend publicly far more than is received by the Treasury in revenue. In other words, we borrow during the war and pay back later. There are three objections which may be advanced against such a policy in time of war. It is a measure which allows the cost of the war to be placed on the small-income classes rather than on those with large incomes; it may have a bad psychological effect in making the cost of the war seem, at the time, to be less than it really is; and the borrowing process may raise prices.

But a similar program during a war on depression is quite a different matter. Surely it will not be inferred that this article advocates keeping the tax burden chiefly on the poorer classes; neither does a policy of alternating surplus and deficit necessarily carry that implication. The hysteria of war time is not a phenomenon of depression, nor is the cost of depression likely to be underestimated as a result of the policy.

The third objection becomes a point in favor of the policy in the case of depression. An increase in prices would be the result of the increased spending and so would be a positive encouragement to business to buy and to employ. It is precisely in this fact, and in the corresponding decrease in Government spending during prosperity (which is a part of the same policy) that the chief merit of the plan lies; it sets up a cycle of Government spending counter to that of individual and corporation spending.

There may appear to be a conflict between the two proposals of maintaining taxes and unbalancing budgets, for if taxes are not reduced it may seem unlikely that a deficit will occur. A moratorium on tax debts, as suggested, would, however, reduce revenues for certain cities and counties, and in those places a deficit would be the only alternative to the reduction of expenditures, unless higher taxes of the same sort were levied. This is not always either feasible or desirable, since such increases would tend to reduce individual purchasing power wherever it touched small-income people. It is worth repeating that if we want to check the depression we should raise the taxes which fall chiefly on high-income classes and lower those on small-income classes, in order to increase spending and consumption and to decrease saving. Since local governmental units are usually limited by charter or constitution to property taxes as their chief sources of income, it may be impossible, at least without long delay, to make the desired changes in revenue. Hence a deficit would be the proper means of keeping up expenditures. More important, however, is the use of the deficit to permit actual increases in expenditures during depressions—increases beyond the amount which can reasonably be met by current revenues. These increases would usually occur in construction programs for roads, bridges, housing projects, public buildings, etc.

Budgets would be much more intelligible if a distinction were made between what are known to accountants as "capital expenditures" and "revenue expenditures." In a well-managed private business this distinction is invariably made. It recognizes that certain items, such as the cost of a building which will last for many years, should not be charged entirely to the fiscal period in which the expenditure happens to occur, while payments for salaries and supplies should be so charged. In budgets which make this distinction deficits and surpluses would almost always be limited to the capital outlays. Borrowing during depression would be mostly for capital expenditures; surpluses during prosperity would be used to amortize those debts.

Whatever may be the plan that is finally adopted to turn the tide, it has little chance of succeeding unless it stops trying to defeat an underconsumption depression by reducing consumption still further, and unless it abandons the blind and false idea that annual budgets must be balanced.

Mr. CUTTING obtained the floor.

Mr. ODDIE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New Mexico yield to the Senator from Nevada?

Mr. CUTTING. I yield to the Senator.

Mr. ODDIE. I desire to make a very brief statement, if the Senator will kindly yield.

I have recently received a letter from a man whom I consider not only an economist but one of the ablest and best-posted men in the country on industrial and human problems. I refer to William Green, the president of the American Federation of Labor.

Mr. CUTTING. I thought the Senator from Nevada wanted to make a request. I have very little time.

Mr. ODDIE. It will take me just one minute to quote from this letter, and then I will give up the floor.

Mr. William Green states:

> The Government will not be helped but thousands of workers will be injured through the imposition of further wage reductions. It is a false economy which calls for a lowering of the living standards of Government workers at a period when widespread human distress and intense misery prevails throughout the Nation. The need of the hour is to enlarge buying power, to increase commodity prices, to create a demand as well as to enlarge the market for manufactured goods and agricultural products. Obviously normal conditions can not be restored unless this purpose is realized and this result is accomplished.
>
> Three years of wage cutting have brought the country to the present point of human degradation and economic distress. It is inconceivable that we would add to this miserable situation through a reduction in buying power imposed upon Government employees, followed, as it inevitably will be, by a further reduction in the wages paid those engaged in private employment.
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> * * * * * * *
>
> Instead of forcing lower wage levels, let us fight to restore buying power, to build up the consuming market, to bring about a return of normal conditions through an increase in mass buying power.

Mr. President, I have advocated the same thing numbers of times on the floor of the Senate recently and reiterate it again now in opposing the amendment of the Senator from New Mexico. Mr. Green has put this question in a way that is much clearer and more forceful than I could put it. I indorse strongly what he has said.

Mr. CONNALLY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New Mexico yield to the Senator from Texas?

Mr. CUTTING. How much time have I left, Mr. President?

The PRESIDENT pro tempore. The Senator has 12 minutes remaining.

Mr. ODDIE. May the time I have used be taken out of my own time?

The PRESIDENT pro tempore. It may not.

Mr. CUTTING. I am sorry, Mr. President, that I have not time to yield further.

The speech of the Senator from West Virginia [Mr. NEELY] leads me to state the considerations which are going to actuate me in voting on these various economy suggestions.

It is generally recognized that while there are a great many causes of this depression, the main one is the disparity between consuming and producing power. Instead of balancing the Budget, what we should be trying to do is to balance the consuming power on the one hand with the productive power which has so excessively outgrown its possible usefulness to the country.

How does that apply to the economy bill?

In the first place, of course, I feel that we should vote for any economy that is proposed in a useless or an unjustifiable governmental activity. If, for instance, in the expenditures made by the Veterans' Administration it can be shown that there are veterans who are not entitled through any rule of justice to the compensation which they are receiving, let us cut them out. That, to my mind, is not a question of economy at all. That is a question of justice.

When we get beyond that, when we get purely to the question of economy, I shall vote in favor of cutting expenditures which go to increase producing power, and I shall vote against any cut which goes primarily to the purchasing or consuming power of the country.

Take, as one example, the cut which is causing so much controversy in the House—the cut on the Federal Trade Commission. The expenditures made by that commission, in my opinion, are invaluable to the consumers of the country, because they tend to save those consumers, as we have had reason to know in the last few years, untold millions in their personal expenditures.

As an example of the other kind, I take the average expenditure made during the last decade by the Department of Commerce, which has been principally engaged in trying to create a demand in foreign nations for things which those nations did not really require, and which they have had to give up, with disastrous effects to American industry, as soon as the depression hit them.

Talk about a 5 per cent or a 10 per cent reduction! I think an enormously greater reduction ought to be made in the Department of Commerce appropriations. The time has gone by when we can afford to spend the money of the taxpayers in trying to sell baby carriages to the tribes in Africa.

Which class of expenditure is affected by the so-called economy bill? In so far as we are trying to cut salaries, we are, in the first place, to that extent intensifying the depression, and, in the second place, we are setting a bad example to private industry all over the country. If it is right for the Government to cut wages, then it must be far more justifiable for a private industry to do so, because the private industry, no matter how powerful it may be, has not back of it the infinite resources possessed by the United States Government.

Mr. President, it may be difficult to apply that standard consistently to the various proposals which will come before this body. I am sure that when the record is made, my own votes may prove to be as inconsistent as those of anyone else, but I do think that is the standard we have to hold before us. Under any such criterion there can be no doubt as to our vote on the pending amendment of the Senator from Colorado.

I think the Government pay roll has already been cut far too much. I am inclined to agree with the article read by the Senator from West Virginia, where the argument is made that the Government should expand its activities, place more people on the pay roll, because of the very depression, which has led so many citizens of this country into a panic about the necessity for retrenchment. Whether that be so or not, certainly this is no time to cut down the wage scale and put upon such a cut the sanction of the Congress of the United States.

I hope, Mr. President, that the amendment of the Senator from Colorado will be adopted.

Mr. DICKINSON. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. DICKINSON. If it takes two days for us Republicans to get a chance to vote for a 5 per cent reduction to justify the Democratic side of the Senate, I would like to know how long it will be before we actually bring about the 25 per cent reduction promised in the Democratic platform.

The PRESIDENT pro tempore. The Chair has always been so poor in mathematics that he can not answer the question.

Mr. NORRIS. Mr. President, I want to make an inquiry, particularly of the senior Senator from New Mexico [Mr. BRATTON], and other Senators who may be behind the amendment providing for the 5 per cent cut. I made a few remarks yesterday in which I stated that I was in favor of the amendment. I wondered at the time why the amendment was offered to the particular part of the bill to which it was sought to be applied. It was perfectly apparent to me that the amendment was subject to a point of order. I did not understand why the Senator should not offer the amendment to the economy part of the bill, in which event it would not be subject to a point of order.

When the point of order was finally made against the amendment, and properly sustained by the Chair, an appeal was taken from the decision of the Chair; and I wondered then, more than ever, why, even though the Senators who were in favor of taking an appeal believed that the Chair was wrong, they did not acquiesce in the decision and offer the

amendment at a place in the bill where, without changing a word or a syllable, it would not have been subject to a point of order. I made the inquiry of some of the Senators, and suggested that we do not waste time in debating an appeal from a decision which, it seemed to me, was perfectly proper as made by the Chair; but the debate went on until we adjourned.

The Chair, in making his decision, went out of his way and beyond the real duty he owed as Presiding Officer to make a suggestion by which, in his judgment, the technicality which caused him to support the point of order could be avoided, and this morning when we convened I discovered again that those behind the amendment had withdrawn the appeal and followed the suggestion of the Chair, which, in my judgment, does not make it any more safe from a point of order than it was before—but that has no bearing now—and offered the amendment again on the theory that the point of order would be overruled if the amendment were offered to the part of the bill making the appropriation, when all the time there was an opportunity to offer it to a part of the bill which would have made it certain that a point of order would not lie against it.

We must remember that the amendment must be offered to every appropriation bill—and twice to the pending bill—if it is to become effective as to all of them; and why those responsible for it did not offer it in a place in the bill which would make it apply to all appropriation bills and have the matter settled at once at first seemed queer. But now, when we analyze the situation, we find that if the amendment were offered to the economy part of the bill so there would be no danger or question of a point of order it would apply to all appropriations, including the Army and the Navy appropriations; but the course followed by those behind the 5 per cent reduction makes it possible—and I think most everybody believes probable—that when we get to the Army and the Navy appropriations, while the same amendment may be offered, there will be no hope of carrying it.

Mr. President, to my mind that has thrown upon the question a great deal of light. Much as I favor this amendment because I believe it is necessary that we do something of this kind, I am not in favor of applying the amendment to one appropriation bill and not to another. I am not in favor of applying the pruning knife to all appropriation bills except the Army appropriation bill and the Navy appropriation bill and in those cases let the appropriations go unpruned.

I do not want to be understood as finding fault with the Senator from New Mexico or other Senators who think, as the Senator from Maine said, that we can not cut the Army and the Navy appropriations without danger.

Mr. LA FOLLETTE. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. LA FOLLETTE. May I recall to the Senator's mind the fact that when the 10 per cent reduction resolutions were in order at the last session of Congress, just the eventuality which the Senator has predicted concerning the pending amendment took place, namely, we sent back every appropriation bill for a 10 per cent cut excepting the Army and Navy appropriation bills, and then the Senators who had voted to cut every other appropriation bill 10 per cent refused to support motions to cut those two appropriation bills.

Mr. NORRIS. That is true, Mr. President. I myself called attention to that fact yesterday.

I want to go on record as being in favor of the same treatment of all these appropriation bills, and for one I am not willing to say, when we come to some particular appropriation bill, that we shall not cut it, that it is sacred, that we must not interfere with it. I realize, as I was about to say, that, like the Senator from Maine, there are other Senators, who are just as conscientious as I am, who think there is a place where we must not put the pruning knife. But, I believe that we must apply the pruning knife in the Army and Navy appropriation bills, the same as in every other one.

The great argument against this amendment—and it has a good deal of force in it, I confess—is that it would result in cutting down some salaries. I am not in favor of cutting down the salary of a clerk in the Department of Agriculture, and having a clerk in the War Department doing the same kind of work escape, and have no salary cut. They both ought to be treated alike, and I confess that I can but feel, since I have found what has been going on, and the way this amendment has been handled and is being handled, that those of us who believe that the pruning knife ought to apply to one appropriation bill as it applies to another are being led into a predicament, and are going to be let out, just as we were at the last session.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. NORRIS. I yield, but I hope the Senator will be brief, because I have but a few minutes.

Mr. McKELLAR. I think all the bills ought to be put on the same basis, of course, and that the amendment should apply to all the departments; but I want to correct one statement made by the Senator. Not all the Senators who applied the cut last year to the five departments were willing to apply it to the Army and the Navy.

Mr. NORRIS. Oh, no.

Mr. McKELLAR. There were two or three Senators, perhaps half a dozen, who voted for the motion referred to by the Senator from Wisconsin.

Mr. LA FOLLETTE. Mr. President, there were enough to make the difference between adopting the motion and its not being adopted.

Mr. McKELLAR. The Senator is exactly correct.

Mr. NORRIS. Mr. President, if we can not apply the economy rule properly and evenly, then I am not willing to have it applied at all. Let us not proceed in a way which, unless somewhere there is an adjustment or stopping place, will lead to ruin. I believe that these economies are necessary, not because under any ordinary circumstances I would like to cut the wages of this man or of that man, but because under the present conditions there are millions of people who are starving, who have no wages of any kind; and while it may or would be, in normal times, an injustice to cut the wage of somebody else who was not getting too much, under the conditions which exist it seems to me we are driven to some method by which we can curtail expenses.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Kentucky?

Mr. NORRIS. In a moment I will yield. I am not unmindful of the argument made to-day so eloquently by the Senator from Montana [Mr. WHEELER], with which I sympathize almost 100 per cent, that the Congress has so far neglected to do anything, to do what to my mind and I believe what a majority of the Senate and of the House and of the country believe must be done, and that is to make the dollar less valuable than it is—to make it possible for those in debt to pay what they owe.

In my judgment this can be brought about by decreasing the value of the dollar by the necessary expansion by which the debts can be paid—not that I want to do it, not that I would like to do it, but I believe it is necessary for the very salvation and safety of our country and our civilization. We have to vote for a good many things that we do not like.

I yield now to the Senator from Kentucky.

Mr. BARKLEY. The Senator's time has nearly expired and I do not want to consume it.

Mr. NORRIS. Mr. President, how much time have I left?

The VICE PRESIDENT. The Senator has three minutes left.

Mr. BARKLEY. I am in sympathy with the principle announced by the Senator from Nebraska. While I do not recall how I voted, yet I think I am one of those who voted in the last Congress to make the 10 per cent cut apply to all departments.

Mr. NORRIS. I do not want to be understood as criticizing those who voted the other way. Different Senators have

different ideas. I do not question the honesty or good intention of any of them, but I have mine and I am not willing to curtail expenses everywhere until we get within sight of a battleship or a man dressed in a uniform covered with badges. [Laughter.]

Mr. BARKLEY. What I want to inquire about is this: Conditions are different to-day from what they were a year ago—at least we know more about conditions to-day. I think conditions are worse to-day than they were a year ago. I doubt whether we ought to anticipate what may take place on another bill.

Mr. NORRIS. But we must anticipate. We did not anticipate in the last Congress, and see where we have found ourselves. From the very facts which I have narrated, I believe we are traveling right into that same hole again and I am unwilling to go there.

Mr. BRATTON. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from New Mexico?

Mr. NORRIS. I yield.

Mr. BRATTON. After the Senator made the suggestion yesterday and I stated I intended to offer a similar amendment to each appropriation bill as we came to it, I was very much impressed with the suggestion that we should offer a general provision applicable to all of the appropriation bills. Last evening I prepared such an amendment, which would be section 20 and would appear on page 82, at line 21, and be a part of the economy section. Since we have debated the matter at length, if unanimous consent could be given to vote upon it now instead of upon the amendments which I have offered, I will offer it now and propose a unanimous-consent agreement that we vote upon it.

Mr. WALSH of Massachusetts. Mr. President, will the Senator read it?

Mr. NORRIS. I suppose my time has expired and I have no time left.

Mr. BRATTON. I have been requested to read the amendment.

Mr. NORRIS. It has not yet been printed?

Mr. BRATTON. No; it is a new amendment.

Mr. NORRIS. Very well; I yield the floor.

The VICE PRESIDENT. The question is on the amendment of the Senator from Colorado [Mr. COSTIGAN] to the amendment of the Senator from New Mexico.

Mr. BORAH. Mr. President, I would like the Senator from New Mexico in my time to read his amendment.

Mr. BRATTON. I am glad to do so. It would be section 20, appearing on page 82, line 21, a part of the economy section, reading as follows:

SEC. —. The head of each executive department and independent establishment is authorized and directed to make such reductions in the expenditures from the appropriations made by the regular annual appropriation act for the several purposes of his department or establishment for the fiscal year ending June 30, 1934 (except, in the case of the Treasury Department, appropriations for acquisition of sites for and construction of public buildings and the appropriation for addition to the cumulative sinking fund pursuant to section 308 of the emergency relief and construction act of 1932), as will in the aggregate equal at least 5 per cent of the total amount so appropriated for his department or establishment for such year (excluding, in the case of the Treasury Department, the appropriations specified above).

It is general in language and would operate on each department as my pending amendment would operate on the two departments involved.

Mr. BORAH. Will the Senator ask unanimous consent as he suggested a moment ago?

Mr. BRATTON. I ask unanimous consent to offer this amendment at this time and that we may vote upon it immediately.

The VICE PRESIDENT. Is there objection to the request of the Senator from New Mexico?

Mr. HALE. I object.

Mr. BINGHAM. Mr. President, I hope the Senator will not press the amendment immediately.

Mr. NORRIS. The Senator submitted his request. We ought to have the discussion and the debate continue if necessary.

Mr. BRATTON. Mr. President, may I submit this unanimous-consent request? I offer the amendment now and ask that it become the pending amendment.

Mr. WALSH of Massachusetts. Mr. President, will the Senator from Idaho yield for a question?

Mr. BORAH. I yield.

Mr. WALSH of Massachusetts. I hope the Senator from Maine will save time. It means we are going to have the same amendment offered to 10 different bills unless this plan is followed. We can dispose of it now in one vote.

Mr. HALE. I would like to have a vote on the other amendment first.

Mr. BRATTON. Mr. President, I ask that this become the pending amendment and then it can be debated.

Mr. BORAH. Mr. President, as I understand it the Senator from New Mexico now offers this amendment to the economy section of the bill and it becomes the pending question?

The VICE PRESIDENT. It would not be in order at this time except by unanimous consent.

Mr. BRATTON. It would not be in order without unanimous consent, because under the unanimous-consent agreement previously entered into the economy section does not come before the Senate until we have disposed of the other parts of the bill.

M. BORAH. Then I presume the Senator will withdraw his amendment now and offer it later?

Mr. BRATTON. I can, except that we would have to debate it again, and in the interest of saving time I offered it now and asked that it might become the pending question. I renew my request.

The VICE PRESIDENT. Is there objection?

Mr. COSTIGAN. Mr. President, reserving the right to object, I merely rise to ask, if this is to become the pending amendment, that the amendment which I have offered to the previous amendment of the Senator from New Mexico shall be considered as offered to this amendment.

The VICE PRESIDENT. The Senator's amendment would be in order then.

Mr. BORAH. Mr. President, I wish to ask the Senator from Colorado [Mr. COSTIGAN] a question. The effect of the Senator's amendment is to preclude the cutting of any wages?

Mr. COSTIGAN. Yes; and of any furloughs.

Mr. BORAH. Can the Senator advise me what would be the amount of the exemption? Are there any wages running over $2,000 a year?

Mr. COSTIGAN. I am without the precise information. It is my understanding that it has been calculated by certain employees of the Post Office Department that the reduction will aggregate about 7 per cent of wages, such as they are.

Mr. BORAH. When the Senator says "wages" I understand he does not include salaries.

Mr. COSTIGAN. I assume the Senator does, but not the salaries of heads of governmental departments.

Mr. BORAH. The Senator uses the term "wages," and I am somewhat at a loss to know what distinction he makes between wages and salaries.

Mr. COSTIGAN. My recollection is that the language was taken, though I may be in error about it, from the language of the amendment of the Senator from New Mexico [Mr. BRATTON]. It was meant to conform to the language employed by him in his amendment.

Mr. BORAH. Would not the Senator be willing to change his amendment so as to provide that there should not be a cut below a certain amount in wages and salaries?

Mr. COSTIGAN. May I say to the able Senator from Idaho that that attempt was made yesterday with respect to salaries of $2,000 or less, and the proposed amendment was voted down by the Senate. I voted for the amendment which was offered by the Senator from West Virginia [Mr. NEELY]. I shall, of course, be very glad to have such an amendment again offered.

Mr. BINGHAM. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BINGHAM. Has the Senator from New Mexico secured his unanimous-consent agreement yet?

The VICE PRESIDENT. He has not. The request was submitted, and the Senator from Maine [Mr. HALE] objected.

Mr. BINGHAM. I do not desire to be recognized until that becomes the pending question.

Mr. GEORGE. Mr. President, I would like to ask the Senator from New Mexico a question.

The VICE PRESIDENT. The Senator from New Mexico will give his attention.

Mr. GEORGE. Am I to understand that the unanimous-consent agreement requested is to enable the Senator from New Mexico to offer the amendment to the economy section of the bill in order that, if a reduction shall be made anywhere, a like reduction shall be made in each and every department of the Government?

Mr. BRATTON. Yes.

Mr. GEORGE. I earnestly hope the Senator may get his unanimous consent, because I would find myself wholly unable to vote for a flat reduction of 5 per cent in the case of the Treasury and Post Office Departments when next week the Senate may have changed its mind and may refuse to vote a flat reduction of 5 per cent for the Department of the Interior, for instance, and we would have perhaps a reduction in the wages of employees doing precisely the same kind of work with an inequality in pay.

Mr. BRATTON. I am in full accord with the suggestion of the Senator from Georgia. If the thought had occurred to me at the outset, I would have adopted that policy. We have now debated the matter for a day and a half. If this can become the pending question, we will expedite a vote on it.

The VICE PRESIDENT. Is there objection to the request of the Senator from New Mexico?

Mr. HALE. I object.

Mr. WALSH of Massachusetts. Regular order!

Mr. KING. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Utah will state it.

Mr. KING. May not the Senator from Utah withdraw the pending amendment and all ancillary amendments thereto, and offer the amendment which has just been submitted?

The VICE PRESIDENT. That amendment is not in order at this time, because the economy section of the bill has not been reached. By unanimous consent, amendments to the first provision of the bill are to be disposed of first. Then amendments to the economy section are to be in order. The amendment submitted by the Senator from New Mexico is not in order for the time being. The Senator may, of course, withdraw his amendment, and when the other part of the bill is reached the new amendment would be in order.

The question is on agreeing to the amendment of the Senator from Colorado to the amendment of the Senator from New Mexico.

Mr. BINGHAM. Mr. President, I desire to ask the Senator from New Mexico [Mr. BRATTON] a question in regard to the amendment which is pending or, rather, his own amendment to which the amendment of the Senator from Colorado is pending. Would it require the Secretary of the Treasury to take from his appropriation a 5 per cent reduction in the amount appropriated under the permanent regular appropriation for interest on the public debt?

Mr. BRATTON. No.

Mr. BINGHAM. The way I understood the Senator when he read the amendment which was just proposed, it sounded to me as though all appropriations for the Treasury Department except those for buildings would come under the 5 per cent provision. Since there is nearly $800,000,000 appropriated, but not in the bill, for the Treasury Department for interest on the public debt, would not that make it extremely difficult, unless that was exempted as well, for the Secretary of the Treasury to get a 5 per cent reduction in the total amount spent by his department?

Mr. BRATTON. I think it would not operate, because that is not a regular appropriation. It is a permanent annual, and this provision would not attach to a fixed item of that kind.

Mr. BINGHAM. If the Senator is sure of that, that answers my question.

The VICE PRESIDENT. The question is on the amendment of the Senator from Colorado.

Mr. SHIPSTEAD. Mr. President, I should like to ask the Senator from Colorado a question.

Mr. COSTIGAN. Certainly.

Mr. SHIPSTEAD. His amendment provides that no further cut shall be made under the provisions of the amendment of the Senator from New Mexico, which is in addition to what has already been provided for in the way of a cut in the legislation enacted last year.

Mr. COSTIGAN. There is an addition to the language accepted by me and added to my amendment, which the Senator from Michigan [Mr. VANDENBERG] has suggested, namely, "or otherwise provided in this act." In other words, it is the theory of some of us that if we are to make salary and wage reductions Congress should assume that responsibility and should affirmatively and definitely specify the amount.

Mr. SHIPSTEAD. Then I have not the full text of the amendment before me.

Mr. COSTIGAN. Apparently not.

Mr. SHIPSTEAD. Can the Senator tell us where we can make any saving except in Government wages? We have been told that contracts must not be violated, that they involve the sacred right of capital and must not be touched. Where else can we make savings except by cutting wages?

Mr. COSTIGAN. Presumably there are departmental extravagances in the purchase and use of materials and in the duplication of departmental work and in other known directions. The sound method, of course, for Congress to pursue would be to make a thorough investigation of the departments, and, following a report, direct its legislation to economies clearly indicated by such an investigation.

I should also say to the Senator from Minnesota that there is no provision in my amendment with respect to dismissals or discharges from the service, because it is obvious that the prevailing sentiment of the Senate will not tolerate at this time the inclusion of a bar on dismissals or discharges. Words eliminating that sort of official action were deliberately omitted from the amendment. It will therefore be possible for the incoming administration to make certain consolidations, incidental to which—though I, for one, shall regret discriminatory possibilities flowing from them—discharges may be made.

Mr. SHIPSTEAD. Mr. President, we cut wages last year, and then we appropriated $500,000,000 for the Reconstruction Finance Corporation to loan to companies which are so heavily in debt that they can not pay their interest. So we loaned money that we took from Government employees last year to pay the wages of capital invested in railroad bonds in order that capital might have its full wage. Shall we now cut wages further so that capital may have its wage level maintained by taking the money out of the pockets of Government employees, as we have taken it out of the working man who now walks the streets and as we have taken it out of the farmer by deflating him? If the Senate shall now continue to take money out of the wage earners in order that we may have more money to give to the Reconstruction Finance Corporation with which to pay the interest on the bonds of the railroad companies so that capital shall have its wage; if we shall continue that program, I simply want to say that the Senate keeps orthodox as usual.

Mr. COSTIGAN. The Senator is undoubtedly right, and I agree with every word he has said.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. COSTIGAN] to the amendment proposed by the Senator from New Mexico [Mr. BRATTON].

Mr. VANDENBERG. Mr. President, I should like to ask the Senator from New Mexico a question. Do I understand it is the intention of the Senator from New Mexico to offer

this general amendment to the sections of the economy bill regardless of what happens to the pending amendment on the Treasury and Post Office appropriation bill?

Mr. BRATTON. That is my purpose.

Mr. VANDENBERG. Then I suggest to the Senator from Maine that we will be bound to save time if the unanimous-consent agreement requested by the Senator from New Mexico shall be entered into because all he is asking to do is to substitute the general question for the special question; and inevitably the debate will be less if that can be done now instead of having to be entirely resumed de novo three or four days hence.

Mr. BRATTON. Mr. President, that is exactly what I had in mind.

Mr. ASHURST. Mr. President, that is the first faux pas, the first lapsus linguæ, I ever heard the able Senator from Michigan make in the Senate. He said that in a certain contingency there would be "less debate." Mr. President, there are no conceivable circumstances under which, in the Senate, there would be less debate.

Mr. VANDENBERG. Mr. President, everything is relative in this world, and I still suspect that there would be less debate if we should proceed according to the formula now suggested by the Senator.

The VICE PRESIDENT. The Senator from Maine is not present, and he has objected.

Mr. JOHNSON. Mr. President, I call for the regular order.

The VICE PRESIDENT. The regular order is demanded. The question is on the amendment offered by the Senator from Colorado [Mr. COSTIGAN] to the amendment proposed by the Senator from New Mexico [Mr. BRATTON].

Mr. COSTIGAN. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kean	Schall
Austin	Cutting	Kendrick	Schuyler
Bankhead	Dale	Keyes	Sheppard
Barbour	Davis	King	Shipstead
Barkley	Dickinson	La Follette	Smith
Bingham	Dill	Lewis	Steiwer
Black	Fletcher	McGill	Swanson
Blaine	Frazier	McKellar	Townsend
Borah	George	McNary	Trammell
Bratton	Glenn	Metcalf	Tydings
Brookhart	Goldsborough	Moses	Vandenberg
Bulkley	Gore	Neely	Wagner
Bulow	Grammer	Norris	Walsh, Mass.
Byrnes	Hale	Nye	Walsh, Mont.
Capper	Harrison	Oddie	Watson
Caraway	Hastings	Reed	Wheeler
Connally	Hatfield	Reynolds	White
Coolidge	Hayden	Robinson, Ark.	
Copeland	Hebert	Robinson, Ind.	
Costigan	Johnson	Russell.	

The VICE PRESIDENT. Seventy-seven Senators have answered to their names. A quorum is present.

The question is on the amendment offered by the Senator from Colorado [Mr. COSTIGAN] to the amendment proposed by the Senator from New Mexico [Mr. BRATTON].

Mr. COSTIGAN. On that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BINGHAM. Let the amendment be reported.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the end of the amendment proposed by the Senator from New Mexico the Senator from Colorado proposes to insert the following:

Provided further, That in making such reductions in expenditures no wage cuts or furloughs other than those heretofore in effect or in this act provided shall be ordered.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Colorado [Mr. COSTIGAN] to the amendment proposed by the Senator from New Mexico [Mr. BRATTON], on which the yeas and nays have been ordered. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MOSES (when his name was called). I have a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. I find that I can transfer that pair to the junior Senator from Idaho [Mr. THOMAS], which I do, and vote "nay."

Mr. SHIPSTEAD (when his name was called). I have a general pair with the senior Senator from Ohio [Mr. FESS]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. SWANSON (when his name was called). I inquire if the senior Senator from Illinois [Mr. GLENN] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. SWANSON. I have a general pair with that Senator. Not knowing how he would vote, I withhold my vote.

Mr. WAGNER (when his name was called). On this vote I am paired with the junior Senator from Missouri [Mr. PATTERSON]. I find that I may transfer that pair to the junior Senator from Illinois [Mr. LEWIS]. I make that transfer, and vote "yea."

The roll call was concluded.

Mr. HEBERT (after having voted in the affirmative). I have a general pair with the senior Senator from North Carolina [Mr. BAILEY], and therefore ask to withdraw my vote.

Mr. ROBINSON of Indiana. I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, not knowing how he would vote if present, I withhold my vote. If permitted to vote, I should vote "yea."

Mr. BINGHAM (after having voted in the negative). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence, and being unable to obtain a transfer, I withdraw my vote.

I desire at this time to announce that my colleague the junior Senator from Connecticut [Mr. WALCOTT] is necessarily absent. If present, he would vote "nay."

Mr. GLENN. I inquire if the senior Senator from Virginia [Mr. SWANSON] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. GLENN. I have a general pair with that Senator, and therefore withhold my vote.

Mr. BRATTON (after having voted in the negative). I transfer my pair with the Senator from Nebraska [Mr. HOWELL] to the Senator from Tennessee [Mr. HULL], and will allow my vote to stand.

Mr. NORRIS. I desire to announce that my colleague [Mr. HOWELL] is absent on official business of the Senate. I ask that this announcement may stand for the day.

Mr. McNARY. I desire to announce the following general pairs:

The Senator from South Dakota [Mr. NORBECK] with the Senator from Nevada [Mr. PITTMAN];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from Missouri [Mr. HAWES];

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG]; and

The Senator from California [Mr. SHORTRIDGE] with the Senator from Oklahoma [Mr. THOMAS].

Mr. SHEPPARD. I desire to announce that the Senator from Nevada [Mr. PITTMAN], the Senator from Missouri [Mr. HAWES], the Senator from Virginia [Mr. GLASS], the Senator from Louisiana [Mr. BROUSSARD], and the Senator from Oklahoma [Mr. THOMAS] are detained on official business.

I am not informed as to how these Senators would vote.

The result was announced—yeas 42, nays 29, as follows:

YEAS—42

Ashurst	Couzens	Kean	Russell
Barbour	Cutting	Keyes	Schall
Black	Dale	La Follette	Schuyler
Blaine	Davis	McGill	Smith
Borah	Dickinson	McNary	Steiwer
Brookhart	Dill	Metcalf	Wagner
Bulow	Frazier	Neely	Walsh, Mont.
Capper	George	Nye	Wheeler
Caraway	Hatfield	Oddie	White
Copeland	Hayden	Reed	
Costigan	Johnson	Reynolds	

NAYS—29

Austin	Byrnes	Gore	Kendrick
Bankhead	Connally	Grammer	King
Barkley	Coolidge	Hale	Logan
Bratton	Fletcher	Harrison	McKellar
Bulkley	Goldsborough	Hastings	Moses

Norris	Townsend	Tydings	Walsh, Mass.
Robinson, Ark.	Trammell	Vandenberg	Watson
Sheppard			

NOT VOTING—25

Bailey	Hawes	Patterson	Swanson
Bingham	Hebert	Pittman	Thomas, Idaho
Broussard	Howell	Robinson, Ind.	Thomas, Okla.
Carey	Hull	Shipstead	Walcott
Fess	Lewis	Shortridge	
Glass	Long	Smoot	
Glenn	Norbeck	Stephens	

So, Mr. COSTIGAN'S amendment to Mr. BRATTON'S amendment was agreed to.

The VICE PRESIDENT. The question now is upon the amendment of the Senator from New Mexico, as amended.

Mr. TRAMMELL. Mr. President, I wish to oppose the amendment in its present form.

I am favorable to and stand for a reduction of not only 5 per cent in expenditures but a greater percentage of reduction; but if the amendment as amended now should be placed upon the statute books, it would be a legislative expression favorable to having no salary reductions whatever. In my opinion, those who administer the different departments should have some latitude in the matter of salary reductions; and I do not want to bar them from necessary and just salary reductions.

Heretofore, throughout our entire system of government, the department heads have possessed the authority to increase salaries, and we have never seen fit to restrict or withdraw their prerogative to increase salaries. For all time Congress has seemed to think that that latitude and that liberty to them was proper as far as the matter of increasing salaries was concerned. Now it is the expressed will of this body, at least by a majority, that they shall possess no authority whatever to reduce salaries. Why give Government officers the authority to raise salaries, and expressly provide, as does the amendment just adopted, that no salary shall be reduced?

The two positions, I think, are inconsistent. Are we going to permit these officials still to have the privilege of increasing salaries and withhold from them and expressly provide that they shall have no authority to reduce salaries? That is what this amendment means in its present form. I want to vote for a reduction of 5 per cent or more in expenditures in the departments, but do not want to vote a protection against reasonable salary reductions.

Mr. President, if those who have the administration of the law or the control of salaries with regard to the Fleet Corporation, for instance, should desire to reduce some of these salaries, I wonder if they would be deprived of that privilege under the amendment which we now have pending before us in its present form.

As an illustration, let us take the salaries that are being paid to a number of the employees of the Fleet Corporation.

First, the executive assistant to the president receives $7,500 per annum. If it is deemed proper to reduce that salary, would this amendment in its present form be an inhibition against its reduction? Certainly it would.

Second, we find that the treasurer of that Government agency receives $10,000 per annum. If there should be an effort to reduce his salary, would the officials be barred by the amendment which is pending from reducing that salary? And do the Senators who have supported this inhibition think that there should be no reduction in either that $7,500 salary or that $10,000 salary?

The general comptroller of the Fleet Corporation receives $9,000 a year. The assistant general comptroller receives $4,800 a year. The general counsel receives $12,000; the assistant general counsel, $7,000; the director of insurance, $10,000; the fiscal director of insurance, $8,500; another assistant director of insurance, $6,000 per annum; and a general assistant, $6,500; technical assistant, $6,000; executive assistant, $6,000; and then we come down again into the list of attorneys. One attorney receives $10,000 a year, another one $8,000, another one $7,500, another one $5,400, and so on. There are a large number of positions under the Fleet Corporation with salaries all the way from $6,000 up to $12,000 per annum.

I am not willing to go on record and have it as the affirmative expressed will of Congress that there shall be no reduction in these salaries; and I think that is the unquestionable meaning of the amendment in its present form.

As to the smaller salaries, those who are making only what we might call a living wage, personally, I would not have a reduction in those; but I am not going to lend myself as an agent for protection against reduction of these large salaries and thousands of other high salaries at the present time. As a matter of fact, in most instances these salaries have been placed at their present figures as a matter of favoritism, and not as a matter of the efficient administration of government or as a proper compensation to those filling these positions. That favoritism has run throughout these departments; and the existing policy and the law allow certain officials to provide for promotions and the increase of salaries, and they have exercised that privilege without restriction or limitation heretofore. Now, forsooth, a majority at least of the Senate say that these officials shall not have any authority to reduce salaries—even these large and unreasonable salaries—at the present time, but shall be continued in their authority to raise Government pay.

I hope the amendment in its present form will be defeated, although I have voted for every measure to reduce Government expenditures and want to see legislation to make further reductions of 5 per cent or more in all departments.

Mr. TYDINGS. Mr. President, referring to the amendment that was just adopted, offered by the Senator from Colorado [Mr. COSTIGAN], as I interpret the amendment no employee of the Government now whose services are not required can be furloughed. Is that correct?

Mr. COSTIGAN. Under the amendment as adopted there would be no other furloughs and no other wage reductions than those heretofore made or provided in the act. In other words, Congress must assume the responsibility for any definite provision of that sort.

Mr. TYDINGS. Well, Mr. President, of all the hypocrisy I have ever seen in my life, this amendment, in my judgment, is the prize example.

Mr. DILL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from Washington?

Mr. TYDINGS. Yes.

Mr. DILL. I desire to call the attention of the Senator to the fact that there is nothing in this amendment that changes the law on furloughs. The law on furloughs is just the same as it was.

Mr. TYDINGS. Yes; but under the law a Government employee can be furloughed for 30 days only, as I understand.

Mr. DILL. Oh, the Senator knows that that is not what is being done. They are being furloughed for two or three months, and that can still be done under this amendment.

Mr. TYDINGS. Very well. Under this amendment, if I read it correctly, no further furloughs than those heretofore in effect shall be ordered.

Mr. DILL. By law.

Mr. COSTIGAN. The Senator has not the full amendment before him. Whatever language he is reading is qualified by the preceding language, which reads, in effect:

In making such reductions in expenditures—

That is, it is limited to the 5 per cent or more of reductions in expenditures.

Mr. TYDINGS. As I understand this amendment—and I still adhere to my original thought about it—even though there was an employee of the Government whose services were not required, that employee hereafter could not be let out of the service.

Mr. WHEELER. Oh, yes; he could.

Mr. TYDINGS. That is the way the amendment reads.

Mr. WHEELER. No; it says he can be dismissed. They can dismiss anybody whose services are not wanted.



Mr. TYDINGS. That is just what I am arguing. Here is a man who is in the service. Perhaps he has been in the service 10 years. The head of the department can dismiss him and destroy his civil-service status instead of furloughing him and letting him keep his civil-service status.

Mr. WHEELER. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield further?

Mr. TYDINGS. I yield.

Mr. WHEELER. The Senator misunderstands. The amendment does not change the furlough law at the present time one iota—not one iota. Just exactly what is done now can be done under this amendment, and it does not change the furlough law.

Mr. BRATTON. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from New Mexico?

Mr. TYDINGS. I yield.

Mr. BRATTON. I think the Senator from Montana and the Senator from Colorado have misconceived the force of the amendment. A Cabinet officer might say to an employee, "Under this amendment I am obliged to curtail 5 per cent, but I can not impose an additional administrative furlough in order to do it. Therefore I am obliged to dismiss you." That would be the effect of it.

Mr. TYDINGS. That is exactly what I said.

Mr. BRATTON. Instead of leaving the head of a department free to keep the employee and impose additional furloughs to effect the 5 per cent reduction, under the iron hand of the amendment just adopted, the employee must be dismissed and not furloughed. If it is better to dismiss and eliminate the employees from the pay roll than it is to furlough, well and good, we have accomplished that.

Mr. TYDINGS. The Senator has stated the contention which I am making. Now, I ask the Senator from South Carolina if he will confirm or deny what the Senator from New Mexico has just stated?

Mr. BYRNES. Mr. President, I agree entirely that as to the 5 per cent, under the amendment, it can not be arrived at except by absolutely dismissing an employee from the service.

Mr. TYDINGS. That is correct.

Mr. COSTIGAN. Mr. President——

Mr. TYDINGS. I have only a few minutes more.

Mr. COSTIGAN. May I add one word?

Mr. TYDINGS. I yield.

Mr. COSTIGAN. Under the "iron" language of the Senator from New Mexico, dismissals, furloughs, and wage reductions might one and all have been instituted to achieve reductions in expenditures. To my great regret it was necessary, in order to secure the adoption of the amendment, to omit dismissals in specifying exceptions.

Mr. TYDINGS. What we have really done has been to adopt language which would force the head of a department who wants to cut down expenses to dismiss permanently an employee from the roll.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. TYDINGS. I yield.

Mr. NORRIS. I want to ask the Senator, first, this question: Suppose in one of the departments some one's salary is $12,000 a year, such a salary as we have just heard described by the Senator from Florida. The amendment as it now stands, as I understand it, would make it impossible for such a salary to be reduced to, say, $10,000.

Mr. TYDINGS. That is correct.

Mr. NORRIS. And the salaries of none of those receiving $10,000 could be reduced as we have reduced our own salaries.

Mr. TYDINGS. That is correct.

Mr. NORRIS. So the effect of the amendment, if agreed to as it now stands, would be to prevent the reduction of any salary, no matter how large it might be.

Mr. TYDINGS. I think the Senator is substantially correct.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TYDINGS. I can not yield any further because my time is almost up.

Senators have been standing on this floor pleading with tears in their eyes for Government employees, and have left the alternative open to the head of a department to dismiss a person, to destroy his or her civil-service status for all time, rather than furlough the employee.

The day may come, when there is a pick-up in the business of the country, when some of these employees who now, by the force of circumstances, must be severed from the pay roll, will be required again in the normal activities of the Government. If they have been dismissed from the service, they will certainly not have as good a status as if they had been furloughed from the service.

More than that, the amendment would practically nullify in many respects what savings we hope to secure under the Bratton amendment, because we would compel the head of a department to curtail expenditures 5 per cent, and then throw barriers in his way and stop him from carrying out the expressed will of Congress.

Mr. BARKLEY. Mr. President, will the Senator yield to me a moment?

Mr. TYDINGS. Mr. President, how much time have I left?

The VICE PRESIDENT. The Senator has six minutes.

Mr. TYDINGS. I yield to the Senator from Kentucky.

Mr. BARKLEY. I wanted to call the Senator's attention to the fact that this prohibition in the so-called Costigan amendment would apply not only to furloughs but to reductions.

Mr. TYDINGS. Of course.

Mr. BARKLEY. The head of a department might find himself confronted with a situation where he either had to reduce somebody's salary or dismiss him.

Mr. TYDINGS. That is correct.

Mr. BARKLEY. And rather than make it possible for him to reduce 5 per cent, we would compel him, under the amendment, to dismiss the employee.

Mr. TYDINGS. Of course.

Mr. BARKLEY. So that it would not only prevent furloughs but it would prevent reductions, it would prevent keeping men and women on the pay roll with a 5 per cent reduction rather than dismissal.

Mr. TYDINGS. I have no doubt in the world but that the Senator from Colorado meant this amendment as a humane thing; I concede to him that impulse and thought. But in my humble judgment the Senator will find that the big-salaried official would have little or no reduction, but because of the enforced economy carried in the preamble of the amendment the smaller-salaried employee would be forced out of his or her position.

Mr. COSTIGAN. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. COSTIGAN. If the Senator from Maryland had been present during the discussion of the amendment, he would have discovered that it proceeded on the assumption that the Senate was not parting with its power or responsibility to legislate. The amendment presupposes the intention on the part of the Congress to make such wage cuts as it desires, and not to leave those cuts to the arbitrary action of the heads of departments.

Mr. TYDINGS. As I said a moment ago, I do not question the intention of the Senator from Colorado. I think I understand what he sought to arrive at, and, to a certain extent, I sympathize with his position. But may I say that he is not going to accomplish, in the working out of the amendment, the thought which he has in mind. He is actuated primarily by a desire to take care of the small-salaried employees. Under the amendment the head of a department could only cut the large-salaried employees 5 per cent, and therefore, forced to make a saving, the smaller salaried employee would have to be dismissed without even the benefit of clergy.

I do not think this amendment represents what the Senate wants to do. I voted in the negative, and, therefore, am in no position to move for a reconsideration of the vote. If I were, I should do so. But I hope that somebody will move for reconsideration of the vote by which the amendment was agreed to, so that it may be reconsidered, and, if it must be adopted, let us protect the people who I think were sought to be protected by the amendment.

Finally, I can not resist carrying on just a little bit of an echo from two or three days ago. My good friend, the Senator from Delaware [Mr. HASTINGS], said that the withdrawal of my amendment was wishy washy, and I am wondering whether he is going to show the antithesis of his own observation and demonstrate that he himself, in matters of economy, exhibits a little more rigidity than a jelly fish when he votes upon such measures as those now before us.

Mr. NORRIS. Mr. President, I was laboring under the belief, when I gave up the floor on the prior amendment, that the pending amendment was going to be withdrawn in order that we might take it up in connection with the economy provision of the bill. It seems that that is not going to be possible.

Mr. BRATTON. Mr. President, we have spent two days in debating the amendment already, and I prefer to go ahead and have a vote on it. I intend to offer to the economy section of the bill, when we reach that, the amendment I read a while ago.

Mr. NORRIS. I am not questioning the good intentions of the Senator, but if this amendment is once agreed to and put on the bill, then one of the principal incentives for voting for the amendment, when we come to the place where it would apply to everything, will have disappeared. Senators will say, "we have already adopted the amendment, and what is the use of putting it into the bill again?"

It seems to me, Mr. President, that it is perfectly plain, whether we intended it or not, that the Senate is now left in this predicament, that by this kind of an amendment we will reduce expenses in every department except in the War and Navy Departments, and those two departments are going to be exempt from the operation of this kind of a provision.

I give it as my prophecy that if we agree to the two amendments on the appropriation for the two departments which are combined in this one bill, there will be no possibility of inserting it where it ought to go in order to apply to the Army and the Navy appropriation bills, and that when we come to those bills, it will be said, "Hands off."

A year ago, when we had the Army appropriation bill before us, there was considerable debate over an appropriation which, as I remember it, amounted to from five to seven million dollars, it was in the millions, anyway, for the purpose of enabling the department to hold schools all over the country under the jurisdiction of the Army. Some of the Senators tried to keep that item out, but they were unsuccessful. As I understand it, the House committee this year struck that item out of the bill, but it has been put back into the bill on the floor of the House, and in all probability the bill will come before the Senate with that provision in it.

I said last year, and I say now, that against these schools under any ordinary conditions I have no objection. Young men from all over the country go into the schools, which are held at different places. The expenses of their board and lodging are met by the Federal Government. It may be a very fine thing for those young men, it may be of benefit to them, it is a little schooling, paid for by the taxpayers of the United States, and the schools administered by the Army, and, as I showed last year, according to the official pamphlet used in the instruction of these young men they are taught things which we would without question, I believe, unanimously condemn.

They are taught, for instance, that the municipal ownership of public utilities indicates a socialistic trend which under all circumstances must always be condemned. There is an attempt to inculcate into the minds of those young men ideas along the line of standpattism against every progressive idea in government. That is going to be in the bill when it comes before us, and if we do not insert this amendment in the right place, it will stay in, on the theory that we must keep our hands off the Army and the Navy.

Mr. President, we could save enough in the military appropriations to account for the reduction provided for in the pending amendment if we cut out of the bill such items as that which I have just mentioned. I am told by a member of this body that in the bill as it is now $7,500 is provided, as I remember the amount, for the purpose of buying badges. We want to decorate somebody. I have no objection to decorations under ordinary circumstances. When we had the war against the bonus army in the city of Washington, we had to have decorations. It was the most modern war ever fought, because when the army got half way to the place where the moving-picture photographers were ready to take pictures of its action in battle, it was discovered that the commanding officer did not have the right kind of a suit on, he did not have his badges on, and they halted the whole American Army while he sent to his quarters to get the proper suit and a number of badges that were necessary to decorate himself with when he went into that terrible battle to drive the bonus army out of the city of Washington.

We must pay for those badges, and I am informed there is a liberal contribution in the coming Army appropriation bill to do it. Now, we are putting ourselves in such a position that we will be practically helpless when we come to that bill, and that is why I am opposed now to the very amendment which I said yesterday I favored.

I did not see where we were going then. If we can not bring about reductions and economies in the Army and Navy appropriation bills, then in my judgment the best thing to be done is not to try to economize in the other appropriation bills. We will run up against a situation before long where everyone will recognize the necessity for economy not only in civil life but in Army and Navy life, where the social needs are the predominating features, at least in times of peace, where society often controls and governs even the legislation of the American Congress, where it is sometimes the dominating influence. We must at all times be careful, lest we do something in these appropriation bills that will make it impossible for appropriations for the Army and Navy to be made.

So, Mr. President, much as I regret it, I am not going to vote for the amendment at this time. I shall vote for it in the proper place. I fear that the friends of the amendment, those who are behind it and are leading the fight and whose leadership I was glad to follow, are leading us into a blind alley, and that when we get through we will realize we are shorn of all our laurels and that economy will come only in the appropriation bills that do not apply to the Army and the Navy.

Mr. REED subsequently said: Mr. President, this afternoon the Senator from Nebraska [Mr. NORRIS] called the attention of the Senate to a training pamphlet used in the citizens' military training camps and called attention to some rather unwise instructions in that pamphlet.

I am authorized by the Chief of Staff to say that he agrees with the Senator from Nebraska as to the unwisdom of any such instructions; that as soon as he first saw that pamphlet, and saw that part of it, he ordered the pamphlet withdrawn from circulation and suppressed, revoked; and it has not since then been used in any training camp in this country.

In justice to the Chief of Staff, I think that ought to be stated.

Mr. COSTIGAN. Mr. President, it was not my intention at the outset of his remarks to reply further to our delightful friend the Senator from Maryland [Mr. TYDINGS].

The VICE PRESIDENT. The Senator from Colorado has talked once on the amendment.

Mr. COSTIGAN. Am I to understand that the Vice President rules that my time has expired?

Mr. HATFIELD. Mr. President, I yield to the Senator my time.

The VICE PRESIDENT. The Senator from West Virginia may not do that. The Senator may yield for a question.

Mr. HATFIELD. Very well. May I be permitted to ask the Senator from Colorado to explain his amendment?

Mr. COSTIGAN. I thank the Senator from West Virginia for his courtesy. What I have to say further about the amendment may be stated in two or three sentences.

I regret to say that the figurative tears shed by the Senator from Maryland [Mr. TYDINGS] are suggestive of crocodile emotion. Under the unamended proposal of the Senator from New Mexico [Mr. BRATTON], discharges, furloughs, and reductions in pay were all in order, if I understand the language of that proposal. To none of these did the Senator from Maryland make objection. Under the amendment offered by me, and adopted by the Senate, there is no command whatever to the head of any department to make any discharges, to reduce any wages, or to resort to any furloughs. As a matter of fact, under the 10 per cent reduction of last year our action was interpreted by the heads of departments so that discharges were in fact unexpectedly consummated by what were known as indefinite furloughs. I gave illustrations of such executive action by reading from letters of the heads of two departments earlier in the course of my remarks.

The VICE PRESIDENT. The question is on the amendment of the Senator from New Mexico [Mr. BRATTON] as amended.

Mr. BRATTON. I demand the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). I have a pair with the junior Senator from Nebraska [Mr. HOWELL], which I transfer to the junior Senator from Tennessee [Mr. HULL], and vote "yea."

Mr. McNARY (when Mr. Fess's name was called). The senior Senator from Ohio [Mr. FESS] is unavoidably absent. If he were present, he would vote "yea."

Mr. HEBERT (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. BAILEY]. In his absence, not knowing how he would vote, I withhold my vote.

Mr. MOSES (when his name was called). I have a general pair with the senior Senator from Louisiana [Mr. BROUSSARD]. He being absent, and I being unable to obtain a transfer for the moment, I withhold my vote.

Mr. ROBINSON of Indiana (when his name was called). Again announcing my general pair with the junior Senator from Mississippi [Mr. STEPHENS], I withhold my vote. If permitted to vote, I would vote "nay."

Mr. SHIPSTEAD (when his name was called). On this question I am paired with the senior Senator from Ohio [Mr. FESS]. However, I am informed that if present he would vote "yea." Therefore I am at liberty to vote. I vote "yea."

Mr. WHEELER (when his name was called). On this vote I have a pair with the junior Senator from Idaho [Mr. THOMAS]. If that Senator were present, he would vote "yea." If I were permitted to vote, I would vote "nay."

The roll call was concluded.

Mr. BINGHAM. My colleague the junior Senator from Connecticut [Mr. WALCOTT] is necessarily absent. If present, he would vote "yea." He has a general pair with the Senator from Missouri [Mr. HAWES].

Mr. MOSES. Finding that I may transfer my pair with the Senator from Louisiana [Mr. BROUSSARD] to the senior Senator from Ohio [Mr. FESS], I make that transfer and vote "yea."

Mr. WAGNER (after having voted in the affirmative). Having a pair with the junior Senator from Missouri [Mr. PATTERSON] and not being able to ascertain how he would vote or to secure a transfer of the pair, I am compelled to withdraw my vote.

Mr. McNARY. I desire to announce the following general pairs:

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG];

The Senator from South Dakota [Mr. NORBECK] with the Senator from Nevada [Mr. PITTMAN]; and

The Senator from California [Mr. SHORTRIDGE] with the Senator from Illinois [Mr. LEWIS].

The result was announced—yeas 51, nays 24, as follows:

YEAS—51

Austin	Coolidge	Hale	Russell
Bankhead	Copeland	Harrison	Schuyler
Barbour	Couzens	Hastings	Sheppard
Barkley	Cutting	Hatfield	Shipstead
Bingham	Dickinson	Kean	Swanson
Black	Dill	King	Townsend
Bratton	Fletcher	Logan	Tydings
Bulkley	George	McKellar	Vandenberg
Bulow	Glass	McNary	Walsh, Mass.
Byrnes	Glenn	Metcalf	Walsh, Mont.
Capper	Goldsborough	Moses	Watson
Caraway	Gore	Reed	White
Connally	Grammer	Robinson, Ark.	

NAYS—24

Ashurst	Davis	La Follette	Reynolds
Blaine	Frazier	McGill	Schall
Borah	Hayden	Neely	Smith
Brookhart	Johnson	Norris	Steiwer
Costigan	Kendrick	Nye	Thomas, Okla.
Dale	Keyes	Oddie	Trammell

NOT VOTING—21

Bailey	Howell	Pittman	Wagner
Broussard	Hull	Robinson, Ind.	Walcott
Carey	Lewis	Shortridge	Wheeler
Fess	Long	Smoot	
Hawes	Norbeck	Stephens	
Hebert	Patterson	Thomas, Idaho	

So Mr. BRATTON's amendment as amended was agreed to.

Mr. JOHNSON. Mr. President, in accordance with notice heretofore regularly given, I move now to suspend paragraph 4 of Rule XVI for the purpose of presenting the amendment which has been perfected and which has been lying on the desk for the last couple of days. I trust that that permission may be accorded and then discussion had upon the amendment.

The VICE PRESIDENT. The question is on the motion of the Senator from California to suspend the rule.

Mr. KING. Is that motion debatable, Mr. President?

The VICE PRESIDENT. It is.

Mr. KING. Mr. President, if I understand the significance of the amendment offered by the Senator from California, it seems, if it be agreed to, that no purchases may be made by the United States or by contractors of the United States beyond the limits of the United States; in other words, no commodities manufactured or produced in foreign countries may be purchased by the Government or by any of its agents or contractors if within the United States the commodities or articles desired may be purchased. In other words, the amendment if enacted into law would operate as a complete embargo upon all materials or commodities of every kind or character required for consumption in any of the activities of the Government or its agents or contractors, if such commodities could be obtained in the United States. It would embargo cement used in the construction of roads in which the United States pays but a part of the cost of their construction; it would prevent any lumber or other building materials, required by the United States or used in any of its projects, from being purchased in Canada, or any other country, if the same could be obtained within the United States. There is no provision against monopolistic control of domestic commodities, so that the United States, in its many activities, might be compelled to submit to the extortionate demands of monopolistic domestic producers. We know that monopolies in our industrial life have been very powerful and they are still potent. The antitrust laws were demanded by the American people for their protection against monopolistic control of commodities including many of the necessities of life.

The amendment which the Senator desires to offer presents a variety of questions of transcendent importance. It compels the consideration of the antitrust laws, of international trade and commerce, of our tariff policies, of our revenue laws, and other related questions. Concede that a

measure of the character in question should be considered by Congress; I submit that it should first go to the appropriate committees—the Committee on Ways and Means of the House and the Committee on Finance of the Senate—and full information should there be obtained showing its effects and consequences and the propriety and necessity of its enactment into law.

I respectfully submit the problems and questions involved in the tendered amendment forbid its consideration as a part of this appropriation bill. Certainly in the consideration of appropriation bills the Senate ought not to be compelled to legislate upon questions affecting tariffs and revenues and the multitude of matters which are necessarily involved in the amendment.

I suggested that the amendment relates to international trade and commerce. That must be obvious. Anything that is an impediment to our commercial relations with other nations is of vital importance at this moment. In every part of our country we discover a surplus of agricultural and industrial products. Our farmers are desirous of foreign markets for their surplus products; our manufacturers are anxious to extend their foreign markets; our shipowners must find cargoes for their ships, many of which are now locked in our harbors. It is possible that, after a full consideration of all questions involved, the passage of a measure such as the one under consideration may be deemed expedient and advantageous; but the point I am now attempting to make is that under the limits imposed upon a discussion of every feature of the pending bill and all amendments thereto full consideration could not be given to the same. Moreover, it is obvious that it is not germane to the bill before us. The rules of the Senate forbid general legislation such as the amendment proposes upon appropriation bills. The amendment presented is not proper under the rules, but we are asked to suspend the rules in order to introduce into an appropriation bill questions of an entirely different character and relating to an entirely different subject.

Mr. President, a special session of Congress will be convened soon after Mr. Roosevelt's inauguration, and it is certain that Congress will have to deal with the subject of revenues and probably tariffs. It is quite likely, for the purpose of obtaining additional revenues from customs duties, tariff measures will be introduced and passed.

At this moment it seems apparent that this Congress will not have the courage to reduce expenditures in order that the Budget may be balanced. Demands for reductions are resisted, and there seems to be a reluctance upon the part of those charged with responsibility to make the cuts in Federal expenditures that will bring governmental expenditures within the revenues.

It has been urged by many that the imperative duty rests upon this Congress to enact legislation that will yield sufficient revenue to meet all the appropriations that may be made. It has been urged that a sales tax be enacted, that larger revenues be obtained from excise taxes, and that efforts be made to increase the amount received from incomes and corporations. Personally, I do not approve of further burdening the people by increased taxes. Every effort should be made to reduce expenses, and I have no doubt that if Congress should address itself with courage and earnestness and with a resolution which denies defeat to the task of balancing the Budget, it could be done.

President Hoover upon a number of occasions has challenged attention to the necessity of reducing Federal expenses and balancing the Budget. Certainly the Republicans who are in control of the Senate should heed his recommendations and deal courageously with appropriation bills and reduce the Government's expenses by at least $800,000,000.

Mr. President, if the measure offered by the Senator from California should be ingrafted upon the pending appropriation bill, it is certain that there will be increased demands for further embargoes and the destruction of our trade and commerce with foreign nations. It is manifest that if we impose embargoes upon imports, other nations will pursue a similar course and decline to purchase American commodities. We have already, by our tariff legislation, restricted our foreign markets, and a measure such as the one now offered by the Senator from California will further narrow our foreign markets to the disadvantage not only of our farmers and manufacturers but to the millions of workers who find employment in the mills and factories and plants of our country. Trade is reciprocal; and if we refuse to buy, others will refuse to purchase from us.

But, aside from the merits of the question, it seems to me incongruous that we should be diverted from the consideration of an important appropriation bill, which must be passed before Congress adjourns, to the consideration of a measure which is not germane—which has not been before the Committee on Ways and Means of the House or the Committee on Finance of the Senate, or any other committee, so far as I am advised. I respectfully submit that the motion to suspend the rules should not prevail.

Mr. TRAMMELL. Mr. President, because of the great importance of the question involved in the amendment which the Senator from California desires to offer and for the reason that unless it shall be considered on some other measure there is a possibility that it will not have the deliberation of Congress at this session, I very much hope that the motion of the Senator from California will prevail. I know of no more important piece of legislation than that embraced in the provisions of the amendment which he desires to offer. I am going to read partially from section 2 of the amendment, which contains the substance and the purpose and the object of the amendment. Section 2 of the amendment which the Senator from California desires to propose provides that—

> Notwithstanding any other provision of law, and unless the head of the department or independent establishment concerned shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, shall be acquired for public use.

I know of no more beneficent measure that could be written into the laws of this country than is provided in that amendment.

In carrying on the public business, why should not American products, either those which are mined or those which are manufactured or otherwise produced, be purchased to the exclusion of those produced in foreign countries? Unfortunately, frequently those who administer the law of the land seem to be totally disregardful of American interests and of American producers, and, without rhyme or reason, purchase commodities that have been imported into this country instead of purchasing American products, just as some high officials have been known to travel on foreign vessels since America has been spending hundreds of millions of dollars for the purpose of building up an American merchant marine. So it is with some of the administrative officers in administering the functions intrusted to them. They do not seem to care much whether they buy American products or foreign products. It is an evil system; it is an abuse or a reckless disregard, at least, of the administration of the law and of public functions that makes legislation necessary.

We certainly have in this country a situation which makes necessary some legislation upon this subject so as to insure that American industry and American producers shall be patronized and American money spent with American enterprises instead of being spent in purchasing foreign products.

I do not think we should delay action on this matter. If every other Senator should vote as I intend to vote, we would suspend the rules and we would adopt the amendment in 30 minutes as one of the greatest measures that have been presented at this session of Congress in behalf of the American people, of American industry, American labor, and American producers.

Mr. REED. Mr. President, I think it is worthy of note that since last March the law regarding the purchases of

the War Department has been substantially identical with the amendment now proposed by the Senator from California. That law has operated smoothly and well, and it has been effective in keeping in America orders for materials used in the construction of various buildings erected by the War Department and for the purchase of supplies for the routine support of the Army. It has kept money in this country, and it has kept Americans producing for the needs of the American Government. I hope very much that the motion of the Senator from California will prevail and that we may apply the same system to all the other departments of the Government.

Mr. WALSH of Montana. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Montana?

Mr. REED. I yield.

Mr. WALSH of Montana. I observe that articles purchased for use outside the United States are excepted from the operation of this proposed amendment.

Mr. REED. Necessarily that is so. If, for instance, an American ship puts in at some port in the Indian Ocean, we would not want to require that its fresh vegetables be brought from the United States.

Mr. WALSH of Montana. Information has come to us to the effect that a very considerable portion of the meat supply for the Army for use in the Philippines and in Hawaii comes from Australia. Can the chairman of the Committee on Military Affairs give us any information about that?

Mr. REED. I made inquiry about that at one time, and I am inclined to think that a very large part of that which is bought in the Philippines is Australian. It is bought on a competitive basis, and, quality being equal, it is much cheaper to get Philippine supplies from Australia.

Mr. WALSH of Montana. And this exception, of course, would permit that policy to be continued?

Mr. REED. I presume that it would, although the provisions of the amendment are broader than the law relating to the Army, because that law only relates to continental United States, whereas the amendment would extend the law, even for the War Department, so as to apply to the Philippines and Hawaii and Panama.

Mr. GORE. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Oklahoma?

Mr. REED. I yield the floor.

Mr. GORE. Mr. President, I merely want to suggest that I am afraid the Senator from Pennsylvania is becoming a little un-American. If we could send vegetables to India to provision our ships by aircraft, for what purposes have we been subsidizing them? Perhaps we might provide a submarine tunnel that would enable us to supply fresh meat and vegetables for our vessels in India and in the Philippines, employing, of course, American labor to produce such vegetables.

I wish the Senators on this floor, particularly those from cotton States, would remember that Japan last year took about one-fifth of our cotton crop. She took about one-third of all the cotton we exported. She paid for that cotton crop, it is true, with little electric lamp light bulbs or something of the sort, costing about 2 cents apiece, and rubber-soled shoes costing about 10 cents apiece. She took one-fifth of our cotton crop, aggregating something like sixty or seventy million dollars, and she can only take our cotton if we take her products in return. I think it is a short-sighted policy toward our own trade and our own commerce for us to do so. When we close the door to keep Japanese goods out we close the door to keep American cotton in. We deprive our cotton farmers of the best part of our foreign cotton market.

Mr. TRAMMELL. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Florida?

Mr. GORE. Yes, sir; I do.

Mr. TRAMMELL. Has the Senator any statistics demonstrating what amount of American products were bought by the Government of Japan when they could purchase similar articles or commodities produced in their own country? That is the question that would be analogous.

Mr. GORE. I do not know, and I do not care, because when she purchases our cotton she must pay for it with her goods; and the mere fact that the goods are required for public use makes no difference in principle or in effect, because Japan, whether selling goods to us for public or private use, is enabled by such sales to buy our cotton, our commodities, our machinery, our merchandise. Our exports can only be paid for by our imports, and Japan can only buy our cotton if we receive her goods in exchange for it; there is no other way to do it. When Senators vote for this measure they vote to keep our cotton from going to Japan; they vote to keep our cotton in the United States. If that is a wise policy for this country, if that is a wise policy for the South, then I commend it to Senators from the South.

Mr. President, I desire to have printed in the RECORD in connection with my remarks an article from Bridgeport Life. I send it to the desk and ask that the first paragraph be read as I have marked it and that the rest be printed in the RECORD without reading. The article is perhaps a little more facetious in its vein than might have been necessary, but the irony and sarcasm are very well pointed and very apropos.

The VICE PRESIDENT. The clerk will read as requested.

The legislative clerk read the part indicated, and the entire article is as follows:

[From Bridgeport (Conn.) Life, January 28, 1933]

"BUY AMERICAN" COMES TOO LATE

The latest smoke screen to be thrown up by our political parasites is the proposed slogan, "Buy American." Our political horse traders in Washington have not forgotten their early days down on the farm when, in clipping a horse, they put a twister on the horse's nose to take his mind off the fact he was being clipped. All these political tax clippers think of is to put a twister on the taxpayers' noses and then clip them until they bleed. Now that Europe has us dead broke, they shout to the people, "Buy American," and a very feeble echo answers, "What with?"

Back in 1914, when the war lords of Europe decided it was about time for another flare-up, the Allies saw to it they immediately got into debt good and proper to the United States. Their clever statesmen had no difficulty in kidding our political pirates into loaning them everything they desired, from millions of dollars down to brass cartridges. It was not long before the Allies owed our bankers so much money the latter were getting bankers' chilblains. When the bankers get cold feet it is quite serious for the Nation.

The Allies' next howl was to the effect that if they lost the war they would be absolutely unable to repay us the half billion dollars they had borrowed in perfectly good faith. This meant we must raise an army of bill collectors. This was done and their theme song was, "Lafayette, here we come." The French looked up their past history and, upon learning who Lafayette was, accepted the song as our entrance music.

This much you will have to admit, that when you get the United States on any committee you have workers who will take entire charge of affairs. The United States immediately became the life of the party. We furnished the men, the munitions, and the sandwiches. The Allies in recognition of our joining in the activities called it a World War instead of a European battle. The United States floated enough Liberty bonds to make the affair a paying success.

After our bill collectors had come near enough to Germany for her to see them, the referee blew his whistle as a signal for time out for Germany. This was just at the time when our fullback, Pershing, was going to kick a field goal. The game was called a draw, rain checks were given the spectators, and it was understood the game would be replayed at a date to be named later.

The Germans had mussed up the playing field something awful, and as the game was mostly played in France the Frenchmen were hopping mad. Frogs always get hopping mad because they can not fly. England had lost the most boats, so she was the wettest of any of the contestants. The Russians had become so sore at Germany for holding and not being penalized for it they took their team off the field and went home. The game was over and the crowd was hungry.

The United States, Big Brother of the world, said, "Well, the sandwiches are on us." It took millions and millions of dollars to feed the starving Russians, Belgians, Serbians, and all the members of the different teams in the World War Olympics, but what was a little thing like that to the United States? Helping to win the war was the only thing for us to do if we expected to be repaid our loans.

Then France needed a lot of money to fill in the holes made by the Germans' Big Berthas. This was called the reconstruction period, but generous-hearted United States would attend to all this. The United States was no piker.

Then the Allies demanded reparation from Germany, so Germany had to borrow the money from the United States in order to make the payments. It was not long before Europe owed a heap of interest money, so the United States loaned them enough to meet the interest. The Big Brother was still big-hearted. Everything went beautifully until Big Brother went broke and had no more money to loan.

It seems the real winner of the war was the Kaiser, as he sold for spot cash his old castles and furniture, and his people threw in a marked-down princess in the bargain. He moved over into Holland and joined the Dutch Cleanser colony, having cleaned up properly. He had become famous through America's presenting a 5-reel motion picture entitled "To Hell With the Kaiser."

Switzerland, so close to the war she could smell the gunpowder, and Holland, so near she could hear the booming of the guns, kept out of the European scrap. Norway and Sweden sat on the side lines and rooted for whoever was ahead. But the United States, 3,000 miles away, was asked to the party in time to pay the waiters' checks.

Now, the war, while over, still remains unpaid for and France defaults in payment of interest as she loans millions to Austria, who was one of her actual opponents in the World War Olympics. France gives the United States the international raspberry and Lafayette again becomes a forgotten man. We all know now that it would have been better to have lost a half billion dollars in the beginning than to lose now some thirty or forty billion dollars. We played the show-off and received just what all show-offs get at the finish.

Just when the United States went broke all the other countries went off the gold standard, which gave them cheaper money as well as cheaper labor with which to keep us out of the world market. Then when the United States hinted that France might at least take a little interest in the principal they owed, they dubbed our Uncle Sam with the Shakespearean term of "Uncle Shylock." Why can not we borrow from the words of Bill Shakespeare and exclaim, "O France, if we had served our own with half the zeal we have Paris, we should not now be left naked in our hour of adversity"—or words to that effect.

Now Europe has another idea for the United States, and that is for us to tackle Japan. Right at a time when our taxeaters are taking $1 out of every $3 a taxpayer can corral, Europe says, "Sick 'em, America."

Any American knows when he is in Spain witnessing a bullfight he is always rooting for the bull. Well, if we are crazy enough to get into war with the Japanese, all Europe will be rooting for the Japs. If we think we should receive any European applause for our part in Europe, we shall have plenty of time in which to disillusion ourselves.

Now that Europe has so graciously decided that we can pay the entire cost of the World War, that we can pay their debts as well as ours, it is up to our taxeaters in Washington to pile it on thicker and thicker. The taxeaters live on taxes the same as silkworms live on mulberry leaves. * * *

England bribed our Benedict Arnold in order to hold the Colonies for Great Britain. We may yet see the day when Great Britain will reclaim us for unfulfilled promises. We disobeyed George Washington's warnings against foreign entanglements and now we have not only a long line of World War veterans to support but all of Europe. Our so-called American patriots in official position sold us to Europe for half a billion dollars and now we must suffer the consequences.

No one knows to this very day who started the war, but we all on this side of the ocean know who is to pay for it. If our political leaders do not lead us to desperation, then it is only God Almighty who wills it otherwise. It would have been far better for Europe to have settled her own family row without any outside interference. All this talk about helping humanity has turned out to be that all foreign humanity has given the United States the finest sapping since the early colonists bought an entire State for a jug of rum.

Right now Mellon and Great Britain are so personally interested in our continuing with prohibition that even if mere beer would help us out of the depression we shall not even be allowed to talk about it. Mellon has the whisky franchise and Canada is making millions out of our prohibition, and they both should come ahead of the American people. The sixteenth amendment took all our money and the following amendments took all our backbone, so we are now only woolens for the political moths to feed upon. It may come to pass that our Rockefellers, Mellons, and Morgans may yet become national toastmasters for the great American bread lines.

Mr. BLAINE. Mr. President, on account of the limit on debate, I desire to occupy some time in discussing the motion of the Senator from California to point out that if the amendment were adopted it would be the opening wedge for the destruction of about one-half the paper industry of the United States. In other words, in the paper-manufacturing industry there are two groups, one group manufacturing paper of the same kind and quality out of wood pulp or pulpwood largely imported from Canada, and the other group, of about an equal number of paper manufacturers, manufacturing paper of the same kind and quality out of domestic pulpwood.

The contest, therefore, is between those two groups of paper manufacturers. If this amendment were adopted, the Government of the United States would be saying to one group, "We place an embargo upon the raw product which you must use in manufacturing your paper, and we will not buy your paper because you manufacture your paper out of a product imported into this country." The only ingredient of that type of paper is pulp, or pulpwood. There are no other ingredients. Those paper manufacturers, therefore, will be discriminated against as to all Government contracts and Government supplies that are to be used by contractors.

Those paper manufacturers are paying taxes into the Federal Treasury. They are employing a very large number of men—a number equal to the number employed by the other type of paper manufacturers. If this amendment were to be broadened and made a general embargo act, we would simply put out of business about one-half of the paper manufacturers of this country, and throw out of employment thousands of men.

That is one objection to the proposed amendment; and, as I read the amendment, the exceptions do not permit the use of paper manufactured out of foreign pulp or pulpwood.

There is plenty of pulpwood in the United States, presently at least. There is no doubt about that; but there is not a sufficient quantity of pulpwood in the Middle West, where we have those splendid rivers, without which there can be no paper manufacturing on any appreciable scale. Those paper mills would be put out of business. They can not in this competitive age, and particularly in these times, compete against the paper manufacturers of the western coast, who have their pulpwood in large quantities immediately at the door of the paper mill. The cost of transportation is so excessive that it would be utterly impossible for the paper mills of the Middle West to continue their operation if this policy is carried to the nth degree. Though there is sufficient pulpwood in the United States—there may be quantities of pulpwood in the lower Mississippi Valley, in some of the States bordering upon the Mississippi River, and on the western coast—it is the transportation problem that affects the Middle West paper manufacturers; and yet there are sufficient commercial quantities of pulpwood in this country to supply all the paper mills of the country. As I have pointed out, however, the transportation charge is so excessive that it would be impossible for the north Middle West paper mills, which have not available the domestic pulpwood, to compete with the other paper manufacturers.

Then there is another group of manufacturers that would be put out of business, and that is the manufacturers of certain furniture, office fixtures, desks, chairs, bookcases, and furniture of other kinds that is used by the United States, which furniture is manufactured from imported hardwood. There is in this country a large quantity of raw material sufficient to supply those furniture manufacturers, but of an entirely different character of wood; yet, as hardwood, there is commercially a sufficient quantity of that wood in the United States. The furniture manufacturers, those who manufacture office fixtures and furniture, would be denied the opportunity to sell furniture and fixtures of the type placed in the public buildings that are now being erected if the furniture and fixtures are installed under a contract.

So here is a proposal to place an embargo against two great industries in this country and put men out of employment, not only as respects manufacturing as such but, as well, many additional men who receive employment indirectly because of these industries.

So I hope the motion will not prevail. I doubt very much if we can perfect the amendment to permit a fair competition respecting especially the two products to which I have called attention. If the amendment went along the same lines as the law passed by this Congress at the last session respecting contract supplies for the Army, an entirely different situation would prevail; but we have no assurance that an amendment to that effect would be adopted by the Senate.

I think we are treading on dangerous ground under any circumstances. This embargo that we propose to place will simply come back to make us trouble in the future; and I hope the motion will not prevail.

Mr. BINGHAM. Mr. President, it seems to me that the word "embargo," used by the Senator from Wisconsin [Mr. BLAINE], is a little bit strong.

The Senator from Wisconsin talks about an embargo on pulpwood paper. As a matter of fact, everyone knows that the United States Government buys very little pulpwood paper. Only a very small amount of the pulpwood paper manufactured ever comes under Government contracts. Most of it goes into the newspapers of the country, and the amount of damage that would be done by this amendment in forcing the United States Government to buy paper made from American-made pulpwood would be very slight. It would not really be as damaging as the Senator from Wisconsin seems to fear.

It seems to me, Mr. President, that the amendment as it has been drawn by the Senator from California [Mr. JOHNSON], which is in the same form as the so-called "buy American" bill passed by the House, with sundry amendments thereto proposed by the Commerce Committee in order to protect American industry, manufacturers, and products, ought to be adopted, and that the rule ought to be granted at once making it possible to put this amendment on the bill.

Mr. President, only two days ago, so I am informed, the powers that be in Great Britain put an embargo on goods coming from the colonies—namely and specifically, from Canada—which contain more than 50 per cent of goods not originating in the colony itself. This movement, known as the "buy British" movement, is spreading very rapidly, and is a direct threat at much of our own industry. There is only one way to meet a perfectly reasonable national movement of that kind, and that is by the so-called "buy American" movement. This says that the money of the taxpayers of the United States, when it is used to purchase goods for the United States Government, shall be used, in so far as practicable, to buy materials produced and manufactured in this country; and I trust that the motion of the Senator from California will prevail.

Mr. JOHNSON. Mr. President, it was my hope that this consent might be accorded and then that any debate upon the bill would ultimately proceed; but some things have been said that make it necessary, perhaps, for me to indicate why this particular measure is presented and exactly its genesis.

It happened that a month or more ago certain manufacturers in the State of California, and some in the State of Pennsylvania, called upon me in reference to bids that were to be opened on the 3d day of February at the Boulder Dam—bids for turbines, generating machinery, and the like. They explained to me their fear—a fear that subsequently, from my investigations, I thought was well founded—that they would be unable to compete with the machinery that was the product of their works, wherein their men were employed, with bids that would come from Germany and perhaps another nation of Europe, too. They presented, and presented forcefully, that at this time, when they were endeavoring to continue their employment, it would be unwise and it would be ungenerous of the Government of the United States to permit its taxpayers' money to be awarded by a contract with foreign bidders for machinery, and so forth, manufactured abroad for use in that great undertaking.

They did not object if there was great disproportion between the bids; but if their bid was 1 per cent or 2 per cent or 3 per cent or 5 per cent higher than the bids from abroad, they thought that it was an outrageous thing that their money that they put up in taxes with the Government of the United States should be paid out upon a governmental project—paid out in the amount of six millions, or thereabouts, to any foreign country.

That was the genesis of the amendment I originally presented. The amendment I presented to the deficiency bill was, on a point of order, ruled as not appropriate at that time. Thereupon I gave the notice that is required under the rules that would bring the amendment up here. In the interim there came from the House what is known as the Wilson bill, passed over there by an overwhelming vote, which dealt with the same subject matter, and perhaps in a little more detail than the amendment that I had presented originally to the deficiency bill.

That bill, the Wilson bill, passing the House overwhelmingly, came to the Commerce Committee, where it was considered and amended in order that no injustice would be done to anybody in the United States or any manufacturer here, and the Wilson bill, thus amended, is practically the amendment that is presented now to be acted upon by the Senate.

It is necessary that we act in this matter, because it will be impossible in the present legislative jam in the Senate to pass the Wilson bill. So we seek under our rules by a suspension to add that bill to the pending measure, with the amendments put upon it by the Committee on Commerce, and to have it enacted into law.

Mr. President, there can be no question as to the justice of such a measure. I have before me the orders which have been made in Britain from 1920 to 1933. Every order for every public construction, every order for every road construction, contains this clause:

> That all materials required for the assisted works will be of British origin and all manufactured articles of British manufacture.

Subject to certain provisions, which are then stated.

Every order made in Britain relative to public works contains this provision. What we ask is that in relation to our public works built with public money there shall be accorded to Americans the same privilege and the same right.

In this particular conjunction of affairs it seems to me that it should not require debate, it should not require a moment's time, to say that when the Government is undertaking a project, when it is undertaking to do certain work, then the people's money shall be expended in this country upon American manufactures and the produce that is grown in this country.

Now, answering my friend the Senator from Wisconsin, see how tender we have been of anyone in this country who might think that he would be injured or be hurt at all. The amendment reads:

> This section shall not apply with respect to articles, materials, or supplies for use outside the United States, or to be used for experimental or scientific purposes, or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in commercial quantities and of a satisfactory quality.

Not only that, but, at the instance of one of the departments, we placed in the bill, too, the provision that if the head of a department or independent establishment making a contract shall find that in respect to some particular article, material, or supply it is impracticable to make such requirement, or that it would unreasonably increase the cost, an exception shall be noted in the specifications as to that particular article, material, and so forth, and then the Government may proceed.

Everyone is protected by this bill. The only fault in it is that it is not sufficiently drastic, and that fault is perhaps one for which I am responsible, because of the tenderness I felt for any man in business in the United States to-day, or who might, in business in the United States, deal with the Government of the United States and in some small degree in those things which come from abroad.

The bill, therefore, is just, the bill is fair, the bill seeks to take care of our own. Where every other government on earth is taking care of its own, why should we not at least partially take care of our own?

It is said, on the one hand, that we can not sell a bale of cotton hereafter if such a measure be put into effect. It is said, on the other hand, that injury may be done to some wood-pulp producers. No so, under the terms of this measure, and, remember, this measure deals only with governmental work and with governmental contracts and governmental supplies. We are not dealing with embargoes, or

with trafficking or bargaining or trading among our people, of any kind or any character. We are simply saying that when we take the taxpayers' money to expend upon a work of the Government itself, then and under those circumstances we shall expend it for what the taxpayers have manufactured, and in behalf of our own people.

I hope that the consent requested will be accorded me, and that then we may go on with the discussion of the amendment.

Mr. BLAINE. Mr. President, will the Senator yield to me?

Mr. JOHNSON. I yield.

Mr. BLAINE. The Senator stated that the exceptions in section 2 of the bill would take care of the wood pulp for those paper manufacturers who make paper out of foreign wood pulp. I would like to have the Senator point out just what exception would take care of that situation.

Mr. JOHNSON. Lines 13 to 21.

Mr. BLAINE. What expression?

Mr. JOHNSON. The expressions in lines 13 to 21.

Mr. BLAINE. Mr. President, the Senator does not answer the question.

The PRESIDENT pro tempore. The Senator from Wisconsin is still speaking in the time of the Senator from California.

Mr. JOHNSON. I have ceased.

The PRESIDENT pro tempore. The Chair can not recognize the Senator from Wisconsin in his own right, he having spoken once on the question.

Mr. BLAINE. The Senator from California, with his usual frankness, has denied me the great privilege of having him point out how the section would take care of paper mills which use foreign wood pulp.

Mr. JOHNSON. Mr. President, I have twice pointed it out; and, having twice pointed it out, I point it out again. It is in the lines I have indicated in section 2 of the bill. I do not propose to debate the proposition. I am going to save the remaining time I have for an answer, possibly, to the distinguished Senator from Wisconsin.

The PRESIDENT pro tempore. Just a moment. Under the unanimous-consent agreement under which the Senate is now operating, that can not be done. The Senator from California may maintain the floor for 15 minutes and may yield as much of that time as he chooses to the Senator from Wisconsin, but the Senator from Wisconsin can not claim the floor in his own right again on the question now pending before the Senate.

The question is upon the motion proposed by the senior Senator from California [Mr. JOHNSON].

Mr. COSTIGAN. Mr. President, the Senator from California knows the respect I have, and for many years have had, for him and for his extraordinary ability. There are, however, some questions with respect to his proposed amendment which I trust he may answer.

The first doubt I entertain is whether under his proposed amendment, in the construction of public buildings, let us say in the Philippine Islands, permissible purchases will include materials produced in the Philippine Islands?

Mr. JOHNSON. Mr. President, will not the Senator permit the consent to be granted, and then let us debate the bill?

Mr. COSTIGAN. I regretfully feel that I must ask the questions I have in mind before I vote upon the question. I again ask the Senator from California whether, under his amendment, if public buildings were being constructed in the Philippine Islands, the materials might be purchased in the Philippine Islands?

Mr. JOHNSON. Mr. President, that is not my understanding of it. I may be in error.

Mr. COSTIGAN. I do not undertake to answer. In other words, the cry raised in the Philippine Islands would not be "Buy American." It might be "Buy Philippine Islands."

May I ask the Senator, also, who would be the judges as to whether manufactured articles are substantially produced from supplies mined or produced, as the case may be, in the United States?

Mr. JOHNSON. The Senator spoke to me of the Philippine Islands. Just so long as the Philippines are under our jurisdiction I suppose they would be considered a part of the United States. What was the Senator's second question?

Mr. COSTIGAN. The second question was: Who would be the judges as to when articles are substantially produced from materials or supplies mined or produced, as the case may be, in the United States?

Mr. JOHNSON. I think the department would be the judge.

Mr. COSTIGAN. Would the department also be the judge as to whether the articles are produced in commercial quantities and are of a satisfactory quality?

Mr. JOHNSON. Of necessity, I think. I am speaking of the first instance, of course.

Mr. COSTIGAN. On the following page a reference is made to an exception when it is found that the price paid in purchasing the domestic article would unreasonably increase the cost.

Mr. JOHNSON. Yes.

Mr. COSTIGAN. Are there any safeguards thrown around a determination of that question except the action of the department, while under the pressure of the self-interest of producers or manufacturers who desire to sell their articles?

Mr. JOHNSON. The Senator asks if there are any other safeguards than the determination of the head of the department? Is that the query?

Mr. COSTIGAN. It is.

Mr. JOHNSON. I think those are the only safeguards; and may I call to the attention of the Senator the fact that there are two great departments at least now which are doing just exactly that thing under laws passed by the Congress of the United States?

Mr. COSTIGAN. Without challenging anything the Senator says—indeed, believing that it indicates that his amendment is unnecessary—I should like to ask the Senator whether he knows what those two departments are doing with respect, let us say, to the purchase of alloyed steel articles. Are such articles, if used, held to be produced or manufactured in the United States in instances where the rare metals, fused with domestic steel, are imported from abroad? Are such articles and others which might be specified foreign or domestic?

Mr. JOHNSON. I am unable to say. Those who are familiar with the War Department doubtless would be able to tell the Senator, but I can not.

Mr. COSTIGAN. I thank the Senator from California for his courteous responses. I wish merely to point out at this time that my personal judgment is that the amendment looks in the direction of, and is calculated to stimulate, higher tariffs at the very hour when our manifest national interests draw us in the direction of more liberal trade relations with other nations. The tendered amendment is therefore highly regrettable.

I have no doubt of the fine and patriotic purposes of the Senator from California, but am convinced that in these critical times when the well-being, especially of the agricultural regions of our country, and of all our manufacturers, employers of American labor, who produce surplus products which require the outlet of foreign markets, lies in the direction of increased export trade, it would be gravely unfortunate for this country—without some crowning, immediate necessity—to adopt provisions indicative of hostility to foreign trade in an amendment to an appropriation bill.

However alluring, the cry "Buy American" has most disturbing limitations. The forceful Senator from Oklahoma [Mr. GORE] pointed out the other day the reductio ad absurdum to which it inevitably leads. Logically pursued, it becomes the self-destructive slogan, "Buy Washington, D. C.," or "Buy Connecticut Avenue," or even "Buy corner grocery." In an hour when the complex commercial prosperity of nations, the well-being of farms and factories, and of those who live by them are being throttled by blind and mad tariff policies here and abroad, we are again abandoning the certainty that there are mutual advantages in trade

and commerce, by which all who participate may gain and none should lose, a view to which I know the able Senator from California, at least in times past, has adhered. By such legislative gestures we are turning our faces away from the vital development of our commerce and trade, without which there can be no full and enduring prosperity in this country. Let us rather, through wise understanding and friendship, buy American peace, American prosperity, and American progress. Let not the Senate put its stamp of approval on this unnecessary motion, which reverses our true path and announces the continuing blindness of our leadership to the importance of our trade relations with the world.

The VICE PRESIDENT. The question is on the motion of the Senator from California to suspend the rule.

Mr. KING. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kean	Russell
Austin	Cutting	Kendrick	Schall
Bankhead	Dale	Keyes	Schuyler
Barbour	Davis	King	Sheppard
Barkley	Dickinson	La Follette	Shipstead
Bingham	Dill	Logan	Smith
Black	Fess	McGill	Smoot
Blaine	Fletcher	McKellar	Steiwer
Borah	George	McNary	Thomas, Okla.
Bratton	Glenn	Metcalf	Townsend
Brookhart	Goldsborough	Moses	Trammell
Bulkley	Gore	Neely	Tydings
Bulow	Grammer	Norbeck	Vandenberg
Byrnes	Hale	Norris	Wagner
Capper	Harrison	Nye	Walsh, Mass.
Caraway	Hastings	Oddie	Walsh, Mont.
Connally	Hatfield	Reed	Watson
Coolidge	Hayden	Reynolds	Wheeler
Copeland	Hebert	Robinson, Ark.	White
Costigan	Johnson	Robinson, Ind.	

The VICE PRESIDENT. Seventy-nine Senators have answered to their names. A quorum is present. The question is on the motion of the Senator from California to suspend the rule.

Mr. BINGHAM. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). I have a pair with the junior Senator from Nebraska [Mr. HOWELL], who is absent on official business of the Senate. Not knowing how he would vote and being unable to obtain a transfer, I withhold my vote.

Mr. COPELAND (when his name was called). On this matter I have a pair with the Senator from North Dakota [Mr. FRAZIER]. I have been attempting to obtain a transfer, but I have not yet been able to do so. Therefore I withhold my vote.

Mr. GLENN (when his name was called). I have a pair with the senior Senator from Virginia [Mr. SWANSON], who is necessarily absent from the Chamber. Not being at liberty to vote, I withhold my vote.

Mr. HEBERT (when his name was called). Again announcing my pair with the senior Senator from North Carolina [Mr. BAILEY], I withhold my vote.

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, not knowing how he would vote and being unable to obtain a transfer, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. WAGNER (when his name was called). On this vote I am paired with the junior Senator from Missouri [Mr. PATTERSON]. Not knowing how he would vote if he were present, I am compelled to withhold my vote.

The roll call was concluded.

Mr. HEBERT. I find I can transfer my pair with the senior Senator from North Carolina [Mr. BAILEY] to the junior Senator from California [Mr. SHORTRIDGE], which I do, and vote "yea."

Mr. BINGHAM. My colleague the junior Senator from Connecticut [Mr. WALCOTT] is necessarily absent. If he were present, he would vote "yea." He has a general pair with the senior Senator from Missouri [Mr. HAWES].

Mr. WAGNER. I am informed that the junior Senator from Missouri [Mr. PATTERSON], if he were present, would vote as I propose to vote. I am therefore at liberty to vote. I vote "yea."

Mr. WHEELER. On this vote I have a pair with the junior Senator from Idaho [Mr. THOMAS]. I am not informed how he would vote, and therefore withhold my vote.

Mr. ROBINSON of Indiana. I find I can transfer my general pair with the junior Senator from Mississippi [Mr. STEPHENS] to the junior Senator from Missouri [Mr. PATTERSON], which I do, and vote "yea."

Mr. FESS. I desire to announce that the Senator from Wyoming [Mr. CAREY] has a general pair with the Senator from Louisiana [Mr. LONG].

Mr. SHEPPARD. Mr. President, I desire to announce that the Senator from Tennessee [Mr. HULL], the Senator from North Carolina [Mr. BAILEY], and the Senator from Mississippi [Mr. STEPHENS] are necessarily out of the city.

Mr. KING. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. Before the announcement of the result—I do not know what the result will be—I inquire whether or not the same rule with respect to pairs does not prevail in reference to a motion to suspend the rule as would prevail in voting upon a treaty?

The VICE PRESIDENT. There is no rule on the question of pairs at all. It is for Senators to determine for themselves whether they will observe a pair or whether they will not observe a pair or whether they will transfer it. There is no rule on the question.

Mr. KING. A further parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. Would not the same rule apply in this instance as would apply with respect to treaties or any other matter which came before the Senate as to which a two-thirds vote was required?

The VICE PRESIDENT. A two-thirds vote is required in this case.

Mr. KING. And the rule with respect to pairs would be the same as on a treaty?

The VICE PRESIDENT. There is no rule with regard to pairs.

Mr. MOSES. As a matter of fact, Mr. President, pairs are not recognized in the Senate in any official sense whatever. The practice is one which has grown up here, and Senators have observed it.

Mr. ROBINSON of Arkansas. But, Mr. President, when pairs are made on occasions when a two-thirds vote is required, it is customary to arrange them two to one, and I respectfully suggest that Senators who are transferring their pairs should observe that custom. Of course, as the Chair has stated, there is no way to compel a Senator to pair, and there is no express rule on the subject, but from time immemorial the practice has been followed where a two-thirds vote is required that two to one applies in case of pairs.

Mr. MOSES. The Senator from Arkansas is quite right about that, Mr. President. In my own case, for example, my general pair being absent, but knowing his firm protectionist belief, I felt justified in voting as I did on this occasion.

Mr. ROBINSON of Arkansas. That does not apply to a case where the two Senators would vote the same way; but it does apply where a Senator transfers his pair to a single Senator.

Mr. MOSES. Oh, yes.

Mr. BINGHAM (after having voted in the affirmative). I inquire if the junior Senator from Virginia [Mr. GLASS] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. BINGHAM. I have a general pair with that Senator, and, not being able to obtain a transfer, I am under the necessity of withdrawing my vote.

May I say, while I am on my feet, in connection with the remark made by the Senator from Arkansas [Mr. ROBINSON], that in the case of my own general pair with the junior

Senator from Virginia [Mr. GLASS] the understanding was a 2-to-1 pair should not be required either for him or myself, that being his particular request.

The roll call resulted—yeas 54, nays 20, as follows:

YEAS—54

Ashurst	Dill	Logan	Schuyler
Austin	Fess	McKellar	Sheppard
Barbour	Fletcher	McNary	Smoot
Black	Goldsborough	Metcalf	Steiwer
Brookhart	Grammer	Moses	Townsend
Bulkley	Hale	Norbeck	Trammell
Byrnes	Hastings	Norris	Vandenberg
Capper	Hatfield	Nye	Wagner
Caraway	Hayden	Oddie	Walsh, Mass.
Coolidge	Hebert	Reed	Walsh, Mont.
Couzens	Johnson	Reynolds	Watson
Dale	Kean	Robinson, Ind.	White
Davis	Kendrick	Russell	
Dickinson	Keyes	Schall	

NAYS—20

Bankhead	Connally	Harrison	Robinson, Ark.
Barkley	Costigan	King	Shipstead
Blaine	Cutting	La Follette	Smith
Borah	George	McGill	Thomas, Okla.
Bulow	Gore	Neely	Tydings

NOT VOTING—22

Bailey	Frazier	Lewis	Swanson
Bingham	Glass	Long	Thomas, Idaho
Bratton	Glenn	Patterson	Walcott
Broussard	Hawes	Pittman	Wheeler
Carey	Howell	Shortridge	
Copeland	Hull	Stephens	

The VICE PRESIDENT. On the vote the yeas are 54, the nays 20. More than two-thirds having voted to suspend the rule, the motion is carried and the rule is suspended.

Mr. JOHNSON. Mr. President, I now offer the amendment that has been upon the desk and which has recently been perfected.

Mr. MOSES. Mr. President, I desire to ask the Senator from California, inasmuch as the text of the amendment is wholly in his control, if he would be willing to accept an amendment, on page 2, in line 24, after the name "United States," to add the words "growing out of an appropriation heretofore made or hereafter to be made"?

I may say to the Senator and to the Senate that the Senator himself, in expressing the fundamental reason which led to the introduction of this amendment by him, pointed out a condition which exists with reference to the huge project now being carried forward at Boulder Dam, wherein bids are to be accepted from foreign competitors. Those bids, in the absence of legislation such as we now contemplate, and which I am happy to believe, in view of the vote just taken, will be adopted, would necessitate the payment of money out of appropriations already made. In order to cover that circumstance absolutely I ask the Senator from California if he will not accept the language which I have suggested?

Mr. JOHNSON. Mr. President, I accept the suggestion that has just been made by the Senator from New Hampshire.

The VICE PRESIDENT. The Senator from California modifies his amendment.

Mr. WALSH of Montana. I offer an amendment to the amendment of the Senator from California, and ask that it may be read.

Mr. GORE. Mr. President——

The VICE PRESIDENT. The original amendment has not yet been read. If the Senator from Oklahoma desires to be recognized, the reading of the amendment will be suspended while the Senator from Oklahoma addresses the Senate.

Mr. GORE. Am I recognized now, Mr. President?

The VICE PRESIDENT. The Senator from Oklahoma is recognized unless he will wait until the amendment proposed by the Senator from California, as modified, shall have been read.

Mr. GORE. I will wait until that shall be done.

The VICE PRESIDENT. Let the original amendment, proposed by the Senator from California, as modified, be read, and then the amendment proposed by the Senator from Montana will be read.

The LEGISLATIVE CLERK. It is proposed on page 87, after line 15, to insert the following:

TITLE V

That when used in this title—

(a) The term "United States," when used in a geographical sense, includes the United States and any place subject to the jurisdiction thereof;

(b) The terms "public use," "public building," and "public work" shall mean use by, public building of, and public work of, the United States, the District of Columbia, Hawaii, Alaska, Puerto Rico, the Philippine Islands, American Samoa, the Canal Zone, and the Virgin Islands.

SEC. 2. Notwithstanding any other provision of law, and unless the head of the department or independent establishment concerned shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such manufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, shall be acquired for public use. This section shall not apply with respect to articles, materials, or supplies for use outside the United States, or to be used for experimental or scientific purposes, or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in commercial quantities and of a satisfactory quality.

SEC. 3. (a) Every contract for the construction, alteration, or repair of any public building or public work in the United States, growing out of an appropriation heretofore made or hereafter to be made, shall contain a provision that in the performance of the work the contractor, subcontractors, material men, or suppliers, shall use only such unmanufactured articles, materials and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States except as provided in section 2: *Provided, however*, That if the head of the department or independent establishment making the contract shall find that in respect to some particular articles, materials, or supplies it is impracticable to make such requirement or that it would unreasonably increase the cost, an exception shall be noted in the specifications as to that particular article, material, or supply, and a public record made of the findings which justified the exception.

(b) If the head of a department, bureau, agency, or independent establishment which has made any contract containing the provision required by subsection (a) finds that in the performance of such contract there has been a failure to comply with such provisions, he shall make public his findings, including therein the name of the contractor obligated under such contract, and no other contract for the construction, alteration, or repair of any public building or public work in the United States or elsewhere shall be awarded to such contractor, subcontractors, material men, or suppliers with which such contractor is associated or affiliated, within a period of three years after such finding is made public.

SEC. 4. This act shall take effect on the date of its enactment, but shall not apply to any contract entered into prior to such effective date.

The VICE PRESIDENT. The Senator from Montana has proposed an amendment to the amendment.

Mr. WALSH of Montana. Mr. President, I perceive that the amendment offered by me is taken care of by the definition of the term "United States," and accordingly I withdraw my amendment to the amendment.

Mr. GORE. Mr. President——

The VICE PRESIDENT. The Senator from Oklahoma is entitled to the floor.

Mr. GORE. Mr. President, I do not know whether the vanquished should ever extend congratulations to the victor. If so, congratulations are now in order. The tariff has triumphed. Protectionism has not only held the field, it has not only held its ancient fortifications, but protectionism has crossed the aisle and captured one-half the Democratic side and the other half has surrendered horse, foot, and dragoon. The enemies of trade have triumphed; the friends of trade have been routed. One of the lingering distinctions between the Democratic and the Republican Parties has been this fundamental difference; the Democrats have believed that trade is a blessing, not a curse; the Republicans have believed that trade is a curse and not a blessing. Their doctrine has triumphed on this occasion. Such triumph will but protract this depression, will multiply and aggravate its evils.

Mr. President, trade is the process by which two men get what both men want, each parting with what neither needs and each profiting by what neither loses. Trade in its very nature is reciprocal. Trade can not be ex parte. Trade can not be a one-way highway.

In this Chamber we are lost in the wilderness. It must be distressing to those who behold our bewilderment—granting doles, increasing credits, spending money, aggravating the cause of our mischief, closing the only way out, and bolting and barring the way to progress.

Mr. President, do what we will and say what we will, we must trade our way out of this economic morass if we are ever to escape. There is no other escape, there is no other way out, and yet the Senate is going backward instead of forward. Senators had better take a glimpse at the brazen serpent. Until we turn our faces in that direction and set our feet in that path we are doomed to wander in this wilderness, lost in confusion, and soon to be lost in "confusion worse confounded." The peoples of the earth are to-day suffocating beneath the weight of unexchanged surpluses.

Mr. ROBINSON of Arkansas. Mr. President, it is rather an unpleasant thing for me to oppose the amendment of the Senator from California [Mr. JOHNSON]; but I feel it my duty to point out the fact that this is a complete embargo in so far as materials to be used by the Government are concerned.

There is, of course, so far as I can see, no distinction whatever between an embargo on goods for private consumption and an embargo on materials for public use. As suggested by the Senator from Oklahoma, the adoption of this amendment, no matter what may be the slogan which has carried it forward, will constitute a repudiation of the principles which underlie even a protective tariff.

Now, at a time when one of the highest tariffs ever known is in force, we are asked to say that when the Government of the United States in all of its business finds it necessary to purchase anything it may not procure the required commodities from any other source than our own country.

I repeat, it is the entering wedge to a complete embargo against the importation of foreign goods. It will not stand the test of logic or reason. "Buy American" is a doctrine that applies with just as much moral and legal force to the commodities which the citizens of the country consume as it does to the materials which the Government finds it necessary to buy.

Mr. COSTIGAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Colorado?

Mr. ROBINSON of Arkansas. I yield to the Senator from Colorado.

Mr. COSTIGAN. I suggest to the able Senator from Arkansas that the amendment also fails to provide any reasonable safeguard against domestic monopoly prices.

Mr. ROBINSON of Arkansas. The statement of the Senator from Colorado is entirely true. There is a provision in the bill which imposes upon the head of the department using the materials and supplies the obligation to determine whether the costs are unreasonably high. That is such an indefinite standard that it means, in my judgment, very little, if anything, in practical application when the Congress announces the policy of buying only from American producers.

The object of the tariff is well understood. It is now very high. I understand the arguments that are being made to increase it; but it will be a physical and a moral impossibility to work out of the condition that exists if our Government and our citizens confine themselves to the use of American products no matter what prices may be fixed by their producers, no matter what monopolies may supply the materials.

Mr. WALSH of Massachusetts. Mr. President, in view of the character of the debate which has taken place in this Chamber, it might be well to inquire what is the movement in this country that has led to a demand for legislation of this kind.

I hold in my hand two letters from an American merchant who, within the last six months, has been trying to carry on his former business with his Canadian customers.

In October of the past year the Quabaug Rubber Co. shipped to Canada goods that invoiced for $566.88, expecting to pay a duty of $292.55. The demand made by the Canadian Government for duty upon American goods valued at $566.88 was $1,468.25, as against a former duty that would have amounted to $292.55.

Another letter shows that an invoice of samples amounting to $30 met with a demand for the enormous duty of $35.99. The goods were returned to America. No Canadian merchant could afford to buy American goods and pay that tax.

I ask unanimous consent to have these letters printed in the RECORD as a part of my remarks. The information will be shocking to those who have not been informed of recent tariff barriers in other countries.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

NORTH BROOKFIELD, MASS., *January 31, 1933.*

Senator DAVID I. WALSH,
Washington, D. C.

HONORABLE SIR: Equalization of tariff rates to adjust various currency depreciation of foreign governments is something we think is vital to our prosperity, and we urge your careful study and consideration of this subject.

In connection with this tariff question it might be interesting to you to learn of a couple of transactions we had with our Canadian neighbors during the past summer, cited as an indication of what the other fellow does to us.

The first transaction was a small one, covering samples we sent on request, for which our invoices amounted to $30. The duties assessed against this $30 consisted of—

Per pound, value of 22 cents	$40.48
Exchange, 0.1669 per cent	6.75
Value fixed by Ottawa	47.24
Duty, 27½ per cent on $47.24	12.93
1 per cent excise tax on $60.17	.60
Dumping duty	16.96
Entry	1.00
	31.49
Our invoice amount	30.00
	61.49
Payable in United States funds, 15 per cent	4.50
Total cost Canadian customer	65.99

The other transaction was a very expensive one for us, due to the fact that duties imposed were so excessive that we eventually had to recall the merchandise with accrued freight and storage charges of nearly $500. Note details of this transaction, having in mind that prices were our regular published prices for this merchandise in the United States of America, and the Canadian customs authorities were given copies of our price lists and even sent emissary to our factory and checked up our prices, etc. Our invoice of August 17, 1932, was for $568.88. The duties, etc., by the Canadian officials on this bill, which was sold at our regular prices in the United States of America, were $1,468.25, so that, all together, including payment in United States funds, this shipment of $568.88 would have cost our Canadian customer about $2,122.45. We haven't the detail of just how this was assessed, but are attaching a letter from our customer as evidence to show the total duty as indicated above.

In conclusion, we sold this merchandise at the style show in Boston in July, 1932, and at that time we were doubtful about getting this shipment in at reasonable figures, in view of former experiences, but agreed to ship on the assurance of the purchaser that it would go through with normal duty charges.

Probably you are fully posted on this situation, but thought it essential to put this information before you in the hope that it might be of value in considering tariff matters pending.

Respectfully yours,

CHAS. N. MASON,
Quabaug Rubber Co.

MONTREAL, *October 12, 1932.*

QUABAUG RUBBER CO.,
North Brookfield, Mass.
(Attention Mr. F. C. Rooney.)

GENTLEMEN: Your letter of October 5th has been duly received and noted.

We have taken this matter up further with our customs brokers, and it would be impossible to clear this shipment unless we pay an exorbitant sum of money in the way of dumping duties which were put in effect without any advice to us from Ottawa or anywhere else.

For your own information, Ottawa wants to collect $1,468.25 duty charges on your invoice of August 17, amounting to $566.88.

While we understand you shipped the goods in good faith, we, too, have ordered them in good faith, expecting to pay regular duty, or about $292.55.

We hope that under the circumstances you will see your way clear to send us affidavits in triplicate for the return of this shipment to you. Awaiting your reply, we are,

Yours truly,

CANADIAN LEATHER CO. (LTD.),
J. A. HESS, *President*.

Mr. WALSH of Massachusetts. Mr. President, the course proposed may not be the wise one to follow, but there is some justification and some reason for the merchants of this country, meeting with these barriers at the gateways of every country, asking that at least goods purchased by the American Government shall be, if possible, American-made goods.

Mr. KING and Mr. BARKLEY addressed the Chair.

Mr. WALSH of Massachusetts. Mr. President, I can not see that that opens up any question of tariff or no tariff, or opens up any question of preventing the shipment of goods and the indulging in trade where our country can trade with other countries on a reasonable basis.

I want to repeat that what I have cited here could be multiplied hundreds of times, and I, for one, do not propose to here and now vote against a request that American officials buy American-made goods if possible—if possible—under the circumstances that have been called to my attention by manufacturers and business interests of my part of the country.

Mr. KING. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from Utah.

Mr. KING. The Senator is aware, I am sure—because he is a student of our tariff policies—that our exports during the last 11 months have been more than $300,000,000 in excess of our imports; and complaints have been made in foreign countries, as the Senator must know, that we have been dumping our goods upon those shores. We have profited by having the balance of trade in excess of $300,000,000. Certainly the Senator does not want other nations to erect a complete embargo against our commodities because we are inaugurating the policy of a complete embargo against theirs.

Mr. WALSH of Massachusetts. The Senator has opened up another question. Balance of trade can not be measured to-day in terms of dollars. What we want to consider is tonnage, number of articles, or units. Applying this yardstick is the only proper test. I did not want to discuss this now; but I do want to say that when the Smoot-Hawley tariff bill was passed I voted against it. It was indefensible. Its rates were excessive, based on the gold standard used then by most of our customers. But conditions have changed in this and other countries; depreciation of currency has taken place to such an extent that some rates in that bill will have to be changed, or else American industries are going to be driven out of the domestic market. The workers of America will insist that they be protected against cheap labor aggravated by the cheap dollars of other countries.

That does not mean that I am not for the tariff the Democratic Party stands for, for the Democratic Party is not solely and always for low tariff duties. Some Democrats feel that one is not supporting Democratic tariff doctrines unless he advocates low and downward duties. As I understand the Democratic tariff principle, it is for just duties as against favored and extortionate duties. It is for duties that do not favor either consumer or manufacturer, but do justice by all. That means that when a case is made out, not for excessive duties, not for favored duties, not for privileged duties, but for reasonable duties that will give the domestic producer at least equal opportunity to do business in the domestic market, it will be recognized and we will act accordingly. The Democratic Party is for a competitive tariff, not for tariff duties that surrenders the home market to imports that can be produced here at reasonable prices.

Mr. ASHURST. Mr. President, will the Senator yield to me?

Mr. WALSH of Massachusetts. I yield to the Senator from Arizona.

Mr. ASHURST. The Senator from Massachusetts, in my judgment, is correct. Thomas Jefferson, in 14 letters and 2 speeches, urged a protective tariff to protect the labor of America; and James Madison, a great Democratic President, put through the House of Representatives the first bill ever passed through Congress. It was a tariff bill, and its preamble reads, "To protect the industries of the United States."

Mr. TRAMMELL. Mr. President——

Mr. WALSH of Massachusetts. Mr. President, I did not want to continue this line of argument or discussion, but I am going to close with one more statement:

Unless the Democratic Party, taking possession and control of this Government on March 4, recognizes that new economic conditions exist in the world and exist in America, and therefore that we may have to take a somewhat different attitude toward tariff rates that we so severely condemned a few years ago, we are likely to be involved in some serious political difficulties and our position misunderstood by American producers and workers.

Mr. TRAMMELL. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from Florida.

Mr. TRAMMELL. The Senator is on the subcommittee of the Committee on Finance that is considering the depreciated currencies with which we are having to contend in the application of tariff duties. As a matter of fact, in the main is it true or not true that most of the tariff duties to-day, with the present condition of depreciated foreign currencies, are as low as, or lower than, those of the Democratic tariff bill that we last had?

Mr. WALSH of Massachusetts. That is true in some particulars. I personally do not think that the depreciated foreign currencies have affected as yet many commodities in America. I think that has been somewhat exaggerated. It is sufficient, however, to put us on guard. The point I am trying to make is that a Democrat, in order to be sound on the Democratic tariff policy, does not have always to advocate, "Lower duties! lower duties!" but, in my judgment, a Democrat has the right to recognize, under the standards and definitions we ourselves have applied in our platforms, that there are cases where, in justice to our workers and own industries, it may be necessary to levy increased duties. The Democratic Party must not hesitate to fight militantly against the American worker being subjected to lower conditions of living by competition with depreciated foreign currencies. We must continue to prevent the return of a tariff system that operated to enrich the few and provide enormous dividends for capital at the expense of the toilers and the consuming public. The Republican tariff policy has stood for the latter and the Smoot-Hawley bill was drafted on this theory. Present economic conditions throughout the world may necessitate our readjusting former unreasonable duties for the purpose of assuring opportunities of employment and living wages to that class, the employees, that we are pledged to protect against cheap foreign labor and whom it is claimed are or may be injured by importations from countries off the gold standard.

PUBLIC SCHOOL BUILDING, FAIRBANKS, ALASKA

Mr. BINGHAM, Mr. ODDIE, and Mr. ROBINSON of Arkansas addressed the Chair.

The VICE PRESIDENT. The Senator from Connecticut.

Mr. BINGHAM. Mr. President, it is obvious that we can not get a vote on this motion to-night; and there is a very dire necessity in the town of Fairbanks, Alaska, where their only school building burned down in December, that they be permitted to issue bonds to build a new schoolhouse. The winter is advancing and they have to sell their bonds and get the material up during the fair weather soon to arrive.

I therefore ask unanimous consent that we may take from the calendar Order of Business No. 1194, House bill 13959, to authorize the town of Fairbanks to issue bonds, and pass it at this time, as it is an emergency measure.

Mr. KING. Mr. President, will the Senator yield?

Mr. BINGHAM. I yield.

Mr. KING. I sincerely hope that the request of the Senator from Connecticut will be granted. I have examined into the matter as a member of the committee, and I think the exigency calls for speedy consideration of the bill.

Mr. ROBINSON of Arkansas. Mr. President, I find no objection to the passage of the bill, and I think the request is well justified.

The VICE PRESIDENT. The bill will be read for the information of the Senate.

The bill (H. R. 13959) to authorize the incorporated town of Fairbanks, Alaska, to issue bonds in any sum not exceeding $100,000 for the purpose of constructing and equipping a public-school building in the town of Fairbanks, Alaska, and for other purposes, was read, as follows:

Be it enacted, etc., That the incorporated town of Fairbanks, Alaska, is hereby authorized and empowered to issue its bonds in any sum not exceeding $100,000 for the purpose of constructing and equipping a public-school building in the town of Fairbanks, Alaska: *Provided, however,* That no issue of bonds or other instruments of any such indebtedness shall be made, other than such bonds or other instruments of indebtedness in serial form maturing in substantially equal annual installments, the first installment to mature not later than five years from the date of the issue of such series, and the last installment not later than 15 years from the date of such issue.

SEC. 2. That before said bonds shall be issued a special election shall be ordered by the common council of the said town of Fairbanks, at which election the question of whether such bonds shall be issued shall be submitted to the qualified electors of said town of Fairbanks whose names appear on the last assessment roll of said town for municipal taxation. Thirty days' notice of such election shall be given by publication thereof in a newspaper printed and published and of general circulation in said town before the day fixed for such election.

SEC. 3. That the registration for such election, the manner of conducting the same, and the canvass of the returns of said election shall be, as nearly as practicable, in accordance with the requirements of law in general or special elections in said municipality, and said bonds shall be issued only upon condition that not less than 65 per cent of the votes cast at such election in said town shall be in favor of issuing said bonds.

SEC. 4. That the bonds above specified, when authorized to be issued as hereinbefore provided, shall bear interest at a rate to be fixed by the common council of the town of Fairbanks, not to exceed 7 per cent per annum, payable semiannually, and shall not be sold for less than their par value, with accrued interest, and shall be in denominations not exceeding $1,000 each: *Provided, however,* That the common council of the said town of Fairbanks may reserve the right to pay off such bonds in their numerical order at the rate of $20,000 thereof per annum from and after the expiration of five years from the date of issue. Principal and interest shall be payable in lawful money of the United States of America at the office of the town treasurer of the town of Fairbanks, or at such bank in the city of New York, in the State of New York, or such place as may be designated by the common council of the town of Fairbanks, the place of payment to be mentioned in the bonds: *Provided further,* That each and every bond shall have the written signature of the mayor and clerk of said town of Fairbanks, and also bear the seal of said town.

SEC. 5. That no part of the funds arising from the sale of said bonds shall be used for any purpose other than specified in this act. Said bonds shall be sold only in such amounts as the common council shall direct, and the proceeds thereof shall be disbursed for the purposes hereinbefore mehtioned and under the order and direction of said common council from time to time as the same may be required for said purposes.

SEC. 6. That the act of Congress entitled "An act to authorize the incorporated town of Fairbanks, Alaska, to issue bonds for the purchasing, construction, and maintenance of an electric light and power plant, telephone system, pumping station, and repairs to the water front, and for other purposes," approved February 7, 1927 (44 Stat. L. 1062), be, and the same is hereby, repealed.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed.

MUSCLE SHOALS

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in the RECORD a speech of the senior Senator from Tennessee [Mr. MCKELLAR] delivered over the radio on Monday night, January 30, on the subject of Muscle Shoals.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen, I have been asked by the Star to tell you something about Muscle Shoals. The falls known as Muscle Shoals are on the Tennessee River. They are situated in the northwest corner of the State of Alabama. The streams which form the Tennessee River take their rise in Virginia and in North Carolina. The two principal streams are the Holston and the French Broad, the Holston rising in Virginia and the French Broad in North Carolina. When these and other rivers meet, just north of Knoxville, Tenn., they form what is called the Tennessee River. The Tennessee River flows in a southerly direction to Chattanooga, and then the river bends to the westward, dips down into the State of Alabama and runs through the northern portion of that State, and just beyond Muscle Shoals takes a northwesterly course, running all the way through west Tennessee and through Kentucky, and empties into the Ohio River.

The river is nearly a thousand miles long and runs through a rich valley. It was never navigable for any great distance because of the many shoals or rapids therein. Between Knoxville and Chattanooga there are some nine distinct rapids, making nine power sites. In Alabama there are three distinct rapids, the principal one being at Muscle Shoals.

The river is navigable after it leaves Muscle Shoals for a distance of some 150 miles through the State of Tennessee, but just as it reaches the Kentucky line there is another fall and rapids, and consequently a power site.

In 1916 war was raging in Europe and the United States was threatened. At that time I was a Member of the House of Representatives from the Memphis district. After talking with Representative Oscar Underwood, of Alabama, I introduced an amendment in the Committee on Military Affairs appropriating sufficient money to be spent at Muscle Shoals in building a dam, with the purpose of establishing a great power plant there for the manufacture of nitrates from the air, to be used in time of war and for fertilizers in time of peace.

The reason why we desired to attain nitrates from the air was because our country at the time was practically entirely dependent upon Chile for nitrates, and in case of war, of course, that source of nitrates might be closed to us, and it was essential for us to be able to make all of the explosives necessary.

This was the purpose of the bill. The bill went to the House, where the provision was stricken out, and in lieu thereof the Senate provided that the President was authorized to select a site. As I remember, this followed a bill offered by Senator SMITH, of South Carolina. As I recall, Senator Chamberlain, of Oregon, was at the time chairman of the Senate Committee on Military Affairs, and he had a wonderful site in Oregon that he thought ought to be used. President Wilson was given the authority to make the selection, as I have stated, and afterwards selected Muscle Shoals, and the dam was built there by the Federal Government.

This dam cost about the sum of $50,000,000, and the nitrate plant that was established there and all of the improvements in connection therewith cost the Government during the war about $93,000,000 more—in all about $150,000,000. The plant was not complete when the war closed, and many Members of Congress wanted to abandon it at that time, some Senators arguing that it was throwing good money after bad to complete the plant.

About that time Henry Ford made an offer for the plant, which many of us desired to accept, thinking that he would establish a great manufacturing industry in and around the plant. The acceptance of this offer was delayed by the Congress, and later on Mr. Ford withdrew it. However, one effect of Mr. Ford's offer was that the Congress completed the plant.

About that time there was a change of administration, and when the new administration came in, notwithstanding the fact that the original law under which the plant was established prohibited the Government from using it in connection with any power company, the then administration rented the plant to the Alabama Power Co. for comparatively nothing, and it has been used by the Alabama Power Co. ever since for its own purposes, the Government getting little out of it.

While the Government gets little out of it, the Alabama Power Co. and other power companies interested with it have sought by every means within their power to prevent the Government from operating the plant itself. One of the results of this policy is seen in the prices charged for current.

For instance, the Alabama Power Co. pays to the Government about one-fifth of a cent per kilowatt for what power it actually uses. If it does not need the power, the water goes over the dam and is lost for all time. While the Alabama Power Co. pays only one-fifth of a cent for the current, it sells it, some of it within a hundred yards of the place itself, for 12 cents a kilowatt.

Many bills were offered for the disposition of the plant. The late Senator Underwood actively fought for what was known as the private-ownership principle, and the bill that he fathered came very near passing. On the other hand, Senator NORRIS and myself and a number of others introduced bills and fought very vigorously for what is known as the Government-operation principle. Senator NORRIS and those of us who introduced bills along this line thought that the Government already owned the power, that it was easy enough to dispose of it, and that the power ought to be used for the benefit of all the people, who owned it. That fight has gone along through the years.

Senator NORRIS's bill, as I remember, has passed the Senate some three times. Twice it got through the House; once Mr. Coolidge vetoed it and once Mr. Hoover vetoed it. During all

these years, some 10 in number, since the completion of the plant, no disposition has been made of it, and the only beneficiary of the great investment there has been the Alabama Power Co., which has fought like a dog in the manger, trying to keep everybody else out.

But on November 8 last the question was virtually settled by the election of Gov. Franklin D. Roosevelt as President. He was in hearty accord with the desire of Senator NORRIS and those who believed with Senator NORRIS that the Government should operate its own plant, and unquestionably the Norris plan of operating the plant will be passed by the next Congress, and the result will be a tremendous victory for the users of current all over that part of our country.

In connection with the Muscle Shoals plant, it is the purpose of Senator NORRIS to have Congress authorize the building of what is known as the Cove Creek Dam at the junction of the Powell and Clinch Rivers, which are tributaries of the Tennessee and which will not only generate power there, but will perhaps double the amount of primary power generated at the shoals.

To explain what I mean, there can be generated at Muscle Shoals now about 100,000 horsepower of primary power, and probably 200,000 horsepower of secondary power—and I mean by "secondary power" the power that is generated, say, for nine months in the year, when the river is high, but there is always to be found there some 100,000 horsepower. Now, when the Cove Creek Dam is built, that will so regulate the flow of the water as to bring about 200,000 horsepower of primary power at the shoals. In other words, the Cove Creek Dam will about double the capacity for primary power at Muscle Shoals, and, of course, the two should be operated together.

There are various other dams in between, where large units of power can be generated and at the same time increase the power at Muscle Shoals, but the Cove Creek Dam is the principal one. The so-called Norris bill provides for the construction of a dam costing some $37,000,000 at Cove Creek and also calls for the establishment of transmission lines so that the power can be sold either at the dams or be carried where needed. The bill further provides that States, cities, and counties shall have preference in the purchase of power. We believe that the result of this measure will be that the price of current to consumers wherever it is used will be reduced to perhaps less than half of what consumers now pay for it. It will be one of the greatest godsends to the people of the Tennessee Valley and to the vicinity of that valley that could be imagined. It ought to make the Tennessee Valley one of the greatest manufacturing centers in the country. It will benefit all the people.

The other day, when President-elect Roosevelt and his party went down and examined Muscle Shoals, he talked over the matter with the Congressmen and Senators and others on the train. He has a great view about the matter. I shall not speak of his plans here. That is a matter for him to tell about. All I can say about it is that I was perfectly delighted with his plan, and I believe when put into action it will be approved by the American people and will constitute the greatest step toward prosperity that the people of the valley of the Tennessee, whether in Tennessee or in other States, have ever experienced.

One of the greatest benefits to be bestowed upon the people in the territory of the Tennessee River will be the manufacture of fertilizer at the shoals. Recent discoveries have shown that nitrates from the air can be obtained by the use of comparatively small amounts of power. In the old days it required much power, but under the synthetic methods it is believed that these nitrates can be obtained much more cheaply and with very much less power than formerly. In the southern part of middle Tennessee, bordering on Muscle Shoals, there are vast quantities of phosphates, and as phosphates and nitrates constitute the largest ingredients of fertilizer, the shoals will constitute an ideal place for the manufacture of fertilizer for the benefit of the farmers. The fact that Muscle Shoals is already reached by two large railroad systems and splendid hard roads, running in every direction, makes it a peculiarly central and splendid place in our part of the country for the manufacture of fertilizers. The farmers of the country will be tremendously benefited.

The entire Tennessee Valley, and indeed the entire South, owes to GEORGE W. NORRIS a deep debt of gratitude for the wonderful fight that he has made for the last 10 years to keep Muscle Shoals in the hands of the Government to use it for the benefit of the people. No man in the Senate could have led the fight more determinedly and ably or more effectively than GEORGE W. NORRIS. It has been a fight of the people against the combined power interests of the country, and the election of Mr. Roosevelt, holding very similar views to those of Senator NORRIS and those of us who stand with him, makes Senator NORRIS's victory complete. As a southerner and as a representative of the Tennessee Valley, I want to express my great debt of gratitude for the splendid fight that Senator NORRIS has made.

The views on the power question of President-elect Roosevelt are well known. They are, in respect to this legislation, sympathetic with those held by Senator NORRIS, as I have heretofore stated. On our trip to Muscle Shoals President-elect Roosevelt stated his plans for the valley. While I can not discuss them, I do feel like saying that I became very enthusiastic about them as I listened to him. They mean a "new deal" for the Tennessee River territory. They mean a new deal for the users of electric current in that territory. They spell development and progress. They insure the working out of a splendid plan of public-utilities development, which, in my judgment, will eventually bring about a great prosperity to the people who now inhabit the territority of the wonderful Tennessee Valley, from its rise to its mouth.

Mr. McKELLAR. Mr. President, I ask to have printed in the RECORD an article printed in the Evening Star of to-day, reporting the plan of President-elect Roosevelt for the development of the Tennessee Valley. These plans are comprehensive, including reforestation, flood-control basins, the building of the Cove Creek Dam, water-power development available for cities, States, and farm homes, reclamation, and irrigation. It is a wonderful plan, and I want to congratulate the President elect, and on behalf of the people of Tennessee I thank him for his great proposal.

The VICE PRESIDENT. Is there objection to the request of the Senator from Tennessee?

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Evening Star (Washington, D. C.), February 2, 1933]

ROOSEVELT PLANS PROJECT CREATING JOBS FOR 200,000—TENNESSEE WATERSHED IS CHOSEN TO LAUNCH GIGANTIC EXPERIMENT—EXTENSION TO OTHER SECTIONS CONTEMPLATED—REFORESTATION, RECLAMATION, WATER POWER, AND FARM REHABILITATION ARE INCLUDED

WARM SPRINGS, GA., February 2.—A gigantic experiment designed to provide 200,000 jobs and herald the birth of a new America from which the curse of unemployment would be lifted was proposed to-day by President-elect Roosevelt.

The rugged highlands and fertile industrial valley of the Tennessee watershed were chosen by the next President for this "most interesting experiment a government has ever undertaken."

Seated before the blazing fireplace of the "little white house," he told newspapermen of his dream for a vast internal development encompassing reforestation, reclamation, water power, and agricultural rehabilitation. The aim is to balance the national population anew between cities and the country.

HOPES TO WIDEN PROJECT

Mr. Roosevelt expects this huge laboratory experiment to provide employment for 200,000 men in the Tennessee Valley alone. More than this, he hopes to carry the scheme into other sections of the Nation from Alleghenies to the Pacific coast and through it to reestablish American life on a basis that will mean the end of unemployment, the decentralization of industry, and a people protected by the watchful eye of a government.

The great Tennessee Valley project, involving half a dozen States, is to include:

1. Reforestation.
2. Creation of flood-control basins in the upper valleys, first at Cove Creek in the Clinch River.
3. Water-power development to be available for cities, States, and farm homes.
4. Reclamation of the fertile bottom lands for agricultural use.
5. Elimination of the unprofitable marginal lands from farm pursuits.
6. Eventual flood control of the great Mississippi River.
7. Eventual improvement of navigation.

Mr. Roosevelt announced that as soon as he takes office March 4 he will ask the various Government departments involved to make surveys with a view to putting the proposition up to Congress at an early date.

CONFIDENT OF SUCCESS

Confident that the whole project will be self-sustaining, he has no doubt of the bankability of it and the availability of bonds for the undertaking.

"If it is successful, and I am confident it will be," he said, "I think this development will be the forerunner of similar projects in other sections, particularly in the Ohio and Arkansas Valleys and in the Columbia River Basin of the Northwest.

"We have about 12,000,000 wage earners unemployed. If we return immediately to the high level of 1929, I think we would still have 5,000,000 men out of work and on a dole. Our population is out of balance. If by Government activity we can restore the balance, we will have taken a great step forward.

"The normal trend now is a back-to-the-farm movement. For those who have had experience in agricultural work I think we will do well to provide a living."

Without references to notes or books, but with an occasional glance at a huge map, Mr. Roosevelt unfolded his idea for a great Tennessee Valley experiment. There is no doubt he has been studying the proposition for days.

640,000 SQUARE MILES

He said he selected the Tennessee watershed, running over the States of Virginia, West Virginia, Tennessee, North Carolina, South Carolina, and parts of Kentucky, Alabama, and Mississippi, for many reasons, principally because of its wide range of physical conditions, life, and climate. The area involves 640,000 square miles.

He believes the proposition of reforestation can be started immediately, and with it work provided for 50,000 to 70,000 men in planting new trees, cutting, and rehabilitating the vast forest lands.

Through the development of huge flood-control basins, beginning at Cove Creek Dam, he estimates the power to be produced at Muscle Shoals can be increased to between 2,000,000 and 3,000,000 horsepower.

With this power is to be improved every farm home and barn and the great city industrial units and homes within the valley, all under protection of the Government.

As a result of the flood-control development, Mr. Roosevelt expects great stretches of rich bottom lands to be restored to the use of farmers—land to replace the eliminated and nonprofitable marginal acres.

"Attacked from angles," he said, "this whole proposal would give work to eventually about 200,000 men. We have been going at these various factors in a piecemeal way ever since the days of T. R. (Theodore Roosevelt) and Gifford Pinchot. Now is the time, I feel, to tie up all the various developments into one great comprehensive plan within a given area."

He preferred not to involve the power issue in the first exposition of the project. Nor did he go into details about the future use of the nitrate plant at Muscle Shoals. He is looking now at a vast, broad, visionary scheme and he wants to carry it into effect as soon as possible.

HELD SAFE INVESTMENT

Government purchase of some of the forest lands and of those marginal areas which would be retired from agricultural pursuits is contemplated in the Roosevelt program.

"I regard it as a safe investment," he said, "to borrow money to buy and take care of land of this character. The money would come back through the sale of crops. It is necessary that we act, for we are now consuming between three and four times as much timber as we are producing."

Preparing to depart to-morrow night on a fishing cruise of 10 days in southern waters, Mr. Roosevelt has about completed the complex discussions necessary to get his policies and Government leaders in action on March 4.

It is believed he has his Cabinet very definitely in mind, although no formal announcements are expected before he returns from the fishing cruise about the middle of the month.

Arrival to-day of Robert Dunham, Chicago banker and industrialist, revived speculation that he would be ambassador to Germany.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. ODDIE obtained the floor.

Mr. BRATTON. Mr. President, I send forward to the desk an amendment to be inserted in the economy section of the pending bill and ask that it be printed and lie on the table.

The VICE PRESIDENT. The amendment will be printed and lie on the table.

Mr. WAGNER. Mr. President, if I may have the attention of the senior Senator from California, I desire to offer an amendment to which I am sure the Senator will have no objection.

Mr. JOHNSON. I accept the amendment, Mr. President.

The VICE PRESIDENT. Let the amendment be stated.

The CHIEF CLERK. On page 2, lines 15 and 16, of the amendment of the Senator from California, the Senator from New York moves to strike out the words "or to be used for experimental or scientific purposes."

Mr. JOHNSON. I modify my amendment by accepting the language thus suggested by the Senator from New York.

The VICE PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. ODDIE. Mr. President, before I move that the Senate take a recess, I give notice that to-morrow night I shall ask the Senate to stay in session, unless a vote is had during the day on the pending bill or unless a satisfactory arrangement is made for a vote at a definite time.

Mr. ROBINSON of Arkansas. Amen! [Laughter.]

RECESS

Mr. ODDIE. I move that the Senate take a recess until 12 o'clock to-morrow.

The motion was agreed to, and the Senate (at 5 o'clock and 50 minutes p. m.) took a recess until to-morrow, Friday, February 3, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, FEBRUARY 2, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our duty is before Thee, O Master, Mary's Holy Child; idealize it, transform it, encircle it with a halo of divinity until we are enriched by it. May we inculcate much that is beautiful and worthy in His noble virtues. Let them have full sway in our lives, and the shadows shall not deepen at our sides and we can not be defeated by the loss that sobs out the cry of its pain. Holy Spirit, Thou Christ of God, make us believe in man, make us believe in the kingdom of righteousness on earth, make us believe in a bountiful Heavenly Father who loves us and will go with us all the way. Let there burn in all hearts the fairest hopes and faiths until Thou dost become the center of our exultant song. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE LATE EDWARD M. IRWIN

Mr. HOLADAY. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. HOLADAY. Mr. Speaker, it is with regret that I announce to the House the death of our former colleague, Edward M. Irwin, of the twenty-second district of Illinois, who passed away in his home city of Belleville, Ill., last Monday evening.

During the Sixty-ninth, Seventieth, and Seventy-first sessions of Congress Doctor Irwin represented the twenty-second district of Illinois in this House, and during the Seventy-first Congress was chairman of the Committee on Claims. In the discharge of the duties of that position he rendered a distinct service to the Nation and to his colleagues. I know that it is with a deep sense of sorrow that his host of friends on this floor hear of his passing.

EXHIBITION RIDE AT FORT MYER, VA.

The SPEAKER. The Chair lays before the House the following communication for the information of the Members of the House:

HEADQUARTERS, FORT MYER, VA.,
OFFICE OF THE COMMANDING OFFICER,
February 1, 1933.

The SPEAKER,
House of Representatives, Washington, D. C.

MY DEAR MR. SPEAKER: Upon the request of certain Members of Congress, it is the desire of the commanding officer, and of the officers and men of Fort Myer, Va., to present a special exhibition ride for the Members of Congress, their families, and guests.

It is realized that the regularly scheduled rides on Friday afternoon take place at an inconvenient time, and, due to the large public demand for admission, they are crowded and troublesome to attend.

We have, accordingly, scheduled an exhibition ride at 4 o'clock on Saturday, the 11th of February, to be given in honor of the Members of Congress. The entire seating capacity of the riding hall at Fort Myer will be reserved for them. In an endeavor to make attendance as convenient and informal as possible, no individual seats will be reserved, but guests will be required to present an individual identification card from a Member of Congress of the United States.

It is hoped that, in extending this formal invitation through you, you will notify the Members of its provisions.

Very sincerely yours,

H. N. COOTES, *Colonel, Third Cavalry.*

MINING OF COAL, PHOSPHATES, OIL, ETC., ON PUBLIC DOMAIN

Mr. EVANS of Montana presented the conference report on the bill (S. 4509) to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain."

INDEPENDENT OFFICES APPROPRIATION BILL, FISCAL YEAR 1934

Mr. WOODRUM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the

state of the Union for the further consideration of the bill (H. R. 14458) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. RAYBURN in the chair.

The Clerk read the title of the bill.

The Clerk read as follows:

EMPLOYEES' COMPENSATION COMMISSION

For three commissioners and other personal services in the District of Columbia, including not to exceed $1,000 for temporary experts and assistants in the District of Columbia and elsewhere, to be paid at a rate not exceeding $8 per day, and for personal services in the field; for furniture and other equipment and repairs thereto; law books, books of reference, periodicals; stationery and supplies; traveling expenses; fees and mileage of witnesses; contract stenographic reporting services; rent at the seat of government and elsewhere; and miscellaneous items; $407,800.

Mr. WOODRUM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOODRUM: Page 12, line 20, strike out "$407,800" and insert in lieu thereof "$399,800."

Mr. WOODRUM. Mr. Chairman, the explanation of this item is that there ought to be a reduction in this appropriation of $8,000 for the reason it was included in the Budget estimate for the purpose of paying the cost of administration of the employees' compensation act for the District of Columbia. The amount to be carried in the District of Columbia appropriation bill for transfer to the employees' compensation to cover the cost of the local activity should, therefore, be increased by $8,000.

Mr. STAFFORD. Mr. Chairman, while the gentleman is occupying the floor, will he be kind enough to give information as to how static this appropriation is for the total employees' compensation fund? This year it totals the amount of $4,862,000, and I am desirous of learning whether there is a periodic increase in the amount borne by the Government by reason of injury that occurs from time to time or whether the appropriation is more or less static.

Mr. WOODRUM. There is a gradual increase in the appropriation and we may expect the appropriation to increase until it reaches $10,000,000 at the peak unless the organic act is changed.

Mr. STAFFORD. Has the gentleman any information as to when the peak will be reached?

Mr. WOODRUM. The date would be a matter somewhat difficult to state with accuracy. It will not be reached until the number of beneficiaries separated from the rolls by death or otherwise exceeds the number being added to the rolls. As a guess, I would say that might occur about 1950.

Mr. STAFFORD. The organic law is not likely to be changed, other than it may be increased in the allowances rather than decreased.

The amendment was agreed to.

The Clerk read as follows:

Cooperative vocational rehabilitation of disabled residents of the District of Columbia: For personal services, printing and binding, travel and subsistence, and payment of expenses of training, placement, and other phases of rehabilitating disabled residents of the District of Columbia under the provisions of the act entitled "An act to provide for the vocational rehabilitation of disabled residents of the District of Columbia," approved February 23, 1929 (U. S. C., Supp. VI, title 29, secs. 47–47e), $13,683.

Mr. CHINDBLOM. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I have made this motion for the purpose of asking the chairman of the subcommittee whether this appropriation ought not to be carried in the District of Columbia appropriation bill?

Mr. WOODRUM. This is for the Federal Government's part of the work. In the District of Columbia we pay out of the Federal Treasury for a portion of the work, and their portion of the work is carried in the District bill.

Mr. CHINDBLOM. This is in lieu of the appropriation which the States are expected to make in order to avail themselves of the Federal appropriation, is it not?

Mr. WOODRUM. Yes; the District of Columbia pays that portion in lieu of what the States would do.

Mr. CHINDBLOM. This is one of the activities of the Federal Government which has increased the amount of the Budget, and is outside of the real purposes of the establishment of the Federal Government.

Mr. WOODRUM. Of course, it is an activity that has increased the Federal Budget. My distinguished colleague, the gentleman from Washington [Mr. SUMMERS], I have no doubt is ready to justify this appropriation, because I think he takes the credit to himself of being the author of this work. The hearings, if the gentleman will examine them, will show that this is a meritorious work.

Mr. CHINDBLOM. Of course, it is very meritorious, it is very appealing as being humanitarian and eleemosynary in purpose; but it is an activity which the Congress has launched that is not strictly Federal and was not within the original contemplation of the national establishment. If we are to achieve any real economy, it should have the attention of Congress to determine whether in the future it will be wise for the Federal Government to continue operations of this character. The same observations apply to the succeeding paragraph relating to appropriations for the Federal Board for Vocational Education, which administers both the appropriations for cooperative vocational rehabilitation as well as the appropriations for cooperative vocational education.

The Clerk read as follows:

FEDERAL FARM BOARD

For salaries and expenses in accordance with the provisions of the agricultural marketing act, approved June 15, 1929 (U. S. C., Supp. V, title 7, secs. 521–535f), and the act creating a division of cooperative marketing in the Department of Agriculture, approved July 2, 1926 (U. S. C., Supp. VI, title 7, secs. 451–457), including stenographic reporting services to be obtained by the board through the civil service or by contract; not to exceed $750 for newspapers; membership fees or dues in organizations which issue publications to members only or to members at a lower price than to others, payment for which may be made in advance; manuscripts, data, and special reports by purchase or by personal services without regard to the provisions of any other act; to procure supplies and services without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) when the aggregate amount involved does not exceed $50; purchase and exchange, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles and motor trucks to be used only for official purposes; typewriters, adding machines, and other labor-saving devices, including their repair and exchange; garage rental in the District of Columbia and elsewhere; traveling expenses, including attendance at meetings concerned with the work of the Federal Farm Board; payment of actual transportation expenses and not to exceed $10 per diem to cover subsistence and other expenses while in conference and en route from and to his home to any person other than an employee or a member of an advisory commodity committee whom the board may from time to time invite to the city of Washington and elsewhere for conference and advisory purposes in furthering the work of the board; the employment of persons, firms, and others for the performance of special services, including legal services and other miscellaneous expenses, all unexpended balances of appropriations for the Federal Farm Board, not exceeding $500,000, are hereby made available for the purposes enumerated in this paragraph to and including December 31, 1933: *Provided*, That during the fiscal year 1934, when the Federal Farm Board requires cooperative work by any department or independent establishment of the Government within the scope of the functions of such department or establishment and which such department or establishment is unable to perform within the limits of its appropriations, the Federal Farm Board may transfer from this appropriation to such department or establishment, with the approval of the head thereof, such sum or sums for direct expenditure during the portion of the fiscal year 1934 ending December 31, 1933, as may be necessary for the performance of such additional work: *Provided further*, That no part of this appropriation shall be used to pay any salary in excess of $10,000 per annum, or any salary in excess of $8,500 per annum except to members of the board and the general counsel.

Mr. FULLER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Strike out all pertaining to the Federal Farm Board, beginning at line 14, page 17, down to and including line 24; all of page 18; and on page 19, beginning at line 1 to 18, inclusive.

Mr. FULLER. Mr. Chairman, this appropriation calls for $500,000 for the operation of the Farm Board for July to December, inclusive, and nothing for the last six months of



fiscal year 1934. The subcommittee's report says the board may be abolished, and that there is a possibility that the President will consolidate it with some other board. That being true, why not stop its operation June 30 and thus save $500,000 for its operation for the last six months of this year?

I see no reason why the Congress should pass the buck to the President at this particular time.

Why should we make an appropriation for six months instead of for a year? If it is a meritorious cause, worthy of an appropriation, it ought to be for the entire fiscal year of 1933–34. This board has had an appropriation of $500,000,000, most of which has been lost. It is conceded by the board $300,000,000 has been lost, and time will demonstrate the other $200,000,000 consists mostly of worthless notes.

I heard a colleague say this money had been lost on the farmers. I seriously doubt that statement; but if true, it is the first real substantial benefit the farmers have realized in many years. Such a statement can not be true; but if correct, it should be remedied. One of the darkest pages in our history is the conduct of the Farm Board and its loss of public funds. Created to comply with a political promise, its achievements have been a farce. Especially is this true when we realize its manipulations and failure have been under the guise of granting aid to farmers.

No board can operate successfully within the spirit of the law under the title of being a farm board, and performing the functions expected by the farmers and by this Congress, which acquiesces in and consents to loans of money to cooperative associations, which pay salaries from $50,000 to $75,000 a year to men known as experts, so that they may indulge in gambling and stock speculation. This ought to be eliminated.

I know it is the policy of the House to back up the subcommittee and the Committee on Appropriations, and I subscribe to that myself. I know that the subcommittee has done a wonderful work and should receive much credit, but it should no longer—not even for six months—recommend or consent for this board's misuse of public funds. This board is not doing anything for the farmer. The farmer is not receiving any benefits under this appropriation. The most the board is doing is gambling and speculating in cotton, wheat, and a few other farm products, and the farmers are "cussed" for it and accused of getting the benefits. I represent an agricultural district, and I know that it has never received a dollar's benefit under this board.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield?

Mr. FULLER. Yes.

Mr. FIESINGER. Does the gentleman's amendment go down to line 18, on page 19?

Mr. FULLER. Yes. It is all under the Federal Farm Board paragraph. The purpose of my amendment is to appropriate no more money to this worthless and inefficient Farm Board.

Mr. WOODRUM. Mr. Chairman, let me say to the gentleman from Arkansas [Mr. FULLER] that the position of the Subcommittee on Appropriations, and of the whole committee, because now it is the action of the whole committee, is to-day exactly what it was a year ago, and that is that the Federal Farm Board ought to have sufficient funds to enable it to look after this revolving fund that Congress has turned over to it, and whether it was turned over to it wisely or unwisely is not now a question to be considered. We further believe that the Farm Board ought to have sufficient funds to enable it to carry on its work with cooperative marketing associations, and that feature of the work undoubtedly has resulted in great benefit to the farmer.

The reason for giving a half year's appropriation is that those of us who have kept abreast with what is going on in the way of thought on the farm problem know that with the advent of the new administration very serious and careful thought is going to be given to the whole problem of farm relief and the contacts and set-ups of organization that have to do with the agricultural proposition. If the new administration and the new Congress want to continue the Federal Farm Board as an agency to administer that relief, then there will be ample opportunity to make further arrangements for its life, or, if some other agency is devised to carry on its activities, then the half year's appropriation will be ample to carry the board on to the 1st of January. And may I say further, Mr. Chairman, that the action of the subcommittee was taken after very careful thought and consideration and after consultation with our distinguished colleague from Texas [Mr. JONES], the chairman of the Committee on Agriculture, and after conference with accredited representatives of the President elect.

Mr. COX. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed for 10 minutes.

Mr. WOODRUM. Mr. Chairman, will the gentleman permit me to submit a unanimous-consent request?

Mr. COX. Certainly.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that debate upon this paragraph and all amendments thereto close in 30 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia that he may proceed for 10 minutes?

There was no objection.

Mr. COX. Mr. Chairman, I recognize that there is widespread prejudice against the Federal Farm Board and all of its activities, but does not the board deserve better of the country than it is receiving? The board may not have succeeded in all of its operation, but, seriously, is there doubt but that it has earnestly endeavored to promote the welfare of the group which it was set up to serve?

Any fair consideration of the Federal Farm Board's activities must include both the operation of the cooperatives and of stabilization corporations. Each of these activities likewise must be regarded in its proper relation to the financial and commercial life of the country, to the place of agriculture in the economic system, and to our dependence as a Nation on a high order of rural citizenship.

Congress has heretofore adopted the policy of encouraging farmer-owned and farmer-controlled commodity cooperative organizations. Through the Capper-Volstead Act and the agricultural marketing act Congress has legalized and provided moral and financial encouragement to them. Both political parties have reiterated their support of these policies. Two million American farmers have combined themselves in more than 12,000 such organizations and are doing approximately $2,000,000,000 of business annually. Their membership is made up of intelligent, progressive, and substantial farmers.

The aims and purposes of these organizations are to improve their bargaining opportunities and to overcome abuses which have grown up in the processing and marketing of their products. They are devoting themselves to the fundamental problems confronting their various industries—adjusting production to demand, both as to quantity and quality, extending or developing markets through finding new uses and extending old ones, devising improved merchandising methods, reducing distribution costs, and eliminating losses and wastes. These are distinctly the problems and responsibilities of the producers themselves. No one is so interested in doing these things as the man who pays. That man is the farmer so far as marketing costs and wastes are concerned.

Many of these organizations have been operating for a long period of time. Since their earliest experience, however, they have learned that in carrying on a national or world merchandise business in their commodities successfully a large amount of capital is needed, as well as the service of able merchandisers and financiers. The development of the movement has been slow, due to a lack of finances to meet these needs. Having demonstrated the practicability of conducting their own marketing operations on a relatively small scale and recognizing the limiting factors in the expansion of their business, the Congress of

the United States set up a Government agency, the Federal Farm Board, to assist in supplying these needs. Their objectives are to set up business organizations that are equal or superior in efficiency and sound business conduct to the oldest and best-established private merchants. The entire program is based upon the wholesome principle of collective self-help; that is, the farmers doing for themselves collectively the things which they are unable to do individually. Congress has not erred in its policy of giving moral and financial encouragement to these enterprises. It is a recognized proper function of government to assist any essential group among our citizenship in the doing of things which they are unable to do individually or collectively, the doing of which is in the interest of the public welfare.

One of the reasons why the growth of cooperative associations has been slow and accompanied with reverses has been the opposition of the agricultural trades. They observed that the cooperative idea from a small beginning was growing into huge proportions and was seriously threatening their profits. Those were unable to meet the competition of the cooperatives, and the more efficient merchants found it necessary to discontinue their once lucrative business. There is no wonder, therefore, that with the coming of the Farm Board that they should organize themselves to destroy the farmers' one hope of dealing with their marketing and other business problems in an organized and concerted way.

With the assistance of the Federal Farm Board, the services of technical experts have been employed in making studies in organization plans, membership and public relations, business set-up, office systems, merchandising methods and policies. Local, regional, and national organizations are setting up substantial reserves looking to the time when their own operating funds will be sufficient for their every need without the financial support of the Farm Board. Through these studies the opportunities and limitations of collective effort are becoming more widely realized.

Stabilization activities of the Federal Farm Board in wheat and cotton have so overshadowed the less spectacular operations of the cooperatives that the average man thinks of the Farm Board only as a price-stabilizing agency. There is much confusion of mind as to whether the attempts at price stabilization have been beneficial or injurious, but those who are representing the organized producers and who are best familiar with these operations have no doubt on this point. The Farm Board's announcement in the fall of 1929 that it would loan through the cooperatives 16 cents a pound on cotton was undoubtedly responsible for the maintenance of that price level until practically all of that crop had left the hands of the farmers. The 1929 crop was a high-price crop, and had the price of cotton taken its natural course it would have worked a great hardship not only on the producers themselves but also on those who had provided the credit to make the crop. It is estimated by the Standard Statistics Co., an impartial nationally recognized statistical agency, that the crop would have brought an average of $20 per bale less had it not been for stabilization operations.

Again, the following year, the advancing of 90 per cent of the value of the crop at the time of delivery resulted in a price stabilization which again permitted the farmers to market the bulk of their crop without suffering the extreme decline in price which would have undoubtedly followed had the 2,000,000 additional bales been forced on the already oversupplied and unwilling market. With one of the largest crops in history in sight and with a panic-reduced demand in prospect, the industry was facing a carry-over of an ordinary size crop—13,000,000 bales, a carry-over 25 per cent greater than ever before known. A condition, not a theory, presented itself. What a condition! The entire agricultural, financial, and commercial life of the South was in the balance.

Those who contend that the existence of stabilization stocks is a menace to the market should ask themselves seriously, if the existence of a stock pledged for a period of time to be withheld from the market is a depressing influence, how much more depressing that quantity would have been had it actually been forced onto the market, regardless of price consequences. Furthermore, it should be borne in mind that the motives behind various legislative proposals presented to Congress for stabilizing the prices of farm products had for their chief purpose the controlling of surplus. Congress provided the machinery for such control in the agricultural marketing act. The Farm Board had no choice under its mandate from Congress but to put the provisions of the act into operation. Under the conditions which prevailed in all commodities and securities following the collapse of the stock market and during the business depression no one would question but what the board would have been crucified had it failed to make an honest attempt to use its power to prevent a collapse in the price of cotton and wheat.

Furthermore, there was a well-defined opinion existing throughout the country that with the aid of the Government's financial resources the price of any nonperishable farm commodity could be stabilized at prices which would protect farmers and business interests generally from ruin. We have probably all heard numbers of prominent business men assert with all the assurance of definite knowledge that if the United States Government would announce that wheat was worth $1 a bushel or cotton 20 cents a pound, and was prepared to back such a statement with buying orders at these levels, that such price could be maintained. In fact, little would be bought by the Government at that price. The Federal Farm Board did hold up the prices of cotton and wheat through stabilization operations for a time, permitting farmers to sell two crops at much higher prices than they would have otherwise obtained, with all of its consequent benefits to bankers, other creditors, merchants, and business generally, but it could not permanently maintain such prices unless there was a corresponding adjustment in the on-coming supplies.

The Farm Board did no doubt suffer severe losses to its revolving fund, but it should be remembered that every dollar of this money went into the hands of farmers, permitting them to pay their obligations or supplementing their buying power. But if the money which these farmers distributed throughout the community is regarded as a loss to the Government, this loss is negligible in comparison to the increased price which the entire cotton and wheat crops brought all of the producers and the country as a whole during the years of stabilization operations.

It requires no stretch of imagination to picture the multiplied farm foreclosures, business bankruptcies, and bank failures had the prices of these two staple agricultural commodities dropped as rapidly and to the same extent as most of our best regarded listed securities and nonagricultural commodities. Farm prices usually lead the decline in periods of business depression, but in this instance, thanks to the operations of the Federal Farm Board, the decline in staple agricultural commodities in which stabilization operations were undertaken was so gradual that the effect of the immediate price collapse was fortunately avoided.

It should be recalled that many men now living have seen cotton prices lower than during this business depression, although never before have we experienced such a huge price-depressing surplus nor as generally demoralized business conditions as exist at the present time. In contrast with this fact a number of commodities outside the scope or jurisdiction of the Federal Farm Board have reached all-time low prices. Among these are silver, copper, rubber, sugar, coffee, and many others.

While the cooperatives handling cotton and wheat have been so closely associated with stabilization operations, it should be kept in mind that stabilization was carried on, not primarily for the benefit of the members of the cooperatives but for the benefit of all growers in such commodities and indirectly for the benefits of business in general. It is seriously doubtful whether stabilization operations have been an advantage to the cooperatives, but there can scarcely be any doubt but what they have been of great advantage to the producers as a whole and to business in general.

The cooperatives as a whole are making no defense for the continuation of stabilization activities of the Farm Board. In fact, they believe that if such operations are continued a separate and distinct fund should be created for that purpose, as they are unwilling for the revolving fund set aside for the benefit of cooperatives to be consumed for the benefit of business in general. Unless such a separate and distinct fund is provided by Congress and independently administered they favor the repeal of the stabilization clause of the agricultural marketing act.

In view of the apparent hostility to stabilization operations by the public this provision of the act should be repealed.

The cooperatives of the country look upon the Federal Farm Board as a nonpartisan, nonpolitical instrumentality of society to encourage farmers to avail themselves of group action in dealing with their group problems in a constructive and businesslike way. Such organization of farmers has been recommended by presidential commissions and business men's organizations during the past 20 years. Therefore, in line with the wishes of the farmers themselves, and believing in the soundness of the advice of business men that agriculture must adopt more businesslike methods in the marketing and distribution of their crops through farmer-owned and farmer-controlled organizations, and in line with the platforms of both political parties and the established policies of the Government, I would favor the continuation of a Federal agency that will continue to give moral, technical, and financial support to the organization and operation of such associations. [Applause.]

Mr. KETCHAM. Mr. Chairman, when the average individual talks about the Farm Board and its operations, and particularly when he speaks in criticism of it, in nine cases out of ten he has in mind its stabilization operations rather than its more important activities in support of farm cooperatives. Due to the fact that my distinguished colleague from Georgia [Mr. Cox] has just covered very ably the cooperative activities of the board, I shall not trespass at length upon that territory, but I do commend to the careful reading of every member of the committee the remarks which he has just concluded. I bespeak that special consideration not only because of the excellence of the discussion itself but also because of the fact Mr. Cox has been serving as a member of the special committee giving careful study to this whole question of the Farm Board and its activities which is now commanding so much interest in all parts of the country.

I am very strongly opposed to the amendment offered by my good friend from Arkansas [Mr. FULLER], and I not only regret that he has seen fit to propose such an amendment but also am much disappointed in the argument he presented in urging the adoption of his amendment. I have great respect for his judgment upon most matters but can not believe that he speaks the real sentiment of his heart when he proposes by this amendment to abolish the Farm Board completely.

In reply to his statement that he can find no farmers in his section who have received benefits from the Farm Board I took just a moment to look up the figures of Farm Board operations in Arkansas both under the cooperative and stabilization sections of the agricultural marketing act. I find that the farmers of Arkansas have negotiated loans from the Farm Board for the stimulation and encouragement of cooperatives in that State to the extent of $17,000,000. To show that the operations made possible by this loan have been fairly successful it is noted that practically one-half of such loans have already been repaid.

Furthermore I find that the State of Arkansas has also been the beneficiary of the Farm Board's stabilization operations to the extent of $8,000,000. I am sure that some of that money must have found its way into the district represented by my good friend Mr. FULLER. For that reason I regret very much his introduction of this drastic amendment and particularly his remarks in support of it.

Mr. Chairman, I have not arisen so much to reply to the remarks of the gentleman from Arkansas, however, but more particularly to submit for the consideration of the committee a few observations concerning the work of the Farm Board that are ordinarily completely overlooked. In spite of the most discouraging conditions in agriculture it is a pleasure to record that nearly 2,100,000 farmers, which is more than a third of all the farmers of the United States, are now members of cooperative societies. While the decline in prices of farm products lowers the total amount of transactions measured in dollars, yet the quantity of commodities handled has increased 15 per cent above that of the previous year. It is particularly interesting to note that in some specialized products that as high as three-fourths of the total output is handled cooperatively. Nearly 50 per cent of the dairy products, 33 per cent of the wool, 16 per cent of the cotton, 16 per cent of the commercial movement of grain, and 16 per cent of the livestock slaughtered under Federal inspection is likewise handled through cooperatives.

In addition to these noteworthy figures as to the quantity of farm products handled cooperatively it is well to note an illustration or two as to the price advantages that have accrued to producers in such handling of two or three representative products. In the marketing of eggs in the Pacific coast region where poultry producers are very effectively organized in cooperatives, the producers have averaged 4 cents per dozen above those sections of the country where cooperatives are not widely organized, in spite of the handicap of greater distance from market and consequent higher freight rates. In the marketing of wool the record shows that producers marketing their product through the national cooperative had a price advantage from 1 to 4½ cents per pound above that paid by local buyers. In dairy products it is noted that butterfat prices in Minnesota, which has 644 cooperative associations and 116,000 producers, were on an average 24 cents per pound, while in Kansas, where there are but 8 such associations with 10,000 producers, the average price of butterfat was but 19 cents.

In the aggregate this means an addition of $11,000,000 to the dairy income of the State of Minnesota, which in turn has been very substantially aided by the loans made to dairy cooperatives of that State. These are typical illustrations of the price advantage that has come to farmers in every State in the Union as a result of the encouragement given the cooperative movement. What these increases have meant in supplementing the scanty farm income during this period of depression can not be overestimated. The chairman of the subcommittee has just stated that in the new Congress very careful consideration will be given to a reorganization of all the agencies that have as their purpose the encouragement and assistance of agriculture. As one who has been vitally interested in that field for many years may I venture the hope that fair consideration shall be given to the work of the Farm Board in encouraging and supporting cooperative marketing.

In conclusion, Mr. Chairman, I submit one observation concerning the widespread criticism concerning the stabilization operations of the Farm Board. It ought not to be forgotten that stabilization was incidental to the main purpose of the agricultural marketing act, and that the encouragement of cooperative marketing was the main objective. Furthermore it ought to be stated for the Farm Board that it did not favor the use of the stabilization feature excepting in cases of great emergency such as developed in 1929 and 1930. It should also be remembered that a perfect deluge of appeals came to the board in 1930 urging the extensive purchase of wheat to stabilize prices. More than one-half of the money advanced in stabilization operations went to the States of Kansas, North Dakota, Nebraska, Washington, and Oklahoma, the very sections where criticisms of the Farm Board for this particular activity have been the sharpest. It would be exceedingly interesting if all the letters from Members of Congress from these sections could be placed in parallel columns with the criticisms now sumbitted.

The actual figures show that the Farm Board purchased approximately 190,000,000 bushels of wheat during the period from November 1, 1930, to July 1, 1931, at a price averaging at least 30 cents a bushel above Liverpool prices. It is the

opinion of well-informed persons that this action in pegging the price during that critical period not only added above $60,000,000 to the income of wheat farmers for that particular period, but that it actually saved hundreds of business and industrial institutions from failure. The same situation has been called to the attention of the committee by those thoroughly familiar with the cotton stabilization operations within that same period.

It is undoubtedly true that the stabilization operations of the Farm Board ought to be terminated, but I submit for the serious consideration of every friend of agriculture that criticism of this feature of the agricultural marketing act or of the Farm Board itself, in connection therewith, should not blind them to the valuable work that has been done in the cooperative field. It is well understood both on this floor and elsewhere that private agencies who are opposed to the extension of cooperative marketing have been using the stabilization operations as a smoke screen to accomplish their main objective, namely, the discouragement, if not elimination, of the whole cooperative movement.

Mr. Chairman, I agree that stabilization ought to be terminated, but that cooperative marketing should be retained and encouraged by adequate appropriations.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. HASTINGS. Mr. Chairman, I want to remind the House that this bill comes from the Committee on Appropriations and not from a legislative committee. You will remember that we created a revolving fund of $500,000,000 for use by the Farm Board. The activities of the Farm Board have been largely through stabilization activities and through loans to cooperatives. As the report shows, there have been loans made to cooperatives of $368,370,002.49, of which $210,234,402.17 has been repaid. There is left unpaid $158,138,600.27. If the amendment presented by the gentleman from Arkansas [Mr. FULLER] prevails, what are we going to do about the collection of the unpaid balance of $158,138,600.27? I pause for my good friend from Arkansas to answer that question.

Mr. FULLER. Could not any other function of the Government collect money due the United States, and could they not make arrangements to do so between now and the 1st day of July?

Mr. HASTINGS. There is no other method of collecting this money at the present time. The Committee on Appropriations, I want to remind you, is not a legislative committee, and can not provide new machinery. It is the duty of our committee to protect this fund and to make the necessary appropriation in order that the collection may be made. Until the legislative committee brings in some amendatory legislation and is enacted by the Congress of the United States, the Committee on Appropriations would be remiss in its duty if it did not bring in an adequate appropriation for the collection of this money and the protection of this fund.

Mr. FULLER. Will the gentleman yield?

Mr. HASTINGS. In just a minute. As has already been stated by the chairman of the subcommittee, the gentleman from Virginia [Mr. WOODRUM], we have made an estimate and recommended an appropriation only to cover the first half of the next fiscal year, anticipating that in the meantime the Congress of the United States may decide to enact legislation either continuing the Farm Board, after a careful study, or provide some other agency. However, until that is done I am sure the gentleman from Arkansas [Mr. FULLER] and every Member of the House will agree there must be some agency set up for collecting the money that is due the Government. Until that agency is set up, this is the only agency that has been created to make the collections for the Government. Surely if the gentleman from Arkansas [Mr. FULLER] will reflect, he will find that his amendment is improvidently made, to strike out the entire Farm Board, until there is some agency created as a substitute for it.

Mr. FULLER. Will the gentleman yield?

Mr. HASTINGS. I yield.

Mr. FULLER. The gentleman says they have the money now to operate until the 1st day of July, and if we cut out this appropriation they can not operate from that time on, but the committee is cutting them out after the 1st day of January, and they have nothing to operate with then. So you just give them six months more than I do.

Mr. HASTINGS. In reply to the gentleman from Arkansas [Mr. FULLER], we gave them only sufficient money to operate until the 1st of January, 1934, and in the event that Congress, prior to that time, does not enact some other legislation, it will be incumbent upon the Committee on Appropriations, through the deficiency bill, to make another appropriation in order to protect the outstanding loans of the Government.

Mr. McCLINTIC of Oklahoma. Mr. Chairman, I am in sympathy with what the distinguished gentleman from Arkansas has in mind. I am sure he desires to bring about reductions in expenditures in every case where it is necessary without destroying efficiency; but I am inclined to believe, after listening to what my colleague has said, that it would be better if he would withdraw his amendment and offer one to reduce the amount of the appropriation rather than trying to wipe out the entire jurisdiction.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield?

Mr. McCLINTIC of Oklahoma. I yield.

Mr. HASTINGS. We have already cut this appropriation in two. We have only made an appropriation for six months.

Mr. HART. Mr. Chairman, will the gentleman yield?

Mr. McCLINTIC of Oklahoma. I yield.

Mr. HART. We have increased the appropriation by $200,000 annually. Will the gentleman from Oklahoma explain that?

Mr. HASTINGS. The gentleman from Michigan is mistaken about that. It was $900,000 year before last.

Mr. HART. It was $800,000 last year.

Mr. HASTINGS. The House appropriated $800,000 last year, but the Senate raised it and the conferees agreed.

Mr. HART. But the subcommittee is raising it this year. The appropriation last year was $800,000. We are now asked to appropriate $500,000 for six months, which is at the rate of $1,000,000 a year, an increase of $200,000.

Mr. McCLINTIC of Oklahoma. Mr. Chairman, one of the saddest chapters that has ever been written relating to farm relief is the report of what has been accomplished by this agency. Everyone knows I have just as much sympathy for the cooperatives as any person anywhere, yet when you look into the record of those who have been charged with this responsibility you are bound to come to the conclusion that their chief aim was to grab off as high a salary or as high a commission as they could and at the same time make it possible for their friends to receive gratuities of different kinds from expenditure of these large sums of money. So God speed the day when we can wipe out of existence any such activity that has no respect for the tillers of the soil but on the other hand seeks to do something to enrich a special group.

Some of us have information, more or less confidential, that this board can perform some functions within the next month or two and that a complete reorganization is to be made; that there is a possibility that the activities may be transferred to some other department of the Government. In view of this fact I shall refrain from offering an amendment but will go along with the committee unless it can be shown that the statement made by the distinguished gentleman from Michigan is correct and that they have increased the amount, based upon what we really gave them last year. If such should be the case, then in my opinion an amendment should be offered which would restore the appropriation to the figure of last year.

Mr. LaGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. McCLINTIC of Oklahoma. I shall be pleased to yield.

Mr. LAGUARDIA. We have heard much about exorbitant salaries. Who fixes the salaries of these cooperative officials?

Mr. McCLINTIC of Oklahoma. The cotton cooperatives get their money through an agency set up by the Farm Board known as the American Cotton Cooperative Association. This agency is under the complete control of the Farm Board.

Mr. FULLER. Absolutely.

Mr. LAGUARDIA. Who fixes their salaries?

Mr. McCLINTIC of Oklahoma. This agency that was set up by the Farm Board called the American Cotton Cooperative Association, in my opinion, fixes the salaries of its own members. For instance, Mr. Creekmore did receive a salary and commission amounting to $75,000 per year, and many others were paid salaries up to $50,000 per year.

Mr. HASTINGS. Mr. Chairman, will the gentleman yield for a correction?

Mr. McCLINTIC of Oklahoma. I yield.

Mr. HASTINGS. The Federal Farm Board had nothing whatever to do with the fixing of the salary of Mr. Creekmore or any other official.

Mr. McCLINTIC of Oklahoma. I think they did, because they controlled the money, and unless these funds had been provided by the Farm Board the scandalous conduct complained about would not have occurred.

Mr. SUMMERS of Washington. Mr. Chairman, during these five minutes I wish to call attention to what is before the House, and that is a motion to strike out all of the appropriation for the Federal Farm Board. I am not here to defend or condemn the board for anything it has done. I am here only to call attention to the situation as it now exists.

Nothing is carried for stabilization. The attempted stabilization of the prices of wheat and cotton, of course, brought down a great storm of protest on the heads of the Farm Board, but that is a thing of the past. The committee is not in favor of it. The Farm Board is not in favor of it. There is no money carried for that purpose.

There is in the bill a reappropriation of enough funds up to December 31 for them to carry on their cooperative work and the collection of moneys that have been loaned to the extent of hundreds of millions of dollars. There is no new appropriation. There are not even funds to carry on the activities of the board during the next fiscal year.

The statement has been made that practically all of the original amount appropriated has been lost. As a matter of fact, I asked the chairman of the board that specific question, and he states that about $200,000,000 of it is not lost. This is a very considerable sum of money.

The Farm Board has been helping the raisin people, the dairy people, the poultry people, the nut growers, the grain growers, the citrus people, potatoes, beet sugar, rice, tobacco, livestock, seeds, wool and mohair, and innumerable other industries throughout the United States and has large sums of money loaned to them. It must look after these collections. It must look after the functioning of certain of its activities at least until the end of the year or until such time as some legislative action is taken. They may be transferred to the Department of Agriculture. Some of them may be transferred to some other place. I do not know. That is for the future. However, it would be a mistake to strike out the appropriation at this time and allow all these activities to be suspended. The collection of hundreds of millions of dollars which have been loaned would fail with no one authorized to look after them.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. SUMMERS of Washington. Yes; for a very brief question.

Mr. COX. Will the gentleman permit me to read into his remarks a statement made by Lord Astor on the occasion of his recent visit, as to what is being done in other countries?

Mr. SUMMERS of Washington. I have not time to permit the gentleman to do that.

Mr. FULLER. What does he know about American farmers?

Mr. EATON of Colorado. Mr. Chairman, will the gentleman yield?

Mr. SUMMERS of Washington. Briefly.

Mr. EATON of Colorado. Is not the effect of this amendment simply to advance the date of closing out from the 31st day of December, 1933, to the 30th day of June, 1933?

Mr. WOODRUM. Is it not a fact that our subcommittee has barely given the Farm Board enough money to carry on its cooperative activities and look after the remainder of its revolving fund until it can be definitely determined by the new administration what it wants to do with the whole proposition?

Mr. SUMNERS of Washington. That is exactly the fact.

Just one reference to the revolving fund. As a matter of fact, it has up to this time completely revolved.

Mr. FULLER. You do concede, do you not, that they have lost three-fifths of this $500,000,000 and the other two-fifths is lost paper?

Mr. SUMMERS of Washington. Well, then we had better look for it. It is not $500,000,000; it is $500,000 to support the activities till the future of the board is determined, nothing else.

Mr. FULLER. Well, $500,000.

[Here the gavel fell.]

The CHAIRMAN. All time has expired. The question is on the amendment offered by the gentleman from Arkansas [Mr. FULLER].

The amendment was rejected.

Mr. HART. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HART: On page 18, line 15, after the words "Farm Board," strike out all down to the semicolon after the word "board" in line 22.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. HART. Mr. Chairman——

The CHAIRMAN. All time has expired on the paragraph and all amendments thereto.

Mr. HART. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. The gentleman from Michigan is recognized for five minutes.

Mr. HART. Mr. Chairman, I want to call the attention of the House to this amendment, on page 18, line 15—

Payment of actual transportation expenses and not to exceed $10 per diem to cover subsistence and other expenses while in conference and en route from and to his home to any person other than an employee—

And so forth.

This provision permits the Farm Board to telegraph every propagandist they have in the United States and bring them here at Government expense. Last year we appropriated $800,000. This bill calls for $500,000 for six months.

They are expecting to receive further appropriations for the next six months. Therefore, they are trying to get $500,000, and at the expense of the Federal Treasury persons from all over the United States can come here and lobby upon Congress in the city of Washington. I think it is carrying lobbying a bit too far to permit the bringing of lobbyists here at the expense of the Government. I say this is the most pernicious bureau in the Government.

I heard the statement read by the gentleman from Georgia [Mr. COX], and while I have the greatest respect for the gentleman from Georgia and I believe he is a good attorney, if I were to get up and discuss a legal question and got talking about a mandamus when I meant a writ of execution, he would know that I do not know very much about law. When I listen to his exposition of the farmers' plight, after I had spent 30 years living amongst farmers, as well as being one myself, I come to the conclusion that the gentleman knows nothing about the farm problem.

Mr. COX. Will the gentleman yield?

Mr. HART. Yes; certainly.

Mr. COX. I will say to the gentleman that I dare say as a farmer I have had a great deal more experience than

the gentleman himself and know a great deal more about the agricultural problems in the South than the gentleman is willing to give me credit for knowing.

Mr. HART. I know something about agriculture in the South. I have traveled there and have done business with the Southern gentlemen who carry on agriculture in the South. I also know something about the marketing problem of the South, and if you know the marketing problem of any agricultural product there is very little difference whether it is carried on North or South. However, it is a far cry from agriculture to the legal profession.

All this amendment does is to prevent taking money out of the funds of the Federal Farm Board to pay for bringing people here from various parts of the United States.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, my friend from Michigan is mistaken when he states that all his amendment does is to strike out certain language. His amendment strikes out the enacting clause of the bill, but, of course, we understand what the gentleman is driving at.

The particular language in the bill to which the gentleman objects is the language which permits the Federal Farm Board to have agricultural experts come to Washington when occasion may arise to confer with representatives of the board and of cooperative associations in matters pertaining to their organization.

During the last fiscal year a little less than $2,000 was used by the Federal Farm Board for this purpose; and it is considered by the board to be very much cheaper and very much more efficient to have these people come from different parts of the country at relatively small expense to headquarters here to consider these problems than to send representatives all over the country to contact with them and get the information in that way.

Mr. Chairman, those of us who were here last year will remember that the gentleman from Michigan and myself were somewhat together on the question of the Farm Board. I know, and I believe the gentleman knows, that some disposition of this whole problem is going to be made and is going to be made very shortly. I have stated, and I reiterate, at the risk of boring my colleagues, that the appropriation here made is simply to carry on this activity for the required length of time until the new administration can go into the matter.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. LAGUARDIA. Mr. Chairman, I simply want to point out that although some of us may not live on a farm we have sense enough to know that if you want information concerning the Farm Board and the plight of the farmer you do not go to a stock exchange to get it, and it is the cotton exchange that has been fighting these appropriations ever since the first day the Federal Farm Board was created.

I submit there may be defects, but we should not destroy, at the behest of the stock-ticker boys, what little has been accomplished in trying to save the market for the real cotton producers and the other commodity prices. Every year we meet the same argument, and where does it come from? It comes from the stock-ticker boys.

We may not be farmers, as the gentleman from Michigan properly points out, but certainly we do not get our information from the stock ticker or the gamblers on the market who have brought ruin to the American farmer; neither do we get such information from the elevator men, as my friend from the wheat district said.

Mr. HART. Will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. HART. I want to say for the benefit of the gentleman from New York [Mr. LAGUARDIA] that, although I have distributed farm products for 30 years, I have never bought or sold one dollar's worth of goods, either upon the Chicago Board of Trade or upon the New York Cotton Exchange or the New Orleans Cotton Exchange. In other words, I have never dealt in one dollar's worth of futures, and I am not interested in the cotton exchange or in the grain exchanges. I am interested in the farmers; and if we are going to close out this institution, and the gentleman from Virginia says this will probably be done, I should like to know why we should raise the appropriation at this time $100,000 for six months.

Mr. LAGUARDIA. May I ask the gentleman a question?

Mr. HART. Yes.

Mr. LAGUARDIA. Is the gentleman in favor of cooperative marketing?

Mr. HART. Yes; I am in favor of cooperative marketing.

Mr. LAGUARDIA. The gentleman has a very poor way of showing it.

Mr. HART. But I am not in favor of your supercooperatives that milk the farmers. That is what I am not in favor of, and I may say to the gentleman that every cooperative marketing organization that the Federal Farm Board has touched is broke to-day. They broke a number of cooperatives in my State, some of which were very prosperous, and that is why I am opposed to them.

[Here the gavel fell.]

The CHAIRMAN. The question is on the motion of the gentleman from Michigan to strike out the enacting clause.

Mr. HART. Mr. Chairman, I ask unanimous consent to withdraw the motion.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. HART) there were—ayes 34, noes 69.

So the amendment was rejected.

Mr. HART. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Page 19, line 1, after the word "exceeding," strike out "$500,000" and insert "$300,000."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken, and the amendment was rejected.

Mr. HART. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Page 19, line 18, strike out the period after the word "counsel," insert a colon and the following: "*Provided further*, That not more than $15,000 of the appropriation herein contained shall be used to pay the salaries of members of the board."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken, and the amendment was rejected.

The Clerk read as follows:

FEDERAL TRADE COMMISSION

For five commissioners, and for all other authorized expenditures of the Federal Trade Commission in performing the duties imposed by law or in pursuance of law, including secretary to the commission and other personal services, contract stenographic reporting services, supplies and equipment, law books, books of reference, periodicals, garage rental, traveling expenses, including not to exceed $900 for expenses of attendance, when specifically authorized by the commission, at meetings concerned with the work of the Federal Trade Commission, not to exceed $300 for newspapers, foreign postage, and witness fees, and mileage in accordance with section 9 of the Federal Trade Commission act; $500,000.

Mr. BANKHEAD. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 22, line 8, strike out the figures "$500,000" and insert "$801,416."

Mr. COCHRAN of Missouri. Mr. Chairman, I desire to offer a substitute for the amendment of the gentleman from Alabama. Is this the time?

The CHAIRMAN. The gentleman can offer it at the conclusion of the remarks of the gentleman from Alabama.

Mr. BANKHEAD. Mr. Chairman and gentlemen of the committee, a few days ago, when the distinguished chairman of the subcommittee, the gentleman from Virginia [Mr. WOODRUM], was making his general statement with reference to his bill, he very candidly stated that he had a good many representations made to him by those interested in this appropriation that possibly the subcommittee had cut the esti-

mates too deeply, and he would be glad to have the judgment of the committee reviewed in Committee of the Whole when the matter came up for consideration as to whether or not it was our judgment of the committee that this item should be raised. Therefore I have offered the pending amendment, which in effect restores the appropriation to the amount recommended by the Budget.

The amount of the Budget estimate for the Federal Trade Commission was $1,089,550. The amount estimated for the new economic investigation was $288,124. The amount proposed by my amendment raises the amount appropriated in the pending bill $301,416.

The substance of the amendment is that instead of appropriating $288,000-plus for entirely new investigations that the commission has in mind, my amendment will raise it to the amount estimated by the Budget for the purpose of carrying on in a practical, efficient, and effective fashion the investigations now under way by the commission, which are up to date but not concluded, but it is hoped to conclude them by the expiration of the next fiscal year.

Mr. McDUFFIE. The gentleman, then, is of opinion that it would not be wise for Congress to so cripple this commission as to prevent its orderly functioning in the investigations already undertaken?

Mr. BANKHEAD. That is the attitude that I am assuming in the matter, because I think the evidence justifies the contention of those who are responsible for the administration of this work that if this appropriation is slashed to such a large extent as recommended by the committee, it will then in effect absolutely cripple, if not almost destroy, the effectiveness of the operations they are now conducting. In that connection, Mr. Chairman, I have been furnished a statement showing the past activities and the present plans of the Federal Trade Commission, which I ask unanimous consent to incorporate in the RECORD as a part of my remarks.

The CHAIRMAN. Is there objection?

There was no objection.

The memorandum referred to is as follows:

It is inconceivable that this Democratic House should attempt by cutting the appropriation to wreck the Federal Trade Commission which was largely created by Democrats. The Federal Trade Commission was established at the recommendation of President Wilson by an act approved September 26, 1914. It was also given authority to enforce sections 2, 3, 7, and 8 of the Clayton Act approved October 13, 1914. It was directed to administer and enforce the Webb-Pomerene Export Trade Act approved April 10, 1918. The commission was one of the major projects in the plans of President Wilson. This agency is to be wrecked by cutting off its appropriation just at the time that a majority of its membership seems likely to become Democratic. The commission consists of five members, no more than three of whom shall be members of the same political party. There are at present only three commissioners, two Republicans and one Democrat. The term of one of the commissioners expired last September and another died in January of this year.

This commission is practically the only governmental agency to protect the public from exploitation by dishonest business. It is practically the only governmental agency protecting the honest business men from their dishonest rivals and the small business men from their more powerful and unscrupulous competitors. It is the agency that through its investigation of public utilities has done most to expose the evils of high finance and those in powerful financial positions.

It has been testified that the commission action in the so-called Pittsburgh Plus case against the United States Steel Corporation saved the farmers of the Middle West alone $30,000,000 a year. By preventing false and misleading advertising and misbranding, following the decision of the Supreme Court in Federal Trade Commission *v.* Winsted Hosiery Co. (258 U. S. 483), in which the commission ordered the Winsted Hosiery Co. to cease and desist selling cotton goods as and for wool, the commission has saved the public generally millions of dollars annually, and in doing this it has not duplicated or trespassed upon the work of any other department or agency. It handles and reaches matters that can not be reached by other agencies or departments of the Government, as is evidenced by the fact that many other departments and agencies send to it matters coming to their attention which they can not handle. The office of the Solicitor of the Post Office Department has sent cases of alleged false and misleading advertising and misbranding which that office could not handle to the commission for action and the commission has stopped the practices. The same is true of the food and drugs division of the Department of Agriculture and the Bureau of Foreign and Domestic Commerce of the Department of Commerce.

One of the earliest cases the commission had in court was against a chain mail-order house directing it to cease and desist misrepresenting its products and falsely disparaging and defaming competitors. This action of the commission was upheld by the court (Sears, Roebuck & Co. *v.* Federal Trade Commission, 258 Fed. 307). The commission also prevents such unlawful practices as price-fixing agreements, unlawful price discrimination, inducing breach of competitors' contracts, false defamation of competitors and false disparagement of competitors' products, commercial bribery, unlawful secret rebates, the use of fictitious mark-up prices, espionage, threats of suits for infringement not made in good faith, selling goods below cost to injure competitors and to destroy competition, substitution of products, conspiracies in restraint of trade, etc.

Some of the most important cases of the Department of Justice under the Sherman Act to protect the public from monopolies and restraints of trade have been as a result of investigations conducted by the Federal Trade Commission which were referred to the Department of Justice. Among these were the cases against the Cement Manufacturers Protective Association, General Outdoor Advertising Co., Maine Cooperative Sardine Co., Southern Hardware Jobbers Association, Maple Flooring Manufacturers Association, Radio Corporation, and Bolt & Nut Association. In practically all of these cases decrees were obtained by the department. The case now being conducted by the Department of Justice against the Sugar Institute in the United States District Court for the Southern District of New York resulted from an investigation by the Federal Trade Commission the results of which were transferred to the department.

The commission has conducted about 73 special broad investigations under section 6 of its act. Five of these have been at the direction of the President, 44 at the direction of the Senate, 8 at the direction of the House of Representatives, 2 at the direction of the Attorney General, and 14 upon the commission's own initiative. Many of these have resulted in court action to prevent unlawful practices or in remedial legislation. Some of these investigations so resulting are: Cooperation in American export trade, farm implements, the food inquiry, lumber trade association, and newsprint paper.

The broad investigations the commission intends to undertake next year are most important and of widespread public interest. They are:

"1. *Resolved*, That the commission undertake as soon as present work and appropriations available permit an inquiry into (1) the facts regarding the form, adequacy, and accuracy of published financial reports made to stockholders and others by corporations engaged in interstate commerce, excluding banks, common carriers, and public utilities; (2) the effects of the financial practices of corporations prior to and since the stock-market collapse of 1929, including the volume and extent of corporation call loans; issuance of bonds and preferred stocks accompanied by stock-purchase warrants or rights to subscribe; profits and losses of corporations from operations in the stock and bond markets; stock and script dividend issues of corporations; overexpansion through reinvestment of earnings, officers' salaries, and bonuses; participation of officers and directors in underwriting and syndicate operations in securities of their corporations; and purchases from and sales to their corporations of securities or other property; (3) the facts regarding concentration of the voting control of corporations through nonvoting and management stock and the effects thereof on the financial practices and methods of corporations; (4) all other financial practices or methods affecting the public, all with a view to determining whether the commission shall recommend to the Congress any changes in or additions to existing laws.

"2. *Resolved*, That the commission undertake as soon as present work and appropriations available permit an inquiry into the effects of the anti-trust acts with relation to the industries engaged in the exploitation of petroleum, natural gas, coal, and lumber and the advantages or disadvantages to business and to the general public of agreements of competing concerns in such industries with regard to prices, margins, production, profits, markets, territory, and any other similar agreement or arrangement affecting competition, and the like advantages or disadvantages in such industries of concentration of financial control and of combinations of plants, including the costs and profits of single and multiple plant operation, with a view to determining whether the commission shall recommend to the Congress any changes in or additions to existing law.

"3. *Resolved*, That the commission undertake as soon as the present work and appropriations available permit an inquiry into the facts regarding quantity discounts, selling below cost, reciprocity in dealing, brand advertising, guaranty against decline, wholesale and retail price stabilization, and the effects of each on business and the general public with a view to determining whether the commission shall recommend to the Congress any changes in existing law."

They concern matters often discussed in the last presidential campaign, referred to in the platforms of both political parties, and are the subjects of discussion among business men, lawyers, and economists throughout the country, as is shown by the memoranda inserted in the record of the hearing before the subcommittee at pages 257 and 263.

The commission voluntarily cut its estimates for the next fiscal year from $1,466,500, which it had available this fiscal year, to $1,300,000, a reduction of over 11 per cent. The Bureau of the Budget reduced the amount to $1,109,500, a reduction of over 24 per cent from the amount available for the present fiscal year.

The committee recommends $510,000, a reduction of over 65 per cent from the amount available for this fiscal year. Of course, this means and is in effect a scrapping of the commission. The commission could in no way effectively discharge the duties imposed upon it by the statutes. Out of this sum of $500,000 must come the salaries of the commissioners and the expenses of their offices, the expenses of the secretary's office, the expenses for the sections of accounts and personnel, docket, mail and files, etc., which must be maintained. There would remain only between $300,000 and $350,000 for all other purposes of the commission, including supplies, travel, witness fees, salaries, reporting service, etc. This would mean almost a complete cessation of law enforcement work. With only $10,000 for printing it will be impossible for the commission to enforce its orders to cease and desist. The commission's orders to cease and desist can only be enforced through the circuit courts of appeals. In these courts the commission must file a printed copy of the record in addition to briefs and petitions. The printed records and briefs and petitions through the Government Printing Office cost on an average of from $3,500 to $5,000 a case. The commission in addition to such expense has the printing expense involved in the release of its decisions, reports, etc.

Congress by statute has imposed upon this commission the duty of preventing unfair methods of competition, unlawful tying and exclusive dealing contracts, unlawful price discrimination, acquisition of stock of competitors, interlocking directorates, and the administration of the export trade act. In these matters the commission has no discretion. The Supreme Court in Federal Trade Commission *v.* Gratz (253 U. S. 421) held that unfair methods of competition include practices which are opposed to good morals because characterized by deception, bad faith, fraud or oppression, and practices against public policy because of their dangerous tendency unduly to hinder competition or create monopoly. In compliance with these duties the commission had pending on December 31, 1932, 411 preliminary inquiries, 425 applications for complaint, 183 complaints charging violations of law, 9 court cases, and 8 export trade investigations. Fifty-one Webb Law associations, representing about 1,000 producers and manufacturers located in all parts of the United States, have taken advantage of the provisions of the export trade act under the supervision of the commission. The purpose of that law is to promote exports from the United States to foreign countries and to enable American exporters to operate on equal terms with their competitors abroad. Associations are required to file with the commission documents and reports covering their organization and operation. If the commission has reason to believe that an association is in violation of the law it conducts an investigation and makes recommendations for the adjustment of the association's business. This involves continuing supervision of these associations and this work by the Federal Trade Commission. Section 6 of the Federal Trade Commission act contemplates special investigations upon the initiative of the commission such as were planned for next year and the maintenance of a staff to make such investigations. Many of these have saved the consumer millions of dollars. The investigation now being conducted at the initiative of the commission into price bases has resulted in substantially lower prices on cement because of the elimination of the so-called plus-freight rate from fixed basing points rather than from point of shipment and manufacture. To perform its duties under section 6 of the Federal Trade Commission act and in connection with the prevention of the practices condemned by the acts which the commission enforces, the commission must keep a limited number of trained investigating economists, accountants, and statisticians. Many of these have been continuously engaged in investigations of the organization, conduct, and business practices of corporations and business concerns for a period of nearly 30 years. They constitute an important economic, accounting, and research organization. The personnel of the old Bureau of Corporations of the Department of Commerce, created about 1903 upon the recommendation of President Theodore Roosevelt, was transferred to the Federal Trade Commission upon its organization. There came from that bureau 93 such specially trained investigators. The commission's estimates for 1934 provide for a staff of only 102 such investigators.

The proposal of the committee means the cessation at the end of the present fiscal year of practically all of this work and the scattering and loss of the especially trained personnel. And if the commission were to be given adequate funds for the following fiscal year, it would be impossible to reassemble the present highly trained personnel, consisting of lawyers trained in this particular phase of work, investigating statisticians, accountants, and economists, all of whom are necessary to the proper discharge of the duties imposed upon the commission by law. This would mean a much less efficient administration of the law during the years it would require to again train adequate efficient personnel. The commission in its estimates for 1934 requested only enough to maintain its permanent personnel, asking nothing for contingent or temporary personnel. Without this highly trained, permanent personnel upon which expansion can be made for the particular needs of the particular moment, it would be impossible for the commission to properly perform its functions under section 6 of the act.

Since its organization and to June 30, 1932, the commission has instituted 20,206 preliminary inquiries, of which 6,124 have resulted in the docketing of applications for complaint and 13,659 have been dismissed after investigation. During the same period the commission has docketed 6,933 applications for complaints. Of these, 1,270 were disposed of by the proposed respondent stipulating to abandon the practice complained of, 3,564 were dismissed after full investigation, and in 1,717 of them complaints were issued. During the same period the commission has issued 2,054 complaints, of which 37 were disposed of by the respondent stipulating to abandon the practice complained of, 671 were dismissed after hearing, and in 1,143 of which orders to cease and desist were issued. During the same period the commission has instituted and disposed of 375 investigations under the export trade act. To June 30, 1932, the commission had been involved in 209 cases in the Federal courts. It had been successful in 112 of these, and 97 of them had been unfavorable to the commission. It must be remembered that the vast majority of the cases in which the commission issues orders to cease and desist are never taken to court, the respondents complying with the orders. It is only the closest and most doubtful action of the commission that is taken to court. This commission is breaking new ground and preventing practices that could not before be reached under the law.

If it is intended to abolish the commission, do it directly. Do not leave it the definite duties imposed upon it by statute and then not give it funds with which to discharge those duties. Do not tie the hands of the commission by failing to give funds with which to discharge its duties.

The President elect advocated a cut of 25 per cent in Government expenses. The amount allowed by the Bureau of the Budget amounts to approximately a 25 per cent cut for this commission. It seems that this commission is one of the few agencies really attempting to cooperate in the efforts at economy.

The cut recommended by the committee for this commission is larger on its appropriation for the entire year than is the per cent allowed the Farm Board to December 31, 1933, only on its requests for the entire year. The Farm Board requested only $1,000,000 for the entire year and was allowed until December 31, 1933, $500,000, and the committee indicates that it expects the Farm Board to be abolished.

Out of a total decrease in this bill below the Budget estimate of $1,657,522, $1,000,000 is from the sum for the Supreme Court Building upon the assurance that that $1,000,000 is not needed now, and $599,550 is from this one agency, the Federal Trade Commission, leaving a reduction of only $57,972 for all other agencies included in the bill.

Mr. BANKHEAD. Mr. Chairman, although it will be after the vote is taken, I think, if gentlemen will read the syllabus which I have incorporated of the activities, past and present, and the necessities for the future work on the part of the commission, they will all feel that they are justified in casting a vote for the amendment which proposes to increase the amount actually to the amount recommended by the Budget except for new investigations. That presents, as far as I know, the object that I have in mind in offering the amendment.

Mr. McDUFFIE. Mr. Chairman, will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. McDUFFIE. I have not seen the figures, and I ask the gentleman if he would give us the figures representing the cut, so far as the Budget is concerned.

Mr. BANKHEAD. Yes; I can do that. It is shown in the report of the committee on page 24. The amount of the estimate was $1,109,550. The amount recommended by the report of the subcommittee is $510,000, which is a decrease from the Budget estimate of $599,550.

Mr. O'CONNOR. Will the gentleman tell us who is responsible for this reduction—from what source it comes?

Mr. BANKHEAD. Mr. Chairman, I presume that question could be better answered by the chairman of the subcommittee or some members of the committee, though, in the orderly investigation of the necessity for this appropriation and with the object of effecting substantial economies, I presume it was the then judgment of the subcommittee and apparently of the full committee that this reduction was justified.

The CHAIRMAN. The time of the gentleman has expired.

ABOLISH FEDERAL TRADE COMMISSION

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment. Not only am I opposed to increasing the appropriation for the Federal Trade Commission but I am in favor of abolishing the commission entirely. I have in my hand a statement that goes back to the Democratic platform of 1912 and to the Republican platform of 1912, showing exactly what the two major parties at that time had in mind when they asked for the creation of a commission, which resulted in the creation of the Federal Trade Com-

mission. I have before me also President Wilson's message delivered in this House on January 20, 1914. He used this language when he was explaining about this Federal Trade Commission:

The country would not wish to see it empowered to make terms with monopoly or in any sort assume control of business.

The bill was introduced in the House by Mr. Covington, who was chairman of the Committee on Interstate and Foreign Commerce at that time. Mr. Covington, on April 14, 1914, in explaining the object of the creation of this commission, used this language:

Consequently the establishment of a commission having powers of regulation or control of prices or the power directly to issue orders controlling the lawful operations of industrial business in this country has no place in the bill reported.

Remember what the author of the bill said—that he did not want this commission to have anything to do with prices, and he did not want them to issue any kind of orders controlling lawful operations of any business; but that is exactly what the Federal Trade Commission is doing to-day, attempting to control lawful operations of business in this country and working against the public interest. I quote further from Mr. Covington:

The commission has in no sense been empowered to make terms with monopolies or in any way to assume control of business. Further, it has not been clothed with authority to make a declaration as to the innocuousness of any particular corporation or agreement even coupled with the right to revoke such order in the future.

No one can say that they are not doing that to-day. They are doing it. The man who wrote the bill, the Member of this House who presented it to this Congress, said that this commission should not do what they are doing to-day in organizing Federal trade practices conferences, or, in other words, that they have no power or right to do it.

PRESENT PERSONNEL OBJECTIONABLE

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. BANKHEAD. Does not that indictment go rather to the personnel of the commission than to the inherent purposes for which it was established?

Mr. PATMAN. I thoroughly agree with the gentleman, but I am not willing to make any appropriation to give to these present members of the commission, because they are doing something that not only they do not have the right to do, but they are doing things in violation of the laws of this country. I have been working for three or four years on this matter, and I believe I know what the Federal Trade Commission has been doing. The Republican members of the committee filed a minority report upon the original bill in 1914, and they state this:

The reported measure does not transfer to the commission any function now exercised by the court but will be of assistance to the court in the enforcement of laws regulating commerce.

Nothing to suggest that the commission may get law violators together for the purpose of getting them to agree not to violate the law any more if they are exonerated of their previous violations. They are supposed to help the courts in enforcing the law, and they are not doing it. They are an obstacle in the way of law enforcement in this country.

When the bill went to the Senate it was reported out by Mr. Newlands, chairman of the Committee on Interstate and Foreign Commerce, on June 13, 1914. I will not quote what he said, but I will ask unanimous consent to extend my remarks and put these excerpts in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

PARTY PLATFORM IN 1912

Mr. PATMAN. The Democratic platform in 1912 contained the following:

ANTITRUST LAW

A private monopoly is indefensible and intolerable. We therefore favor the vigorous enforcement of the criminal as well as a civil law against trusts and trust officials, and demand the enactment of such additional legislation as may be necessary to make it impossible for a private monopoly to exist in the United States.

We favor the declaration by law of the conditions upon which corporations shall be permitted to engage in interstate trade, including, among others, the prevention of holding companies, of interlocking directors, of stock watering, of discrimination in price, and the control by any one corporation of so large a proportion of any industry as to make it a menace to competitive conditions.

We condemn the action of the Republican administration in compromising with the Standard Oil Co. and the tobacco trust, and its failure to invoke the criminal provisions of the antitrust law against the officers of those corporations after the court had declared that from the undisputed facts in the record they had violated the criminal provisions of the law.

We regret that the Sherman antitrust law has received a judicial construction depriving it of much of its efficacy, and we favor the enactment of legislation which will restore to the statute the strength of which it has been deprived by such interpretation.

The Republican platform in 1912 contained the following language:

FEDERAL TRADE COMMISSION

In the enforcement and administration of Federal laws governing interstate commerce and enterprises impressed with a public use engaged therein there is much that may be committed to a Federal trade commission, thus placing in the hands of an administrative board many of the functions now necessarily exercised by the courts. This will promote promptness in the administration of the laws and avoid delays and technicalities incident to court procedure.

President Wilson addressed the Congress of the United States, January 20, 1914, in which he stated that the country would necessarily approve of an interstate trade commission. He used the following language:

The country would not wish to see it empowered to make terms with monopoly or in any sort assume control of business.

H. R. 15613, a bill to create an interstate trade commission, was reported favorably by the Committee on Interstate and Foreign Commerce to the House April 14, 1914 (63d Cong., 2d sess., Rept. No. 533). In this report it was stated:

Consequently the establishment of a commission having powers of regulation or control of prices, or the power directly to issue orders controlling the lawful operations of industrial business in this country, has no place in the bill now reported.

The commission has in no sense been empowered to make terms with monopoly or in any way to assume control of business.

It has not been clothed with authority to make a declaration as to the innocuousness of any particular corporation or agreement, even if coupled with the right to revoke such order in the future.

The Republican members of the committee filed minority views concurring in the majority report in which it was stated:

The reported measure does not transfer to the commission any function now exercised by the courts, but will be of assistance to the courts in the enforcement of the laws regulating commerce.

The measure contains no changes of substantive law as to antitrust matters, because under the rules of the House such legislation is referred to another committee of the House.

H. R. 15613 was reported favorably to the Senate by Mr. Newlands, chairman of the Committee on Interstate and Foreign Commerce, June 13, 1914. This report discloses that the Senate changed the House bill by adding provisions regarding unfair competition and the investigation of foreign-trade practices.

On page 13 of the report it is stated:

One of the most important provisions of the bill is that which declares unfair competition in commerce to be unlawful, and empowers the commission to prevent corporations from using unfair methods of competition in commerce by orders issued after hearing, restraining and prohibiting unfair methods of competition, which orders are enforceable in the courts.

The committee gave careful consideration to the question as to whether it would attempt to define the many and variable unfair practices which prevail in commerce and to forbid their continuance or whether it would, by a general declaration condemning unfair practices, leave it to the commission to determine what practices were unfair. It concluded that the latter course would be the better, for the reason, as stated by one of the representatives of the Illinois Manufacturers' Association, that there were too many unfair practices to define, and after writing 20 of them into the law it would be quite possible to invent others.

It may be stated that representatives of the National Implement and Vehicle Manufacturers' Association, the Ohio Manufacturers' Association, and the Illinois Manufacturers' Association approved the passage of a trade commission bill and a provision regarding the inquiry into and condemnation of unfair practices in trade.

It is believed that the term "unfair competition" has a legal significance which can be enforced by the commission and the courts, and that it is no more difficult to determine what is unfair competition than it is to determine what is a reasonable rate or what is an unjust discrimination. The committee was of the opinion that it would be better to put in a general provision condemning unfair competition than to attempt to define the numerous unfair practices, such as local price cutting, interlocking directorates, and holding companies intended to restrain substantial competition.

It will be noted that the committee reporting the bill said that the commission would be empowered to prevent corporations from engaging in unfair competition by orders issued after hearing, and so forth. There is no inference in this language that the commission may get violators of the law together and get them to agree that they will not violate the law any more if exonerated for past violations.

The conference report on the bill was submitted September 4, 1914, Sixty-third Congress, second session, Report No. 1142.

The report discloses that the name "Federal Trade Commission" was agreed upon instead of the "Interstate Trade Commission," as suggested by the Senate bill.

Section 5 declares unfair methods of competition to be unlawful and empowers the commission, after hearing, to order the discontinuance of the use of such methods.

It is now generally recognized that the only effective means of establishing and maintaining monopoly, where there is no control of a natural resource as of transportation, is the use of unfair competition. The most certain way to stop monopoly at the threshold is to prevent unfair competition. This can be best accomplished through the action of an administrative body of practical men thoroughly informed in regard to business, who will be able to apply the rule enacted by Congress to particular business situations, so as to eradicate evils with the least risk of interfering with legitimate business operations.

It is impossible to frame definitions which embrace all unfair practices. There is no limit to human inventiveness in this field. Even if all known unfair practices were specifically defined and prohibited, it would be at once necessary to begin over again. If Congress were to adopt the method of definition, it would undertake an endless task. It is also practically impossible to define unfair practices so that the definition will fit business of every sort in every part of this country. Whether competition is unfair or not generally depends upon the surrounding circumstances of the particular case. What is harmful under certain circumstances may be beneficial under different circumstances.

The orders of the commission will be enforceable only through the courts. In order to obtain the speediest settlement of disputed questions, it is provided that the commission shall apply for the enforcement of its orders directly to the circuit court of appeals. The findings of the commission as to the facts are to be conclusive. The court's function is restricted to passing on questions of law. The court will determine such questions on the record in the proceeding before the commission. No new evidence may be adduced on the hearing in court except upon good cause shown, and if the court permits the introduction of additional evidence, such evidence will be taken by the commission and then filed in court with its new or modified findings based thereon. The judgment of the court of appeals will be final, subject only to review by the Supreme Court upon writ of certiorari.

This section is entirely new to the House bill, but it appeared in a somewhat similar form in the Senate bill, and the managers on the part of the House believed it wise to accept the provision in the form in which it now appears.

It will be noted that order to the commission will be enforceable only through the courts. Therefore it was never contemplated that Federal trade-practice rules could be enforced by the Federal Trade Commission.

Mr. Covington, the author of the bill, on May 19, 1914 (pp. 8840–8841, CONGRESSIONAL RECORD), made the following statement in the House of Representatives in opening the debate on the consideration of H. R. 15613. He stated:

Mr. Chairman, the bill to create an interstate trade commission now presented to the House is the first legislative measure resulting from the message of the President read to Congress in January last on the subject of trusts and monopolies. In that message he recommended the creation of an interstate trade commission as an instrument of information and publicity and as a clearing house for the facts by which both the public mind and the managers of great business undertakings should be guided. Moreover, he suggested in that message that the commission ought to be made capable of assisting the courts in the shaping of corrective processes.

It is true that the President in urging the creation of a trade commission referred to the wishes of the business men as follows:

"They desire the advice, the definite guidance, and information which can be supplied by an administrative body, an interstate trade commission."

And straightway certain big business men and their lawyers, who had in the field of industrial business constantly been hovering in the dim shadows of the twilight zone which separates honesty from unlawfulness, began to tail the message as the forerunner of a statute that would enable them to propose to a Government commission their plans for exploitation, conceived with subtlety and phrased in fair words, and obtain, perchance, that initial approval which would mean individual immunity at a later date if the subtlety of the plan had been followed by fraud or criminality in its consummation.

But these persons had not critically analyzed the President's message, for in speaking of the opinion of the country regarding the trade commission he had also said:

"I would not wish to see it empowered to make terms with monopoly or in any sort to assume control of business, as if the Government made itself responsible."

The truth is that the administration idea and the idea of business men generally is for the preservation of proper competitive conditions in our great interstate commerce. That equal and complete freedom in business which is the way of peace and of success as well is best promoted by the unrestrained and uncontrolled genius and industry of the American business man. Consequently it would be completely out of harmony with our present idea to establish a commission clothed with the effective power to approve and disapprove proposed contracts, to enforce fair competition, to prohibit unfair competition, to have powers of regulation or control of prices, and the power directly to issue orders outlining the scope of the lawful operations of industrial business of this country.

Senator Newlands, June 25, 1914, page 11084, CONGRESSIONAL RECORD, stated the following with reference to the objects of the commission in regard to unfair competition:

UNFAIR COMPETITION

One of the most important provisions in this bill, Mr. President, is that which relates to unfair competition. Unfair competition is made unlawful, and the commission is authorized, when any case of unfair practice or unfair method is brought to its attention, to summon the party charged and to have a hearing, and if it decides that the practice or method is unfair, to issue an order compelling its discontinuance, and if that order is not obeyed, it can carry the matter into court and secure a judgment of the court compelling obedience to the commission's order.

It will be noted that Senator Newlands left no inference that those engaged in unfair practices should be brought together, but made it very positive that the party charged must be summoned and a hearing held, and so forth.

Mr. Covington, in the House September 10, 1914, page 14927 of the CONGRESSIONAL RECORD, stated with reference to section 5, the unfair-competition section:

There then followed in the section a method of procedure for the enforcement in the courts of the orders of the commission, similar to the procedure now in force with respect to the orders of the Interstate Commerce Commission.

The House managers gave a good deal of consideration to this section. It was recognized that it did not appear in any form in the House bill. It embraced within its broad and elastic scope all the specific practices against which there had been prohibitions in the Clayton bill. After careful consideration, however, it seemed the wise thing to accept the section.

It is now generally recognized that the only effective means of establishing and maintaining monopoly, where there is no control of a natural resource or of transportation, is by the use of unfair competition. The most certain way to stop monopoly at the threshold is to prevent unfair competition. This can be best accomplished through the action of an administrative body of practical men thoroughly informed in regard to business who will be able to apply the rule enacted by Congress to particular business situations so as to eradicate evils with the least risk of interfering with legitimate business operations.

Mr. Covington further stated that the unfair-competition section does not alter or interfere with the declaration he made in the House when the original bill was pending in which he stated:

It has not been clothed with authority to make a declaration as to the innocuousness of any particular corporation or agreement even if coupled with the right to revoke such order in the future.

It will be noted that the committee reporting this bill said that the commission would be empowered to prevent corporations from engaging in unfair competition by orders issued after hearing, and so forth.

There is no inference in this language that the commission may get violators of the law together and get them to agree that they will not violate the law any more if exonerated for past violations.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

Mr. WOODRUM. Will the gentleman permit me to propound a request?

Mr. PATMAN. Could I have 10 additional minutes on this? It is very important.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 30 minutes.

Mr. PATMAN. Reserving the right to object, I have two amendments to offer.

Mr. SCHAFER. Mr. Chairman, I object.

Mr. WOODRUM. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 30 minutes.

Mr. LAGUARDIA. Mr. Chairman, I offer an amendment to the motion, that all debate close in 45 minutes.

The CHAIRMAN. The gentleman from New York [Mr. LAGUARDIA] offers an amendment to the motion, that all debate on this paragraph and all amendments thereto close in 45 minutes.

The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

The motion as amended was agreed to.

NO TWILIGHT ZONE VIOLATIONS TO BE CONDONED

Mr. PATMAN. Now, with reference to this bill, Mr. Covington, when he brought in the conference report May 19, 1914, said this:

> It is true that the President, in urging the creation of a trade commission, referred to the wishes of the business men, and straightaway certain big business men and their lawyers, who had in the field of industrial business been hovering in the dim shadows of the twilight zone which separates honesty from unlawfulness, began to compile a message as a forerunner of a statute that would enable them to propose to the Government commission their plans for exploitation, conceived with subtlety and phrased in fair words, and obtain, perchance, that initial approval which would mean individual immunity at a later date; but those persons had not critically analyzed the President's message, because the President said, "I would not wish to see it empowered to make terms with monopoly or in any way to assume control of business."

VIOLATING LAWS

So you have before you what the two major political parties, the President of the United States, and the Members of Congress had in mind when this commission was created, and you have before you conclusive evidence, if you have made the least investigation, that they have taken an about-face, and they are doing exactly the opposite of what they were created to do. Are you going to continue to give money to people who violate the laws of this country?

POWER HEARINGS

I have before me about 50 volumes of the power hearings. I presume that is the most meritorious investigation that has been conducted by the Federal Trade Commission. But what has it done and what will be accomplished by reason of it? Will any one of you ever read one of these books? Not one. They have maps and plats and everything else, that cost the Government hundreds and thousands of dollars to compile. No one will ever look at them. Why? They are old. The statute of limitations has run against every offense that has been committed which they disclose. New injurious methods will be adopted because no laws have been enacted or suggested by the Federal Trade Commission to prevent it.

CHANGED NAME

The National Electric Light Association was held up in a very unfavorable light. It was given some very unfavorable publicity, and I am sure it was deserving of that unfavorable publicity; but what did they do in order to get out of it, and in order to clear their name of the charges in these books? The directors changed the name from the National Electric Light Association to something else, and now when you hear its name mentioned it has no reference to that investigation. Before these investigations have been concluded these books will cost the people over $1,500,000, if they go ahead as they have in the past. They are over four years old. The power investigation should have been made by a congressional committee, and better results would have been obtained and possibly laws would have been passed that would have saved the people hundreds of millions of dollars caused by the Insull companies' collapse.

COTTONSEED INVESTIGATION

I have here the books of another investigation. These are not all of the books, either. This is the cottonseed investigation that has been going on nearly four years. They have disclosed, it is true, all kinds of violations of the law; but what has been done about it? They will have to wait until their report is made before they will say anything about it, and then the statute of limitations will have run against every person who violated the criminal laws.

MEMBERS OF CONGRESS SHOULD MAKE INVESTIGATIONS

I am intensely interested in what those reports contain, but they are not worth the paper they are written on, because the companies that were shown up in an unfavorable light have changed their way of doing business, and in some instances have changed to methods more detrimental to the public interest. It will take another investigation to disclose it.

Any investigation that is made in this country should be made by Members of Congress, or a Member of Congress should be a member of that investigating body, in order that when something is discovered where a bill should be introduced to correct it that Member of Congress can introduce that bill and he can call it to the attention of his colleagues and to the country in that way. Why wait 4 or 5 or 6 or 7 years in order to disclose violations of the law? All abuses should be promptly corrected by suitable legislation. This is never done in connection with Federal Trade Commission investigations.

Any good that this commission has done within the last 10 years could have and doubtless would have been done at much less expense and in a more effective manner.

If we deny the appropriation at this time, we can later grant such a portion of it as may be necessary.

Two committees of Congress are now investigating the same things investigated by the Federal Trade Commission, in connection with the power hearings.

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I offer an amendment as a substitute for the Bankhead amendment.

The Clerk read as follows:

> Amendment offered by Mr. COCHRAN of Missouri as a substitute for the amendment offered by Mr. BANKHEAD: On page 22, in line 8, strike out "$500,000" and insert in lieu thereof "$1,000,000."

Mr. COCHRAN of Missouri. Mr. Chairman, the gentleman from Texas [Mr. PATMAN] doubtless has constituents in the same position as some of mine, their toes have been stepped on by the Federal Trade Commission. So have mine, and I, too, have protested. I am still protesting, and I hope for better administration.

While not approving of some of the practices of the present Federal Trade Commission, we are speaking of the economic division. When the gentleman says that the Federal Trade Commission investigations have been of no value, for once in his life he is all wet. If the cottonseed corporations have changed their methods since the investigation he speaks of, some good has come of that investigation. There are many other benefits, but time does not permit me to refer to them.

The purpose of my amendment is to give the Federal Trade Commission money with which it may properly operate the economic division. The amendment has nothing to do with the other work of the commission. If the $1,000,000 is appropriated, it will still be $89,550 below the amount the Budget desired the Federal Trade Commission to have. That seems a fair reduction on so small an appropriation. The committee has cut the appropriation for the regular work $311,416, and it has stricken from the bill entirely $288,134 for future investigations, or a total of $599,550, more than half the Budget estimate. I would rather stop the regular work than stifle the investigations planned.

Mr. LAGUARDIA. Sixty-five per cent reduction.

Mr. COCHRAN of Missouri. Yes. That is correct. What is the Bankhead amendment going to do? If the Bank-

head amendment is adopted, the investigations are going to close when the division of economics makes its final report. The division of economics is ready to go ahead with new investigations, the most important investigations the Federal Trade Commission has ever instituted, the investigations in reference to the financial practices of corporations and violations of the antitrust laws. They want to get after the crooked methods that have been adopted by the corporations of this country which have resulted in the loss of billions of dollars to the people of this country. We do not want a recurrence of the stock-market crash of 1929. This investigation proposed might prevent it.

The gentleman from Texas [Mr. PATMAN] spoke of the value of the investigations. Refer, if you please, to the preliminary report on chain stores made to the Senate yesterday. Let me say to Members from the farm districts that the report made to the Senate yesterday showed that the chain stores in selling $37,000,000,000 worth of goods made a profit in excess of 26 per cent, or over $9,000,000,000. Think of such a profit on the sale of $37,000,000,000 worth of goods. Where do the commodities come from that they distribute to the consumers? A great part of them come from the farms, where the men who produced those staples can not even secure the cost of production. Are you satisfied that the distributor gets all the profits and the producer none?

If the Members of this Congress desire some good to come from these investigations, then legislation should follow to prevent such enormous profit being made by those who pass the goods in the final state to the consumer. If you can work out a proper law, you should be able to help the producers.

The investigation of the commission in reference to the utility companies, if it accomplished nothing more than to remove from the schools and the universities of our country the paid lecturers of the utility companies who were teaching the youth of the land the propaganda handed out by the power corporations, it was well worth more than the sum that has been spent; that alone, I say, has been well worth every dollar used. [Applause.] But if you have followed the reports already made, you will find that public-utility commissions throughout the country have used the information to advantage. It was information that the corporations had denied the States, claiming the States had no right to request it. Holding companies held themselves immune from State commissions.

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COCHRAN of Missouri. Our State commissions were helpless, and every line in the reports referred to has been read by the members of the State commissions and most of it given to the press through newspapers not controlled by the trust. More valuable information is on the way and in the end the final report will contain the recommendations for legislation to cure the abuses that have been uncovered. This investigation was wished on the commission in the hope it would be buried, but it is to be congratulated on the way it has been handled. It has so far performed a very valuable public service.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. I yield to my friend from Wisconsin.

Mr. SCHAFER. The gentleman stated that much of the commodities sold by the chain stores was farm products. The gentleman will also find that they have sold millions of dollars' worth of imports from depreciated-currency countries.

Mr. COCHRAN of Missouri. I can not go into that right now. That subject will be disposed of in about 10 days under the gentleman's petition.

In conclusion, Mr. Chairman, let me say that the fault is not with the Federal Trade Commission act; the fault is with those who are administering that act. That is what the gentleman from Texas [Mr. PATMAN] should give some thought to. As I said before, I am not in favor of the way the act has been administered, but I am not going to try to destroy the law when I know a new President is going to take hold on March 4; and if my reading of his life and character tell me anything, it tells me he is going to make use of the Federal Trade Commission and is going to find some way to stop the practices the corporations of this country have been using that have resulted in the loss of so many billions of dollars to the American people. You are going to find a different situation in the Trade Commission during the Roosevelt administration.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. I yield with pleasure.

Mr. MAY. Is it not a fact this is the only instrumentality he will have through which to gain information as to such activities?

Mr. COCHRAN of Missouri. It is absolutely the only instrumentality through which such information can be gained. If my amendment is not adopted, I am sure it will be passed in the next Congress, because I feel positive the incoming President will ask for it.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. I yield to the gentleman from Minnesota, who has followed the work of this commission so closely.

Mr. KVALE. Is it not true that even were it adopted in the next Congress, between now and then this entire corps of experts will have to be dispersed; and that failure to give them sufficient funds to operate on will result in loss of efficiency?

Mr. COCHRAN of Missouri. One hundred men would probably be dismissed, and it would take years and years to assemble them again; in fact, I doubt if such a fine body of men, so well adapted to this class of work, could ever be assembled again. They are beyond question as fine a group as could be found. It would be nothing short of a calamity to destroy such a useful organization. You can not measure their value to the people of the country in dollars and cents. [Applause.]

[Here the gavel fell.]

Mr. WOOD of Indiana. Mr. Chairman, the question was asked the gentleman from Missouri whether or not there was any other agency that might make these investigations and take proper procedure to correct the wrongs disclosed. The gentleman from Missouri is mistaken when he says there is not. The Department of Justice is the only one which can give enforcement to any facts that are found by the Federal Trade Commission. They have no power to enforce anything except the power they have arrogated to themselves.

This is another case of the camel getting its nose under the tent. This is another case where Congress created a commission and gave it power to adopt regulations and they immediately commenced legislating and going far beyond the intention of Congress that created it.

I came to Congress in 1915, the very next session after the adoption of the law creating this commission.

It has been growing and growing and growing until it has gotten far beyond what it was ever expected to be; and has assumed and taken upon itself responsibilities that were never intended.

They commenced it very soon after the commission was created. I happened to call upon Mr. Edward Hurley immediately after I came here. Mr. Hurley was then a member of that commission. He told me that he hoped I liked my job better than he liked his. I said, "What is the matter with your job?" He said, "When I came here as a member of this commission I supposed it was the purpose of the commission to help legitimate business against illegitimate business. I find I was entirely mistaken. On the contrary, the illegitimate business, through the instrumentality of this commission, is constantly interfering with legitimate business."

They kept on doing that thing until they had made a nuisance of themselves in the business world. We were

promised last year that if the appropriation then asked was granted they could complete all of the investigations then authorized. Knowing that they are going to be out of business, they have gotten up three different sets of resolutions; and I wish every Member of the House could read them. They are in the hearings. They propose, if the amount which they are requesting is allotted, to stick their nose into every conceivable business.

Mr. WARREN. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. WARREN. Is not the gentleman mistaken in that last remark he made? If the Bankhead amendment should be adopted restoring this to the Budget recommendation, has it not been stated that that is only on the theory of completing what they have already started and not beginning these three new investigations?

Mr. WOOD of Indiana. That is the point I want to make. If the Bankhead amendment is adopted, it will furnish them ample means to complete all their investigations now authorized and prevent doing the things they are proposing to do under these three resolutions.

I want to say to you gentlemen that if there was any time when business interests in this country should be given a rest from being pried into it is now. What we want is something to encourage business and not something to discourage and destroy business. It is so discouraged now that no one is going to invest money until he knows what this Congress and the next administration is going to do. If there is anything in the world that would further deter the progress of business in this country, it would be the adoption of the amendment offered by the gentleman from Missouri; and I also trust that the good judgment of the committee will not go further than adopt the amendment offered by the gentleman from Alabama.

[Here the gavel fell.]

Mr. HASTINGS. Mr. Chairman, I am opposed to the substitute motion of the gentleman from Missouri and I think it is due to the Members of the House that some explanation should be made from the viewpoint of the members of the committee that held the hearings and reported the bill.

As has been stated, this commission has grown enormously in the last few years. Every Member of the House when he writes back to his constituents reports that he is for economy. This bill covers some twenty-eight activities and you will promise your constituents that you are in favor of cutting down these appropriations. You should begin here. On this particular item, I think I occupy middle ground.

Let us see how much the Federal Trade Commission has been expending. In 1915 it had an appropriation of $184,016.20. In 1916 this amount grew to $430,964. Now this same Federal Trade Commission is asking for more than $1,089,550. Reference has been made to the work of the commission. I agree that the Federal Trade Commission has done some good work, but do you know what the utility investigation referred to cost the Government of the United States? It took four years' time and it cost $1,625,000.

It will be a little difficult for you to explain to your constituents why this investigation should have taken so long a time and should have cost so much money.

The investigation of the chain stores was a valuable investigation, but it cost the taxpayers of the country $750,000.

The members of the commission before our committee stated that all of these major investigations would be completed under this present appropriation and prior to June 30, 1933, and for that reason we felt justified in reducing the appropriation.

Let me state another thing to the Members of the House. The hearings disclose that the commission has 418 employees. I challenge any one of you in your own district to read the hearings of the Federal Trade Commission and justify the number of employees they have and the salaries they pay.

I know the time allotted me will not permit and I hesitate to trespass upon your time, but if you will follow the breakdown of this appropriation showing the salaries paid by the Federal Trade Commission you will find that you can not justify them. In the first place, you have $10,000 for each member, which makes a total of $50,000. If you subtract $50,000 from $510,000, the amount carried in this bill, you have $460,000 left, which is a considerable sum of money. I would like for you to turn to the hearings and see the large salaries that are paid to the 418 employees. I am sorry I do not have the time to refer to each in detail, but if you would do this, in my judgment, you will agree that the amendment of the gentleman from Missouri ought not to prevail.

I think this appropriation can and should be materially reduced. We have tried to do this, and it is up to the Members of the House to say whether or not they want to economize and will sustain the committee. I have voted for no increase. I have voted for no new items. We should begin to reduce with each item. Most of the investigations are directed by Senate resolutions. If the amount carried in the bill does not cover the expenses of specially directed investigations, then the Senate should provide for their payment.

Mr. AMLIE. Mr. Chairman, I should like to refresh your minds at this time by referring to the time four years ago when the Senate adopted a resolution authorizing the investigation of the utilities. You may remember that at that time there came to Washington the biggest army of lobbyists that has ever appeared here before any committee to head off an investigation. One hundred and eighty lawyers appeared before the Senate Interstate Commerce Committee. The investigations show that several utility companies at that time spent $400,000 in order to prevent an investigation that was to be headed by Senator WALSH of Montana, and it was regarded as a great victory for the Power Trust when they finally succeeded in having the investigation conducted by the Federal Trade Commission. But events have shown that they only jumped from the frying pan into the fire.

I call this to your attention because while their methods may not be quite as obvious to-day, the Power Trust never dies. It is as effective to-day as then, and it is the most effective organization in political campaigns that we have in the United States to-day.

A year ago it was proposed by the Bureau of the Budget to reduce the appropriation for the Federal Trade Commission 34 per cent against an average reduction of only 1½ per cent for all other governmental activities. This time the committee has come out with a reduction from the amount of the Bureau of the Budget, which was 24 per cent, with a further reduction of 41 per cent, when the average reduction, I venture to say, this year would amount to less than 1 per cent for all governmental activities.

Why this great enthusiasm on the part of these gentlemen to secure economy at the expense of the Federal Trade Commission, which was allowed $1,109,550 by the Budget, and so little at the expense of other governmental activities that would amount to $4,000,000,000, or a sum 4,000 times as great? There is something significant in this.

Let me call your attention to this fact. The statement has been made that the reports on the utility hearings are so much waste paper. These hearings show that there is over $900,000,000 of water in the public-utility capitalization of the country to-day. I venture to say that the incoming administration is going to make better use of these reports and these facts that have been uncovered than has been made of facts uncovered by any investigation that has ever been held in the history of the United States.

The assumption is made here that the $288,000 is for new investigations. This is misleading, and I venture to say that these statements are calculated to mislead.

There are in the Federal Trade Commission three departments, the administrative, the legal, and the economic. The economic department was taken over bodily in 1914, when the commission was created, by taking over the old Bureau

of Corporations, which was founded in 1904 by Theodore Roosevelt's administration. It had 92 employees at the time, and it has only 103 employees at the present time. So this new work, so called by the chairman of the subcommittee, Mr. WOODRUM, Mr. BANKHEAD, and Mr. MCDUFFIE, is nothing whatever but the old fact-finding body, the Bureau of Corporations, started in 1904, and has not been substantially increased. This is the economic department of the Federal Trade Commission.

Suppose we wipe out this amount. This is going to leave the Federal Trade Commission in the position wherein they are charged, as a matter of law, with the administration of the unfair practices act, first of all, and this would leave to be expended for the administrative and the legal end of the commission all the funds appropriated even under the Bankhead amendment. It would leave nothing for the economic department at all. The gentlemen seek to accomplish by indirection what they would not dare to attempt directly.

This would be true if the Federal Trade Commission were going to be managed by the same personnel that have managed it for the last few years. I certainly think you gentlemen on the Democratic side have an opportunity to look for something better with five commissioners and out of this number two vacancies to be filled by the incoming administration. I do not see why this commission can not be made a whistling good commission in the next administration and I do not see why there should be any fear on your part to give the commission the funds necessary in order to perform the functions it was intended to perform. [Applause.]

Mr. JONES. Mr. Chairman, I am opposed to both the Bankhead and the Cochran amendments. I am in favor of abolishing this independent commission altogether. In fact, I offered such an amendment to the economy bill. Such an amendment will be offered to this measure. Nearly all the investigations by the Federal Trade Commission so far as I have been able to learn, have been so long drawn out and so voluminous that by the time the reports were issued they were practically useless.

I believe that the essential functions of this commission can be more expeditiously handled by House and Senate committees and by the Department of Justice. The gentleman from Wisconsin, who has just preceded me, talked about the lawyers who came down here when the question of investigating the Power Trust was an issue. If you remember, that issue was tightly drawn in another body, and these power attorneys were here gathered to have it sent to the Federal Trade Commission instead of investigated by a special committee of the Senate, as was provided by the resolution.

The desperate fight that was carried on in the Senate was rather bitter. Those who were interested in having a real investigation voted to have the Senate committee investigate it instead of sending it to the Federal Trade Commission.

A famous stateman once said that the way to resume specie payment was to resume. The way to economize is to economize, and a pretty good way to do it is to abolish this commission.

Mr. MAY. Will the gentleman yield?

Mr. JONES. Yes.

Mr. MAY. May I ask the gentleman if he really thinks that the next President will appoint to the two vacancies men of that caliber?

Mr. JONES. That is wholly irrelevant; of course, he would not, but I think he can accomplish the same purpose at an infinitely less cost to the Government by having the work done through special committees of the House and the Senate. If we had these investigations made by special committees of the House and the Senate, we probably would have had the results in time to have been of real value.

Mr. CHRISTGAU. Will the gentleman yield?

Mr. JONES. Yes.

Mr. CHRISTGAU. The gentleman will realize that the duties of Members of Congress have become so great that they would not have the time to give to these special investigations.

Mr. JONES. Oh, they have plenty of opportunity to do useful work. There are a number of committees in the House which seldom meet. From these Members appropriate special committees could be selected.

The majority report on the bill in 1914 stated that the object of this commission was to get facts that might be useful for legislation. I understand that this Federal Trade Commission has practically recommended no legislation. They have made long investigations resulting in printed volumes that practically nobody ever reads. Volumes that practically no Member of Congress ever reads or asks about. I believe if this commission is abolished and the work is done by special committees of the House and Senate and by the Department of Justice the investigations will have a real value and we will get reports in time so as to be useful to Members of the House in legislation.

The CHAIRMAN. Let the Chair state to the committee that the Chair is somewhat embarrassed. When the time was limited to 45 minutes, nine Members stood up. All but three have been heard. Now the gentleman from Texas [Mr. BLANTON], a member of the committee, asks a part of the time. He ought to have it. There are only 15 minutes left. The Chair wonders if it will be possible for the gentleman from Texas to have three minutes, and that would leave four minutes each for the other three.

Mr. WOODRUM. Mr. Chairman, as chairman of the subcommittee, I desire about seven minutes in which to close the debate.

The CHAIRMAN. The Chair has agreed to recognize the gentleman from South Carolina [Mr. FULMER], who was on his feet a while ago, and the gentleman from Minnesota [Mr. KVALE], who was already yielded two minutes of his time, and the gentleman from New York [Mr. LAGUARDIA] for five minutes. We have 13 minutes remaining.

Mr. BLANTON. Mr. Chairman, I want three minutes to defend the action of the committee.

Mr. PARKER of New York. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Texas [Mr. JONES] may be extended for one minute in order that I may ask him a question.

Mr. COCHRAN of Missouri. Mr. Chairman, reserving the right to object, but one Member has spoken on this matter in favor of the pending amendment since the agreement was made as to time. If those who are opposed to the amendments are going to get all of the time, how are the others going to express their views?

The CHAIRMAN. The gentleman from New York asks unanimous consent that the time of the gentleman from Texas [Mr. JONES] be extended for one minute, so that he may interrogate him. Is there objection?

Mr. JONES. Mr. Chairman, I do not want to take the time.

Mr. STAFFORD. Mr. Chairman, reserving the right to object, would it be agreeable to the chairman of the committee to extend the time for 10 minutes, so as to permit him and the gentleman from Washington [Mr. SUMMERS] to close the debate?

Mr. WOODRUM. Yes. I ask unanimous consent, Mr. Chairman, that the time be extended for 10 minutes, and in making that request I ask the members of the committee to continue to cooperate during the rest of the day, as they have in the past, because we have to finish the bill to-day. I ask unanimous consent that the time be extended, and that as chairman of the committee I be permitted to close in seven minutes of that time.

The CHAIRMAN. That would add only three minutes to the time. Will the gentleman agree to extend the time for 13 minutes?

Mr. WOODRUM. Certainly.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. PARKER of New York. Mr. Chairman, I ask unanimous consent that the gentleman from Texas [Mr. JONES] may proceed for one minute, not to be taken out of the time already allotted.

The CHAIRMAN. Is there objection?

Mr. SCHAFER. Mr. Chairman, I object.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. KVALE] for three minutes.

Mr. KVALE. Mr. Chairman, I ask unanimous consent to extend my remarks by including therein a memorandum which I have had prepared upon this item.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KVALE. Mr. Chairman, I rise to support the Cochran amendment, and in the event of its failure to support the Bankhead amendment which is before us for consideration; and I address myself now to that exhibit, the group of volumes which has been brought before us by the gentleman from Texas, my good friend Mr. PATMAN. It troubles me when I have to differ with him or with the chairman of the subcommittee or with the chairman of the Committee on Agriculture; but in this instance I am convinced that I am right and that they are wrong, for we can not both be right.

It strikes me that in the name of economy we are dealing a death blow to one of the vital agencies of this Government, performing an all-important task in regulating industries, in regulating competitive groups in business that sorely need regulation; and that if we permit this commission, this essential arm of our Government, to be crippled we are doing something to the American people and not something for them, and we will be doing it in the much-abused name of economy. I think we should oppose it with every resource at our command.

Mr. PITTENGER. Mr. Chairman, will the gentleman yield?

Mr. KVALE. Yes.

Mr. PITTENGER. Does the gentleman know of any other agency of the Government that is looking after the interests of all of the American people like the Federal Trade Commission?

Mr. KVALE. I do not, and if I had known the gentleman from Missouri [Mr. COCHRAN] was going to say all he did say, I would have given him the five minutes that I was entitled to instead of two minutes, because I believe he stated an essential truth when he said the new administration is planning deliberately and openly to use this agency in carrying out some of the great purposes enunciated and stressed during the whole campaign this last summer and autumn. I hope these amendments, at least that of the gentleman from Missouri [Mr. COCHRAN] will be adopted. I yield back the remainder of my time. [Applause.]

Mr. Chairman, I rarely ask the privilege of extending my remarks in the RECORD, but the subject matter here is of such importance, the time is so limited, and the attached memorandum contains such well-presented data that I do take advantage of the consent granted me, and hope Members of Congress will carefully read the article, so that we may amend our action to-day when the bill is considered in another body of Congress, then subsequently in conference.

It is inconceivable that this Democratic House should attempt by cutting the appropriation to wreck the Federal Trade Commission which was largely created by Democrats. The Federal Trade Commission was established at the recommendation of President Wilson by an act approved September 26, 1914. It was also given authority to enforce sections 2, 3, 7, and 8 of the Clayton Act approved October 15, 1914. It was directed to administer and enforce the Webb-Pomerene Export Trade Act approved April 10, 1918. The commission was one of the major projects in the plans of President Wilson. This agency is to be wrecked by cutting off its appropriation just at the time that a majority of its membership seems likely to become Democratic. The commission consists of five members, no more than three of whom shall be members of the same political party. There are at present only 3 commissioners, 2 Republicans and 1 Democrat. The term of one of the commissioners expired last September and another died in January of this year.

This commission is practically the only governmental agency to protect the public from exploitation by dishonest business. It is practically the only governmental agency protecting the honest business men from their dishonest rivals and the small business men from their more powerful and unscrupulous competitors. It is the agency that through its investigation of public utilities has done most to expose the evils of high finance and those in powerful financial positions.

It has been testified that the commission action in the so-called Pittsburgh Plus case against the United States Steel Corporation saved the farmers of the Middle West alone $30,000,000 a year. By preventing false and misleading advertising and misbranding, following the decision of the Supreme Court in Federal Trade Commission *v.* Winsted Hosiery Company (258 U. S. 483), in which the commission ordered the Winsted Hosiery Co. to cease and desist selling cotton goods as and for wool, the commission has saved the public generally millions of dollars annually, and in doing this it has not duplicated or trespassed upon the work of any other department or agency. It handles and reaches matters that can not be reached by other agencies or departments of the Government, as is evidenced by the fact that many other departments and agencies send to it matters coming to their attention which they can not handle. The office of the Solicitor of the Post Office Department has sent cases of alleged false and misleading advertising and misbranding, which that office could not handle, to the commission for action, and the commission has stopped the practices. The same is true of the Food and Drugs Division of the Department of Agriculture and the Bureau of Foreign and Domestic Commerce of the Department of Commerce.

One of the earliest cases the commission had in court was against a chain mail-order house, directing it to cease and desist misrepresenting its products and falsely disparaging and defaming competitors. This action of the commission was upheld by the courts (Sears, Roebuck & Company *v.* Federal Trade Commission, 258 Fed. 307). The commission also prevents such unlawful practices as price-fixing agreements, unlawful price discrimination, inducing breach of competitors' contracts, false defamation of competitors and false disparagement of competitors' products, commercial bribery, unlawful secret rebates, the use of fictitious mark-up prices, espionage, threats of suits for infringement not made in good faith, selling goods below cost to injure competitors and to destroy competition, substitution of products, conspiracies in restraint of trade, etc.

Some of the most important cases of the Department of Justice under the Sherman Act to protect the public from monopolies and restraints of trade have been as a result of investigations conducted by the Federal Trade Commission, which were referred to the Department of Justice. Among these were the cases against the Cement Manufacturers' Protective Association, General Outdoor Advertising Co., Maine Cooperative Sardine Co., Southern Hardware Jobbers Association, Maple Flooring Manufacturers Association, Radio Corporation, and Bolt and Nut Association. In practically all of these cases decrees were obtained by the department. The case now being conducted by the Department of Justice against the Sugar Institute in the United States District Court for the Southern District of New York resulted from an investigation by the Federal Trade Commission, the results of which were transferred to the department.

The commission has conducted about 73 special broad investigations under section 6 of its act. Five of these have been at the direction of the President, 44 at the direction of the Senate, 8 at the direction of the House of Representatives, 2 at the direction of the Attorney General, and 14 upon the commission's own initiative. Many of these have resulted in court action to prevent unlawful practices or in remedial legislation. Some of these investigations so resulting are: Cooperation in American export trade, farm implements, the food inquiry, lumber trade association, and newsprint paper.

The broad investigations the commission intends to undertake next year are most important and of widespread public interest. They are:

"1. *Resolved*, That the commission undertake as soon as present work and appropriations available permit an inquiry into (1) the facts regarding the form, adequacy, and accuracy of published financial reports made to stockholders and others by corporations engaged in interstate commerce, excluding banks, common carriers, and public utilities; (2) the effects of the financial practices of corporations prior to and since the stock-market collapse of 1929, including the volume and extent of corporation call loans; issuance of bonds and preferred stocks accompanied by stock-purchase warrants or rights to subscribe; profits and losses of corporations from operations in the stock and bond markets; stock and script dividend issues of corporations; overexpansion through reinvestment of earnings, officers' salaries, and bonuses; participation of officers and directors in underwriting and syndicate operations in securities of their corporations; and purchases from and sales to their corporations of securities or other property; (3) the facts regarding concentration of the voting control of corporations through nonvoting and management stock and the effects thereof on the financial practices and methods of corporations; (4) all other financial practices or methods affecting the public, all with a view to determining whether the commission shall recommend to the Congress any changes in or additions to existing laws.

"2. *Resolved*, That the commission undertake as soon as present work and appropriations available permit an inquiry into the effects of the antitrust acts with relation to the industries engaged in the exploitation of petroleum, natural gas, coal, and lumber and the advantages or disadvantages to business and to the general public of agreements of competing concerns in such industries with regard to prices, margins, production, profits, markets, terri-

tory, and any other similar agreement or arrangement affecting competition, and the like advantages or disadvantages in such industries of concentration of financial control and of combinations of plants, including the costs and profits of single and multiple plant operation, with a view to determining whether the commission shall recommend to the Congress any changes in or additions to existing law.

"3. *Resolved*, That the commission undertake as soon as the present work and appropriations available permit an inquiry into the facts regarding quantity discounts, selling below cost, reciprocity in dealing, brand advertising, guaranty against decline, wholesale and retail price stabilization, and the effects of each on business and the general public with a view to determining whether the commission shall recommend to the Congress any changes in existing law."

They concern matters often discussed in the last presidential campaign, referred to in the platforms of both political parties, and are the subjects of discussion among business men, lawyers, and economists throughout the country, as is shown by the memoranda inserted in the record of the hearing before the subcommittee at pages 257 and 263.

The commission voluntarily cut its estimates for the next fiscal year from $1,466,500, which it had available this fiscal year, to $1,300,000, a reduction of over 11 per cent. The Bureau of the Budget reduced the amount to $1,109,500, a reduction of over 24 per cent from the amount available for the present fiscal year. The committee recommends $510,000, a reduction of over 65 per cent from the amount available for this fiscal year. Of course this means and is in effect a scrapping of the commission. The commission could in no way effectively discharge the duties imposed upon it by the statutes. Out of this sum of $500,000 must come the salaries of the commissioners and the expenses of their offices, the expenses of the secretary's office, the expenses for the sections of accounts and personnel, docket, mail and files, etc., which must be maintained. There would remain only between $300,000 and $350,000 for all other purposes of the commission, including supplies, travel, witness fees, salaries, reporting services, etc. This would mean almost a complete cessation of law enforcement work. With only $10,000 for printing it will be impossible for the commission to enforce its orders to cease and desist. The commission's orders to cease and desist can only be enforced through the circuit courts of appeals. In these courts the commission must file a printed copy of the record in addition to briefs and petitions. The printed records and briefs and petitions through the Government Printing Office cost on an average of from $3,500 to $5,000 a case. The commission in addition to such expense has the printing expense involved in the release of its decisions, reports, etc.

Congress, by statute, has imposed upon this commission the duty of preventing unfair methods of competition, unlawful tying and exclusive dealing contracts, unlawful price discrimination, acquisition of stock of competitors, interlocking directorates, and the administration of the export trade act. In these matters the commission has no discretion. The Supreme Court in Federal Trade Commission *v.* Gratz, 253 U. S. 421, held that unfair methods of competition include practices which are opposed to good morals because characterized by deception, bad faith, fraud, or oppression, and practices against public policy because of their dangerous tendency unduly to hinder competition or create monopoly. In compliance with these duties the commission had pending on December 31, 1932, 411 preliminary inquiries, 425 applications for complaint, 183 complaints charging violations of law, 9 court cases, and 8 export trade investigations. Fifty-one Webb law associations, representing about 1,000 producers and manufacturers located in all parts of the United States, have taken advantage of the provisions of the export trade act under the supervision of the commission. The purpose of that law is to promote exports from the United States to foreign countries and to enable American exporters to operate on equal terms with their competitors abroad. Associations are required to file with the commission documents and reports covering their organization and operation. If the commission has reason to believe that an association is in violation of the law, it conducts an investigation and makes recommendations for the adjustment of the association's business. This involves continuing supervision of these associations and this work by the Federal Trade Commission.

Section 6 of the Federal Trade Commission act contemplates special investigations upon the initiative of the commission such as were planned for next year and the maintenance of a staff to make such investigations. Many of these have saved the consumer millions of dollars. The investigation now being conducted at the initiative of the commission into price bases has resulted in substantially lower prices on cement because of the elimination of the so-called plus-freight-rate from fixed basing points rather than from point of shipment and manufacture. To perform its duties under section 6 of the Federal Trade Commission act and in connection with the prevention of the practices condemned by the acts which the commission enforces, the commission must keep a limited number of trained investigating economists, accountants, and statisticians. Many of these have been continuously engaged in investigations of the organization, conduct, and business practices of corporations and business concerns for a period of nearly 30 years. They constitute an important economic, accounting, and research organization. The personnel of the old Bureau of Corporations of the Department of Commerce, created about 1903 upon the recommendation of President Theodore Roosevelt, was transferred to the Federal Trade Commission upon its organization. There came from that bureau 93 such specially trained investigators. The commission's estimates for 1934 provide for a staff of only 102 such investigators.

The proposal of the committee means the cessation at the end of the present fiscal year of practically all of this work and the scattering and loss of the especially trained personnel. And if the commission were to be given adequate funds for the following fiscal year, it would be impossible to reassemble the present highly trained personnel, consisting of lawyers trained in this particular phase of work, investigating statisticians, accountants, and economists, all of whom are necessary to the proper discharge of the duties imposed upon the commission by law. This would mean a much less efficient administration of the law during the years it would require to again train adequate efficient personnel. The commission in its estimates for 1934 requested only enough to maintain its permanent personnel, asking nothing for contingent or temporary personnel. Without this highly trained, permanent personnel upon which expansion can be made for the particular needs of the particular moment, it would be impossible for the commission to properly perform its functions under section 6 of the act.

Since its organization and to June 30, 1932, the commission has instituted 20,206 preliminary inquiries, of which 6,124 have resulted in the docketing of applications for complaint and 13,659 have been dismissed after investigation. During the same period the commission has docketed 6,933 applications for complaints. Of these, 1,270 were disposed of by the proposed respondent stipulating to abandon the practice complained of, 3,564 were dismissed after full investigation, and in 1,717 of them complaints were issued. During the same period the commission has issued 2,054 complaints, of which 37 were disposed of by the respondent stipulating to abandon the practice complained of, 671 were dismissed after hearing, and in 1,143 of which orders to cease and desist were issued. During the same period the commission has instituted and disposed of 375 investigations under the export trade act. To June 30, 1932, the commission has been involved in 209 cases in the Federal courts. It had been successful in 112 of these, and 97 of them had been unfavorable to the commission. It must be remembered that the vast majority of the cases in which the commission issues orders to cease and desist are never taken to court, the respondents complying with the orders. It is only the closest and most doubtful action of the commission that is taken to court. This commission is breaking new ground and preventing practices that could not before be reached under the law.

If it is intended to abolish the commission, do it directly. Do not leave it the definite duties imposed upon it by statute and then not give it funds with which to discharge those duties. Do not tie the hands of the commission by failing to give funds with which to discharge its duties.

The President elect advocated a cut of 25 per cent in Government expenses. The amount allowed by the Bureau of the Budget amounts to approximately a 25 per cent cut for this commission. It seems that this commission is one of the few agencies really attempting to cooperate in the efforts at economy.

The cut recommended by the committee for this commission is larger on its appropriation for the entire year than is the per cent allowed the Farm Board to December 31, 1933, only, on its requests for the entire year. The Farm Board requested only $1,000,000 for the entire year and was allowed until December 31, 1933, $500,000, and the committee indicates that it expects the Farm Board to be abolished.

Out of a total decrease in this bill below the Budget estimate of $1,657,522, $1,000,000 is from the sum for the Supreme Court Building upon the assurance that that $1,000,000 is not needed now, and $599,550 is from this one agency, the Federal Trade Commission, leaving a reduction of only $57,972 for all other agencies included in the bill.

Reduction by committee from Bureau of the Budget estimates for special investigations to be undertaken in place of such investigations being completed	$288,134
Committee reduction from Bureau of the Budget estimate for law enforcement activities of the commission	311,416

Mr. FULMER. Mr. Chairman, many Members of Congress are loud in speaking about economy, but when we have an opportunity to save something like a half million dollars of the hard-earned money of the people of this country, various Members stand here and speak about what we are going to do to some department of this Government if we fail to increase various appropriations. We even find members of the economy bloc here to-day offering amendments adding from $300,000 to $500,000 to the appropriation carried in this bill, which has been carefully worked out by the subcommittee of the Committee on Appropriations. It is generally understood by every member that this committee always brings in the proper appropriations to take care of various departments.

I would like for you to read the debate at the time the Federal Trade Commission act was passed by Congress. You will find in every speech made that the necessity for creating the Federal Trade Commission was for the purpose of looking after the interest of the public and keep-



ing alive fair competition among the various industries of this country. I charge now, and if I had the time I could prove it to you, that this commission, in practically every instance, under its rules and regulations in connection with the administering the Federal Trade Commission act, has operated in the interest of industry and against the best interest of the public. Let me give you a concrete case. In 1928 Procter & Gamble, which owns the Buckeye cottonseed-oil mills; the Southern Cotton Oil Co.; and Swift & Co., meat packers, owning the Swift cottonseed-oil mills, requested a trade-practice conference. A member of the commission acted as chairman of the conference and helped work out trade-practice rules, and these rules were indorsed by the Federal Trade Commission. The chairman actually stated, in considering these rules, "While you are not permitted to put certain things in the rules, it can be understood by you, and you can operate just as effectively as if you had put them in."

What happened? This great industry went back to the Southland and put into effect the trade-practice rules and were enabled to form a combination that absolutely fixed and controlled prices in buying cottonseed and in selling these products. This monopoly, indorsed by the Federal Trade Commission, has robbed the producers out of millions of dollars during the past four years, and they are still doing it to-day.

Mr. WARREN. Will the gentleman yield?

Mr. FULMER. In one minute I will yield. Now, what happened? Two years after the Federal Trade Commission had given its indorsement to these trade-practice rules, because of being able to fix and control prices, farmers and cottonseed buyers commenced to complain to their Representatives and Senators in Congress until there was introduced and passed in the Senate a resolution calling for an investigation by this same commission that had indorsed this price-fixing scheme. Volume after volume containing these investigations has been printed, which never will be read by Members of Congress. This investigation and the printing of these volumes cost the Government over $200,000. The other day, in speaking to one of the men connected with the commission, he said: "We are struggling to bring in that report, and I know it should be a very damaging report, but," he said, "here is our trouble. It is hard to bring in a report that would place the cottonseed-oil industry into court when they have our indorsement which placed these industries in a position to do the things complained of."

What happened in the aluminum investigation? They spent thousands of the taxpayers' hard-earned money and made a report that justified a meritorious case for the courts, but you have not heard of any lawsuit. Out of all of the other expensive investigations made you do not find them taking anybody into the courts or putting anybody in jail. The commission made this statement when asked why no prosecutions: "We usually tell them to go home and to not do that any more."

Mr. WARREN. Will the gentleman yield for a question?

Mr. FULMER. In just a minute.

What did the Attorney General say about these trade-practice conferences? He said, "Perhaps most of these trade-practice rules are all right, but after these industries secure the indorsement of the Federal Trade Commission representing the Government, they go back home and nudge a little here and a little there, and when we call their hands, they plainly state, 'We have the indorsement of the Federal Trade Commission.'"

Mr. WARREN. Will the gentleman yield?

Mr. FULMER. I yield.

Mr. WARREN. Is not the entire speech of the gentleman made against the administration of the law, rather than the real purpose of the act itself? Is not the gentleman's entire complaint against the administration, under the recent administration?

Mr. FULMER. If the gentleman is correct, why do you at this time want to increase this appropriation from three hundred to five hundred thousand dollars when they do not need it? If it is the gentleman's belief that President-elect Roosevelt will appoint a better membership on this commission, it will be time enough then to make additional appropriations. Mr. Chairman, I hope the committee will vote down these amendments, and that later we will be able to abolish the commission, which will be in the interest of the public and the taxpayers of this country.

The CHAIRMAN. The time of the gentleman from South Carolina [Mr. FULMER] has expired.

Mr. LaGUARDIA. Mr. Chairman, the defense against necessary appropriations seems to be based entirely upon the amount of evidence necessary to ascertain the facts. Mr. Chairman, there is not a mail-fraud case, there is not a stock-fraud case of a criminal nature that does not require weeks and weeks to try. Now, because the Federal Trade Commission, in investigating conditions and practices of the power monopoly in this country, has taken several volumes of testimony, that is an argument why, though the practice is dishonest, and of such magnitude, we should discontinue the investigation, discard and ignore all the evidence already obtained, and permit exploitation of the consumers and defrauding of investors to continue. I submit, Mr. Chairman, that the Federal Trade Commission at this time is the only fact-finding body we have, and if the new administration can remove the present evil influence on that commission—and one of these evil influences is Commissioner Humphreys—I believe the commission could do some very useful public service in the immediate future.

Mr. PATMAN. Will the gentleman yield?

Mr. LaGUARDIA. Mr. Chairman, we are in the midst of a financial panic and industrial depression. It is an epidemic. It has been all caused by dishonest practices and outright dishonesty. Witness Insull companies, bank stocks, foreign securities, fake bonds, false information of stocks. Here is this commission prepared to go into those conditions, because unless we have the facts Congress can not legislate intelligently. Mr. Chairman, let me remind my colleagues that during the last session this House was all worked up over the practices of stock and commodity exchanges and felt the necessity of placing stock exchanges under proper Federal supervision and regulation. The Committee on the Judiciary struggled with that problem. It was impossible to obtain all the necessary facts.

The Committee on Banking and Currency of the Senate has been engaged in an investigation for several months, and to date has accomplished nothing. Now, that the Federal Trade Commission is prepared to go into just such an investigation, first looking into the facts regarding the accuracy of published financial reports to stockholders; second, an investigation of call loans, the issuance of bonds and preferred stock; and, third, the concentration of the voting control of corporations through nonvoting management stock. the underlying evils that brought about the crash in which American investors lost billions of dollars, we find Members of the House ill-advised, uninformed, and I know unwittingly and innocently lending themselves to an attempt to cripple this commission. I am sure that after the 4th of March there will be new life in that commission. The Congress can not undertake immediately all of the necessary fact findings to initiate legislation necessary to prevent a repetition of the wholesale larceny, of which the American investing public has been the victims. We should at least prevent a recurrence of present conditions. We should at least take inventory of the rascality of the present period, legislate accordingly in order to protect the people in the future.

The broad investigations the commission intends to undertake next year are most important and of widespread public interest. They are along these very lines. Here is the commission's program. I read the resolutions of the commission:

1. *Resolved*, That the commission undertake as soon as present work and appropriations available permit an inquiry into (1) the facts regarding the form, adequacy, and accuracy of published financial reports made to stockholders and others by corporations engaged in interstate commerce, excluding banks, common carriers,

and public utilities; (2) the effects of the financial practices of corporations prior to and since the stock-market collapse of 1929, including the volume and extent of corporation call loans; issuance of bonds and preferred stocks accompanied by stock-purchase warrants or rights to subscribe; profits and losses of corporations from operations in the stock and bond markets; stock and scrip dividend issues of corporations; overexpansion through reinvestment of earnings, officers' salaries, and bonuses; participation of officers and directors in underwriting and syndicate operations in securities of their corporations; and purchases from and sales to their corporations of securities or other property; (3) the facts regarding concentration of the voting control of corporations through nonvoting and management stock and the effects thereof on the financial practices and methods of corporations; (4) all other financial practices or methods affecting the public, all with a view to determining whether the commission shall recommend to the Congress any changes in or additions to existing laws.

* * * * * * *

3. *Resolved*, That the commission undertake as soon as the present work and appropriations available permit an inquiry into the facts regarding quantity discounts, selling below cost, reciprocity in dealing, brand advertising, guaranty against decline, wholesale and retail price stabilization and the effects of each on business and the general public with a view to determining whether the commission shall recommend to the Congress any changes in existing law.

It will readily be seen that such investigations require a force of accountants, statisticians, technicians, and trained investigators. The commission has the personnel. Are we, now that we have the trained personnel, now that we have the expert personnel with the training and the experience of years, to discontinue this just long enough to cripple this commission and then start all over again, and lose these years of experience?

The statement was made by the gentleman from Texas [Mr. PATMAN] before the committee that the Federal Trade Commission is encroaching upon the work of the Solicitor for the Post Office Department. A casual investigation of the work of the commission will show that the Post Office Department is constantly referring cases to the Federal Trade Commission for an investigation.

The commission does not duplicate the work of the office of the Solicitor of the Post Office Department; it supplements that work and reaches and prevents practices that can not be stopped by the Post Office Department. This is evidenced by the fact that the Solicitor's office of the Post Office Department refers many cases to the commission, and the commission in turn refers cases that it thinks can be better handled by the Solicitor's office to the Post Office Department. A list of some of these matters follows:

SOME CASES REFERRED TO COMMISSION BY POST OFFICE DEPARTMENT

W. D. Alexander & Co., Howard Hat Co., Independent Coal Co. of Chicago, Omaha Tanning Co., Sanitary Feather Co., Vacuum Cleaner Specialty Co. (Inc.), American Feather Bed & Pillow Co., and Lewis Feather Bed & Pillow Co.

SOME CASES REFERRED BY THE COMMISSION TO THE POST OFFICE DEPARTMENT

B. & O. Petroleum Co., Martin & Allardyce, Coyne Trade & Engineering School, Dr. S. J. Egan Manufactory, Frye Remedy Co. of Lynn, Hagen Import Co., Hoffman Oil & Refining Corporation, Gilbert Johnson & Co., L. & S. Candy Co., Lafayette Institute (Inc.), Lucky Shekel, McClure Glass Co., National Finance & Securities Corporation.

In order to obtain a fraud order the Solicitor of the Post Office Department must prove fraud. The Federal Trade Commission, on the other hand, as the above-cited cases show, can prevent practices that have the tendency and capacity to deceive the ordinary purchaser and thus divert business from competitors. Of course, the work of the commission and the Solicitor of the Post Office Department are similar, but one supplements the other instead of duplicating.

The same thing is true of other departments or branches of the Government. Many matters have been referred to the commission by the Food and Drug Division of the Department of Agriculture, by the Bureau of Foreign and Domestic Commerce of the Department of Commerce, and by the Department of Justice. These departments send these matters to the commission because they feel that the commission can handle the matter better than they can. The commission does not duplicate their work but supplements it.

It is no secret that stock and commodity exchanges will soon be placed under Federal supervision and regulation. We must first get all the facts. The Federal Trade Commission is in a position to get those facts and could do it better and quicker and at less expense than a standing committee of the House. In all likelihood the stock and commodity exchanges will be placed under the supervision of the Federal Trade Commission or its successors. Mr. Chairman, it is the program of this commission, it is the very important and necessary work they expect to undertake that has caused this drive against it. I appeal for support of the pending amendments restoring the funds necessary to continue the work. [Applause.]

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, with all the millions of dollars from the Public Treasury the Federal Trade Commission has spent, and all its many voluminous volumes of printed hearings, 35 of which are now on the table, one of them containing over 10,000 pages, it can not point to a single prosecution it has commenced or to a fine it has caused to be imposed, or to a man it has ever put in jail or in the penitentiary for violating the law. The huge sums it has expended have been wasted.

I am in favor of abolishing the Federal Trade Commission, but the subcommittee which gave careful consideration to this bill was in favor of continuing it and has allowed it $500,000. A majority of the full committee of 35 members backed up the subcommittee and allowed the Federal Trade Commission $500,000.

The Bankhead amendment would increase the appropriation recommended by the committee by $301,450. The Cochran amendment would add on enough to make it $1,000,000. I am against all of these amendments. I understand the chairman of the subcommittee will favor the Bankhead amendment and favor appropriating the sum of $801,450 for the commission. I do not think the membership should follow that position, because if it does, it will be going against the position of the whole committee which has allowed only $500,000. If we do not begin to stop the waste of public money where are we headed? The Nation will be headed for bankruptcy; we are headed for making this Government's obligations worthless if we do not look out and stop the waste and reckless spending of public money.

I have implicit confidence in our President elect. I believe that he will not permit public money to be wasted. I am confidently relying upon his promises to reduce expenses. He will countenance no waste or extravagance. The newspapers all over the country carried headlines in the last few days saying that Congress is spending $50,000 for a swimming pool for the incoming President. That is not true. Congress has provided $50,000 for repairing and remodeling and furnishing the White House, to be spent under the President's direction. He can spend it or not spend it as he chooses. Every appropriation bill for the White House on every inaugural year has embraced such a sum; there was a like sum of $50,000 for Mr. Harding, for Mr. Coolidge, and Mr. Hoover; for the year following the inauguration of each of them Congress gave the President of the United States $50,000 to expend as it was necessary in repairing, refurnishing, and remodeling the White House. He does not have to spend a cent of it unless he wants to. If he does not spend it, it will remain in the Treasury unspent and to the credit of the people.

I have confidence in the President elect, and I think this Congress has confidence in him. I do not believe that he will spend any part of this $50,000 unless it is absolutely necessary. He is not going to waste any of it on luxuries. I do not believe he will build any swimming pools with it. The present sufferings of the afflicted people weigh too heavily upon his heart. He is going to make good on his promises to retrench; and I am one who is going to back him 100 per cent in such efforts.

I have never been in favor of the large allowances which are given annually to the President. It tends to create an abnormal atmosphere of waste and extravagance. I hope the President elect will put an end to it. It would add to his popularity and would increase the public confi-

dence. No people can respect a President who lives in wasteful extravagance, paid for out of their Treasury, while they are hungry and starving without jobs. I predict that we will see many changes for the better when the President elect has time to make a sane survey of existing conditions.

Mr. SUMMERS of Washington. Mr. Chairman, the debate this afternoon convinces me that several Members are not informed as to the activities and the accomplishments of the Federal Trade Commission. This is an activity of the Federal Government that reaches out and protects the pocketbooks of every home in America. To ascertain this, all you have to do is to follow a few cases. Having done that, you will agree with my statement.

The activities of the commission are very broad. Two or three extensive investigations have been called to the attention of the House. The printed hearings look voluminous; they are voluminous; they were expensive, but they gave the country the first knowledge it had of what was going on in regard to public-utility manipulations over this country, of their propaganda, and the raids of those utilities into the treasuries of the people and into the bank accounts of the individual citizens of this land. We have been urging them to complete these investigations, and because they have completed them is why we are cutting the appropriation. We believe the chain-store investigations have consumed too much time and too much money.

I call attention to some of the work that has already been accomplished by the Federal Trade Commission. In my speech of January 31 you will see a number of these cases set out in brief; and I am sure you will find the information instructive. Let me cite a few instances now: The Winstead Hosiery Co. is one—$250,000 or more is saved annually. The United States Steel Corporation is another. Have we forgotten that, according to the testimony of the president of the American Farm Bureau Federation, that investigation is saving the farmers of this country $30,000,000 a year? This is the Pittsburgh Plus case; then there is the Royal Baking Powder case where the investigations are saving the housewives at least $200,000 a year. The Arkansas Wholesale Grocers' Association which interfered with a bad practice down there is another instance; then there is the misbranding of furs, which concerns every woman in the United States. By an agreement that the misbranding of furs would be discontinued, millions of dollars are saved every year to the purchasers of furs in this country. The Federal Trade Commission renders invaluable service. Its work should not be crippled.

[Here the gavel fell.]

Mr. WOODRUM. Mr. Chairman, I wish in the beginning to brush away a few of the cobwebs that very often enter into a situation where we have much debate by people who, with perfectly good intentions, have not accurately informed themselves upon the subject they are trying to discuss; and I do not mean this in any offensive way to any of my colleagues.

My good friend the gentleman from Wisconsin [Mr. AMLIE] beats himself upon the breast and pictures to the Congress a great, powerful, well-financed power lobby marching down upon Washington to try to destroy the Federal Trade Commission. If this be true, my feelings are hurt, because here I am, chairman of the subcommittee that has charge of the appropriation, and here are all my colleagues on the subcommittee, and we have not seen a single member of the lobby nor gotten a single letter from him, nor enjoyed one of his cigars, nor a single meal, nor a theater ticket.

Mr. SUMMERS of Washington. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. SUMMERS of Washington. We can agree in that statement.

Mr. WOODRUM. I thank the gentleman.

Mr. BOYLAN. I got none either, Mr. Chairman.

Mr. STAFFORD. That is absolutely true.

Mr. AMLIE. My statements went to the financing four years ago when the question came up of having the Federal Trade Commission investigate the situation.

Mr. WOODRUM. I thank the gentleman for the correction.

Now, Mr. Chairman, I can say to you that not a living human being has come to me personally or as chairman of the committee with any word to say against the Federal Power Commission, except our good friend and colleague from Texas [Mr. PATMAN], who asked to be heard, and was heard by the committee.

Mr. HASTINGS. May I interrupt to say the same thing with reference to myself?

Mr. WOODRUM. Yes. Now, Mr. Chairman, the debate to-day illustrates something I have always claimed to be the case; and that is that the old adage, "There are two sides to every question," is not true. There are three sides; your side, my side, and the right side. That is the situation with reference to these amendments here to-day.

I call your direct attention to the fact that when I presented my statement bringing this appropriation bill to the House, I said frankly before any of this hue and cry had been raised by some of my emotional friends that very likely the committee had cut too deeply into the Federal Trade Commission; but we brought it here and it was for the House to consider and take such action as in its wisdom ought to be taken.

You will find on pages 273 and 274 of the hearings that the representatives of the Federal Trade Commission said in their Budget estimates for 1934 that they proposed to use $285,000 in the first year's work on three new investigations that they themselves intended to initiate beginning July 1, 1933; that they had in their budget for 1933 sufficient funds to conclude the utility investigation and the chain-store investigation as ordered by Congress.

The subcommittee did not undertake to say whether those investigations were meritorious and whether they ought ultimately be carried on or initiated; but they did say that inasmuch as a new administration would come into effect on March 4 next and inasmuch as this appropriation was not intended to be effective until July 1, if the new Congress and the new administration felt that those investigations were needed or proper, the President and the Congress would be ready to provide sufficient funds therefor.

The whole trouble with the Federal Trade Commission has been that another body has been frequently ordering investigations and sending them down without providing the wherewithal to pay for them; and the committee has thought for a long time that if a policy were adopted to make the investigations for which money had been given them, then we would be a little more cautious and a little more careful and a little more discriminating in the investigations we ordered.

The gentleman from Missouri [Mr. COCHRAN] offers an amendment to increase this amount to $1,000,000. That would let them plan and begin these new investigations that they ought not to start until the new administration comes in.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. COCHRAN of Missouri. Is it not true that if my amendment should be adopted, the amount would be still $89,000 below the Budget estimate?

Mr. WOODRUM. Yes; but it would still be $200,000 more than they need for the next fiscal year, unless they are going to start these investigations that year.

The committee does not think they ought to start them unless the new administration orders them to be started.

The gentleman from Alabama has offered an amendment which, so far as I am concerned—and I am authorized to speak on behalf of the subcommittee—is a proper amendment. It gives the Federal Trade Commission an appropriation estimated by the Bureau of the Budget less than the amount required for these investigations.

Mr. LAGUARDIA. Would it permit furnishing a report on the pending investigation?

Mr. WOODRUM. It is so stated in the hearing.

Now, gentlemen, this committee has no quarrel with the Federal Trade Commission. Undoubtedly, much of its work has been beneficial. I do not know about prosecutions; but much of the work is of historical interest, collecting and collating data and information that will be of use to the Government in years to come. We have no fight against the commission; but in conducting its activities we put the same yardstick on this commission that we put on every other bureau of the Government, that they ought to have no more funds than are absolutely necessary to carry on their needed functions for the next fiscal year; and, so far as I am concerned, and so far as the subcommittee is concerned, we will be perfectly satisfied if the Bankhead amendment is adopted.

The CHAIRMAN. The time of the gentleman from Virginia has expired. All time has expired. The question is on the substitute amendment offered by the gentleman from Missouri [Mr. COCHRAN].

The question was taken; and on a division (demanded by Mr. Goss) there were—ayes 37, noes 108.

So the substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. BANKHEAD].

The question was taken; and on a division (demanded by Mr. BANKHEAD) there were—ayes 98, noes 78.

Mr. PATMAN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. BANKHEAD and Mr. PATMAN.

The Committee again divided; and the tellers reported that there were—ayes 111, noes 85.

So the amendment was agreed to.

The Clerk read as follows:

For all printing and binding for the Federal Trade Commission, $10,000.

Mr. TREADWAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am pleased to see that the Members of the House are waking up to some of the useless appendages in the form of some of these commissions. If there is one commission that we ought to wipe off the map, it is the Federal Trade Commission. It has never been worth the least thing in the world except to try to detract from the business of the people of this country. I have spoken in opposition to the commission several times in past years. I got tired of it because it seemed to be the pet of certain people and no headway could be made against it. If anyone will show me any good that ever came to the American people as a result of the activities of the Federal Trade Commission, I will acknowledge that I am in error.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. TREADWAY. I am sorry, but I can not yield, because my time is very limited.

I do, however, want to take exception to one remark that was made a few moments ago by the gentleman from New York [Mr. LAGUARDIA] in referring to the chairman of the commission, Mr. Humphrey. I happen to know personally Mr. Humphrey, and some of the older Members of the House will remember serving with him. He is not to blame if the Federal Trade Commission does not function properly. Mr. Humphrey himself is a first-class type of official, and I wish the rest of the board were as good as he. Therefore, I am not in accord with the attack the gentleman from New York has made upon Mr. Humphrey. Those of us who served with the gentleman know his ability, his fairness, and fearlessness.

I want to illustrate my criticism of the commission with one little matter in respect of the work of this commission that came to my attention last autumn.

A very reputable business man in my district received a notice from the Federal Trade Commission that unless he gave up a certain kind of advertising that he had been doing for years he would be prosecuted. There was a mimeograph notice sent to this man without any information as to what he was to be prosecuted for and no reference to it of any kind except the form letter that they send out. In the same mail with the notice came a circular letter and a personal request from a cheap, shyster lawyer in this city, stating that he would defend this constituent of mine against the Federal Trade Commission. I say there was collusion there.

In some way or other this cheap-skate lawyer found out that this notice had been sent to this reputable business man scaring him. Of course, whenever a notice comes from a Federal bureau that he is going to be prosecuted, the ordinary citizen is frightened. And how, I would like to know, did this so-called lawyer find out that this man was threatened with prosecution by the Federal Trade Commission? In some way or other some one was getting paid in the Federal Trade Commission for passing out this information.

This is the type of work that I think can rightly stop in the Government, and, furthermore, if we are sincere and honest in wanting to economize, here is a mighty good place to start. I am sorry that the Bankhead amendment has just been adopted increasing the funds available for the commission for next year. The way to economize is to economize, to cut appropriations which are unnecessary and detrimental to the interests of the country.

Mr. BLANTON. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. BLANTON. What that lawyer did was itself a crime against the law of the United States, and he should have been put in jail and disbarred from practice.

Mr. TREADWAY. I do not think he had any right to practice, anyway, but let me tell you this: I personally wrote to the board and asked for the bill of particulars that they were about to bring in against this constituent of mine, and the reply was that it was assumed that the advertisement was a fake, although this man had used it for years and lots of people had benefited by answering the advertisement and this man had numerous letters of commendation. This is not the kind of prosecution for which we should use the money of the taxpayers.

[Here the gavel fell.]

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. WOODRUM. Mr. Chairman, I ask unanimous consent that all debate on this paragraph close in five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SCHAFER. Mr. Chairman, I rise at this time to keep the record straight. On last Tuesday, my distinguished colleague from Wisconsin [Mr. AMLIE] delivered in the well of the House an effective speech which convinced me and many others that we should not curtail the appropriation for the Federal Trade Commission.

To-day he spoiled his record when, in debate, he said that the action of the Federal Trade Commission under the Republican administration had accomplished wonderful results in behalf of increasing the appropriation, and at the same time prophesied that the incoming Democratic administration would hit the ball better than the Republicans with reference to good work of the commission. He, apparently, ignored the fact that the Democratic Party has control of the committee reporting out the bill containing the appropriation for the Federal Trade Commission, and the fact that the Democratic-controlled Appropriations Committee and the Democratic chairman of the subcommittee absolutely ignores the recommendations of the Republican President to provide sufficient funds for the commission.

I believe my good friend from Wisconsin, if he will consider the Democratic record on this Federal Trade Commission appropriation as against the Republican record, he will find that he should not run with this horde of Democrats who are trying to give the commission a death blow. [Laughter.] As the months go on, I predict that if my able

friend follows the record of the Democrats in control of the National Government, he will not desire to run with them but against them. [Applause.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

Total, Federal Trade Commission, $510,000.

Mr. PATMAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 22, line 11, strike out the paragraph.

DUPLICATION OF WORK BY COMMISSIONS

Mr. PATMAN. Mr. Chairman, I want to tell you something that this Federal Trade Commission has been doing. We have a mail-fraud division in the Post Office Department. That division claims to have a 100 per cent record in mail-fraud cases. The Federal Trade Commission has taken it on itself to go into the mail-fraud cases.

Mr. WOODRUM. Mr. Chairman, I understood that all debate on this section was closed.

The CHAIRMAN. The Clerk has read a new paragraph.

Mr. WOODRUM. Then, Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close when the gentleman from Texas has finished.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. PATMAN. The Federal Trade Commission subscribes for newspapers and magazines; and when the newspapers come into the office, it has employees going through them. If they see some advertisement in the paper or magazine of a remedy that they do not believe is a good remedy, they immediately summon the party to Washington and make him sign an order that he will desist or there will be some action taken. The employees in the Solicitor's office in the Post Office Department are also examining newspapers and magazines for the same purpose—two commissions doing exactly the same thing.

The Federal Trade Commission has no power or right to summon people to Washington as they are now doing. They have no right to punish anybody. That commission has no power to levy a punishment upon anyone by imposing even an hour in jail or a dollar fine. They are restricted to going into the court and showing what has happened and getting a cease and desist order from the circuit court of appeals.

They have recently set themselves up as a board of experts on such remedies as antifat remedies, wrinkle and wart remedies, tobacco habit, eardrums, chewing gum, and candy, and things like that. They have no right to say anything to anyone unless he is engaged in interstate commerce. We have two bureaus in Washington doing exactly the same thing. If you want the people's money spent for those two bureaus to investigate one another, gum up the cards for one another, and do nothing, vote for this appropriation; but if you believe that the Government's money should be economically spent and no duplicating in the work of departments, then vote to strike out the paragraph.

Mail fraud cases originate with the Post Office Department, and if there is any Member in this body now who believes the Federal Trade Commission should also engage in that work, I want him to stand up and let us know who he is.

Mr. LAGUARDIA. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. LAGUARDIA. There are several cases that the Post Office Department has referred to the Federal Trade Commission and vice versa.

Mr. PATMAN. Yes; they are gumming up the cards for one another.

Mr. LAGUARDIA. They are cooperating.

Mr. PATMAN. I suggest that the gentleman look into the matter as I have, and he will find out whether or not they are cooperating. They are working against one another in some cases, and they are bound to.

Mr. GARBER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. GARBER. Has the Federal Trade Commission ever investigated the monopolistic and exorbitantly high prices of farm implements during the past 10 years?

Mr. PATMAN. I have not heard of it. Before I get through I desire to refer to this power investigation. What does it amount to? The Interstate Commerce Commission is going over the same thing now. The distinguished chairman of this committee is going to reinvestigate it. A committee in the Senate is going over it again by reason of the Insull collapse, so why have an investigating body that is going around the country getting facts and figures together that are too old to be worth anything by the time a report is made, also investigate it. Further, I hope gentlemen will consider when they vote against this amendment they are voting for two departments of the Government to do exactly the same thing. It should be stopped.

The CHAIRMAN. The time of the gentleman from Texas has expired. The question is on the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. WOODRUM. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 22, line 11, strike out "$510,000" and insert in lieu thereof "$820,416."

Mr. WOODRUM. That is just to correct the totals.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

INTERSTATE COMMERCE COMMISSION

SALARIES AND EXPENSES

General administrative expenses: For 11 commissioners; secretary, $9,000; and for all other authorized expenditures necessary in the execution of laws to regulate commerce, including 1 chief counsel, 1 director of finance, and 1 director of traffic at $10,000 each per annum, traveling expenses, and stenographic reporting services to be obtained on and after the approval of this act by the commission, in its discretion, through the civil service or by contract, $2,692,313, of which amount not to exceed $2,360,000 may be expended for personal services in the District of Columbia, exclusive of special counsel, for which the expenditure shall not exceed $50,000; not exceeding $3,000 for purchase and exchange of necessary books, reports, and periodicals; not exceeding $100 in the open market for the purchase of office furniture similar in class or kind to that listed in the general supply schedule: *Provided*, That this appropriation shall not be available for rent of buildings in the District of Columbia if suitable space is provided by the Public Buildings Commission.

Mr. McGUGIN. Mr. Chairman, I move to strike out the enacting clause. As these appropriation bills have been coming along I have been moving to strike out the enacting clauses of the respective bills, because I firmly believe that we are following an unwise and dangerous policy in making appropriations when we know that this Congress will not pass the necessary revenue bill with which to meet the appropriations. I have been placing my argument upon that basis. I have been protesting upon the theory that the Congress would pay some attention to the fact that we have run behind for three years, and that now we are starting in on the fourth year, and that passing these appropriation bills means that for the fourth consecutive year this Government will be spending more money than it takes in. I have assumed that the Congress would recognize that fact. I have been wrong in my assumption. So far as practical results are concerned, the people of this country and this Government would be as well off if they would turn the financial affairs of the Government over to the Osage Council as to leave it in the hands of a Congress that will go on passing appropriations which it knows it will not provide sufficient revenue to meet.

I want now to pass from that argument and base my argument upon politics. Maybe Congress will better understand politics. Let me say first to the Democrats that they are pledged in their platform to a 25 per cent reduction in Government expenditures, and when they sit here and pass these appropriations they know that they are not going to keep

faith with that platform pledge. In the first fiscal year of their administration they will fail to keep that pledge. You Democrats think that you can say to the people: "We could not keep the pledge because the appropriations had already been made," but that is going to be poor politics, for the people will be smart enough to see through that.

Now I say to my Republican friends, you sit here and pass these appropriations, and Mr. Hoover will not be out of office a week before the Democrats will say: "We can not keep our platform pledge because a Republican administration passed the appropriations before we got into power." Let me say that if we Republicans sit here and continue to pass these appropriations the responsibility rests upon our shoulders just as much as it does upon the shoulders of anybody for the unbalanced Budget that will exist during the next year. Why? Because we have lent our support to the situation. If we sit here and vote against these appropriations, then our position would be clear; but we are not doing that. We are going to stand indicted before the country as being a full party to the program whereby the Budget for the fiscal year beginning July 1, 1933, and ending June 30, 1934, is an unbalanced Budget. The policy of voting appropriations without regard to where the money is coming from to meet the appropriations is nothing less than a constitutional betrayal of the country, because it is our constitutional obligation to provide sufficient revenue to run the Government, and when we sit here and pass appropriations, knowing that we are not going to supply sufficient revenue to meet them, we are not keeping faith with the country. We are breaking our own constitutional obligations.

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the motion of the gentleman from Kansas [Mr. McGUGIN].

Mr. Chairman, I hope the motion of the gentleman from Kansas will be defeated. I tried to have the Republican gentleman from Kansas [Mr. McGUGIN] yield in order to ask him a question, in order to keep the record straight.

Mr. McGUGIN. The gentleman can ask me a question in his own time if he desires.

Mr. SCHAFER. Very well. Does the gentleman believe that his condemnation of the Republican minority of this House is justified, when the Democratic majority controls the Committee on Appropriations and the House? Does the gentleman believe that his criticism of the Republican minority is justified because the Democratic majority continually fails to heed its platform pledges with reference to economy?

Mr. McGUGIN. So long as we join in that program I am justified in condemning the Republican Party. [Applause.]

Mr. SCHAFER. The record speaks for itself, and I notice the last applause on the Democratic side; but you will find when votes were taken that fewer Republicans joined with the Democrats in these raids on the Treasury than the remarks of the gentleman from Kansas would indicate. I want to say that my colleague from Kansas [Mr. McGUGIN] is a very able legislator and one of the most valuable and industrious Members of the House. I feel, however, that he has taken a mistaken position in the argument which he has just made. He apparently does not realize that he has been unjust to his colleagues on the minority side.

Mr. BLANTON. How about the Barbour amendment?

Mr. SCHAFER. Oh, yes. The Democrats had to cut the heart out of the Federal Trade Commission to save a few hundred thousand dollars for the taxpayers' Treasury, but where were you economy Democratic gentlemen yesterday, where were you economy Democrats and my colleague, the Republican gentleman from Kansas [Mr. McGUGIN], when the gentleman from Arkansas [Mr. GLOVER] offered a motion to strike over $300,000 from this bill, an appropriation to be expended for ornamental and artistic works on a bridge in the District of Columbia? Where, then, was the economy expert from the State of Kansas? [Laughter and applause.] Where were the economy experts on the Democratic majority side, to whom the gentleman from Kansas is now giving aid and comfort?

Mr. PARKS. Will the gentleman yield?

Mr. SCHAFER. Yes. I yield.

Mr. PARKS. Where were the Republicans and the gentleman from Wisconsin when you really ran over the committee and the Republicans put about $4,000,000 on the War appropriation bill above the Budget? Where was the gentleman from Wisconsin then?

Mr. SCHAFER. The Republicans are proud of that effort to preserve national defense in these times of unrest among the nations of the world, and with a war now going on in the Far East, and the repudiation of honest debts by foreign nations, who are increasing their war machines. [Applause.] We Republicans, with the solid Tammany Democrat vote and the solid Democrat vote from Massachusetts and a few other patriotic Democratic States are proud that we took the position America, and America first, in order to protect our Nation and the lives of our countrymen.

There have been many amendments submitted to reduce expenditures. Where was the economy expert from Kansas [Mr. McGUGIN]?

Mr. McGUGIN. I was here voting for them, and the gentleman knows it. [Applause and laughter.]

Mr. SCHAFER. Where was the economy expert from Kansas [Mr. McGUGIN] when we voted to save the overburdened taxpayers many millions of dollars on the prohibition enforcement appropriation? [Applause and laughter.]

Where was the economy expert from Kansas [Mr. McGUGIN] when my amendment to reduce the prohibition enforcement appropriation of the Coast Guard over $9,000,000 was before the House? [Applause and laughter.]

Where was the gentleman from Kansas when we saved the taxpayers hundreds of thousands of dollars with the amendment prohibiting wire tapping? Where was the gentleman from Kansas when we saved the taxpayers many hundreds of thousands of dollars of the people's money from being spent by rats and stool-pigeon criminals and prohibition agents to purchase and drink liquor? I do not believe that when the record is made complete the gentleman can boast of his entire record on economy by all of his actions, although he poses as the greatest economy expert in the House with his many sudden outbursts of oratory delivered on his many motions to strike out the enacting clause.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

The question is on the motion of the gentleman from Kansas to strike out the enacting clause.

The motion was rejected.

Mr. FULLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FULLER: On page 24, line 8, after the word "and" insert the word "contract"; and in lines 9, 10, and 11, on page 24, strike out the following language: "be obtained on and after the approval of this act by the commission in its discretion through the Civil Service or by contract."

Mr. WOODRUM. Mr. Chairman, the language is satisfactory to the committee.

The CHAIRMAN. The question is on the amendment of the gentleman from Arkansas.

The amendment was agreed to.

The Clerk read as follows:

Regulating accounts: To enable the Interstate Commerce Commission to enforce compliance with section 20 and other sections of the act to regulate commerce as amended by the act approved June 29, 1906 (U. S. C., title 49, sec. 20), and as amended by the transportation act, 1920 (U. S. C., title 49, sec. 20), including the employment of necessary special accounting agents or examiners, and traveling expenses, $992,267, of which amount not to exceed $184,000 may be expended for personal services in the District of Columbia: *Provided*, That for the portion of the fiscal year 1933 remaining after the date of enactment of this act the amount which may be expended for personal services in the District of Columbia from the 1933 appropriation for the purposes included in this paragraph shall be at the annual rate of $175,000.

Mr. GOSS. Mr. Chairman, I reserve a point of order to ask the chairman of the subcommittee if this language would make it permanent law.

Mr. WOODRUM. It is for the current fiscal year only, I may say to the gentleman.

Mr. GOSS. Mr. Chairman, I withdraw the reservation of the point of order.

The Clerk read as follows:

Total Interstate Commerce Commission, $7,137,639.

Mr. JONES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES: Page 28, line 19, strike out the words and figures "Total, Interstate Commerce Commission, $7,137,639."

Mr. JONES. Mr. Chairman, I offer this amendment for the purpose of discussing for five minutes what I think should be given serious consideration, the question of doing away entirely with the Interstate Commerce Commission.

I realize some additional legislation would be necessary to properly effectuate this purpose, but I call attention to the fact that practically the entire philosophy underlying all public-utility regulation is to keep the rates from becoming too high. In other words, when there is a virtual monopoly in any field it is the proper philosophy to regulate its rates for the purpose primarily of protecting the public.

At the time the Interstate Commerce Commission was established it was very important, because the railroads had a practical monopoly in the field of transportation. Since that time, however, adequate competition has developed through trucks and busses, and to a lesser degree through airplanes, which will develop. The original basis and need for the commission, therefore no longer exists. I think but one of two courses can be adopted, either bring all the different modes of transportation under the one commission, or turn them all loose so the railroads, unhampered and unchained may meet the competition of the other means of transportation. I regard the latter course the more desirable as it is more economical, involves less Government activity, and avoids the possibility of a commission favorable to the companies keeping the rates too high.

Mr. GARBER. Mr. Chairman, will the gentleman yield?

Mr. JONES. I yield.

Mr. GARBER. Does the gentleman recall the recent decision of the Supreme Court of the United States upholding the regulation and control of interstate traffic by trucks in the State of Texas?

Mr. JONES. I do not have time to go into that phase of the discussion.

Mr. GARBER. I think it ought to be left to the States.

Mr. JONES. I think there should be a provision to prevent favoritism in rates, to prevent rebates, and probably to prevent the same companies from monopolizing the different forms of transportation. With all the restrictions now thrown around them, the railroads do not have a chance. They are absolutely helpless as it is. They are hamstrung. At the same time the people are helpless with freight rates ruinously high. In many instances the rate amounts to as much as the value of the commodity. The people who are paying these exorbitant freight rates can not afford to fight a case through the commission.

Why not abolish the commission and let this situation be corrected in a natural way? The present freight rates are in many instances prohibitive.

I offer this amendment for the purpose of calling attention to the fact that since the commission was originally established the whole set-up and situation has radically changed and there is not now a monopoly in the field of transportation. There is open competition, which will always take care of itself, and there is no necessity, in order to protect the public, that there should be a commission fixing the rates the railways may charge and forcing them to charge that rate whether they find it necessary or not.

The CHAIRMAN. The question is on the amendment of the gentleman from Texas.

The amendment was rejected.

Mr. RAYBURN. Mr. Chairman, I offer an amendment

The Clerk read as follows:

Amendment offered by Mr. RAYBURN: Page 28, after line 19, insert the following:

"INVESTIGATION OF PUBLIC UTILITY CONTROL

"For the purpose of obtaining information necessary as a basis for legislation, those members of the Committee on Interstate and Foreign Commerce of the House of the Seventy-second Congress who are Members elect to the Seventy-third Congress, or a majority of them, after March 4, 1933, and until the organization of the Committee on Interstate and Foreign Commerce of the House of the Seventy-third Congress, are authorized, as a committee, by subcommittee or otherwise, to continue the investigation begun under authority of House Resolution 59 of the Seventy-second Congress. For such purposes the committee is authorized to select a chairman, and the committee, or any subcommittee thereof, is authorized to sit and act at such times and places in the District of Columbia or elsewhere, to hold such hearings, to employ such experts and such clerical, stenographic, and other assistants, to require the attendance of such witnesses and the production of such books, papers, and documents, to take such testimony, to have such printing and binding done, and to make such expenditures as it deems necessary, and oaths or affirmations may be administered by any member of the committee. Subpœnas shall be issued under the signature of the chairman and shall be served by any person designated by him. The provisions of sections 102, 103, and 104 of the Revised Statutes (U. S. C., title 2, secs. 192, 193, and 194) shall be applicable with respect to any person summoned as a witness under the authority of this paragraph in the same manner as such provisions are applicable with respect to any person summoned as a witness in the case of an inquiry before a committee of the House of Representatives. The expenses of the committee, not to exceed $50,000, shall be paid out of the contingent fund of the House upon vouchers signed by the chairman and approved by the Committee on Accounts of the House."

Mr. MICHENER and Mr. WOODRUM reserved a point of order.

Mr. RAYBURN. I realize, of course, Mr. Chairman, that if the point of order is to be insisted upon——

Mr. MICHENER. I shall insist upon the point of order. I do not care anything about the merits. This should come from the Rules Committee in the form of a resolution. There is no reason in the world why it should be placed on an appropriation bill in violation of the rules of the House at this time.

Mr. Chairman, I will reserve the point of order if the gentleman wishes to make a speech.

Mr. RAYBURN. I do not care to make a speech, of course, but I think after I have made a brief statement the membership will have no objection to this amendment.

This is the situation we are in: The resolution under which we are investigating all utilities doing business in interstate commerce will die the 4th of March, and we will have to quit right in the middle of some of the most important investigations ever conducted by the Government.

We have completed in the last 12 months investigations with reference to pipe lines, oil, gas, and gasoline. The report is in the hands of the printer at this time. We have also completed all power, except a study of the Insull set-up, which is in the last analysis a top set-up that shows what can be done under present State and Federal law with a set-up that is at its worst.

Mr. PATMAN. Will the gentleman yield for a question?

Mr. RAYBURN. I yield.

Mr. PATMAN. Is it not a fact that the committee is making practically the same investigation that the Federal Trade Commission has made?

Mr. RAYBURN. Not at all. The Federal Trade Commission made an investigation principally as to political activities.

Mr. PATMAN. This is a separate investigation entirely?

Mr. RAYBURN. Yes. When Mr. Parker was chairman of the committee, the committee made an investigation of the holding companies in the railroad field. This investigation was completed, and under my administration we reported a bill in response to this investigation.

When I came to the chairmanship of the committee we got a resolution through authorizing the committee to investigate all utilities doing business in interstate commerce, especially as to their interrelationship, their ownership, their interlocking directorates and their acquisitions through holding companies.

We have now completed the power investigation, except, as I say, this terrible situation in Chicago. We have some of our men there now making the investigation, and we have the full and complete cooperation of the judge and of

the receiver of that company. We would not like to have that broken up. We have three more things to do that we will not be able to reach during this session of Congress. One is to investigate the ownership, the financial set-up, of the holding company situation with reference to telegraph and telephones, radio and airways. I am anxious not only to complete this and go to the bottom of this Insull mess, but I am also very anxious that our two new forms of commerce, one of communication and the other of airways set up at this time should be clean. I am anxious to investigate them so that we may by example of some sort, by law of some sort, save the radio and the airways of this country from getting into the shape that the railroads were 40 years ago and in which the power companies are now.

We want to carry on this investigation. I realize that the gentleman from Michigan [Mr. MICHENER] is entirely correct. We could go to the Committee on Rules and say something about the position of the next administration on this matter that would cause them to report this bill. If we should come to the House and take up time and then go to the Senate, it might get lost.

Frankly, I will say to the gentleman from Michigan that that is my reason for offering it here. I do not want to disband my organization. I do not want to wait until the 20th or 25th of April or the 1st of May to find out whether or not I am going to be allowed to make this investigation.

Mr. MICHENER. Mr. Chairman, the gentleman from Texas is giving just the reasons that are apparent to me why this matter should be considered on its merits. I think we should not hitch something on to an appropriation bill which would not pass both Houses on its merits. I therefore make the point of order.

The CHAIRMAN. The point of order is sustained.

The Clerk read as follows:

For all printing and binding for the National Advisory Committee for Aeronautics, including all of its offices, laboratories, and services located in Washington, D. C., and elsewhere, $21,000.

Mr. McCLINTIC of Oklahoma. Mr. Chairman, I move to strike out the last word.

I do this, Mr. Chairman, for the purpose of gaining some information relative to the amount that we would authorize, namely, $821,000.

It seems to me it would be advisable for the House to have some idea about the number of employees that have been engaged, the functions of this advisory committee, and to find out whether or not there is any duplication in the service that is supposed to be rendered. I would like to ask the chairman of the subcommittee if he will not be kind enough to give the committee a little information, having in mind that we have an airplane factory at Philadelphia, which I do not think ever manufactured a single plane, and we also have laboratories in the Navy Department and the Bureau of Standards, as well as other activities that, in my opinion, are duplications and should not be maintained.

Mr. WOODRUM. Mr. Chairman, there is no duplication in the work that the National Advisory Committee for Aeronautics does. The National Advisory Committee is a committee of scientists and experts in aviation, set up right after the war for the purpose of making research in the field of aviation, especially for the benefit of the Army, Navy, and Marine Corps Air Services and, incidentally, of course, for commercial aviation.

Doctor Ames, president of Johns Hopkins University, is chairman of the committee; and Colonel Lindbergh and other equally famous aviators are members of a voluntary committee that serve without pay, consisting also of two members each from the Army and Navy and also the Director of the Bureau of Standards and other Government officials and members of this committee who meet periodically to study problems of aviation.

This committee has 44 employees, which constitute their administrative force, stationed in Washington. They have 268 employees at Langley Field, Va., where they have experimental laboratories.

May I say in connection with this matter, Mr. Chairman, that they have at Langley Field laboratories for experimental work in the field of aviation said to be second to none in the world.

If time permitted, I could give the committee a great deal of very interesting information as to the work that this committee is doing and cite instances where they have actually made discoveries that are of financial interest and benefit to the United States. In the RECORD of January 31, on page 3020, I placed a statement showing the activities of the National Advisory Committee, showing they have made various discoveries and that, as a result of their research work, there is an annual possible saving of $10,000,000, $5,000,000 of which could be saved by the aeronautical branches of the Government, if they were put into force, and many of them are being put into force.

Mr. McCLINTIC of Oklahoma. Do the savings that the gentleman brings to our attention refer to cost of different equipment or new inventions or safety devices?

Mr. WOODRUM. They include all three, but they have particular reference to fuel consumption, safety, and speed. These are the three big problems with which aviation is confronted, and I may say to the gentleman he will find that the work of this commission is not duplicated in any way by the Bureau of Standards. The National Advisory Committee calls upon the Bureau of Standards to conduct certain tests and experiments that they do not have the equipment to make. There is no duplication between the National Advisory Committee and the Army and Navy, because this committee is concerned solely and entirely with research and experimental work.

Mr. McCLINTIC of Oklahoma. Will the gentleman inform the committee what was the original appropriation for this purpose, in order that we may have some idea of whether or not the amounts appropriated have been increased very materially during this period?

Mr. WOODRUM. The amounts have not increased and the current appropriation is $230,000 less than the appropriation for 1932.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

American ethnology: For continuing ethnological researches among the American Indians and the natives of Hawaii, the excavation and preservation of archæologic remains under the direction of the Smithsonian Institution, including necessary employees, the preparation of manuscripts, drawings, and illustrations, the purchase of books and periodicals, and traveling expenses, $61,842.

Mr. McCLINTIC of Oklahoma. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 34, line 7, strike out the figures "$61,842" and insert "$25,000."

Mr. McCLINTIC of Oklahoma. Mr. Chairman, according to the information I have, the Smithsonian Institute and the National Museum at the present time is so full of different kinds of ancient articles that some have to be stored on the outside and others in the garret and others in the cellar.

I happened to make an investigation not so long ago, and I found that the works of a most distinguished painter of Indian scenes, probably the one that has contacted more tribes than any other in the country, by the name of George Catlin, were stored in the garret.

Some of you have read articles during the past summer calling attention to those scientists or archæologists who go out into the Rocky Mountains and the western plains to find out whether there are some signs of ancient habitation or the bones of some prehistoric animals that have not yet been discovered. They go out there with spoons and work in such a way as to be sure that they will be able to carry on year after year, and then when cold weather arrives they come back to Washington and live in luxury while writing their reports.

I notice in this item it refers to Hawaii and investigations to be made for the purpose of finding prehistoric vessels or objects. I remember that there was a legend of the Hawai-

ian kings that when one died his body servant hid the body in such a way that no one could find it. Then the tribes would immediately kill the body servant so that the secret would be forever kept.

I am getting sick and tired of the appropriation of money that does not do us a particle of good, money that could be used and utilized in other ways for the people. It does seem to me that we should approach this subject with reason, and when we have got the museum full of these objects and ancient things we know nothing about, it seems to me that it is time to call a halt and reduce appropriations and keep those employees at home for a year or two, because we now have nearly everything one could expect or hope to find. I hope the amendment will be adopted.

Mr. WOODRUM. Mr. Chairman, the work of the ethnological and archæological divisions of the Smithsonian Institute is of a character that, of course, nobody can say is absolutely necessary to the physical life of the American people; but for many years the American Government, very wisely, has financed this wonderful institution down there, and they have collected and have in their archives priceless relics of the prehistory of the American people that the gold and silver of future generations could never replace.

Let me say that no such condition exists, as the gentleman states, that these people come back here and live in luxury. They are seriously minded people, not overpaid, and do very fine work. They are particularly interested now in trying to rescue and preserve, as far as possible, some of the early history of the American Indians. In the lower Mississippi Valley a great deal of work is being done. In a number of instances they find only one or two people living now who throw light on the character and customs and give information relative to the early civilization of the American Indians. I think it would be a great mistake to take a small amount out of this appropriation, which in the sum total of the appropriation for the Smithsonian would be negligible, and yet it would seriously cripple any work they are doing. I hope the committee will allow the amount to stand as it is reported by the committee.

Mr. BOYLAN. Mr. Chairman, the gentleman from Oklahoma, in proposing the amendment, states that many of these employees are engaged in digging up bones in the Rocky Mountains and elsewhere. Perhaps these men might dig up some of the bones of the gentleman's ancestors and, of course, that would be of historic value to the country; but another phase of the situation is the cultural advantage that accrues to the people of the Nation through the agencies of the Smithsonian Institution. Who can place a value on culture? To-day the splendid specimens and exhibits in the Smithsonian Institution are an attraction to the people of the entire country; and in these days of depression, when perhaps many people on Sunday have not the money to pay for other forms of amusement, they are glad to gain the knowledge and have the pleasure that will accrue to them by visiting these splendid galleries of the Smithsonian Institution. There is another feature, Mr. Chairman, that also ought to be taken into consideration, and that is the Government does not provide all of the funds for the upkeep of this institution. A large percentage of the funds is supplied through an endowment and through private subscription. I beg of the gentleman not to withhold from the American people the exhibits to be secured by the unearthing of the bones of our prehistoric ancestors, so that posterity may not be deprived of this valuable knowledge.

Mr. McCLINTIC of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. McCLINTIC of Oklahoma. I appreciate the remarks of the gentleman, but we do not need to look at any kind of bones now except soup bones, bones that could be utilized in a satisfactory manner; and it seems to me that we ought to stop hunting for such bones at a time when the country is in such a bad condition financially.

Mr. BOYLAN. Knowing the gentleman as I do, I can not believe that the only thing in his mind is the question of a plate of soup, and I know that his cultural attainments far exceed the mere material wants of the body. I know that he develops the intellectual phase of his make-up, and I know that this amendment proposed by him is more in the nature of a facetious amendment than it is of a real amendment.

Mr. McCLINTIC of Oklahoma. I assure the gentleman that there is nothing facetious about the amendment. I have had first-hand information. I have observed these different individuals while sojourning out in the western plains, and I have likewise visited these institutions, and I agree with the gentleman that we have collected a wonderful assortment of exhibits, and in view of the fact that we have no other place to put them unless we appropriate for an additional building, it does seem to me that we might have a recess or a holiday for a little while, thus making it possible to reduce the appropriation.

Mr. BOYLAN. In answer to the gentleman's question, may I ask him a question? He said that he observed these men in the West making these excavations. May I ask him if he saw any of them making soup out of the bones that they excavated?

Mr. McCLINTIC of Oklahoma. No; but I further answer the gentleman by stating that unless conditions change, then within the next two years or so I would not be surprised if the gentleman's ancestors or my ancestors, if any are still alive, may have to hunt for something else besides bones.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BOYLAN. Mr. Chairman, I ask unanimous consent to extend my time for three minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BOYLAN. I yield to the gentleman from Oklahoma [Mr. HASTINGS].

Mr. HASTINGS. Mr. Chairman, I think this is one of the most important items in the bill. There are more demands from the people of the United States for the books issued by the Bureau of Ethnology in the Smithsonian Institution than perhaps any other bureau in the Government. I have had more requests for books from the Bureau of Ethnology than any other bureau. I think this is a very important item, and I trust that my good friend and colleague from Oklahoma [Mr. McCLINTIC] will not underestimate the importance of the work of the Smithsonian Institution in attempting to reduce this item.

Mr. McCLINTIC of Oklahoma. I have no desire to offer anything that will do away with the possibility of obtaining books, but I do want to reduce the appropriation down to $25,000, so that we can cut out these useless excursions that are not necessary.

Mr. HASTINGS. My colleague from Oklahoma, I fear, has not studied the matter, and makes the motion providing for a lump-sum reduction amounting to $25,000 without any breakdown to show how it would be used. It would greatly cripple the service of the Bureau of Ethnology. This is a very small appropriation, and it ought to be retained in the bill.

The CHAIRMAN. The time of the gentleman from New York has expired. The question is on the amendment offered by the gentleman from Oklahoma.

The question was taken; and on a division (demanded by Mr. McCLINTIC of Oklahoma) there were—ayes 19, noes 33.

So the amendment was rejected.

The Clerk read as follows:

TARIFF COMMISSION

For salaries and expenses of the United States Tariff Commission, including purchase and exchange of labor-saving devices, the purchase of professional and scientific books, law books, books of reference, gloves and other protective equipment for photostat and other machine operators, rent in the District of Columbia and elsewhere, subscriptions to newspapers and periodicals, and contract stenographic reporting services, as authorized by sections 330 to 341 of the tariff act of 1930, approved June 17, 1930 (U. S. C., Supp. IV, title 19, secs. 1330–1341); $925,098, of which amount not to exceed $746,740 may be expended for personal services in the District of Columbia; not to exceed $2,500 for expenses, except membership fees, of attendance at meetings concerned with

subjects under investigation by the commission; and not to exceed $7,500 for allowances for living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (U. S. C., Supp VI, title 5, sec. 118a), but not to exceed $720 may be so used for any one person: *Provided*, That the commission may procure supplies and services without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) when the aggregate amount involved does not exceed $50: *Provided further*, That no part of this appropriation shall be used to pay the salary of any member of the United States Tariff Commission who shall hereafter participate in any proceedings under sections 336, 337, and 338 of the tariff act of 1930, wherein he or any member of his family has any special, direct, and pecuniary interest, or in which he has acted as attorney or special representative.

Mr. WOODRUM. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Committee amendment offered by Mr. WOODRUM: On page 36, line 25, strike out "$746,740," and insert in lieu thereof "$787,801."

Mr. WOODRUM. Mr. Chairman, in explanation of this amendment, it does not affect in any way the appropriation. It merely affects the amount which may be expended in the District of Columbia. In the last appropriation bill the Senate restricted the amount the Tariff Commission could spend in the District of Columbia, and the Tariff Commission actually had to send some of its employees out of the District of Columbia to do the work which they had to do, because they could not do it in the District of Columbia.

Mr. MILLARD. Will the gentleman yield?

Mr. WOODRUM. I yield.

Mr. MILLARD. That is the same amount as last year?

Mr. WOODRUM. This the same amount as last year, yes.

Mr. McCLINTIC of Oklahoma. Will the gentleman yield for a question?

Mr. WOODRUM. I yield.

Mr. McCLINTIC of Oklahoma. I notice in line 6, page 37, an allowance of $720 may be used for any one person in connection with the appropriation for the Tariff Commission. I would like the gentleman to explain if that means that each commissioner is allowed $720?

Mr. WOODRUM. No. The gentleman will find upon inspection that that language applies to the representatives of the Tariff Commission who are abroad. They have a small corps of experts abroad who gather and collate information for them, and this limits their expense account.

The CHAIRMAN (Mr. BANKHEAD). The question is on the amendment offered by the gentleman from Virginia [Mr. WOODRUM].

The amendment was agreed to.

The Clerk read as follows:

UNITED STATES SHIPPING BOARD

For three commissioners and for all other expenditures authorized by law, including the compensation of a secretary to the board, attorneys, officers, naval architects, special experts, examiners, and clerks, including one admiralty counsel at not to exceed $10,000 per annum, one technical expert in connection with construction loan fund, at not to exceed $10,000 per annum, and other employees in the District of Columbia and elsewhere; and for all other expenses of the board, including the rental of quarters outside the District of Columbia, law books, books of reference, periodicals, and not exceeding $600 for newspapers, and traveling expenses of members of the board, its special experts, and other employees, while upon official business away from their designated posts of duty, including attendance at meetings or conventions of members of any society or association, the purpose of which the board may consider of interest to the development and maintenance of an American merchant marine, when incurred on the written authority of the chairman of the board, and for the employment by contract of expert stenographic reporters for its official reporting work including the investigation of foreign discrimination against vessels and shippers of the United States and for the investigation of transportation of immigrants in vessels of the United States Shipping Board, $317,744, of which amount not to exceed $284,000 may be expended for personal services in the District of Columbia: *Provided*, That the annual estimates of the Shipping Board for the fiscal year 1935 shall be accompanied by a statement showing the number and compensation of employees of the Fleet Corporation assigned to the Shipping Board: *Provided further*, That employees of the Merchant Fleet Corporation assigned to and serving with the Shipping Board whose compensation is within the range of salary prescribed for the appropriate grade to which the position has been allocated under the classification act of 1923, as amended, shall not be subject to reduction in salary by reason of their transfer during the fiscal year 1934 to the pay roll of the Shipping Board.

Mr. DOWELL. Mr. Chairman, I reserve a point of order against the paragraph. I desire to inquire of the chairman of the subcommittee with reference to a statement that was made some time ago on the floor of the House that the work of this department would be entirely completed within a year. What information has the gentleman on that subject?

Mr. WOODRUM. I do not know who made the statement to which the gentleman refers. The Shipping Board is gradually liquidating, and undoubtedly, had it not been for the economic conditions that have stricken every branch of human activity, they would have sold a great many of their vessels and a great many of their lines, but if the gentleman will look at the RECORD, I placed in the RECORD on January 31, at page 3134, a breakdown showing how the Shipping Board appropriation each year is materially less. They have on hand a few lines now, and I think some of them will be sold during the fiscal year. Without going into a great deal of detail, the hearings show that they are liquidating as fast as they can, without sacrificing the very valuable property which they have.

Mr. DOWELL. How much reduction has been made in the appropriation over the appropriation for last year?

Mr. WOODRUM. The total appropriation, of course, is something like $2,000,000 more, for the reason that last year we made no appropriation for operating deficit for the Merchant Fleet Corporation, direct from the Treasury. They have a right to use, as the gentleman knows, the fees which they collect, and certain other indefinite appropriations, but their operating deficit for 1934 is estimated to be something like $1,000,000 less than it was for 1933. The net result of it is a reduction of more than $1,000,000 between 1933 and 1934.

Mr. DOWELL. How soon will this department be liquidated, as the gentleman terms it?

Mr. WOODRUM. That is very problematical. If they can sell their vessels, of course, they can wind up. If not, they must carry on. They are very hopeful that during the fiscal year they will be able to dispose of some of their lines and materially reduce their activities.

Mr. DOWELL. And is that the gentleman's opinion about it?

Mr. WOODRUM. That is my opinion about it.

Mr. SNELL. Will the gentleman yield for a question?

Mr. WOODRUM. I yield.

Mr. SNELL. About what is the operating deficit at the present time?

Mr. WOODRUM. The estimated operating deficit in 1934 is $5,211,600. In 1930 it was $10,000,000.

Mr. SNELL. We are decreasing our operations all the time?

Mr. WOODRUM. Yes, sir.

Mr. DOWELL. May I ask one other question? Is it not possible for this to be placed under some other branch of the Government and relieve a great deal of the overhead expense while this is being done?

Mr. WOODRUM. The gentleman knows that in the last Congress, in the economy bill, we reduced the number of commissioners from seven to three, and we also reduced a great many of the salaries. In the appropriation bill last year we cut down the cost of the legal department over $100,000 a year. It may be that under some plan of reorganization the activity of the Shipping Board may be put into some other department.

Mr. DOWELL. I note that you have a number of attorneys at $10,000 a year. How many attorneys are employed in this branch?

Mr. WOODRUM. I think the gentleman is mistaken about that. There are not a number of them. There is one at $10,000.

Mr. DOWELL. How much are they receiving now?

Mr. WOODRUM. There is quite a good deal of litigation connected with the Shipping Board, and the Shipping Board itself has recommended that their litigation be sent over to the Department of Justice. They have quite an imposing legal staff. It runs something like $100,000 a year for their legal talent, but they have a great many compli-

cated legal questions, and they have some lawyers who draw about $6,000 or $7,000 a year.

Mr. DOWELL. My reservation of a point of order was made with reference to the proviso, in order that I might make an inquiry. I notice a number are being transferred here from the Merchant Fleet Corporation to the Shipping Board. Has it been customary to carry such language in the bill in the past?

Mr. WOODRUM. Yes. The law requires that they be transferred as fast as possible from the Shipping Board to the Merchant Fleet Corporation, and such language has been carried in this bill for a number of years.

Mr. DOWELL. Are they in need of these extra employees?

Mr. WOODRUM. It is not a question of extra employees; it is simply a question of bookkeeping, a change of status.

Mr. DOWELL. It is not an actual change so far as the number of employees are concerned?

Mr. WOODRUM. Not at all.

Mr. DOWELL. Mr. Chairman, I withdraw the reservation of the point of order.

Mr. McCLINTIC of Oklahoma. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McCLINTIC of Oklahoma: Page 39, line 15, after the word "Board," insert *"And provided further,* That no part of this appropriation shall be paid to more than one caretaker on any ship not in active service."

Mr. McCLINTIC of Oklahoma. Mr. Chairman, every Members of Congress knows there are a great many leaks in different departments of the Government about which we know little.

I wish to call the attention of the House to the fact that the Shipping Board has under its jurisdiction many old ships that were constructed during the war period and some that we captured were impounded. I have in mind three ships, two of them said to have formerly belonged to the Kaiser, stationed at or near Solomons Island. With these two ships is an old oil tanker. Some time ago I brought it to the attention of the Speaker of this House, making the statement that, according to information I had, a large number of individuals had been given employment for a period of 12 or 14 years. Making an investigation of that subject, I found that between $250,000 and $300,000 have been expended by the Shipping Board to pay salaries of men on a type of ship that, in my opinion, is not worth anything except for junk.

These ships, if I am correctly informed, are anchored to piles driven in such a way that the tides can not move the ships. I do not believe the type of the ships is such that they can ever be used for private or commercial purposes.

It seems to me one caretaker on each ship, which would be three in number, would provide a sufficient number of men to take care of this group of three ships and be sufficient for all such purposes. I feel that by adopting an amendment of this kind we will be able to save money in these ports where groups of such vessels are now anchored waiting the possibility of being purchased or scrapped. I do not believe financial conditions are such that these ships can be sold with any degree of success for any period of years, and since they are in an inoperative condition and anchored in such a way as to be able to resist storms, surely no one can say we should provide a complement of men sufficient to operate them, especially when there is no thought in anyone's mind that they will ever be utilized for commercial purposes.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. McCLINTIC of Oklahoma. I shall be pleased to yield.

Mr. STAFFORD. If I understand the purport of the gentleman's amendment, it would have the effect of making one man remain on duty 24 hours a day.

Mr. McCLINTIC of Oklahoma. There would be three men stationed at this one place on three ships. Surely the time could be divided between the three men. In most of these places, if I am correctly informed, there are more than 3 ships, possibly in some places there are 50 ships.

Mr. WOODRUM. If the gentleman will permit, the average is less than two to a ship.

Mr. STAFFORD. If the gentleman will further permit, the gentleman has in mind three certain ships, but his amendment is all pervasive. There may be situations where there is but one ship to be taken care of, and the gentleman's amendment would compel the Shipping Board to have one caretaker working 24 hours a day.

Mr. McCLINTIC of Oklahoma. My amendment refers only to caretakers.

Mr. STAFFORD. Yes.

Mr. McCLINTIC of Oklahoma. If the ship is in an operative condition, then the men on it would not be caretakers, but would be mechanics and other craftsmen.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. McCLINTIC of Oklahoma. I shall be pleased to.

Mr. GOSS. There are ships anchored in the harbor of Seattle, in the Great Lakes, and on the Hudson River. In some instances there is but one lone ship. If the gentleman's amendment is adopted it would violate the navigation laws of the United States when it comes to the question of fog signals.

Mr. McCLINTIC of Oklahoma. Is the gentleman in a position to state that there are individual ships?

Mr. GOSS. Yes; I have seen them in the Hudson River.

Mr. McCLINTIC of Oklahoma. Then, Mr. Chairman, I ask unanimous consent to modify my amendment to make it provide for two caretakers instead of one.

Mr. WOODRUM. That is more than there is being employed now.

Mr. McCLINTIC of Oklahoma. No.

Mr. GOSS. I may say to the gentleman that the practice on board ship is for men to work 4 hours on and 8 hours off, so there would have to be 3 provided for.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

Mr. GOSS. I object.

Mr. McCLINTIC of Oklahoma. Mr. Chairman, I ask unanimous consent to modify my amendment to make it provide for not more than three caretakers. There should be some limitation for the reason there are 15 men assigned to these three ships at Solomons Island.

Mr. WOODRUM. Mr. Chairman, may we have the amendment as modified reported?

The CHAIRMAN. Without objection, the Clerk will report the modified amendment.

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. McCLINTIC of Oklahoma: Page 39, line 15, after the word "board," insert *"And provided further,* That no part of this appropriation shall be paid to more than three caretakers on any ship not in active service."

The CHAIRMAN (Mr. BANKHEAD). The question is on the amendment as modified.

The question was taken; and on a division (demanded by Mr. McCLINTIC of Oklahoma) there were—ayes 7, noes 41.

So the amendment was rejected.

The Clerk read as follows:

UNITED STATES SHIPPING BOARD SHIPPING FUND

For expenses of the United States Shipping Board Merchant Fleet Corporation during the fiscal year ending June 30, 1934, for administrative purposes, miscellaneous adjustments, losses due to the maintenance and operation of ships, including operation through an agreement to pay a lump-sum compensation, for the protection of the interests of the United States in any vessel on which the United States holds a mortgage, for the repair of ships, for the purchase, exchange, maintenance, repair, and operation of motor vehicles for official purposes only; for the payment of premiums for liability, fire, theft, property damage, and collision insurance and for other forms of insurance, including schedule and fidelity bonds, commonly carried by commercial corporations engaged in the same or a similar business, and for carrying out the provisions of the merchant marine act, 1920, and amendments thereto, (a) the amount of operating funds on hand July 1, 1933, not to exceed $50,000,000; (b) $2,875,000, including the salaries of employees of the Fleet Corporation assigned to the Shipping Board; (c) all amounts received during the fiscal year

ending June 30, 1934, other than the proceeds of sales of ships and surplus property; (d) so much of the total proceeds of sales of ships and surplus property received during the fiscal year 1934, but not exceeding $1,000,000, as is necessary to meet the expenses of liquidation, including the costs incident to the delivery of vessels to purchasers, the cost of maintaining the laid-up fleet and the salaries and expenses of the personnel engaged in liquidation: *Provided*, That the unexpended balance of $500,000 made available for experimental and research work in the independent offices appropriation act for the fiscal year 1930 reappropriated and made available until June 30, 1933, is hereby continued available until June 30, 1934, for the same purposes and under the same terms, including supervision and inspection of construction of vessels on which loans have been made from the construction loan fund: *Provided further*, That no part of these sums, (a), (b), (c), and (d) shall be used for the payment of claims arising out of the construction and requisitioning of vessels; (e) all interest earned on the funds, excepting the construction loan fund, of the United States Shipping Board Merchant Fleet Corporation is to accrue to these funds and is made available for the purposes hereinbefore set forth subject to the limitations herein established: *Provided further*, That the unexpended balances of the sums made available by the independent offices appropriation act, 1930, for reconditioning and operating ships for carrying coal to foreign ports continued available for the same purposes for the fiscal year 1933 are hereby made available for the general purposes hereinbefore set forth for the Merchant Fleet Corporation for the fiscal year 1934: *Provided*, That not to exceed $4,000,000 of the funds hereinbefore made available may be transferred to the Post Office Department and, when so transferred, shall be available only for meeting the cost in the fiscal year 1934 of foreign mail contracts entered into by that department under the provisions of the merchant marine act, 1928, approved May 22, 1928, for service upon steamship lines which may be sold by the United States Shipping Board subsequent to December 1, 1932.

Mr. GOSS. Mr. Chairman, I reserve a point of order on the proviso beginning in line 15 of page 41.

Mr. BOLAND. Mr. Chairman, I have an amendment.

Mr. GOSS. Mr. Chairman, I have reserved a point of order in order to ask the gentleman from Virginia why the gentleman has diverted the fund mentioned in the proviso, in lines 15 to 22 of page 41?

Mr. WOODRUM. This just puts the money back where it was in the first place. This fund was appropriated by Congress originally as a sort of protection for the export coal trade. The Shipping Board feels that if they have a fund available for reconditioning ships it protects the American rate; and if they do not have it, it leaves the matter open.

Mr. GOSS. As I understand, the proviso takes that fund away from them.

Mr. WOODRUM. It takes it away from them for this year for operating expenses, because of the apparent lack of need for it now, because there is no coal being exported.

Mr. GOSS. I see the gentleman from Pennsylvania [Mr. BOLAND] is on his feet and perhaps he wants to discuss the matter, and I therefore withdraw the point of order for the benefit of the gentleman from Pennsylvania.

Mr. BOLAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BOLAND: Page 41, line 20, after the word "available," strike out the word "for," and down to and including the word "corporation" in line 21.

Mr. BOLAND. Mr. Chairman, the purpose of the amendment is to leave this fund the way it was and not divert it from its original purpose.

The only reason the fund is being taken away from them now, as I view it, is because of the decline in the exporting of coal on account of the depreciation in foreign currency. As soon as the currency is stabilized, this fund is very, very essential for the shipment of coal. This is just another act against the coal industry that is being hurt so much and is one of the things that is causing men to be idle, particularly in the coal fields. It is just another piece of legislation against the men who mine coal.

I can not for the life of me see what good will be accomplished by diverting this money from the purpose for which it was originally appropriated. For this reason I have offered the amendment.

Mr. GOSS. I read in the hearings that the Coal Exporters' Association is opposed to diverting this fund.

Mr. BOLAND. That is very true, and I was just looking at that statement in the hearings. The Coal Exporters' Association said in the hearings that—

Under the circumstances the Coal Exporters' Association hopes the reappropriation of this fund may be continued for another year and not diverted to purposes for which it was not intended.

Mr. WOODRUM. That is quite true, I will say to the gentleman from Pennsylvania, but the diverting of this fund enables the Shipping Board to have the benefit of the fund rather than a new appropriation, when the evidence shows that during the last year or two they have not had to use a penny of the fund for the purpose carried in the bill.

Mr. GOSS. And there is about $1,000,000 in that fund?

Mr. WOODRUM. Somewhat less than $1,000,000.

Mr. GOSS. Nine hundred thousand dollars, as I recall the hearings.

Mr. WOODRUM. Yes.

Mr. GOSS. And that amount would be reappropriated for the general purposes of the merchant fleet, rather than for the earmarked purpose for which it was originally intended in helping our people export coal.

Mr. WOODRUM. The purpose of the language is to take this $900,000 that has been idle for the past year or two and not used or needed, with no present evidence of its being needed, and use it now rather than to take another million dollars out of the Public Treasury.

Mr. GOSS. Why does the gentleman say it is not needed, when the Coal Exporters' Association says it is needed?

Mr. WOODRUM. They do not say it is needed now. They say it may be needed.

Mr. BOLAND. What evidence have we that this money will be used for other purposes?

Mr. WOODRUM. Because we are putting it in the appropriation bill rather than provide another $1,000,000.

Mr. BOLAND. Why divert the money to some other purpose, when we do not know whether it will be used or not?

Mr. GOSS. I will call the gentleman's attention to the fact that the coal industry is in a rather precarious condition.

Mr. WOODRUM. Yes, I realize that; and if in the next 12 months such a fund is needed for reconditioning ships, there is every reason to believe that Congress is going to be in session during the middle of the summer and again in the winter, and there will be ample opportunity to take care of the matter. However, here is $1,000,000 that is idle with no evidence of its being needed in the immediate future. If evidence develops that it will be needed, then we can put it back in the bill.

Mr. BOLAND. But, Mr. Chairman, that is looking to the future and I can not agree with my friend from Virginia on that particular point. I do not like to see this money diverted.

Mr. VINSON of Kentucky. May I ask the gentleman from Virginia when this money was originally appropriated?

Mr. WOODRUM. In 1929 or 1930.

Mr. VINSON of Kentucky. I mean the original appropriation out of which there is now $900,000 available?

Mr. WOODRUM. In 1929 or 1930.

Mr. VINSON of Kentucky. Does the gentleman know why the Shipping Board did not recondition boats for coal export?

Mr. GOSS. I may say that it was made available again in 1933.

Mr. VINSON of Kentucky. Could the gentleman from Virginia give us information as to why the Shipping Board did not recondition the boats to carry coal into South America and the Mediterranean, for which the appropriation was made?

Mr. WOODRUM. I have never heard any complaint from the Exporters' Association. The gentleman who appears before our committee, Mr. Hale, of the Exporters' Association, has never made any complaint about the treatment that the Exporters' Association has had. He has claimed that the fact this fund is available, in a measure, has been insurance which protected their rates. Due to the fact there is now no export coal trade and has not been for the past 12 months, and so far as we know there will not be for the next 12 months, although we hope there will be, it is felt that this money could be used for other purposes.

Mr. VINSON of Kentucky. I want to say to the gentleman that from my observation with respect to the attitude of the Shipping Board, they never made any effort to get any export coal trade.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. BOLAND].

The amendment was rejected.

The Clerk read as follows:

No officer or employee of the United States Shipping Board or the United States Shipping Board Merchant Fleet Corporation shall be paid a salary or compensation at a rate per annum in excess of $10,000 except the following: One at not to exceed $18,000, and two at not to exceed $12,000 each.

Mr. GOSS. Mr. Chairman, I move to strike out the last word. I notice on page 44 there is an appropriation of $150,000 for compensation of regular attorneys employed on a yearly or salary basis, including their clerical and legal assistants. I notice in the hearings that some of these attorneys get more than $12,000. What is the effect of the limitation on page 43? Does it apply to this legal division?

Mr. WOODRUM. It applies to all of them.

Mr. GOSS. I notice in the hearings that some attorneys are receiving more than $12,000.

Mr. WOODRUM. The economy act cuts them all. No attorneys down there are receiving more than that except the general counsel. Foreign attorneys are paid on a fee basis.

Mr. GOSS. I withdraw the pro forma amendment.

The Clerk read as follows:

Of the sums herein made available under the United States Shipping Board, not to exceed an aggregate of $150,000 shall be expended for compensation of regular attorneys employed on a yearly salary basis, including their clerical and legal assistants.

Mr. GOSS. Mr. Chairman, I move to strike out the last word for the purpose of asking a question. This is a rather complicated matter, as I gather from reading the hearings. I would like to ask the gentlemen if this includes foreign service?

Mr. WOODRUM. No; this is for the legal staff. This does not include the foreign service.

Mr. GOSS. You do not appropriate any money for the foreign service?

Mr. WOODRUM. No; we have not given them anything for the foreign service. The gentleman will find in the hearings that they asked for an appropriation, but we did not provide any money for the foreign attorneys.

Mr. GOSS. What will they do if they had to have the service over there?

Mr. WOODRUM. They will present their bill, and we will have to take care of it.

Mr. STAFFORD. Mr. Chairman, I note in comparing these same items with the current law, that the current law is $125,000. Why have you increased it?

Mr. WOODRUM. One hundred and fifty thousand dollars is what we gave them. That is what the House gave them last year. The Senate cut it to $75,000, and in conference we put it back to $100,000 and they could not get along on it. They said for the clerical and legal services and stenographers they would have to have $150,000.

Mr. GOSS. That is putting them in there to keep them out of the furlough plan.

Mr. WOODRUM. It does not keep them out of the furlough plan.

Mr. GOSS. The men that work for the Government spend all their time there, and the gentleman says there is no money available for foreign attorneys this year.

Mr. WOODRUM. No.

The Clerk read as follows:

VETERANS' ADMINISTRATION

MILITARY SERVICES

Administration, medical, hospital, and domiciliary services: For all salaries and expenses of the Veterans' Administration, including the expenses of maintenance and operation of medical, hospital, and domiciliary services of the Veterans' Administration, in carrying out the duties, powers, and functions devolving upon it pursuant to the authority contained in the act entitled "An act to authorize the President to consolidate and coordinate governmental activities affecting war veterans," approved July 3, 1930 (U. S. C., Supp. VI, title 38, secs. 11–11f), and any and all laws for which the Veterans' Administration is now or may hereafter be charged with administering, $110,538,514: *Provided*, That not to exceed $3,500 of this amount shall be available for expenses, except membership fees, of employees detailed by the Administrator of Veterans' Affairs to attend meetings of associations for the promotion of medical science and annual national conventions of organized war veterans: *Provided further*, That this appropriation shall be available also for personal services and rentals in the District of Columbia and elsewhere, including traveling expenses; examination of estimates of appropriations in the field, including actual expenses of subsistence or per diem allowance in lieu thereof; for expenses incurred in packing, crating, drayage, and transportation of household effects and other property, not exceeding in any one case 5,000 pounds, of employees when transferred from one official station to another for permanent duty and when specifically authorized by the administrator; furnishing and laundering of such wearing apparel as may be prescribed for employees in the performance of their official duties; purchase and exchange of law books, books of reference, periodicals, and newspapers; for passenger-carrying and other motor vehicles, including purchase, maintenance, repair, and operation of same, including not more than two passenger automobiles for general administrative use of the bureau in the District of Columbia and three for the Washington, D. C., regional office; and notwithstanding any provisions of law to the contrary, the administrator is authorized to utilize Government-owned automotive equipment in transporting children of Veterans' Administration employees located at isolated stations to and from school under such limitations as he may by regulation prescribe; for operating expenses of the Arlington Building and annex, and the Wilkins Building, including repairs and mechanical equipment, fuel, electric current, ice, ash removal, and miscellaneous items; for allotment and transfer to the Public Health Service, the War, Navy, and Interior Departments, for disbursement by them under the various headings of their applicable appropriations, of such amounts as are necessary for the care and treatment of beneficiaries of the Veterans' Administration, including minor repairs and improvements of existing facilities under their jurisdiction necessary to such care and treatment; for expenses incidental to the maintenance and operation of farms; for recreational articles and facilities at institutions maintained by the Veterans' Administration; for administrative expenses incidental to securing employment for war veterans; for funeral, burial, and other expenses incidental thereto for beneficiaries of the Veterans' Administration accruing during the fiscal year 1934 or prior fiscal years: *Provided further*, That the appropriations herein made for the care and maintenance of veterans in hospitals or homes under the jurisdiction of the Veterans' Administration shall be available for the purchase of tobacco to be furnished, subject to such regulations as the Administrator of Veterans' Affairs shall prescribe, to veterans receiving hospital treatment or domiciliary care in Veterans' Administration hospitals or homes: *Provided further*, That the appropriations herein made for medical and hospital services under the jurisdiction of the Veterans' Administration shall be available, not to exceed $15,000, for experimental purposes to determine the value of certain types of treatment: *Provided further*, That the Administrator of Veterans' Affairs may, with the concurrence of the Attorney General, transfer to the Department of Justice such personnel and/or funds as may be deemed necessary in connection with the defense of suits against the United States under section 19 of the World War veterans' act, 1924, as amended.

Mr. LANHAM. Mr. Chairman, I move to strike out the last word. One of my colleagues had expected to ask a question with reference to the Veterans' Administration. He has been called from the floor by other business. I should like also to have the information that I have in mind. The Veterans' Administration in its operation now has three or four places in the country where there are boards of review, to which appeals in veterans' cases are sent before they are finally disposed of here in Washington. These appeals are from the various regional offices. I can not recall in my experience that a board of review has ever rendered an opinion which was not in absolute conformity with the opinion rendered originally in the regional office. So far as I have been able to learn, that is the common experience of Members of Congress. If that be true, it seems to me that the Government of the United States in these times of stress and strain might well obviate the expense of carrying on these intermediate boards of review. If they serve no other function than to substantiate the original finding in the regional office, the appeals might as well come on to Washington in the first instance. That would avoid delay in the handling of veterans' cases and at the same time eliminate much useless expense. I should like to have information from the chairman of the subcommittee, or from anyone else who can give it, with reference to what useful purpose these boards of review really serve and why they could not be eliminated and

the Government of the United States saved the expense of their operation.

Mr. WOODRUM. Mr. Chairman, I think the gentleman's observation is very timely. The colleague he speaks of spoke to me about it a day or two ago after our hearings had been closed. Of course, the establishment of these central boards of review, 1 at Chicago, 1 at San Francisco, 1 at New Orleans, and 1, I think, at Boston, was a part of the decentralizing process when they established the regional offices and then the central boards of appeal, and then the final appeal to the central office. My experience has been what the gentleman's has been, that the Central Board of Appeals confirms the decision of the lower board, and all it amounts to is delay, and possibly some veteran who appeals there did not appeal here. Members of Congress usually ask that their cases be sent on here. I think the suggestion is timely, and I shall pass it on to the Veterans' Administration, and I believe they will give it careful consideration.

Mr. LANHAM. Mr. Chairman, may I make this further suggestion. One of the contentions made by veterans is that, though there is a disposition on the part of the Congress of the United States to appropriate adequate funds for their care and maintenance in worthy cases, much of this money is dissipated in useless boards of this character which serve no real function, and that the veterans themselves do not receive a proper proportion of the money that is appropriated, that much of it is wasted in red tape and in useless officers, and that they are entitled to a greater proportion of the money which Congress appropriates for them.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. LANHAM. Mr. Chairman, I ask unanimous consent to proceed for one minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. LANKFORD of Virginia. Mr. Chairman, will the gentleman yield?

Mr. LANHAM. Yes.

Mr. LANKFORD of Virginia. Does the gentleman recall in his experience any change being made by any of these boards in any of their findings? Do they not simply continue the finding of the regional offices?

Mr. LANHAM. That has been my experience, and I think without any variation, and I take it that that has been the experience of each Member of the House. If any Member has any experience to the contrary, I should like to hear of it. If the instances are few and rare in which they disagree with the findings of the regional office, it seems to me we might well obviate both the delay and expense of carrying on these boards.

Mr. LANKFORD of Virginia. I thoroughly agree with the gentleman. In my four years' experience I have had many cases, but I never have had a case that changed the finding of the regional office.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. CONNERY. Mr. Chairman, I rise in opposition to the pro forma amendment. I have not had the experience of the gentleman from Texas at all. Here is the practical experience that I have had: When we started originally during the Veterans' Bureau investigation, I went before the Senate investigating committee, and I remember at that time offering quite a long statement with reference to these boards, particularly that they were rubber stamps, one for the other in the central office, and partly as a result of my statement they decentralized these boards and sent these cases into the regional office. Here is the experience that I have had: Men in the regional offices at Boston, Chicago, and New Orleans are trying to get the benefits of this veterans act over to the veterans, but they have a feeling that if they try to do real justice to the veteran and give him what he is entitled to Washington will come down on them with a hammer and the result is they go very slowly, and that is why your cases are reaffirmed again when they reach Washington; but any time that the boards in Boston, New Orleans, or Chicago desire to give the veteran what he is entitled to, often you get prompt reversal of that board, and these men are really afraid of their lives in making real liberal decisions in favor of the veteran.

Mr. LANHAM. If they are afraid of their lives and can not make proper decisions, then they serve no useful function. My experience has been this: That after they have concurred in the findings of the regional office and the cases have been appealed to the Washington office here the Washington office has often taken a contrary view and has made decisions more favorable to the veterans.

Mr. CONNERY. I did not find that at all. I found that when we decentralized we got some results for the veterans; but before that, when we had all the cases go to the central bureau, the veteran got poor results. Then there was board after board, rubber stamp after rubber stamp. At least, the men out in the field try to contact the veteran. They know him; they know his family; they know his situation; they know all about his war service. Down here in Washington there were cases piled high that they never could reach.

Mr. LANHAM. I am not speaking about the regional offices. I am speaking about the intermediate boards of appeal. They have no opportunity to get in touch with the veteran. For instance, if an appeal is sent from my district out to San Francisco, the San Francisco board of review has no opportunity to contact the veteran.

Mr. CONNERY. But, when we decentralized that, the gentleman knows that in the central office there were cases piled all over desks that could not be reached in 15 years with the boards they had. Now at least there is the regional office. They go over the case. The board of appeals has a chance to look at that case and know something about it. They may affirm the lower board. However, anything on decentralization, I say, is much better for the veteran than bringing it to the central office in Washington.

Mr. LANHAM. Could we not have one general board of appeals here, which would eliminate those in the field, and serve the same purpose?

Mr. CONNERY. We practically had that, and we were in terrible shape during that time.

Mr. BROWNING. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. BROWNING. My observation is that the regional office can act more intelligently than the boards of appeal.

Mr. CONNERY. I agree with the gentleman.

Mr. BROWNING. Many of the cases the regional boards have rated heretofore, and before they can change the rating they are required to send a tentative rating to the central board; and the central board, in my experience, holds adversely to the man. I think the gentleman from Texas [Mr. LANHAM] is correct that these central boards do not really serve a useful purpose, and the boards that contact the men and have the men before them really ought to have the last word.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. VINSON of Kentucky. In my experience in the Chicago board of appeals they have never reversed the regional office. The decision has always been the same.

Now, in regard to those men being scared of their lives, it seems to me it is a good time to save them from their fear.

Mr. CONNERY. I suggest to the chairman, not that he suggest that the boards be removed but that he tell the Director of the Veterans' Bureau to give those men a free hand and not say, "If you spend any money for the veteran, we will not affirm the decision." That is the whole story.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time has expired.

The pro forma amendment was withdrawn.

The Clerk read as follows:

No part of this appropriation shall be expended for the purchase of any site for or toward the construction of any new hospital or home, or for the purchase of any hospital or home; and not more

than $4,200,000 of this appropriation may be used to repair, alter, improve, or provide facilities in the several hospitals and homes under the jurisdiction of the Veterans' Administration either by contract or by the hire of temporary employees and the purchase of materials.

Mr. LANKFORD of Virginia. Mr. Chairman, I offer a pro forma amendment to strike out the word "hospitals" in line 3, page 48.

I would like to know whether the committee considered the advisability of using some of the vacant private-hospital space over the country rather than to continue the expense for veterans' hospitals. The gentleman probably knows that half the beds in private hospitals over the country to-day are vacant. The medical profession is generally in distress. Is it possible to use their service and use the beds in those hospitals, and effect a saving, rather than to be building hospitals all over the country?

Mr. WOODRUM. It is the policy of the hospitalization board and the Veterans' Administration not to build any more hospitals, but so far they have been unable to get rates from private hospitals that compare at all with the cost of hospitals operated by the Veterans' Administration.

Mrs. ROGERS. Will the gentleman yield?

Mr. LANKFORD of Virginia. I yield.

Mrs. ROGERS. I understand that if the men are put in private hospitals everything is extra. The Veterans' Administration must pay extra for X rays, physiotherapy, medicine, laboratory tests, special care in very sick cases, and everything like that. In 1922 in some of the contract hospitals they were keeping some of the men much longer than necessary. When there are vacant beds the temptation to keep the men hospitalized is probably great. In 1922 I did not feel that in some cases the men were given proper care in contract hospitals.

Mr. LANKFORD of Virginia. That is probably true. Of course, the expense in the private hospitals is heavy, but I am wondering is it as heavy as the present system, when we build and operate hospitals and furnish the doctors and nurses.

Mrs. ROGERS. At the present time there are practically no hospitals where mental and nervous cases can be taken care of. I mean there are no vacant beds available in State hospitals for the mentally sick. The overcrowding is very great in many State hospitals. They can not care for all of the mentally sick civilians.

Mr. LANKFORD of Virginia. Probably not in that kind of case.

Mrs. ROGERS. That is also true in most of the tuberculosis hospitals. The State hospitals do not have enough facilities for taking care of those cases. At the present time the medical section of the Veterans' Administration under Doctor Griffiths is giving the veterans fine nursing and medical care in the main.

Mr. LANKFORD of Virginia. I withdraw the pro forma amendment.

Mr. KLEBERG. Mr. Chairman, I move to strike out the last word for the purpose of asking the gentleman from Massachusetts [Mr. CONNERY] a question. A moment ago I was out of the Chamber when my colleague [Mr. LANHAM] made the remark that one of his colleagues had called his attention to the matter of the appeal boards over the country. I understand he asked the gentleman from Massachusetts a question, together with other members of the committee, if he or any of the others had had any real returns on their investment in sending the veterans' cases through the appeal boards. My purpose in asking this question is to bring out one particular thing in connection with the Veterans' Administration. The actual expenditure for the benefit of the veterans is, in reality, not the bulk of the expense involved in this appropriation. I feel sure the veterans of this country, together with the Members of this Congress, are interested in doing what they can to economize at this time. My interest in suggesting to my colleague had to do purely with the proposition of suggesting that we use our best efforts to work out a means whereby the machinery of delivering the service to the veterans might be cut down, in order that the waste of expenditure in this item might be brought down to a more proper figure. That was my reason.

Now, I ask the gentleman from Massachusetts [Mr. CONNERY] if he has had any results in such cases. I have had some 700 of them on appeal, and have found in every case the local board has been upheld. When the veteran has taken an appeal I have gotten some results after the appeal board has turned down the appeal by coming to the central office and the board in Washington. It occurs to me that the expense of maintaining these different appeal boards over the country, at San Francisco, New Orleans, and various places, without naming them, might be taken into consideration when it comes to the future working out of difficulties in the machinery which administers the problems confronting the Veterans' Administration with a view to seeing that better service is given to those veterans who are entitled to it.

Mr. CONNERY. Of course, I am in hearty sympathy with what I think the gentleman has in mind, except I may say I do not think it is a problem of shifting the decision at all. I think it is a question of the attitude of the central office in Washington. Not only the boards of review but the regional offices have been given to understand they must cut expenditures, and the men in those offices are afraid in many cases to do justice to the Veterans' Bureau.

Mr. KLEBERG. I agree with the gentleman's statement, but has the gentleman obtained any results?

Mr. CONNERY. Yes; I have obtained results from the board.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. KLEBERG. I yield.

Mr. PARSONS. The rating boards are not so much to blame in this matter as are the doctors, the officials, and the designated examiners who fail to state the symptoms and findings of the examination and place them in the file of the veterans upon which a rating can be made under the rules and regulations as to disability ratings. They are the ones who do not do their work properly. Consequently the rating boards have been unable to take any other course. The rating boards should not receive the criticism of Members of Congress. The doctors are to blame, not the rating boards.

[Here the gavel fell.]

Mr. RAMSPECK. Mr. Chairman, I rise in opposition to the pro forma amendment to question the chairman of the subcommittee in reference to the last paragraph that was read. Does hte language there carried mean that the present hospital facilities can not be expanded?

Mr. WOODRUM. It does not provide for that.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Hospital and domiciliary facilities: For carrying out the provisions of the act entitled "An act to authorize an appropriation to provide additional hospital, domiliciary, and out-patient dispensary facilities for persons entitled to hospitalization under the World War veterans' act, 1924, as amended, and for other purposes," approved March 4, 1931 (46 Stat., p. 1550), $5,000,000, to be made immediately available and to remain available until expended.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. There is a paragraph at the bottom of page 47 which forbids any part of the appropriation being expended toward the construction of a hospital.

The paragraph under consideration authorizes the expenditure of $5,000,000 for construction purposes.

Is there any conflict between the two provisions?

I understood from the gentleman's statement that it was not the policy of the committee to recommend the expenditure of further money for hospitals, yet here we have a definitive appropriation of $5,000,000 for this purpose.

Mr. WOODRUM. This $5,000,000 is not for the construction of new hospitals. It is for reconditioning and repair and alterations needed to existing facilities, and not for new construction.

Mr. STAFFORD. The wording of the paragraph is:

To authorize an appropriation to provide additional hospital, domiciliary, and out-patient dispensary facilities.

As I recall that act, it provided for construction for hospital purposes and authorized $5,000,000 for this purpose.

Mr. WOODRUM. No. It has previously been authorized.

Mr. STAFFORD. What is the purpose of the appropriation?

Mr. WOODRUM. To make available funds that have previously been authorized and that have previously been committed and allocated by the Veterans' Administration.

Mr. STAFFORD. Then we are appropriating $5,000,000 for additional hospital facilities for World War veterans?

Mr. WOODRUM. That is right.

Mr. STAFFORD. The statement the gentleman made a minute ago that there was nothing in this bill for this purpose is rather in conflict with the gentleman's present statement.

Mr. WOODRUM. I do not think I made that statement. I stated, I may say to the gentleman, that it was the policy of the Veterans' Administration not to authorize new construction, and they are not doing it.

Mr. STAFFORD. Here is $5,000,000 provided for that purpose.

Mr. WOODRUM. This it not an authorization.

Mr. STAFFORD. I know it is not an authorization.

Mr. WOODRUM. It is money previously authorized and previously committed and allocated.

Mr. STAFFORD. It is $5,000,000 for additional hospitalization.

Mr. SWICK. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. SWICK. Is not this just to complete work that is now in progress?

Mr. WOODRUM. That is correct.

Mr. SWICK. It is not for any new buildings or anything of that sort?

Mr. WOODRUM. No new projects are being undertaken.

Mr. STAFFORD. But it will provide additional domiciliary and hospital accommodations.

Mr. SWICK. It will do that; yes.

Mrs. ROGERS. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I understand this will use up the remaining portion of the approximately $20,000,000 of authorization. This authorization was in our last hospital construction bill which passed in 1931.

Mr. WOODRUM. This is the remaining portion of all the authorizations Congress has made for hospital purposes.

Mrs. ROGERS. And will complete projects that are obligated. In other words, it is simply paying our debts.

Mr. WOODRUM. Yes.

Mrs. ESLICK. Mr. Chairman, I rise in opposition to the pro forma amendment in order to obtain the floor so that I may present to my colleagues a distinguished woman now seated in the Speaker's gallery—Mrs. Charles Henri Fischer, president general of the National Society of Colonial Descendants of America. [Applause.]

The Clerk read as follows:

SEC. 3. No part of any money appropriated by this act shall be used for purchasing any motor-propelled passenger-carrying vehicle (except busses, station wagons, and ambulances) at a cost, completely equipped for operation, in excess of $750, except where, in the judgment of the heads of the sundry executive boards, commissions, and offices, provided for herein, special requirements can not thus be efficiently met, such exceptions, however, to be limited to not to exceed 10 per cent of the total expenditures for such motor vehicles purchased during the fiscal year, including the value of a vehicle exchanged where exchange is involved; nor shall any money appropriated herein be used for maintaining, driving, or operating any Government-owned motor-propelled passenger-carrying vehicle not used exclusively for official purposes; and "official purposes" shall not include the transportation of officers and employees between their domiciles and places of employment except in cases of officers and employees engaged in field work the character of whose duties makes such transportation necessary, and then only when the same is approved by the head of the department. This section shall not apply to any motor vehicles for official use of the Executive office nor of the Administrator of Veterans' Affairs.

Mr. WOODRUM. Mr. Chairman, I offer a substitute section for section 3.

The Clerk read as follows:

Amendment offered by Mr. WOODRUM: On page 52, beginning in line 20, strike out section 3 and insert in lieu thereof the following:

"SEC. 3. In expending appropriations or portions of appropriations contained in this act, for the payment for personal services in the District of Columbia in accordance with the classification act of 1923, as amended, the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriation unit shall not at any time exceed the average of the compensation rates specified for the grade by such act, as amended: *Provided further*, That this restriction shall not apply (1) to grades 1, 2, 3, and 4 of the clerical-mechanical service, or (2) to require the reduction in salary of any person whose compensation was fixed, as of July 1, 1924, in accordance with the rules of section 6 of such act, (3) to require the reduction in salary of any person who is transferred from one position to another position in the same or different grade, in the same or different bureau, office, or other appropriation unit, (4) to prevent the payment of a salary under any grade at a rate higher than the maximum rate of the grade when such higher rate is permitted by the classification act of 1923 as amended, and is specifically authorized by other law, or (5) to reduce the compensation of any person in a grade in which only one position is allocated."

Mr. CONNERY. Mr. Chairman, I rise in opposition to the amendment in order to obtain some information.

Mr. WOODRUM. Mr. Chairman, in explanation of the amendment, I may say that section 3, as contained in the committee print, has already become permanent law. This is one of the rare instances where the Clerk is in error. In compiling the bill the Clerk put section 3 in the bill instead of the print which I have sent to the desk. The substitute which I have offered is the average-salary clause, which is contained in all the appropriation bills.

Mr. STAFFORD. It is the usual clause incorporated in all the appropriation bills in reference to clerical services?

Mr. WOODRUM. Yes.

The amendment was agreed to.

The Clerk concluded the reading of the bill.

Mr. WOODRUM. Mr. Chairman, I move that the committee do now rise and report the bill back to the House, with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. RAYBURN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 14458, the independent offices appropriation bill, had directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

Mr. WOODRUM. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The motion was agreed to.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. PATMAN. Mr. Speaker, I demand a separate vote on the Bankhead amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them in gross.

The other amendments were agreed to.

The SPEAKER. The Clerk will report the Bankhead amendment.

The Clerk read as follows:

Page 22, line 8, strike out the figures "$500,000" and insert the figures "$801,416."

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. PATMAN) there were 67 ayes and 46 noes.

Mr. PATMAN. Mr. Speaker, I object to the vote on the ground of the absence of a quorum.

Mr. BANKHEAD. Mr. Speaker, if the House adjourns now, will the vote be in order the first thing to-morrow morning after the reading of the Journal?

The SPEAKER. Will the gentleman from Texas withhold his point of order?



Mr. PATMAN. Yes, Mr. Speaker; I withhold it for the present.

DISTRIBUTION OF COTTON TO THE AMERICAN RED CROSS

Mr. JONES. Mr. Speaker, I present a conference report on the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of the distressed.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 2.

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following substitute:

"Sec. 3. In so far as cotton is delivered to relief agencies by the Cotton Stabilization Corporation under this act the Federal Farm Board is authorized to cancel such part of its loans to such corporation as equals the proportionate part of said loans represented by the cotton delivered hereunder, less the current market value of the cotton delivered, and to deduct the amount of such loans canceled from the amount of the revolving fund established by the agricultural marketing act. To carry out the provisions of this act the unexpended balance of appropriations made for carrying out the provisions of the joint resolution entitled 'Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress', approved July 5, 1932, is authorized to be made immediately available, and, in addition, the sum of $4,100,000 is authorized to be appropriated and made immediately available, to the Federal Farm Board to be used solely for the following purposes: For advancing to such corporations amounts to repay loans held by commercial or intermediate credit banks against cotton which would be released for donations under this act and to retire all storage and carrying charges against cotton, including compression charges, at the time of the approval of this act; and for meeting carrying and handling charges, and interest payments on commercial or intermediate credit bank loans, on or against cotton which would be released for donations under this act between the date of its approval and the delivery of the cotton to the American National Red Cross or other organization. Any additional amounts necessary for such purposes shall be paid from the revolving fund established by the agricultural marketing act."

And the Senate agree to the same.

MARVIN JONES,
H. P. FULMER,
G. N. HAUGEN,
Managers on the part of the House.

CHAS. L. MCNARY,
G. W. NORRIS,
E. D. SMITH,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment No. 1: The bill as it passed the House authorized the use of the cotton which is to be distributed under its authority in providing cloth, wearing apparel, and bedding for the needy and distressed people of the United States and Territories. This amendment will, in addition, permit such cotton to be used for providing comforters and blankets; and the House recedes.

On amendment No. 2: By this amendment contracts for the making of garments would have to provide that not more than five days of eight hours each should constitute a work week; and the Senate recedes.

On amendment No. 3: The Senate amendment strikes out section 3 of the bill and inserts in lieu thereof a substitute which authorizes the appropriation, for credit to the revolving fund, of an amount equal to the current market value of the cotton to be delivered, and provides that amounts necessary to pay the principal and interest of loans and retire storage, carrying, and handling charges against such cotton shall be advanced from the revolving fund. The substitute agreed to in conference is the same as the House provision, with modification that instead of authorizing the appropriation of such amounts as may be necessary for discharging loans and paying interest, storage, handling, and carrying charges, it authorizes for such purposes the making available of the unexpended balance (amounting to approximately $4,500,000) of appropriations made for carrying out the provisions of the joint resolution of July 5, 1932, and the appropriation of an additional sum of $4,100,000. It is further provided that any additional amounts necessary for such purposes shall be paid from the revolving fund.

MARVIN JONES,
H. P. FULMER,
G. N. HAUGEN,
Managers on the part of the House.

INDEPENDENT OFFICES APPROPRIATION BILL—FISCAL YEAR 1934

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent that the record vote on the Bankhead amendment, on the objection raised by the gentleman from Texas [Mr. PATMAN] may be in order to-morrow immediately after the reading of the Journal, and not to interfere with the previous order for the meeting of the House to-night.

Mr. PATMAN. I want it understood that there shall be a record vote to-morrow without anything further being done.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the bill under consideration may go over until to-morrow, and that a record vote on the Bankhead amendment shall be in order to-morrow immediately after the reading of the Journal. Is there objection?

Mr. CHINDBLOM. Reserving the right to object, it is understood, of course, that this order for a record vote to-morrow is not based on any point of no quorum.

The SPEAKER. It has not been developed that there is no quorum. The Chair has not counted. We are proceeding as if there is a quorum present. Is there objection to the request of the gentleman from Alabama?

Mr. MONTAGUE. Reserving the right to object, I understand that the roll call will be had to-morrow morning.

The SPEAKER. If the unanimous request of the gentleman from Alabama is agreed to, it will be the first thing in order to-morrow. Is there objection?

There was no objection.

HOUSE JOINT RESOLUTION 552—EXTENSION OF REMARKS

Mr. FISH. Mr. Speaker, I desire to take this opportunity to present certain information in support of House Joint Resolution 552, introduced by me, which reads as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Attorney General of the United States be, and he is hereby, authorized and directed to investigate the failure of any company or corporation which receives or has received a loan or loans from the Reconstruction Finance Corporation, or any of its agents, in excess of $50,000, and which has been or is placed in receivership within a period of 90 days after receipt of such loan or loans, and report to

the Congress on or before March 1, 1933, any irregularities, false or fraudulent statements, or any violations of the law governing loans under the Reconstruction Finance Corporation act.

SEC. 2. That the Reconstruction Finance Corporation shall furnish to the Department of Justice any information necessary to carry out the purposes of this resolution.

The following facts were furnished to me by the Reconstruction Finance Corporation, relative to the failure of the Union Indemnity Co., a large insurance company with headquarters at New Orleans, La. I have no financial interest in this company, or any political or personal ax to grind. My only purpose in presenting the facts before the Committee on Banking and Currency of the House of Representatives this morning was because I am firmly convinced that the Congress has a definite duty to protect the interests of the public and to see that the taxpayers' money is not loaned by the Reconstruction Finance Corporation upon misrepresentation or fraudulent statements to companies or corporations which proceed to fail within a few days or weeks of receipt of such loans.

I believe my resolution should be amended to exclude banks, as it is obviously proper and necessary for the Reconstruction Finance Corporation to loan money on good collateral to banks, in case of runs.

I am convinced, from a partial investigation, that the loans made to the Union Indemnity Co. and its affiliates should be immediately investigated, not only by the Reconstruction Finance Corporation but also by the Department of Justice. The loans of the Reconstruction Finance Corporation must be, like Cæsar's wife, above suspicion, and no opportunity afforded the "insiders" of corporations about to fail to recoup their personal losses at the expense of the Federal Government.

An attempt was made at the hearing this morning, by one member of the Committee on Banking and Currency to give the impression that there was a political motive behind my resolution, aimed at Senator HUEY LONG. I wish to disclaim any such thought and am not interested in any political angle that may develop.

The facts I herewith submit disclose a rotten mess that should and must have the searchlight of full publicity cast into every official transaction, without fear or favor, no matter who may be scorched. As for myself, I believe the facts so far ascertained require an immediate and searching investigation to ascertain all the facts upon which to institute criminal proceedings. When depression, undernourishment, and unemployment stalk the land, the American people refuse to tolerate the dissipation of public funds by big corporations for fraudulent purposes.

The Reconstruction Finance Corporation made loans to the Union Indemnity Co. and the Union Title Guarantee Co., its affiliate, amounting to approximately $4,000,000. The last loan, amounting to $970,000, was made on December 28, 1932, and the Union Indemnity Co. failed on January 6, 1933, and the Union Guarantee Title Co. on January 7, 1933.

The records disclose the fact that Mr. Rudolph S. Hecht was chairman of the advisory committee for the Reconstruction Finance Corporation at New Orleans to pass on the loans and collateral for the loans. It appears that the same Mr. Hecht is a director of the Union Indemnity Co., which failed shortly after receiving a loan from the Reconstruction Finance Corporation. It now develops that one or more of the loans made to the Union Indemnity Co. or its holding company was turned over to the Hibernia Bank & Trust Co., of New Orleans, of which Mr. Rudolph S. Hecht is president.

In addition, it is alleged that the security given for loans included bonds of the Union Indemnity Co., now defunct.

I do not wish to do any injustice to Mr. Hecht, whom I do not know, but I demand that, pending full investigation of what appears on the face of it to be fraudulent practice, that he should be compelled to resign as chairman of the advisory committee of the Reconstruction Finance Corporation. It is utterly inconceivable that he should care to, or be permitted to, continue to act in an advisory capacity as chairman of the committee passing on loans to be made by the Reconstruction Finance Corporation in view of his official connection with the Union Indemnity Co. and the Hibernia Bank & Trust Co., which eventually was the beneficiary of loans made by the Reconstruction Finance Corportation to protect the policyholders of the Union Indemnity Co.

As director of the Union Indemnity Co., Mr. Hecht was in a position to know that it was insolvent and on the verge of bankruptcy at the time the loans were made by the Reconstruction Finance Corporation, yet he approved the loans. The mere fact that the Reconstruction Finance Corporation loans were not used for the purpose intended by the Reconstruction Finance Corporation is obtaining Federal funds under misrepresentation of fact, which amounts to fraud. It is quite evident that these loans were made by concealing facts and deceiving the members of the board of directors of the Reconstruction Finance Corporation.

I have the greatest faith in the integrity and high character of all the members of the Reconstruction Finance Corporation board. I voted for the Reconstruction Finance Corporation act, as I believed it was necessary to bolster the credit of the railroads, banks, and insurance companies and restore business confidence and stability, and would do so again under identical circumstances.

The Illinois Life Insurance Co. is another case where, after loans were made by the Reconstruction Finance Corporation, amounting to $1,125,000, for the benefit of the policyholders, a sum of $1,000,000 was diverted by a director, Ernest J. Stevens, of the Illinois Insurance Co., and used, it is alleged, for the benefit of the Stevens Hotel, of which he is president.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. FINLEY, for 10 days, on account of important business.

To Mr. WEAVER, at the request of Mr. KERR, until Monday, on account of important business.

COMMENCEMENT OF TERMS OF PRESIDENT AND VICE PRESIDENT AND MEMBERS OF CONGRESS, ETC.

The SPEAKER laid before the House a communication from Ed. C. Johnson, Governor of the State of Colorado, announcing the approval by the legislature of that State of the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

SPEAKER PRO TEMPORE FOR EVENING SESSION

The SPEAKER appointed Mr. RAINEY to preside as Speaker pro tempore at the session to-night.

RECESS

Mr. RAINEY. Mr. Speaker, I move that the House stand in recess until 8 o'clock this evening.

The motion was agreed to; accordingly (at 5 o'clock and 15 minutes p. m.) the House stood in recess until 8 o'clock to-night.

EVENING SESSION

The recess having expired, the House was called to order at 8 o'clock p. m. by the Speaker pro tempore, Mr. RAINEY.

The SPEAKER pro tempore (Mr. RAINEY). The Clerk will call the first bill on the Private Calendar.

PETE JELOVAC

Mr. PITTENGER. Mr. Speaker, I ask unanimous consent to return to Calendar No. 548 (H. R. 1767) for the relief of Pete Jelovac. I wish to say in connection with that request that this bill, H. R. 1767, was considered last week, and at the request of the gentleman from Texas [Mr. BLANTON] it was passed over until I could look up and see if a former bill which granted partial relief to this man had provided that it was in full settlement and in full payment.

Mr. BLANTON. Mr. Speaker, I withdraw my objection.

Mr. PATTERSON. Mr. Speaker, reserving the right to object.

Mr. STAFFORD. Reserving the right to object, under the order of the House we are not privileged to consider bills prior to the bill that was last considered, and I am constrained to object. We may be able to take up for consideration bills that have been passed over later on.

Mr. BLANTON. Oh, it could be done by unanimous consent.

Mr. PITTENGER. If the gentleman will withhold his objection.

Mr. STAFFORD. We must make headway. We only passed 50 bills the other night. Mr. Speaker, I object.

WILLIAM CHINSKY

The Clerk called the first bill on the Private Calendar, H. R. 7200, for the relief of William Chinsky.

Mr. STAFFORD. Mr. Speaker, I am inclined to object to this bill, but I will allow the gentleman from Illinois [Mr. SABATH], an opportunity to explain it briefly, to see if he can remove my objection to the measure.

Mr. SABATH. This bill has been reported favorably several times, and unfortunately has always met with some misfortune.

This boy Chinsky was injured by an explosive that was left by the War Department while they were having some exercises in Grant Park in 1919. That boy has been very severely injured and is crippled for life. The charitable institutions in Chicago and the ladies' organizations have been very much interested in his family and in the boy, and have appealed to Congress.

Mr. BLANTON. Will the gentleman yield for an observation?

Mr. SABATH. Yes. I yield.

Mr. BLANTON. The committee has reduced this bill from $5,000 to $2,500, and I understand the gentleman from Illinois [Mr. SABATH] will protect the House in that action when the bill comes back from another body.

Mr. SABATH. I will.

Mr. STAFFORD. Mr. Speaker, what is the situation here? The municipality or some civic organization of the city of Chicago had a public exhibition at which they invited the Chemical Warfare Service to make a demonstration. That Chemical Warfare Service unfortunately left a grenade. There is no obligation upon the National Government. The Chemical Warfare Service was doing a service to the municipality or association for which this demonstration was held. Instead of the claimant going to the municipality or the association under which these exercises were held, he came to Uncle Sam to pay the bill.

Mr. PITTENGER. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. PITTENGER. I submit the gentleman is in error in that statement. This demonstration was conducted by the War Department for very definite purposes. The municipality had nothing to do with it, except that that happened to be the particular place where it was held.

Mr. STAFFORD. The gentleman does not mean to say that this was a part of the service of the Chemical Warfare Division?

Mr. PITTENGER. The War Department was putting on these demonstrations all over the country for patriotic purposes, and one of them was staged in Washington, and the facts are as set forth in the report.

Mr. BACHMANN. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. BACHMANN. The city of Chicago was putting on this demonstration.

Mr. PITTENGER. No, no.

Mr. BACHMANN. Just a minute. The report shows that the demonstration by the Chemical Warfare Service was given at Grant Park in conjunction with and as a part of the program of whom? Who was putting on the program? The Chicago Association of Commerce, fire and accident prevention day. The Government was invited to bring their exhibit over there and to participate in making that fair a success for the city of Chicago, and they were there at the invitation of the city of Chicago. Has the city of Chicago done anything with respect to this claim?

Mr. SABATH. No, no. They had nothing to do with that.

Mr. BLANTON. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. BLANTON. Does the gentleman from Wisconsin, who is fair about everything, assert that, when the War Department puts on an exhibition, I do not care who causes it, if they negligently leave a hand grenade there that explodes when a boy picks it up, they ought not pay for it?

Mr. STAFFORD. That is not the fact, however. Somebody brought it there deliberately.

Mr. BLANTON. A boy will do the biggest fool things on earth sometimes.

Mr. STAFFORD. Oh, I remember my boyhood days, and I never did such things. Well, Mr. Speaker, we must make headway. I object.

Mr. BACHMANN. I suggest the gentleman withhold his objection and allow the gentleman from Minnesota [Mr. PITTENGER] who wrote the report, to make a statement.

Mr. STAFFORD. I will withhold the objection.

Mr. PITTENGER. The file is full of correspondence on the part of the War Department, indicating clearly that the War Department had complete control of this demonstration.

This boy was very severely injured. The Employees' Compensation Commission says that $2,500 is inadequate, and I am rather inclined to think the committee was a little economical in this case. We gave this very careful consideration and reached the conclusion the claim was just.

Mr. STAFFORD. The report says that during the investigation he appeared to be considerably excited and made statements he had been coached in by his parents prior to the interview. Mr. Speaker, I object.

LOUIS ZAGATA

The Clerk called the next bill, H. R. 7593, for the relief of Louis Zagata.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Louis Zagata the sum of $1,000, covering bond guaranteeing the departure from the United States of Stanislaw Babon, alien, who disappeared, causing forfeiture of the bond, and who was later apprehended and deported.

With the following committee amendment:

Provided, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

W. B. FORD

The Clerk called the next bill, H. R. 7687, for the relief of W. B. Ford.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated and in full settlement against the Government, the sum of $2,000 to W. B. Ford, injured in the performance of his duties while postmaster at Oskaloosa, Kans.

Mr. PITTENGER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

At the end of the bill insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or

receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

C. K. BOWEN, DECEASED

The Clerk called the next bill, H. R. 7142, a bill for the relief of the heirs of C. K. Bowen, deceased.

Mr. MOUSER. Mr. Speaker, I object.

S. F. STACHER

The Clerk called the next bill, S. 243, an act for the relief of S. F. Stacher.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the General Accounting Office is hereby authorized and directed to credit the accounts of S. F. Stacher, superintendent and special disbursing agent, Eastern Navajo Indian Agency, Crown Point, N. Mex., in the sum of $3,004.17, representing an expenditure of that sum in the appropriation for Indian school buildings over and above the $37,000 authorized for construction and equipment of a heating and power plant at Eastern Navajo School, fiscal year 1929.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ADDIE I. TRYON AND LORIN H. TRYON

The Clerk called the next bill, H. R. 3928, for the relief of Addie I. Tryon and Lorin H. Tryon.

Mr. BLANTON. Mr. Speaker, this bill, if passed, will cost the Government $23,149.63. That is too big an amount to pass by unanimous consent. I object.

Mr. FREE. Mr. Speaker, will the gentleman withhold his objection?

Mr. BLANTON. I will withhold it to permit the gentleman to make a statement, but I shall object.

Mr. FREE. The gentleman is incorrect in that this is not an appropriation, but simply an act authorizing the litigant to go into court and try out the claim.

Mr. BLANTON. A claim amounting to $23,149.63, which will cost the Government that sum of money if this bill is passed.

Mr. FREE. The War Industries Board by threat withheld from the gentleman, whose widow is now representing his estate, this money; and the upper courts of the United States have now held that under the ruling of the War Industries Board they withheld this money unlawfully, against the law, contrary to the Constitution of the United States.

These people are simply asking the right to go into court and try the case. They are not asking for an appropriation. They are simply asking for the right to go into court and try to get back the money that is now being held intact in the Treasury of the United States and being held there unlawfully.

Mr. BLANTON. Which they claim were wool profits paid to the Government in 1918.

Mr. FREE. Yes.

Mr. BLANTON. That is a good long time ago. It could have been settled many years ago. The gentleman from California has been an active Member of this House since 1918. He does not overlook the interests of his constituents, and if there had been so very much merit in this claim he surely would have gotten it through here years ago.

Now, there are lots of just such cases all over the country, some in the State I come from; and if we were to pass this bill, Congress would be deluged with them.

The statute of limitations has run against this claim. If we pass this bill, it opens up the statute and gives these people the right to go into court and eventually collect $23,149.63 from the Government. If we are going to do it for the relief of a claimant in California, we ought to do it for all of the other claimants in the rest of the United States.

Mr. MILLER. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The regular order is, Is there objection?

Mr. BLANTON. Mr. Speaker, I object.

EMMA R. H. TAGGART

The Clerk called the next bill, H. R. 10259, for the relief of Emma R. H. Taggart.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. KLEBERG. Will the gentleman withhold his objection?

Mr. STAFFORD. I will reserve it for a few minutes. I may say to the gentleman that regardless of the merits of the proposition, it has been the uniform policy, so far as I am concerned, in respect to bills of this kind, in this Congress and in the last Congress, to decline to grant a year's honorarium to these widows.

Mr. KLEBERG. If the gentleman will yield a moment, I call his attention to the fact that this bill is merely following the well-established precedent of the Congress of the United States, going back to the act of July 28, 1892, when authorization was made by the Congress for the heirs of Alexander Clark, and coming down through more than 30 cases identical with the one we have before us.

Mr. STAFFORD. I will grant that prior to the passage of the so-called Rogers Retirement Act of 1924, applicable to all persons in the Foreign Service, we were rather generous, but when we passed that act and placed all of our civilian force in the Foreign Service on a well-established basis, with retirement pay, there have been only two such acts passed—one as a rider on an appropriation bill and another as a special act.

Mr. KLEBERG. But they were passed.

Mr. STAFFORD. It has not been the policy of Congress since the Rogers Retirement Act was passed, and therefore I object.

Mr. KLEBERG. I hope the gentleman will withhold his objection just a moment for an additional statement.

Mr. STAFFORD. I withhold it.

Mr. KLEBERG. The gentleman has just admitted that since the passage of the Rogers Act there have been two exceptions. I submit that whenever a man goes into the Foreign Service of his country and goes abroad, as this gentleman did, to Belize, British Honduras, he loses the benefit of the earnings of the average gentlemen in the employ of our Government and in reality is expatriated while in the Foreign Service.

Mr. STAFFORD. If the gentleman will permit, we were quite liberal in the Rogers Retirement Act with respect to salaries and no effort was made at that time to amend the act to provide for payment of a year's gratuity. We have on the statute books provisions for a six months' gratuity to those in the naval service when they die with dependents. Legislation of this sort should be brought in by the committee in a general bill. During the last Congress I was berated by my colleague in objecting to a bill of this character applicable to one of my own constituents, when that widow was the possessor of an estate of over $30,000.

Mr. KLEBERG. I hope the gentleman will not object. In this case no such affluence exists.

Mr. STAFFORD. Mr. Speaker, I object.

FLORENCE M. HUMPHRIES

The Clerk called the next bill, H. R. 10573, for the relief of Florence M. Humphries.

Mr. PATTERSON. Mr. Speaker, I reserve the right to object to give the gentleman from South Carolina [Mr. HARE] an opportunity to explain the bill. I want to know something about how long this is to run. Are these payments to be for life? I would judge from the bill they would probably have no end.

Mr. BACHMANN. If the bill were passed, the woman's heirs, as long as they lived, might recover this $30.

Mr. HARE. Mr. Speaker, I think I can answer the question briefly by saying that the object of this bill is to place

this widow on the same footing and the same basis as widows of chaplains of the Regular Army.

There is no question but what this man, Rev. R. W. Humphries, was an acting chaplain in the United States Army service. He served in France for several months.

Mr. BACHMANN. If the gentleman will yield right there, the gentleman said there is no question but what this man was an acting chaplain. The fact of the matter is that he was a Young Men's Christian Association secretary.

Mr. HARE. That was his official designation.

Mr. BACHMANN. Then we approach this matter as being the case of a secretary of the Y. M. C. A. over there during the war and not as a chaplain or acting chaplain.

Mr. HARE. Just wait a minute. I invite the gentleman's attention to the report and to the evidence. He was in fact under the Y. M. C. A. as a secretary, but he was assigned to the Three hundred and twentieth Machine Gun Battalion, and I take the testimony of Maj. Olin Shivers, who says, "While Reverend Humphries was with our organization he performed all the duties of a chaplain, for we had no other chaplain to our outfit."

I go just a little farther and take the statement of Lieut. Charles M. Hammond, who was also of this organization, and, speaking of Reverend Humphries, he says: "He was our only chaplain. He was conscientious in the performance of his duties. He conducted services, buried the dead, and exerted a distinctly moral influence over the boys."

There can be no question but what this man performed every duty of a chaplain and served throughout the war from July, 1918, until after the close of November, 1918, and continued to serve in this way until he became disabled as a result of a disability incurred while bringing off the field a captain of a New York regiment, from which injury he died; and, as I have said, there can be no question but what he was an acting chaplain.

It is true he was in the service as secretary of the Y. M. C. A., but this bill only provides that his widow shall be placed on the same basis as if he had received a commission.

Mr. PATTERSON. Mr. Speaker, I withdraw my reservation.

Mr. HARE. This chaplain had been examined and his application had been approved as a chaplain in the Army, but he had not received his commission. The officers of this battalion all felt that he was chaplain.

Mr. ALLGOOD. The report shows that Capt. Gilbert W. Rosenthal states—

> As battalion surgeon, I was closely associated with Rev. Reuben W. Humphries from August, 1918, when he joined the battalion, to April, 1919, when he went on sick leave. During all this time he was acting chaplain for the Three hundred and twentieth had no regular chaplain. He has conducted services, buried the dead, and exerted a distinctly moral influence upon the boys. To my personal knowledge he was caught in a German barrage while administering to the wants of the men in the front line.

Mr. BACHMANN. Admitting that all that is true, there were many citizens of the United States who served as secretary in the Y. M. C. A. and rendered similar services at the time of the war, and many lost their lives there. If you want to establish a precedent, which you will do by passing this bill, you will bring all these citizens whose health was impaired, and this will be the basis for inducting into the service a principle that ought not to be established.

Those inducted into the service stand on a different basis. These persons who were not inducted into the service stand on a different basis; they were not under strict orders, they had more latitude and freedom than those who were inducted into the service.

Now, I direct attention to another report from the War Department, which says:

> Despite the statement in the proposed bill that the Rev. Reuben W. Humphries served as chaplain for the Three hundred and twentieth Machine Gun Battalion, the fact remains that his official status was that of a Y. M. C. A. secretary attached to this unit, and that he was no way different from many other secretaries of the several welfare associations with the American Expeditionary Forces.

Mr. HARE. There is no question about these facts. He was acting chaplain, and the committee does not deny that. The War Department takes the position that there may have been other secretaries that lost their lives. There was no evidence to this effect brought before the committee. I have been on the committee eight years, and there has never been a time when a single case has been brought to our committee similar to this. There may have been some, but I do not know of them. If there are we will cross that bridge when we get to it.

This chaplain was unquestionably serving as a chaplain, although not commissioned. He performed his duty, and came to his death as the result of the service rendered, and I think his widow should be entitled to consideration.

Mr. BACHMANN. And as soon as this bill passes, every man connected with a service organization who suffered some disability will be coming to Congress asking to be remunerated on the same basis.

Mr. HARE. If they come, our committee will consider each case on its merit.

Mr. BACHMANN. As much as I hate to, I must object to this.

Mr. HARE. Let me say that we passed a bill some time ago, where a nurse was in a hospital but never commissioned as a nurse. She was assigned to the hospital service, took the influenza, and died. The House passed the bill putting her on the same footing as other nurses in the Army.

Mr. ALLGOOD. The report shows that this man reported at Columbia, S. C., on June 20, 1918, volunteered his service as chaplain in the United States Army. He was given a physical examination and favorably reported, but before being called or inducted into the service as a chaplain he went overseas as a Young Men's Christian Association secretary, expecting to receive his appointment as chaplain at any time.

He was there with his company, and before he could get his commission he went on.

Mr. BACHMANN. I understand all that.

Mr. ALLGOOD. The Government failed to issue its commission. That is the only failure in this instance.

The SPEAKER pro tempore. Is there objection?

Mr. BACHMANN. Mr. Speaker, I object.

MACK COPPER CO.

The next business on the Private Calendar was the bill (H. R. 7780) to confer jurisdiction upon the Court of Claims of the United States to hear, adjudicate, and render judgment upon the claim of Mack Copper Co. against the United States for damage to and cost of restoration of certain real property owned by Mack Copper Co. which was used and occupied by the United States for an Army cantonment or other military purposes.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, I shall be forced to object to this bill, but I want to make a statement in respect to it. In 1924 this company was permitted to go into the Court of Claims, and in 1927 a judgment was rendered whereby it received $150,000 from the Government at one time and then also collected from the Government the additional amount of $79,500, for alleged rentals, incidental to the same suit. It now comes in and claims, after having had its day in court and after collecting these amounts, that it could have sold these lands for $1,500,000, and that it was damaged in the amount of $1,200,000 because the land, it alleges, cost it only $300,000 in the beginning. That $1,200,000 would be a tremendous profit on a $300,000 investment. If this bill is passed, it will cost the Government of the United States a million dollars more on a case that has already been tried and determined and in which the Government has already paid $229,500. I object.

Mr. HARE. Mr. Chairman, will the gentleman withhold his objection? The gentleman does not want to misquote the facts?

Mr. BLANTON. I am quoting the facts directly from the record itself.

Mr. HARE. I would like to explain the facts.

Mr. BLANTON. Did they not collect $150,000 from the Government in 1927?

Mr. HARE. Yes.

Mr. BLANTON. And did they not collect an additional $79,500 from the Government in 1927?

Mr. HARE. Yes.

Mr. BLANTON. And are they not now claiming that the land cost them only $300,000, and that while the Government had it there was some topsoil or manure taken from it, and that they had a chance to sell it for $1,500,000, and that they were damaged $1,200,000 because they could not make the sale?

Mr. HARE. Now, I do not think so.

Mr. BLANTON. That is what the record shows, because I have gone beyond what the committee puts in this report, and I have looked into the entire record. If my friend will get that case and the report, he will find that is so. If you pass this bill, they can go to the Court of Claims and retry that case on the same evidence that was introduced from 1924 to 1927.

Mr. HARE. Will the gentleman allow me to have a word?

Mr. BLANTON. Is not that the fact?

Mr. HARE. Not wholly.

Mr. BLANTON. That is what the bill says, and I will read it from the bill myself:

To use and consider as evidence * * * the testimony and other evidence filed by Mack Copper Co. * * * wherein the court rendered judgment on June 6, 1927.

Mr. HARE. Let me make a statement, will you?

Mr. BLANTON. All right, but after that I am going to object.

Mr. PARKS. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, I object.

LUCIUS K. OSTERHOUT

The next business on the Private Calendar was the bill (H. R. 9955) for the relief of Lucius K. Osterhout.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers, Lucius K. Osterhout, who was a member of Company A, First Regiment Michigan Volunteer Cavalry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on June 24, 1865: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

J. G. SEUPELT

The next business on the Private Calendar was the bill, S. 2982, for the relief of J. G. Seupelt.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. I object.

Mr. HILL of Washington. Mr. Speaker, will the gentleman reserve his objection?

Mr. STAFFORD. I reserve the right to object. Perhaps the gentleman may be able to remove my objection to this bill. As I read the report, this settler went on this land with his eyes wide open and paid the appraised price, and now wishes to be relieved of the price exacted at the time of entry.

Mr. HILL of Washington. He has not paid the price. This land is homesteaded on condition of paying the appraised value. It is surplus land in the Colville Indian Reservation. It is classified as grazing land, and the price is not paid in advance. It is paid so much each year, and each entry was made on land situated on an island. The land was unsurveyed at the time the homesteads generally were taken up on the Colville Reservation. A special act was passed authorizing the homesteading of this, after it was surveyed. It took some considerable time to survey it after the act was passed, and this man is simply asking that it be reexamined and reappraised in order that the value of the land may be redetermined.

Mr. BACHMANN. Mr. Speaker, I think the gentleman from Washington states the situation correctly. I think this bill ought to pass.

Mr. STAFFORD. Mr. Speaker, the gentleman from Washington has given me a different viewpoint as to the facts in the case. In reading the report I was under the impression that he had paid the appraised value.

Mr. HILL of Washington. No; it had not been paid.

Mr. STAFFORD. And had gone on the land and wanted a different condition to apply to him, knowing full well what the law was at the time he entered. I withdraw the reservation of objection.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That in the completion of the homestead entry of J. G. Seupelt on the Colville Indian Reservation authorized by the act approved April 14, 1923 (43 Stat. L. 1362), the Secretary of the Interior be, and he is hereby, authorized and directed to make a new appraisal of the value of the property therein referred to and accept settlement therefor on the basis of such new appraisal as the appraised price of the said property.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

WILEY POST AND HAROLD GATTY

The Clerk called the next bill (S. J. Res. 33), to authorize the President to award gold medals to Wiley Post and Harold Gatty in recognition of their achievement in making an airplane flight around the world in less than nine days.

Mr. STAFFORD. Mr. Speaker, I am under the impression that this bill was incorporated in a general law that was passed at the last session, and therefore I object. If I am in error, I will be glad to have some one correct me.

Mr. BACHMANN. Will the gentleman yield for a moment?

Mr. STAFFORD. I yield.

Mr. BACHMANN. I would like to ascertain from the chairman of the committee which had this bill whether that is the fact.

Mr. STAFFORD. I may say to the gentleman that this bill should have been referred to the Committee on Military Affairs. The Committee on Military Affairs reported out a bill awarding decorations of the flying cross to Wiley Post and Harold Gatty. As I recall, there were four persons named in that bill, which became law. It would be ridiculous for us now to pass another bill. If I am in error, then we can return to it at some other time.

Mr. BACHMANN. The reason I was making inquiry was that both the War Department and the Navy Department have given their approval to this bill. The bill has already passed the Senate. I think, in principle, it encourages aviation, something that this Government is very much interested in; and if there has been no general legislation to cover this, I would like to ask the gentleman to make his objection in the RECORD, so that we may be able to return to it by unanimous consent, if there has been no general legislation on the subject, and let it pass.

Mr. STAFFORD. My memory is sometimes faulty, but in this instance the matter was brought to the attention of the Committee on Military Affairs and we reported out a bill and it is now part of the law. Therefore I object, Mr. Speaker. There is no use reenacting the same provision twice.

JOHN I. LOWE

The Clerk called the next bill, H. R. 3626, for the relief of John I. Lowe.

Mr. MOUSER. Mr. Speaker, I object.

Mr. TARVER. Will the gentleman reserve his objection?

Mr. MOUSER. I will reserve it.

Mr. TARVER. Of course, I do not know what the basis of the gentleman's objection may be.

Mr. MOUSER. I can give the gentleman my reason for the objection, and I will be glad to hear his explanation.

This bill has received an unfavorable report from the War Department after investigation. I have gone over the reports very carefully. There is no evidence that the body of soldiers that went by this particular farm had anything to do with the fire. The circumstances at least are very remote.

Mr. TARVER. The gentleman does not read the record as I read it nor understand it as I understand it, if that is his conclusion. The evidence in this case shows without controversy that this organization of soldiers marched by this farmer's farm and they had a tractor stalled in front of the barn for several hours; that several of the soldiers from time to time were seen entering the barn; that two of them were seen entering the barn immediately prior to the fire; and that as soon as they had left the barn a fire broke out and consumed the barn with its contents.

Mr. MOUSER. How soon after?

Mr. TARVER. Within just a few minutes.

Mr. MOUSER. Several hours.

Mr. TARVER. Oh, no, no. The gentleman is mistaken. Let me read from one of the affidavits in the case.

Mr. MOUSER. Will the gentleman show me where anyone said it was within a few minutes?

Mr. TARVER. The affidavit of E. L. Green is in part as follows:

That affiant worked on said farm during said day, ceasing his work about sundown, and on the way to his home he met two United States soldiers on the premises of J. I. Lowe, at a well between where said barn was destroyed by fire and the home of affiant; that the soldiers were at said well about sundown; that affiant went immediately home, a distance of about one-fourth mile from said well; that in about 30 minutes after the affiant arrived at his home he heard some cries, and on going out in his yard saw the fire.

That is one of the affidavits.

Mr. MOUSER. Mr. Speaker, that does not place the soldier in the barn.

Mr. TARVER. Emily Griffin says:

That late in the afternoon of October 9, 1920, between sunset and dark, she saw two United States soldiers around the barn of the said J. I. Lowe, on said premises; that said soldiers were in and around the said barn for quite awhile; that said barn was on fire immediately; that affiant at the time was in plain view of said barn and can state definitely that the two men were dressed in United States uniform.

I can not understand how any case based on circumstantial evidence as this kind of case must necessarily be could be any stronger than this one as disclosed by the facts in this case.

Permit me to say also that the committee has reduced the amount of damages from $3,190.96, and the House is asked to appropriate only $1,595.48, one-half of the uncontroverted amount of the loss sustained by the farmer.

Mr. MOUSER. I may say to the gentleman that there is considerable doubt in the mind of a person reading this report.

If the gentleman will consent to $1,000, I will withdraw my objection. The War Department is unfavorable to this claim.

Mr. TARVER. I believe the full amount should be recovered, but in the circumstances I will accept the gentleman's suggestion.

Mr. MOUSER. I am doing the gentleman a favor.

Mr. TARVER. I will agree to the amendment under the circumstances.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and is hereby, authorized to pay, out of any money in the Treasury not already otherwise appropriated, $3,190.96 to John I. Lowe, in full settlement of all claims against the Government on account of the destruction by fire set by United States soldiers of Battery C, Eighty-third Field Artillery, of a barn and contents belonging to the said John I. Lowe, on October 9, 1920.

With the following committee amendment:

Line 5, strike out "$3,190.96" and insert in lieu thereof "$1,595.48."

Mr. MOUSER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOUSER to the committee amendment: In line 5, strike out "$1,595.48" and insert in lieu thereof "$1,000."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time and passed; and a motion to reconsider was laid on the table.

ARNOLD R. KLINE

The Clerk called the next bill, H. R. 698, authorizing the President to transfer and appoint Lieut. (Junior Grade) Arnold R. Kline, United States Navy, to the grade of assistant paymaster with the rank of lieutenant (junior grade), in the Supply Corps, United States Navy.

There being no objection the Clerk read the bill, as follows:

Be it enacted, etc., That the President of the United States is hereby authorized to transfer and appoint Lieut. (Junior Grade) Arnold R. Kline, United States Navy, to the rank of lieutenant (junior grade) in the Supply Corps of the United States Navy without regard to his age.

The bill was ordered to be engrossed and read a third time, was read the third time and passed; and a motion to reconsider was laid on the table.

BURTON BOWEN

The Clerk called the next bill, H. R. 1709, for the relief of Burton Bowen.

Mr. EATON of Colorado. Mr. Speaker, I object.

Mr. MEAD. Mr. Speaker, will the gentleman withhold his objection to permit an explanation?

Mr. EATON of Colorado. I will withhold the objection.

Mr. MEAD. Mr. Speaker, this bill attempts to correct the discharge, which was not a dishonorable discharge to begin with but an ineptitude discharge. When this man enlisted in the service he was 15 years of age. Shortly after his enlistment he contracted a disease resulting from an infection, the infection resulting from vaccination.

Throughout his service he suffered from liver trouble, pleurisy, and kindred ailments.

Since his discharge from the service his health has been very bad. He was injured in a railroad accident some time ago and has but one arm. He is a good citizen. He is now 47 years of age and in very poor health, traceable to the infection he received in the service at a time when he was but 15 years of age.

He committed no serious offense, just a few mischievous pranks any child might commit. There was no serious objection made against this bill before the Naval Affairs Committee, as the members of the committee who are here will testify; and I hope the gentleman will withdraw his objection in view of the youth of this boy when he was in the service.

Mr. EATON of Colorado. Do I understand the gentleman to say that all these illnesses and the cause of his present trouble are traceable to the time he was in the service, notwithstanding the fact he received a discharge showing he was in good health?

Mr. MEAD. Absolutely; as a result of a very serious infection following his vaccination. This boy was in poor health throughout his service, and this man to-day is in poor health.

Mr. EATON of Colorado. I have examined this report very carefully. There seems to be no statement made of any special circumstance that would entitle this man to this special consideration the gentleman is trying to give him by giving him an honorable discharge. This is not a desertion discharge, however, but what is termed an "undesirable" discharge.

Mr. MEAD. Not at all; not at all.

Mr. EATON of Colorado. Inasmuch as no one else is objecting, I will withdraw my objection.

Mr. MEAD. He was guilty of a few minor offenses only.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I assume the gentleman will have no objection to

striking out, in line 3, the words "compensation laws." That is not the customary language in bills of this character.

Mr. MEAD. Yes. This does not pertain to the World War, anyway.

Mr. STAFFORD. The gentleman has no objection to such an amendment?

Mr. MEAD. No; none whatever.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the compensation laws and laws conferring rights and privileges upon honorably discharged soldiers, sailors, marines, etc., their widows and dependent relatives, Burton Bowen shall hereafter be held and considered to have been honorably discharged from the United States Navy on March 26, 1903: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

With the following committee amendment:

In line 7, strike out the word "honorably" and insert after the word "discharged" the words "under honorable conditions."

The committee amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Line 3, after the word "the," strike out the balance of the line.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RAYMOND C. BOGART

The Clerk called the next bill, H. R. 1710, for the relief of Raymond C. Bogart.

Mr. BLANTON. Mr. Speaker, reserving the right to object, I want to call the attention of the gentleman from New York [Mr. MEAD] to the report of the Navy Department, which says that the records of the Navy Department show that Raymond C. Bogart was born on January 31, 1897, and that on February 21, 1916, he enlisted in the Navy for a period of four years. During this period of service he was twice tried and convicted by summary court-martial, in both instances of absence from station and duty after leave had expired. On April 17, 1917, Bogart was tried by general court-martial and convicted of desertion. It was just 11 days after we had entered the World War that he was again convicted for desertion. Then they say that he was sentenced to be confined for a period of 18 months and to be dishonorably discharged from the naval service. On April 21, 1917, however, the confinement and dishonorable discharge were remitted by the Navy Department on the condition that for the period of one year Bogart's conduct in the opinion of his commanding officer warranted his further retention in the service. On April 10, 1920, Bogar was again tried by general court-martial and convicted of "drunkenness on duty."

Mr. Speaker, the first two courts-martial were for trivial offenses, but the third was for desertion during war time, and after he had been put on probation, for a man to be drunk on duty, where his drunkenness on duty might cost the lives of several hundred of his fellow countrymen serving with him in the naval service, I do not think we ought to now reward him, and, therefore, I shall have to object.

Mr. LANKFORD of Virginia. If the gentleman will permit, I think if he will examine the report closely he will find that the conviction referred to was not during the probationary period but was after the year was up.

Mr. BLANTON. It was after the year, but it was after he had been put on probation and on good behavior.

Mr. LANKFORD of Virginia. That is true.

Mr. BLANTON. And after having been tried and convicted three times. He was then tried and convicted of being drunk on duty. This is a serious offense against a man either in the Naval Service or the Army Service, for it could mean the life or death of many people, and I shall object.

Mr. MEAD. Will the gentleman withhold his objection so that I may offer an explanation?

Mr. BLANTON. To be drunk on duty is quite serious.

Mr. LANKFORD of Virginia. There was some extenuating circumstances which I have no doubt the gentleman from New York [Mr. MEAD] will bring out.

Mr. BLANTON. I withhold my objection, if the gentleman from New York desires to be heard.

Mr. MEAD. Mr. Speaker, this young man enlisted in the Navy before the war, and it is true, as the gentleman from Texas, has stated, on two occasions he violated the rules. As to the extent of the violations, investigations will disclose the fact that the young man went out and took part in a little drinking party. He was put on his honor——

Mr. BLANTON. Before the gentleman gets to that, within 11 days after we entered the World War he was tried and convicted of desertion, not for being over leave or absent without leave but for desertion from the naval service.

Mr. MEAD. Which, under the circumstances, resulted in the same thing, and for that offense the sentence was remitted and he was ordered to duty, and from that time until the termination of the war—or from that time until two months after his term expired—he conducted himself in an honorable way; and when he was arrested the second and last time after an honorable service throughout the war it was 30 minutes after he concluded his parole duty at night that he and a man named Savage were arrested under the same circumstances in the same place. Both of them were ready to go north. They were tried by the same court-martial, defended by the same counsel, and Savage was acquitted and this man was adjudged guilty.

Mr. BLANTON. And the judges who acquitted Savage found evidence that warranted them in convicting this other man.

Mr. MEAD. There was no difference.

Mr. BLANTON. And it was the fourth conviction.

Mr. MEAD. No; this was the third conviction. The last one was two months after his four years were up and when the man was ready to come north and 30 minutes after his parole duty was finished at night he was arrested and the man caught with him was discharged while he was convicted. To-day this man is totally blind and is supported by charity. He is entirely without means of support.

Mr. BLANTON. Mr. Speaker, his being totally blind and supported by charity appeals to me and I withdraw my objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the compensation laws and laws conferring rights and pivileges upon honorably discharged soldiers, sailors, marines, their widows and dependent relatives, Raymond Charles Bogart shall hereafter be held and considered to have been honorably discharged from the United States Navy as seaman, second class, October 23, 1920.

With the following committee amendment:

Page 1, line 7, strike out the word "honorably" and after the word "discharged" insert the words "under honorable conditions," and in line 9, at the end of the bill, insert "*Provided*, That no bounty, back pay, pension, or allowance of any kind, shall be held to have accrued prior to the passage of this act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

RUSSELL H. LINDSAY

The next bill on the Private Calendar was the bill (H. R. 2978) for the relief of Russell H. Lindsay.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, I shall object to this bill, because the Naval Retiring Board after carefully considering the facts held that the man's disability was not the result of his service. They have strongly recommended against the passage of this bill. This bill if passed would cost the Government $1,125 a year for the remainder of his life.

Mr. WOODRUFF. Mr. Speaker, the retiring board that retired this man, and the officers, disagreed with the medical board. The facts of the case are these. This young officer

was sworn in as an officer in the regular Navy in April, 1918. The medical report of the examination given this young officer at the time indicates that each member of the medical board examining the young man found him free from disabilities of any kind.

Two months later he became ill and was sent to a hospital and his disease was of so light a character—tuberculosis—that each of these officers of the Navy did not discover it. He was transferred to the Naval Hospital ship and transferred from this ship to the Naval Hospital at Norfolk, Va.

Mr. BLANTON. Will the gentleman allow me?

Mr. WOODRUFF. Yes.

Mr. BLANTON. What has the gentleman to say about this language in the report?

The Naval Retiring Board above referred to found that the disability of Russell H. Lindsay was not incurred in the line of duty. In view of the foregoing the Navy Department recommends against the enactment of the bill H. R. 2978.

The Navy Department is sympathetic with every single officer of the Navy. If there is any way on God's earth that they can get around a technicality of the law they will do it.

Mr. WOODRUFF. The gentleman is mistaken about that. The report says:

The department has been consistently opposed to the enactment of legislation for the benefit of an individual and not of general application to all similar cases, except where the attendant circumstances show the case to be an exceptionally meritorious one. There is nothing of record in this department to place this case in the category of the exceptionally meritorious. It is therefore recommended that the bill be not enacted.

But, Mr. Speaker, this particular case was referred to the Attorney General on two different occasions, and here is what he says:

The Attorney General, in his opinion of August 21, 1919, which was in force and binding upon the naval service at the time this case was under consideration by the retiring board in the Navy Department, held that a soldier is to be deemed as having been in sound condition when accepted in the service; and, further, that when it is shown that he had a disease during this term of service that such disease must be deemed to have been contracted while he was in the service and in the line of duty, unless it is shown to be due to his own willful misconduct or to some act or course of conduct of his disconnected with his military duty.

Mr. BLANTON. I want to ask the gentleman one question.

Mr. WOODRUFF. Very well.

Mr. BLANTON. What on earth has the Attorney General to do with the case?

Mr. WOODRUFF. He has something to do with the interpretation of the law.

Mr. BLANTON. The Navy has its own Judge Advocate General.

Mr. WOODRUFF. The Attorney General is the highest legal authority outside the Supreme Court.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WOODRUFF. Yes.

Mr. BLANTON. If we establish that opinion as a policy of the Government, it would cause the Veterans' Bureau to-morrow to pay 100,000 veterans compensation for service-connected disability that are now refused, because the administration does not follow any such opinion as that.

Mr. WOODRUFF. We have adopted legislation in Congress in the past that any man accepted for service in the Army during the World War or Navy, where no notation of disability has been placed on the record at the time of enlistment, is presumed to be free of disability on entering the service.

Mr. BLANTON. I have a constituent to-day who was noted to have been in the hospital on 7 different days in October, and 4 or 5 days in November, 1917. He was in sound health when he went in, and has had a serious affliction ever since he came out; and yet the Veterans' Bureau holds it is not of service connection. That opinion of the Attorney General is not in force in the Veterans' Administration.

Mr. WOODRUFF. Will the gentleman accept the decision of the court?

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. WOODRUFF. Yes.

Mr. STAFFORD. The report of the Acting Secretary of the Navy is that this man, within 12 days of his being inducted into the service, was sent to the sick bay and there was found to have tuberculosis.

Mr. WOODRUFF. He was found to have tuberculosis two and a half months thereafter.

Mr. STAFFORD. Oh, I beg the gentleman's pardon. Twelve days after he first reported for duty he was admitted to the sick bay on board the vessel complaining of sickness, and two days after that the diagnosis was made, on the 19th, when he was determined to have tuberculosis. Does the gentleman mean to say that a man who was sick at the time he entered the service, and in 12 days is found to have tuberculosis, should be sustained by the Government for all time afterward?

Mr. BLANTON. Mr. Speaker, I object.

Mr. WOODRUFF. Will the gentleman withhold that objection?

Mr. BLANTON. I will withhold it, but eventually I shall object.

Mr. WOODRUFF. This man was appointed an ensign on May 31, 1918.

Mr. STAFFORD. The letter of the Acting Secretary specifically says that he reported for active duty on board the U. S. S. *Maine* on July 26.

Mr. PARKS. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The regular order is, Is there objection?

Mr. BLANTON. I object.

WILLIAM BARTLEY

The next business on the Private Calendar was the bill (H. R. 3539) for the relief of William Bartley.

The SPEAKER pro tempore. Is there objection?

Mr. EATON of Colorado. Mr. Speaker, I object.

Mr. GRISWOLD. Mr. Speaker, I object.

JOHN O'NEIL

The next business on the Private Calendar was the bill (H. R. 5989) for the relief of John O'Neil.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers John O'Neil, late of United States Naval Reserve Force, shall hereafter be held and considered to have been honorably discharged from the naval service of the United States on the 10th day of October, 1918: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

With the following committee amendments:

Line 6, strike out the word "honorably," and in line 7, after the word "discharged," insert the words "under honorable conditions."

The committee amendments were agreed to, and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

JOHN M'KENNA

The next business on the Private Calendar was the bill (H. R. 7553) for the relief of John McKenna.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I object.

LIEUT. MORRIS SMELLOW

The next business on the Private Calendar was the bill (H. R. 8180) authorizing the President to transfer and appoint Lieut. Morris Smellow, United States Navy, to the grade of passed assistant paymaster, with the rank of lieutenant, in the Supply Corps of the United States Navy.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I reserve the right to object. I have no objection to the bill if they will leave it to the department to determine what position he will take. I

do not believe it is good practice for the Congress to fix the rank at which an officer shall be placed.

Mr. HESS. This man receives the same rank in the Supply Corps that he had in the line of the Navy.

Mr. STAFFORD. I think it should be left to the department to say where he will be placed.

Mr. HESS. That discretion is in the department anyway. I have no objection to an amendment to remedy that.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. A similar Senate bill is on the Speaker's table.

Mr. HESS. Mr. Speaker, I ask unanimous consent that the Senate bill be substituted for the House bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the Senate bill.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the President of the United States is hereby authorized to transfer and appoint Lieut. Morris Smellow, United States Navy, to the grade of passed assistant paymaster, with the rank of lieutenant, in the Supply Corps of the United States Navy, to rank next after Lieut. Edmund T. Stewart, jr., Supply Corps, and with Lieut. Charles H. Momm, of the line, as a running mate.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Line 7, after the word "Navy," strike out the remainder of the bill.

The amendment was agreed to, and the bill as amended was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

A similar House bill was laid on the table.

WILLIAM E. B. GRANT

The Clerk called the next bill, H. R. 9166, for the relief of William E. B. Grant.

Mr. BACHMANN. Reserving the right to object, is the gentleman from Maryland interested in this bill?

Mr. COLE of Maryland. I am; yes, sir.

Mr. BACHMANN. I am not clear as to the purpose of this bill or the reason for submitting the matter to the Comptroller General; and then, in addition to that, the bill provides for an appropriation for an amount that is undetermined.

Mr. COLE of Maryland. The amount suggested is in keeping with what we think the Comptroller General will finally award, and a similar claim has been approved by the Court of Claims, almost identical with this, establishing a precedent, but solely because of the statute of limitations, this claim is barred. It is only an authorization, as the gentleman will find. There is a committee amendment authorizing the amount.

Mr. BACHMANN. I direct the gentleman's attention to the way the bill is prepared. This bill authorizes the Comptroller General to examine and settle this claim.

Mr. COLE of Maryland. Yes.

Mr. BACHMANN. In line 6 it refers to the Secretary of War, and I think it means the Secretary of the Navy, because the War Department has nothing to do with it. The claim had its foundation in the Navy Department.

Mr. COLE of Maryland. That is true. The Secretary of the Navy recommends the passage of the bill.

Mr. BACHMANN. Section 2 asks for an appropriation of $16,000, and the gentleman himself does not know, and no Member of the House knows, what is actually involved or what the amount of the claim is.

Mr. COLE of Maryland. We can not tell until it is determined.

Mr. BLANTON. The gentleman can make a point of order against the last provision and let it be stricken by agreement. Then probably it will not be objectionable.

Mr. BACHMANN. I was going to suggest this. The bill authorizes the Comptroller General to examine and settle. I have no objection to the bill if it can be amended——

Mr. BLANTON. I think my friend can safely trust Comptroller General J. R. McCarl.

Mr. BACHMANN. But there is no amount determined, and the bill would require a settlement.

Mr. BLANTON. I would rather leave it to General McCarl than for us to fix an exact amount.

Mr. BACHMANN. If the gentleman will agree to an amendment striking out section 2 and let this claim go to the Comptroller General for him to examine but not to settle, and another amendment changing "the Secretary of War" to read "the Secretary of the Navy" I will have no objection.

Mr. COLE of Maryland. That is agreeable. The reason behind the bill is that the Court of Claims has already passed upon the merits of an identical case.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to examine and settle, on the basis of facts and figures to be found and reported to him by the Secretary of War, the claim of William E. B. Grant, warrant machinist, United States Navy, retired, for the amount withheld from him under section 4 of the act entitled "An act to provide for the opening, maintenance, protection, and operation of the Panama Canal, and the sanitation and government of the Canal Zone," approved August 24, 1912, as amended, from April 7, 1909, to May 3, 1917, and from November 29, 1919, to February 28, 1922, the periods during which he was employed by the Isthmian Canal Commission or the Panama Canal.

SEC. 2. There is hereby appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient amount, not to exceed $16,000, to enable the Secretary of the Treasury to pay the claim of the said William E. B. Grant as and when settled by the Comptroller General.

With the following committee amendment:

On page 2, line 6, after the word "hereby," insert the words "authorized to be."

The committee amendment was agreed to.

Mr. BACHMANN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BACHMANN: On page 1, line 4, after the word "examine," strike out the words "and settle."

The amendment was agreed to.

Mr. BACHMANN. I offer a further amendment, Mr. Speaker.

The Clerk read as follows:

Amendment by Mr. BACHMANN: Page 1, line 6, strike out the word "War," and insert in lieu thereof the words "the Navy."

The amendment was agreed to.

Mr. BACHMANN. I offer a further amendment, Mr. Speaker.

The Clerk read as follows:

Amendment offered by Mr. BACHMANN: Page 2, lines 6 to 10, strike out section 2.

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

LIEUT. MORRIS SMELLOW

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent to vacate the proceedings by which the bill S. 4381, just considered in the House, was considered, back to the amending stage. I believe I made a mistake in offering the amendment. I ask unanimous consent to return to that bill and to vacate the proceedings down to the amending stage.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent to withdraw the amendment which I offered, striking out the last three lines after the word "Navy." I have been advised by members of the Naval Affairs Committee that

that would destroy the purpose of the bill or interfere with its administration, and I believe the Senate bill should be passed as is.

The SPEAKER pro tempore. Without objection, the amendment will be withdrawn.

There was no objection.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

JOHN HUNTZ ROLOFF

The Clerk called the next bill, H. R. 9272, to correct the rating of John Huntz Roloff, Fleet Naval Reserve.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That John Huntz Roloff, chief machinist's mate, acting appointment, Fleet Naval Reserve, shall be deemed to hold the rating of chief machinist's mate, permanent appointment, Fleet Naval Reserve, from date of the approval of this act, because John Huntz Roloff was found qualified for the rating of chief machinist's mate, permanent appointment, on July 22, 1922, and recommendation for the promotion was forwarded to the Navy Department, where the papers concerning the advancement were filed and no action taken, and said Roloff was transferred to the Fleet Naval Reserve from the active list on September 20, 1922, without having received the promotion for which he had been found qualified and had been recommended: *Provided*, That no bounty, back pay, or allowance shall be held to have accrued prior to the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

OLEN H. PARKER

The Clerk called the next bill, H. R. 9473, for the relief of Olen H. Parker.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. EATON of Colorado. Reserving the right to object, and I shall not object to the bill, but there are two errors in it which should be corrected. In line 3 "compensation laws and" should be stricken from the bill, and in line 9 the date when the bill becomes effective should be inserted. I will offer those amendments when the bill is read.

Mr. STAFFORD. Well, reserving the right to object, Mr. Speaker, with reference to the first suggestion of the gentleman from Colorado [Mr. EATON], I wish to call to his attention that this bill relates to a World War veteran. When I raised the question a while ago to eliminate the word "compensation," that referred to Spanish-American War veterans' where it had no application. However, in this case, the compensation laws do apply to World War veterans. This man suffered an injury in the service. True, he deserted on May 10, 1919, but that was after actual hostilities had ended. We have never passed a bill where we have recognized desertion during hostilities, but this is a case where a man had a valuable service during the World War and deserted a long time after hostilities ended and then reenlisted.

Now, if there are mitigating circumstances that will wipe away this desertion I suppose he should be entitled to the compensation laws.

Mr. EATON of Colorado. No bounty, back pay, pension, or allowance of any kind being permissible prior to the passage of this act, he could have no benefit of compensation, but only the pension act. My amendment was to strike out the words "full compensation," and insert the word "pension" in place of it.

Mr. MEAD. There are no pension laws now that apply to World War veterans——

Mr. STAFFORD. Yes; there are.

Mr. MEAD. For nonservice disability.

Mr. STAFFORD. There are pension laws applicable to World War veterans.

Mr. EATON of Colorado. I will not press the point except as to the date the bill becomes effective.

Mr. MEAD. That is agreeable.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That in the administration of the compensation laws and laws conferring rights and privileges upon honorably discharged soldiers, sailors, marines, etc., their widows and dependent relatives, Olen H. Parker, shall hereafter be held and considered to have been honorably discharged from the United States Marine Corps.

With the following committee amendments:

Page 1, line 7, strike out the word "honorably," and after the word "discharged" insert "under honorable conditions."

And at the end of the bill insert "*Provided*, That no bounty, back pay, pension, or allowance of any kind shall be held to have accrued prior to the passage of this act."

Mr. STAFFORD. Mr. Speaker, we do not recognize the policy of ever granting a privilege prior to the enactment of a relief measure. I do not want this bill to act as a precedent. I do not want to do any injustice to this soldier. The thought occurs to me whether we should not incorporate in the waiver clause the question of compensation, that no bounty, back pay, compensation, or pension shall be held to have accrued prior to the passage of this act. Really, "allowance" is broad enough to cover the word "compensation." I wish the gentleman would consent to have the word "compensation" inserted there after the word "pension."

Mr. MEAD. I will accept the amendment.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD to the committee amendment: On page 1, line 9, after the word "pension," insert the word "compensation."

The amendment to the committee amendment was agreed to.

The committee amendment as amended was agreed to.

Mr. EATON of Colorado. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EATON of Colorado: After the word "Corps," in line 9, insert "on May 10, 1919."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

EUGENE B. ELY

The Clerk called the next bill, S. 433, to authorize the posthumous award of a distinguished-flying cross to Eugene B. Ely.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the President is authorized to award, but not in the name of Congress, a distinguished-flying cross, posthumously, to Eugene B. Ely for extraordinary achievement as a pioneer civilian aviator and for his significant contribution to the development of aviation in the United States Navy. The President may present such flying cross to Nathan Dana Ely, colonel, United States Army, retired, father of the said Eugene B. Ely.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

DENTAL CORPS, UNITED STATES NAVY

The Clerk called the next bill, S. 462, for the relief of certain officers of the Dental Corps of the United States Navy.

Mr. BLANTON. Mr. Speaker, I object.

Mr. DARROW. Mr. Speaker, will the gentleman withhold his objection?

Mr. BLANTON. I will withhold the objection to allow the gentleman to make a statement, but I wish to call the gentleman's attention to what the Navy Department says:

The enactment of the bill would result in the two officers affected becoming eligible for further promotion as of a date approximately two years earlier than would be the case if they retain their present order of precedence. If so promoted, the increased cost to the Government some years hence would equal the total sum of approximately $3,600.

In view of the economical situation that exists at this time, the Navy Department recommends against the enactment of the bill.

That is signed by C. F. Adams, Secretary of the Navy.

Mr. DARROW. I realize they say that in that report, Mr. Speaker, but that is only problematical. That would not occur unless we arrive at the period where there will be a further advancement.

Mr. BLANTON. But it could occur.

Mr. DARROW. It will be seven years before it could occur.

Mr. BLANTON. But ultimately it will occur.

Mr. DARROW. When this bill was up before, in the Seventy-first Congress, the Secretary of the Navy at that time approved the bill. At that time it would have cost more because it would have meant their advancement.

Mr. BLANTON. This Secretary of the Navy did not approve it.

Mr. DARROW. Yes; this Secretary of the Navy approved it.

Mr. BLANTON. Why did he change his mind?

Mr. DARROW. Because of the economical situation.

Mr. BLANTON. Now, I want to ask the gentleman from Pennsylvania if he does not think that the economical situation right now existing throughout the world is the most important question of all to the people of this country?

Mr. DARROW. I do.

Mr. BLANTON. And if we do not reduce Government expenses, what is going to happen?

Mr. RAMSPECK. If the gentleman will permit, the total cost is only $3,600, not $3,600 per annum.

Mr. BLANTON. But it is $3,600.

Mr. DARROW. If the gentleman will permit, it will only amount to that provided these officers could at some future date be advanced as the result of this.

Mr. BLANTON. I am rejoiced over the fact that the Secretary of the Navy, although a Cabinet officer, seemingly is concerned about saving for the Government of the United States the sum of $3,600. They have not been doing it heretofore, but it is time they were doing it.

Mr. DARROW. Will the gentleman allow me to explain the justice of this situation a moment?

Mr. BLANTON. Certainly.

Mr. DARROW. After the World War these two officers served in the Navy. There was an examination held and there were eleven who passed it. One of these officers passed the examination No. 2 on the list, and the other one No. 6. Immediately following this they were detailed to service outside of the United States, in Santo Domingo.

Mr. BLANTON. Did they serve in the World War?

Mr. DARROW. Yes; they served during the World War.

Mr. BLANTON. The Secretary of the Navy says "they did not enter the regular Navy by virtue of said examination, but later they did enter the regular Navy under the provisions of the act of June 4, 1920," which was long after the World War.

Mr. DARROW. The men served in the regular Navy during the World War. One of these officers was an emergency officer and the other was a temporary officer with the rank of junior lieutenant during the World War and served in France.

Mr. GRISWOLD. Will the gentleman yield?

Mr. DARROW. I yield.

Mr. GRISWOLD. Is it not true that these two officers at the time they took this examination—one was holding temporary rank as a full lieutenant in the reserves and the other was holding temporary rank in the regular Navy as a full lieutenant?

Mr. DARROW. No; one was a reserve officer with a reserve officer's rank and the other had the temporary rank of lieutenant, and both of them served through the war.

Mr. BLANTON. Mr. Speaker, it is a difficult task to outtalk all of these gentlemen.

Mr. GRISWOLD. Mr. Speaker, I reserve the right to object.

Mr. DARROW. Mr. Speaker, may I say further that after they took this examination, in which one of them passed No. 2 and the other No. 6, they were ordered to Santo Domingo, and before they went they had a letter from the Surgeon General of the Navy advising them not to accept, as the others did later on, due to a ruling of the legal department, but to wait the passage of the bill that was pending in Congress known as the omnibus bill. Following this instruction or advice, while out of the country in the service, they did not have the information that the other officers who passed the same examination had, and therefore when they found out what the situation was they were lower in rank than before.

This bill does not interfere with any of the others and does not cost the Government any more money, unless at some future time they should be advanced.

Mr. BOLAND. Will the gentleman yield?

Mr. DARROW. Yes.

Mr. BOLAND. I happen to know one of these officers, and is it not the fact that they are only trying to get the same status as their other classmates?

Mr. DARROW. Exactly; and what they were entitled to and what they would have received if they had been in this country and had had the same information as the others.

Mr. GRISWOLD. Briefly, are not these the facts? These two officers were holding rank, one in the reserves and one in the Navy, of full lieutenant?

Mr. DARROW. Yes.

Mr. GRISWOLD. They took this examination and passed?

Mr. DARROW. Yes.

Mr. GRISWOLD. And the Navy Department tendered them commissions as lieutenants, junior grade—are not these the facts?

Mr. DARROW. The examination was for lieutenants, junior grade, but they were told——

Mr. GRISWOLD. And they were tendered such commissions, which they declined.

Mr. DARROW. No.

Mr. GRISWOLD. That is the statement in the report.

Mr. DARROW. No.

Mr. BOLAND. They were not here at the time.

Mr. DARROW. I do not think the gentleman will find that statement in the report.

Mr. BOLAND. They were in San Domingo at the time.

Mr. DARROW. Yes; they were out of the country.

Mr. GRISWOLD. The Secretary of the Navy states, "They declined to accept such appointment."

Mr. STAFFORD. I was also impressed with that statement.

Mr. GRISWOLD. The situation with respect to these officers is that they would have reduced themselves in rank by accepting the commissions as a result of this examination. They wanted to keep the higher rank with the emoluments of such rank. They wanted to eat their pie and have it, too.

Mr. DARROW. No; that is not correct. They were in San Domingo at the time and none of these officers received this information until the 31st of the following December.

Mr. GRISWOLD. The Secretary of the Navy, in his report, says they were tendered the commission and declined it.

Mr. DARROW. They were out of the country. It is true they did not accept the commission, but if they had been here and had had the information that the others received, they would have accepted the commission and gone along in their regular order with the others; but being out of the country, they had no opportunity to know the circumstances that developed or to know about this ruling of the department. When they came back to this country, then they went along, but they had lost these numbers in comparison with their running mates in the line.

Mr. GRISWOLD. I can not see any authority for us to take except the statement in the report as to whether or not they were tendered this commission and, therefore, I feel that I must object.

Mr. DARROW. This bill has passed the Senate. It has been heard in committee several times, and I hope the gentleman will not object.

Mr. GRISWOLD. Mr. Speaker, I object.

WILLIAM C. RIVES

The Clerk called the next bill, S. 2058, for the relief of William C. Rives.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Navy William C. Rives, late of the United States Navy, shall be held and considered to have served honorably 90 days during the war with Spain: *Provided*, That no pension, pay, or bounty shall be held to have accrued by reason of this act prior to its passage.

The bill was ordered to be read a third time, was read the third time, and passed; and a motion to reconsider was laid on the table.

HENRY CLAY DREXLER AND GEORGE ROBERT CHOLISTER

The next bill on the Private Calendar was the bill, S. 2200, to authorize the presentation of a medal of honor posthumously to the late Henry Clay Drexler and the late George Robert Cholister.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Reserving the right to object, if the gentleman who has the bill in charge will accept the following amendment—strike out "in the name of Congress," I will not object. I do not think the act is of a character to entitle the person to a congressional medal of honor.

The Clerk read the bill as follows:

Be it enacted, etc., That the President is authorized to present, in the name of Congress, a medal of honor, posthumously, to the late Henry Clay Drexler, former ensign, United States Navy, and the late George Robert Cholister, boatswain's mate, first class, United States Navy, for their heroic action in endeavoring to submerge a charge of powder in an immersion tank on the occasion of a fire in the forward turret of the United States steamship *Trenton*, wherein they met their death in a supreme effort to save their shipmates.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

In line 3, after the word "present," strike out the words "in the name of Congress."

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I offer the following amendment.

The Clerk read as follows:

At the end of the bill strike out the period, insert a comma, and add the following: "said medals of honor may be presented to the next of kin of said deceased, respectively, living at the date of the enactment of this act."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CHARLES W. SUMNER

The next bill on the Private Calendar was the bill, H. R. 913, for the relief of Charles W. Sumner.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. BACHMANN. Reserving the right to object, I do not see any report from the department with respect to this bill.

Mr. BLACK. There has been a supplemental report. The committee has reformed considerably since the last night.

Mr. BACHMANN. That is the reason I am bringing this up. I have a copy of all the supplemental reports, but I have not had time to go over them. I congratulate the chairman of the Committee on Claims for taking so much interest in it.

Mr. STAFFORD. I congratulate the gentleman on his progressive legislative ability.

Mr. BACHMANN. I would like to ask the gentleman who introduced the bill a question. There is no statement here as to the injury suffered by this man. The bill provides for the payment of $750 for injuries sustained. I understand that the driver of the Army truck was responsible, but there is nothing to show the extent of the injury. How does the gentleman arrive at the sum of $750?

Mr. PURNELL. I do not know whether the gentleman has a statement of facts in this case or not. But at the last session of Congress I introduced a special bill for George McPherson's wife, who was killed in the same accident. The House appropriated $5,000 and the Senate bill provided for $3,000, and we compromised on $4,000. Mr. Sumner was in the same accident, suffered severe injury. He has been entirely incapacitated, and I do not know but that he is dead.

Mr. BACHMANN. If he is dead, we do not want to appropriate money for a dead man.

Mr. PURNELL. I say to the gentleman I am not sure; I have no knowledge of it myself.

Mr. BACHMANN. Is the gentleman from Indiana satisfied that the injuries that this man sustained were serious enough to warrant Congress in appropriating $750?

Mr. PURNELL. I would say on my oath as a Member of this body, having seen the gentleman, that from the day of his injury and up to the present time, if he is still living, he has been entirely incapacitated.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. BACHMANN. Yes.

Mr. STAFFORD. In view of the statement made by the distinguished gentleman from Indiana [Mr. PURNELL], it causes me to look with great suspicion on any reports that the War Department makes. The Secretary of War, in the supplementary report, says that the officer who was delegated to make an investigation of this case within 10 days of the time it occurred, found both the above-named men, George W. McPherson and C. W. Sumner, were attending to their business and showed no signs of injury or disability they might have received from the accident.

Mr. PURNELL. All I have to say is that that is not a correct statement. I was in this man's home.

Mr. STAFFORD. I accept the gentleman's statement and withdraw my objection.

Mr. PURNELL. I would not have the man's injury for five times the amount involved in this bill. The accident was serious enough to cause the death of the driver of the car, who died within an hour and a half after the injury.

Mr. BACHMANN. Will the gentleman say that he will ascertain, if the House acts on the bill, whether or not the claimant is still living, and take what action is necessary to prevent the bill passing through another body?

Mr. PURNELL. What is the status of the bill in the event that the man has since died?

Mr. BACHMANN. The bill will have to pass the House and then pass the Senate. The gentleman will have plenty of time in the meantime to find out before it is acted on in the Senate.

Mr. BLANTON. This is what would happen: It will be paid to the man's estate.

Mr. BACHMANN. Not unless it passes the Senate.

Mr. BLANTON. If it passes both Houses, and is signed by the President, and the man has heretofore died, it will be paid to his estate.

Mr. STAFFORD. Mr. Speaker, I must take exception to that statement. If we pass legislation authorizing payment of money to a person not in existence, that does not authorize the Secretary of the Treasury to pay it to the next of kin or the heirs or some one else.

Mr. BLANTON. Under Veterans' Administration bills passed here we are paying millions of dollars every day to the estates of men who died during the war.

Mr. BACHMANN. Yes; but the bill is drawn payable to the estate. Here we are appropriating money to somebody not in existence at all.

Mr. BLANTON. I mean under the general administration bill we are paying to the estates of men who died during the war.

Mr. PURNELL. Mr. Speaker, if the House sees fit to pass this bill, and in the meantime I learn that this man has since died, I shall notify the Senators from my State and have it remedied in the Senate.

Mr. BACHMANN. That being the situation, I have no objection.

The SPEAKER pro tempore. Is there objection?

There was no objection, and the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, and in full settlement against the Government, the sum of $750 to Charles W. Sumner, of Noblesville, Hamilton County, Ind., on account of personal injuries sustained by him in a collision with an Army truck at Fortville, Ind., on July 10, 1927.

With the following committee amendment:

Page 1, line 9, after the figures "1927," insert a colon and the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

MAJ. L. D. WORSHAM

The next business on the Private Calendar was the bill H. R. 3905, for the relief of Maj. L. D. Worsham.

The SPEAKER pro tempore. Is there objection?

Mr. MOUSER. Mr. Speaker, my inclination is to object to this bill.

Mr. BLANTON. I am going to object, because the committee report does not embrace any report from the War Department, and there ought to be a report.

Mr. MOUSER. Oh, there is a supplementary report.

Mr. DRIVER. I have the report.

Mr. BLANTON. From what department?

Mr. DRIVER. From the War Department.

Mr. BLANTON. It is not in the committee report.

Mr. MOUSER. There is a report here that has just been handed to me, signed by Mr. McCarl, Comptroller, which is adverse to the claim.

Mr. DRIVER. Yes; and the War Department reports favorably.

Mr. BLANTON. Mr. Speaker, an Army officer who has a pay roll in his charge, and who sends to the bank and gets the money to pay off the men ought to see to it that the money is carefully guarded. This man drew a check on a bank for $47,500 and he ought to have known whom he was sending to the bank for the money.

Mr. DRIVER. He did.

Mr. BLANTON. When they got back there was $1,500 missing.

Mr. DRIVER. That is it exactly, and this man performed his duty just as every man connected with the disbursing organization of the three agencies of the department at that particular place.

Mr. BLANTON. All he did was ask that they be put under bond, but they were not put under bond.

Mr. DRIVER. Let me make an explanation. I do not want the gentleman to do an injustice to this man. Major Worsham was an administrative officer in the engineering organization located at Memphis. There were three divisions operating in line of disbursing funds. First, the Memphis dredging district; second, the rivers and harbors district; and, third, the first and second Mississippi River commission district. Each of those districts had its separate disbursing officer, all drawing the money for the pay rolls, just as it was done in this instance, but those three divisions were merged, and this administrative officer was drawn from his work to take charge of the combined activities on the 1st day of September.

Mr. BLANTON. If the gentleman can answer this question, I shall not object. I want to ask the gentleman if an officer like Major Worsham, realizing the importance of putting under bond messengers who handle sums of $47,500 of the people's money at one time, and knowing they were not under bond, they had not been put under bond but he knew they ought to be put under bond, yet he did not see to it that that money was safely guarded, does my friend think we ought to pay for a $1,500 shortage?

Mr. DRIVER. But will the gentleman wait until I make my explanation?

Mr. BLANTON. Does the gentleman think that?

Mr. DRIVER. I will say there was no negligence and no carelessness on the part of Major Worsham who operated under the system that was in existence when he was called to take care of the combined activities. Let me say to the gentleman from Texas and to the gentleman from Ohio [Mr. MOUSER], the moment Major Worsham took charge of the organization he immediately outlined a system by which he put every member under bond, down to himself.

Mr. MOUSER. That was after the $1,500 disappeared.

Mr. DRIVER. I know it was, but when he took charge he outlined a system, but before he could effect a complete system of bonding, this check was drawn in the course of the usual operations of this organization, the first operation of that kind on the part of Major Worsham, and he effectuated a perfect system by which to-day and ever since then every man has been under bond, even to himself.

Mr. BLANTON. Will the gentleman yield for this suggestion? There occurred here in Washington the other day an instance where a bank sent a rather large sum of money by an irresponsible messenger, who drew a mere pittance for wages, and the messenger stole the bank roll from himself. Would the gentleman expect anything different than that, where the higher-ups are careless?

Mr. DRIVER. We are all frequently careless about those things, but in this case it was not carelessness, because it was in line and in keeping with the method employed at that time.

Mr. BLANTON. Mr. Speaker, I have such confidence in my friend I am constrained to withdraw the objection.

Mr. DRIVER. I will say this is a case where I know the man personally. I am obliged to the gentleman from Texas.

Mr. MOUSER. Reserving the right to object, there is a supplementary report which has just been filed by the committee. The last paragraph of the statement by the Comptroller General is as follows:

Moreover, the granting of legislative relief for shortages does not encourage respect for law or law enforcement, and without law enforcement in fiscal matters the whole existing Federal system of checks on illegal expenditures of public moneys becomes endangered. On the other hand, a refusal by the Congress to sanction relief from responsibility for lost public funds not only strengthens law enforcement, but avoids, as in this case, the nullifying of administrative and accounting action that has already been taken for law enforcement.

Here was an administrative officer who, as disbursing officer, received a check from the United States Government for $47,000. He got the check cashed in order to get the money to meet the pay roll. He intrusted it to two of the enlisted personnel to count the money and to disburse it. I have the greatest respect for the legal ability of the gentleman from Arkansas as well as his opinion, and I do not believe the gentleman is prejudiced in behalf of his constituent; but in view of what the Comptroller General of the United States has said, and there being thousands of instances——

Mr. BLANTON. No, No. This is not the constituent of the gentleman from Arkansas.

Mr. DRIVER. He is not a constituent of mine. He is more than that. He is a man who is connected with an engineering organization that I have known for years. There is not a cleaner or higher type of man in the country. There is not a word on this record that indicates he is not a man of the highest integrity, as I know him to be. Permit me to say to the gentleman from Ohio [Mr. MOUSER],

the declaration of the Comptroller General is true and should be true, but the Congress can not afford to sit here and let the Comptroller General rule on a matter like this.

Now, Major Worsham used the messengers that had been employed for that purpose. He did not choose the messengers. They were men who were in the habit of going to the bank. Major Worsham sent the mesesngers and two police officers accompanied the messengers, as they always do, and brought the money back with them. The money disappeared evidently after it was brought back by the messengers while they were in the office separating the money to meet the pay rolls for these various activities. It was then that the $1,500 disappeared. He was in no manner negligent nor did he do anything except follow the usual method of operating, and at the time he was engaged in building up protection and a guarantee against a recurrence of such an instance in the future.

Mr. MOUSER. Mr. Speaker, in view of the gentleman's explanation and his personal knowledge of the integrity of this man, I feel inclined to withdraw the objection. I withdraw the reservation of objection.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,500 in full settlement of all claims against the Government of the United States to Maj. L. D. Worsham for moneys deducted from his salary on account of loss of funds in the disbursing account, Corps of Engineers, War Department, September 14, 1928.

With the following committee amendment:

In line 10, after the figures "1928," insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EDWARD B. WHEELER AND STATE INVESTMENT CO.

The Clerk called the next bill, H. R. 6773, authorizing the reimbursement of Edward B. Wheeler and the State Investment Co. for the loss of certain lands in the Mora Grant, New Mexico.

Mr. STAFFORD. Mr. Speaker, I object.

Mr. CHAVEZ. Mr. Speaker, will the gentleman withhold his objection to permit me to make a statement?

Mr. STAFFORD. I will withhold it.

Mr. CHAVEZ. Mr. Speaker, there is merit to this bill. If you read the report carefully you will find these men are trying to collect from the Government for something the Government gave away that did not belong to the Government.

The land grant involved in this bill belonged to private parties. Uncle Sam claimed part of the land grant belonged to Uncle Sam.

Mr. BACHMANN. It was a 3-mile strip, was it not?

Mr. CHAVEZ. It is a 3-mile strip, 30 miles long.

The United States Government by its duly authorized agents went into court to try to get that land away from the private owners.

Mr. BACHMANN. Prior to that they had granted certain rights to certain settlers on the strip, had they not?

Mr. CHAVEZ. Prior to that, under the impression that the land belonged to the United States, the Department of the Interior had issued some patents to probably 10,000 or 12,000 acres of these lands. Then they went to the United States court, which decided that the land in question belonged to the claimants under this bill.

Mr. BACHMANN. I do not deny the justice of the claim so far as the facts are concerned, but the Federal court based its decision on a stipulation and agreement that was entered into between the private parties and the attorneys representing the Government that no one was to be affected who had settled on the strip of land.

Mr. CHAVEZ. But if the gentleman from West Virginia will read the stipulation he will readily see that it does not——

Mr. BACHMANN. I will say to the gentleman from New Mexico that I have read it several times.

Mr. CHAVEZ. I am extremely sorry we do not agree as to what the stipulation contains, but I do not believe the stipulation goes to the extent that the claimant should not compel the United States Government to pay for something that belongs to the claimants.

Mr. BACHMANN. I read a portion of the statement of C. C. Moore, the commissioner, on page 3 of the report, the last paragraph.

Any losses, therefore, that may have been sustained by the grant claimants were due to their laches in failing to take proper action against Government patentees and to their express agreement, entered into first with the First Assistant Secretary and later with the United States attorney for the district of New Mexico. The court merely confirmed their solemn agreement and made it a part of its decree. The grant claimants are under existing law without any right to demand or receive reimbursement, and I see no reason whatever why the bill should be enacted extending such right to them.

C. C. MOORE, *Commissioner.*

Mr. CHAVEZ. But if the gentleman will notice what the stipulation itself says:

We agree not to molest any bona fide settler on the disputed tract who holds under patent from the United States or under any entry allowed by the Department of the Interior prior to this date, or who may hereafter make entry of land within said strip listed by the Secretary of Agriculture with the Secretary of the Interior, upon applications heretofore made, to be declared open to settlement and entry under the homestead laws of the United States; it being understood and agreed that no further applications for listing of land within the said strip will be examined by the Secretary of Agriculture with a view to further listings. * * *

But even though they stipulated that they would not molest those who had obtained patents from the Government or made entry, this does not absolve the Government from paying for these lands.

Mr. BACHMANN. How much will it cost the Government if the bill is passed?

Mr. CHAVEZ. It will cause the Government to pay out $28,000 or $30,000, and it is cheap at that.

Mr. STAFFORD. How does the gentleman reconcile his position with that taken by the commissioner?—

The records do not disclose that the grant claimants were ever in possession of any part of the strip in dispute prior to the time of the decision of the Supreme Court above cited.

Mr. CHAVEZ. That court recognized as far back as 1860 that it was ceded to the United States Government under the Guadeloupe Hidalgo treaty after the Mexican War, and was confirmed by the United States Government to the private owners.

Now, I know that $30,000 seems like quite a sum, but the land in question is valuable land. These claimants are entitled to the protection of the laws of the country, and are entitled to be protected in their rights just like any other citizen.

Mr. STAFFORD. Why should the commissioner show on every occasion this matter has been presented that the commissioner declared adversely to the claimants?

Mr. CHAVEZ. For the reason the claimants stipulated that they would not molest the patentees.

This does not alter the fact that land originally was confirmed in the claimants under this particular bill. It is a fair claim, it has passed the Senate, it was before the Committee on Claims of this House, it was given fair consideration, long hearings were held, and there is no question from the standpoint of merit and justice, but what it should be passed.

Mr. BACHMANN. Why was not the matter settled when it was in the courts and there were stipulations entered there?

Mr. STAFFORD. Mr. Speaker, we ought to be making more headway with these bills, and I demand the regular order.

Mr. BACHMANN. Mr. Speaker, if the regular order is demanded, I object.

FIRST NATIONAL BANK OF JUNCTION CITY, ARK.

The clerk called the next bill (H. R. 8216) for the relief of the First National Bank of Junction City, Ark.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I have considerable difficulty in reconciling myself favorably to this bill. The Committee on Claims, through its distinguished chairman, has submitted a supplemental report that gives us some little information about the bill. The gentleman from Arkansas [Mr. PARKS] was kind enough to give me further information.

From the supplemental report it appears that these postal money orders were drawn on the bank where the money was deposited.

Mr. PARKS. No; if the gentleman from Wisconsin will permit, the order was issued by the postmaster in the regular way. He first began by issuing real, bona fide money orders and depositing them in the bank. This was during an oil boom down there, and the bank would not take the checks of strangers, and this man had a little store and was also postmaster and was issuing money orders. He began first to send these money orders to the bank and they cashed them and gave him credit for them. Eventually he was getting along with this so nicely that he began to issue fraudulent orders. They were not forged but were fraudulent. He ran this account along with the bank, and the Government permitted it to be done, although this man was under a very small bond. This went along nearly a year before the Government discovered that this man had no money to back up these money orders. They made demand on the bank, and the bank had to return the money to the Government.

Now, where the Government's negligence comes in is that the man had a small bond and he was permitted to draw these money orders, one right after the other, and deposit them. The average individual and most of the lawyers believe that when you get a money order it is just like a Government bond or a $10 bill or a $20 bill.

Mr. STAFFORD. But is it?

Mr. PARKS. No; it is not. I have looked the question up, and it is not.

The courts have decided that where a man issues a money order and it is a fraudulent order, notwithstanding he is the regular postmaster, where he issues the money order on a regular money-order blank, if it turns out that he has no money for that money order, the man who receives it and gets the money has to pay it back.

Mr. STAFFORD. The same law is applicable to checks.

Mr. PARKS. Yes; that is true.

Mr. STAFFORD. Assuming that this postmaster was depositing checks in this bank drawn on another bank, as I understand was the fact, and there are no funds in the other bank, the bank that cashes the check in the first instance will be out.

Mr. PARKS. But here is the difference, and here is where an injustice was done to this bank. Here was a man who was a postmaster and an officer of the Government, supposed to be under bond, and was under nominal bond.

Mr. BACHMANN. How much was the bond?

Mr. PARKS. I think it was $1,000, and he issued thousands and thousands of dollars of these money orders.

Mr. STAFFORD. But he was not authorized, and this bank was put on notice that these money orders must be issued in due course.

Mr. PARKS. No; that is where the gentleman is mistaken. There is where we differ, and there is where I know the gentleman is not going to do me an injustice. Here was a man who was held out as being, and was, a postmaster, assumed to be under adequate bond by the Government of the United States. The Government authorized him to issue these money orders, and he was dealing with the public as a bona fide officer of the Government. Every man who dealt with him had the right to assume that he was under adequate bond in issuing these money orders.

Mr. STAFFORD. But they were not issued in due course.

Mr. PARKS. Yes; they were. How in the world could you tell, if you took one of the money orders, that he had not deposited the money in the bank to pay for the money order?

Mr. STAFFORD. It was not in regular course that these money orders were issued.

Mr. PARKS. Oh, yes.

Mr. STAFFORD. No.

Mr. PARKS. Let me go a little farther with my statement. If this had been one order or one instance, that would be one thing; but the Government stood by and for eight months let this man continue this practice without discovering he was issuing fraudulent orders. There was no way on earth whereby the banks could discover this.

Mr. STAFFORD. Oh, it was a practice out of course entirely. It was a case of money orders payable to third persons and money orders issued out of course being paid to this bank, and the bank knew that it was not within the province of any postmaster to draw money orders under these circumstances.

Mr. PARKS. Let me go a little farther, because the gentleman does not understand the conditions that prevailed at that time. The postmaster represented to the bank that he could mail his money to Little Rock, where the depository was and thereby save the expense of going to these banks which were 50 or 30 miles away, and he said, "I could issue these money orders and deposit the money in the Little Rock bank," which was perfectly regular and which he had the right and the authority to do and which he did do in the beginning, but eventually he discontinued that practice and issued these orders that were fraudulent, and the bank had no way on earth to know that they were not accepting Government paper.

Ninety lawyers out of a hundred in the United States believe that when you have a money order signed regularly by the postmaster that that order will be paid by the Government.

Mr. STAFFORD. If issued in due course.

Mr. PARKS. It was issued in due course. It was not irregularly issued.

Mr. BACHMANN. There was no way for the bank to know that it was fraudulent.

Mr. PARKS. No way on earth. If a bank issues a fraudulent check for $50 or $100 there is no way for you to know it is not a good check until it is taken up.

Mr. BACHMANN. How much is involved in this? How many of these claims are we going to have?

Mr. PARKS. I think there are only three—less than $5,000.

Mr. BACHMANN. There is another bill after this.

Mr. PARKS. The whole thing will not aggregate more than $5,000. I do not want the gentleman to overlook the point that the Government was negligent in permitting this man to go six or eight months in this way.

Mr. STAFFORD. I can not agree with the gentleman that the Government is negligent. In the fourth-class offices it takes sometimes a year before the inspector gets around.

Mr. BACHMANN. As I understand, the Government was paid the money.

Mr. PARKS. The Government was paid back the money.

Mr. STAFFORD. The only question is who is to be the loser—the Government or the bank.

Mr. PARKS. I am talking about the equity of the case, and not the law. The Government put a man down there with an inadequate bond, and it ought to have exercised ordinary diligence and found out that the man was issuing fraudulent orders.

Mr. BACHMANN. I concur with the gentleman that the bond should have been sufficient.



Mr. PARKS. The Government permitted the man to go there with an insufficient bond and issue money orders in the regular course of business.

Mr. STAFFORD. I can not agree that the money orders were issued in the regular course. The bank knew that the proceeding was out of the regular course.

Mr. BACHMANN. How is an individual to know when he sees a money order issued on the Government—how is he to know whether it was not issued in due course of business?

Mr. STAFFORD. The bank was receiving these money orders but not in the regular course of business, but out of the regular course.

Mr. PARKS. These money orders were not all drawn payable to the bank. Different individuals came in with money orders and they were transmitted to Little Rock and deposited in the usual way with the bank.

Mr. STAFFORD. Mr. Speaker, the gentleman from Arkansas has now for the first time in the presentation of this case stated that these money orders were not money orders entirely drawn on the bank, but were drawn in the regular course. Under those circumstances, I will withdraw my objection.

Mr. PARKS. I thank the gentleman.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $654.17 to the First National Bank of Junction City, Ark., in full settlement against the Government for money that was paid to Joe F. Tullis, who was postmaster at Upland, Union County, Ark., on post-office money orders deposited at said First National Bank of Junction City at different times and for different amounts, aggregating $654.17, which money orders were cashed by said bank, and which had been fraudulently issued by the postmaster without the knowledge of said bank that they were fraudulent. All of said money orders were paid by the Government and the money was subsequently refunded by said bank.

With the following committee amendment:

Provided, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

WILLIAM CHINSKY

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent to return to the first bill that was in order to-night, to which I objected (H. R. 7200), for the relief of William Chinsky, for its further consideration.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to William Chinsky the sum of $5,000 in compensation for injuries sustained as the result of an explosion of a hand grenade which he had picked up in Grant Park, Chicago, Ill., October 12, 1919.

With the following committee amendments:

Page 1, line 6, strike out "$5,000" and insert "$2,500," and page 1, line 9, after the figures "1919," insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

Mr. STAFFORD. Mr. Speaker, the gentleman from Illinois [Mr. SABATH], since this bill was first considered to-night, has shown to me certain evidence that convinces me that these maneuvers were virtually under the full jurisdiction of the United States. Therefore, I withdraw my objection.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. BACHMANN. Mr. Speaker, the amount as amended is entirely satisfactory.

Mr. SABATH. It is not satisfactory, but I accept it.

Mr. BACHMANN. There will be no attempt to increase the amount in another body?

Mr. SABATH. No.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The committee amendments were agreed to and the bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

LAURA J. CLARK

The next business on the Private Calendar was the bill (H. R. 8800) for the relief of Laura J. Clark.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I reserve the right to object. I could not agree to the bill in this form and I would like to know whether or not the gentleman from Arkansas [Mr. RAGON] will accept as a substitute the following amendment:

That the Comptroller General is hereby authorized to ascertain the amount of damages to which Laura J. Clark, mother of the children of Capt. C. H. Clark, United States Marine Corps, would be entitled to under the act of March 2, 1927, for the ascertainment of damages to persons suffering injuries by reason of explosion at the naval ammunition depot at Lake Dover, N. J., as if she had presented her claim within the stated time provided in said act; and there is hereby appropriated out of any funds in the Treasury not otherwise appropriated the amount so ascertained, to be paid to said Laura J. Clark, provided that no interest shall be allowed on the amount so ascertained.

Mr. MOUSER. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. MOUSER. I had a talk with the gentleman from Arkansas [Mr. RAGON], and he advises me that this lady is a hopeless cripple. She is a paralytic. She was 64 years of age when the accident happened in 1926. She never employed an attorney, and the only objection to her getting a reasonable amount would be the running of the statute of limitations. She was not acquainted with the proceedings and she did not file within the six months. In view of her physical condition the gentleman from Arkansas has agreed to accept a reduction from the amount of $5,000. She may die in the meantime.

Mr. RAGON. Mr. Speaker, I hope the gentleman from Wisconsin will not ask me to do what he has asked, which I think is wrong, with all due respect to him. I am not going to surrender to that amendment, for this reason: This woman is old. Through the fault of the United States Government she has been upon a bed of pain for the last five years. I saw her a half dozen times this year in a wheel chair, being rolled by somebody else. She lost her son, and you might say, figuratively speaking, that they had to pick him up with a blotting paper right under her face. This woman was knocked down, she was knocked from the second story to the first story, but she maneuvered even so to take two little helpless boys and drag them to an automobile in which they were carried to a place of safety. I had correspondence with General Lejeune, who made a personal investigation and who has agreed that the original amount of the bill is necessary to compensate her for what she suffered in the first place. This old lady was brought from her home in Arkansas to Lake Denmark for the purpose of taking care of Captain Clark's two little boys, while his wife was confined at Saranac in a tuberculosis hospital, from which disease she has since died.

Mr. MOUSER. Mr. Speaker, will the gentleman yield?

Mr. RAGON. Yes.

Mr. MOUSER. Is it not a fact that if this is referred back it may not pass during this session, and she is in such an impoverished condition that she really should have this money now?

Mr. STAFFORD. This is a House bill and I am giving full authority to pay the amount which the Comptroller General ascertains. I am not trying to do any injustice. I am trying to lift the statute of limitations and have the Comptroller General pass upon it as we have in all these other cases.

Mr. MOUSER. The Comptroller General will refer it back for us to fix the amount.

Mr. STAFFORD. No, no. In this amendment I give him full authority. The amendment I have offered is not doing any injustice.

Mr. MOUSER. This case aroused my sympathy. I had some doubt about it——

Mr. STAFFORD. I am not insensitive to sympathy either, and by my amendment I am appropriating money and making provision for the ascertainment of the amount.

Mr. RAGON. Let me suggest to the gentleman that at the time this bill was reported out the gentleman from Ohio [Mr. MOUSER] came and asked me if I would agree to a reduction. I thought that anything he might think was reasonable I would accept, in view of the fact that times have changed, and that $3,500 or $3,000 would go as far as $5,000 at the time the bill was reported out. I am perfectly willing to accept that under the circumstances, but here is an old lady that I know of my own knowledge was injured in that explosion. She is a painfully helpless cripple.

Mr. STAFFORD. The gentleman is making a bald statement. The gentleman says he knows of his own knowledge that this woman was injured in this explosion.

Mr. RAGON. The gentleman does not think that General Lejeune would tell me an untruth about it, and I have known the old lady ever since she has been back from her injury. I do not know what else the gentleman could ask for. If this was taken out of the Government of the United States and given some one else to sue for this, I would not give a 10-cent cigar to guarantee me a verdict of less than $20,000 in any court in this country. It is a most pathetic thing.

Mr. STAFFORD. Then why did she not exercise her rights, being an intelligent woman, within the time authorized by law?

Mr. RAGON. She is not an intelligent woman in the light that the gentleman is. She lived back there in Arkansas, and she was not familiar with the law. I did not know that this six months' limitation was there.

Mr. STAFFORD. But her son made application.

Mr. RAGON. Her son was blown to smithereens. The widow was a helpless invalid in New York City.

Mr. MOUSER. And she got the paltry sum of $1,400.

Mr. RAGON. She got the paltry sum of $1,400 for the loss of her husband. I am perfectly willing, if the gentleman insists, to accept the amendment. I am not going to stand here and insist against the gentleman from Ohio. The gentleman asked me if I would agree that there would be no increase made in the Senate. The gentleman from Texas asked me that, and I said I would agree to that. The only thing is that I want you to allow this poor old lady a reasonable amount.

Mr. STAFFORD. Then the gentleman says that which does not appear from the report, and the gentleman sees that I have taken considerable pains to write out a substitute.

Mr. RAGON. Yes. I appreciate that.

Mr. STAFFORD. The gentleman sees that I have not just hurriedly glossed over this bill. I have given it very careful consideration. There was nothing in the report by the Secretary of the Navy to show the extent of her injuries. Now, if, as the gentleman states, she was without any question injured in this way, and the gentleman knows it of his own knowledge, I will withdraw my objection.

Mr. SCHAFER. Will the gentleman yield?

Mr. RAGON. Yes. I yield.

Mr. SCHAFER. Under what plan of equity for this widow is the gentleman willing to accept $3,500? The committee unanimously recommended $5,000. This is actual, total disability. She is helpless and bedridden. Why, in the name of goodness, should we single out this case and put it on the auction block?

Mr. BLACK. The regular order, Mr. Speaker. The gentleman has withdrawn his objection.

The SPEAKER pro tempore. Is there objection?

Mr. SCHAFER. Reserving the right to object——

Mr. BLANTON. They have not reduced it. They are allowing the $5,000.

Mr. MOUSER. No, no. The gentleman said he would accept an amendment making it $3,500.

Mr. SCHAFER. I shall oppose any amendment reducing this amount to $3,000. It is not fair.

Mr. BLACK. Mr. Speaker, the regular order.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Laura J. Clark, out of any money in the Treasury not otherwise appropriated, the sum of $10,000, in full settlement of all claims for injuries sustained by reason of the explosion of munitions at the Picatinny Arsenal near Dover, N. J., in 1926.

With the following committee amendment:

Page 1, line 6, strike out "$10,000" and insert in lieu thereof "$5,000."

Mr. STAFFORD. Mr. Speaker, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment to the committee amendment offered by Mr. STAFFORD: Strike out "$5,000" and insert in lieu thereof "$3,500."

The SPEAKER pro tempore. The question is on the amendment to the committee amendment.

Mr. BLACK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. BLACK. Is the vote on the amendment to the committee amendment or on the committee amendment?

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Wisconsin to the committee amendment.

Mr. BLANTON. Mr. Speaker, I rise in opposition to the amendment, just for the purpose of having an understanding. I wish to say to the gentleman from Arkansas [Mr. RAGON] that he knows I am in sympathy with the action of the committee in reducing the amount from $10,000 to $5,000.

Unless we respect the customary procedure on unanimous-consent night, and agreements entered into before the objection stage has passed, this is what will happen: The amendment of the gentleman from Wisconsin will be voted down and the gentleman from Wisconsin, in the exercise of his rights, will make the point of no quorum and the bill will be defeated. So let us respect the agreement made and accept the $3,500, and uphold the dignity of procedure under this rule.

Mr. SCHAFER. I am willing to support the amendment, but I think it is a damnable outrage to auction off this woman's welfare here and cut the amount from $5,000, which the Committee on Claims recommended, to $3,500.

Mr. BLANTON. Since the gentleman from Wisconsin has gotten that out of his system, I know he wants to go along and save time.

Mr. RAGON. Let me say this, in justification of my previous statement. The reason I accepted this was because it had been accepted by the gentlemen who wanted to see the bill passed. I accepted it for this reason.

I may say to the gentleman from Wisconsin that the $5,000 recommended at the time the bill was reported would really be less than the $3,500 now proposed.

Mr. SCHAFER. The gentleman is compelled to accept the reduction in order to get something for this poor, unfortunate woman.

Mr. BLACK. Mr. Speaker, I did not understand that an agreement had been reached. Had I understood it, I would have stood by the agreement, because in no other way can we function on the Private Calendar under the old rules. I trust the gentleman from Wisconsin, who is a member of the Claims Committee, will likewise stand by the agreement.

Mr. SCHAFER. I will in order that this poor widow may get even the small amount under this auction system here.

The regular order was demanded.

The SPEAKER pro tempore. The question is on the amendment to the committee amendment.

The amendment to the committee amendment was agreed to.

The committee amendment, as amended, was agreed to.

Mr. RAGON. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RAGON: Page 1, line 4, strike out "Clark" and insert in lieu thereof "Clarke."

The amendment was agreed to.

Mr. RAGON. Mr. Speaker, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. RAGON: Line 8, strike out the clause "Picatinny Arsenal near Dover" and insert in lieu thereof "naval ammunition depot at Lake Denmark."

The amendment was agreed to.

Mr. RAGON. Mr. Speaker, I offer a further amendment.

The Clerk read as follows:

At the end of the bill insert the following:

"*Provided*, That no part of the amount appropriated in this act in excess of 10 per cent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 per cent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title of the bill was amended.

ADJOURNMENT

Mr. BLACK. Mr. Speaker, I move the House do now adjourn.

The motion was agreed to; accordingly (at 10 o'clock and 35 minutes p. m.) the House adjourned until to-morrow, Friday, February 3, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Friday, February 3, 1933, as reported to the floor leader:

BANKING AND CURRENCY

(10.30 a. m.)

Hearing on H. R. 14265 and 13851, to amend Reconstruction Finance Corporation act to extend relief to public-school districts, etc.

COINAGE, WEIGHTS, AND MEASURES

(10 a. m.)

Continue hearings on silver bills.

WAYS AND MEANS

(2 p. m.)

Continue hearings on depreciated currency bill.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

907. A letter from the president of the Washington Railway & Electric Co., transmitting report by William F. Ham, president of the Washington Interurban Railroad Co., for the year ended December 31, 1932; to the Committee on the District of Columbia.

908. A letter from the president of the Washington Railway & Electric Co., transmitting report by William F. Ham, president of the Washington Railway & Electric Co., for the year ended December 31, 1932; to the Committee on the District of Columbia.

909. A letter from the president of the Potomac Electric Power Co., transmitting report of the Potomac Electric Power Co. for the year ended December 31, 1932; to the Committee on the District of Columbia.

910. A letter from the Secretary of the Navy, transmitting copy of a proposed bill entitled "To provide for the reimbursement of personnel of the Navy and Marine Corps for personal property lost, damaged, or destroyed as a result of the earthquake which occurred at Managua, Nicaragua, on March 31, 1931"; to the Committee on Claims.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MEAD: Committee on the Post Office and Post Roads. H. Res. 359. A resolution opposing the letting of new air mail contracts or renewals or extensions of existing contracts until the committee authorized by the House of Representatives submits its report; with amendment (Rept. No. 1956). Referred to the Committee of the Whole House on the state of the Union.

Mr. LUCE: Committee on the Library. H. Con. Res. 47. A concurrent resolution relating to Statuary Hall; without amendment (Rept. No. 1957). Referred to the Committee of the Whole House on the state of the Union.

Mr. DARROW: Committee on Naval Affairs. H. R. 14438. A bill to effect needed changes in the Navy ration; without amendment (Rept. No. 1958). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mrs. KAHN: Committee on Military Affairs. H. R. 636. A bill to convey certain land in the county of Los Angeles, State of California; without amendment (Rept. No. 1954). Referred to the Committee of the Whole House.

Mr. HARE: Committee on War Claims. H. R. 9913. A bill for the relief of Ernest Elmore Hall; with amendment (Rept. No. 1955). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WILSON: A bill (H. R. 14548) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes," approved May 15, 1928; to the Committee on Flood Control.

By Mr. WHITTINGTON: A bill (H. R. 14549) to reduce salaries, pay, and wages received from the United States during the fiscal years 1934 and 1935; to the Committee on Expenditures in the Executive Departments.

By Mr. SABATH: A bill (H. R. 14550) to amend paragraph (1), section 201, title 2, of the emergency relief and construction act of 1932; to the Committee on Banking and Currency.

By Mr. LANHAM: Joint resolution (H. J. Res. 585) authorizing the erection in the Department of State Building of a memorial to the American diplomatic and consular officers who while on active duty lost their lives under heroic or tragic circumstances; to the Committee on Public Buildings and Grounds.

By Mr. McREYNOLDS: Joint resolution (H. J. Res. 586) authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy; to the Committee on Foreign Affairs.

By Mr. JONES: Joint resolution (H. J. Res. 587) to provide protection and relief to farmers by aiding them to conserve and liquefy their mineral rights through recognized and established cooperative agencies engaged in the pooling of mineral rights underlying farm lands; to the Committee on Banking and Currency.

By Mr. BRITTEN: Joint resolution (H. J. Res. 588) concerning the issuance of passport information; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Senate of the State of Texas, memorializing Congress, indorsing H. D. Driscoll, of Tulsa, Okla., for membership on the Interstate Commerce Commission, and requests the President to appoint him to this position; to the Committee on Interstate and Foreign Commerce.

Memorial of the Legislature of California, memorializing the President, Senate, and House of Representatives to enact into law H. R. 13999, to the end that adequate protection be afforded the industries and agriculture of the Nation; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DOWELL: A bill (H. R. 14551) granting an increase of pension to Anise Musselman; to the Committee on Invalid Pensions.

By Mr. GREGORY: A bill (H. R. 14552) granting a pension to Ethel Drew; to the Committee on Pensions.

By Mr. HOGG of West Virginia: A bill (H. R. 14553) for the relief of Garfield Maynard; to the Committee on Claims.

By Mr. HOGG of Indiana: A bill (H. R. 14554) granting a pension to Grace A. Harper; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14555) granting an increase of pension to Mary O. Lockwood; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14556) granting an increase of pension to Mary E. Jones; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14557) granting an increase of pension to Mary Scott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14558) granting an increase of pension to Sarah A. Sembower; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14559) granting an increase of pension to Elizabeth Wynn; to the Committee on Invalid Pensions.

By Mr. THURSTON: A bill (H. R. 14560) for the relief of C. V. Mason; to the Committee on Claims.

By Mr. THATCHER: A bill (H. R. 14561) for the relief of Mary Seeley Watson; to the Committee on Foreign Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10132. By Mr. ADKINS: Petition of citizens of Villa Grove, Ill., protesting against proposed changes in veterans' legislation and urging support of all legislation to see that justice is done the veterans; to the Committee on Veterans' Affairs.

10133. By Mr. CLARKE of New York: Petition of a group of citizens of Oneonta, N. Y., opposed to the return of beer and to every legislative act that would legalize alcoholic liquors stronger than one-half of 1 per cent; to the Committee on the Judiciary.

10134. By Mr. CURRY: Petition of members of the Fleet Reserve Association, Branch 8, of Vallejo, Calif., in regard to economies affecting enlisted men of the Navy; to the Navy Subcommittee of Appropriations Committee.

10135. By Mr. DELANEY: Petition of Kirkman & Son (Inc.), of Brooklyn, N. Y., soap manufacturers, protesting against the amendment of House bill 13991, taxing all industrial oils entering the United States with the exception of those from the Philippine Islands; to the Committee on Ways and Means.

10136. By Mr. FINLEY: Petition of 108 citizens of the ninth congressional district of Kentucky, protesting against repeal, modification, or nullification of the eighteenth amendment; to the Committee on the Judiciary.

10137. By Mr. GARBER: Petition of McManus-Heryer Brokerage Co., Oklahoma City, Okla., protesting against any change in the currency system of the United States; to the Committee on Banking and Currency.

10138. Also, petition of certain voters and citizens of Tulsa, Okla., urging support of immediate inflation of money through standardization of silver with gold on a basis of 16 to 1, and a moratorium on all debts for at least a year or 18 months; to the Committee on Banking and Currency.

10139. Also, petition urging enactment of railway pension bills (S. 4646 and H. R. 9891); to the Committee on the Judiciary.

10140. By Mr. GRISWOLD: Petition of J. A. Williams and 55 other residents of Portland, Ind., protesting against any change or modification of the eighteenth amendment; to the Committee on the Judiciary.

10141. Also, petition of H. E. Jones and 36 other residents of Redkey, Ind., protesting against any change or modification of the eighteenth amendment; to the Committee on the Judiciary.

10142. Also, petition of C. J. Redding and 23 other citizens of Huntington, Ind., protesting against any change or modification of the prohibition law and urging strict enforcement of this law; to the Committee on the Judiciary.

10143. Also, petition of Mrs. John Bookwalter and 39 other citizens of Macy, Ind., protesting against any change or modification of the eighteenth amendment; to the Committee on the Judiciary.

10144. By Mr. KELLY of Pennsylvania: Petition of citizens of Swissvale, Pa., favoring the stop-alien-representation amendment; to the Committee on Immigration.

10145. By Mr. LAMBERTSON: Petition of the Francis Willard Woman's Christian Temperance Union, of Leavenworth, Kans., signed by its president, Mrs. Harriet Shelby, and also the secretary, Miss Jennie Shields, favoring the improvement of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10146. By Mr. LINDSAY: Petition of Educational Conservation Society, Woodside, Long Island, N. Y., favoring Senate Concurrent Resolution 6; to the Committee on the Judiciary.

10147. Also, petition of Kirkman & Son (Inc.), soap manufacturers, Brooklyn, N. Y., opposing amendment to part of domestic allotment bill (H. R. 13991); to the Committee on Agriculture.

10148. By Mr. MARTIN of Massachusetts: Petition of Mark R. Shaw and other residents of Holliston, Mass., urging adoption of the so-called stop-alien-representation amendment; to the Committee on the Judiciary.

10149. By Mr. REID of Illinois: Petition of several hundred residents of Elgin, Ill., and vicinity, being members of the Elgin Chapter of the Daughters of the American Revolution, urging the passage of House bills 1967, 8549, 12044, and 10602; to the Committee on Immigration and Naturalization.

10150. By Mr. RUDD: Petition of Arthur C. Mayer Post, No. 570, Veterans of Foreign Wars, Brooklyn, N. Y., opposing so-called economy at the expense of war veterans; to the Committee on World War Veterans' Legislation.

10151. Also, petition of Kirkman & Son (Inc.), soap manufacturers, Brooklyn, N. Y., opposing certain amendment to the domestic allotment bill (H. R. 13991); to the Committee on Agriculture.

SENATE

FRIDAY, FEBRUARY 3, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The PRESIDENT pro tempore. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 243. An act for the relief of S. F. Stacher;

S. 433. An act to authorize the posthumous award of a distinguished-flying cross to Eugene B. Ely;

S. 2058. An act for the relief of William C. Rives;

S. 2982. An act for the relief of J. G. Seupelt; and

S. 4381. An act authorizing the President to transfer and appoint Lieut. Morris Smellow, United States Navy, to the grade of passed assistant paymaster, with the rank of lieutenant, in the Supply Corps of the United States Navy.

The message also announced that the House had passed the bill (S. 2200) to authorize the presentation of a medal of honor posthumously to the late Henry Clay Drexler and the late George Robert Cholister, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 698. An act authorizing the President to transfer and appoint Lieut. (Junior Grade) Arnold R. Kline, United States Navy, to the grade of assistant paymaster, with the rank of lieutenant (junior grade) in the Supply Corps, United States Navy;

H. R. 913. An act for the relief of Charles W. Sumner;

H. R. 1709. An act for the relief of Burton Bowen;

H. R. 1710. An act for the relief of Raymond C. Bogart;

H. R. 3626. An act for the relief of John I. Lowe;

H. R. 3905. An act for the relief of Maj. L. D. Worsham;

H. R. 5989. An act for the relief of John O'Neil;

H. R. 7200. An act for the relief of William Chinsky;

H. R. 7593. An act for the relief of Louis Zagata;

H. R. 7687. An act for the relief of W. B. Ford;

H. R. 8216. An act for the relief of the First National Bank of Junction City, Ark.;

H. R. 8800. An act for the relief of Laura J. Clarke;

H. R. 9166. An act for the relief of William E. B. Grant;

H. R. 9272. An act to correct the rating of John Huntz Roloff, Fleet Naval Reserve;

H. R. 9473. An act for the relief of Olen H. Parker; and

H. R. 9955. An act for the relief of Lucius K. Osterhout.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 243. An act for the relief of S. F. Stacher;

S. 433. An act to authorize the posthumous award of a distinguished-flying cross to Eugene B. Ely;

S. 2058. An act for the relief of William C. Rives;

S. 2982. An act for the relief of J. G. Seupelt; and

S. 4381. An act authorizing the President to transfer and appoint Lieut. Morris Smellow, United States Navy, to the grade of passed assistant paymaster, with the rank of lieutenant, in the Supply Corps of the United States Navy.

HERBERT G. BLACK AND CLARK COAL CO.

The PRESIDENT pro tempore laid before the Senate the amendments of the House to the bill (S. 487) for the relief of Herbert G. Black, owner of the schooner *Oakwoods*, and Clark Coal Co., owner of the cargo of coal on board said schooner, which were, on page 2, line 11, after "admiralty," to insert "under the terms and conditions of the public vessels act of March 3, 1925 (U. S. C., title 46, ch. 22)," and on page 2, line 16, after "States," to insert "district attorney."

Mr. WHITE. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

THE JOURNAL

Mr. FESS. Mr. President, I ask unanimous consent for the approval of the Journal for the calendar days of February 1 and 2, 1933.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and that order will be entered.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Dale	Kean	Russell
Austin	Davis	Kendrick	Schall
Bankhead	Dickinson	Keyes	Schuyler
Barbour	Dill	King	Sheppard
Barkley	Fess	La Follette	Shipstead
Bingham	Fletcher	Lewis	Smith
Black	Frazier	Logan	Smoot
Blaine	George	McGill	Steiwer
Borah	Glass	McKellar	Swanson
Bratton	Glenn	McNary	Thomas, Idaho
Brookhart	Goldsborough	Metcalf	Thomas, Okla.
Bulkley	Gore	Moses	Townsend
Bulow	Grammer	Neely	Trammell
Byrnes	Hale	Norbeck	Tydings
Capper	Harrison	Norris	Vandenberg
Caraway	Hastings	Nye	Wagner
Connally	Hatfield	Oddie	Walcott
Coolidge	Hawes	Pittman	Walsh, Mass.
Copeland	Hayden	Reed	Walsh, Mont.
Costigan	Hebert	Reynolds	Watson
Couzens	Hull	Robinson, Ark.	Wheeler
Cutting	Johnson	Robinson, Ind.	White

Mr. NORRIS. I desire to announce that my colleague [Mr. HOWELL] is absent on official business of the Senate. I ask that this announcement may stand for the day.

Mr. FESS. I desire to announce that the Senator from Missouri [Mr. PATTERSON] is detained from the Senate because of a death in his family. I ask that this announcement may stand for the day.

The PRESIDENT pro tempore. Eighty-eight Senators having answered to their names, a quorum is present. The Senate will receive a message from the President of the United States.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Sundry messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On February 1, 1933:

S. 213. An act authorizing adjustment of the claim of Kenneth Carpenter;

S. 219. An act authorizing adjustment of the claims of Orem Wheatley, Kenneth Blaine, and Joseph R. Ball; and

S. 563. An act for the relief of George T. Johnson & Sons.

On February 2, 1933:

S. 252. An act authorizing adjustment of the claim of Johnson & Higgins.

SENATOR FROM MISSOURI—BENNETT C. CLARK

The PRESIDENT pro tempore. The Chair lays before the Senate the following communication from the Governor of the State of Missouri, which will be read:

The Chief Clerk read as follows:

[Telegram]

JEFFERSON CITY, MO., *February 3, 1933.*

Vice President CHARLES CURTIS:

I have this day appointed Hon. BENNETT C. CLARK United States Senator from Missouri to fill the vacancy caused by the resignation of Senator Harry B. Hawes, and certificate of appointment has been mailed to Mr. CLARK.

GUY B. PARK, *Governor.*

Mr. ROBINSON of Arkansas. Mr. President, Mr. CLARK is present and ready to take the oath of office. I ask unanimous consent that he be permitted to take the oath.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the Senator designate will present himself at the desk to receive the oath of office.

Mr. CLARK, escorted by Mr. ROBINSON of Arkansas, advanced to the Vice President's desk; and the oath prescribed by law having been administered to him, he took his seat in the Senate.

HON. HARRY B. HAWES

Mr. ROBINSON of Arkansas. Mr. President, former Senator Harry B. Hawes, of Missouri, resigned his seat in this body effective this day. He has served with distinction and notable ability. Former Senator Hawes enjoys the respect, the confidence, and the affection of those who have labored with him in the Congress. His retirement is regretted by every Senator.

The Senate has just received into its Membership a brilliant successor to Mr. Hawes. Mr. CLARK was elected by a very large majority for the full term beginning on the 4th of March, Senator Hawes having announced his intention not to be a candidate and having refrained from becoming a candidate.

Mr. CLARK's name is associated with the legislative history of the country in a very intimate way. His distinguished father was for many years the leader of his party in the House of Representatives and for several years also Speaker, presiding over that great body. His renown, his courage, his ability are within the memory of all who had the honor of being familiar with his labors.

The new Senator from Missouri, Senator CLARK, is familiar with political problems, is a skilled parliamentarian and an able speaker, and is to be welcomed into the Membership of this body as one who will prove his devotion to the welfare of the Nation.

Mr. McNARY. Mr. President, I can not let this occasion pass without expressing my very high regard and sincere affection for Senator Hawes, who has just relinquished his seat in the Senate. I have served with him on committees of the Senate and on the floor, and all his public service has been characterized by consideration for his colleagues and studious reflection upon the problems before the country and the Senate. It is with deep regret that I witness his voluntary retirement from the Senate; and when I say that his departure is a loss to this body, I am sure that feeling is shared by every Republican Member of the Senate.

Mr. PITTMAN. Mr. President, I have had the honor and pleasure of serving on several committees with ex-Senator Harry B. Hawes, and I have found that he has given not only great service on those committees but extraordinarily able service. He is a man of deep feeling, of broad sympathies. During his whole life, from his earliest manhood, both in his activities in State and in the Congress, he has been really working for the interests of others rather than his own interest. It is this particular characteristic of Senator Hawes that has won for him the affection of those who have known him, and when he leaves us he will be seriously missed in this body, not only because of the services he has rendered but because of the warm friendships that he has made with all its Members.

I watched his work particularly with regard to the bill providing for the freedom of the Philippines. I know that he was actuated by the very highest motives of humanity not only toward those people but toward our own people in bringing about the enactment of that great compromise legislation. I saw him summer before last in the Philippine Islands, to which he went at his own expense for the purpose of studying the conditions which it was essential to know in order to frame proper legislation, and never once in all the time that legislation was being framed did he vary from the principle of justice which has marked his whole career.

I know, as I think all know, that he could have remained in the Senate of the United States probably indefinitely if he had seen fit to do so. His services to his own State have been recognized and are now recognized. I am satisfied, for instance, that the brilliant Senator who has taken his place would have never been a candidate against Senator Hawes. Nor do I believe that he would have had opposition in his own party had he seen fit to aspire to continue to represent his State in the Senate. He has served his public life, and yet he is now giving the remainder of his life to a quasi-public service. He loves human beings; he loves animal life; he loves all forms of life; and now he is devoting the remainder of his years to the conservation, preservation, and protection of the wild life of our country. He loves the stars, he loves the birds, he loves dogs and other animals. He believes that in their lives they are entitled to have protection the same as are human beings, and he will continue his great work in their behalf. It is fortunate that in doing so he and his charming family will not be so far away from us and that they will probably spend most of their time here in Washington.

I know that he would welcome an opportunity to express his appreciation of the courtesy and kindness he has received at the hands of Members of the Senate here, but parliamentary rules forbid; he has voluntarily ended a long and singularly successful public career. We wish him a long and happy life.

Mr. BINGHAM. Mr. President, as chairman of the committee that had in charge the bill for Philippine independence, whose author and whose pilot through the stormy seas of opposition was Senator Hawes, I should like to take this opportunity to place in the RECORD a brief tribute, from the heart, to his faithful service on that committee. He devoted a very large part of the last few years to a study of the question of Philippine independence. He pressed it with unfailing zeal, sincere courtesy, and a willingness to meet widely varying views. Had it not been for the spirit he showed in the handling of the entire matter, I think I can say without fear of contradiction that the step recently taken by the Congress would have not been taken. When the day comes that the people of the Philippine Islands achieve their fond hope and expectation of independence, it should be recognized by them that to no other person do they owe their independence in greater—or even equal—measure than to Senator Hawes, of Missouri. A gentleman, a scholar, a statesman, a faithful Member of this body, he leaves it with the regret of all his colleagues.

Mr. COPELAND. Mr. President, in view of the fact that we recently had a more or less bitter contest in this body over the Philippine independence bill, I wish to say a word regarding Senator Hawes. It so happens that I was the only Democrat to vote to sustain the President in his veto of the measure, not because of the reason he presented but because of my belief that the act was unconstitutional. Yet because I did that there may be some propriety in my speaking a word regarding Senator Hawes, the chief advocate of the measure.

I wish to say that I have never come in contact with a more kindly, sweet-natured man than Mr. Hawes, or one with a more lovable disposition. In spite of the bitterness of our debate on the Philippine question, I found him fair and just and considerate. There were many times when he was out of patience with me, I dare say, but he never indicated, in his personal contacts or in his public utterances, anything but the deepest consideration for me.

I wish to say to the people of the Philippine Islands that regardless of my attitude toward the Philippine bill, I want every friend I have in those islands as well as here to know that I regard Mr. Hawes as a man of the highest character and integrity. There was no selfishness in his attitude. He did what he did through a profound conviction that this was the time for action on the part of Congress and that the bill sponsored by him was the best that could be had. I regard Mr. Hawes as a true friend of the Filipinos, and if I can say a single word to give assurance to those people of the loftiness of his character, I desire to do it.

On the personal side, Mr. President, I desire to testify to the brotherliness, the kindliness, and the sweetness of character of our friend. The fact that he would resign his high office in order that his successor might have a month

of experience is typical of the man; it is exactly what I should expect from Harry Hawes. He will go out from this Chamber with the respect, the admiration, and the affection of every Member of this body.

Mr. NORBECK. Mr. President, I think Senator Harry B. Hawes is one of the Senators who puts his country above his party. He is on equally intimate terms with the Republicans and the Democrats. He enjoys their good will and, therefore, has been in position to accomplish things that otherwise would have been impossible.

His love and loyalty for his State of Missouri is forcibly brought to our attention by the unusual proceeding of resigning for the purpose of giving his successor certain important advantages.

It is admitted by all that the success of the Philippine independence bill was largely due to the tact, perseverance, discretion, and patience of Senator Hawes. The Filipinos are happy now, but it is quite possible that the responsibility that comes with independence will bring them to regret the change for which they have so loudly clamored. But from the standpoint of an American citizen, I think it was a good measure, and the Senator from Missouri is entitled to great credit. This country is large, and we have all the trouble we can handle at home. We do not need to go across the sea to find it.

Mr. President, my contacts with Senator Hawes have been more particularly in connection with conservation measures. I found in him an intense and quiet interest in the preservation of all the good things the Creator gave us. He loves nature, enjoys the beautiful scenery, and is always the defender of wild life, which is threatened with extermination, and he has methods of obtaining results.

My associations with the Senator have been both pleasant and profitable. The Committee on Wild Life, of which we are both members, have from him obtained a broader understanding of the problem and a greater interest in its objectives. He was always tolerant, and yet he had unusual ability in promoting conservation measures.

Mr. FESS. Mr. President, there are few Senators with whom I have had a more intimate acquaintance than with the retiring Senator from Missouri, and there are few whose friendship I more appreciate.

I first met him when we both were Members of the House of Representatives. I was there when he came, but his coming was heralded even before he reached the House. I was in intimate association with him and learned very soon to observe that while he was quite intense in his partisanship, it never extended beyond the point where he could not appreciate the viewpoint and sentiments of his opponents. When he came to the Senate, and especially in his service on the Committee on Interstate Commerce, I noticed his broadmindedness as we sat on opposite sides of the table and considered the various complicated and controverted subjects that came before that committee.

I did not rise to say that, however. What impresses me is the sharp contrast between the man who finds public life a disappointment and the man who goes out of public office of his own choice, happy in his associations with all of his colleagues and appreciated by all who know him, so that instead of being the subject of attack, as is the fate of most public servants, and becoming disappointed in that he did not appreciate public life as he had expected to, or was not appreciated by the public, he goes out with love and affection not only in the hearts of his colleagues but commendation on their lips as well.

I have scanned the lives of the men in this body and the other body in our past history, and I have noticed how many of them have a complaint at the end of their service. For example, I read the recollections of public life of 40 years of a great statesman from my own State, and almost the entire content of the volume is expression of disappointment all along the line, until it would seem that to some people public life is a series of disappointing occurrences.

Here, however, is a case where a great representative in this body voluntarily retires with a summation of work that meets the admiration of all of his friends; and I wish to congratulate him as he is going away from this body with that feeling and with that testimony, because it is universal.

The PRESIDENT pro tempore. To all of which the Chair, speaking in his capacity as a Senator and employing the language used yesterday by the Senator from Arkansas [Mr. ROBINSON], says, "Amen."

CHANGE OF DATE OF INAUGURATION

The PRESIDENT pro tempore laid before the Senate a letter from the Governor of Georgia, transmitting certified copy of a joint resolution adopted by the General Assembly of the State of Georgia ratifying and approving a proposed amendment to the Constitution of the United States, which, with the accompanying resolution, was ordered to lie on the table and to be printed in the RECORD, as follows:

EXECUTIVE DEPARTMENT,
Atlanta, February 1, 1933.

Hon. GEO. H. MOSES,
President pro tempore United States Senate,
Washington, D. C.

DEAR SIR: In accordance with the Joint Resolution No. 10, adopted by the General Assembly of Georgia on January 23, 1933, I am inclosing herewith copy of said resolution for presentation to your body.

I am also forwarding copy of this resolution to the Secretary of State, and also Speaker of the House of Representatives.

Respectfully,

EUGENE TALMADGE, *Governor.*

A joint resolution of the General Assembly of the State of Georgia ratifying and approving the proposed amendment to the Constitution of the United States relative to fixing the commencement of the terms of the President, Vice President, and Members of Congress, and fixing the time of the assembling of Congress

Whereas the Congress of the United States has, under the sixth article of the Constitution of the United States, proposed an amendment to the Constitution in the following words, to wit:

"JOINT RESOLUTION

"Proposing an amendment to the Constitution of the United States

"*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein)*, That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of said Constitution when ratified by the legislatures of the several States as provided in the Constitution:

"'ARTICLE —

"'SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January of the years in which such terms would have ended if this article had not been ratified, and the terms of their successors shall then begin.

"'SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall, by law, appoint a different way.

"'SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may, by law, provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"'SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives chooses a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"'SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"'SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission'":

Therefore be it

Resolved by the Senate and the House of Representatives of the State of Georgia in general assembly met, That the said amendment of the Constitution of the United States be, and the same is hereby, ratified and adopted; be it further

Resolved, That a certified copy of the foregoing preamble and resolution be forwarded by his excellency the governor, to the

Secretary of the State of the United States, to the President Officer of the United States Senate, and to the Speaker of the House of Representatives of the United States.

HAMILTON MCWHORTER,
President of the Senate.
JOHN T. BOIFBUILLET,
Secretary of the Senate.
E. D. RIVERS,
Speaker of the House.
ANDREW J. KINGERY,
Clerk of the House.

Approved January 23, 1933.

EUGENE TALMADGE, *Governor.*

STATE OF GEORGIA,
County of Fulton:

I, T. M. Linder, secretary of the executive department of Georgia, hereby certify that the foregoing is a true and correct copy of Senate Resolution No. 10 as approved January 23, 1933.

Witness my hand and seal this 1st day of February, 1933.

T. M. LINDER,
Secretary Executive Department.

EXHIBITION RIDE AT FORT MYER

Mr. REED. Mr. President, I send to the desk a letter, which I ask may be read.

The PRESIDENT pro tempore. The clerk will read, as requested.

The Chief Clerk read as follows:

HEADQUARTERS FORT MYER, VA.,
OFFICE OF THE COMMANDING OFFICER,
February 1, 1933.

Senator DAVID A. REED,
Chairman Senate Military Affairs Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: Upon the request of certain Members of Congress, it is the desire of the commanding officer and of the officers and men of Fort Myer, Va., to present a special exhibition ride for the Members of Congress, their families, and guests.

It is realized that the regularly scheduled rides on Friday afternoon take place at an inconvenient time, and, due to the large public demand for admission, they are crowded and troublesome to attend.

We have accordingly scheduled an exhibition ride at 4 o'clock on Saturday, the 11th of February, to be given in honor of the Members of Congress. The entire seating capacity of the riding hall at Fort Myer will be reserved for them. In an endeavor to make attendance as convenient and informal as possible, no individual seats will be reserved, but guests will be required to present an identification card from a Member of Congress of the United States.

It is hoped that, in extending this formal invitation through you, you will notify the Members of its provisions.

Very sincerely yours,

H. N. COOTES, *Colonel Third Cavalry.*

The PRESIDENT pro tempore. The communication will lie on the table.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Foreign Relations:

Joint resolution relating to the Great Lakes-St. Lawrence waterway

Whereas the people of the State of Wisconsin favor the development of the Great Lakes-St. Lawrence waterway; and

Whereas the undertaking of such a project at this time would afford employment to many thousands of workmen now unemployed; and

Whereas such a waterway would greatly benefit both industry and agriculture through lower transportation costs and would aid materially in the early restoration of economic prosperity; and

Whereas a treaty between the United States and Canada, making the development of the project possible, has been successfully concluded and but needs the ratification of the United States Senate: Therefore be it

Resolved by the Assembly (the Senate concurring), That the Legislature of Wisconsin hereby again indorses the Great Lakes-St. Lawrence waterway project and respectfully memorializes the Senate of the United States to at once ratify the treaty with Canada, and also memorializes the Congress of the United States immediately after ratification of the treaty to enact the necessary legislation for the beginning of work on this waterway; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

THOS. J. O'MALLEY,
President of the Senate.
R. A. COBBAU,
Chief Clerk of the Senate.
CORNELIUS YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The PRESIDENT pro tempore also laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

Joint resolution relating to the 5-cent glass of pure beer, expected and desired by the citizens of Wisconsin

Whereas the legalization of beer manufacture and sale in the near future is virtually assured and there is danger of nullifying the benefits accruing to the farmers of Wisconsin from such legalization by the imposing of a Federal beer tax so high as to prevent the possibility of retailing beer at the popular price of 5 cents per glass, which would be contrary to the wishes and interest of the vast number of laborers in Wisconsin and the Nation: Therefore be it

Resolved by the assembly (the senate concurring), That the Legislature of Wisconsin respectfully and earnestly memorializes the Congress of the United States to refrain from imposing a tax in excess of $3 per barrel, thus allowing brewers and consumers, as well as the growers of barley and hops, the full benefit and freedom enjoyed before the advent of prohibition; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of the Congress of the United States and to the Congressmen and United States Senators from Wisconsin.

THOS. J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CORNELIUS YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

Mr. COPELAND presented the petition of Frank Crumit, Shepherd of the Lambs, and sundry citizens, being members of the Lambs and associates, of New York City, N. Y., praying for the prompt passage without amendment of the so-called alien actors bill, being the bill (H. R. 8877) to clarify the application of the contract-labor provisions of the immigration laws to actors, which was referred to the Committee on Immigration.

He also presented resolutions adopted by local chapters of the Woman's Christian Temperance Unions of Marlborough, Port Byron, and Wellsville, in the State of New York, protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

Mr. DILL presented a memorial of sundry citizens of Tonasket, Wash., remonstrating against the repeal or modification of the national prohibition law, which was ordered to lie on the table.

Mr. CAPPER presented resolutions adopted by the Woman's Christian Temperance Union of Chase and Frances Willard Chapter of the Woman's Christian Temperance Union of Leavenworth City, in the State of Kansas, favoring the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

Mr. MCNARY presented petitions signed by 26,360 citizens of the State of Oregon (transmitted by Miss Maude M. Aldrich, field secretary, Federal Motion Picture Council in America (Inc.), etc.), praying for the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

Mr. BLAINE presented memorials of sundry citizens of Bear Creek, Clintonville, Excelsior, and New London, all in the State of Wisconsin, remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which were ordered to lie on the table.

He also presented a joint resolution of the Legislature of the State of Wisconsin, indorsing the Great Lakes-St. Lawrence waterway project and favoring the prompt ratification of the treaty with Canada, which was referred to the Committee on Foreign Relations.

(See joint resolution printed in full when laid before the Senate to-day by the President pro tempore.)

Mr. BLAINE also presented a joint resolution of the Legislature of the State of Wisconsin, memorializing Congress in connection with proposed legalization of the manufacture and sale of beer "to refrain from imposing a tax in excess of $3 per barrel, thus allowing brewers and consumers, as well as the growers of barley and hops, the full benefit and

freedom enjoyed before the advent of prohibition," which was ordered to lie on the table.

(See joint resolution printed in full when laid before the Senate to-day by the President pro tempore.)

Mr. WALCOTT presented a resolution adopted by the Hartford (Conn.) Chamber of Commerce, opposing adoption of the so-called domestic allotment plan of farm relief, which was referred to the Committee on Agriculture and Forestry.

He also presented memorials of members of the Church of the Redeemer, and sundry citizens, all of New Haven, Conn., remonstrating against appropriating $2,500,000 for citizens' military training camps and $572,000 for the Organized Reserves under the War Department, which were referred to the Committee on Appropriations.

He also presented memorials and papers in the nature of memorials of Hannah Benedict Carter Chapter, Daughters of the American Revolution, of New Canaan; regents and treasurers of chapters of the Connecticut Daughters of the American Revolution assembled in annual meeting at New Haven; Brown-Landers Post, No. 77 (Inc.), the American Legion, of East Hartford; Tomalonis-Hall Post, No. 84, the American Legion, of Simsbury; "Somers" American Legion Auxiliary, of Somersville; the Lamson-O'Donnel Post, No. 46, of Goshen-Cornwall, the American Legion Auxiliary, of Torrington; and Gray-Dickinson Post, No. 59, the American Legion Auxiliary, of Windsor; all in the State of Connecticut, remonstrating against any reductions in appropriations for the Army, Navy, and marines, which were referred to the Committee on Appropriations.

He also presented a petition of sundry citizens of Hartford, Conn., praying for the passage of legislation limiting the hours of labor to 30 hours a week, which was referred to the Committee on Education and Labor.

He also presented petitions and papers in the nature of petitions of the American Legion Auxiliary of Westbrook; Treadway-Cavanaugh Unit, No. 64, of East Hampton; Gensi-Viola Unit, No. 36, of Windsor Locks; and Post No. 29, of Greenwich, all of the American Legion Auxiliary, in the State of Connecticut, praying for the passage of legislation known as the widows and orphans' pension bill, and also for the creation of a veterans' committee of the Senate, which were referred to the Committee on Finance.

He also presented petitions of sundry citizens of Hartford, East Hartford, Elmwood, Glastonbury, Manchester, South Manchester, Newington, and New London, all in the State of Connecticut, praying for the passage of the so-called Hatfield-Keller bill, providing retirement pensions to railway employees, which were referred to the Committee on Interstate Commerce.

He also presented memorials of sundry citizens of Danbury and Somers, in the State of Connecticut, remonstrating against the repeal of the eighteenth amendment to the Constitution or the modification of the national prohibition law, which were ordered to lie on the table.

He also presented the petition of the National Woman's Relief Corps, auxiliary to the Grand Army of the Republic, praying for the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

He also presented a resolution adopted by the Socialist Party of New Haven, Conn., protesting against the passage of the so-called Dies bill, being the bill (H. R. 12044) to provide for the exclusion and expulsion of alien communists, which was ordered to lie on the table.

THE MERCHANT MARINE

Mr. FLETCHER presented an editorial from the Evening Star, of Washington, D. C., appearing in its issue of January 28, 1933, entitled "A Sound Policy," which was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

[From the Evening Star, Washington, D. C., January 28, 1933]

A SOUND POLICY

The Congress of the United States laid down a sound policy in the merchant marine act of 1920. It declared that—

"It is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine."

In pursuance of this policy, which was reaffirmed in the merchant marine act of 1928, the Congress has appropriated annually for the carrying of the foreign mails by steamships sums not designed to pay the mere cost of such transportation but sums calculated to aid in the establishment and maintenance of steamship lines flying the American flag on the seven seas. It has made loans at advantageous rates of interest to American shipping companies.

What has happened in consequence? America has a merchant marine that is constantly developing, with new vessels of a type capable of being used as auxiliaries of the Navy in time of war, vessels which can render in time of peace such service as to gain for them the carrying trade not only of this country but of others.

Annually, however, attacks are made upon the Government's announced policy of building an adequate merchant marine. They materialize when the appropriation bills come up for consideration in the Congress. And such a fight has recently been waged in the House and for several days has been in progress in the Senate. Those who believe in the development of the merchant marine prevailed in the House. They should prevail in the Senate.

The opponents of these mail contracts—which they dub "subsidies"—are no friends of American national defense or of American foreign commerce, although they would be horrified at the suggestion that they did not believe in either. They are playing into the hands of the foreign maritime nations which are competitors of the American merchant marine for the carrying trade. How did these foreign nations sweep the merchant vessels of the United States off the seas before the World War? By the granting of subsidies to their own vessels; by the payment of low wages to the seamen. The laws of the United States compel better treatment of the crews of the American flag vessels; they compel the employment of a certain percentage of Americans on the vessels, and thereby force higher wages. And now, in the name of economy, it is proposed to break down the policy and the methods adopted by the Congress to build up the American merchant marine. Can there be the slightest doubt that this is good news to the foreign shipping companies?

When Congress announced its policy toward merchant shipping in 1920 it had recently had a severe lesson. During the World War, when the country found itself without an overseas merchant marine, the stupendous sum of nearly $3,000,000,000 was expended to put a fleet of merchant vessels on the water. Millions were wasted in experimenting with wooden ships and concrete vessels in the effort to build quickly a fleet that could carry American soldiers and supplies abroad. American commerce suffered grievously at the outset of the World War because of lack of shipping. The carriers needed for the business of this country were withdrawn to the use of the belligerent nations. It seems utterly impossible that anyone would have this Nation return again to the state in which it was found when the war broke out in 1914, with no overseas merchant marine at all. Yet a withdrawal of the Government support as now proposed would not only prevent any further expansion of the merchant marine but would wreck many of the water carriers under the American flag.

VETERANS' NATIONAL LIAISON COMMITTEE

Mr. WALSH of Massachusetts. Mr. President, I desire to present a matter for the RECORD. As is well known, there is a Joint Committee on Veterans' Affairs considering possible economies in the veterans' laws. Yesterday a report of the committee meeting appeared in the press under the following headlines:

New bonus march on District of Columbia predicted. Communist tells Congress committee preparations are under way.

This morning I received a letter from one of the members of the committee known as the Veterans' National Liaison Committee that are arranging and planning for a veterans' march on the Capital, stating that the news article in question was not quite fair to that committee, the intimation being that the news article sought to give a communistic slant to this movement, when, as a matter of fact, it appeared in the testimony yesterday that of the five or more members of the committee only two are communists and the others claim and testified that they belonged to other political parties.

I ask, therefore, in fairness to one of the members of the committee who has written the letter and to the committee, that it be printed in the RECORD, together with the news article to which objection is made.

There being no objection, the letter and article were ordered to be printed in the RECORD, as follows:

NEW BONUS MARCH ON DISTRICT OF COLUMBIA PREDICTED—COMMUNIST TELLS CONGRESS COMMITTEE PREPARATIONS ARE UNDER WAY

A new march of veterans to the Capital to present former soldiers' demands to the expected special session of Congress was predicted to-day by Emmanuel Levin, member of the Communist Party, in testifying before the Joint Congressional Committee on Veterans' Affairs.

Levin appeared on behalf of the veterans' rank and file committee, an outgrowth of the left wing of the bonus army evicted from the Capital last summer by troops after two veterans had been killed by police.

"We can not say now whether there will be 10,000 or 50,000," Levin said, "but they will be here."

Pressed by Senator WALSH, Democrat, of Massachusetts, for details of the proposed march, Levin submitted to the committee the names of those laying plans for the demonstration.

He named James W. Ford, colored, communist vice presidential candidate in the recent elections; E. P. Wagner, of Pennsylvania, a member of the bonus army; Edward Williams, of Newark, N. J.; Albert G. Sellers, of Pennsylvania, a member of the left wing of the bonus army; Harold Hickerson, of New York City, one of the leaders of the "rank and file veterans," who came to Washington at the outset of the present session of Congress; and George Brady, formerly registration officer of the bonus army.

VETERANS NATIONAL LIAISON COMMITTEE,
Washington, D. C., February 2, 1933.

Hon. DAVID I. WALSH,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR WALSH: Attached hereto is a clipping from to-day's Washington Evening Star (Associated Press). The writer, George D. Brady, is the only one authorized to talk for this committee. It was I and not Mr. Levin who gave you the names of the members of this committee, and I took particular pains to say that I am an enrolled Democrat. You will notice that the Associated Press has given a decidedly communistic slant to the entire committee. This has happened too often to be excused as accidental. Errors of omission beautifully distort the committee and its work.

I hold no brief for the Communist Party. They have men, citizens, who run for public office on a public platform and are recognized as a political organization by our Government. They have a place on a ballot, the same as other parties. Why should two of the seven members of this committee be identified in the newspapers as political representatives while the political party identification of the others is ignored?

There is no line of demarcation, political, fraternal, or social, denominational or racial, as far as the work of this committee is concerned. That is and has always been a thoroughly American principle. All we ask of any veteran is, Has he an honorable discharge from the Army, Navy, or Marine Corps of the United States? I regret the necessity for reiterating these facts to you, but as a Democrat and a native-born American, I resent every attempt to classify me or the other members of this committee as anything but what we are. No newspaperman asked me for a statement about the plans of this committee, although they did interrogate Levin. I wonder why. The reason is quite obvious after reading this article.

May I urge you in fairness to this committee and the thousands of veterans they represent to make a statement to the press at once correcting the impressions that will be gained from such newspaper articles as this? Albert G. Sellers was a bona fide member of the Bonus Expeditionary Force and is national treasurer of the Bonus Expeditional Force Rank and File of America (Inc.). He does not belong to the "left wing" of any organization.

Thanking you for an early and an immediate reply,

Sincerely yours,

GEORGE D. BRADY, *Chairman.*

P. S.—The Veterans National Liaison Committee did not request that they be allowed to testify before the joint committee. Introduced in the fashion it was by the subtle questions as to political affiliations of its members addressed to a man speaking for an entirely different committee, it would seem only fair to this committee that it be allowed to make a statement for inclusion in the RECORD.—GEORGE D. BRADY.

REPORTS OF COMMITTEES

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 5363) to provide for the housing, feeding, and clothing of certain unemployed persons at military posts of the United States, reported it adversely.

Mr. FRAZIER, from the Committee on Indian Affairs, to which was referred the bill (S. 4589) to authorize the Secretary of the Interior to make payment of part of the expenses incurred in securing improvements in drainage project of drainage district No. 1, Richardson County, Nebr., and for other purposes, reported it with amendments and submitted a report (No. 1145) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which was referred the bill (S. 5433) for the relief of certain settlers on the Fort Peck Indian Reservation in the State of Montana, reported it without amendment and submitted a report (No. 1146) thereon.

Mr. SCHUYLER, from the Committee on Military Affairs, to which was referred the bill (S. 4590) for the relief of Juan Apodaca, reported it with amendments and submitted a report (No. 1147) thereon.

Mr. COOLIDGE, from the Committee on Military Affairs, to which was referred the bill (H. R. 4368) for the relief of George W. McDonald, reported it with amendments and submitted a report (No. 1148) thereon.

Mr. REED, from the Committee on Military Affairs, to which was referred the bill (S. 5537) to convey certain land in the county of Los Angeles, State of California, reported it with amendments and submitted a report (No. 1149) thereon.

BILL INTRODUCED

Mr. JOHNSON introduced a bill (S. 5581) authorizing the Secretary of Commerce to dispose of certain lighthouse reservations, and for other purposes, which was read twice by its title and referred to the Committee on Commerce.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H. R. 913. An act for the relief of Charles W. Sumner;

H. R. 3626. An act for the relief of John I. Lowe;

H. R. 3905. An act for the relief of Maj. L. D. Worsham;

H. R. 7200. An act for the relief of William Chinsky;

H. R. 7593. An act for the relief of Louis Zagata;

H. R. 7687. An act for the relief of W. B. Ford;

H. R. 8216. An act for the relief of the First National Bank of Junction City, Ark.; and

H. R. 8800. An act for the relief of Laura J. Clarke; to the Committee on Claims.

H. R. 9955. An act for the relief of Lucius K. Osterhout; to the Committee on Military Affairs.

H. R. 698. An act authorizing the President to transfer and appoint Lieut. (Junior Grade) Arnold R. Kline, United States Navy, to the grade of assistant paymaster, with the rank of lieutenant (junior grade) in the Supply Corps, United States Navy; to the calendar.

H. R. 1709. An act for the relief of Burton Bowen;

H. R. 1710. An act for the relief of Raymond C. Bogart;

H. R. 5989. An act for the relief of John O'Neil;

H. R. 9166. An act for the relief of William E. B. Grant;

H. R. 9272. An act to correct the rating of John Huntz Roloff, Fleet Naval Reserve; and

H. R. 9473. An act for the relief of Olen H. Parker; to the Committee on Naval Affairs.

AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. FLETCHER submitted amendments intended to be proposed by him to the bill (S. 5336) to amend the emergency relief and construction act of 1932, which were referred to the Committee on Banking and Currency and ordered to be printed.

AMENDMENT OF THE BANKRUPTCY LAW

Mr. FLETCHER submitted amendments intended to be proposed by him to the bill (H. R. 14359) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which were referred to the Committee on the Judiciary and ordered to be printed.

AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. FRAZIER submitted an amendment intended to be proposed by him to House bill 13710, the Interior Department appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 6, to strike out lines 1 to 4, inclusive, as follows:

"EXPENSES OF INDIAN COMMISSIONERS

"For expenses of the Board of Indian Commissioners, $11,430, of which amount not to exceed $6,330 may be expended for personal services in the District of Columbia."

ANNUAL REPORTS OF THE PUBLIC UTILITY COMPANIES OF THE DISTRICT

Mr. CAPPER. I have here the annual reports of the public utility companies of the District of Columbia, which they are required under the law to make to the Senate. I present them to the Senate, and ask that they be printed in the usual form.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, it is so ordered.

The order was reduced to writing, as follows:

Ordered, That the annual reports of the following-named public utility companies in the District of Columbia for the year ended December 31, 1932, heretofore transmitted to the Senate, be printed as a Senate document: Capital Traction Co.; Chesapeake & Potomac Telephone Co.; Georgetown Barge, Dock, Elevator & Railway Co.; Georgetown Gas Light Co.; Potomac Electric Power Co.; Washington Gas Light Co.; Washington Interurban Railroad Co.; and Washington Railway & Electric Co.

THESE TROUBLOUS TIMES

Mr. DAVIS. Mr. President, I ask leave to have printed in the RECORD an article by the Hon. Robe Carl White, the Assistant Secretary of Labor, entitled "These Troublous Times."

There being no objection, the article was ordered to be printed in the RECORD, and it is as follows:

THESE TROUBLOUS TIMES

By Robe Carl White, Assistant Secretary of Labor

In these days of national tribulation, following closely on a period of great prosperity, the facts concerning previous periods of major depressions in the United States since 1837 become vital when considering present economic conditions.

Many and varied reasons for the recurrence of periods of depression have been advanced by those treating of the subject. The student of finance ascribes financial reasons, such as currency and banking laws or the lack of them, and a faulty credit system; the student of commerce and manufacture—curtailment of credit, tariff, demands of the wage earner, overproduction; the student of agriculture—low prices, overproduction, drought, pestilence, tariff, high prices of farm machinery; the student of labor—low wages, long hours, working conditions, irregular employment; the student of government—the enactment or nonenactment of particular laws and the methods of enforcement; the student of social forces—social and moral influences.

While each of the above may play a part, the most powerful factor among the causes of all past depressions, as well as the one through which the country is now passing, is the cupidity of mankind, which when unleashed and started on the economic road termed "speculation" proves an irresistible force that sweeps aside established and accepted standards of business and life and carries man on to grave errors of judgment.

Then comes the penalty in loss of means and peace of mind.

A general business depression has usually followed a period of prosperity. Therefore, to get a true picture of an era of depression it must include the period preceding, for it is during this period the cause or causes of the depression are developed. There will be found a decided similarity between eras of prosperity, as well as between eras of depression.

THE BUSINESS DEPRESSION, 1837–1844

The depression beginning in the year 1837 followed a period of prosperity of several years' duration. Bear in mind that during this period the country was still in a pioneer stage—no railroads, no telegraph, no means of transportation other than by water and wagon roads. Agriculture was the main occupation of the people, with cotton and tobacco the principal products in the South, and wheat, corn, and cereals in the North. Crops were harvested by means of the scythe and cradle, and the grain was still threshed by the flail as late as 1833. New York was the main gateway for exports in the North and New Orleans in the South.

The census of 1830 gives the total population of the United States as 12,866,020. The Atlantic Coast and Gulf States were densely settled, with a scattered population only throughout the country west of the Alleghenies. The rapid progress of the westward movement into the Middle West States—Ohio, Indiana, Illinois, Kentucky, and Tennessee—reached the proportions of a land rush in the early thirties. Towns sprang into existence almost overnight. This great influx of people caused the rapid development of land, means of transportation, and extraordinary activity along all industrial lines. Many banks established in the new towns issued their own paper money without specie backing.

During this period London, England, was the financial center of the world and the main source of capital for investment in the United States. Philadelphia was the stronghold of American finance, with New York or Wall Street a secondary money center. The moneyed interests at Philadelphia, centering around one Nicholas Biddle, dominated the financial affairs of the United States. Biddle was a visionary type. He was careless regarding details, prodigal in making loans, and very lax in investigating conditions surrounding the loans made. He himself was a heavy speculator in cotton. Because of his prominent financial position, his example encouraged opportunists of every sort to enter the speculative field. It was easy to secure liberal advancements on enterprises of all kinds; to secure credit for supplies beyond the wants of the people and for investment in unproductive public land. The gambling spirit of adventure and a desire for sudden wealth prevailed throughout the Union. Thus this became an era of speculative ventures, with all classes eager to invest their money in almost every sort of proposition presented.

The Josephs Banking Co., of New York, originally organized with $20,000 capital and later increased to $400,000, was the representative of the Rothschilds of England. Following the example of Biddle, this firm plunged boldly into hazardous cotton and land speculations. President Jackson bitterly opposed what he called the dangerous tendencies of Biddle's bank and the objectionable character of the loans made by it. His opposition to the prevailing practices eventually culminated in the Government's refusal to renew the charter of the Biddle bank and a removal of the Government deposits. The bank, however, continued to operate under a charter secured from the State of Pennsylvania, and to make up for the lost prestige Biddle launched an even more liberal policy in credits and trade.

This was the condition in the United States in the years immediately prior to 1837.

For a number of years there had been a general overtrading with America on the part of English merchants and the creation of many joint-stock banks and companies for this purpose. This, together with the credits extended to East Indian trades, China, and South America, caused a great expansion of the Bank of England issues and precipitated the financial panic in England in the latter part of 1836. The tightening of the money market in England during and following this panic brought with it many failures and a general stagnation of business throughout England and other European countries, and in the United States.

The retardation of normal business and the bank failures in England closed the market for many of the products of the United States. This was particularly true of the market for cotton, which constituted from one-third to one-half of our total exports and was the foundation of the prosperity of the South. Cotton declined 50 per cent in price in 1837. The production of tobacco, sugar, and rice was also affected, but to a lesser extent.

The first evidence of the economic collapse during this era of speculation appeared in New Orleans and the South. Due to the decline in the price of cotton and the loss of much of the export trade, the cotton companies and the banks in New Orleans were compelled to close their doors, followed within a few days by the closing of nine-tenths of the business houses in the city of Mobile. When the news of the failure of the cotton companies and the banks in New Orleans reached New York, it forced the Josephs Banking Co. to close, which precipitated the panic of 1837. This panic was followed by the usual bank and business failures throughout the country and brought on a general dullness of business, continuing for about five years.

The three years subsequent to 1837 were a period of financial readjustment. Money did not become easier until the latter part of 1840. From that time on it continued growing easier until the depression was over, the first part of 1844.

Wages were fairly well maintained, probably due to the fact that it was not a manufacturing or industrial age and most of the labor was engaged in agricultural and allied pursuits. Furthermore, the wage earner, because of the vast undeveloped resources of the country at that time, was not confined to any particular spot, but could move to a new locality and engage in other and equally fruitful occupations.

Immigration

The volume of immigration to the United States prior to and during this era was moderate, and at no time reached 100,000 per annum. Though the volume was small and may not have had any particular effect upon the economic situation, it is interesting to note that immigration shows a drop of more than one-half in 1838, the first year after the start of the depression. The volume was much greater in 1839 and, with a few exceptions, increased each year thereafter until 1849, when it reached the high level of 297,024.

THE BUSINESS DEPRESSION, 1854–1859

Evidence of this depression appeared first in the year 1854. There was a slight recovery in 1856 and 1857, followed by a severe subsidence in 1858, with a return to prosperity in the latter part of 1859.

Money was fairly easy at the beginning of the period, tightened in 1857, and began growing easier again in the latter part of 1858.

The generally accepted cause of this business slump was the discovery of gold in California in 1848 and 1849. Thousands of men from all parts of the country joined in the rush to the gold fields. The influx of gold following the rush and the meteoric rise to great financial power of such men as Mills, Huntington, Flood, O'Brien, Blair, and others, inflamed the public mind and rekindled the latent spirit of adventure and speculation.

The development of the Greater West beyond the Alleghenies was especially rapid. Profligate land grants were made to prospective railroads. Railroad stocks and bonds and mining stocks of all kinds were eagerly absorbed by the public. Railroad construction was pushed forward with feverish activity and there was undue stimulation in practically all lines of industry. Credit was easily obtained. Bankers and financiers generously forwarded speculation. In fact, abuse of the credit system and the promotions of optimistic men were the most potent causes of the general business prostration following this speculative era. This era of activity caused the price of all kinds of property to reach a

point too unnatural to be permanently maintained, and the price of commodities to increase beyond their normal value. This extraordinary condition was continued and sustained somewhat by the Crimean War (1853–1856).

As President Buchanan said in his message to Congress in December, 1857: "Our financial history for the last 40 years has been one of extravagant expansions in the business of the country, followed by ruinous contractions. At successive intervals the best and most enterprising men have been tempted to their ruin by excessive bank loans of mere paper credit, exciting them to extravagant importations of foreign goods, wild speculations, and ruinous and demoralizing stock gambling. * * * Deplorable, however, as may be our present financial condition, we may yet indulge in bright hopes for the future. No other nation has ever existed which could have endured such violent expansions and contractions of paper credit without lasting injury; yet the buoyance of youth, the energies of our population, and the spirit which never quails before difficulties will enable us soon to recover from our present financial embarrassments, and may even occasion us speedily to forget the lesson which they have taught."

The panic of 1857, which was the beginning of the period of depression, was precipitated by the failure of the Ohio Life & Trust Co., of Cincinnati. This company had loaned $5,000,000 to the railroads alone. Subsequent to this failure many New York banks called their loans, which brought a financial crash involving most of the banks of the country. The collapse of the banks and the financial system during this depression brought about the enactment of national banking laws.

The revival of business came slowly until the Civil War (1861–1865) gave activity to all branches of trade.

Although the previous transfer within a short time of a great amount of labor from the States to the gold mines and to the country west of the Mississippi caused a rise in the price of labor, this depression was not accompanied by any great reduction in wages.

This period of depression was paralleled by a similar condition in England, Germany, France, Russia, and other European countries. The withdrawal by England and France of vast amounts of capital and of productive labor in the ordinary channels of commerce to carry on the Crimean War created an unfavorable influence on financial conditions in European countries and in the United States. Further, as affecting England, the great mutiny in India occurred in May, 1857, and the East India Co. was dissolved and the Government of India transferred to the British Crown in August, 1858.

Immigration

There was a distinct wave of immigration from Ireland and Germany during the years 1850–1854, due to some extent at least to famine conditions in Ireland and the political situation in Germany. In Germany these years constituted a period of petty despotism, to escape which great numbers of its people migrated to the United States.

Beginning with 1855 immigration decreased almost every year until 1862, after which it gradually increased to a new high level of 459,803 in the year 1873. The decline in immigration was probably due to a number of causes, among which are: The depression in the United States and the conditions prevailing prior to the outbreak of the Civil War, the political and economic conditions existing in Great Britain, Germany, and other European countries, and the Crimean War, which directly involved Great Britain and France and indirectly Germany and the other countries of Europe.

THE BUSINESS DEPRESSION, 1873–1878

This depression was very severe and extended in duration, and, as usual, followed the collapse of a speculative era. In an effort to stabilize industry and business following the Civil War the country plunged into an era of feverish activity in the development of its resources, particularly of the great West. The leaders of finance were again the promoters of railroad building, land speculations, and public improvements, which acted as a stimulus to iron, steel, and other allied industries.

The population, consisting of about 38,000,000, swallowed the deceptive bait and entered vigorously into great industrial, financial, and public undertakings. Even the most conservative men of finance and old establishments were deceived by visions of large profits and untold wealth and became promoters of almost every sort of enterprise, nonproductive as well as productive.

The life of Jay Cooke, one of the greatest and most influential bankers of the Civil War period, is typical of the trend of the times. Born in Sandusky, Ohio, the son of a lawyer, he started life as a clerk in a store, and at 18 entered the employ of a private banking firm in Philadelphia, where he displayed such ability in business and financial affairs that before the age of 30 he was taken in as a partner. Later he organized the private banking establishment of Jay Cooke & Co. in Philadelphia, which became one of the most powerful banking institutions in the United States. During the war he became known as the war financier through his successful efforts in floating the Government bond issues. After the war this conservative banker undertook the promotion of the Northern Pacific Railroad. He poured money into this enterprise with a lavish hand, taking its bonds as collateral. Inability to float the bonds abroad forced this great banking house to close its doors.

The closing of the doors of Jay Cooke & Co. precipitated the panic of 1873. It revealed to the public the hazardous methods used by promoters, bankers, and financiers in the many great development enterprises throughout the country, and caused a loss of confidence in the stability of all financial institutions. The disclosures of the Crédit Mobilizer scandal also had a far-reaching effect.

This panic was followed by a general industrial depression extending over several years, the alleged causes of which are as numerous as the economic writers treating of the subject. Among those given are land grants to corporations, expansion of credits, contraction and inflation of currency, suspension of specie payments, wages falling before the price of goods, extravagance induced by credit, immigration of Chinese, great inventions, inefficiency of labor, too small wages, land and railroad monopolies. All of these may have played some part, but the panic, followed by the depression, was the result of the collapse of an era of false prosperity—the desire of men to become rich through speculative methods rather than as the result of their own creative efforts.

Money was very tight in the United States in 1873 following the failure of Jay Cooke and the collapse of railroad speculations. The New York Stock Exchange was closed for 10 days. Money became somewhat easier in 1874 and 1875 and was exceedingly easy in 1876, although in the last-mentioned year there was a tremendous decline in railroad-stock prices after April, together with industrial slumps in the spring and autumn. Money continued easy in 1877, but it was not until 1878 that general business conditions showed more than temporary improvement.

While strikes and lockouts, through which labor sought to attain its objects, had previously occurred in various industries with more or less frequency, the first important railroad strike came in 1877 on the Baltimore & Ohio Railroad, followed by a similar strike on the Pennsylvania Railroad, caused primarily by a 10 per cent reduction in wages and general dissatisfaction with working hours and methods of reckoning pay. State militia called to the scenes of action failed to restore order and Federal troops had to be employed.

Wages were not generally affected during this depression. While there were some temporary reductions, wages not only remained constant but were actually higher at the end of the depression than at the beginning.

It is interesting to note that the 20-year period prior to this depression saw the formation of the first labor organizations on a nation-wide scale. The demands made by these various organizations were an 8-hour day, land grants to actual settlers, a national labor bureau, immigration restrictions, tariff reduction on the necessaries of life, abolition of prison labor, establishment of mechanics' institutes, reading rooms for workers, and cooperative stores. They pledged aid to women workers and attacked bad housing situations and the banking system.

The panic of '73 and the following depression were paralleled by panics and depressions in England, France, Germany, and Austria.

Immigration

During the period under discussion the bulk of immigration to the United States came from the United Kingdom and Germany; and again, as in previous periods of depression in the United States, immigration shows a sharp decline, caused not only by the unfavorable economic conditions existing in the United States but also by similar conditions in the countries named. Beginning with the year 1879, it gradually increased each year until a new high level of 788,992 was reached in the year 1882.

THE BUSINESS DEPRESSION, 1884–1886

The country enjoyed five years of prosperity following the depression ending in 1878, during which time the foundation was laid for the panic of 1884.

This prosperous period produced a new crop of promoters and speculative bankers, who, through the prestige of initial success and strong financial backing, were able to secure control of many of the railroad companies and other enterprises. As soon as control was secured the method usually followed was to greatly increase the capital stock and bonded indebtedness and to market these overvalued stock issues through widespread advertising and other promotion methods. When the day of reckoning came many of these promoters resorted to swindling schemes to cover their losses, such as issues of bogus stocks and bonds, misappropriation of funds, and defalcations. The overcapitalization of railroad companies caused the overstimulation of railroad construction and allied enterprises—iron, steel, mining, and public improvements.

The following illustrates the activities of the promoters and financiers of this era:

George Ingraham Seney, president of the Metropolitan Bank, organized what was known as the Seney Syndicate. He first made a fortune in the promotion of the Nickel Plate Railroad, selling out to the Vanderbilt interests. Later he gained control of the Ohio Central, East Tennessee, Virginia & Georgia, and the Rochester & Pittsburgh Railroads, all of which were used for speculative purposes. Huge stock issues in these railroads were floated by Seney through glowing promises and widespread advertising. Seney also used the exchange house of Nelson Robinson & Co., of which his sons were managers, in the promotion of his various projects.

Another banker who played a prominent part in the affairs of this era was John C. Eno, who, at the age of 26, through his father's influence, became president of the Second National Bank of New York. This inexperienced young man immediately saw visions of becoming the leading financial figure of the day, and plunged into all kinds of gambling and wild speculative ventures, using the great funds at his command for this purpose.

Two young men, Ulysses Grant, jr., son of ex-President Grant, and Ferdinand Ward, both inexperienced in financial affairs, or-

ganized the brokerage firm of Grant & Ward, with the banker, James Fish, president of the Marine Bank, as their silent partner. Ward was intrusted with the entire management. This young man proved to be a common gambler, unscrupulous, even dishonest in his dealings. He used the prestige of the ex-President's name to further his speculations. At first Ward's ventures were apparently profitable, but disaster followed his speculations at the beginning of the depression, and in order to cover his losses he resorted to huge swindles. When his speculations came to light it forced the closing of the doors of the Marine Bank, which had advanced large sums of money on the unprotected notes of Grant & Ward. The closing of the Marine Bank and the suspension of Grant & Ward precipitated the panic.

The failure of Grant & Ward also uncovered a series of thefts and bad speculations involving the Seney Syndicate, the Eno Bank, and many other financial institutions. It was found that Eno alone had misappropriated some $4,000,000. During these years even the most conservative financiers were drawn into moneyed conquests. Henry Morgan was caught in the slump of the Denver & Rio Grande; Russell Sage in the crisis of '84. Failures and defalcations occurred at intervals all during that summer.

While the panic of 1884 was more local and less severe than that of 1873, the collapse of the prosperous era again can be traced to the same frailties of human nature, namely, the people being swept away by optimism and led into speculations in all kinds of enterprises through the promotions sponsored by professional promoters and financiers.

There was a tremendous decline in stock prices following the money panic. Commodity prices continued very low through 1885, with a gradual return to prosperity in the year 1886.

The depression brought some reduction in wages, causing labor disturbances; coal strike in the autumn of 1884; anti-Chinese riots in 1885; Knights of Labor railroad strike and coal strike in March, 1886; and the Haymarket anarchists massacre in Chicago in May.

Contemporaneous depressions existed in England and other countries of Europe. There was a slow recession of business in England in 1883, followed by depression in 1884, 1885, and the first part of 1886, with a slow revival in the latter part of the year.

Immigration

The year 1883 witnessed the beginning of a marked change in the origin of immigration to the United States. Prior to that time over 95 per cent of all European immigrants came from the northern and western countries of Europe, with only a comparatively few from the southern and eastern countries. From the above date the ratio gradually changed, until in the year 1890 about 36 per cent of all immigration came from the southern and eastern countries of Europe.

At the beginning of this depression immigration showed a sharp decline and continued to decline until the low mark was reached in 1886, after which it gradually increased.

THE BUSINESS DEPRESSION 1893–1898

During the prosperous years following the depression of the eighties there was a decided upward trend in the promotion of monopolies, for the purpose of controlling the products of industry. Combinations and mergers were made or attempted in almost all lines of industry and trade. These monopolies or combinations were as usual accompanied by the creation of holding companies, price fixing and pool agreements, overcapitalization, overvaluation, excessive promotion costs. In order to finance the same, huge blocks of bonds and stocks, both preferred and common, were offered to the public at fictitious values, which brought about an era of wild speculation. The outstanding example of the period, illustrating generally the methods used, was the Cordage Trust, organized by James M. Waterbury, the failure of which is credited with having precipitated the panic of 1893.

The National Cordage Co. was originally organized in 1887 as a private combination of a few leading manufacturers of rope and twine to purchase and control the raw material used. Promoters, bankers, and stock-market interests were at first excluded. Later, in order to control the entire industry, the company was changed into a public corporation, with capital stock of $15,000,000, divided into one-third preferred and two-thirds common. The common stock was issued to the promoters and placed in the hands of Waterbury & Co. under a trust agreement. The preferred stock was offered to the public through the firm of August Belmont & Co. and other professional promoters. The administration of the stock pool which was formed was placed in the hands of James R. Keane and several New York bankers who were interested in the success of the pool.

Through the activities of Keane and the use of extravagant financial statements issued by the company, the stock was forced up from $73 a share at the time the pool was formed to $142 a share in December, 1892. The pool was liquidated and the profits divided early in 1893. During this same time the company had incurred great losses in its efforts to control and market the raw material, hemp and sisal. Notwithstanding such losses and the lack of revenue, the company continued to pay 8 per cent on the preferred stock and 9 per cent on the common stock. Moreover, the company had, in January, 1893, declared a 100 per cent stock dividend and increased the common stock from $10,000,000 to $20,000,000.

The book value of the subsidiary plants was marked up to correspond with the inflation of the capital assets, and glowing statements were issued to the effect that the preferred stock would be placed on a 10 per cent dividend basis and the new common stock on a 7 per cent basis. Furthermore, the company had already borrowed on demand loans and short-term initial notes upwards of $5,000,000 from New York and New England banks. Rumors of the company's actual condition began to reach the public. In the face of these conditions, the company undertook to market a new issue of stock, which failed. Within a few days, with its stock values disappearing and its credit destroyed, the company collapsed and a receiver was appointed. The stock of this company had been one of the leaders on the stock exchange, and its failure carried with it three stock exchange firms.

The failure of the Cordage Co. uncovered the manipulation of stock pools, the juggling of figures in financial statements, and disclosed the many questionable methods used in many other concerns as the failures multiplied in the panic of 1893, resulting in a complete loss of public confidence in the affairs of big business.

The panic of 1893 was one of the most severe financial disturbances the country had experienced, with suffering perhaps the greatest in the West. Commercial failures continued above the average for several years. The darkest point in the depression came with the failure of the Erie Railroad and the suspension of the Milwaukee Bank. Industries fell off 60 per cent within five months. This was brought about to some extent at least by the unfavorable working of the silver coinage law, which necessitated a special session of Congress, at which the law was repealed. However, it soon became apparent the silver coinage law was not alone responsible for the previous panic, and its repeal by Congress came too late to restore confidence. In fact, money trouble was the manifest peculiarity of this long-drawn-out depression. Commodity prices fell to a low level. Wages were reduced. Unemployment became general and many large cities were compelled to provide public relief. Labor strikes and riots occurred, the most conspicuous being the A. R. U. railroad strike in 1894. Distress was increased for the agricultural classes in that year by the failure of the corn crop and the decline in European demand for wheat.

The first part of 1893 found business and financial conditions abroad far from satisfactory. England and the European countries were in the throes of a depression of their own. The depression in England started with the failure of Baring Brothers in 1890, and continued until 1896. The failure of the National Bank of Australasia and a doubt concerning the outcome of currency legislation in this country caused an uneasy feeling in the London markets. Rates of foreign exchange were very high and gold was steadily exported. The United States Treasury, to stem the outward flow of gold, proposed that the United States banks loan the Treasury $50,000,000 in gold. This action caused a severe contraction in mercantile credits and a tightening of the money market.

There was a temporary revival of business in the United States in 1895, but a further recession immediately followed the President's Venezuelan proclamation in December of that year. A recession also occurred during the campaign of 1896, when abolition of the gold standard became a political issue. Retention of the gold standard following the presidential election in 1896 brought a return of prosperity, which grew to boom proportions in 1899.

Immigration

The percentage of immigrants coming from the southern and eastern countries of Europe continued to show a large increase from 1892 to 1899. In the latter year 66 per cent of all immigration came from these countries, as compared with 36 per cent in 1890.

During this depression immigration shows a gradual decline to the low level of 229,299 in the year 1898, after which it gradually increased.

THE BUSINESS DEPRESSION, 1907–1908

During the prosperous years from 1899 to 1907 the United States witnessed great strides in the accumulation of national wealth and in the growth and size of business units. It was an era of promotions and rapid expansion of manufactures and the development of the great and varied resources of the country, such as iron, copper, lead, zinc, coal, oil, water power, and agriculture. It was also a period of rapid development in new lines of endeavor—electric power, interurbans, telephone, radio, bicycles, automobiles. At the same time the country witnessed titanic struggles between various banking and financial groups to control these vast enterprises.

The formation of the United States Steel Trust, conceived by Gary and financed by the banking house of Morgan & Co., was successfully accomplished in 1901. The great struggle between the Harriman railroad interests of the Southwest and the Hill interests of the Northwest for mastery of the railroads west of Chicago resulted in the famous corner in Northern Pacific stock in 1901. This last conflict brought a depreciation in other stocks, resulting in a Wall Street panic of short duration. The outcome of this struggle was the organization of the National Securities Co., a holding corporation to control the securities of the properties in controversy. The right of a holding corporation to control the stocks of competing railroads was successfully challenged by the Government and an order of dissolution secured.

Then there was the great growth of the Westinghouse Co., the combinations in the bicycle industry, the reorganization of the New England cotton-yarn companies, the cotton-duck consolidations, the asphalt consolidations, the United States shipbuilding combination, the American Glue Co., the National Salt Co., the steel and wire combinations, and many others. The last mentioned led to the famous Tennessee Coal and Iron combination,

which was eventually absorbed by the United States Steel Corporation.

As a consequence, this was a period of excessive speculation. The rapid growth in the size of business units led naturally into some form of combination, but the great combination movement really began during the revival of business after the depression of the seventies. The first combinations formed were called pools, which were used in the distillery industry, the iron and steel industry, and cordage. This was followed by the formation of trusts, started by the Standard Oil Trust of 1879, reorganized in 1882. The trust form of organization remained in favor until about the year 1897. The most outstanding examples were the Standard Oil Trust, the Distillery Trust, and the Sugar Trust. During the nineties this form of organization was declared illegal and was followed by the creation of holding corporations, consolidations, and mergers.

There has always been an inherent opposition to monopolies on the part of the people of the United States. Even prior to 1860 the States were afraid of corporations, believing they possessed monopolistic powers. The same opposition was displayed toward trusts and holding companies. At first State control and regulation were attempted, but were found to be ineffective. The passage of the interstate commerce act of 1887 was the first effort of the Federal Government to control railroads. This was followed in 1890 by the enactment of the Sherman antitrust law, for the control and regulation of all kinds of big business. Many suits were brought under this last-named statute. In fact, the period under discussion became known as the "trust busting" period. The Government failed to secure an order of dissolution against the United States Steel Corporation, but succeeded against the Northern Securities Co., and later secured orders of dissolution against the Standard Oil Trust and the American Tobacco Trust. However, the Government's effort to regulate competition by orders of dissolution eventually failed, because it was found that through the use of interlocking directorates the control still remained in the hands of the few.

One of the prevalent theories at this time was that publicity would do much to curtail the abuses and unfair practices of big business, and to this end the Government established a Bureau of Corporations in the Department of Commerce and Labor in 1903. However, in spite of publicity by this bureau, by Government litigation, and by various investigating committees, of which the famous Armstrong insurance committee of the New York Legislature was the outstanding example, pools, mergers, and combinations of all kinds continued to thrive.

The formation of business combinations and mergers by various promoters brought many conflicts of interests, and since financial backing is a necessary adjunct to such promotions the formation of rival financial groups naturally followed. The rivalry thus created in the last analysis resulted in a bankers' war, culminating in the panic of 1907.

The most successful promoters of the period were the great banker, J. Pierpont Morgan, and his associates, Robert Bacon and George W. Perkins, of the J. P. Morgan Co.; William Rockefeller and Henry H. Rogers, of Standard Oil; Frick and Gary, of steel; J. J. Hill, of the Great Northern Railroad; James Stillman, president of the National City Bank, and others. Some of the successful promotions of this group were railroad mergers, the United States Steel Corporation, and Amalgamated Copper.

A secondary group of outstanding promoters of the period were John W. Gates, with his Steel-Wire Trust and Tennessee Coal & Iron Co.; Heinze, with his United Copper Co.; and Morse, with his shipbuilding corporations.

J. P. Morgan, with his associates, controlled the most powerful group of banks in America, and in addition had powerful foreign banking connections. Not being able to use the Morgan financial institutions for their purposes, Gates, Heinze, and Morse were instrumental in building up a formidable chain of banks, of which the Knickerbocker Trust and the Trust Co. of America were important links.

Gates had incurred the bitter enmity of Morgan by a deal involving the Louisville & Nashville Railroad. Knowing that the Morgan group needed this railroad to protect their other railroad interests, he quietly purchased control, thereby forcing Morgan to buy at his price. Gates followed this by organizing the Tennessee Coal & Iron Co., which among other things controlled great beds of iron ore coveted by the United States Steel Co. Heinze had incurred the bitter enmity of Rogers and the Standard Oil group by his manipulations in the copper industry and his organization of the United Copper Co. in opposition to the Amalgamated Copper interests. Morse, who had a genius for organization, with his shipping combinations and his chain of banks, was also in disrepute.

The financial warfare carried on between these groups of promoters and bankers was not open warfare. In fact, such warfare is never conducted in the open. The usual strategy employed is to carefully withhold from the public (which is but a pawn in all such conflicts) authentic information and disseminate misinformation through rumors arising from mysterious sources. The general directing the attack is seldom known until the enemy is routed. This warfare was no exception to the rule. Bear raids started on the stocks of the Gates-Heinze-Morse enterprises (preceded by rumors tending to destroy their credit. After the bear raids had succeeded in deflating the prices of the stocks involved, the attack was shifted to the financial institutions carrying their collateral.

In 1907, at the psychological moment, the more conservative bankers agreed to call all loans on securities of enterprises associated with the Heinze-Morse banks, which eventuated in the closing of the doors of the Knickerbocker Trust and precipitated the panic. Later the Trust Co. of America, which held the collateral of the Tennessee Coal & Iron Co., was forced to suspend. Gates, Morse, and Heinze were all driven from Wall Street, and the Tennessee Coal & Iron Co. was taken over by the United States Steel Corporation, this last on the theory that it was the only way to stop the panic of 1907. After this transfer the warfare ceased, but it took a year to recover from the harmful effects of man's manipulation of the financial and credit fabric of the country.

The alleged causes of the panic of 1907 and the following depression are many and varied, and while the foregoing is only a sketchy picture of the methods used by bankers and promoters during the period leading up to the depression, yet it is apparent that these men and their manipulations materially affected the situation. Excessive speculation, stock manipulation, gambling, overcapitalization, and abuse of credit, as disclosed by the many failures among both the financial institutions and commercial enterprises, destroyed public confidence, paralyzed industry, and stretched the credit system of the country to the breaking point.

The depression brought a sharp decline in commodity prices and a reduction in wages, also a sharp decline in railroad and industrial stocks and bonds, the bottom being reached in the summer of 1908. Money was very tight the latter part of 1907 and did not ease up until the latter part of 1908. Good crops throughout the United States aided in a revival of business and a return to prosperity in the latter part of 1908 and 1909. This depression was accompanied by a similar condition throughout the nations of the world.

Immigration

This was also a period of heavy increase in immigration, the peak being reached in 1907, when 1,285,349 arrived. The great bulk of the immigration of the period came from the southern and eastern countries of Europe, caused to some extent at least by the great expansion of our manufactures, the old type of common labor being replaced by labor from these countries. The great influx of this new type brought immigration questions to the fore, and in 1907 the first basic immigration law was enacted. It provided for the exclusion of the mentally, morally, and physically unfit, also the exclusion of contract laborers. There was a sharp decline in immigration in the year 1908, and it continued on a lower level during 1909, with a sharp increase to more than a million in 1910. There was another sharp decline in 1911 and 1912, probably due to the Italian-Turkish and Balkan Wars. Immigration increased again to above the million mark in the years 1913 and 1914.

The World War interrupted European immigration, and it was not resumed on a large scale until the year 1920. Following the World War there was every indication that unprecedented numbers would come to the United States as soon as means of travel could be reestablished, and an unmistakable demand for immigration restriction came from all parts of the country. European immigration jumped from 24,600 in 1919 to 246,000 in 1920 and 652,000 in 1921, thus rapidly nearing pre-war proportions. In the latter year, and at a time when Congress was considering the immigration problem, approximately 5,000,000 persons were unemployed in the United States, and when it is borne in mind that every passenger ship coming from Europe was bringing large numbers who would be compelled to seek a livelihood in an already overcrowded labor market, it is not to be wondered at that Congress passed the first restrictive immigration law, known as the 1921 quota law, which fixed a definite number who might come from any country annually. This law was superseded in 1924 by the present immigration quota act, under which law by presidential proclamation the revision of the quota of each respective nationality fixed the limit on European immigration at 153,714. Since the enactment of the quota act referred to European immigration has been nominal and not an important economic factor. During the present business depression through additional laws and Executive orders it has been reduced to the disappearing point.

THE BUSINESS DEPRESSION, 1921–22, AND THE BUSINESS DEPRESSION, 1929

For several years following the depression of 1907–08, or until the year 1914, the country enjoyed moderate prosperity. The conduct of business was on more conservative basis. Credit was more carefully guarded and promotions and speculation were at a low ebb.

This trend to conservatism was due partly to the lessons learned from the disclosure of the methods of big business during the preceding panic and to the Government's final success in securing orders of dissolution in 1911 against the Standard Oil Co. and the American Tobacco Co.; the establishment of the Federal reserve system on December 23, 1913; the creation of the Federal Trade Commission in 1914; and the enactment in the same year of the Clayton Act, which was presumed to broaden the scope of the Sherman antitrust law. At the same time, other factors unquestionably entered into the situation. The lack of accord among the nations of Europe, with many rumblings and rumors of wars, made it apparent that world trouble impended. The uncertainty of future events in world affairs had a decided deterrent effect on speculation and new ventures.

This was about the condition in the United States when the assassination of Archduke Francis of Austria and his wife on June 28, 1914, was flashed to the world. This proved to be the spark which started a world conflagration. Austria declared war against Serbia on July 28, 1914. Events moved rapidly thereafter, until within an incredibly short time all the nations of the Eastern Hemisphere were involved. Foreign business was tempo-

rarily paralyzed. The London Stock Exchange closed. Following these European events the New York Stock Exchange, on July 31, 1914, for the second time in the history of our country, closed its doors for a period of four months. This caused a mild panic and a slight depression of a few months' duration, or until the European demand for munitions and war supplies started the wheels of industry. This demand grew rapidly during the years 1915 and 1916, resulting in extraordinary activity in the manufacture of war supplies. Many new industries allied or related to war munitions and war materials were established, such as munitions factories and workshops, and the dye industry. Huge profits flowed into the hands of all engaged in these industries. The number of those employed increased rapidly, with a gradual elevation of the wage scales. At the same time there was a decided rise in the prices of foodstuffs and commodities both in Europe and the United States.

Following our entry into the war, April 6, 1917, the country went immediately upon a war basis. The existing order of things was changed overnight. The President was given war emergency power. All our resources, all our activities, became subject to control by the Executive through the various departments of the Government and the many newly created boards and commissions, such as the Council of National Defense, War Industries Board, War Trade Board, War Finance Corporation, United States Food Administration, United States Fuel Administration, aircraft boards, Emergency Fleet Corporation, Bureau of War Risk Insurance, Alien Property Custodian, and the Committee on Public Information.

After the power of government was centralized in Washington, in order to train, equip, and feed the great army of several millions which was mobilized, it became imperative that all our resources of every kind and description be immediately available. Civilian labor, both male and female, was also mobilized to provide the maximum output of farm and factory. The country plunged into great activity along all lines. Values skyrocketed. War prices, with large profits, prevailed in all lines. Wage rates increased far beyond those paid in peace time. Time instead of cost was the essence of Government contracts, which were let on easy terms assuring generous, even exorbitant profits. As in all such emergencies, many men took advantage of the situation and war profiteering became quite prevalent.

For a period of years previous to the World War the efforts of the Government had been directed toward the elimination of abuses and the control of big business without the Government entering the field of private business. During the war, as a war emergency, the Government reversed this policy and financed or took over many private enterprises. The outstanding example was the railroads, taken over December 26, 1917.

The Committee on Public Information, under the direction of its chairman, became a powerful factor in shaping public opinion and guiding it into new channels. It set up a rigid censorship and made effective use of propaganda and high-powered salesmanship to unify public thought in furtherance of national proposals, such as Liberty-loan drives, speeding up production, mass production, mass consumption, standardization, conservation, the sacrifice of individualism for the collective good. Under such a stimulus the wheels of industry hummed to maximum capacity. The farm produced more than ever before in the history of the country. Feverish but well-directed activity prevailed in all lines. The entire life of the Nation was changed from one of individual methods of seeking prosperity and happiness into a collective whole, imbued with the belief that the cause was righteous and just and that the sacrifice of old standards of life and government was necessary for the good of humanity.

The signing of the armistice, November 11, 1918, caused a slowing up in all activity. The next few years constituted an era of readjustment, during which the gigantic task of demobilizing and returning to their homes and peace-time vocations the great army of soldiers and the vast number of industrial workers, the winding up of war activities, and the severance of the Government from control and management of private business was carried out. Obviously this work of readjustment could not be accomplished without disturbing the economic conditions. The labor market became overcrowded and many thousands were without employment, which, together with overproduction, the unsettled condition of industry, and the price decline in 1920 and 1921, led to the depression of those years.

The quick change from a war-time to a peace-time basis left the public mind in a state of flux. The World War had tended to upset old standards and implanted in their stead new ideas and new theories. Millions of men and women had been uprooted from their homes and communities, with their well-ordered course of life, and thrown into a strange new world and strange surroundings. Even the Army had been mobilized along new lines. While conscriptions and enlistments were local in character, the boys were distributed throughout the Army as a whole, with no home associates. There was a decided breaking down of home ties, marital relations, and the old stories of morality. The war period had also brought to the fore new methods in business. Industry had been drifting toward quantity or mass production, but the war caused it to assume major proportions.

In the readjustment period following the close of the World War the effect of the use of war propaganda remained with the people. They had witnessed the suspension of the Sherman anti-trust law, the Clayton Act, and many other laws enacted for the control of big business in which they had long believed, and the change in the functions of a number of bureaus and independent establishments created for similar purposes. They had watched with keen interest the success attending the Government's efforts to unify and bring under one control all the great industries and financial institutions of the country. At the same time they had been deeply affected by the liberal views emanating from the so-called intelligentsia regarding old standards in business and social life. Under this new régime in the business and social affairs of the Nation, carried on during the war, they had witnessed the great rise in values of real property, the enormous increase in profits and wages. All these things had had a deep and lasting effect, and it is not to be wondered at when the war ceased the people were inclined to discard the old and cling to the new.

This condition of the public mind, following the close of the World War, was seized upon and used by promoters and financiers, who for a number of years had not been permitted to operate without a certain amount of Government restraint. During the war, due to the high cost of construction, the building program of the country had been neglected and there was a great shortage in housing and buildings of all kinds. It was estimated there was a shortage in dwellings alone of over a million. In face of the sharp decline in price of farm land to a low level in the years 1920 and 1921 and the resulting serious condition of the agricultural interests during the depression of 1921 and 1922, the country started on a huge building program, encouraged and spurred on by the war method of propaganda. This program checked temporarily the depression and brought a return to moderate prosperity. At the same time, promoters, bankers, financiers, speculators, and gamblers, realizing that there was no longer a restraining hand, backed by the sentiment of the country, started the people on an era of mergers and combinations which continued until the panic in the fall of 1929. They were permitted a free hand. No effective attempt was made to limit or control the securities offered to the investing public, the issue of capital stock and bonds, or to the manipulation of values. As a result we had mergers and combinations of every kind and description—automobile, radio, airplane, moving pictures, financial institutions, chain stores, chain banks, water power, shipping, oil, combinations for buying and selling commodities, and many others. The capital stock of these mergers was immediately placed upon the stock exchange and became the subject of speculation and stock gambling. Through the use of propaganda and high-powered salesmanship the public was ballyhooed into the purchase of stocks until speculation and gambling became almost universal.

At the same time this orgy of speculation and gambling was spurred on by so-called college economists, who pictured a coming business millennium. Tons of literature along this line were broadcast throughout the country. Another class of so-called intelligentsia immediately seized the opportunity to foist upon the world every sort of an ism, with the result that the most impractical and dangerous theories of government and of life were dressed up in fine verbiage and disseminated to the people through various channels—publications, lectures, moving pictures, radio. A spirit of optimism carried everything before it and caused the people to go on a prolonged and delirious spree of speculation and spending, during which they lost sight of the old standards upon which this country has been built—hard work, the sanctity of the home, reverence for church and state, honesty, integrity, and morality. During this delirium the wage earner saw no limit to his earning capacity, the business man no limit to his profits, the speculator and gambler no limit to his ill-gotten gains. Selfishness, licentiousness, greed, and avarice were the order of the day.

The optimism prevailing was contagious and spread to all classes. The spirit of speculation infected even the bankers of the country. The lure of high interest and big commissions swayed their judgment. The result was great abuses in the extension of credits. The accumulation of great quantities of overvalued collateral in the vaults of banks and financial institutions was the inevitable outcome of this era of overvaluation, overcapitalization, stock dividends, and the pyramiding of paper values. Further, these financial institutions, either directly or through their control or connection with bond and brokerage houses, were responsible to no small degree for turning upon the country a flood of propaganda and an army of salesmen for the purpose of disposing of the myriad of securities with which the country was being inundated. In fact, the financial institutions were the hub around which these securities were floated and into the coffers of which the high rates of interest and commissions fell.

A new element of major importance entered into the financial situation. It savored of romance and appealed to national pride. Prior to the World War there had been comparatively few international bankers, although the financial world had been growing more and more internationally minded. However, during the war this growth was rapid, caused by the Government itself handing out to foreign governments with a lavish hand what were known as "war loans." These war loans focused the eyes of the nations of the world upon the apparently inexhaustible supply of money in the United States. Beginning with the armistice and continuing for a number of years thereafter almost every country of the world applied to the banks of this country for loans, offering high rates of interest and large commissions. This caused the bankers of the United States to have visions of world financial power and overshadowed to a great extent the importance of domestic finance. Huge foreign loans were made and the bond issues floated in the United States. It became necessary to form combinations of financial institutions, with huge capital stock, and then resort to the usual propaganda and high-powered salesmanship to dispose of the bond issues. In this way almost every banker and investor was inveigled into the speculative net. The

flooding of this country with foreign bonds and securities was probably the final straw that broke the camel's back, and the huge financial structure, built on false values and insecure loans, toppled and crashed in October, 1929.

This collapse was the forerunner of the greatest stagnation of business the country has ever experienced. It brought widespread unemployment, a sharp decline in prices to a low level, and a general reduction in wage scales. The business paralysis thus brought about calls for a readjustment of all enterprises on the basis of revenue and actual values, and the elimination of all speculative values that have entered the business and financial structures of the country. It means also a complete readjustment of national thought and national life. It means the relinquishment of the beautiful dream of a world financial domain and the coming of a business and social millennium, held out to the people over a period of years by impractical visionaries. It means that big business, as well as the individual, must charge off to loss all fictitious values. It means a return to old standards of honesty, integrity, and hard work. It means that many of the so-called luxuries of life and the pleasures and dissipations that usually accompany them must be given up. And, above all, it means discarding false prophets and false teachers. This can not be done in whole or in part without great suffering, hardship, and self-sacrifice. There is no panacea in a great national financial crisis like the present. As always, the masses, who are the least responsible for such conditions, are the first to suffer, but they are also the first to readjust themselves and accept the new conditions. The last to accept the inevitable and begin on a new basis are the few who through greed and desire for power were responsible for leading the people into such a crisis and were the principal beneficiaries during the continuance of false prosperity.

What we need is a nation-wide revival—a renaissance—not in the church alone but in business, in government, in the home, in school and college. The country is fundamentally sound; its great resources are essentially unimpaired; the inventive genius and adaptability of the people remain; and when this depression passes away, as it soon will, the men and women of this Nation will go forward with renewed faith and courage to help build a better and happier civilization.

A 5-YEAR MORATORIUM FOR THE MACHINES

Mr. DAVIS. Mr. President, I ask leave to have published in the RECORD an editorial appearing in the Altoona (Pa.) Tribune of February 1, 1933, entitled "A 5-Year Moratorium for the Machines."

There being no objection, the article was ordered to be printed in the RECORD, and it is as follows:

A 5-YEAR MORATORIUM FOR THE MACHINES

In this column it was contended long ago that the machines were responsible for most of the world's misery. Some claimed that the struggle between man and machines had been going on for a hundred years, and the general adoption of the machines would result in "more leisure for labor for culture."

Leisure for culture is all right if you can sit in the warm library of a club and pore over your favorite author, but on an empty stomach before an empty stove culture becomes an empty dream.

In the old days the increase of machinery did not do much harm when only a few nations had it and there were new world markets to conquer. Now, with every country overproduced and markets glutted, overstocked, and saturated, the machine presents only a hideous menace for the future.

Instead of everybody sitting idly by waiting for "prosperity's return," a demand must be made for the recomposition of the world's economic fabric. A 5-year plan that might work wonders and not be a ghastly failure, like the Godless machine-based one in Russia, would be to forbid the installation of new types of machinery for five years. Another better form of the 5-year plan would be to prohibit the use of all machinery in factories for five years. This would get all of the unemployed back to work, and perhaps in five years the world would have grown into itself and machines to a limited extent be permitted again. Merely to ban the introduction of new machines may not be sweeping enough to catch up and save all the present idle, indigent wrecks left by the machine age to date.

Handmade goods are better goods and entail a dignity to labor. The machine has cut out the pride of one's work and dulled the self-consciousness of the workers.

An English economist says that in the Pennsylvania brick industry, for example, one workman could make by hand 450 bricks per day. Now, by machinery, he can make 450,000 bricks, or enough to erect a building of considerable size, and all the other hands who contributed formerly are idle.

The world owes a living to every man who is willing to work; that adage is as old as labor itself. A 5-year plan to bring peace and plenty by giving every man a job is not radical, it is not revolutionary, it is not socialism; it is merely decency and human good will.

Vast concentrated wealth has come in the wake of the machines, but it is in the hands of the few who are now giving it back in relief funds. How much better to get rich less quickly and give your fellow being a square deal and a job.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The PRESIDENT pro tempore. The question is on the motion of the Senator from California [Mr. JOHNSON].

Mr. BLAINE. Mr. President, I offer an amendment to the pending amendment, which I ask to have stated.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 2, section 2, the Senator from Wisconsin moves to amend by striking out lines 7 to 12, both inclusive, and inserting in lieu thereof "articles of the growth, production, or manufacture of the United States."

Mr. BINGHAM. Mr. President, I desire to give notice of an intention to move to reconsider the vote whereby the Senate adopted the amendment offered by the Senator from Colorado [Mr. COSTIGAN] yesterday to the amendment of the Senator from New Mexico [Mr. BRATTON]. I am permitted to do this because I did not vote at that time.

May I say, in explanation, that after giving the matter careful study and consulting with a number of people it appears that the amendment of the Senator from Colorado would cause very severe hardship, in that it would make it necessary for any department head or bureau chief facing the necessity of a 5 per cent reduction in view of the so-called Bratton amendment to discharge employees, whereas at the present time he would be permitted to give them administrative furloughs.

According to a table which was prepared for the Economy Committee by the Civil Service Commission, about half of the departments and offices have taken advantage of the administrative furlough in order to save the necessity of discharging employees.

Under the so-called Costigan amendment it would be necessary for them to discharge employees if they were unable to save their 5 per cent by purchasing less materials. Without the Costigan amendment the 5 per cent reduction might be achieved in such an office, for instance, as that of the Comptroller General—where practically all of the expenses are for services—by granting a certain number of administrative furloughs, and thereby keeping people somewhat at work, even at a less rate. Under the Costigan amendment, however, it would be necessary to increase the number of unemployed.

Therefore at the appropriate time I shall move to reconsider the vote whereby the amendment of the Senator from Colorado to the amendment of the Senator from New Mexico was adopted.

The PRESIDENT pro tempore. The motion to reconsider will be entered, and may be taken up at the convenience of the Senator.

Mr. BINGHAM subsequently said: Mr. President, earlier in the day I entered a motion to reconsider the vote by which the amendment of the Senator from Colorado [Mr. COSTIGAN] to the amendment of the Senator from New Mexico [Mr. BRATTON] was adopted. I understand that that must be accompanied by a motion to reconsider the Bratton amendment to which it was an amendment. Therefore I also enter a motion to reconsider the vote whereby the Bratton amendment was agreed to.

Mr. WALSH of Montana. Mr. President, some strictures were indulged in yesterday directed against those Members on this side of the Chamber who voted in favor of the motion



to bring before the Senate for consideration the amendment offered by the Senator from California [Mr. JOHNSON].

With the basic principles upon which the criticism was founded I am in entire and complete harmony. There is, however, a practical aspect of the question presented which addressed itself to some of us.

When our country was transformed, as it were, almost overnight from a debtor nation to the greatest creditor nation in the world, and perhaps the greatest creditor nation of all time, when we became a great exporting nation—perhaps the greatest exporting nation in the world—common sense dictated, as it seems to me, a radical change in the policy of this country. It was not, however, effective, and we twice raised higher our tariff walls.

I welcome the accession of the Secretary of the Treasury to the ranks of those of us who believe that the first condition for the restoration of prosperity in the country is the removal of the artificial obstacles to international trade.

When our goods went freely into the markets of the countries of the world generally, many of them upon a free-trade basis or nearly a free-trade basis, we could quite comfortably pursue the policy of high protection; but when other nations adopted that policy, the virtues of it were not so very plainly apparent to many of our people.

So with reference to the matter that is now under consideration. The people of England for a number of years past have been preaching the doctrine, "Buy British." The Prince of Wales has traveled all over the world proclaiming the wisdom of the doctrine of "Buy British." We are confronted with that situation now; and, accordingly, the policy is widely believed to be wise to endeavor to secure the removal of these obstacles to international trade by reciprocal agreements between the nations.

That policy was expressed in the Democratic tariff bill which was passed at the last session of Congress and vetoed by the President. It has found expression in the platform of the Democratic Party, from which I read as follows:

> We advocate * * * reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

I am convinced that we shall be able to secure those reciprocal agreements very much more readily if we adopt exactly the same policy that has been pursued of confining our purchases, so far as possible, to our own products.

It may be argued that the country would prosper very much more fully if trade were free, and I have no doubt that is the correct method of bringing about a recovery, but how shall we attain that end?

We are in the same situation, or practically the same situation, with respect to the reduction of armaments. The very general opinion of this country is that armaments ought to be reduced, and I am sure a perfect willingness exists upon the part of the people of the United States to reduce our armaments even to the limit of what is necessary for police purposes, and none for warlike purposes. We were unable, however, to induce other nations to conclude that that was the wise course to pursue until we were in a situation to surpass the world in naval armament, and then we found them quite readily acquiescent; and my conviction is that we shall never again be able to get them in an attitude to favor a substantial reduction until we get at least on a parity with the greatest naval power in the world.

So, Mr. President, it is simply a question as to how we shall reach the end which all of us desire to attain. I believe that the action taken yesterday will promote, rather than discourage, the removal of these obstacles to international trade that forms so large an element in the distress which oppresses the entire world at this time.

Mr. TYDINGS. Mr. President, I have such a high personal regard and admiration for the talents and independence of the Senator from California [Mr. JOHNSON] that it is with real reluctance that I rise to oppose the pending proposition.

I desire to offer an amendment proposing to amend the amendment of the Senator from California by adding a new section——

The PRESIDENT pro tempore. An amendment to the amendment is now pending.

Mr. TYDINGS. To be called up as soon as the pending amendment is disposed of. It will read as follows:

> Insert at the end of the pending amendment the following:
> "SEC. —. And that hereafter any appropriation of money for crop production of any crop whereof there is already an exportable surplus in the United States is hereby rescinded, and any such appropriation shall revert to the Treasury."

It is perfectly apparent that it is silly to try to keep the trade of other nations out of the United States and at one and the same time appropriate money to produce crops which we must sell to other nations. If we are going upon the policy of complete and absolute isolation, then let us stop producing more than our people can consume. If we are going upon the policy that we must sell these agricultural surpluses in the markets of the world, then, of course, we ought not to put any other trade barriers in the way of that pursuit.

Now, let us see whether or not it is profitable for this country to engage in a policy of isolation.

First of all, in 1929 we sold to foreign countries $5,240,000,000 worth of American agricultural and industrial products.

How much did they sell us? They sold us $4,399,000,000 worth. There was a balance of trade in favor of the people of the United States of $1,000,000,000 a year. Yet evidently men in this body think it wise to destroy our markets, even though we are selling more to our customers than our customers are selling to us.

In 1930 we exported $3,843,000,000 worth of American goods to other countries. They sold us $3,061,000,000 worth. There was a balance of trade in our favor of $800,000,000. Even to-day, with world commerce stagnated, we find that the balance of trade is still in our favor.

Mr. President, I am absolutely at a loss to understand, with a year's world supply of cotton carried over from 1932 to 1933, why, in the first place, we should appropriate any money to stimulate cotton production, because added production would only add to our problem.

I do not mean to say that there are not humanitarian reasons which impel us to override the sheer force of the economics involved, and I attribute to those who offer the crop-production loan measures the very best of intentions to help those people who are so distressed that they can not produce crops without, perhaps, a loan from the Government. But whether that be true or not true, we are but compounding the difficulties in the way to economic recovery in this country. If we are going to do everything we can to destroy our world markets, then let us stop appropriating money to produce crops which must be sold at no other place than in the markets of the world.

Mr. GORE. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. GORE. The Senator from Maryland says that to stimulate the production of cotton and, at the same time, to restrict the foreign market for cotton, is silly. Does the Senator make any point of that? [Laughter.]

Mr. TYDINGS. No. I think that the general observation could be carried, as we say in reference to income taxes, to broaden the base.

Mr. President, I represent an industrial State. My observation is that the industries of this country, impelled by the blind greed to hog all of the business, have brought the agriculturalist to his present sorry plight. We have run this country, not in the interest of all the people who produce wealth and sell it but in the interest of those who produce it in the factories in the cities of the United States.

Who buys the products which are made in the cities of the United States? The farmers of the United States are among the very best customers there are. Unless the farmers can sell something with which to get money, how are we ever to revitalize and revive the industries of our cities? We can not sell in the world market; that is admitted. Our world trade is gone, and through our tariff acts, and those of other countries, the farmers of our country have been

impoverished so that they can not buy the products of our own industry.

If that is helping to get us out of the depression, I simply can not follow the reasoning. Perhaps it is sound. I concede to those on the other side the best of motives, but I am absolutely unable to understand how there can ever be a revival of American industries until there is a revival of the purchasing power of the 30,000,000 or 35,000,000 people who live on the farms.

Mr. President, I went briefly into the agricultural situation of my own State the other day. We are a small State, it is true, but we are large producers of apples; and I find that 88 per cent of all the apples produced in the State of Maryland are sold to foreign countries, due to our próximity to the Atlantic coast. Great Britain buys about half of them from us, but we are not selling them many to-day. I find that of the apple crop 21 per cent is sold abroad and 79 per cent is consumed in the United States.

More than that, I find that 55 per cent of all the cotton produced in the United States was sold abroad in 1929, 41 per cent of the tobacco, 40 per cent of the typewriters, 40 per cent of the kerosene, 30 per cent of the copper, 33 per cent of the lard, 31 per cent of the lubricating oil, 29 per cent of the machinery, 28 per cent of the sewing machines, 23 per cent of the agricultural machinery, 20 per cent of the rye, 20 per cent of the locomotives, 18 per cent of the wheat, 14 per cent of the gasoline and naphtha, and 10 per cent of the automobiles.

Mr. KING. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. KING. I wish the Senator would mention, if he has the figures there, the very large percentage of manufactured textiles that we ship abroad.

Mr. TYDINGS. I selected only a few of the articles, just to show that it is not only the agricultural products which are now glutting the home market but it is the industrial products, because our foreign market is gone; and on top of that we are passing bills further to impoverish the American farmer.

Mr. KING. That is to say, we can undersell even Great Britain and Germany and Belgium and France, large producers of textiles, and we annually ship abroad tens of millions of dollars worth of textiles produced or manufactured in the United States as well as semimanufactured commodities.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. TYDINGS. I yield.

Mr. ROBINSON of Arkansas. While all the changes to which the Senator has referred have been taking place during the first seven months of the present fiscal year, according to an Associated Press statement published in this morning's Washington Post the customs duties dropped from $224,569,945 during the first seven months of the last fiscal year, to $156,003,025 during the first seven months of the present fiscal year.

Mr. TYDINGS. Mr. President, I want to say that I do not blame the "wicked" foreign countries which have passed tariff acts against the United States. If I read the facts aright, every one of those tariff acts has been due to the fact that we beat them to it, and they simply retaliated. We passed the Dingley bill, and the countries of the world retaliated. We passed the Fordney-McCumber tariff bill, and again they sought to protect their own commerce. We passed the Smoot-Hawley tariff bill, and again new tariffs were levied.

Mr. ROBINSON of Arkansas. Mr. President, we complain that tariff barriers are too high, and propose to break them down by making them impregnable.

Mr. TYDINGS. The Senator is absolutely correct.

Mr. President, in my humble judgment, the process should be the reverse of the one upon which we are about to embark. I realize that it can not be accomplished now, with all the world locked up in water-tight tariff compartments, without a measure of cooperation, to stimulate and revive world trade. But I would like to leave this thought with the Senate. Let us assume that we are going to live unto ourselves. Where, may I ask, is the American industrialist to sell the products of his factory? Does he not want the 40,000,000 men who live on our farms, does he not want the men who live in the 12 or 13 cotton States, to be in a position to buy? If he destroys their market where are they to get the money with which to buy the products we make in our large cities? As soon as we can restore some measure of purchasing power to the man who lives on the farm, just so soon will the wheels of industry begin to turn to produce the products which he will then be in a position to buy.

If the tariff is a good thing, to what a sorry pass it has brought us. All of the countries have the highest tariffs in all the history of the world; and what is the result? There are 12,000,000 unemployed in our very midst. There are only about half a billion dollars worth of foreign goods now coming into this country, where formerly the imports amounted to $5,000,000,000. But when those foreign goods were coming into our country in superabundance we were shipping more out of this country to them than they were shipping to us, and when there was that reciprocity in trade we did not have 12,000,000 unemployed.

Now we have our tariffs, and practically no one can sell us anything, and we have all this poverty, all this distress, all this unemployment, 12,000,000 people pounding the streets asking for a place to earn a living.

Mr. President, I want to say in conclusion that if we are to embark upon a policy of embargo, then let us stop appropriating money to produce crops for which there is no sale in the United States. We must take one horn or the other of the dilemma. It is a shear waste of public money to take $150,000,000 and lend it to the farmers to assist them in producing crops when there is already a year's supply and when there is not a chance on earth of their selling the crops in the markets of the world as they are now constituted.

The PRESIDING OFFICER (Mr. FESS in the chair). The Senator's time has expired.

Mr. TYDINGS. I will speak on the other amendment.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield to me?

Mr. TYDINGS. I yield.

Mr. THOMAS of Oklahoma. Does the Senator from Maryland entertain the conviction that in making tariff rates for the United States we should consider our relations with our trading neighbors, the other nations of the world?

Mr. TYDINGS. Yes; as a basic proposition.

Mr. THOMAS of Oklahoma. Let me remind the Senator that when the present tariff law was being considered in the Senate I was a member of the Committee on Finance and was present when a large part of the hearings were held. As a member of the Finance Committee I furnished a number of copies of the House bill to some of my friends in foreign countries. I even sent copies of the bill to persons I did not know, in order that I might get their reaction as to the rates proposed to be placed on commodities coming from those countries with which we had to deal.

At that time I was taken severely to task by the great chairman of the Finance Committee for even undertaking to confer with representatives of foreign countries in the making of a tariff bill for the people of the United States. Does the Senator think that I was going too far in conferring with such representatives?

Mr. TYDINGS. No; I think——

The PRESIDING OFFICER. The Chair will state to the Senator from Maryland that there is but one amendment pending, and he has consumed all his time on that amendment.

Mr. TYDINGS. I have not spoken on the bill.

The PRESIDING OFFICER. The Senator asks unanimous consent to speak 15 minutes on the Johnson amendment.

Mr. TYDINGS. I will not ask unanimous consent, because I do not want to ask for myself a privilege which

would not be given to others. If my time has expired, I will relinquish the floor.

Mr. JOHNSON. Mr. President, I suggest that we clarify the atmosphere as to what the unanimous-consent agreement means. I do not want to take the Senator from Maryland off the floor unless the unanimous-consent agreement absolutely requires it.

Mr. TYDINGS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. TYDINGS. I have offered an amendment, and I addressed myself to that amendment. It is true I lopped over on the amendment offered by the Senator from California, but I would like to know whether I have not 15 minutes on each amendment?

The PRESIDING OFFICER. The Senator must remember that the amendment he offered is not pending, and, of course, would not be in order at this time.

Mr. TYDINGS. I will speak on it when it is in order.

Mr. SMOOT obtained the floor.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield to me to ask a question?

Mr. SMOOT. I yield.

Mr. WALSH of Massachusetts. In view of the debate that has proceeded yesterday and to-day in reference to imports and exports, I would like to have the opinion of the chairman of the Finance Committee on this aspect of the question: The information which comes to me from business men is that it is no fair criterion, under present conditions, to refer to imports and exports in terms of dollars, that the only fair and just criterion is to consider them in terms of tonnage or units. For instance, it is claimed that while two years ago a straw hat imported from Italy would have cost 50 cents in our currency, to-day two or three may be imported for the same price. I would like to have the Senator's opinion, as the chairman of the Committee on Finance, as to whether it is fair to judge imports in terms solely of dollars.

Mr. SMOOT. Mr. President, I will say to the Senator that, of course, it is not fair. But let us take the statements made by Senators themselves and let us compare the importations for the years 1925 to 1932, inclusive, and the exports as well. It will be seen that every year the proportion of imports and exports is about the same, not as to the total amount of business done but the percentage of difference between the amount of exports and imports is about the same. So all the criticisms because of the fact that it is a tariff bill fall to the ground. For instance, the following table shows clearly the point to which I have just invited attention:

Total value of exports and imports, 1925 to 1932, inclusive

(Thousands of dollars)

Calendar years	Imports	Exports
1925	4,226,589	4,909,848
1926	4,430,888	4,808,660
1927	4,184,742	4,865,375
1928	4,091,444	5,128,356
1929	4,399,361	5,240,995
1930	3,060,908	3,843,181
1931	2,090,635	2,424,289
1932	1,322,745	1,617,877

In other words, Mr. President, the table shows the condition of business not only in our own country, but in the world. Senators may charge it to the Smoot-Hawley tariff bill if they please, but taking the year 1932, for example, why were the imports less and why were the exports less? It was because of the conditions prevailing in the business world.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. SMOOT. Certainly.

Mr. TYDINGS. What difference does the condition of the world make if we are self-sufficient and living unto ourselves? What difference does it make what the rest of the world is doing? Is it not our policy to let the rest of the world go and to live unto ourselves?

Mr. SMOOT. The Senator ought to know that the depression is world-wide. It is not only in this country but throughout the whole world.

Mr. TYDINGS. But it can not affect our trade because that has all been excluded. Why are we not prosperous? Why is there a carry-over of wheat? Why is there an excess of cotton?

Mr. SMOOT. Simply because the people have not the money to purchase.

Mr. TYDINGS. Why do they not have the money? Is it not merely because they can not sell their crops in the markets of the world where they have been accustomed to sell them?

Mr. SMOOT. And they can not sell them in the markets of the world because there is no money to buy. There is an overproduction everywhere. People are not living on the same high standard and spending as much money as they have always done in the past in the United States. The Senator knows that he himself is not expending as much money as he used to spend. No Senator of the United States is expending the same amount of money, no matter whether he has the same income or not.

Mr. FLETCHER. Mr. President, may I ask the Senator from Utah a question?

Mr. SMOOT. Certainly.

Mr. FLETCHER. All through the years has not the balance of trade been in favor of the United States?

Mr. SMOOT. Every year in about exactly the same proportion; so the world trade has fallen in the same proportion as our own trade has fallen in the matter of imports and exports. It can not be charged to a tariff law.

Mr. President, if I had the time I would like to go into the question of dutiable imports and of our exports and show the conditions in various countries and why the changes have been made. If any Senator will stop to consider it, if he will give the least consideration to conditions in the world generally, and in the United States in particular, and then take the actual figures as shown by our own Government, he can see why the trade of the world is less than it has been in the past.

I do not want to get into a tariff discussion at this time, but if there was ever a time in the history of the United States when the United States and the American people needed a tariff, it is to-day. God help the country if we had not had one! We would be just about as bad off as Europe, and probably a great deal worse. After all our credit was gone and after all the money we had accumulated in the past had been expended, we would be worse off than any of them.

Mr. President, I merely desired to say this much in answer to the Senator from Maryland [Mr. TYDINGS] in relation to the question he was discussing.

Mr. ODDIE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ODDIE. What is the pending question?

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin [Mr. BLAINE] to the amendment of the Senator from California [Mr. JOHNSON].

Mr. ODDIE. I demand the regular order.

The PRESIDING OFFICER. The regular order is demanded. The question is on the amendment of the Senator from Wisconsin to the amendment of the Senator from California. [Putting the question.] The noes seem to have it.

Mr. BLAINE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Brookhart	Costigan	George
Austin	Bulkley	Couzens	Glass
Bankhead	Bulow	Cutting	Glenn
Barbour	Byrnes	Dale	Goldsborough
Barkley	Capper	Davis	Gore
Bingham	Caraway	Dickinson	Grammer
Black	Clark	Dill	Hale
Blaine	Connally	Fess	Harrison
Borah	Coolidge	Fletcher	Hastings
Bratton	Copeland	Frazier	Hatfield

Hayden	McKellar	Robinson, Ark.	Thomas, Okla.
Hebert	McNary	Robinson, Ind.	Townsend
Hull	Metcalf	Russell	Trammell
Johnson	Moses	Schall	Tydings
Kean	Neely	Schuyler	Vandenberg
Kendrick	Norbeck	Sheppard	Wagner
Keyes	Norris	Shipstead	Walcott
King	Nye	Smith	Walsh, Mass
La Follette	Oddie	Smoot	Walsh, Mont.
Lewis	Pittman	Steiwer	Watson
Logan	Reed	Swanson	Wheeler
McGill	Reynolds	Thomas, Idaho	White

The PRESIDING OFFICER. Eighty-eight Senators have answered to their names. A quorum is present. The question is on the amendment of the Senator from Wisconsin to the amendment of the Senator from California.

Mr. BLAINE. Mr. President, the vote not having been announced, I assume debate is in order. I desire to explain briefly the amendment which I have offered to the amendment of the Senator from California.

At the outset let me emphasize that the language which I propose to insert in the pending amendment is the language which has been adopted by the Congress and applied to purchases by the War Department. I want to read that language. The restrictions as to articles of the growth, production, and manufacture of the United States were classed as general legislation and became the law on March 8, 1932, and apply only to the War Department. This is the language:

> In the expenditure of appropriations for the military or nonmilitary activities of the War Department, the Secretary of War shall, unless in his discretion the interest of the Government will not permit, purchase or contract within the limits of the United States—

Now note this language—

> only articles of the growth, production, or manufacture of the United States.

I propose to incorporate in the pending amendment that language which has been approved by the Congress. The Senator from Pennsylvania [Mr. REED] on yesterday said that the law applicable to the War Department was working very smoothly and satisfactorily and that it had accomplished the purposes intended to be accomplished. I do not want this amendment to go beyond the policy already established by the Congress, for if we do we are going to discriminate as against many American industries. I understand, of course, as the Senator from Connecticut stated yesterday, as to the particular product of paper, for instance, it would not materially affect the paper industry because of the small amount that may be used by contractors in the construction of public works, but it would be a discrimination just the same against some particular industry or industries. Not only the paper industry is concerned but the furniture industry is concerned, and there are other industries concerned. Now it is proposed to discriminate as against those industries.

The Senator from California contends that the language he uses in his amendment is broad enough to take such industries out from under the amendment. I want to say to the Senator from California that I am somewhat familiar with the paper industry; I have my own judgment respecting this matter; and my judgment is the judgment of 237 paper mills of this country which are manufacturing paper from foreign pulp or pulpwood. Their judgment is that to the extent of the purchases that are made by the Government within this amendment it will actually operate as a discrimination against their product. That means a discrimination against American stockholders of industries; that means a discrimination against American workingmen; a discrimination against all those who are interested as Americans in the paper industry.

I am not limiting it to the paper industry alone, but that is the outstanding industry that would be affected. It is also true that the furniture industry would be very vitally affected, and perhaps other industries; but I have used this one illustration so that I might point out how unfair it is to pick 2 or 3 or 4 industries and place a discrimination against them.

Now, let me analyze the amendment offered by the Senator from California. It reads:

> SEC. 2. Notwithstanding any other provision of law, and unless the head of the department or independent establishment concerned shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be—

All paper manufactured out of pulp or pulpwood has but one constituent part, and that is wood; there is no other substance in the product. Therefore that provision of the amendment directly and expressly excludes the paper industry, the 237 paper mills of the country, from selling their product to the Government or to a contractor of the Government. I do not know to what extent it would injure them; but I am not so much concerned about that as I am concerned about the discrimination, no matter how great or small it may be.

The Senator from California in private has pointed out the qualifying clause—

> Unless the head of the department * * * shall determine it to be inconsistent with the public interest.

But there is no public interest involved with respect to the particular commodity to which I refer, in any respect whatever. It has also been suggested that the words "or the cost to be unreasonable" might save the situation, but I point out that the cost of paper manufactured by the paper mills importing pulp and pulpwood is substantially the same as the cost of paper manufactured by paper mills which manufacture their paper from domestic pulpwood. So that does not protect them. Then the amendment further provides:

> This section shall not apply with respect to articles, materials, or supplies for use outside the United States—

I will omit some of that language—

> or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in commercial quantities and of a satisfactory quality.

Let me point out that that exception does not protect these industries. There are commercial quantities of pulpwood in this country. The western coast has increased its production of pulpwood several hundred per cent. As I recall the testimony before a House committee the other day, there has been an increase of about 350 per cent in that production of pulpwood. There is plenty of pulpwood in this country for the time being to supply all the pulp mills on the west coast and perhaps in the lower reaches of the Mississippi Valley; but, as I pointed out yesterday, the excessive cost of transportation prevents that pulpwood being available to the paper mills in the East and the Middle West and the upper reaches of the Mississippi Valley. So that is no protection. The department can not hold that there is not a sufficient commercial quantity, for there is; but the transportation cost is the thing that bars the use of that pulpwood for the eastern and middle western and upper Mississippi Valley paper mills.

> And of a satisfactory quality.

The quality of paper, of course, it is obvious, is identically the same.

It is the judgment of 237 paper mills of this country—and, from a careful analysis of this amendment, I concur in their judgment—that none of the exceptions, none of the qualifications protect that industry; and it does not protect the furniture industry. I have not the time to go into a discussion of that question with respect to the use of hardwood in the manufacture of desks and chairs which may be obtained under contract and used by the Government.

Mr. REED. Mr. President, will the Senator permit a question?

The PRESIDING OFFICER. Does the Senator from Wisconsin yield to the Senator from Pennsylvania?

Mr. BLAINE. I yield.

Mr. REED. It occurs to me that reasonable protection would be given in the cases such as the Senator is discussing if in line 20 of the amendment of the Senator from California, after the word "in," we should insert the words "sufficient and reasonably available," so that it would read—

in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

It seems to me that that would meet the situation better than the suggestion of the Senator.

Mr. BLAINE. That might obviate the specific objection respecting the paper industry, but I do not know whether it would meet the objection of other industries. I think, however, it would be much more satisfactory, I submit to the Senator from Pennsylvania, to follow the language which he used in the bill which became a law respecting the purchase of supplies for the War Department. As the Senator said yesterday, that law has worked smoothly, it has been satisfactory, it has effectuated the purpose, the language is well known, it has been interpreted by the War Department, it has been interpreted by the Comptroller General, it has become the standardized language respecting the subject; and why not use the standardized language?

Mr. REED. Mr. President, if the Senator will permit me to interrupt him further, let me say that I think it works in the War Department because a very sympathetic group of officials are administering it. The Quartermaster General, for example, is warmly in sympathy with it. I should like to have incorporated in the law a provision which would protect us in case we did not have such a sympathetic administration. I am thinking of a case like this: It will be remembered in the tariff hearings we were told how cases of watches were brought in separate from the works and then the cases and works were put together, an operation which requires only a minute or two. Under the Senator's amendment such an article will be considered as having been manufactured in the United States, and we ought not to leave the law so wide open.

Mr. BLAINE. It is identically the same language.

Mr. REED. In the case of the provision as to War Department supplies that is true, but the amendment of the Senator from California would protect against such devices as that, and we do not want to make a law that will be easily evaded.

Mr. BLAINE. Let me point out—I do not know whether the Senator's illustration is according to the usage or not—but let me say to the Senator from California that the specific evil to which he referred on yesterday, and according to telegrams which I am receiving and according to gentlemen who are awaiting the time when I may discuss the matter with them, has to do with the electrical equipment and machinery to be used at Boulder Dam. That gave rise, to a large extent, to the promotion of this type of legislation.

The language which I have proposed is just as protective for American industry in that particular instance as is the language used in the amendment proposed by the Senator from California.

Mr. REED. I think the language used by the Senator from California in his amendment would be more effective.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. BLAINE. Mr. President, I have not spoken on the bill.

The PRESIDING OFFICER. The Senator is recognized for 15 minutes on the bill.

Mr. REED. Mr. President, will the Senator from Wisconsin permit me, in the time to be charged to me, to inquire of the Senator from California whether he would be willing to accept the amendment which I have suggested?

Mr. JOHNSON. I think so.

Mr. REED. May that be understood to be done at this time?

The PRESIDING OFFICER. Does the Senator from Pennsylvania offer an amendment?

Mr. REED. It is an amendment to the language proposed by the Senator from California, who undoubtedly has a right to modify his amendment until the time when a vote shall be taken on it.

The PRESIDING OFFICER. An amendment is not in order if it is offered at this stage.

Mr. REED. I am not offering it; I am asking the Senator from California to accept it.

Mr. JOHNSON. Mr. President, I accept it. The suggestion, as I understand, is in line 20, after the word "in," to insert the words "sufficient and reasonably available." I accept that, because it does not interfere, in my opinion, with the general specific purpose of the amendment.

The PRESIDING OFFICER. The Chair understands that the Senator from California modifies his amendment as indicated.

Mr. BLAINE. Mr. President, I want to inquire of the Chair whether the time of other Senators is running against me?

The PRESIDING OFFICER. The Chair will not so regard it.

Mr. BLAINE. Mr. President, may I have the exact language as stated by the Senator from California? In the confusion I did not understand it plainly. The words are to be inserted, as I understand, in line 20.

Mr. JOHNSON. In line 20, page 2, after the word "in," the words suggested by the Senator from Pennsylvania, as I followed them, are "sufficient and reasonably available." That is the insertion.

Mr. BLAINE. I thank the Senator.

Now, Mr. President, I wish to address myself to the proposition which the Senator from Pennsylvania has stated. He stated that, in his opinion, the language which I propose does not sufficiently protect American industries respecting the furnishing of electric equipment for Boulder Dam. I want to point out that the words, "if manufactured in the United States," applying to the machinery that must be used at Boulder Dam or in any public building where there is electrical equipment or whatsoever it may be, are effective so far as that specific instance is concerned.

Mr. President, I do not want to take all the time allotted to me upon the bill. I have endeavored to explain the purpose of this amendment, and to point out that it is the standardized language used in the War Department supply bill. It has worked satisfactorily, according to the statement of the Senator from Pennsylvania [Mr. REED]; and it is the best policy, in my judgment, regarding controversial questions of this kind, to follow language that to a certain extent has become standardized and has been interpreted by the department and by the Comptroller General. By following that course we avoid confusion, and that is in the interest of efficient Government administration.

Mr. VANDENBERG. Mr. President, it seems to me that the vice of the amendment submitted by my able friend from Wisconsin [Mr. BLAINE] is that it opens the door to controversy respecting the identity of commodities which it is proposed to proscribe. It dilutes the mandate.

We are repeatedly reminded that the language proposed by the Senator is the standard language which has been used in previous efforts of the same character in respect to four other departments of the Government. I want to call the Senator's attention to the fact that that is one of the precise reasons why I think it is dangerous to leave this particular door open if we intend to do a thoroughgoing job; and I want to illustrate that to the Senator with just one out of many examples. It will point the proposition which urges against the amendment submitted by my friend from Wisconsin.

There is one public contract which was let about 18 months ago, perhaps two years ago, for the construction of a very important and expensive public building in another city. The contract was let under these limited restrictions to which the Senator from Wisconsin has referred and which

he thinks are sufficient for these purposes. It was the expectation that American products exclusively should enter into these work-relief expenditures; and certainly if there is any point in our public economy where we are entitled to insist upon exclusive American products, it is the expenditure of tax funds at a time like this. I do not argue for a universal embargo in all our trade. I am speaking at the public expenditure of public money. So here we had a project which presumably, under the limited proscriptions to which the Senator has referred, was to be constructed out of American commodities.

What happened?

When they got all through, and the building was up, and they were ready to dedicate it, on the steel window frames throughout that building appeared the mark, "Made in England." Immediately there was an argument as to whether or not a window frame made in England could qualify under a public-building contract which was supposed to be confining its beneficiaries to America. As I recall the situation, the argument finally disclosed the fact that the frame had come in on the theory that it was a raw product or a partially processed product, and therefore, since there was some casual work upon the frame after it had been imported, that it could qualify as an American product.

Mr. BLAINE. Mr. President, will the Senator permit a brief observation there?

Mr. VANDENBERG. Yes.

Mr. BLAINE. This character of legislation is before the Committee on Expenditures in the Executive Departments. I think it is understood—I can say this without any question of its veracity—that the Comptroller General holds to the opinion that when discretionary power is left to the head of a department there is more difficulty in the administration of the law than when some specific rule is set up by the Congress.

I think the Senator's argument that this language would promote controversy is far afield from the facts as disclosed by the Comptroller General.

Mr. VANDENBERG. Mr. President, I totally disagree with the Senator's analysis. It seems to me that if we had a clean-cut and specific rule that our public expenditures, at least during this time of stress, shall be confined to American industry and American labor, there would be no chance whatever for argument; whereas if we adopt the Senator's amendment, which provides that these commodities purchased with American tax funds can be either grown, produced, or manufactured in the United States, I submit that we have precipitated a constant invitation to argument as to whether the processing may not have adequately qualified an import within the meaning of the rule, whereas otherwise it could not have qualified and was not intended to be permitted.

I renew the example that I submitted to the Senate a few moments ago: There is at this moment a great public building in this country which was supposed to have been built on the basis of this proscription of foreign commodities, in which every window frame is stamped "Made in England"; and, of course, after the building was up the window frames could not very well be torn out, and there was nothing left except a post-mortem argument. I do not want to amend the Johnson amendment in the interest of such arguments.

Mr. President, if that situation had been reversed—and I think this is pertinent—if this had been a British public project which had been proceeding under recent British regulations, there would not have been any chance whatever for something made in America to have crept in under any such possible construction of the situation. You can read all of the orders that have been handed down upon this subject by the British Government relating to public works and the use of materials in the construction in the United Kingdom of public works of all forms and description—publice buildings, roads, and everything else—and you find that the following has been a typical condition of these grants. I am now quoting a Treasury minute dated September 11, 1929, instructing the advisory committee in charge of grants under the development act of 1929, requiring—

That all materials—

There is no "or" about it—

all materials required for the assisted work will be of British origin, and all manufactured articles of British manufacture.

"Origin" and "manufacture"! Not "or"! A mandate, not an argument! The only point I make of it is that this proposition is neither new nor novel. It is no affront.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. GLENN. Is there any limitation in that as to reasonableness of cost, or any exception at all?

Mr. VANDENBERG. I will complete the language.

Subject, however, to such exceptions as the committee may regard as necessary or desirable in any particular case, having regard to all the circumstances, including the comparative price of British and foreign articles.

It is approximately the same general reservation which is proposed in the pending amendment as originally submitted by the Senator from California.

Mr. GLENN. Criticism was voiced against the amendment submitted by the Senator from California upon the ground that it was not sufficiently definite. It seems to me it is certainly as definite as the British regulation from which the Senator from Michigan is quoting.

Mr. VANDENBERG. The Senator is correct. It is sufficiently definite to do the job, whereas the amendment submitted by my friend from Wisconsin in perfect good faith—and nothing I am submitting is in any remote criticism of his point of view—inevitably opens the door to evasion, to controversy, to argument, and to doubt.

It occurs to me that in a time like this, when we are beset upon all sides with an almost inescapable and unavoidable responsibility to provide employment for unemployed American people, we have a right to draw the line, without any "or" in it anywhere, in defense of American industry and American employment, when we are spending American tax funds. Why have an American make-work program which makes work in Europe or in Asia? I am not blind to the need for export trade. I am speaking solely of Government funds and their expenditure.

Mr. President, the American Treasury is not the world's community chest, although too frequently it seems to be looked upon in that aspect; and at this moment, with a workable proposition for domestic protection, submitted by the Senator from California, I submit that the Senate should stand upon the proposition as it is submitted and make it a complete success.

Mr. BLAINE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Wisconsin?

Mr. VANDENBERG. I yield.

Mr. BLAINE. I know the Senator does not intend to exaggerate.

Mr. VANDENBERG. I hope not.

Mr. BLAINE. The Senator read the order of the British Government. It must be perfectly clear to the Senator that the British Empire does not contain certain essential raw materials that are used in British construction. There must be some exceptions certainly. I doubt that that testimony is entitled to very much weight.

Mr. VANDENBERG. Well, I have read the Senator the order, and it will speak for itself in behalf of my argument.

This is not rightfully a general tariff debate, although Democrats across the aisle would make it such. So far as tariffs go, the depreciated currencies of the world have left us almost defenseless. This lapse in protection needs correction. If this proposal submitted by the Senator from California is a step in protective directions, so much the better. But primarily it is an employment measure conceived in the notion that American tax money should sustain American labor in a moment of American crisis and American exigency. I admit that this is traditional Republican

doctrine. I admit that Democratic attitudes are supposed to be otherwise. But I speak for American doctrine and American attitudes, in this particular situation, regardless of partisanship or predilections.

Mr. WALSH of Massachusetts. Mr. President, many who are friendly to the purpose of the original amendment offered by the Senator from California have objected to the words on page 2, line 20, "in commercial quantities and of a satisfactory quality."

It has been suggested to me that an amendment ought to be made to that language incorporating the language used in the tariff acts to accomplish the same end. That language is:

In such quantities as to meet the consumptive demand of the United States.

This bill applies to the Philippine Islands—see subparagraph b of section 1—and I am wondering whether the language "in commercial quantities" actually takes care of sisal, for instance, which is grown in the Philippines and perhaps in commercial quantities, but not in sufficient quantity to meet the consumptive demand in the United States. Flax is grown in the northwest section, but not in sufficient quantities to meet the consumptive demand, although it may be said to be grown in commercial quantities. Manganese is probably produced in commercial quantities, but, of course, such production is wholly inadequate to meet commercial demands. Hides in the southwest section are grown in commercial quantities, but certainly not sufficiently to meet consumptive demands. The latter situation would more particularly affect some shoe manufacturers; the sisal situation would relate to cordage interests, and so forth.

Would it not be better, therefore, to amend section 2, line 17, as follows:

By striking out, in line 17 of section 2, the words "in commercial quantities" and by inserting in lieu thereof the following, "in such quantities as to meet the consumptive demand of the United States."

This is the language followed by the tariff acts and by the Tariff Commission and others in expressing the same thought with relation to similar matters, and certainly would more fully express the thought of those who are trying to obviate conditions which might arise under the language, "in commercial quantities."

That language was not acceptable to the Senator from California [Mr. JOHNSON], with whom I conferred with reference to the matter. He did accept several other amendments that I proposed, which were published in the RECORD of January 19, with a memorandum explaining them. The amendment just offered by the Senator from Pennsylvania [Mr. REED], and which has been accepted by the Senator from California and is now incorporated in the original amendment, changes the language on line 20, page 2, by inserting certain words in front of "in commercial quantities and of a satisfactory quality," so that section 2 will read, on line 20, as follows:

In sufficient and reasonably available commercial quantities and of a satisfactory quality.

I think that amendment, which the Senator from California has accepted, has greatly improved the bill and has met the objection of those who have conferred with me. I do not know that it goes as far as the Senator from Wisconsin proposes to go; but it certainly is an improvement, and removes the objections that have been presented by those who are friendly to the measure.

Mr. BYRNES. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from South Carolina.

Mr. BYRNES. Can the Senator tell us the difference between the proposal of the Senator from California and the existing law which was enacted by the Congress last June, which was added to this very bill carrying appropriations for the Treasury and the Post Office Departments, and which provides:

In the expenditure of appropriations in this act or appropriations hereafter made, the Secretary of the Treasury in the case of the Treasury Department, and the Postmaster General in the case of the Post Office Department, shall, unless in his discretion the interest of the Government will not permit, purchase, or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States, notwithstanding that such articles of the growth, production, or manufacture of the United States may cost more, if such excess of cost be not unreasonable. In giving effect to this section special consideration shall be given to the domestic article where the raw material of which the article is made is grown in the United States and the article is manufactured in the United States.

What is the substantial difference between the existing law—which was passed, according to the RECORD, unanimously by the Senate—and the bill that is now pending?

Mr. WALSH of Massachusetts. There is in principle practically no difference; and that is why I was surprised yesterday to find Senators who voted for this amendment when it was offered a year ago objecting to the Johnson amendment. The object the Johnson amendment seeks is exactly the object that was taken care of in the appropriation bill of last year.

Mr. BYRNES. As I understand, the Johnson amendment would extend the action to departments other than the Treasury and Post Office Departments.

Mr. WALSH of Massachusetts. Exactly.

Mr. BYRNES. I will say to the Senator that when that amendment was added last year, it was prompted by the fact that the Post Office Department was refusing to buy cotton twine produced in this country because they did not believe they could give preference to the American product, though they really wished to do so. That was the inspiration for putting in the bill that amendment advocated by the Senator from Georgia. On the floor of the Senate the bill was amended. During the last few years the Postmaster General had wrongfully interpreted the law as not requiring him to exercise his discretion in favor of American cotton.

Mr. WALSH of Massachusetts. What we are doing, therefore, is merely to extend an existing law.

Mr. BYRNES. As I understand it, it does nothing other than extend to other departments the law which is now on the statute books as to the Treasury and the Post Office Departments.

Mr. WALSH of Massachusetts. I agree it does nothing further than that.

Mr. BLAINE. Mr. President, permit me to suggest to the Senator from South Carolina that the same language as that used in the Post Office and Treasury Departments bill is incorporated in the general law as it relates to the War Department, in the matter of the purchase of material. I was endeavoring to make the language of the pending amendment conform to the standardized language which has been adopted as a policy by the Congress. I think there would be less confusion.

Mr. BYRNES. I did not know that it applied to the War Department.

Mr. SMITH. Mr. President, I have heard the discussion of the question now before us, and I was particularly interested in what the senior Senator from Utah [Mr. SMOOT] had to say, to the effect that if we ever needed a tariff, we need one now. He then went on to attempt to show that the foreign imports and exports, though diminishing, had kept their percentage relation.

It seems to me to be a strange argument that the imposition of tariffs does not diminish or prohibit the importation of goods; that no matter how high we may raise them, the same articles come in.

Mr. President, the figures read by the Senator from Maryland [Mr. TYDINGS] were hardly necessary to convince the Senate that the prosperity of this country depends upon the profitable exportation of our surplus goods. It makes no difference that the Congress in previous sessions may have enacted laws comparable to the proposed act; the question for us to determine is whether they were right or wrong then. The fact is that there is no reason why we should perpetuate it when we know its continuance would be detrimental to the interests of this country.

I am not going to attempt to speak at length, but we have at last arrived, in the imposition of our tariffs, to the *n*th

power. We propose to supplement the high tariffs with the inauguration of embargoes, and provide that our departments, in the exercise of their administrative power, shall not buy from any foreign country any materials which are produced in this country. That is equivalent to serving notice on foreign countries that we do not intend to trade with them except in cases of dire necessity, when we can not under any conditions produce the things we need.

Reference was made to the exportation of our farm products. Sixty per cent of the American cotton crop is exported. It has held the balance of trade in favor of the United States for more than 75 years. In 1928 the gross value of the American cotton crop was $1,528,000,000. In 1929 it was $1,504,000,000. In 1930 it had shrunk to $759,000,000, and the same sized crop in 1931 had shrunk to $500,000,000, entailing a loss in the purchasing power of 20,000,000 people of $2,500,000,000.

What did that spell? The distribution of that primary capital carried with it, of course, ten times that amount of credit. For every hundred dollars in actual cash every business man knows that there may be ten times that amount of credit based upon the actual cash investment, plus the thing that is to be produced or the trade that is to be made. So that the $2,500,000,000 that was lost meant a credit of more than ten times that amount.

What has been the result? Not bank failures in the South alone but bank failures throughout the United States, because the amount of money brought into this country in return for our exportations of cotton is not exceeded by that representing the value of any other importations brought in. So that it is not a question of a southern product; it is a question of an American asset that has not a competitor on the globe.

We hear much about the competition of foreign countries. I state to-day without fear of contradiction that there is not a pound of cotton produced in the world, even that raised from American seed, that classifies in character, tensile strength, and manufacturing properties with that produced in the Southeastern States of the United States. But we are asked now to embark upon a program that would shut out from exportation to the world at large a commodity which not only holds the balance of trade but spells the prosperity of American industries as well as of American farmers.

Mr. President, when we get money in return for our exported cotton, we buy the products of our domestic manufacturers. Now the exportation of cotton has shrunk to such a point that the price of that article is from $25 to $30 a bale below the cost of production. The result is that the manufacturers of the East can not sell their manufactures, though they produce no exportable surplus; because the exportable surplus of our farm products has dried up, there is no return, and therefore the purchasing power that would be distributed over this country amongst the masses is not available; hence from one side of this country to the other we are feeling the grip of the retaliation of other countries against the iniquitous, the silly, the asinine, performance of our attempting to live within the borders of the United States.

I know how men can grow eloquent when they have a protective tariff that shuts out all foreign competition, so far as sale in America is concerned, and can mulct the American people at any price they see fit, through combines, and leave the balance of us to do the best we can under that iniquitous system, when our life depends upon the good will and the open markets of the foreign world. Yet men stand on this floor and invoke a tariff so disastrous as the one that is already in existence, and then in aid of that seek to set the precedent and the principle of an embargo against foreign countries.

If we are denied an export market, then why do we stand here, as the Senator from Maryland indicated to-day, and say, "This is a world-wide thing?" We declared that we were so sufficient unto ourselves that we could raise a tariff wall around ourselves and deny the importations of foreign countries, America for America, and "Buy American," and the result is bankruptcy from the Pacific to the Atlantic, distress everywhere, food piling up until we are starving to death, clothing piled up until we are naked, and building materials piled up and we are homeless. That is the result of our attitude toward foreign countries.

Every man on this floor knows that when the war was over and the countries of Europe had no purchasing power in terms of gold, it was natural for them to look to the United States to allow them to exchange goods with us in order to rehabilitate the war-worn countries that were our allies. We promptly passed our antidumping law. For whose benefit? For the benefit of a little handful of protected manufacturers, against the interests of the laborers and the producers of the exportable raw materials here.

Two nations had more than 75 per cent of the monetary gold of the world. The foreign countries were our debtors. In place of our saying that we joined them to save democracy, immediately upon the cessation of the war we gave the lie to that expression and said we saved the world for autocracy, and put that idea into effect in the United States to the *n*th power.

Mr. President, as a Democrat, sometimes I feel very lonely in this body. Have we degenerated into a body of opportunists? Have we forgotten the fundamental principles upon which prosperity ultimately is to come and to abide perpetually? Here we are, grasping at any kind of a thing that seems to give some little relief to me and mine, while the masses of the people are not considered.

It has been said we should refer to certain leaders who have agreed upon a certain course. I have said, these are the leaders I have been hearing of for the last 24 years, since I have been a Member of the Senate; and if they have led us to where we are, for God's sake let us get a new bunch.

If this is the result of their leadership, then God save us from any further leadership on their part. If the result of a high protective tariff has led us to where we are, then God knows it is time for us to try some other principle. I, for one, resent the attitude of my colleagues on this side of the Chamber—not individually, but as a party—when they join those on the other side to put into operation a principle that we have denied as being a correct principle of government through all the history of party government in this country.

Mr. President, some wise one said, "A false principle wrought into real life will work itself out in disaster." It makes no difference how plausible it may seem at the time of its adoption, it makes no difference how the circumstances may justify its incorporation into our real life, you and I in the Capital of America have no right to incorporate into the laws of this country that which we know by experience and logic and reason has been disastrous to the masses of the people and of questionable benefit in the long run to the protected interests.

The PRESIDING OFFICER. The time of the Senator from South Carolina has expired.

Mr. SMITH. Mr. President, I have said this much. I had intended to try to show just how this condition is drifting. I perhaps have been derelict to my own self-respect by not voicing my sentiments on some of the things that have been introduced here by what the people thought was a body of sensible men.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Wisconsin to the amendment of the Senator from California.

Mr. COPELAND. Mr. President, I hope the Senator from Utah will not leave the Chamber for a moment.

Mr. KING. I am compelled to leave. I have some people waiting for me.

Mr. COPELAND. Before the Senator does leave I want to say he assumed a good deal in suggesting that I am in favor of this measure. I did not so indicate by my vote yesterday; and it was in all good faith that I asked him a question which I hoped he might answer and thus illuminate my own understanding of this matter. There are a number of matters which I do not care to discuss if the Senator is leaving the Chamber.

I am greatly concerned when I take up the details of our importations. In spite of what has been said by the Senator from Utah, I can not get the same comfort from the figures that he appears to get.

I find, for example—and it was this that I asked the Senator from Utah—that our imports of boric acid—I speak of that because it is a very common substance used in medicine, and used very extensively—from Italy have increased 1,490 per cent. On the other hand, there has been a material falling off in our domestic exports, amounting to about 1,000,000 pounds in the past year.

I suppose one can prove anything by statistics. But there are just as many figures to show that the Senator from Utah is mistaken as there are to fortify his position.

At the end of his remarks the Senator spoke about the American merchant marine. He told about how many of our ships are tied up because of the lack of export trade. Doubtless he is entirely unfamiliar with the fact that every nation in the world is making the same complaint. Bitter criticism has been passed only recently by British operators upon our policy of assisting the American merchant marine. The British Chamber of Shipping at a very recent meeting—a meeting held within six weeks—has passed resolutions condemning in bitter terms the policy of the United States in subsidizing and otherwise assisting our shipping. The British are feeling the pinch in their shipping activities. They are suffering from the economic depression, as we are, and likewise for our own activity.

Furthermore, Mr. President—and I want Senators to note this—the shipping interests of England, by solemn resolution, have recommended to the British delegates to the economic conference that they shall take positive action against the policy which we are carrying out in America. Also they are proposing that there shall be conferences of British delegates with the delegates of other nations in order that the economic conference may do exactly what British interests want done.

There was held in Ottawa recently, as everybody knows, the British Imperial Economic Conference. In that conference bilateral trade agreements were signed by those British countries which participated in the conference. Under the plan which was adopted the United Kingdom has decided and undertaken to levy duties on certain non-Empire imports and to control by quotas the importation of other products.

What has been the effect of the Ottawa conference?

I hold in my hand a letter which I received this morning from one of the great steamship lines sailing under the American flag, making reference to an address I made recently before the Sixth Annual Shipping Conference, held in this city, and I quote from the letter:

> Am very glad to note that you spoke of the Ottawa Trade Conference, which certainly [illegible] a severe handicap we ourselves are feeling in decreased business carried by us to all British possessions, including the West Indies, Nassau, etc., and emphasizes that that agreement between England and her colonies has been doing and is going to do far more injury to American shipping than most people imagine.

That is what is going on. I am not sure whether the amendment proposed by the Senator from California is wise or not, but it certainly is a fact that American shipping is suffering materially by reason of what the British-speaking people did at the Ottawa conference; and, if we may rely at all upon these figures, which have been presented by the Commerce Department, American manufacturers are suffering by reason of the present economic situation, and suffering apparently in a greater measure than the manufacturers of other countries.

Mr. President, I did not rise to make any extended remarks. I was simply seeking to reply to the Senator from Utah. I realize that perhaps in the pressure of time he was not quite so yielding as is ordinarily his wont. I did want to say this much, however, because no question which can possibly be considered by the Senate is more important than the question of how to put men back at employment.

When we find almost every manufacturing establishment in America out of business, no smoke belching from the smokestacks of most of these establishments, millions of men and women out of work, twelve or fifteen millions without employment, in my State a million families being supported entirely by charity, and the same thing as to increasing numbers throughout our country—it was testified this morning that nearly 5,000,000 families in America are now being taken care of by charity, representing 25,000,000 of our people—it is time that we thought seriously about any measure which has in it the hope of greater employment and the relief of human distress.

Mr. FESS. Mr. President, I am glad to hear the Senator from New York speak in the manner in which he has spoken.

Mr. JOHNSON. Mr. President, will the Senator yield to enable me to call for a quorum?

Mr. FESS. I prefer that the Senator should not do that.

The Senator from New York is a consistent Democrat, and is what I would call a protectionist Democrat. He is not alone in the Senate in that classification.

The Senator from South Carolina [Mr. SMITH], the Senator from Utah [Mr. KING], and the Senator from Maryland [Mr. TYDINGS] all have spoken on this amendment, as well as the Senator from Colorado [Mr. COSTIGAN]. These Senators are fine examples of advocates of unrestricted trade between countries. Their argument is logical if we concede certain premises, but very illogical unless we do concede those premises.

For example, if all the world is a neighborhood, and there ought to be no barriers at all along boundaries, that would only be presupposed on condition that the situations in all parts of the world are the same; that the same price we pay for labor in America will be paid in every other part of the world. If we had a situation of that sort, then I would agree with the Senator from Utah and the Senator from South Carolina that the barriers should be taken down; but that is a condition that simply does not exist. We have a different standard of living here from that which exists in many of the countries that compete with us. We want to maintain that standard, and the only way we can do it is neither to allow cheap labor to migrate to this country to compete with American labor nor to allow cheaply made goods produced by cheap labor to be sent here to come in competition with American-made goods produced at a high rate of wage.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from New York?

Mr. FESS. I have not much time, but I yield to the Senator.

Mr. COPELAND. Just this one moment, if the Senator will permit me.

I resent it when any man imputes to me a failure to follow Democratic principles if at times I advocate a protective tariff which protects the American workingman against the serf and pauper labor of Europe; and that is exactly my position.

I do not wish to take the Senator's time.

Mr. FESS. The Senator is not only right in that, but he has not any occasion to make an apology, because the early Democratic leaders, such as Madison, Jefferson, and Monroe, as well as Jackson, stood for establishing such a protective tariff as would make up the difference between the cost of labor in this country and the cost of labor in competing countries.

When there is no difference in the conditions, take down the barrier; there is no need of keeping them up; but if there is a difference, the only way by which we can maintain the American standard of living is to make the importing country pay the penalty in the form of a duty that will make up the difference between what we pay labor and what labor is paid in the other country.

We have legislated with that in mind. Our country has always been on a protective tariff basis, with the exception of a few periods. During most of our history we have been on a protective tariff basis. As far as the law now goes, we have sufficient protection if nothing is to be done except by law. But there is this difference: The countries which com-

pete with us under the burden of paying protective duties will get rid of that burden by simply depreciating their currency.

When they depreciate their currency, they cheapen labor, and, in the degree to which foreign countries have cheapened their currency, they have cheapened the cost of producing the things made by the labor paid in that cheap currency. So we have a situation where Great Britain, for instance, will produce an article costing $1, and we produce it at a cost of $1.30. Great Britain will have to pay a tariff duty of 30 per cent in order to bring that article into the United States. On the other hand, Great Britain goes off the gold standard, her pound drops from $4.87 to $3.40, or there is a reduction of 33⅓ per cent, and thus Great Britain cheapens the cost of her product 33⅓ per cent. In that way she is enabled to increase her exports to us, after paying the tariff duty itself. Even with the tariff law on the statute books, England can pay the duty, and then, by cheapening the cost of producing an article through cheap labor, because of cheap money, she can bring the article in in spite of the protection we have attempted to afford the American producer.

That is precisely what is done, and I wonder if the Senator from Utah, who continually in this forum expresses the idea that we can not export unless we import, is bidding for imports. If he is, then all he needs to do is to have us take down the tariff barrier, or allow countries competing with us to adopt a cheap-money standard. If those countries on a cheap-money basis produce articles in competition with us at a smaller cost of production than that at which we can produce them, their exports to this country will increase.

Mr. President, that is the explanation of the thousand per cent increase in importations to this country of certain articles, articles which were kept out at one time because of protective tariffs, but now, since the protective tariff has been absolutely nullified by the depreciated currency, the increase will be in some cases more than 1,000 per cent.

If we intend to maintain the employment of American labor, that can not be accomplished if a depreciated-currency country becomes an exporting country, and makes this country the market, and floods us with imports. That is precisely what has taken place. So far as the actual principle goes, there are many articles on which there are not protective tariffs, because the protective tariff has been totally nullified.

Mr. President, some of my Democratic friends have been arguing that we ought to impose our tariffs on the principle of the difference between the cost of labor in this country and in competing countries, and they have voted on that basis in the past. I want to say to them now that they would not in any way be inconsistent, under present conditions of depreciated currencies, in voting for the principle that we were buying in the United States in cases where American goods can be produced.

While I was not certain when the pending amendment was first offered whether it was not going too far, whether it was not reaching in some particulars to the extent of an embargo, and I would not want to go to that extent, I think the amendment is a movement in the right direction; and when 12,000,000 people are unemployed, at least we ought not to increase the unemployment by further increasing distress on the part of American industry by forcing it into competition with cheap-money countries.

Mr. President, it seems to me we have reached the point where every American ought to stand up for the employment of American labor rather than look across the lines to employ foreign labor.

Mr. PITTMAN obtained the floor.

Mr. BLAINE. Mr. President, will the Senator from Nevada yield to me to permit me to modify my amendment?

Mr. PITTMAN. I yield.

Mr. BLAINE. I desire to modify the amendment I submitted by inserting "and" before the word "or," so that it will read "articles of the growth, production, and/or manufacture of the United States."

The PRESIDING OFFICER (Mr. DICKINSON in the chair). The amendment to the amendment will be modified as suggested.

Mr. THOMAS of Oklahoma. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. THOMAS of Oklahoma. The amendment now being modified, does not that give those who have discussed the prior amendment the right to discuss the amendment as now modified?

The PRESIDING OFFICER. It is the understanding of the Chair that a modification of an amendment does not entitle a Senator to another opportunity to speak on the same amendment.

Mr. PITTMAN. Mr. President, all of our legislation at the present time is abnormal. The conditions of the world are abnormal. It is almost impossible, under world conditions to-day, to apply principles which would be applicable in normal times.

The economic situation of the world is such that it has unbalanced all facts we used in times gone by in sustaining certain principles and policies. For instance, to-day the United States, and possibly France, to a certain extent, are the only countries in the world on the gold standard. Our standard of measure on the gold standard is from two to three times as high as the measure of most other countries. It is to-day one-third higher than the measure of values and property and labor, even in Great Britain. It is twice as high as the measure in Norway and Sweden, Argentina, and other countries.

Mr. President, as has been so ably stated, the difference in the costs of production in various countries has upset all calculation with regard to tariff protection. Let me illustrate that very simply. In the State of Washington wood pulp was being produced very economically, because it was a by-product of the logging industry. While commercial logs were being taken out, spruce trees would be taken out at the same time for pulp. All of the plants that were doing that are now closed down entirely, not due to any tariff situation, but due entirely to the depreciated currencies of the world as measured in international trade by gold.

A shipper from Norway, for instance, brings over a ton of pulp. He sells that pulp in this country for gold, he returns with the gold, and he buys two units of value in Norway currency with that gold, but it took only one unit of gold to produce that ton of pulp. In other words, there has been a profit to the Norwegian of 50 per cent just on the exchange of the Norwegian money for our gold-standard money. That difference runs all through the history of international trade at the present time.

For instance, take American cotton. We are selling more cotton to China to-day than we ever sold, but we are selling less cotton to Great Britain than we ever sold. It is reduced to almost half of what we sold, because Great Britain's sales of cotton piece goods to China and other oriental countries have dropped off two-thirds. That fall of two-thirds is due entirely to the difference in the exchange value of the Chinese money with higher valued money.

China is on a silver basis. Silver passes at par there, but when Chinese try to buy in some foreign country they have to exchange their money for gold-standard money or for other higher valued money. When Great Britain was on the gold standard the Chinese had to exchange four and a half of their dollars, the depreciated currency of China, for one unit of value in Great Britain with which to buy British goods.

We all understand what a depreciated currency means when a country is off the gold standard, but we never understood that there was a depreciation of a silver currency due to fall in the price of silver. In 1929 the sale of cotton piece goods shipped from Great Britain to China was 215,000,000 linear yards; then it dropped in 1930 to 64,000,000, and to-day it is half that. Consequently our cotton farmers here are injured in their export trade to Great Britain by reason of the depreciated-currency situation of China, India, and South America.

There is another thing, Mr. President. I voted against the last tariff bill before us. There were probably 30 gov-

ernments which at that time protested that if we raised the tariff they would retaliate. Many of our statesmen here did not believe they would retaliate. As a matter of fact, 49 countries retaliated.

It is useless for us to discuss what brought about that situation; it has been brought about. Every country in the world to-day is using every means in its power to prevent every other country from selling goods in its markets, and all countries are doing that quite successfully, largely by reason of the depreciated currencies.

Another thing, a country that sells to us for our gold does not buy our products here with that gold, because it can go to a country on a depreciated currency or a currency of a lower value and buy more goods there with such gold than here. There is no such thing as a balance of trade any more, because goods are sold for gold here and with that gold goods can be purchased in countries with depreciated currencies where the money will buy from a third to three-quarters more than it will buy here. That is the reason why the depreciated-currency countries have not had a rise in labor costs or material costs. It is due to the fact that the whole world, with the exception of two countries, is on a depreciated-currency basis, and those desiring to buy purchase in countries with depreciated currencies, and not here. For instance, the Norwegian who gets gold here for his pulp will not buy other things in this country when he can buy the same products he would purchase here in some other country for half the cost.

That is the condition now. We find to-day that the British Government is going farther and farther in its efforts to exclude every country, except the British Empire, from the markets of Great Britain. The other day a citizen of the United States tried to sell a plant which he had in Great Britain, and he was refused permission to sell because it was said it would take money out of Great Britain into the United States.

The British Government has gone farther and now requires that goods coming in from the Empire for sale must have at least 50 per cent of the products of the British Empire in the manufactured article and 50 per cent of the labor of the subjects of Great Britain therein.

It is all wrong. It is the effort to have the market entirely for ourselves, with the privilege of selling somewhere else, which has stagnated the surpluses of every country within the country itself, destroyed its trade, created an oversupply, and destroyed the domestic market. What can we do about it? There is nothing we can do about it until we can negotiate with those governments. With every country in the world having practically a tariff barrier like ours, with every country using every effort to exclude foreign goods, we have no other alternative. We have to do the same thing until sanity can be brought about in the world again and until we can negotiate reciprocity treaties such as Great Britain has negotiated with her colonies. That may come out of the economic conference, but if it is ever accomplished at all it will have to be accomplished out of negotiations in which each of the parties will yield some benefits to the others and each of the parties will receive some benefits.

I agree fully that the whole trouble in the United States and in the world to-day is the undisposed-of surpluses. The whole problem is a price problem. So long as the price of products is below the cost of production there will not be purchases. When there are not purchases, manufacturing institutions will not run. When they do not run, men will not be employed. When men are not employed, they will be thrown back into the class of nonpurchasers. That is what is going on. But we have no remedy for it now. The only remedy we will ever get is to place ourselves in the same impregnable position as the rest of the world has done, illogical as it may be, and then see if we can not reach some basis for reciprocity treaties and ultimately start the wheels of progress and business again.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Texas?

Mr. PITTMAN. I yield.

Mr. CONNALLY. What is the Senator's reaction to the proposal for reducing our own wall to meet the situation and thereby raising the prices of commodities to enable debtors to pay their debts and encouraging people who are hoarding money to bring it out because of the fact that if they do not bring it out it will reduce their opportunity in the future?

Mr. PITTMAN. If the Senator has in mind stating that a $10 gold piece is a $20 gold piece and considering contracts and obligations that are based on the present unit value of money, I will state that, in my opinion, it is totally impractical. If he has in mind the cheapening of the value of money by increasing the currency of the United States on a sound basis of metal, gold and silver, to whatever extent may be logical and reasonable, I am entirely in accord with him in that matter.

Mr. CONNALLY. Will the Senator point out how that can be done when there is plenty of money in existence, when the banks are full of money, but when, too, the trouble is that money is too high? There is no more money as long as that money is redeemable in gold, while we tie every dollar to a gold dollar, and leave money still high.

Mr. PITTMAN. I think it is very unfortunate that the great bankers and economists of the country have been so selfish and so negligent that they have not suggested such a policy. I agree that their statements with regard to the circulation of currency are deceptive. Mr. Ogden Mills the other day publicly stated that there is $600,000,000 in the banks of the country in excess of the legal reserve. He says that is good for an expansion of $9,000,000,000. But at the same time he says we can not get it out. Of course, it can not get out, and for two reasons.

The people of the world do not believe to-day that there is enough gold to pay, if it is demanded. As long as they thought there was sufficient gold reserve, it was enough; but when they begin to doubt it, then it is not enough. We have $600,000,000 with a basis of $9,000,000,000 of credit that can not be used because the bankers can not lend it on a falling market—a falling property market, a falling commodity market. They can not reduce their reserves as long as there may be a lack of confidence in the country that will bring about runs on the banks. It is true there is the money in existence, but for all the practical good it does it might as well be on the bottom of the ocean. The Federal reserve bank has $4,000,000,000 of extra credit on hand now over and above its legal reserve. The Glass-Steagall bill was passed for the purpose of encouraging the Federal reserve bank to lend to member banks. The banks will not borrow it because they can not lend it safely, and therefore that plan was an utter failure.

Possibly some one may find a method by which the Federal reserve banks may be induced to finance the Reconstruction Finance Corporation or some other agency. What it can not get out through the banks the Federal reserve bank may get out through some other instrumentality than the banks after legislative authority.

The PRESIDING OFFICER. The time of the Senator from Nevada has expired.

Mr. PITTMAN. Mr. President, I ask consent of the Senate to place in the RECORD at the end of my remarks, as a part of them, a statement that I made on yesterday before a committee of the House of Representatives touching in part the same subject I was discussing.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

STATEMENT BY SENATOR KEY PITTMAN, OF NEVADA, BEFORE THE COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES, OF THE HOUSE OF REPRESENTATIVES, ON FEBRUARY 2, 1933, WITH REGARD TO THE SILVER-MONEY PROBLEM

Mr. Chairman, I have the honor and pleasure to be before your committee upon your invitation, to discuss legislation touching the world silver problem.

The traditions, habits, and conceptions of peoples developed throughout the ages can not be changed—except possibly through long periods of evolution—by legislation. The money and the currencies based thereon of all civilized nations is now, and, since money has been used has been, gold and silver. Gold and silver were first used as an aid to and instrumentality in barter and

trade. The ancient farmer discovered that a piece of silver of a certain size offered him in payment for a cow would be accepted in exchange for a horse. So the farmer accepted the piece of silver.

Laws did not make money of gold and silver. They were money before monetary laws were ever enacted. Laws were but declaratory for and served to fix the metal contents of coins for convenience in trade and the payment of debts. Gold and silver, whether in the form of bullion or coin, are and for ages have been accepted in exchange for goods throughout the world. There are sound reasons why such metals were accepted as mediums of exchange. These metals were found substantially everywhere, yet in all places they were scarce. Their production, while slow, was continuous and uniform. The ratio of the production of such metals was not only uniform but substantially certain. Since the beginning of time, as far as information can be obtained, there has not been produced throughout the world on the average more than 15 ounces of silver to 1 ounce of gold. During 1932 there were less than 13 ounces of silver produced to 1 ounce of gold throughout the world. This uniformity of production and ratio facilitated the use of both metals in trade and in the exchange of such metals. There was a natural ratio between such metals based upon equal demand and relative supply. Laws did not make gold and silver money, but laws decrease the demand for silver through restricting its use as money. This, of course, decreases its relative value. What I seek is first to remove or neutralize these restrictions so as to restore the normal law of supply and demand.

In the last 15 years the price of silver has fluctuated from $1.39 an ounce to 25 cents an ounce. The question naturally is asked, Why restore silver money to its fullest use and former exchange value with gold and prevent such wide fluctuations? The reasons that actuate me are these, namely:

1. Gold or silver is the measure of value of the currencies of all civilized governments whether those metals be in possession or in expectancy.

2. There are only about twelve and one-half billion dollars' worth of monetary gold known to be in existence. It is estimated that there is three times this amount of currency outstanding resting on and redeemable by this gold base. This is exclusive of the bonds, notes, contracts, and all other obligations payable in gold, which amount to many times this figure. It is generally admitted that the monetary stock of gold is now, or will in the reasonably near future, be insufficient as a base for the world's monetary requirements. This burden upon gold is accentuated by lack of confidence in ability to redeem gold currencies and obligations and the knowledge of the maldistribution of gold, and the requirements of the payment of international war debts in gold, and incidentally hoarding of gold by governments and individuals.

3. There are only approximately 11,000,000,000 ounces of silver available in the world for monetary purposes. Of this conservative estimate of 11,000,000,000 ounces probably 7,000,000,000 are permanently locked up in the hordes of India and China. If all this silver were used as a base for silver currencies and as a supplement for currencies based upon gold, whether used in international trade or exclusively for domestic purposes, it could not possibly increase the basic money of the world over $12,000,000,000 even if the parity of such basic silver money were restored to a parity with gold based upon the relative production of gold and silver.

4. It is now, and for ages has been, the measure of values and the wealth reserve of over half of the people of the world.

5. The depreciation in the value of silver has pro tanto depreciated the value of the money of silver-using countries in the exchange of their money for gold-standard moneys for the purchase of products in gold-standard countries.

6. This depreciation with regard to the money of silver-using countries has had the same effect upon our trade and commerce as with countries formerly on the gold standard that have gone off the gold standard and now have a depreciated currency as measured by gold.

7. We understand this effect upon our foreign trade with countries formerly on the gold-standard basis. The same condition now exists, and has existed since 1928, relative to our trade with countries whose ultimate purchasers pay for our products in silver.

8. Depreciated currencies—and I mean depreciated currencies in international trade, because it is only there that it is measured by the gold standard—have raised a wall against our exports and proportionately reduced our tariff protection against such countries of depreciated currency to substantially the amount of depreciation.

9. We are becoming isolated from world trade. Our surpluses are thrown on the domestic market, creating oversupply and a constant depreciation of commodity prices. This result is destructive not only of our foreign and domestic market but the maintenance of stable governments in silver-money-using countries. It forces their people to an industrialization destructive of our market for manufactured products in such countries. In substantiation of this statement, I call attention to the records of our Department of Commerce and reports of our officials.

10. The depreciation of the capacity of silver-money-using peoples to purchase our goods, produced and sold on the higher gold standard, has almost extinguished some of our greatest potential markets.

11. We are forced to the alternative of lowering our money measure of values or of raising the money measure of values of our foreign customers.

12. The destruction of the monetary value of silver in international trade will tend to force all countries ultimately upon the gold standard, and thus place a greater strain upon gold as the monetary base.

I have outlined—hastily, I must admit—some of the reasons that impel me to seek the remonetization or at least the restoration and stabilization of the value of silver. This determination is not new on my part. I have been working to this end two or three years. The action of the United States Senate convinces me that it agrees with such necessity whether it agrees with the means suggested or not.

In February, 1931, the United States Senate adopted unanimously a resolution introduced by me requesting the President to call an international conference for the purpose of the removal of restrictions to a higher use of silver as money. The Chief Executive did not call such a conference.

I sought, then, to accomplish something by the action of our own Government. I introduced in the Senate a bill, the substance of which is now under consideration by your committee, in the form of a bill introduced in the House by Congressman McKEOWN, of Oklahoma, and referred to your committee, directing the Treasury Department to accept tenders of silver produced in the United States and to pay therefor in silver certificates to be issued by our Government at the market price of silver, such price to be determined by the Treasury Department as of the date of tender. From the silver so purchased a standard silver dollar is to be coined, to be held in the Treasury for the redemption of each dollar silver certificate issued for the purchase of such silver.

There would, of course, be a surplus of bullion remaining in the Treasury. At the present market price the Treasury Department would purchase nearly 4 ounces of silver for a $1 silver certificate. As it only requires about seventy-eight one-hundredths of an ounce of silver to manufacture a silver dollar, there would remain a surplus of approximately 3.22 ounces of such silver in the Treasury in addition to such standard silver dollar so purchased by the dollar certificate. This surplus silver is to remain in the Treasury as additional security against any depreciation in the value of the silver certificate. This additional security, in my opinion, is unnecessary, but it satisfies the fear of those who are constantly uneasy with regard to the depreciation of our currencies. There are now in circulation in the United States nearly $500,000,000 in dollar certificates issued under similar laws, and these certificates have not during this century suffered any threat of depreciation.

I must confess that this act will not result in any material expansion in our currency. Such is not the intent of the act. The purpose of the act is to have our Government do something that seems necessary that individuals can not do. The act will result in the reduction of the world's supply of silver on the market of the world for a period of five years. There is an oversupply of silver on the market. This word "oversupply" must be distinguished from "overproduction." There is no overproduction of silver. When I say production I mean mine production. When I say supply I mean silver thrown on the market of the world derived from all sources, including the debasing and melting up of silver coins in various countries.

For instance, in 1929 the world production of silver was 261,511,985 ounces. In 1931 it was 192,709,971 ounces. For 1932, based on estimates, it was approximately 160,000,000 ounces. But the total supply in 1929 was 328,511,985 ounces and in 1931 it was 255,266,700 ounces. The supply over production was derived from the melting up of silver coins in India and the selling of the metal on the markets of the world. This oversupply, coming from an unnatural source, had the natural effect of beating down the price of silver.

There was an even greater effect than in selling this silver, and that was the authority of the secretary of the treasury for India to sell any quantity of such silver at any time and at any price, while at the same time he had a supply on hand of such silver equal to the world's production for approximately two years. In other words, in 1928, when India started to sell silver from melted coins, it had approximately 400,000,000 ounces of silver in such form in its treasury. To-day, after selling approximately 140,000,000 ounces of such silver, it has around 400,000,000 ounces of silver still available in the treasury for such sale. This is due to accretions in the treasury from general circulation. According to reports from India, such sales are continuing, notwithstanding the abnormal low price of silver. There is no indication that such sales will cease.

It is futile to discuss here the causes that have and now actuate the British government for India in the initiation and continuance of such policy. The fact is it has been destructive to the exchange value of the silver moneys of such silver-using countries as China, and has destroyed the export trade to all those countries from countries on the gold standard, such as the United States.

The question was and is, What can we do about it? The British industrialists have protested against the policy. It is protested against by the president of the Imperial Bank of India and by the Indian people. These protests have been of no avail.

Sir George Shuster, the treasurer for India, who seems to have arbitrary powers in the matter, has demanded that silver producers reduce their production. He is still as ignorant of the facts with regard to the production and consumption of silver as he was

when he inaugurated the destructive Indian policy. He did not know then—and apparently he does not know now—that 70 per cent of the silver production of the world is a by-product in the production of other metals, such as gold, copper, lead, and zinc, and that so long as there is a market for such metals they will be produced, and, of course, silver will be produced as a by-product. He did not know—and he probably does not know now—that the maximum production of silver in the world for all time was only 260,000,000 ounces in a year. He does not know that there was only a normal increase in the consumption of silver, which was accurately measured by the normal increase in production. He does not remember that when during the war a crisis arose by reason of the inability of the British Government for India to obtain silver for the redemption of their silver rupee notes—that the only available surplus of silver in the world that could be found were the standard silver dollars in the Treasury of the United States, and that we had to take those silver dollars out of the Treasury and supply them to meet such demand. Such ignorance is not subject to criticism, for it is general, nor are my statements intended as a criticism.

A majority of our economists and financiers hold to the myth that silver can be supplied without limit. They know nothing of the statistics of the production and consumption of silver throughout the ages.

I beg you to pardon me, Mr. Chairman, for diverting from my subject. Sir George Shuster has demanded that the producers of silver reduce their production. This can not be accomplished for the reasons I have stated.

Our Government, however, can take off of the market the annual production of the United States for the period of five years, as provided in my bill. This will, to a certain extent, comply with the arbitrary demands of Sir George Shuster, and will, to a certain extent, neutralize the oversupply that he insists must be thrown on the market of the world.

Let me explain this: Sir George Shuster desires to sell silver derived from such melted coins—from thirty to fifty million ounces of silver a year. The United States produced in 1932 only 24,000,000 ounces. The most it has ever produced is 61,000,000 ounces. That was during the great peak production of copper, lead, and zinc in this country. The withdrawal of silver from the market of the world through the process of my bill will neutralize, to a certain extent, the oversupply derived from the melting up of Indian coins. If the Governments of Canada and Mexico should follow a similar procedure, then all of the sale from India would be neutralized and the law of supply and demand, based upon mine production and normal purchases, could be maintained and silver would return to the normal price of around 60 cents an ounce.

Now let me cite to you some of the objections made to this bill of mine by the Secretary of the Treasury, Mr. Ogden Mills.

In the first place, he contends that if I seek expansion of currency my plan will not result in any material expansion. He is right in that, because it would only take about $6,000,000 in silver certificates to purchase all the silver produced in the United States for 1932.

He doubts whether it would aid the mining industry. It is true that the producer of silver would get no more money for his silver from the Treasury than he would obtain anywhere else in the world, because the market price of silver is the same throughout the world, being fixed by four brokers in London every morning. The miner, however, would be helped by being able to sell to the Government and thus reduce the oversupply of the world, caused by the action of the British Government for India; and, of course, the neutralization of the silver supply would tend to restore silver to its normal price of between 60 and 65 cents an ounce. In that manner the silver producer would be benefited. That, however, is a small part of the benefits to be derived from the act. What I seek is to restore the purchasing power of the depreciated currencies of China and other silver-using countries, as all of us seek to restore the normal value of the depreciated currencies of those countries who have gone off the gold standard. This will help in the purchase of the world's surplus production, thus lifting it off the world's domestic markets and thereby increasing commodity and property prices, which, in my opinion, is the essential thing to the return of universal prosperity.

The Secretary of the Treasury, in his correspondence with me, contends that silver is only a commodity and that there is no more reason why the Government should buy silver than it should buy any other commodity. He forgets that silver is not as much a commodity as gold. He forgets that four-fifths of the silver now being produced, and that ever has been produced, has been used for monetary purposes, while only half of the gold ever produced has been used for monetary purposes. He forgets that over half the people of the world use silver as money in their own countries, and that they can not use it as money in exchange for our money, with which to buy our products, because we value gold so high and silver so low. He suggests that the time might come when there would be an overbalancing of silver currencies as against currencies based on gold.

No one expects there will be much increase in the silver production of the United States in the next few years. It is now 24,000,000 ounces annually. Its maximum was 60,000,000 ounces. The purchases only exist for five years. If the average during that period was 45,000,000 ounces per annum, it would only mean 225,000,000 ounces. At the present price of silver it would be less than $60,000,000 in silver certificate issues. Even with this issue added to our present issue of silver in silver certificates, the proportion of silver issues as against gold issues in our country would be far less than they were in 1913.

The question is, Why do I support this bill, which has negligible power for currency expansion, against other silver bills which have greater power of currency expansion?

The first reason is that I am directly interested in obtaining a market for the surplus production of our country through the restoration of our export trade.

The second reason is that there may be other methods of expansion within our present monetary system, and the third reason is that my bill is the only bill of the many introduced in the United States Senate that has received a favorable report from any committee.

I realize that there are two principles involved in legislation. One of them is to take nothing less than what you think is right, and the other is to compromise upon the best you can obtain if it constitutes an advance. My bill, in my opinion—and I am only using my judgment as a legislator—is the most that can be obtained through congressional legislation in the near future, and certainly we are faced with an emergency that requires expeditious action. Other advances may be made in the future, but I doubt if any further advance can be made at the present. I have voted against more far-reaching silver measures because I knew that the advocacy of such measures was futile—yes; even more than futile. It would confuse the minds of legislators and arouse the suspicion of an intent to attack our present gold-standard monetary system.

I have no intention of undermining, weakening, or destroying our present gold-standard monetary system. I do not think that it is at all necessary to the remonetization, the restoration to parity with gold, and the stabilization of silver prices. Gold to-day measures the international value of every currency in the world, whether it be the pound sterling or the Chinese dollar. I am speaking of the value of money in the purchase of goods in other countries. The Chinese dollar has a par value in China and in purchasing goods in the United States it has only a value of 20 cents. Gold is accepted throughout the world to-day as the measure of the value of money in international trade. It has existed for 60 years at least. It would be difficult to change it by legislation. Nothing would be accomplished by changing it through legislation.

What we seek is to have other measures of value conform to the gold measure. That is what we have done and are now doing in the United States. We have more silver in circulation in the United States and silver currency than any other country of the world outside of China and India. One-twelfth of our currency is silver currency. Our dollar is worth $1.29 an ounce in gold. The same size silver dollar in China is worth 20 cents in our gold. There is only approximately 20 cents' worth of silver in our silver dollar, measured by the market price of silver, and yet 10 of our standard silver dollars readily exchange for $10 in gold, which makes the price of the silver in the silver dollar $1.29 an ounce. If every great commercial country in the world had the same system, there would be no question about the parity of silver with gold, and that would be on the natural parity of 16 to 1. In that event, the Chinese would not have to pay $3,000 for an automobile through the process of exchanging their money for gold, but would exchange their silver dollar for a dollar of our gold, and would only have to pay $600 for an automobile.

I came here at your invitation to discuss the reasons for my bill. I beg your pardon for having diverged onto the general silver problem. I am not here to oppose any other bill that has been introduced. I seek only that which may possibly become law without delay.

I am satisfied that purchasing power must be increased, not only in our own country but throughout the world, before prosperity can possibly return. I do not believe that purchasing power can be increased until a larger quantity of sound money can be made available for those who must purchase money with goods and property. I do not claim that the expansion of available money through the restoration of the purchasing power of silver is a panacea for all of our ills. I am convinced, however, after a long study of the situation, that such restoration would instantly increase purchases in our country, reduce our surplus of production, and thus increase our purchasing power, increase the capacity of our manufacturing institutions and the employment of our laborers. I can not content myself with the policy now indulged in by some of our statesmen that the only remedy is liquidation, liquidation, further and further liquidation.

I have no confidence in the theory that the depression has flattened out. I admit that it has been retarded. This frequently happens just before death. I admit that our airplane of finance spiraled too rapidly up into the stratosphere. We all know that it has been in a tail spin, rapidly and dangerously approaching earth. The pilot may have gained some control, he may have flattened it out to some extent, but we know that the earth is close and that a crash will bring destruction and conflagration. It may be flattened out, but what obstacles are ahead of us in the fog we do not know. Isn't it time to pull back on the controls and elevate our financial plane so that it may assuredly and safely rise above all obstructions?

I ask leave to file with your committee as a part of my remarks the report of the Banking and Currency Committee of the United States Senate in which it approved my silver purchase act, which in identical form is now under consideration by your committee as introduced by Congressman McKeown, of Oklahoma.

Mr. JOHNSON. Mr. President, permit me to tender my apologies to the Members of the Senate individually and as a body. When I introduced my amendment I had not the slightest intention or belief that it should or did impinge on anyone's tariff views or that it affected in any way, shape, form, or manner anyone's prejudices concerning an embargo. I imagined I was presenting a straight-cut proposition which was of value to the country and which in these times might aid just a wee bit. Had I any conception or idea that I was interfering with tariffs or that I was provoking a discussion of tariffs and embargoes such as we have listened to for the last two days, I doubt if I would have had the temerity to present the amendment or to have it discussed upon the floor of the Senate at all.

Mr. President, there is a distinct issue, in my opinion, presented by the amendment that I have proposed. I stand upon that issue, sir. That issue is so plain that I do not think any man can misunderstand it in the slightest degree.

Tariff involved? Embargo concerned? Why, sir, I hold in my hand the six different laws which, in the last few years, have been enacted unanimously by this body of similar character to that which I propose. I have here the specific documents which do measurably in certain departments what I seek to do with all departments. Sir, when these specific laws came before this body there was not a soul here, nor any other place with which I am familiar, who said one word about the fundamental principles of commodity prices, of tariffs, of embargoes, or of any other question of like import. I recall, sir, when I stood here with my brethren on the other side of the Chamber and demanded that the Navy purchase only oil mined in the United States of America. I was very glad indeed with my Democratic brethren to make such contest as I could in behalf of that purchase by the Navy.

I stood here when gentlemen were talking about the outrage that was perpetrated by some department in the purchase of twine, sympathetic with them, and aiding them in passing the necessary legislation which at their instance was passed.

Here in my hand, sir, are the laws of like character, of similar import with the amendment which I have presented here, which unanimously were passed by the United States Senate, not only unanimously but enthusiastically. Reading the RECORD, as I have, there is not a single line that I could find in it of protest for a single one of these laws nor a single syllable that was uttered upon the question of tariffs or embargoes.

So I thought I was justified, Mr. President and my brethren, in saying that there is just one principle involved in this measure. Assume, sir, upon a building on Pennsylvania Avenue which we are constructing to-day out of money wrung from the taxpayers of this country, that bids are advertised for, and that a certain portion of the building is to be built of a certain kind of material. Assume, sir, that some one who manufactures the thing desired in Germany, in Italy, in France, or in England presents a bid for the article to be manufactured over there by their workmen, presents a bid that is $1 or $5 or $100 or $1,000 less than the article can be manufactured for in this country by our people in our factories and by those who pay the taxes which erect the very building.

Will you say to me, as some of you gentlemen do in your arguments, that if such a contingency is presented we are going to destroy everything that we have; we are going to permit a tariff wall to be built around the United States of America; and we are going to have an embargo that never again will permit us to be prosperous if we give the bid to a hundred dollar higher American bidder? Oh, no; you can not mean that. That, however, is exactly the argument that is made here against this amendment.

There is the issue. I accept that issue and that challenge that has been made upon this floor. I accept the issue and the challenge, and I say that if an American industry can bring to us goods manufactured in an American factory, and can with American workmen produce those goods for use upon a building being constructed by the United States of America, though its bid may be a dollar or two or five or ten or a hundred dollars higher than the bid for the same sort of thing manufactured abroad by foreign workmen in a foreign factory, I want the bid awarded to the American factory and to the American workmen. That is exactly what this amendment does and nothing more, and that is the issue that it presents here now.

I insist there is no question of tariff involved; I insist there is no question of embargo involved; I insist that the amendment does not in any degree affect the barter or the trade or the trafficking of peoples of any land with our land. We simply say that the money of our taxpayers may be accorded our people who pay those taxes and that their goods shall be the ones that shall be accepted, other circumstances being equal, the price not being unreasonable, and the public welfare being unaffected. That is the whole purpose and the only purpose of the amendment.

Why is it that when Britain from 1920 until 1933 said, in so many words, only British-made goods shall be used in any British construction, whether it be a road or a building or relief of some kind, other than the mere dole—when Britain said under those circumstances that only British goods may be used and only British manufactories may be favored, why is it that we can not do it? Why is it such a virtue in Britain and such a vice in America to make that declaration?

The amendment is a simple one which has in its essence been approved again and again by the Congress of the United States. It is an amendment that in these times, I submit to Senators, should not for an instant be forgotten, but it should be adopted without demur or delay.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. BLAINE] to the amendment of the Senator from California [Mr. JOHNSON].

Mr. LA FOLLETTE. Upon that I ask for the yeas and nays.

CURRENCY INFLATION

Mr. THOMAS of Oklahoma. Mr. President, there has been considerable said about depreciated currency; in fact, we have bills pending in Congress providing that our present tariff laws shall be amended to protect domestic products against the depreciated currencies of foreign lands.

Mr. President, instead of having depreciated currencies in foreign lands, I assert that it is not so much the fact that those currencies have depreciated as it is that the American dollar has appreciated. Take, for example, Great Britain. The British pound is now worth from $3.36 to $3.38. The pound is worth, at that rate, much more than it was along about 1920 or even in 1921 or 1922. The American dollar, based upon gold, has gone up in buying power; its purchasing power has risen; and that is the reason why, in my judgment, we have occasion to speak of the "depreciated currencies" of other lands. The American dollar has gone above the currencies of foreign lands, not that foreign currencies have receded from the value of the American dollar.

Mr. President, it appears to me that the Congress is proceeding upon the theory that we are to retain the present high purchasing power of the dollar. I have here a statement by Mr. Herbert Little. I do not have the pleasure of knowing Mr. Little but because his data are, in my judgment, conservative, I call the attention of the Senate to some of the facts given by him.

This is of date January 1, 1933, and the data are given under the heading—

Our wealth, debts, taxes, income.

I read:

The national wealth in 1930, $329,000,000,000, or $2,677 per capita. In 1932 (estimated) $260,000,000,000, or $1,964 per capita. Total debts (estimated) $203,000,000,000, a minimum of $1,624 per capita.

If these figures are correct, they show we have a Nation worth $260,000,000,000 and at the same time we owe debts

of $203,000,000,000; in other words, we owe almost as much as the entire property of the Nation is worth.

Total taxes, $15,000,000,000 a year, about $120 per capita.
Total income, $37,000,000,000 (estimate of Senator BORAH), compared with $85,000,000,000 in 1929, or $296 per capita.

DEBTORS AND CREDITORS

Two Cornell economists analyzed the debts in this country, as of 1929, in the following fashion:
Corporations, $76,000,000,000.
Town and city mortgages, $37,000,000,000.
Bank loans, $37,000,000,000.
State, county, and local government debts, $21,000,000,000.
Farm mortgages, $9,000,000,000.
Life insurance policy loans and premium notes, $3,000,000,000.
Retail installment paper, $3,000,000,000.
Pawnbrokers' loans and unlawful loans, $1,000,000,000.

HOW MUCH IS A DOLLAR?

If you say the dollar of 1926 was worth 100 cents, the dollar of 1917–1920 was worth from 65 to 84 cents, and the dollar of to-day is worth $1.56.

Mr. President, I cite these figures as an argument in support of my statement that the trouble is not that the currencies of foreign countries have depreciated but that the American dollar has appreciated from 65 cents in 1920 to 156 cents to-day.

I read further:

To the debtor that means it takes 50 per cent more labor or goods to-day to pay off a debt contracted in 1926 than it would have taken then, and twice as much labor or goods to pay off to-day a debt contracted in 1917–1920.

In support of this theory, I ask permission to incorporate at this point in my remarks copy of a petition to the Congress of the United States signed by James C. Jones, of St. Louis, dated January 15, 1933.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, it is so ordered.

The petition referred to is as follows:

THE ELUSIVE DOLLAR

To the Congress of the United States:

So far as people without money are concerned, a rising dollar is about as bad as a falling mark.

Wealth in the form of real estate, bonds (other than Government bonds), mortgages, or other securities is well-nigh valueless, for it is unsalable and banks and other financial institutions will lend little or nothing upon it.

The dollar is hoarded—hoarded by banks as well as by individuals—and neither is to be severely criticized in these trying times.

But the fact remains that our only "medium of exchange" is disappearing with increasing rapidity.

Trade can not function without a medium of exchange.

Any attempt to change our existing dollar is cried down by the seeming opprobrious epithets, "Inflation," "Cheap money," "Rotten dollar."

Securities now worthless for borrowing or lending might have at least "some value" if we could have a "medium of exchange" other than the now highly prized, highly priced, and muchly hoarded gold dollar.

Can such medium of exchange be provided without inflation?

Mr. THOMAS of Oklahoma. Mr. President, I call the attention of the Senate to a letter just received from a member of the Legislature of the State of Arkansas. I read the letter, addressed to myself.

LITTLE ROCK, ARK., *January 30, 1933.*

I am inclosing a copy of House Concurrent Memorial Resolution No. 2, which has been adopted by the Forty-ninth General Assembly of the State of Arkansas. It, to my mind, is one remedy for the cure of the present economical depression, because money is to the country, economically speaking, as blood is to the human body.

This letter is signed "Marcus L. Miller, representative of Polk County."

The postscript of the letter reads as follows:

You will note that a copy of this resolution is being sent to each of the 42 legislatures now in session in the United States; also a copy is being sent to each of the Representatives in Congress from Arkansas. Please get behind this movement and help us work out a remedy in regard to the money question.

Attached to this letter is a copy of the resolution adopted unanimously by the Arkansas Legislature, which supports the theory I am trying to state upon the floor. I ask unanimous consent that the resolution may be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution referred to is as follows:

House Joint Memorial Resolution 2

Whereas during the World War the United States Government greatly expanded the currency in order to finance the war as is reflected by the fact that the amount of Treasury and bank-note circulation increased from $715,000,000 in 1914 to $3,340,000,000 in 1919, resulting in even more than 100 per cent rise in prices; and

Whereas the national debt increased from $1,188,000,000 to $25,482,000,000 in the same period, and is now more than $20,000,000,000, and the indebtedness of other States, as well as corporate, private, and individuals, has increased in even a greater percentage; and,

Whereas public, private, corporate, and individual business has accumulated and contracted vast amounts of indebtedness during this period of inflated currency and overexpansion of credit; and

Whereas under the present condition of low prices for labor, commodities and deflated currency, these public and private debts contracted when dollars were cheap, must now and can not be repaid with dollars that are dear, creating an unjust hardship and forcing into bankruptcy great numbers of debtors and giving undue and unjust advantage, as well as jeopardizing the rights of creditors; and

Whereas the depression has resulted in deflation of prices of commodities, salaries, and wages, but not in interest and dividends, as is reflected by the fact that the average of wages and salaries in the United States has decreased 57 per cent since the year 1926, not counting the totally unemployed, while on the other hand the average of interest and dividend payments have increased 63 per cent, thus making the present deflation extremely unjust and one-sided in its effect; and

Whereas money, gold, and currency are the measure by which exchange of real values is made and the value thereof can easily and arbitrarily be fixed, the power of so doing having been placed in the hands of the Congress by the Constitution of the United States: Therefore be it

Resolved by the house of representatives of the forty-ninth general assembly (the senate concurring therein), That we do hereby memorialize the Congress of the United States to revaluate our money system of gold and currency or to enact such legislation as will restore same to the value of 1919 as a means of bringing wages, salaries, and commodity prices on a par with the payment of debts, both public and private, and thereby avoiding wholesale bankruptcy and protecting creditors and holders of securities against impending loss; and be it further

Resolved, That we send a copy of this resolution to our Senators and Representatives in the United States Congress, thereby asking them to sponsor and support such legislation; be it further

Resolved, That we send a copy of this resolution to the presiding officers of the house and senate of each State legislature now in session, thereby requesting that each of those bodies pass a similar resolution.

MARCUS L. MILLER,
Polk County.
JOHN M. WILLEMS,
Logan County.

Mr. THOMAS of Oklahoma. Mr. President, I received to-day some data from one of the distinguished economists of the Nation, Dr. G. F. Warren, professor of agricultural economics and farm management, Cornell University, Ithaca, N. Y. I find a number of pages in this little treatise have to do with this identical subject under various headings, one of which is "Deflation or reflation." Another headline is "Deflation." Another heading is "Reflation." Each one of these topics is discussed at some length. Another heading is "What stabilization means." Another heading is "Credit expansion." Other headings are "Currency expansion," "Remonetization of silver," "Revaluation," "Managed currency," "The compensated dollar," and "The gold clause."

Mr. President, without taking the time to read, I ask unanimous consent to have the portions outlined and marked incorporated in the RECORD at this point in connection with my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

DEFLATION OR REFLATION?

The price level must be raised to the debt level or the debt level must be lowered to the price level. This is a matter of grim reality that can not be cured by psychology, confidence, or Government lending.

We must choose between deflation and reflation. No country likes to change its monetary system, nor does any country like to go through wholesale bankruptcies and continue to have millions of unemployed. Our choice is not between two desirable things.

It is between two undesirable things. Merely raising the well-known objections to either procedure does not commend the other. The question is, Which is worse?

If we wish to go through with deflation, we may as well proceed with the bankruptcies, foreclosures, and public defaults and get them over with. Merely postponing by lending some money or attempting to hold up the price of this or that thing will accomplish very little.

DEFLATION

If deflation is completed, the following are some of the innumerable adjustments yet to be made:

At the new price levels public and private debts are nearly equal to the national wealth. These debts will have to be reduced. The only plan thus far proposed for reducing them is bankruptcy and private adjustment. This will probably require three or four years for the major adjustment and a generation to complete the process. While the more serious part of this is taking place bankrupt homes, farms, and other properties will always be for sale at less than new costs of construction, regardless of how low these costs may fall. Therefore little building of any kind is to be expected. Consequently most of the basic industries will operate at low capacity and severe unemployment will be continuous. Business cycles in such a period will be suppressed cycles.

The vigorous efforts to reduce taxes will do well if they succeed in making cuts equal to the new taxes necessary to feed the unemployed. Some shifting from real estate to other forms of taxation may occur.

Public debts will increase and some of the Government units will find it impossible to meet their obligations. It will be years before taxpayers get these debts paid.

Adjusting a price level down requires much more time than adjusting it up. It is not difficult to adjust public and private debts to a higher price level, but it is very difficult to reduce them. To adjust debts up merely requires that the usual purchases be made at the new price level with the usual percentage of credit transactions. To adjust debts down means the slow process of bankruptcy. Bankruptcy acts like a house of cards—each bankruptcy starts another.

Bank deposits will decline because of the reduced amount of business and the lower prices at which business is done and the tendency to use cash rather than checks. This latter movement is encouraged by fear of banks, lack of banks, lower interest payments on deposits, charges for checks, taxes on checks, and high postage rates. Many further bank failures will occur.

Because of severe unemployment some workers are working for extremely low wages, but it is not to be expected that the general wage level will decline to the price level. The long-time tendency is for wages to rise as the output per worker increases. Whenever the debts are liquidated so that business can proceed, wages will be far above pre-war.

Interest rates will be much below pre-war for safe securities, but a large part of the business will be on such a precarious basis that for some years rates for agriculture and industry may be high. Interest payments on bank deposits will be decidedly reduced. It will be impossible for life-insurance companies, universities, hospitals, and other institutions that depend on investments to keep up their incomes. Life-insurance rates will probably rise. The average size of policies will be reduced.

The size of fire-insurance policies will be reduced, losses will be increased, and rates probably will be raised.

Innumerable prices which have not declined will fall. Some of these are freight rates, telephone charges, price of newspapers, doctors' fees, dentists' fees, and telegraph charges.

Large numbers of corporations will disappear by bankruptcy or by combination to avoid bankruptcy.

Wholesale writing down of the capital of industrial plants, farms, and city real estate will be necessary.

Costs of distribution will gradually decline, so that prices paid to farmers will again come into adjustment with the prices which they pay. Much of this can be done in a half-dozen years. Probably it can be completed in a generation.

Some basic commodity prices have fallen too low even for the conditions and will rise.

Innumerable measures will be tried in attempts to hold up prices of this or that thing. Tariffs, bounties, farm boards, domestic allotments, restrictions on trade between States under sanitary and other guises, pools, gentlemen's agreements, and many others will continue to be tried. Some of these may do a little good, but they will continue to result in disillusion and disappointment. Maintaining the present price of gold means bringing the whole debt and price structure down. To attempt to hold each individual thing up and yet bring down the whole is like sinking a ship but attempting to hold up each rivet and doorknob in it.

Nothing is gained by minimizing the gravity of the situation. Repeated confidence statements can not change the facts. They discredit leadership and cause losses to innumerable individuals through false hopes. While the country has never before experienced as great deflation as we are now attempting, we have had experiences which indicate the probable length of the deflation disease. It usually takes six or seven years to go far enough with the bankrupting process so that construction can begin, and it takes many more years fully to complete the process.

If we are going through with deflation, debt-adjustment commissions are desirable to operate for a number of years. The legal system of writing down debts works badly enough when only a few bankrupt properties are thrown on the market. It destroys values for both the creditors and lenders when applied in a wholesale way. A creditor often takes over a home or a farm, keeps it in hopes of a sale until the carrying charges eat up much of the value. In the meantime, the property depreciates. Finally, in despair, a shoe-string sale is often made to a less desirable buyer than the dispossessed owner. Debt-adjustment commissions should study each case and make recommendations for settlement for all creditors. Such recommendations from a disinterested party would save many owners and help many lenders and would keep many of the cases out of the courts. If the Government lending agencies wish to lend more money, they will do more good by taking up the safer part of the underlying mortgages in such cases than by direct loans to the lending corporations, which do not get at the root of the trouble.

While it is not the purpose of this discussion to consider what the individual can do for himself, I should like to insert one piece of advice to the millions of farmers and city home owners who are losing their homes and lifetime savings. If one has a good farm, it seems to me that the best thing to do is to retain possession of it as long as possible, in the hope that some temporary rise in prices or possibly a monetary change will enable him to keep the property. If he gives up, the savings are surely gone. He has little to lose from holding on as long as any slight chance remains.

The man who has failed in business or is out of work is blamed for it, and he often blames himself. This is adding insult to injury. Most of the failures are not due to unsound business, but to unstable money, for which no individual is to blame. The farmer or business man who has failed should not be despondent or commit suicide. He should feel like a man who has just gone through a tornado, stripped of his property, but escaped with his life. His family and friends should treat him accordingly.

It is not improbable that the high value of gold will result in discoveries of it, so that a later generation will have inflation.

The general attitude of the public seems to be to prefer to write everything down in terms of gold, rather than raise the price of gold. The strain on public credit to feed unemployed persons and the social confusion from such general bankruptcies may make it impossible to complete the process. No such violent deflation has yet been carried through by any modern nation.

If the process is carried through, a new generation can be prosperous, except as foolish laws remain to plague it. Any price level is satisfactory after business is adjusted to it.

REFLATION

The effect of rising prices is the same regardless of the cause. If for any reason the price level is restored, it does not mean that all prices will rise equally. Many prices have not declined, or have declined little. Restoring the price level would relieve them of the necessity of declining. The major ones are debts and taxes. If commodity prices were raised, buying would begin, because rising prices cause buying. Jobs would be available. Houses would be in demand. The debts and taxes on the houses and farms could be paid, and the debts would not have to be cut by bankruptcy.

The former amount of life insurance would be desired.

Many charges, such as freight rates, doctors' fees, telephone rates, and the like, are already adjusted to the price level that would be established. They would not rise, but would be relieved from falling.

Costs of distribution would rise very little. Therefore, prices paid to farmers and other producers would rise much more than retail prices. This would bring farm prices into adjustment with other prices. It is sometimes said that two steps are necessary—first, restore the price level, and second, restore the relationships of farm prices to other prices. If the first step is taken, the second follows automatically.

Prices of basic commodities, such as copper, corn, wheat, and cotton, would rise very decidedly because they are so far below the price level that would be restored.

The declines in values of homes and farms would be stopped.

In general, the prices that have not yet declined would be relieved from declining, and those that have declined would be restored.

Probably nothing is more universally wished for than a rise in commodity prices. We are willing to have the Farm Board buy wheat and cotton, pile tariff on tariff, lend billions of Government money—all in the hope that commodity prices may rise. But when any proposal is put forward that will raise the whole price level, it is commonly considered sacrilegious. There is probably no other subject on which so many people have formed positive convictions without scientific evidence. It is the responsibility of farm organizations to give consideration to the various possible methods of procedure.

When a city is on fire, there are only two ways to proceed. One is to let it burn itself out and get ready for the next generation to build a new city; the other is to attempt to put out the fire, even at the risk of some damage from water. Perhaps I should mention a third way of trying to dispose of it by saying that it does not exist.

Since the general level of commodity prices is the reciprocal of the value of money, there is no way to raise the price level except as the value of money declines or is lowered by law.

WHAT STABILIZATION MEANS

Stabilizing the commodity-price level does not mean that any single commodity will be free from fluctuations in price due to the supply of it or the demand for it. It does mean that com-



modity prices as a whole may be freed from being swept up or down as a mass due either to world supply of gold or frantic changes in the demands for it. There are many proposals for limited or complete stabilization.

CREDIT EXPANSION

A gradual and slow increase in the amount of monetary circulation plus bank deposits per dollar of gold in the United States has been taking place for many years. There is no indication that the Federal reserve system has speeded up this normal growth of circulation plus credit per dollar of gold. Whenever the normal is much exceeded a reaction occurs.

Some persons believe that the Federal reserve system is to blame for the decline in prices, and that there is gold enough to maintain predeflation prices if credit were properly managed. The evidence indicates that a rise in the value of gold was inevitable with the return of the world-wide demand for it. Credit management might have prevented a part of the stock-market boom. No evidence has been found that credit management could have prevented a decline in commodity prices, or that the 1929 commodity prices can be restored by credit management and still maintain the present price of gold.

By the management of credit it is possible to throw commodity prices out of line with gold by a limited amount. There is no indication that any permanent change in this relationship can be accomplished in this way. Overexpansion of credit brings on a reaction, and so does overcontraction of credit. The policy of the Federal Government in 1932 was based on the theory that prices could be raised by credit. The Reconstruction Finance Corporation lent money to many agencies in the expectation that credit expansion by the Reconstruction Finance Corporation and the Federal reserve banks would raise prices and restore equities back of securities and start business activity. The policy did check contraction, at least temporarily; but only a rise in the price structure can stop bankruptcies and start employment. It is not possible to expand credit sufficiently to do this and still maintain the present price of gold.

CURRENCY EXPANSION

It is very easy to raise the price level by an expansion of the currency, but any expansion that is sufficient to restore the prices of commodities to the debt level would make it impossible to continue to redeem each of the paper dollars with 23.22 grains of gold. There is no way of printing paper money that will make it possible materially to change the relative values of gold and commodities.

REMONETIZATION OF SILVER

By adopting bimetallism or symmetallism it is possible to set any price level that is desired. If silver is remonetized, it should certainly be done by symmetallism, as proposed by the great English economist, Alfred Marshall. This proposal is now receiving considerable attention in England. It is very simple. Instead of having a dollar exchange for 23.22 grains of gold it would exchange for some given weight of gold plus a given weight of silver. Since two commodities are more stable than one, and since silver production is less erratic than gold production, such a money would be more stable than gold. If once established, it would work in the same way in which the gold standard works, except for greater stability.

REVALUATION

Most of the continent of Europe has reduced the weight of gold in the monetary unit. It is probable that England and the 30 other countries that have suspended the gold standard will do the same. If so, this will leave the United States as one of the very few countries that attempts to maintain the pre-war price of gold, regardless of the supply of it or demand for it.

France reduced the weight of gold in the franc by four-fifths, so that when our prices are 100, her price level is about 500. The present outlook is that England will probably reduce the amount of gold in the pound by 30 to 50 per cent. The United States reduced the weight of gold in the dollar by 6.25 per cent in 1834. By reducing the weight of gold in the dollar any desired price level can be established. The future course of prices would depend on future supply of gold and future demand for it.

MANAGED CURRENCY

Two proposals have been advanced to provide for a permanently stable measure of value. One of these proposes a managed currency to be controlled by central banks in such a way as to keep the average of commodity prices stable. To operate such a system requires willingness and intelligence in the bank management and freedom from influence by politics or desire for profits.

At innumerable times in history the gold standard has broken down and a managed currency has been substituted. After great revolutions, such as the American Revolution, the French Revolution, and the German Revolution, at attempts to pay reparations, nations were so completely bankrupt that their currencies were "not worth a continental."

At innumerable other times, after the failure of the gold standard, a managed currency has been operated with a considerable degree of success. England had such a currency from 1915 to 1925, and has had such a currency since September, 1931. Prices in England since she left the gold standard have been more stable than prices here. Apparently such a country as England could permanently operate such a currency successfully. The possibility of a managed currency should not be judged entirely by its success or failure when conditions are so bad that the gold standard has failed.

THE COMPENSATED DOLLAR

The compensated dollar is a proposal to establish by law a currency redeemable in gold, but the weight of gold for which the dollar would exchange would vary with the index number of wholesale prices of all commodities; that is, if prices rose 1 per cent, the weight of gold for which the dollar would exchange would rise 1 per cent. If prices fell 1 per cent, the dollar would exchange for 1 per cent less gold. The gold would be kept in bars in the Treasury and central banks. This would keep the dollar stable in buying power for the average of all commodities.

The dollar has to be rubber either as to weight or as to value. It can not have a fixed weight and also have a fixed value. This proposal would give it a fixed value and a rubber weight. It raises the fundamental question as to whether a medium of exchange should be fixed in weight or fixed in value.

A scientific money is one with a constant buying power for all commodities rather than a fixed weight of one commodity. Our whole tax and debt structure rests on commodity prices. If this structure is to be kept sound either for the creditor or the debtor, it is commodity prices that need to be kept stable, not the weight of gold for which a dollar will exchange.

THE GOLD CLAUSE

A considerable number of bonds in the United States call for payment in a gold dollar of present weight and fineness. This does not apply to Federal land bank bonds or mortgages nor to most of the mortgages of joint-stock land banks and life-insurance companies. These agencies agree to pay their creditors in lawful money, and are therefore protected if they collect lawful money from their debtors.

The problem to-day is not whether creditors will be paid in any particular brand of a dollar, but whether they will get anything. Sometimes they get less than nothing, for they get a non-income-paying property with delinquent taxes. If the dollar is revalued, Congress will probably invalidate such contracts, or if this is considered to be unconstitutional, can easily tax the profits derived from such a source by a sufficient amount to prevent collection.

If the price level were restored, business would proceed, jobs would be available, taxpayers would be relieved of feeding millions of unemployed, and it would be easier to pay one-third more than the bond calls for than it now is to pay the present sum.

The gold clause is probably of little value to any creditor, and even if enforced, it is a minor matter when considering the innumerable effects of deflation. Ten million unemployed is a far more serious matter than the gold clause.

If we continue to allow our whole price and debt structure to be based on accidental discoveries of some one commodity or the accidents of demand for it, we should not be surprised to see the social system that depends on such an unstable medium of exchange seriously threatened. The present revolutions and political upheavals in the world are the direct and indirect results of a breakdown in the medium of exchange. If such a monetary system continues, every investor, farmer, home owner, and business man should give first attention to the probable supplies of and demand for gold before he considers the details of his business.

Mr. THOMAS of Oklahoma. Mr. President, the Finance Committee of the Senate is at this time preparing to hold hearings in order to find out, if possible, the cause of the present depression, and if possible discover some remedy which may bring about an upturn in our present economic condition. A few days ago I sent to the soon-to-be chairman of the Finance Committee, the senior Senator from Mississippi [Mr. HARRISON] some suggestions which I thought might be helpful for the guidance of the committee in its investigations. What I submitted had to do with the management of money and credits and their relation to and effect upon prices and business. I ask unanimous consent to have printed at this point a copy of the agenda submitted by me to the Finance Committee through the Senator from Mississippi [Mr. HARRISON].

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

Effect, if any, of the management of money and credit upon business:

1. In 1912 amount of money in circulation was $3,335,000,000. On April 1, 1921, circulation was $6,207,000,000, an increase of $2,872,000,000 in eight years.

(A) During this period of radical increase in circulation prices of commodities and real estate increased correspondingly and good times were enjoyed by every class of business.

2. Beginning April 1, 1931, money in circulation began to decrease, and on July 31, 1930, amount of money in circulation was $4,426,000,000, a decrease of $1,781,000,000.

(A) During such deflation of money in circulation we had general decline in commodity prices, farm lands, real estate, and prices generally.

3. In May, 1920, when we had largest amount of money in circulation, the buying power of the dollar, as measured by the

United States Department of Labor, Bureau of Labor Statistics, was $0.598, and in December, 1932, when bank credit was nonexistent and when large volumes of currency were reported to be hoarded, the buying power of the dollar had increased to $1.597.

(A) The foregoing shows that by withdrawing money from circulation, making money scarce and thereby dear, the buying power of the dollar increased from approximately 60 cents to approximately $1.60.

4. As measured by the Department of Labor wholesale-price index, debtors are now required to pay the amount of value borrowed in 1920, plus 100 cents on each dollar, because of the added value of the dollar.

(A) This 100-cent increased value must be paid on every item of debt as follows: (a) On taxes; (b) on interest; (c) on debts; (d) on salaries.

5. Holders of fixed investments such as bonds and notes, acquired around 1920, have buying power, or value, or wealth, to the extent of three times the value paid for such securities, such value not having been paid for or earned, yet debtors, to liquidate bonds and notes under present-valued dollar, must part with such three times added value to liquidate indebtedness.

6. The present high-valued dollar (160 cents) is direct cause of low-priced commodities, farm lands, and values, and so long as present high-valued dollar is retained, producers of raw materials, such as farmers, miners, and lumbermen, will be unable to meet their taxes, their interest, and their obligations.

7. Hence, if figures are accurate and reasoning sound, the present high-valued dollar must be reduced in buying power as a prerequisite for a return of business activity and prosperity.

Mr. THOMAS of Oklahoma. Likewise, Mr. President, I ask permission to submit for the RECORD a list of leading economists of the country who might be called to testify upon this particular matter, which, I think, has much to do with our present economic condition.

The PRESIDING OFFICER. Without objection, that order will be made.

The list referred to is as follows:

James Harvey Rogers, Yale University, New Haven, Conn.; Willford I. King, New York University, New York City; Harry G. Brown, Missouri University, Columbia, Mo.; G. F. Warren, Cornell University, Ithaca, N. Y.; F. A. Pearson, Cornell University, Ithaca, N. Y.; Paul Douglas, Chicago University, Chicago, Ill.; Professor Millis, Chicago University, Chicago, Ill.; John R. Commons, Wisconsin University, Madison, Wis.; Professor Ise, Kansas University, Lawrence, Kans.; Professor Brown, industrial relations department, Princeton University, Princeton, N. J.; Alvin Hansen, Minnesota University, Minneapolis, Minn.; Dr. Irving Fisher, Yale University, New Haven, Conn.; Chester Phillips, Iowa University, Iowa City; Charles Tibbetts, University of Buffalo, Buffalo, N. Y.; John B. Canning, Stanford University, Palo Alto, Calif.; J. M. Clark, Columbia University, New York; Wesley C. Mitchell, Columbia University, New York; Carl Snyder, Federal Reserve Bank of New York; Warren M. Persons, Standard Statistics Corporation, New York; Warren F. Hickernell, Yale Club, New York City; Harold L. Reed, United States Chamber of Commerce, Washington, D. C.; C. O. Hardy, Brookings Institution, Washington, D. C.; Victor S. Clark, Congressional Library, Washington, D. C.; Doctor Raffalowich, Marshal Field & Co., Chicago, Ill.

DISTRIBUTION OF GOVERNMENT-OWNED COTTON

Mr. SMITH submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 2.

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following substitute:

"SEC. 3. In so far as cotton is delivered to relief agencies by the Cotton Stabilization Corporation under this act the Federal Farm Board is authorized to cancel such part of its loans to such corporation as equals the proportionate part of said loans represented by the cotton delivered hereunder, less the current market value of the cotton delivered, and to deduct the amount of such loans canceled from the amount of the revolving fund established by the agricultural marketing act. To carry out the provisions of this act the unexpended balance of appropriations made for carrying out the provisions of the joint resolution entitled 'Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress', approved July 5, 1932, is authorized to be made immediately available, and, in addition, the sum of $4,100,000 is authorized to be appropriated and made immediately available to the Federal Farm Board to be used solely for the following purposes: For advancing to such corporations amounts to repay loans held by commercial or intermediate credit banks against cotton which would be released for donations under this act and to retire all storage and carrying charges against cotton, including compression charges, at the time of the approval of this act; and for meeting carrying, and handling charges, and interest payments on commercial or intermediate credit bank loans, on or against cotton which would be released for donations under this act between the date of its approval and the delivery of the cotton to the American National Red Cross or other organization. Any additional amounts necessary for such purposes shall be paid from the revolving fund established by the agricultural marketing act."

And the Senate agree to the same.

CHAS. L. MCNARY,
G. W. NORRIS,
E. D. SMITH,
Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
G. N. HAUGEN,
Managers on the part of the House.

The report was agreed to.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin to the amendment of the Senator from California.

Mr. BARKLEY. Mr. President, I wish to ask the Senator from California a question. In the Post Office and Treasury appropriation bill passed a year ago, making appropriations for the fiscal year ending next June 30, there is a provision very similar to the amendment offered by the Senator from California. That is not a provision that pertains simply to that appropriation bill, but it was permanent law, because it provides that "hereafter" the very things should occur which are provided for in the amendment of the Senator from California.

Mr. JOHNSON. The Senator is correct.

Mr. BARKLEY. What shortcoming is there in that provision, which is already permanent law, which renders it impossible to take care of the situation the Senator from California has in mind in offering his pending amendment?

Mr. JOHNSON. That relates to a particular department. There is no such law that is applicable to-day to the Interior Department or to some other department. A general act, therefore, was presented in the House; it was passed by the House, and, after it was passed upon by the committee here with an amendment, it was endeavored to be put upon this bill, and that is substantially the amendment that is here offered.

Mr. BARKLEY. Mr. President, in view of the fact that this is already the law so far as the Post Office and Treasury Departments are concerned, why would there be any objection to offering the same provision on each appropriation bill and making it permanent law as to that department—not making it temporary as to the particular appropriation—rather than to have incorporated in this bill, which is an appropriation for two departments where this provision already is in force, a provision applying to all the departments?

Mr. JOHNSON. Because it would not be general law applicable to all the departments.

It is quite true, as the Senator suggests, that we could make three or four bites at the cherry, and offer an amendment to each particular appropriation bill. I have sought to eliminate that particular contingency, however, by a general act already passed by the House that will be applicable to all the departments of government.

Mr. BARKLEY. Is there any substantial difference between the provisions of law now in force, applicable to the Post Office and Treasury Departments, and the Senator's amendment, except that his amendment applies to all departments and the present law applies only to two?

Mr. JOHNSON. Yes. The amendment that has been offered by me is broader in character and endeavors to stop some of the gaps that were presented by the other amendments that have been made to the different appropriation bills.

Mr. BARKLEY. In other words, if I understand the Senator's amendment, it provides that the departments shall be required not only to purchase supplies produced, mined, and so forth in the United States, according to the present law, but to purchase articles manufactured out of those articles. In other words, whereas the present law applying to the Post Office and Treasury Departments is rather limited to raw materials in its scope, the Senator's amendment seeks to enlarge that so that anything manufactured out of those raw materials comes under the same law. Is that true?

Mr. JOHNSON. Substantially so. I would not express it exactly that way, but I think the idea the Senator from Kentucky has is correct. There is another element, too, of this amendment that relates to contracts, and that the contract shall be of the same sort as has been indicated.

Mr. BYRNES. Mr. President, will the Senator from Kentucky yield to me? I desire to read to him the language of that law. It provides that the heads of these two departments—Treasury and Post Office—shall, unless in their discretion the interest of the Government will not permit—

> Purchase, or contract for, within the limits of the United States, only articles of the growth, production, or manufacture of the United States.

That is the existing law as to these two departments.

Mr. BARKLEY. Yes. That language makes it practically as broad in its scope as the amendment offered by the Senator from California.

Mr. JOHNSON. It makes it what?

Mr. BARKLEY. It makes it, as applying to these two departments, practically as broad as the amendment of the Senator, except——

Mr. JOHNSON. No; I would not say that at all.

Mr. BARKLEY. Except that it applies only to the direct purchase by the Government of these supplies, and probably does not go so far as to require the same conditions with reference to the supplies purchased by contractors who have dealings with the Government.

Mr. JOHNSON. Yes; the amendment is broader in that respect, and goes to the manufactured article as well. Will the Senator from Kentucky permit me to add to my reply that if the amendment of the Senator from Wisconsin is adopted, it will, in my opinion, blow a hole in the endeavor that I make by the amendment that I have presented; and I trust it will not be adopted.

Mr. TRAMMELL. Mr. President, I desire to inquire what we are about to vote on.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. BLAINE] to the amendment of the Senator from California [Mr. JOHNSON]. Upon that question the yeas and nays have been demanded. Is the demand seconded?

Mr. BLAINE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll to develop the presence of a quorum.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Barbour	Black	Bratton
Austin	Barkley	Blaine	Brookhart
Bankhead	Bingham	Borah	Bulkley
Bulow	Glass	Logan	Sheppard
Byrnes	Glenn	McGill	Shipstead
Capper	Goldsborough	McKellar	Smith
Caraway	Gore	McNary	Smoot
Clark	Grammer	Metcalf	Steiwer
Connally	Hale	Moses	Swanson
Coolidge	Harrison	Neely	Thomas, Idaho
Copeland	Hastings	Norbeck	Thomas, Okla.
Costigan	Hatfield	Norris	Townsend
Couzens	Hayden	Nye	Trammell
Cutting	Hebert	Oddie	Tydings
Dale	Hull	Pittman	Vandenberg
Davis	Johnson	Reed	Wagner
Dickinson	Kean	Reynolds	Walcott
Dill	Kendrick	Robinson, Ark.	Walsh, Mass.
Fess	Keyes	Robinson, Ind.	Walsh, Mont.
Fletcher	King	Russell	Watson
Frazier	La Follette	Schall	Wheeler
George	Lewis	Schuyler	White

The PRESIDING OFFICER. Eighty-eight Senators have answered to the roll call. A quorum is present.

Mr. BLAINE. Mr. President, it is not my intention to debate the amendment which I have offered. I desire to inform the Senate that the amendment which I have offered is in the identical language of the present law as it relates to the War Department, the Post Office Department, and the Treasury Department, all three of which provisions are uniform. I propose to adopt the same uniform language, but have inserted in the modification of the amendment the words "and/or," so that it will read:

> Articles of the growth, production, and/or manufacture of the United States.

Mr. DILL. Mr. President, I should like to have the attention of the Senator from California [Mr. JOHNSON]. I should like to have the Senator explain, if he will, in my time, what is the effect from his viewpoint of the amendment offered by the Senator from Wisconsin [Mr. BLAINE].

Mr. JOHNSON. Mr. President, the Senator from Wisconsin strikes out, as I recall, lines 7 to 12 of section 2 of the bill. He inserts in lieu thereof:

> Articles of the growth, production, and/or manufacture of the United States.

From my standpoint, the vice of his amendment is that from outside, from a foreign country, could be brought into this country the material which could be manufactured as seen fit, and then it would not be within the prohibition of the law.

For instance, as I have repeatedly stated upon the floor, the impelling cause of this measure was the situation at the Boulder Dam, where it was expected that the lowest bid would be from Germany for the turbines or generating machinery and the like—a transaction involving about $6,000,000. Now, assume that they brought over from Germany part of the machinery, and assume that they brought over then in another ship another part of it, and in another ship another part of it, and then, in some factory in this country it was assembled and manufactured. Then, there would be no prohibition upon it such as I desire to put in this bill upon bids of that sort.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Wisconsin [Mr. BLAINE] to the amendment of the Senator from California [Mr. JOHNSON]. Upon that question the yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered.

Mr. GORE. Mr. President, I think that the Senator from California a few moments ago stated the issue which divides Senators upon this amendment clearly and fairly. Indeed, he presented the issue in a very pointed way. He took this illustration: A contractor constructing a building here on Pennsylvania Avenue advertises for bids on certain materials. An American manufacturer submits a bid to supply the materials for $11,000. An importer, say, of English or Canadian goods submits a bid to furnish the same materials for $10,000. The American bid is $1,000 more than the bid on the imported goods.

The Senator says that we ought to pass a law providing that the American bid shall be accepted and that the bid on the imported goods shall be rejected. He insists that the Government should be compelled to pay a thousand

dollars more for the American-made goods than it would be obliged to pay for the imported goods.

Mr. President, that is the issue. That is the point. I do not understand how the Senator could make an appeal that that should be done in behalf of American taxpayers, because the proposal would compel the American taxpayer to pay $1,000 more for the domestic goods than for the imported goods. The American taxpayer, with cotton at 5 cents a pound, corn at 10 cents a bushel, and prunes at 2 cents a pound, will have to pay a thousand dollars more for the materials than they are worth; would have to pay a thousand dollars more for the materials than they would cost under the importer's bid.

Mr. COSTIGAN. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Oklahoma yield to the Senator from Colorado?

Mr. GORE. I yield.

Mr. COSTIGAN. Will the Senator from Oklahoma tell us whether this proposal is part of an economy program?

Mr. GORE. Oh, yes.

Mr. COSTIGAN. Will the Senator also tell us whether there are any safeguards in the amendment against monopoly charges?

Mr. GORE. I am coming to that in a moment. The American taxpayer would be compelled to pay $1,000 more for this order than the materials would be worth. Just how the American taxpayer would profit by that transaction defies my imagination.

Mark this, Mr. President, in the case which I am discussing, the imported goods have already scaled our high tariff walls, and to have paid tariff rates which were deemed to be sufficient to protect American industry. They have made that contribution to the Treasury of the United States, they have entered our markets, under existing law, and are entitled to compete with American goods.

Notwithstanding they have scaled the tariff walls, it is proposed here that we disfranchise them entirely. It is proposed here that they can not be purchased at any price, even though the price is only half as much as the American price. In the interest of economy, and in behalf of the American taxpayers, we are to pay more for the thing than the thing is worth. This amendment prohibits absolutely the purchase and use of imported articles in the case under discussion. We have placed them under a ban, under an embargo. This invites combination on the part of American manufacturers. The tariff did not exclude all competition. We invite American steel concerns, we will say, to enter into a combination. They may well do so, because no matter what the foreign price, these imports are excluded, they are forbidden, and, no matter how high the price may be run up by such a combination, they are secure against all foreign competition.

What is the only other point? That the use of these imported materials displaces so much American labor. If that were true, there might be some force in that argument. But that argument is not sound. These imported materials which were to be used in the building here in Washington had to be paid for before they scaled our tariff walls. They were paid for with American exports. They were paid for in part with American cotton. In part they were paid for with American lard, paid for in part with American tobacco, paid for in part with American flour, paid for in part with American prunes, all paid for with American goods, and these American goods which were exported in exchange for the imported goods gave as much employment to American labor to all intents and purposes as if the imported goods had been produced in this country, not to the same laborers, but substantially the same laborers.

Mr. President, there is a point which Senators overlook, and there lies the fallacy in the argument that imported goods displace American labor. Imported goods are paid for with American goods, paid for with exported goods, and exported goods are produced by American labor.

I want to repeat, Mr. President, that the world to-day is suffocating beneath the burden of unexchanged surpluses. The Johnson amendment is not going in the right direction, it is going in the wrong direction.

As I see it, there is only one hope, and that is that protectionism is going mad, that protectionism is committing suicide. It may be that things must get worse before they get better, and once protection hardens into prohibition, as it does in this amendment, it seems to me that the end ought to be drawing nigh.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the junior Senator from Wisconsin [Mr. BLAINE] to the amendment proposed by the senior Senator from California [Mr. JOHNSON]. On that question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). I have a pair with the junior Senator from Nebraska [Mr. HOWELL], who is necessarily absent on official business of the Senate. In his absence I withhold my vote.

Mr. FESS (when Mr. GLENN's name was called). The senior Senator from Illinois [Mr. GLENN] has a general pair with the senior Senator from Virginia [Mr. SWANSON].

Mr. HEBERT (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. BAILEY]. In his absence, not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. McNARY (when his name was called). I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. Not knowing how he would vote, I shall withhold my vote. If permitted to vote, I would vote "nay."

Mr. COSTIGAN (when Mr. NEELY's name was called). The junior Senator from West Virginia [Mr. NEELY] is unavoidably absent.

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. I am unable to obtain a transfer, and, therefore, in the absence of the Senator from Mississippi, not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "nay."

The roll call was concluded.

Mr. FESS. I desire to announce the following general pairs:

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG]; and

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER].

The Senator from Missouri [Mr. PATTERSON] is detained from the Senate on account of a death in his family.

Mr. THOMAS of Idaho (after having voted in the negative). Has the junior Senator from Montana [Mr. WHEELER] voted?

The PRESIDENT pro tempore. That Senator has not voted.

Mr. THOMAS of Idaho. I have a general pair with the Senator from Montana [Mr. WHEELER], and in his absence I withdraw my vote.

Mr. CUTTING. On this question I have a pair with the junior Senator from West Virginia [Mr. NEELY]. If permitted to vote, I would vote "yea." The Senator from West Virginia, I understand, if present, would vote "nay."

The result was announced—yeas 16, nays 57, as follows:

YEAS—16

Bankhead	Borah	Clark	King
Barkley	Bulow	Coolidge	La Follette
Black	Byrnes	Costigan	Logan
Blaine	Caraway	Hayden	Shipstead

NAYS—57

Ashurst	Dale	Gore	McKellar
Austin	Davis	Grammer	Metcalf
Barbour	Dickinson	Hale	Moses
Bingham	Dill	Hastings	Norris
Brookhart	Fess	Hatfield	Nye
Bulkley	Fletcher	Hull	Oddie
Capper	Frazier	Johnson	Pittman
Connally	George	Kean	Reed
Copeland	Glass	Keyes	Reynolds
Couzens	Goldsborough	McGill	Robinson, Ark.

Russell	Smith	Tydings	Watson
Schall	Steiwer	Vandenberg	White
Schuyler	Thomas, Okla.	Walcott	
Sheppard	Townsend	Walsh, Mass.	
Shortridge	Trammell	Walsh, Mont.	

NOT VOTING—23

Bailey	Harrison	McNary	Stephens
Bratton	Hebert	Neely	Swanson
Broussard	Howell	Norbeck	Thomas, Idaho
Carey	Kendrick	Patterson	Wagner
Cutting	Lewis	Robinson, Ind.	Wheeler
Glenn	Long	Smoot	

So Mr. BLAINE's amendment to Mr. JOHNSON's amendment was rejected.

The PRESIDENT pro tempore. The question recurs upon——

Mr. TYDINGS. Mr. President, I have an amendment pending.

The PRESIDENT pro tempore. When the Senator from Maryland had his amendment read, it was read with the idea, and so announced by the Chair, that it was to lie upon the table. Therefore, the question now recurs upon the amendment proposed by the Senator from California as modified. If the Senator from Maryland now wishes to present his amendment, he may do so.

Mr. TYDINGS. Mr. President, I ask that the amendment be read.

The PRESIDENT pro tempore. Let it be read for the information of the Senate.

The Chief Clerk read as follows:

At the proper place add a new section, as follows:

"SEC. —. That hereafter any appropriation of money for crop production of any crops whereof there is already an exportable surplus in the United States is hereby rescinded, and any such appropriation shall revert to the Treasury."

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Maryland to the amendment of the Senator from California.

EXAMINATION OF DAVID S. BARRY, SERGEANT AT ARMS

Mr. WATSON. Mr. President, in the issue of the New Outlook under date of February 2, there appears an article entitled "Over the Hill to Demagoguery," which purports to have been written by David S. Barry, Sergeant at Arms of the United States Senate. The first two or three sentences of that article recite as follows:

Contrary, perhaps, to the popular belief, there are not many crooks in Congress, that is, out-and-out grafters or those who are willing to be such. There are not many Senators or Representatives who sell their vote for money, and it is pretty well known who those few are.

Mr. Barry has been connected with the Senate as Sergeant at Arms for a good many years. Prior to that he was a newspaper correspondent in the city of Washington and very familiarly acquainted with Senators and Representatives and men in public life. It is very difficult for any of us to believe that Mr. Barry could have meant what he said in this article, but it is here in cold type and is something that no Senator believes should be permitted to pass by without an explanation which I think he ought to have the opportunity to give in open Senate.

Therefore I move that Mr. Barry be brought before the bar of the Senate for the purpose of answering such questions as may be asked him touching this article or to make any explanation he may have in mind on the merits of the proposition.

The PRESIDENT pro tempore. May the Chair suggest that probably a wiser course would be to have the matter referred to the Committee on Rules?

Mr. ASHURST. Mr. President, a point of order. The Chair has no right to argue from the chair. If the Chair wishes to argue, he should take his place on the floor of the Senate.

The PRESIDENT pro tempore. The Chair may make a suggestion.

Mr. ASHURST. No; he may not!

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Nebraska?

Mr. WATSON. I yield.

Mr. NORRIS. I would like to add to the motion of the Senator from Indiana that Mr. Barry be brought before the Senate the suggestion that the oath be administered to him.

Mr. ROBINSON of Arkansas. Mr. President, I think too, in addition to the suggestion of the Senator from Nebraska, that Mr. Barry should be required to state in open Senate who are the Senators and Representatives who, as he says, everybody knows are crooks.

Mr. WATSON. That suggestion is entirely in order.

The PRESIDENT pro tempore. The motion made by the Senator from Indiana is wholly privileged. The question is on the motion of the Senator from Indiana. [Putting the question.] The motion is agreed to unanimously. The Chair awaits suggestions as to the method under which the Senate shall proceed.

Mr. ASHURST. Mr. President, I respectfully move that all questions propounded to Mr. Barry shall be in writing.

Mr. WALSH of Montana. Mr. President, in a matter as grave as this it seems to me the Senate ought not to proceed precipitously. Mr. Barry stands in a way accused here, and certainly ought to have an opportunity to prepare to make whatever explanation or defense he can, and to be advised by counsel before he is called upon.

Mr. BORAH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Idaho?

Mr. WATSON. I yield.

Mr. BORAH. If, after Mr. Barry is brought before the bar of the Senate, he desires time and desires counsel, of course we would not deny it to him, but I think as a first step he should be brought here and let him indicate what he desires.

The PRESIDENT pro tempore. The Chair, being without precedents, will act upon any suggestion that a majority of the Senate wish to impose. If the Senator from Arizona will permit, the Chair will again say that probably the proceeding should be determined by the Committee on Rules.

Mr. REED. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Pennsylvania?

Mr. WATSON. I yield.

Mr. REED. I observe that Mr. Barry is now in the Chamber. I move that the oath be now administered to him by the Presiding Officer.

The PRESIDENT pro tempore. Is there objection?

Mr. ASHURST. Mr. President, I have no objection to that motion, but I insist on my motion that all questions submitted to Mr. Barry shall be in writing. We had trouble in this same way in the Archbold impeachment case with Senators rising and propounding questions and cross-fire questions. Finally we determined that the only practical way to proceed was to propound the questions in writing. I shall insist on my motion after the oath has been administered.

The PRESIDENT pro tempore. After the oath is administered?

Mr. ASHURST. Yes.

The PRESIDENT pro tempore. The Chair will administer the oath to the Sergeant at Arms.

Mr. GORE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Oklahoma?

Mr. WATSON. I yield.

Mr. GORE. I wish to say I am inclined to think the suggestion made by the Chair is a wise one. I am not certain that the Senate ought to be stampeded. I do not mean that it has been or is being stampeded, but I think we ought to proceed in a reasonable way. So far as I am concerned, if Mr. Barry has any information on this matter he is wiser than I am. I am not sure but that the Senator from Montana [Mr. WALSH] is correct in his suggestion. I share in the desire to have all the information that is available. If Mr. Barry has any facts they ought to be made known, and when made known, proper action ought to be taken. But I am not really certain that the United States Senate ought

to exhibit haste of this kind. It seems a little unseemly, though I may be wrong.

Mr. BORAH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Idaho?

Mr. WATSON. I yield.

Mr. BORAH. I repeat that after Mr. Barry has taken the oath—and he is a very intelligent gentleman—he may suggest that he desires time and desires counsel; but these charges have been made openly, they are a part of the public knowledge. So far as I am concerned, I am not willing that the hearing shall be behind the closed doors of a committee.

Mr. WATSON. Mr. President, I will say, along that line, that perhaps a third of the Members of the Senate have been to me touching this matter. I suggested to a number of them that the matter be referred to a committee. There was no one in favor of that procedure. They said Mr. Barry is a man of high intelligence, has been connected with public life for some time, was a newspaper correspondent before that, and well understands the meaning of language and knows what he wanted to say, and is in a position to explain what he did mean if he did not mean what the article says. Therefore it is my thought that it is entirely fair to him under the conditions that he shall come before the bar of the Senate and offer any explanation that he may have to make.

The PRESIDENT pro tempore. May the Chair make a suggestion, with the permission of the Senator from Arizona?

Mr. ASHURST. I cheerfully grant permission. [Laughter.]

The PRESIDENT pro tempore. This is a unique proceeding. The Senate is about to put on hearing one of its officers. The oath is about to be administered to that officer under a vote of the Senate. The manner of proceeding with the hearing is wholly unknown to the Senate. It has occurred to the Chair that at least the matter of procedure might be referred to the Committee on Rules, so that the Senate might establish a precedent in the event that hereafter some of its officers should possibly transgress the proprieties.

Mr. McKELLAR. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Tennessee?

Mr. WATSON. I yield.

Mr. McKELLAR. It seems to me Mr. Barry might desire to have something to say after the oath is administered to him. He should be afforded the opportunity to give whatever explanation he wants to give here openly. I see no reason why the course we are now pursuing is not the right and proper course.

The PRESIDENT pro tempore. The Chair is about to administer the oath to the Sergeant at Arms.

(Sergeant at Arms Barry rose and raised his right hand.)

The PRESIDENT pro tempore. You do solemnly swear, in reference to the cause now on hearing before the Senate, that you will tell the truth, the whole truth, and nothing but the truth, so help you God?

Sergeant at Arms BARRY. I do.

The PRESIDENT pro tempore. The Senate is now resolved into a court of trial to hear the Sergeant at Arms.

Mr. ASHURST. Mr. President, I respectfully move that any and all questions to Mr. Barry be in writing.

The PRESIDENT pro tempore. Does the Senator ask that any time be given Mr. Barry in which to consider his answers?

Mr. BORAH. Mr. President, I suggest that Mr. Barry state whether or not he desires to proceed at this time. If he desires time to consult counsel, the Senate ought to give it to him. After that we can determine how we will question him, if he does not desire time.

The PRESIDENT pro tempore. Very well; the Senate will hear the Sergeant at Arms.

Sergeant at Arms BARRY. I have no desire to have counsel. There is no real explanation to make. The article stands for what it says. Any further statement that is desired I will be glad to make about it, but I have no desire to make one.

The PRESIDENT pro tempore. Very well. Then the question recurs upon the motion of the Senator from Arizona, namely, that any questions to be propounded by any Senator to the Sergeant at Arms in the course of the hearing now being held shall be submitted to him in writing.

The motion was rejected.

The PRESIDENT pro tempore. The Chair awaits further action on the part of the Senate.

Mr. WATSON. Mr. President, may I be permitted to ask Mr. Barry a question or two?

The PRESIDENT pro tempore. The Chair assumes that the Senate for the minute has resolved itself into a court of inquiry, and, having rejected the motion of the Senator from Arizona that questions to the Sergeant at Arms be propounded in writing, the Chair holds that any Senator may rise and orally propound to the Sergeant at Arms any question which he has in mind.

Mr. WATSON. Mr. Barry, did you write the article in the New Outlook published this month?

Sergeant at Arms BARRY. I did.

Mr. WATSON. In that article did you say—

> There are not many Senators or Representatives who sell their vote for money, and it is pretty well known who those few are.

Sergeant at Arms BARRY. Yes, sir; I did.

Mr. WATSON. Who are those Senators and Representatives who you know have sold their votes for money?

Sergeant at Arms BARRY. I have not the slightest idea. I had no Senator in mind, and I do not know that there is such a Senator.

Mr. WATSON. What, then, Mr. Barry, did you mean by that language?

Sergeant at Arms BARRY. My idea in writing that was to defend the Senate from the popular belief that there are crooks and grafters here. I have for 30 years taken that view. I have written a great many times and said a great many times that there are no crooks in Congress; that it is a mistaken popular belief, but it is the general belief; and I meant by that, of course, that if there were a few men here who did take money for their votes they would be very well known to their colleagues. I meant nothing further than that and my motive was entirely in the way of defense of the Senate.

I will say that I wrote this article some time ago and never knew it was published until Mr. LAGUARDIA spoke today. I never received a proof of it. I never had an opportunity to revise it. I do not say that I would have changed the proof, but I might have done so, and I certainly would if my attention had been called to the meaning of these words. I should certainly have changed it, because I do not know of any such men and did not mean to imply that I did.

Mr. BARKLEY. Mr. President, I should like to ask the Sergeant at Arms if he received compensation for the publication of this article?

Sergeant at Arms BARRY. I have not received any compensation, but I presume I will; I expect to be paid for it.

Mr. BARKLEY. Did you write it at the request of the publisher of this magazine?

Sergeant at Arms BARRY. Yes, sir. I did not write this particular article—but I agreed to write them some articles, but not to have any name. I submitted this article, along with another article, and that is the last I heard of it.

Mr. BARKLEY. You wrote it under a contract with them?

Sergeant at Arms BARRY. Yes, sir.

Mr. BARKLEY. To receive compensation?

Sergeant at Arms BARRY. The arrangement for compensation was made after I had written it and submitted it.

Mr. BARKLEY. How many articles are you to write for this magazine?

Sergeant at Arms BARRY. I have not any idea, sir.

Mr. BARKLEY. Will they all be on the Senate?

Sergeant at Arms BARRY. Oh, no, sir.

Mr. BARKLEY. What are you to be paid for the article that has been published?

Sergeant at Arms BARRY. I do not exactly know. I supposed that before this article was printed there would be a definite arrangement about that, and I was very much surprised when it was printed. I did not know it until to-day.

Mr. BARKLEY. You said you prepared it in pursuance of a contract you had with the publishers, did you not?

Sergeant at Arms BARRY. Yes, sir. I had a general contract with them.

Mr. BARKLEY. What were the terms of that contract?

Sergeant at Arms BARRY. They were to pay me $250 an article.

Mr. BARKLEY. That is what you expect?

Sergeant at Arms BARRY. That is what I expect; yes.

Mr. BARKLEY. You do not know how many will be published?

Sergeant at Arms BARRY. No; nothing was said about that.

Mr. BARKLEY. At that rate you will keep on as long as they will print them I suppose?

Sergeant at Arms BARRY. I do not know—unless I run out of subject matter. My motive is entirely the opposite to what seems to be regarded by those who read the article. It is pretty badly expressed.

Mr. BARKLEY. In other words, gathering the opinion from the context of the first paragraph, your intention was to defend the Senate and House by stating that only a few men sell their votes?

Sergeant at Arms BARRY. That is the motive that I had in mind. I have for a great many years heard these charges as to Members of Congress being crooks. It is taught in the schools here and in the universities. They teach them that. I know one young man who, since this matter came up to-day, told me that his professor taught him in school that Congressmen were crooks and took money for their votes, and all the young men growing up that I have talked to have that idea. It was entirely for the purpose of defending them from any such charges that I wrote the article.

Mr. BARKLEY. Let me ask, if you had had the intention of defending the Senate and the House could you not have said that if there were any such men they could be easily known? Why did you not use that language instead of stating—

> There are not many Representatives or Senators who sell their vote for money, and it is pretty well known who these few are.

Sergeant at Arms BARRY. I think, Senator, that was thoughtlessly used. I did not intend to say it definitely. I did not have in mind any person when I wrote it.

Mr. BARKLEY. You have had long experience as a writer?

Sergeant at Arms BARRY. Yes.

Mr. BARKLEY. You know, of course, what the ordinary citizen reading language of that sort would infer?

Sergeant at Arms BARRY. I do not think they would infer what seems to have been inferred generally here. I think they would have gone more on what it says.

Mr. BARKLEY. Reading that language now as it is published in the first paragraph of your article, what other interpretation would any ordinary intelligent person put upon it except that you knew of certain Members of Congress who had sold their votes, although there were only a few of them?

Sergeant at Arms BARRY. I do not know that they could make any other inference, but I did not intend to say that I knew them or that others knew them. My intention was to carry the statement that they would be so few that they would all be known to everybody, and probably were.

Mr. BARKLEY. In other words, you think the fewer they are the better they would be known, rather than if they were all guilty, it would be secret?

Sergant at Arms BARRY. Certainly it would be known if there were a few of them; but I had no other intention than as I have stated.

Mr. NORRIS. Mr. Barry, you say in this article:

> There are not many Senators or Representatives who sell their vote for money.

Could you draw any other implication from that than that there were several who did sell their votes for money?

Sergeant at Arms BARRY. Well, I believe that would be the natural inference.

Mr. NORRIS. Do you mean to say that is true?

Sergeant at Arms BARRY. I do not.

Mr. NORRIS. Well, why did you say it in this article if you were honestly trying to defend Congress against attacks which you believed to be false?

Sergeant at Arms BARRY. I can only say that I think it is rather thoughtlessly and carelessly written. If I had had an opportunity to correct it, to correct the proof of it, I think probably that would have been changed. It certainly would have been if anybody had called my attention to the language.

Mr. NORRIS. Following that language I have just read, you say:

> And it is pretty well known who those few are.

Can you give any intelligent reason to the Senate why you used that language unless you wanted to convey by the language I first read to you that there were some Senators and Representatives who did sell their votes for money?

Sergeant at Arms BARRY. No, sir; I can not.

Mr. NORRIS. Well, what explanation have you to give for that language—is it true or false?

Sergeant at Arms BARRY. I can not say.

Mr. NORRIS. Then, if you can not say, why did you make the charge which on the face of it leaves no doubt whatever? You have said here that—

> There are not many Senators or Representatives who sell their votes for money, and it is pretty well known who those few are.

Sergeant at Arms BARRY. I may have been mistaken in making that statement.

Mr. NORRIS. Is that statement true?

Sergeant at Arms BARRY. It may not be; I have no way of proving it.

Mr. NORRIS. You made such a statement without having any evidence—is that true?

Sergeant at Arms BARRY. I am unable to say.

Mr. NORRIS. If it is true, then give us the evidence. If you know anybody in the Senate or House who has sold his vote for money, give the name or the names of those Representatives or Senators now.

Sergeant at Arms BARRY. I do not think I shall do that, Senator.

Mr. NORRIS. I did not quite understand; speak a little louder, please.

Sergeant at Arms BARRY. I say I do not think I shall do that.

Mr. NORRIS. Do you mean to say, because you will not do it, that there are such men?

Sergeant at Arms BARRY. No, sir.

Mr. NORRIS. And you refuse to tell who they are?

Sergeant at Arms BARRY. No, sir; not at all.

Mr. NORRIS. Then what do you mean?

Sergeant at Arms BARRY. I do not know any.

Mr. NORRIS. Do you have any knowledge of any Member of the House or Senate who sells his vote or has sold his vote for money?

Sergeant at Arms BARRY. No, sir; I have not.

Mr. NORRIS. Do you have any knowledge of any Senator or Representative who has sold his vote for anything else besides money?

Sergeant at Arms BARRY. No; I have not any knowledge to that effect.

Mr. NORRIS. The Senator from Indiana did not read the portion following what he read to you. I had better read all of it, so as to get the sense:

> There are not many Senators or Representatives who sell their vote for money, and it is pretty well known who those few are:

but there are many demagogues of the kind that will vote for legislation solely because they think that it will help their political and social fortunes.

And then you follow that by this language:

This is what passed the constitutional amendment providing for the popular election of Senators, it is what passed the amendment giving suffrage to women, it is what passed the prohibition amendment, and it is what has made possible the almost sucessful attempt to hang the bonus on the American taxpayers.

Is it true, in your judgment, that there are demagogues in the House and Senate, and it is because of the votes of those demagogues that these amendments have been submitted to the people?

Sergeant at Arms BARRY. I most certainly do.

Mr. NORRIS. You think everybody who voted, then, for the constitutional amendment providing for the popular election of Senators was a demagogue?

Sergeant at Arms BARRY. I certainly do not.

Mr. NORRIS. Then how do you classify them?

Sergeant at Arms BARRY. In various ways. I classify them. I have classified them in the article, as I have explained, from my viewpoint.

Mr. NORRIS. I do not get your meaning. You say now that you think that it is because of the votes for that amendment cast by demagogues that they were enabled to pass it? If that be true, does it not follow that those who secured the passage of the amendment were, in your judgment, demagogues?

Sergeant at Arms BARRY. That depends. That seems to be your judgment, sir. I have not said that.

Mr. NORRIS. Yes; that would be my judgment if I made the statement you have made.

Sergeant at Arms BARRY. I have not stated it.

Mr. NORRIS. What have you got to say about classifying those who favored those amendments as demagogues?

Sergeant at Arms BARRY. I have not anything to say, sir.

Mr. NORRIS. Do you not think this language classifies them as demagogues?

Sergeant at Arms BARRY. It depends upon how it is read, how people read it as it is written there, but I have not any further classification to make.

Mr. NORRIS. Do you think that the members of the legislatures of the various States that approved those amendments were demagogues also?

Sergeant at Arms BARRY. Well, I have not any means of knowing, and I was not writing about the members of those legislatures. I was writing about what passes here.

Mr. NORRIS. It is your opinion, as I understand, and you so stated here, that that is what passed the constitutional amendment providing for the popular election of Senators. It is stated just above that there are many demagogues, and that that is the reason those constitutional amendments were passed. Is that your idea?

Sergeant at Arms BARRY. Well, I think that is my idea; yes. I think the people so understand it. There are a certain number of demagogues, and a certain number of demagogic votes that were cast for it.

Mr. REED. Mr. President, it is perfectly clear that Mr. Barry has charged some of the Members of the Senate and some of the Members of the House with bribery. It is also clear that he now says under oath that that charge is unsupported by any evidence, and that he is unable to give the name of any Senator or any Member of the other House whom he knows or believes to be guilty of bribery.

I think the natural instinct of every one of us would be to declare vacant the office of Sergeant at Arms and to do it instantly, but I am apprehensive that that would be taken by the country to be a hotheaded action, to be done in the heat of resentment by the Senate, more in revenge than in soberly considered punishment.

Therefore, Mr. President, I move that the matter be referred to the Judiciary Committee of the Senate with the request to that committee to report back to the Senate, as soon as it conveniently can, what action it recommends should be taken in Mr. Barry's case.

Mr. ASHURST. Mr. President, I join heartily in the suggestion of the Senator from Pennsylvania [Mr. REED]. He has to-day erected a permanent testimonial to his character as a lawyer by making that suggestion.

Mr. NORRIS. Mr. President, I do not feel that we ought to refer this matter to the Judiciary Committee, although I am a member of it. This is testimony taken in open court. It is like a contempt proceeding. We ought to act on the undisputed evidence of the man against whom action ought to be taken.

I am not afraid of being charged with doing a thing without proper consideration. The evidence is all in. Mr. Barry has not asked and does not ask that he have an attorney, or that we give him time, or anything of that kind. He has admitted what is stated here, which, as the Senator from Pennsylvania truly says, is a charge against Members of the Senate and the House of bribery without any proof to sustain it.

It seems to me, especially since Mr. Barry is one of the officials of the Senate, has held office in the Senate here for a long time, and has openly admitted writing this article, that it is perfectly useless to take evidence. We have it all in now. We ought to act now, and I move, Mr. President, as a substitute for the motion made by the Senator from Pennsylvania that the office of Sergeant at Arms is hereby declared vacant.

Mr. GEORGE. Mr. President——

The PRESIDENT pro tempore. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Nebraska.

Mr. NORRIS. Mr. President, just a moment. I want to change the motion.

I move, as a substitute, that Mr. Barry be, and he is hereby, removed from the office of Sergeant at Arms of the Senate.

The PRESIDENT pro tempore. Stated in another form of words, the question is what the Chair originally stated.

Mr. ROBINSON of Arkansas. Mr. President, if any other punishment or penalty than that of removal from office is contemplated, I should favor the motion of the Senator from Pennsylvania [Mr. REED]; but certainly as to the question of the fitness of Mr. Barry to continue to serve as an officer of the Senate there can be no defense made, and no justification. Prompt and decisive action should be taken.

I inquire of the Senator from Pennsylvania whether he has in contemplation, and, for that matter, if other Senators have in contemplation, additional penalties to be inflicted, other than removal from office?

Mr. REED. Mr. President, in my judgment, Mr. Barry's offense constitutes a grave contempt of the Senate, and might well support other punishment than that of removal from office; but we are acting in full view of the country. We must not seem to be acting in haste, or out of pique. We must not, by anything we do, seem to make a martyr of Mr. Barry. That is all I am afraid of.

Mr. ROBINSON of Arkansas. Mr. President, if Mr. Barry had asked for time in which to make a defense, or if he had asked for the advice of counsel, I could see advantage to be gained by deferring action. It is not a pleasant thing to any of us to impose a penalty on Mr. Barry; but if the Senate of the United States, after hearing this matter, should retain in its employ an officer who has committed this contempt, every self-respecting Senator would be compelled to resign from this body.

Mr. LEWIS. Mr. President——

Mr. ROBINSON of Arkansas. Mr. President, it is for the reason that the Sergeant at Arms has divested himself of any defense to the charge, it is for the further reason that we owe some duty to the body at the other end of the Capitol—a body that has not direct jurisdiction of the persons of our officers—that I believe the Senate should act promptly.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Illinois?

Mr. ROBINSON of Arkansas. Yes; I yield to the Senator from Illinois.

Mr. LEWIS. May I make a parliamentary inquiry?

The PRESIDENT pro tempore. The Senator will propound it.

Mr. LEWIS. I desire to ascertain and ask the Senator from Arizona, the Senator from Arkansas, and the Senator from Pennsylvania, has the Sergeant at Arms been given an opportunity to say whether this article is correct, whether he has written it, whether it has been printed correctly?

Mr. ROBINSON of Arkansas. Why, Mr. President, I assume that the Senator from Illinois was not in the Chamber when the Sergeant at Arms was brought before the Senate.

Mr. LEWIS. I have just returned to the Chamber.

Mr. ROBINSON of Arkansas. Those questions were asked by the Senator from Indiana [Mr. WATSON], and other questions were asked him by the Senator from Nebraska [Mr. NORRIS] and by the Senator from Kentucky [Mr. BARKLEY].

Mr. LEWIS. I thank the Senator.

Mr. ASHURST. Mr. President, I feel somewhat as if it were an act of temerity to oppose the matured judgment of my own leader. My regard for him transcends the bounds of friendship. It is a brotherly affection; but upon this question I have decided convictions.

I wish to express what I have in my breast and in my mind.

That Mr. Barry has committed a grave indiscretion—yes; worse than an indiscretion—is true. That he has wrongfully dealt with that tender subject, human character, is not less true. If called upon to vote with the light now before me, I should vote to declare his office vacant.

But, Mr. President and gentlemen of the Senate, if there be one thing that ought to characterize a Senate, it is impartiality and an absolute freedom from any suspicion of haste, resentment, or indignation toward any person.

Mr. President, the Senate is under fire. Many vile things in cheap shows are said about the Senate; but, Mr. President, the Senate can best meet those charges and insinuations by acting with dignity and with manhood.

When a person whose hands are imbrued with the blood of his fellowman is brought before an American court, and even pleads guilty to the crime of murder in the first degree, the judge, if he be a real judge, never passes sentence then and there. He remands the offender at least for a few hours.

I support the view of the distinguished Senator from Pennsylvania. Hasty action would give the impression that Senators were so thin-skinned and so tender of criticism that simply because they possessed the power they promptly, upon the same afternoon, while hot speeches were falling from their lips, removed and stigmatized this man.

That he has done wrong no one denies, but I remember his 12 years of faithful service here, and that thousands, if not hundreds of thousands, of dollars have passed through his hands and not an unclean penny has ever clung to his fingers. That I shall vote for his removal to-morrow may be quite true; but I beg the Senate not to act as if we were moved by bitter resentment, not to act as if we were a body of men none of whom had ever been on the bench.

Here are men who have been judges of supreme courts, men who have been governors. Let calm reason prevail; let a nightfall and a sunrise take place before this man is summarily removed.

Forbearance, moderation, and restraint are the virtues of those who have power. Let those who have power always remember those grand virtues of moderation, restraint, fortitude, and endurance. Since we have the power to do this, let us endure this for another 12 hours.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me for just a brief statement?

Mr. ASHURST. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. The statement of my good friend the Senator from Arizona that he wishes to defer this action until to-morrow, when he will vote for the motion of the Senator from Nebraska, reminds me of the story of an Arkansas justice of the peace, who, 20 years ago, said:

The court will take this case under advisement until to-morrow, at which time he will promptly decide the case for the plaintiff.

[Laughter.]

Mr. ASHURST. Mr. President, I am glad that the Arkansas justice of the peace had that much moderation, humanity, and prudence; and I beg the Senate to emulate the wisdom of the Arkansas justice of the peace. [Laughter.]

Mr. COUZENS obtained the floor.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Michigan yield to the Senator from Kentucky?

Mr. COUZENS. I should like to offer an amendment to the motion of the Senator from Nebraska first, if the Senator will permit me.

I move, as an amendment to the motion made by the Senator from Nebraska, that Mr. Barry be suspended from office, and that at 4 o'clock on February 10 the Senate take final action.

Mr. GEORGE. Mr. President——

The PRESIDENT pro tempore. The amendment proposed by the Senator from Michigan happens to be an amendment in the third degree. It can not be entertained except by unanimous consent.

Mr. REED. Mr. President, my motion is still capable of modification by myself, as long as it is pending?

The PRESIDENT pro tempore. It is. The Senator from Pennsylvania has complete control of the wording of his motion.

Mr. REED. Therefore I modify my motion so that it will read in accordance with the substitute presented by the Senator from Michigan.

The PRESIDENT pro tempore. Will the Senator from Pennsylvania please state the form of words in which he now wishes the motion to be submitted?

Mr. REED. I move that the Sergeant at Arms be suspended from office until futher action of the Senate, and that at 4 o'clock on February 10 the Senate proceed to final disposition of this matter.

Mr. GEORGE. Mr. President——

The PRESIDENT pro tempore. The question is upon agreeing to the motion proposed by the Senator from Pennsylvania.

Mr. NORRIS. Mr. President, it is the motion of the Senator from Michigan, is it not?

The PRESIDENT pro tempore. It is, in form of words, but it is not in parliamentary status.

Mr. NORRIS. No; but the Chair stated that the question was on the motion of the Senator from Pennsylvania. I have offered a substitute.

The PRESIDENT pro tempore. True, and the Senator from Michigan proposed an amendment, which would have been an amendment in the third degree, and, in the view of the present occupant of the chair, it could not be entertained except by unanimous consent.

Mr. NORRIS. Then the motion of the Senator from Michigan is not in order?

The PRESIDENT pro tempore. It is not. Inasmuch as the original motion was made by the Senator from Pennsylvania, and inasmuch as the unbroken practice and the rules of the Senate commit the form of words of any motion or any amendment to the hands of the Senator making the motion or offering the amendment, the Senator from Pennsylvania is wholly within his right in modifying his original motion.

Mr. NORRIS. Mr. President, I do not know why the Chair enters into that long argument. Nobody has questioned the right of the Senator from Pennsylvania to modify his motion.

The PRESIDENT pro tempore. The Chair thought the Senator from Nebraska was questioning it.

Mr. NORRIS. No; but I want to say a word on the motion of the Senator from Michigan. However, since that is

out of order, I will say a word about the motion of the Senator from Pennsylvania.

The PRESIDENT pro tempore. Which, may the Chair state, is exactly the same.

Mr. NORRIS. What did the Chair say?

The PRESIDENT pro tempore. The motion the Senator from Pennsylvania has now before the Senate is exactly in the form in which the Senator from Michigan originally made his motion.

Mr. NORRIS. I understand that. The Senator from Pennsylvania, in other words, has modified his amendment; but my motion to substitute is the pending question.

The PRESIDENT pro tempore. It is.

Mr. NORRIS. He can not take my motion out of the way by changing his motion.

The PRESIDENT pro tempore. The Senator from Nebraska is wholly right.

Mr. NORRIS. Then, Mr. President, the question resolves itself, really, into an inquiry as to whether we shall postpone action until the 10th day of February.

Personally, I would much rather have had the motion of the Senator from Michigan or the Senator from Pennsylvania as he originally had it. But now everybody knows what we are going to do on the 10th day of February. The story told by the Senator from Arkansas applies 100 per cent. No Senator will admit now, or at any time between now and the 10th of February, that he is not going to vote to remove this man from office.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. NORRIS. Yes.

Mr. REED. Does every Senator likewise know whether he will vote for or against any further punishment, which we would have the power to inflict?

Mr. NORRIS. No; and if there is any further punishment to follow, we can impose it. The removal of Mr. Barry would not take away the power of the Senate to punish for contempt, if it wanted to.

Mr. President, we are confronted with certain evidence. There is no dispute about the evidence. Mr. Barry has admitted the facts. He has not asked for a continuance; he has not asked for the mercy sought to be extended to him, and which would be taken away from him on the 10th of February. He has not requested it, and inasmuch as the facts are beyond dispute, inasmuch as there is no question about the removal of this man in anybody's mind, I do not understand, myself, why we should not act now.

I do not entertain the fear the Senator from Pennsylvania, or the Senator from Arizona seem to have that the country will criticize us for acting too hastily in the matter. We will not still the voice of the country. Will not the country say, "When you are confronted by an unworthy official of the Senate who has admitted that he has told a falsehood and published it to the four corners of the earth, if you had the right kind of patriotism, if you had the right kind of viewpoint as to the dignity and the responsibility of your position, and the determination to keep it pure and unsullied, you would not hesitate for a minute to act, any more than if he struck you in the face you would not hesitate to return the blow, and you would not say that you would wait until the 10th of February to do it."

Mr. President, it seems to me there is no dispute, and that there is only one course we can honorably pursue, and that is to remove this man. We might, it is true, remove him to-morrow or the next day, but we know what we are going to do, so why not do it now?

Mr. GEORGE. Mr. President, I think it unfortunate that we seem to have the confused idea that Mr. Barry is on trial for some offense. He is on trial for no offense, either against the law of the United States, or any special or specific rule of the Senate.

The fact that, though he is an officer of the Senate, his offense is not against the Senate alone, but against the House of Representatives also, raises a responsibility to the other branch of the Legislature; and inasmuch as Mr. Barry is not on trial for any offense, and inasmuch as the body which elects him to this particular office, and which he serves, has an absolute right to inquire concerning his conduct at any time, it seems to me that the motion to permit him to go under suspension, and in the meantime consider the question of resignation, or what not, and then come back at a later date to hear what this body will say about this article, admittedly libelous, upon the Members of the Senate, is wholly inexcusable.

If I may be pardoned for saying it, I think, if nothing else justified the general condemnation of the Senate, conduct of that kind would unmistakably justify it. We would stand before the country wholly unexcused and inexcusable in the face of the admitted statement of Mr. Barry, an officer of this body with long experience, prior to his choice as Sergeant at Arms, I believe, a newspaper man, familiar with the processes of Government, invited not once but more than once by the Senator from Idaho and others to ask for a delay, or for an opportunity to be heard at a later date, expressly declining that invitation and saying that he was ready to proceed, and admitting here all of the facts with reference to the particular article.

Mr. President, it seems to me that to delay action on the matter is entirely without excuse, and would leave the Senate in a most unenviable and vulnerable position. Mr. Barry ought to be dismissed upon what he confesses and admits, or he ought not to be dismissed, but there is no excuse why the Senate should not act.

Mr. BARKLEY. Mr. President, I should like to ask Mr. Barry one question, if I may be permitted.

A while ago, Mr. Barry, in response to a question of mine, you stated that this article appeared earlier than you had expected it to appear in the magazine. Am I to understand by that that your real intention was to have this article appear after your term of office expires, so that the Senate would have no jurisdiction over you?

Sergeant at Arms BARRY. Not at all. I expected it to be printed this month, but I did expect to receive the proof of it, and I did not know what date it would be printed. I knew it would be printed in the month of February.

Mr. BARKLEY. Did I understand you to say a while ago that you actually wrote this article, physically, yourself?

Sergeant at Arms BARRY. Yes, sir; I did not say so, but I did write it.

Mr. BARKLEY. Nobody else wrote it and used your name?

Sergeant at Arms BARRY. No, sir.

Mr. BARKLEY. It is your production?

Sergeant at Arms BARRY. Yes, sir.

Mr. BLAINE obtained the floor.

Mr. WALSH of Montana. Mr. President, will the Senator from Wisconsin yield to me to ask a question.

Mr. BLAINE. I yield.

Mr. WALSH of Montana. Mr. Barry, the article says that these Senators and Representatives who have been guilty of bribery are well known, but I understand you to say that you do not know who they are?

Sergeant at Arms BARRY. I did not mean to say in the article that anybody could name them, but they were so generally known that they would be known by their colleagues and by everybody in Washington.

Mr. WALSH of Montana. But you do not know who they are?

Sergeant at Arms BARRY. I do not.

Mr. WALSH of Montana. Can you tell us of anyone who does know who they are?

Sergeant at Arms BARRY. No, sir.

Mr. WALSH of Montana. How could you say, then, that they are well known, if you do not know of anybody who knows them?

Sergeant at Arms BARRY. That was just a general statement. It was made carelessly and thoughtlessly, and, I say, might have been changed.

Mr. LA FOLLETTE. Mr. President——

The PRESIDENT pro tempore. Does the junior Senator from Wisconsin yield to his colleague?

Mr. BLAINE. I yield for the purpose of permitting my colleague to ask Mr. Barry a question.

Mr. LA FOLLETTE. Mr. Barry, who first approached you about this article for the New Outlook?

Sergeant at Arms BARRY. The man that owns the magazine.

Mr. LA FOLLETTE. I can not hear you.

Sergeant at Arms BARRY. Mr. Tichenor, the man that owns the magazine.

Mr. LA FOLLETTE. Did he interview you personally, or address you a letter?

Sergeant at Arms BARRY. I have forgotten. He did both, but which was first, I do not just remember. I think he saw me before he wrote me, but I am not sure about that, Senator.

Mr. LA FOLLETTE. When you discussed the matter with him, did you discuss the subject matter of the article?

Sergeant at Arms BARRY. No, sir; not this part of it, anyhow. I might have gone over it in a general way, but this subject matter was not discussed with him or anyone else.

Mr. LA FOLLETTE. Was the title of the article discussed at that interview?

Sergeant at Arms BARRY. No, sir.

Mr. LA FOLLETTE. Was the subject matter of this article, or anything relating to it, suggested in the correspondence which you had with the gentleman subsequent to your interview with him?

Sergeant at Arms BARRY. No, sir. Suggested by him, you mean, to me?

Mr. LA FOLLETTE. Yes.

Sergeant at Arms BARRY. No, sir; it was not.

Mr. LA FOLLETTE. Then it was entirely your own idea, and was not suggested to you by the owner of the magazine, the publisher, or by anyone else connected with it, or by any other person, that you should write this article which now has appeared in the publication?

Sergeant at Arms BARRY. Yes, sir.

Mr. LA FOLLETTE. I did not hear the response.

Sergeant at Arms BARRY. I said yes; meaning that it was not suggested by anybody—by him, or anyone else.

Mr. BLAINE. Mr. President, it appears to me that there are some issues in this matter which have not been discussed. Preliminary to a discussion of those issues, I want to make some general observations respecting men who are charged with offenses.

I have often observed a scene which frequently occurs in a court room. The sheriff, or the policeman, marches the accused into the court chamber manacled, irons upon his wrists, he is brought before the judge, who sits there possessed of tremendous power over the human being before him, solemn, perhaps determined, in his looks. There is the prosecuting attorney, ready to send the accused to jail. The matter is presented in a preliminary manner, the whole audience, all the men and women in the court room, the judge, the arresting officer, and the prosecuting attorney, all ready, anxious, willing, and zealous, to find the man guilty.

Our American system of jurisprudence wisely provides that a man must be represented by counsel, that witnesses must be produced to confront the accused, that their evidence must be given in open court, that a jury be impaneled and all the facts sifted and all of the circumstances considered. The accused may be guilty, beyond any doubt, but he is entitled to a fair, open, public hearing. That is the American way. That is the constitutional way. Even the accused ought not to be permitted to make a plea of guilt until the court examines into the circumstances to ascertain the degree of punishment that should be administered. That briefly, though inadequately, describes the court scene.

Now what is the scene before the Senate of the United States? Here is the Sergeant at Arms called before the bar of the Senate. He is a subordinate officer. The Senate of the United States is the supreme power and the supreme judge. It is this body, including the House of Representatives, which has been charged in an article written by the Sergeant at Arms with being subject to bribery; it is charged, in fact, that some of the Members have actually been bribed. Of course, such a charge is bound to bring disrespect and disrepute, not only upon the Congress as a whole, but upon the two Houses of Congress and upon every Member of Congress in either of its branches.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Massachusetts?

Mr. BLAINE. No; I decline to yield presently, that I may have my argument properly connected.

The PRESIDENT pro tempore. The Senator declines to yield.

Mr. BLAINE. The Sergeant at Arms is brought before the Senate. He admits that he has libeled the Senate and the House of Representatives, and of course, that admission carries the implication that he has made a charge of bribery against every Member of the Senate and against every Member of the House, though he does not specify which individual is guilty of bribery. But he stands here before the Senate alone and without counsel. He makes no defense. He does not claim or allege truth as a justification for the charge that he has made in the magazine article. He admits, as I understand his testimony, that the charge is false and that he has no information that any Member of either House has been guilty of bribery.

Therefore, Mr. President, we approach the proposition from this angle: If that magazine article was written in a spirit of revenge, in a spirit of malice, if it was written for the purpose of obtaining money, for the purpose of enriching himself, then the Sergeant at Arms stands in an entirely different situation before the bar of the Senate, and mere removal would not be sufficient punishment. There being no justification offered by him, he admitting the untruthfulness and the falsity of the charge made in the magazine article, so far as the Senate is concerned there are no extenuating circumstances offered by him why the punishment should not be for contempt as well as removal from office.

Therefore, Mr. President, if we are to proceed according to the American way we will accept this issue in the nature of a libel action. The pleading is in by the Sergeant of Arms. He admits he wrote the article. He admits that the article is untrue and false. But there may be circumstances of which we have not been informed which would justify a lesser punishment than removal for contempt. He ought to have an opportunity to present extenuating circumstances if there be such so that the punishment might be modified, might be mellowed. The Senate would stand convicted of dishonor if it simply suspended the Sergeant at Arms and then removed him if the article was written with malice, with malicious intent to injure the character of any Member of the Senate or of the House of Representatives. Circumstances might be proven either upon the statement and admission of the Sergeant at Arms or upon circumstances growing out of admissions, the question of the payment of money, who paid him, who induced him to write the article, and many other circumstances which might be brought out to ascertain whether or not the article was maliciously written. If it was written maliciously, then punishment by removal is, I submit, not sufficient.

Mr. President, the Senate of the United States sits as a court. Against the Senate and against the House of Representatives the charge has been made. We therefore can not afford to be hasty in the matter. We can not afford to be precipitous in the matter. We should exercise that judicial care, that judicial temperament whereby the Sergeant at Arms will have an opportunity before a proper committee to present all the facts and all the evidence if there are facts or evidence, in extenuation so that the punishment which might be administered will not be the greatest punishment to which he may be subjected.

As I understand, punishment may be administered by temporary suspension, punishment may be administered by removal from office, and in addition thereto punishment by way of contempt proceedings that may involve imprisonment. If that is a correct assumption, if the Senate has that

jurisdiction, then the Senate ought to resolve that this matter be referred to a proper committee to take the evidence, to adduce the facts, to develop the circumstances. If it shall appear that the article was maliciously written then, Mr. President, so far as I am concerned, I would not only vote for removal, but also for punishment for contempt. But I am unwilling now to vote upon the degree of punishment that should be inflicted in this case until the accused has had an opportunity to present any extenuating circumstances that he may have before a committee of the Senate and that committee shall have reported to the Senate upon the evidence so produced.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Nebraska?

Mr. BLAINE. I yield.

Mr. NORRIS. I would like to ask the Senator from Wisconsin if the Sergeant at Arms should be suspended as the Senator has advocated and as the motion made by the Senator from Pennsylvania contemplated, could he not in the meantime resign before the Senate takes the matter up on the 10th of February and thus escape removal?

Mr. BLAINE. No doubt the Sergeant at Arms could resign and escape removal from office, but the resignation of the Sergeant at Arms would not relieve him from punishment under contempt proceedings, and that punishment, of course, is far more severe than punishment by mere removal.

Mr. CONNALLY. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield to the Senator from Texas?

Mr. BLAINE. I yield.

Mr. CONNALLY. The Senator does not contend that dismissal of the Sergeant at Arms would divest the Senate of jurisdiction to punish him for contempt if it saw fit later to do so?

Mr. BLAINE. I do not, but I do contend this——

Mr. CONNALLY. Then, why should we not go ahead and act and take up later the matter of contempt?

Mr. BLAINE. I contend that the Sergeant at Arms is before the bar of the Senate of the United States. The charge against him has been made. He has made certain replies. He has admitted the falsity of the magazine article. But I have not heard any word or any suggestion as to any extenuating circumstances. If the Senate is to proceed in an orderly manner, it will keep jurisdiction of the Sergeant at Arms and of the whole proceedings so that it can administer the punishment according to the offense that has been committed. I think in fairness to the Sergeant at Arms every opportunity should be given to him, that he may have the opportunity to plead such extenuating circumstances as he may have, that the punishment may be reduced from punishment for contempt to punishment by removal and perhaps even to the lesser punishment of suspension.

However, I am not prepared to vote upon the degree of punishment which should be administered until Mr. Barry has had an opportunity to present such facts and such circumstances as may relieve him from the more severe punishment.

Mr. President, it would seem to me that if the Senate acts hastily in this matter, if it removes Mr. Barry to-day, the people of the country may look upon the action of the Senate as having been done in a spirit of spite, in a spirit of revenge, in a spirit of vengeance. But if the Senate proceeds in an orderly way, I know the country will support the Senate if the Senate finds a malicious libel has been made against the Congress and the members thereof, and will sustain the punishment for contempt in addition to punishment by removal.

Mr. BINGHAM. Mr. President, it seems to me that we are in danger of acting more hastily than is in accord with the pride of our race and our inheritance. We are irritated by what has taken place; we are irritated by the charges that have been made. The Sergeant at Arms has told that he did not intend to libel the Senate; he has admitted that the language is more severe than he supposed it was. He has told us that he had no opportunity to see the article in print, and everyone who has read in print anything that he has written or spoken is always surprised, sooner or later, to find that he has said something either by implication or indirectly which he did not intend to say.

The Sergeant at Arms, summoned before the bar of the Senate without counsel, endeavoring in his manner to explain what has taken place, faced by a Senate full of irritated Senators who do not like the implication or the charges which have been made, is at a very great disadvantage.

When the Senator from Pennsylvania suggested that this matter should be taken under consideration by the Judiciary Committee, and a prompt report made thereon, it appealed to me that that was the wise, the American, method to pursue; and I hope very much, Mr. President, no matter how irritated we may be with the charges contained in this article, that we will act with a little more circumspection, a little more self-restraint, than we appear to be about to do.

I am going to ask the Senator from Pennsylvania if he will not change his motion once more so that it may read that the Sergeant at Arms be suspended; that his case be referred to the Judiciary Committee for consideration; that he appear before them for full investigation, and that they then recommend at an early date to the Senate the steps they believe should be taken?

It seems to me, Mr. President, that if the Senator from Pennsylvania will amend his motion in that regard——

Mr. NORRIS. Mr. President, may I make an inquiry of the Senator from Connecticut?

Mr. BINGHAM. Certainly.

Mr. NORRIS. The Senator asks that the Judiciary Committee take evidence in the matter. What more evidence could we take? Have we not got the evidence? The Sergeant at Arms does not ask for counsel; he does not ask for delay; he does not ask that evidence be heard. Now if it were just put up to the Judiciary Committee, and they were authorized to take evidence, where would they go to get it? Whom would we summon? What kind of evidence would we take and what would we take any evidence for, when the entire matter has rested entirely upon the testimony of the defendant himself? I would not know where to go to get evidence; I would not know what kind of evidence to ask for. I do not know anybody that has any. Here is a charge made; the man admits it. He says, "I do not want delay; I have said it." Further on practically he says that the Senate and the House when they passed certain amendments were moved by demagoguery. He is an officer of the Senate. If he was not an officer of the Senate, I would feel differently about it. I do not understand why Senators are so anxious to give this man leniency and time and consideration and have a lawyer provided for him and all that, when he himself does not ask it. He flaunts it in our faces. And yet it is said that he must have a lawyer; he must go before the Judiciary Committee; there must be a trial; we must take evidence.

The PRESIDENT pro tempore. The Chair will say, before the Senator from Arizona leaves the Chamber, that the Sergeant at Arms has suggested to the present occupant of the chair that at some time——

Mr. NORRIS. I yield to the Chair. I did not know he was going to make an interruption.

The PRESIDENT pro tempore. The Chair thanks the Senator.

Mr. BINGHAM. The Senator from Nebraska did not have the floor.

Mr. NORRIS. That is right; I beg the Senator's pardon.

The PRESIDENT pro tempore. The statement was made to the Chair by the Sergeant at Arms that at some time before action is taken either before a committee or before the Senate he desires to make a statement.

Mr. BINGHAM. Mr. President, in view of that statement given to us by the Chair on behalf of the Sergeant at Arms, I trust the Senator from Nebraska will not press his motion, but will permit the matter to be referred to the Judiciary Committee, of which he is the distinguished chairman and

which is composed of lawyers accustomed to proceedings designed to secure justice. I am not a member of the bar; I am only familiar with the traditions of my family and of my race. We do not believe in what is sometimes called lynch law. We do not believe in drumhead courts-martial. Here is a matter which has been brought to our attention for the first time to-day. We saw it in the paper for the first time to-day. The Sergeant at Arms was immediately called before us. He answered questions in a somewhat contradictory and halting manner. We are about to place the stigma upon him of expulsion from his post contrary to the traditions of our race. Since he desires to make a statement to the committee——

Mr. NORRIS. Let him make it; he is right here.

Mr. BINGHAM. I hope the Senator will not press his motion for immediate action.

Mr. WATSON and Mr. BARKLEY addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield and if so to whom?

Mr. BINGHAM. I yield to the Senator from Indiana.

Mr. WATSON. Mr. President, I went to Mr. Barry a moment ago, on my own personal responsibility, and asked him if he wanted to say anything further or if he had anything further to say, and if he wanted to say it here or if he wanted to go before a committee to say it. I also asked him if he wanted somebody to represent him. I said, "I am sure that the Senate will be willing to give you every possible opportunity to explain or extenuate the article or the words that you have written." He said, "Well, I should like to make a further statement." I said, "Do you want to make it before the committee?" He said, "No; I will make it right here." I will inquire of Mr. Barry if that was not his statement?

Sergeant at Arms BARRY. Yes, sir. I merely want to state——

Mr. BLAINE. Mr. President——

The PRESIDENT pro tempore. The Senator from Indiana happens to hold the floor.

Mr. BLAINE. I beg pardon of the Senator from Indiana. I will not interrupt Mr. Barry.

Sergeant at Arms BARRY. In the statement of Senator BLAINE I understood him to have said that I admitted this article was false and untrue. I do not think I made such an admission as that. I did not mean to make it. I made the statement that I had no opportunity to see the proof of this article; and that if I had and had gone over it more carefully, I might have seen that these words said what I did not intend to say. But I do not apologize for that; I have to stand on the article as it is. But I did not mean to say that it was misleading and false.

Mr. BLAINE. May I address an inquiry to Mr. Barry? Do you now contend that that portion of the article—in reference to Members of Congress accepting bribes—is false or true?

Sergeant at Arms BARRY. That is a matter of opinion. I can not produce evidence to show that any men were bribed or that any men might have been bribed or that they were not. That is only a matter of opinion.

Mr. BLAINE. You say it is a matter of opinion. Well, what is your opinion?

Sergeant at Arms BARRY. I am not expressing my opinion now.

Mr. BLAINE. Have you an opinion?

Sergeant at Arms BARRY. I think not to-day.

Mr. BLAINE. Not to-day. Would you have to-morrow?

Sergeant at Arms BARRY. Well, I do not think I would have to-morrow. I might have.

Mr. BLAINE. Did you have an opinion yesterday?

Sergeant at Arms BARRY. Not except as stated in that article.

Mr. BLAINE. When will you have an opinion?

Sergeant at Arms BARRY. I do not understand the question.

Mr. BLAINE. You said it was a matter of opinion whether the article was false or true.

Sergeant at Arms BARRY. I can not produce evidence on that.

Mr. BLAINE. I am inquiring what your opinion is as to the truth or falsity of the article?

Sergeant at Arms BARRY. I do not think the article is false or untrue.

Mr. BLAINE. You think the article is true?

Sergeant at Arms BARRY. I think it is true as written.

Mr. BLAINE. Then you plead the truth as justification for the article? Is that correct?

Sergeant at Arms BARRY. I have not done so.

Mr. BLAINE. What extenuating circumstances do you present?

Sergeant at Arms BARRY. None, except as I have stated them to the Senate.

Mr. BLAINE. Have you any?

Sergeant at Arms BARRY. No more than I have stated.

Mr. BLAINE. No more than what you have stated. Who is the editor of the magazine?

Sergeant at Arms BARRY. Alfred E. Smith.

Mr. BLAINE. When did he first consult you respecting this article?

Sergeant at Arms BARRY. I never saw him and never talked to him.

Mr. BLAINE. Did he write you?

Sergeant at Arms BARRY. He never wrote to me.

Mr. BLAINE. How did you come in contact with the magazine?

Sergeant at Arms BARRY. I explained all that to Senator LA FOLLETTE, that the owner of the magazine came over here to see me, but the editor of it, Mr. Alfred E. Smith, I know nothing about.

Mr. BLAINE. Who is the owner of the magazine?

Sergeant at Arms BARRY. Mr. Frank A. Tichenor.

Mr. BLAINE. Where does he live?

Sergeant at Arms BARRY. In New York.

Mr. BLAINE. He came to consult you?

Sergeant at Arms BARRY. Yes; about this matter.

Mr. BLAINE. And what was the agreement between you and the owner of the magazine?

Sergeant at Arms BARRY. I agreed to write a certain number of articles. The number was not stated, but this and one other—two of them—were sent to him. He wrote back, and I think I saw him and he accepted those two articles, and that is the last I heard of it. I never received any proof of the article.

Mr. BLAINE. What was the price that you were to receive for writing the articles?

Sergeant at Arms BARRY. As I told the Senate, $250 apiece.

Mr. BLAINE. I did not hear the answer.

Sergeant at Arms BARRY. The price was to be $250 apiece for these articles. He did not say how many of them or on what subjects they should be. He talked with me in a general way, but there was nothing said about this article. He did not discuss it.

Mr. BLAINE. Was there any other individual other than the owner who inspired you to write this article?

Sergeant at Arms BARRY. No, sir. I answered Senator LA FOLLETTE all those questions. Nobody spoke to me about it.

Mr. LEWIS. Mr. President——

The PRESIDENT pro tempore. The Senator from Illinois.

Mr. LEWIS. I have an observation which I can not altogether remove from the influence of a very long acquaintance with Mr. Barry and a very great sympathy for his situation as now disclosed.

Mr. President, it is within half an hour of 6 o'clock, and between now and that hour would give time for Mr. Barry to obtain counsel, and to have some private conferences with such counsel. Then he could come before this body, after having received the advice of counsel, and disclose or have disclosed whatever would be an extenuation, such as, for instance, whether he had read the article after it had been prepared, whether he had reviewed it, whether he had

seen it after it was put into form, and what were the particular circumstances which led him to such conclusions as he now confides he knew no foundation for.

I respectfully suggest that when a Member of this body has been charged with bribery, as history shows, he was first accorded opportunity to consult counsel; investigation was allowed, and time for the consideration of all the facts, and then a report was made to the body, and action taken by the body.

I respectfully suggest that under the present circumstances the Chair could name any Senator to act as counsel for Mr. Barry, or let Mr. Barry choose any one. Let him have a conference with his counsel. It is now half-past five. Within 30 minutes the conference could be concluded. He will have had some time for self-consideration. His counsel would have had an opportunity to consider the subject matter as the facts might reveal and the method in which he could come before the Senate and present the evidence or a communication from Mr. Barry.

I feel, sir, that some one should be named, either at the selection of Mr. Barry or at the instance of the Chair, to represent him, and that Mr. Barry should have some moments for consultation with such representative, and then that we resume the subject in such formal manner as may be proper after he has had opportunity for reflection and conference, and then treat him in such a way as has been the practice of the Senate in matters equally grave and much more severe.

Mr. Barry is being charged with an offense that is very grave. It is grave because it violates the confidence of the men who reposed a confidence in him and chose him. It is grave because it goes to the country as the belief of an officer of this body that men could be guilty of such things as the article intimates. It is equally grave in view of the fact that the general public to-day is having its confidence in legislative bodies undermined by misrepresentations and misunderstandings; and all of that is well calculated to give rise to some heat of disposition and some feeling of resentment on the part of the body. But it is just such a moment as that that tests the character of justice and the strength of honor of this honorable body; and we respectfully suggest that in view of the long practice and habit—I may say, procedure—that is always applied in matters of offenses charged, there ought not to be an exception now.

An exception could be made in the length of time to be given; but it is perfectly apparent that this particular gentleman seems to be under some strange influence. It is clearly apparent to me that some one has been suggesting to him matters that caused him to write such indictment as is found in the first paragraph of the article. It is evidence to me that some sources have stimulated him.

I respectfully, therefore, suggest to this honorable body the wisdom and justice that there be a designation of some one as counsel, either at the suggestion of Mr. Barry—let him make his choice if he desires—or by the Chair let a designation be made, and let him have the time of half an hour or an hour, and at the end of such time then be brought before the body for such explanation as his counsel may give and the statement of such position as Mr. Barry then feels he should take. Otherwise, we stand as making an exception in the matter of the trial of an alleged offender, which will be imputed, sir, either to quick, sudden temper and a lack of self-control on the one hand, or to a desire to equip ourselves with a new-established faith from the public, by our acting in such mad fury as to restore ourselves to public confidence which we fancy we have lost.

Mr. TRAMMELL. Mr. President——

Mr. LEWIS. I yield to the Senator from Florida.

Mr. TRAMMELL. I desire to ask the Senator from Illinois if he has not cited precedents that usually prevail in cases that are contested, and where the defendants plead not guilty, instead of the precedent of a case in which the defendant comes into court and admits his guilt, as Mr. Barry has done in this instance.

Mr. LEWIS. My answer to the Senator from Florida is that the courts of this country will take a man's plea of guilty, but still be conscious that the man himself may not be conscious to what extent that plea would go, in what it involves him; and, therefore, investigations will be entered by the court before it will inflict the punishment, in order that, in the language of the ancient line, "The punishment may fit the crime."

I feel that while Mr. Barry may say he did the acts, yet, sir, there may be circumstances surrounding him which by inquiry and consultation may be disclosed and brought before this body that could soften the penalty and that that opportunity ought not to be shut off from him, or opportunity of counsel and the calm privilege of defense denied him, if there be such. For that reason I suggest that he ought to have counsel, a short period of time for consultation, and then, sir, the conclusion of judgment to follow this afternoon.

Mr. ROBINSON of Indiana. Mr. President, I do not hold any brief for the Sergeant at Arms. I recognize perfectly well that he has committed a very grave indiscretion. I also recognize that he is wholly within the power of the Senate; and I submit to my colleagues here that he is not in an enviable situation as a defendant.

It seems to me the procedure of the Senate in the last two hours has been more or less amazing.

Here is an employee of the Senate, its Sergeant at Arms. He finds himself confronted with a charge suddenly, and he is haled before this powerful body without knowing what it is all about.

Every Member here is accustomed to standing on his feet and participating in debate. He has to defend himself from charges almost as grave as those suggested by the Sergeant at Arms right on this floor, time and again. He has become accustomed to the procedure; and here we drag before this body a timid man who has never had any opportunity to speak on this floor, who knows little about the procedure, and nothing about court customs, of course. Some of us have presided over courts and are familiar with judicial methods; and then the Senate proceeds, or gets ready to proceed, to act as a mob—nothing less than that, Mr. President. We propose to rend asunder the defendant and disgrace him. He has not a chance on earth. He was convicted before he ever came to this floor, and he has made some unfortunate admissions against his own interest.

Mr. President, I submit that the worst criminal in the world would get a squarer deal than that before any American court.

I think the first suggestion made by the Senator from Pennsylvania [Mr. REED] was a proper one. I think this case should have gone before the Committee on the Judiciary. It was perfectly proper to hale the Sergeant at Arms in here, if you want to bring him here, and let him tell his story, though he has had no opportunity whatever for preparation; but then, before taking action in the matter, we should be fair, be decent and honorable about it, and give him the same chance one would expect to have for himself if in a similar situation. Let the matter be referred to the Committee on the Judiciary. Then let Mr. Barry appear before that committee if he desires to do so. Then let that committee deliberate on the question whether or not there shall be any punishment; if punishment, how severe it shall be; if judgment shall be rendered, what that judgment shall be; and go at it soberly, judicially.

That is the way we proceed in all other matters where defendants are brought before courts.

I dislike very much to disagree with my esteemed friend the very distinguished Senator from Nebraska [Mr. NORRIS], for whom I have great affection and very high regard, but I do not agree with him in his position that "the evidence is before the court; now let us decide it, here and now." I think we can very well deliberate in the Committee on the Judiciary. The members could go over the matter carefully. After having given earnest thought to it for a day

or two they may not be so anxious to tear this man to pieces as some of us seem to be this afternoon.

Juries do that, Mr. President. A defendant appears before a court. The evidence is put in the record. After the evidence has been adduced, the jury retires to deliberate—12 fair and impartial men. Then they decide what shall be done. Why can we not be just as fair as a jury? Why would it not be the proper procedure to let this matter go before the Committee on the Judiciary, and then, if Mr. Barry has any further evidence to offer, let him appear there and testify, and then let the Committee on the Judiciary deliberate on what the punishment shall be, report back to the Senate, and let the Senate then discuss the matter as much as it chooses, finally arriving at a decision which shall be just and fair?

Mr. SHIPSTEAD. Mr. President, I should like to ask the Senator from Nebraska [Mr. NORRIS] a question. He is the chairman of the Judiciary Committee. Not being a lawyer, I hope the distinguished lawyers here will pardon me for asking a question which may seem very irrelevant.

I have found it difficult to determine who is the accuser and who is the defendant here. The Sergeant at Arms has made certain charges against the Senate. He is brought before the Senate so that the Senate may be faced with its accuser. He says he stands upon the article. The truth or untruth of the article he says is a matter of opinion. I should like to be informed who is the defendant here.

Mr. BLACK. Mr. President, perhaps if there has been any time when the action of the Senate would justify criticism, it has been in the last two or three hours.

There is no man on trial here for a crime. This gentleman is employed by the Senate. The Senate employs him, and the Senate can discharge him. He is not on trial for contempt. If the Senate desires to prefer charges for contempt, it can do so later. Personally, I do not.

It is my judgment that if he has committed a criminal libel, in so far as the libel is concerned, that should be tried before a jury. The only issue here is not whether he has had counsel for preparation, as the Senator from Indiana [Mr. ROBINSON] says—preparation for what? He does not claim to desire preparation to tell the truth.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Indiana?

Mr. BLACK. I yield to the Senator.

Mr. ROBINSON of Indiana. Why this haste? may I suggest to the Senator. This matter could have gone over until to-morrow or the next day——

Mr. BLACK. It could have gone over until the 4th of March.

Mr. ROBINSON of Indiana. And we could have told Mr. Barry something of the charges that were going to be lodged against him. I have never read the article. I have just heard excerpts from it read. I do not know what is in it; but, regardless of what is in it, Mr. Barry ought to have a fair chance, and he ought to be advised in advance that he is going to be haled before this powerful body, so that he can be prepared.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Kentucky?

Mr. BLACK. I yield to the Senator.

Mr. BARKLEY. The Sergeant at Arms has testified here that he wrote this article himself, that he was solely responsible for its preparation, and that he produced it. We are bound to assume that he did it in deliberation, and not in haste.

He now says that while there is no justification for the article, while he has no evidence that anybody in either House has ever accepted a bribe, he still stands on the article as he wrote it, and that he received pay for it.

It is not like jerking a man up into court without any knowledge of anything that he has done. What Mr. Barry has done in violation of his relationship to the Senate has been done deliberately. He knew he wrote the article when he wrote it. He has known ever since he wrote it that he did write it. He knew it was going to appear in this magazine. He may have been surprised at its appearance in February instead of in March, when it would have been too late for the Senate to have taken official notice of it; but he has known all the time that this article was going to be published, and he was the instigator of it.

Mr. BLACK. Mr. President, in so far as the jury's deliberation is concerned, I never heard, until it was stated by the Senator from Indiana, that after a jury heard the evidence in the case they were required to wait a day, or 10 days, or 2 weeks, before they reached a verdict. There is no precedent of that kind I have ever heard of. A jury hears the evidence, and then the jury is presumed to act. Of course, they can talk, they can keep on talking, they can keep on talking, and they can keep on talking for the next year, or they can act.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield there?

Mr. BLACK. Let me proceed just a little further with reference to one or two other matters. After I have concluded I shall be glad to yield to the Senator for any question.

Mr. Barry has not asked for an attorney. I have never seen a gentleman more composed. I predict that there will be still more interesting articles appearing in the magazine, probably at an increased price, after this hearing, and that the price will go up in proportion to the number of days of delay.

There has been no indication on Mr. Barry's part that he is greatly disturbed. He was asked if he desired counsel, and he said no. Of course, it may be that we should have compelled him to accept counsel before he stated whether he wrote the article for which he got $250. Maybe it would have been wise on our part to have said, "Go and get a lawyer, so that you may know whether to tell the truth about whether you got $250 to write the article."

If we were trying Mr. Barry in a court, and he were being subjected to a trial which might result in imprisonment, there would be some reason for all this solicitous talk about the procedure, but we know that in all probability Mr. Barry will not be Sergeant at Arms after March 4, anyhow, so there is probably involved only a matter of a few days.

Mr. Barry is an employee of the Senate. Certainly this gentleman owes loyalty to his employer. It may be true that if an employee of the Senator from Indiana were to make charges against the Senator from Indiana, and sell them to the public press for a consideration of $250, the Senator from Indiana would then call the employee in and say, "Get a lawyer, hire the best lawyer you can get, in order to help you determine whether or not you will tell me the truth as to whether you made a disloyal statement about me."

If the Sergeant at Arms had any basis for the statement he made, no one would have a right to complain. If there is any basis on earth for his having made the statement that there are Senators and Representatives, only a few of them, who sell their votes, no one would have a right to complain. But there is only one single, solitary, lonesome issue here. A statement is made as plainly as a man can make it that there are a few men in the Senate and the House who sell their votes for money.

No one who knows of the intelligence of the Sergeant at Arms would doubt that he knew what he was saying when he said that. Then he comes into the Senate and says that he said it. And now, with all the important legislation that is awaiting action, we have already taken more than two hours to determine whether or not we will keep him as an employee of the Senate or will discharge him from his employment with the Senate.

It is my judgment that the country would be far better off, if we want to delay the matter, if we simply let Mr. Barry serve on until March the 4th, and let the country know that we are going to deliberate on it for about 30 more days, while a few more million people get out of employment in this country, and while we hesitate and dilly-

dally and delay as to whether we will force a man to take a lawyer when he does not want a lawyer.

Shall we employ a guardian for the gentleman, and say, "Now, you are not right, your mentality is weak, you need a lawyer"? Shall we get him a doctor at the same time?

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. CONNALLY. Frankly I will say to the Senator that I think we ought to appoint a guardian ad litem for him. I think that is what he needs.

Mr. BLACK. Mr. President, I desire to say that, so far as I am personally concerned, I can certainly vote on the question of whether the Sergeant at Arms shall be retained as well to-day as I can next week.

Mr. DILL. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. DILL. The elaborate speeches which have been made about the awful punishment that is to be meted out because we take a man off the pay roll would make one think it was worse than if he were to be sent to the penitentiary.

Mr. BLACK. I might state to the Senate that there are probably a great many others who are going to have that punishment after the 4th of March, without the benefit of counsel.

Mr. WATSON. Why bring that up. [Laughter.]

Mr. BLACK. Mr. President, I desire to say to the Senator from Indiana that there was no personality intended in my remarks.

Mr. President, this is the situation. Mr. Barry decides he wants to write some articles. He knows he can sell them better the more sensational they appear. That is a well-known fact. It is also well known that the Senate is a rather good target. Particularly is it a good target for a man who has been working for the Senate for a number of years.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BLACK. I yield.

Mr. BARKLEY. Further along in the same magazine, on page 57, there is an explanation on the part of the magazine of the opportunities which Mr. Barry has to observe the operations of the Senate, and that therefore he must know what he is talking about.

Mr. BLACK. Naturally. I have not read the other articles which Mr. Barry has already prepared. I shall await them with some interest. But I predict that there will be still further articles appearing after the 4th of March. But, Mr. President, why are 96 men asked to wait until to-morrow, or next week, to take action on whether or not they will retain an employee who, at best, will be retained only until the 4th of March?

I sincerely hope, for myself, that if it is going to be delayed, and we have to listen to more speeches and more arguments about counsel and lawyers, and haling people befor the bar of the Senate, when Mr. Barry was perfectly willing to come, I sincerely hope that we may simply forget it.

As a matter of fact, I do not know that anybody is going to be injured materially by the decision whether Mr. Barry shall remain in the employment of the Senate or not. Personally, I am of the opinion that when a man acts disloyally to those who employ him, he should be discharged. That is the only issue here, whether or not it is right for a man holding the responsible position Mr. Barry holds to take advantage of his opportunity to make statements leaving the inference that men are guilty of the crime of bribery, when he admits without counsel, as I presume he would admit with counsel, that he had no evidence on which to base his charge.

Let us dispose of the matter. I believe 100 per cent with the Senator from Nebraska, that we ought to act and act before we adjourn to-night. It is not a question of what the country will think. If it were, I ask Senators in which attitude will the Senate show itself up in better light before the country, to delay another day or another week in deciding whether or not it will keep an employee and dilly-dally around about vital legislation affecting the people of this country, or have some more speeches on the ancient right to have a trial by jury, on the traditions of our race. If we are talking about the traditions of our race, I would judge that one of the traditions the Senator should have referred to is that, as suggested by the Senator from Nebraska, when somebody hits you in the face you do not say, "I will take it up with you next week, after you have consulted your lawyer."

Mr. President, the issue, let it be borne in mind, is this and this only: Shall Mr. Barry be retained, or shall he be discharged? Personally, I think we ought to act, and act now. Mr. Barry has made no request that we delay. He has asked for no advice of a lawyer. He knows he needs none. Mr. Barry knows, as he knew a while ago, that if he came before the Senate again he would make the statement just as he made it before. Certainly no lawyer would advise him to make a different statement, if he were the type of lawyer Mr. Barry ought to have.

Mr. President, I sincerely hope that if any one does make a motion to adjourn or to recess, the Senate will stay in session until it disposes of this matter. As a matter of fact, I am of the opinion that the safety of the Nation does not depend on how we vote on Mr. Barry.

SEVERAL SENATORS. Vote! Vote!

The PRESIDENT pro tempore. The question is upon the amendment in the nature of a substitute offered by the Senator from Nebraska [Mr. NORRIS].

Mr. BULKLEY. Mr. President, before we vote I would like to inquire whether the Sergeant at Arms has anything further to say to the Senate.

The PRESIDENT pro tempore. The Sergeant at Arms may proceed.

Sergeant at Arms BARRY. I think not, except with reference to Senator BARKLEY's suggestion a moment ago. I explained earlier in the discussion that I knew the article would be printed in February, and so I thought it was rather unfair that he should have insinuated that it might have gone over until March, when I would no longer be Sergeant at Arms. I knew it was to appear in February.

Mr. BARKLEY. Mr. President, in that connection, I understood the Sergeant at Arms in his first statement, before I interrogated him, to say that he was surprised that the article was published as soon as it was.

Sergeant at Arms BARRY. I knew it was to be published in February.

Mr. BARKLEY. If there is any controversy about whether he said that, I would like to refer to the notes of the reporter. Mr. Barry's statement was the basis of my inquiry.

Sergeant at Arms BARRY. I had been expecting it, but I had not received any proof.

The PRESIDENT pro tempore. The question is on agreeing to the amendment in the nature of a substitute proposed by the Senator from Nebraska [Mr. NORRIS] to the motion proposed by the Senator from Pennsylvania [Mr. REED]. The motion of the Senator from Pennsylvania is—

That the Sergeant at Arms be suspended from office until further action of the Senate, and that at 4 o'clock p. m. on February 10 the Senate proceed with the matter to a final disposition.

An amendment in the nature of a substitute to that motion is proposed by the Senator from Nebraska [Mr. NORRIS] in these words:

That David S. Barry be, and he is hereby, removed from the office of Sergeant at Arms of the Senate.

The question is on agreeing to the amendment in the nature of a substitute.

Mr. COPELAND obtained the floor.

SEVERAL SENATORS. Vote! Vote!

Mr. COPELAND. Mr. President, no man knows how physical disabilities might serve temporarily to warp the judgment of any individual. Who is there here who knows what caused Mr. Barry to use the particular language in question? Apparently he does not know now what language he did use. The fundamental reason for the act might be something entirely different from the more obvious one.



I want to ask in all fairness, Mr. President, what would be gained by speedy action? We are not dealing with a mad dog. Here is a human being who has made a mistake. I am confident that he has made a mistake. That must be admitted.

But there was sprung upon him without warning of any sort a serious accusation. What one of us would have made a better case under similar circumstances? It will not hurt us to adopt the alternative motion and take time to inquire into all the facts. This will involve our considering the physical basis for opinions that the man might hold and utter under these circumstances.

That is the American ideal of justice, and it will reflect greater credit, in my judgment, upon the Senate if it takes that considered action.

Mr. NORRIS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from Nebraska?

Mr. COPELAND. That is all I have to say, Mr. President; but I am glad to yield to the Senator from Nebraska, or to yield the floor to him.

Mr. NORRIS. I want to ask the Senator if it is his opinion that we ought to delay to take evidence as to the physical ability or disability of the Sergeant at Arms?

Mr. COPELAND. I hinted at that.

Mr. NORRIS. Does the Senator mean——

Mr. COPELAND. I do not care to debate it. Every man here knows exactly what I have in mind. Before I made this statement I talked with our colleague, the Senator from West Virginia [Mr. HATFIELD], who takes exactly the view that I do, that, under all the circumstances, we ought to be more considerate in dealings with this matter and not take too hasty action.

Mr. NORRIS. As I understand it, then, in reality the Senator is interposing a defense of insanity here. If that is the case, and we assume it to be true, is not that sufficient justification for action and to have him removed from office? We do not want an insane man for Sergeant at Arms.

SEVERAL SENATORS. Vote! Vote!

The PRESIDENT pro tempore. The question is on the amendment in the nature of a substitute proposed by the Senator from Nebraska. [Putting the question.] The noes seem to have it.

Mr. NORRIS. I demand the yeas and nays.

The yeas and nays were ordered.

Mr. BINGHAM. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. BINGHAM. It has been suggested to me that, in view of the fact that this is in the nature of impeachment proceedings, pairs do not hold, as they do not hold in an impeachment proceeding. I rise to ask the Chair whether that is the custom of the Senate or not.

The PRESIDENT pro tempore. The form in which the matter comes before the Senate at this minute is in the nature of a simple motion. Therefore, a majority is sufficient to carry the affirmative. Under these circumstances the Chair would think that pairs were valid. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. ROBINSON of Indiana (when his name was called). Again announcing my general pair with the junior Senator from Mississippi [Mr. STEPHENS] and not knowing how he would vote and being unable to obtain a transfer of my pair, I withhold my vote. If permitted to vote I would vote "nay."

Mr. SHORTRIDGE (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. NEELY]. Not knowing his view on this question I must of course withhold my vote. If permitted to vote I would vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the junior Senator from Montana [Mr. WHEELER]. Not knowing how he would vote I withhold my vote. If permitted to vote I would vote "nay."

Mr. WAGNER (when his name was called). I have a general pair with the junior Senator from Missouri [Mr. PATTERSON] who is absent on account of a death in his family. I am not informed how he would vote. Therefore I withhold my vote.

Mr. WALSH of Massachusetts (when his name was called). A short time ago the senior Senator from Wisconsin [Mr. LA FOLLETTE] left the Chamber to be absent some time. He asked me to pair with him on the Johnson amendment. After conferring with his colleague, the junior Senator from Wisconsin [Mr. BLAINE] I am of the opinion that perhaps he expected me to pair with him during the entire time of his absence. Therefore I announce my general pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE] and, not knowing how he would vote, I withhold my vote.

The roll call was concluded.

Mr. DAVIS (after having voted in the negative). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. Not knowing how he would vote I withdraw my vote.

Mr. HEBERT. I have a general pair with the senior Senator from North Carolina [Mr. BAILEY]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. BRATTON (after having voted in the affirmative). I have a general pair with the junior Senator from Nebraska [Mr. HOWELL]. I transfer that pair to the senior Senator from Mississippi [Mr. HARRISON] and let my vote stand.

Mr. WALSH of Massachusetts. After further conference with the colleague of the senior Senator from Wisconsin [Mr. LA FOLLETTE] I feel free to withdraw the announcement of my pair and vote. I vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG];

The Senator from New Mexico [Mr. CUTTING] with the Senator from Arkansas [Mrs. CARAWAY]; and

The Senator from Illinois [Mr. GLENN] with the Senator from Virginia [Mr. SWANSON].

The result was announced—yeas 31, nays 40—as follows:

YEAS—31

Bankhead	Clark	Kendrick	Russell
Barkley	Connally	McGill	Sheppard
Black	Coolidge	McKellar	Smith
Bratton	Dill	Norris	Thomas, Okla.
Brookhart	Fletcher	Nye	Trammell
Bulkley	George	Pittman	Walsh, Mass.
Bulow	Gore	Reynolds	Walsh, Mont.
Byrnes	Hull	Robinson, Ark.	

NAYS—40

Ashurst	Fess	Kean	Schuyler
Austin	Frazier	Keyes	Shipstead
Barbour	Glass	Lewis	Smoot
Bingham	Goldsborough	McNary	Steiwer
Blaine	Grammer	Metcalf	Townsend
Capper	Hale	Moses	Tydings
Copeland	Hastings	Norbeck	Vandenberg
Couzens	Hatfield	Oddie	Walcott
Dale	Hayden	Reed	Watson
Dickinson	Johnson	Schall	White

NOT VOTING—25

Bailey	Davis	Logan	Swanson
Borah	Glenn	Long	Thomas, Idaho
Broussard	Harrison	Neely	Wagner
Caraway	Hebert	Patterson	Wheeler
Carey	Howell	Robinson, Ind.	
Costigan	King	Shortridge	
Cutting	La Follette	Stephens	

So Mr. NORRIS's substitute was rejected.

The PRESIDENT pro tempore. The question recurs to the motion made by the Senator from Pennsylvania [Mr. REED].

Mr. ROBINSON of Arkansas. Let the motion be stated.

The PRESIDENT pro tempore. The motion is that the Sergeant at Arms be suspended from office until further action of the Senate and that at 4 o'clock p. m., on February 10, the Senate proceed to the final disposition of the matter.

Mr. NORRIS. I move to amend by striking out "February 10" and inserting "next Monday."

Mr. WATSON. That would be February 6?

Mr. REED. I am satisfied to accept that modification.

The PRESIDENT pro tempore. If the Senator from Arizona will permit the Chair to make another observation——

Mr. ASHURST. Mr. President, a point of order! The Senator from Arizona was sitting in his seat in a respectful manner. With all respect to the Chair I do not know why I should be singled out in this way. I am not interrupting the Chair. The Chair interrupts himself enough without an interruption from me.

Mr. NORRIS. Mr. President, I want to change the date. I understand that next Monday is the day fixed for the Coolidge eulogies. I would suggest that it be made Tuesday instead of Monday.

Mr. WATSON. That will be February 7. I am wondering whether the Senator will not be willing further to modify his motion so as to provide that in the meantime the Committee on the Judiciary shall take charge of the case, or that it shall be referred to the Committee on the Judiciary. Otherwise we leave the matter up in the air.

Mr. REED. Mr. President, I am perfectly willing to modify my motion to provide that until the time set for action by the Senate the matter shall be referred to the Committee on the Judiciary.

Mr. WATSON. I thank the Senator.

Mr. BINGHAM. Mr. President, may I suggest to the Senator from Pennsylvania that the Judiciary Committee be directed to report to the Senate not later than noon of Tuesday?

Mr. REED. That would follow necessarily.

Mr. WALSH of Montana. Mr. President, in view of the action apparently contemplated by the Senate, I submit the following resolution:

(S. Res. 345)

Resolved, That the proceedings of the Senate this day had in the matter of the Sergeant at Arms be certified to the district attorney of the District of Columbia with a view to prosecution under section 38 of title 6 of the Code of the District of Columbia, as follows: "Whoever publishes a libel shall be punished by a fine not exceeding $1,000 or imprisonment for a term not exceeding five years, or both." And also to the district attorney for the southern district of New York for appropriate action by him.

The PRESIDENT pro tempore. Will the Senator withhold that until the Senate has acted on the motion of the Senator from Pennsylvania?

Mr. WALSH of Montana. I am going to ask that the resolution be referred to the Committee on the Judiciary.

Mr. LEWIS. Mr. President, first may I be permitted to say that I am not quite sure of whether my position is parliamentarily correct, but I wish to add an amendment to the amendment tendered by the Senator from Indiana [Mr. WATSON].

The PRESIDENT pro tempore. There is no amendment of that sort. The Chair understands the Senator from Pennsylvania to have accepted the suggestion of the Senator from Indiana.

Mr. LEWIS. If the matter is sent to the Judiciary Committee, I should like to suggest a modification to provide some form of representation, of counsel, for Mr. Barry.

Mr. REED. I do not want to accept that, Mr. President.

Mr. BLAINE. Mr. President, I rise to inquire what the Senator from Pennsylvania expects the Committee on the Judiciary to do within the short time given to the committee?

Mr. WATSON. That is up to the committee.

Mr. BLAINE. It is not up to the committee. There will be no opportunity——

The PRESIDENT pro tempore. What is the inquiry made by the Senator from Wisconsin?

Mr. BLAINE. The inquiry has been made and answered but the answer is unsatisfactory. This matter will simply repose in the archives of the Judiciary Committee without any opportunity on the part of that committee to subpœna witnesses.

Mr. President, I think that the Senate in this matter ought to postpone the report of the Judiciary Committee until there is an opportunity for that committee to issue subpœnas, not only to the publishers but to the editor of the magazine containing the article and to other witnesses who the committee may eventually determine to be material witnesses. So far as I am concerned, it appears to me that the Senate ought to go into this matter thoroughly and ascertain whether any of its Members are guilty of receiving bribes. The issue, in my opinion, is raised above the mere matter of whether or not the Sergeant at Arms shall be removed or punished for contempt. The issue is far more important than that. Simply to let this matter rest with the committee, with no opportunity to make any examination, seems to me to be a procedure that could not be better designed that the facts shall not be made known as they ought to be made known. Therefore I move, as an amendment, to the original proposition to insert "Friday" instead of "Tuesday," giving the Judiciary Committee an opportunity to make some kind of an investigation.

The PRESIDENT pro tempore. Let the Chair understand definitely the formal words in which the Senator from Wisconsin makes his motion. As the Chair now understands, the Senator from Wisconsin wishes to have the date February 10 retained in the motion of the Senator from Pennsylvania, with the purpose of permitting the Judiciary Committee, under the amendment suggested by the Senator from Indiana and agreed to by the Senator from Pennsylvania, to take evidence and be ready to render judgment in the matter. Is that the purpose of the Senator from Wisconsin? Otherwise the Chair will have to insist that the Senator reduce his amendment to writing.

Mr. BLAINE. The purpose, so far as I am concerned, is to give ample time within which the Judiciary Committee may make the investigation of this whole matter, not only as it relates to the Sergeant at Arms but as well to other questions that are involved——

Mr. GEORGE. The committee might report to the next Congress; that would be a good time.

Mr. BLAINE. But obviously that is impossible to do by next Tuesday.

Mr. REED. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. REED. As I understand my own motion, it provides for action on next Tuesday, the 7th of February.

The PRESIDENT pro tempore. That is correct.

Mr. REED. The Senator from Wisconsin moves to amend that to make the date the 10th. That is a simple motion and can we not have a vote on it?

The PRESIDENT pro tempore. The Chair understands the question before the Senate to be this: The Senator from Pennsylvania has moved that the Sergeant at Arms be suspended from office until further action of the Senate and that at 4 o'clock on Tuesday, February 7, the Senate proceed to the final disposition of the matter, in the meantime the whole subject to be referred to the Committee on the Judiciary.

Mr. WATSON. That is correct.

The PRESIDENT pro tempore. The Senator from Wisconsin moves to strike out "February 7" and insert "Friday, February 10." The question is on that motion.

Mr. GORE. Mr. President, I merely desire to suggest that the Committee on the Judiciary consider the advisability of recommending that on February 10 the Sergeant at Arms be decorated with a medal of honor, the croix de guerre, and be retired on full pay after March 4.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from Wisconsin to the motion of the Senator from Pennsylvania.

The amendment was rejected.

The PRESIDENT pro tempore. The question recurs on the motion proposed by the Senator from Pennsylvania.

The motion was agreed to.

Mr. WALSH of Montana. I now ask that the resolution I sent to the desk may be referred to the Committee on the Judiciary.

The PRESIDENT pro tempore. Without objection, the resolution, Senate Resolution 345, will be received and referred to the Committee on the Judiciary.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

The PRESIDENT pro tempore. The question now recurs on the amendment proposed by the Senator from Maryland [Mr. TYDINGS] to the amendment of the Senator from California [Mr. JOHNSON].

Mr. ODDIE. Mr. President, last night I made the statement to the Senate that I would request the Senate to remain in session to-night in order, if possible, to complete this bill. The time is so short before the closing of the present session of the Congress that it is necessary to make all possible haste, and I now request the Senate to remain in session to-night and continue the consideration of this bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Maryland [Mr. TYDINGS] to the amendment of the Senator from California [Mr. JOHNSON].

Mr. TYDINGS. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Couzens	Kean	Sheppard
Austin	Dale	Keyes	Shipstead
Bankhead	Davis	Lewis	Shortridge
Barbour	Dickinson	McGill	Smith
Barkley	Dill	McKellar	Steiwer
Bingham.	Fess	McNary	Thomas, Idaho
Black	Fletcher	Metcalf	Thomas, Okla.
Blaine	Frazier	Moses	Townsend
Bratton	George	Nye	Trammell
Bulkley	Goldsborough	Oddie	Tydings
Bulow	Gore	Pittman	Vandenberg
Byrnes	Grammer	Reed	Wagner
Capper	Hale	Reynolds	Walsh, Mass.
Clark	Hastings	Robinson, Ark.	Walsh, Mont.
Connally	Hatfield	Robinson, Ind.	Watson
Coolidge	Hayden	Russell	White
Copeland	Hebert	Schall	
Costigan	Johnson	Schuyler	

The PRESIDING OFFICER (Mr. FESS in the chair). Seventy Senators having answered to their names, a quorum is present.

Mr. TYDINGS. Mr. President, I ask to have the amendment read at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the end of the amendment of the Senator from California it is proposed to add the following:

That hereafter any appropriation of money for crop production of any crop whereof there is already an exportable surplus in the United States is hereby rescinded, and any such appropriation shall revert to the Treasury.

Mr. TYDINGS. Mr. President, the amendment explains itself. All it provides is that where we have appropriated money for crop production and where we already have an exportable surplus of that crop, those sums shall revert to the Treasury.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. TYDINGS. Yes.

Mr. REED. Why does the Senator advance that as an amendment to the pending amendment of the Senator from California?

Mr. TYDINGS. Only in the interest of economy, because I am forced to get at it in this way.

Mr. REED. I do not think so. Oh, I see! The Senator does not think he can get the votes to suspend the rules for the purpose of offering it?

Mr. TYDINGS. I can not get it on an appropriation bill, and I am afraid I can not get the appropriation reduced except in this way.

Mr. REED. I think a great many of us feel as I do, that as an independent proposition I would vote for the amendment of the Senator from Maryland; but I will vote against it now, because I think it jeopardizes the success of a very valuable amendment now pending.

Mr. TYDINGS. I do not think it does, may I say to the Senator from Pennsylvania. In this appropriation bill there is a long section devoted to legislation, and I have simply offered this amendment in that particular category.

I want to point out to the Senator from Pennsylvania, and I know that as a business man he will at least agree with this logic, that where we have an exportable surplus now that we can not sell we are only compounding our difficulty when we appropriate money for crops to add to that surplus. It seems to me to be so ridiculous as a matter of congressional policy that we ought not to waste this money.

There is practically nobody in my State that I know of who has protested against it. These agents are out in every agricultural county in every State in the Union. But what is the use of appropriating money to produce a crop when we are already carrying over a year's world supply of some crops next year? Is it not only going to add more to the surpluses which we can not move? Is it not only going to depreciate the price still further? Is it not only making a burden upon the taxpayers that they will have to pay in the future? When we need to save money, why should we appropriate money to produce a crop of which we already have so much that we can not sell it?

Mr. DILL and Mr. VANDENBERG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Washington?

Mr. TYDINGS. Yes; I yield.

Mr. DILL. Mr. President, will the Senator name some crop that we can produce on loans of which we do not have a surplus?

Mr. TYDINGS. I do not attempt to say what they are; but I stick to the basic proposition that wherever we have a crop for which there is no demand whatever, of which there is an overwhelming supply, we ought not to appropriate the people's money to produce more of something that we can not sell now.

Mr. DILL. I want to remind the Senator that there is a surplus to-day of all the basic crops that we produce in this country.

Mr. TYDINGS. An exportable surplus?

Mr. DILL. An exportable surplus. We can not export it, because nobody will buy it all.

Mr. TYDINGS. There are many crops that we raise in America that we do not export.

Mr. DILL. Will the Senator name some of them?

Mr. TYDINGS. Turnips, radishes, tomatoes, sugar corn.

Mr. DILL. I doubt that. We do export them to Canada.

Mr. TYDINGS. Oh, no—very little, at any rate.

Mr. DILL. Oh, yes, we do!

Mr. TYDINGS. But that would not be called an export in this general category.

Mr. DILL. There are no exceptions made here. The Senator is going to shut out every wheat farmer, every cotton farmer, every corn farmer in America.

Mr. TYDINGS. That is right.

Mr. DILL. And they have to live.

Mr. TYDINGS. What will we do, may I point out to my friend from Washington, if we do not shut them out? We will add to an already staggering surplus, and take dollars and cents—because we will have increased the supply without increasing the demand—from every other farmer who now is struggling to pay his interest.

Mr. DILL. Let me ask the Senator a question.

Mr. TYDINGS. I yield.

Mr. DILL. Does the Senator think it is proper that there shall be no loans to men on the farms who want to produce enough corn and enough wheat to feed the stock that is necessary to be kept on the farm for purposes of farming?

Mr. TYDINGS. Why, yes, Mr. President. I mean to say, generally speaking, that the problem of America to-day is, What is it going to do with its huge surpluses which it can not handle, and which have glutted the business market? That is all.

Mr. DILL. The trouble with the Senator is that the language of his amendment would prohibit any loans to the people who are trying to live for the purpose of maintaining

their livestock and their dairy cattle and their chickens on which they are able to survive. The Senator will not allow them to be loaned a single dollar to produce the grain needed to feed them.

Mr. TYDINGS. And what will be the result if we do lend them the money?

Mr. DILL. They will be able to live, at least.

Mr. TYDINGS. We have here in America a world's supply of cotton for next year, carried over from 1932 to 1933, enough to supply all the world with cotton, and still we are appropriating money to produce more cotton. There is absolutely no law of economics or common sense, in my humble judgment, which will justify that.

Mr. FRAZIER and Mr. SMITH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Maryland yield; and if so, to whom?

Mr. TYDINGS. I yield first to the Senator from North Dakota.

Mr. FRAZIER. Mr. President, I want to ask the Senator from Maryland if he does not think there are cases where drought has stricken a part of the country, or where storms have wiped out the crops that were to have been used for feed, where we are justified in loaning the farmers in those communities enough at least to take care of their livestock and to live upon for another year?

Mr. TYDINGS. If that is the case, let the people borrow from the Reconstruction Finance Corporation, and let the State lend to those farmers sufficient money to carry them through, which sums of money are already provided. That is what we do for the man in the city. We lend to the State or the city a sum of money, and the State maintains him with the funds borrowed from the Federal Government until such time as he can get a job.

What I am complaining about is compounding the very difficulty from which we are attempting to escape. We all stand up here and say, "What is going to become of the farmer with all of this surplus which he can not sell?" What is going to become of him, I ask, if to that surplus we add another tremendous surplus for which there is no market?

Mr. SMITH. Mr. President——

Mr. TYDINGS. I yield to the Senator from South Carolina.

Mr. SMITH. I think the Senator feels as the rest of us do. If we are going to start embargoes and stop exportation, why produce anything here for export?

Mr. TYDINGS. The Senator is right.

Mr. SMITH. In this case, however, we are appropriating millions of dollars for the unemployed. We already have a surplus of labor, known as the unemployed. They must be fed and taken care of. The question is whether it is better to take care of these men on the farms, even though they do produce a modicum that might be added to their exportable surplus——

Mr. TYDINGS. Mr. President, I am going to remind my good friend from South Carolina that he is speaking in my time, which is limited, and I have already given him three minutes.

Mr. SMITH. All right; I will finish in my own time.

Mr. TYDINGS. Mr. President, I have a lot more to say; but I will not say it if those who are assembled here will give me the privilege of having a roll-call vote on this matter. May I ask my fellow Senators if they will order the yeas and nays?

Mr. President, I ask for the yeas and nays. May I get enough hands to get a roll call?

Mr. BINGHAM. Mr. President——

Mr. TYDINGS. A sufficient number, Mr. President.

Mr. BINGHAM. A point of order, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. TYDINGS. I have the floor, Mr. President.

Mr. BINGHAM. I make a point of order.

The PRESIDING OFFICER. Any Senator may take the floor to make a point of order.

Mr. BINGHAM. I make the point of order that the amendment suggested by the Senator from Maryland is out of order, since no amendment not germane or relevant to the subject matter contained in the bill can be received. By vote of the Senate we have permitted the Senator from California [Mr. JOHNSON] to offer to the subject matter of the bill new legislation; but the amendment suggested by the Senator from Maryland is not relevant or germane to the subject matter covered by that vote.

Mr. TYDINGS. If the Senator will permit an interruption, I am not offering this amendment to the bill. I am offering this amendment to the amendment for which the rules have been suspended; and the Senator's premise is not well taken.

The PRESIDING OFFICER. The Chair would be glad to hear Senators on the point of order.

Mr. BINGHAM. Mr. President, while the statement made by the Senator from Maryland, of course, is correct, actually it is to the bill that the Senator proposes the amendment.

The amendment offered by the Senator from California [Mr. JOHNSON] was out of order until made in order by a two-thirds vote of this body. It then became in order on the bill. I now make the point of order that an amendment not germane or relevant to this matter which has been made in order by a vote of the Senate can not be offered, and therefore that the amendment offered by the Senator from Maryland is out of order.

Mr. TYDINGS. Mr. President, that is an absolutely untenable and ridiculous premise. The rules were suspended for the purpose of offering the amendment offered by the Senator from California [Mr. JOHNSON]. I am permitted under the rules to amend that amendment in any way I see fit. The question of germaneness does not enter into amendments to the amendment. When the rules were suspended they were suspended for that amendment in such form as it should finally be adopted by the Senate; and I submit, without further argument, that the point of order is not well taken.

Mr. BINGHAM. Mr. President, if the Senator's position is correct, then when once the rules are suspended to permit an amendment for new legislation on an appropriation bill, the entire civil and criminal code could be added as an amendment to it. Any legislation could be proposed. Obviously, that is a ridiculous position to take.

When the Senate moved to suspend the rules and permit the amendment of the Senator from California [Mr. JOHNSON] to be offered, it knew exactly what the amendment was that would be offered, because that is required under the rule. It is required that that be stated. It is not a general permission to introduce any subject in connection with the amendment offered.

Mr. TYDINGS. Mr. President, I submit that when Senators voted to suspend the rules they had no more knowledge of what the final shape of this amendment would be than I have of the constitution of Siam. When they moved to suspend the rules, they took the responsibility of permitting any Senator on this floor to offer any amendment he saw fit to that proposition. Inasmuch as my proposition deals indirectly with the same subject matter—namely, exportable surpluses—which the Senator in the opposite view sought to cover by a provision permitting only the sale of American goods, which was in the general philosophy of tariffs or embargoes, my proposition is not only germane, but, even if it were not germane, it would still be in order.

The PRESIDING OFFICER (Mr. FESS in the chair). The Chair is ready to rule.

The contention is made by the Senator from Maryland that when the matter that is submitted, which ordinarily would be out of order, is made in order through suspension of the rules, that amendment is subject to amendment. The amendment to it, however, must be germane and relevant to the subject matter.

Mr. TYDINGS. If the Chair will permit me to interrupt him—and I do not want to interrupt him—may I say that the whole philosophy of the amendment offered by the Senator from California was one dealing with tariff matters. It was to prevent only the purchase of goods which in part, or in some cases altogether, originated in America. I am dealing with the same subject in reverse English, to say it

in a couple of words. I am asking, therefore, in view of the policy which we have adopted, that we make our policy consistent; namely, if we are not to purchase from abroad, that we do not appropriate money to sell abroad.

I submit to the Chair that the subject matter comes under the same general heading and is germane.

The PRESIDING OFFICER. The Chair is of the opinion that the amendment offered by the Senator from California has no significance in the matter of production in the way of surplus. The Senator's amendment is dealing with surplus, and the Chair is of the opinion that it is not relevant. The Chair, therefore, sustains the point of order.

Mr. TYDINGS. Then, Mr. President, in view of the Chair's ruling I move the suspension of the rules, and ask for the yeas and nays, if my colleagues will give me that vote.

Mr. BINGHAM. Mr. President, a point of order. That motion may not be made, except by giving notice one day in advance.

Mr. TYDINGS. If the Senator wants to fall back on the rule book and wants to prevent himself from voting on this matter, of course, I shall have to abide by it.

Mr. BINGHAM. The Senator from Connecticut only desires to shut off debate and get some action on the bill.

Mr. TYDINGS. That is all I want. I renew my motion.

The PRESIDING OFFICER. Let the Chair make a statement to the Senator from Maryland. While the Chair proceeded to sustain the point of order on the question of relevancy, the question of relevancy must always be submitted to the Senate. Therefore the Chair will submit to the Senate the question that the Senator has submitted.

Mr. TYDINGS. May I have the yeas and nays on that, Mr. President?

The PRESIDING OFFICER. Is there a second to the request for the yeas and nays?

Mr. WALSH of Massachusetts. Let us have a quorum call.

Mr. TYDINGS. I suggest the absence of a quorum.

Mr. BINGHAM. I make the point of order that since the last quorum call no business has been transacted.

The PRESIDING OFFICER. A point of order has been raised and a decision has been given on it, and that is business.

The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Kean	Schuyler
Austin	Dale	Keyes	Sheppard
Bankhead	Davis	McGill	Shipstead
Barbour	Dickinson	McKellar	Smith
Barkley	Dill	McNary	Steiwer
Bingham	Fess	Metcalf	Thomas, Idaho
Black	Fletcher	Moses	Thomas, Okla.
Blaine	Frazier	Norbeck	Townsend
Bratton	George	Nye	Trammell
Bulkley	Gore	Oddie	Tydings
Bulow	Grammer	Pittman	Vandenberg
Byrnes	Hale	Reed	Wagner
Capper	Hastings	Reynolds	Walsh, Mass.
Clark	Hatfield	Robinson, Ark.	Watson
Connally	Hayden	Russell	White
Copeland	Johnson	Schall	

The PRESIDING OFFICER. Sixty-three Senators having answered to their names, there is a quorum present.

The question is on the amendment of the Senator from Maryland to the amendment of the Senator from California.

Mr. TYDINGS. I ask for the yeas and nays.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. The Senator from Maryland offers the following amendment: To add a new section in the proper place, reading as follows:

> That hereafter any appropriation of money for crop production of any crops whereof there is already an exportable surplus in the United States is hereby rescinded and any such appropriation shall revert to the Treasury.

The PRESIDING OFFICER. The Senator from Connecticut [Mr. BINGHAM] has made a point of order on this amendment on the ground that it was not relevant. That question must be submitted to the Senate without debate. The question now is as to whether the amendment is relevant or not.

Mr. TYDINGS. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). I have a general pair with the junior Senator from Nebraska [Mr. HOWELL]. In his absence I withhold my vote, but if free to vote I should vote "nay."

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN], which I transfer to the junior Senator from Maryland [Mr. GOLDSBOROUGH], and vote "nay."

Mr. HEBERT (when his name was called). Again announcing my pair with the senior Senator from North Carolina [Mr. BAILEY], I withhold my vote.

Mr. MCNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the senior Senator from Michigan [Mr. COUZENS] and vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a pair with the junior Senator from Montana [Mr. WHEELER], who is absent. I do not know how that Senator would vote, and therefore I withhold my vote. If permitted to vote, I would vote "nay."

Mr. WALSH of Massachusetts (when his name was called). On this motion I am paired with the Senator from Wisconsin [Mr. LA FOLLETTE]. Not knowing how he would vote if present, I withhold my vote.

The roll call was concluded.

Mr. WAGNER (after having voted in the negative). I have a pair with the junior Senator from Missouri [Mr. PATTERSON], but I am informed that if present he would vote as I have voted, and therefore I permit my vote to stand.

Mr. BINGHAM (after having voted in the negative). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. In his absence I transfer that pair to my colleague the junior Senator from Connecticut [Mr. WALCOTT] and allow my vote to stand.

Mr. SHIPSTEAD. On this vote I am paired with the junior Senator from Arkansas [Mrs. CARAWAY]. I am informed that if present and voting the Senator from Arkansas would vote as I shall vote, so I am at liberty to vote, and I vote "nay."

Mr. CONNALLY (after having voted in the negative). A parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. CONNALLY. The question is as to the relevancy of the amendment?

The PRESIDENT pro tempore. The question is as to the germaneness of the amendment proposed by the Senator from Maryland [Mr. TYDINGS].

Mr. CONNALLY. A vote in the negative would mean that the Senator so voting was of opinion it is not germane?

The PRESIDENT pro tempore. That is correct.

Mr. CONNALLY. I allow my vote to stand.

Mr. COSTIGAN. The Senator from West Virginia [Mr. NEELY] is unavoidably absent. I am instructed to say that if present he would vote "nay."

Mr. GORE. The senior Senator from Iowa [Mr. BROOKHART] is absent on account of illness. He requested me to pair with him on the main question involved in this amendment. I do not feel at liberty to vote on the present question. If I were at liberty to vote, I would vote "yea."

Mr. FESS. I desire to announce the following general pairs:

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG];

The Senator from Illinois [Mr. GLENN] with the Senator from Virginia [Mr. SWANSON];

The Senator from Wisconsin [Mr. LA FOLLETTE] with the Senator from Massachusetts [Mr. WALSH];

The Senator from California [Mr. SHORTRIDGE] with the Senator from West Virginia [Mr. NEELY]; and

The Senator from Indiana [Mr. ROBINSON] with the Senator from Mississippi [Mr. STEPHENS].

The result was announced—yeas 2, nays 54, as follows:

YEAS—2

Bulkley	Tydings	

NAYS—54

Ashurst	Davis	McGill	Schuyler
Austin	Dickinson	McKellar	Sheppard
Bankhead	Dill	McNary	Shipstead
Barbour	Fess	Metcalf	Smith
Barkley	Fletcher	Moses	Steiwer
Bingham	Frazier	Norbeck	Thomas, Okla.
Black	Grammer	Nye	Townsend
Bulow	Hale	Oddie	Trammell
Capper	Hastings	Pittman	Vandenberg
Clark	Hatfield	Reed	Wagner
Connally	Hayden	Reynolds	Watson
Copeland	Johnson	Robinson, Ark.	White
Costigan	Kean	Russell	
Dale	Keyes	Schall	

NOT VOTING—40

Bailey	Couzens	Hull	Robinson, Ind.
Blaine	Cutting	Kendrick	Shortridge
Borah	George	King	Smoot
Bratton	Glass	La Follette	Stephens
Brookhart	Glenn	Lewis	Swanson
Broussard	Goldsborough	Logan	Thomas, Idaho
Byrnes	Gore	Long	Walcott
Caraway	Harrison	Neely	Walsh, Mass.
Carey	Hebert	Norris	Walsh, Mont.
Coolidge	Howell	Patterson	Wheeler

So the amendment of Mr. TYDINGS to the amendment was declared not to be germane.

Mr. TYDINGS submitted the following notice of a motion to suspend the rules, which was read:

Pursuant to the provisions of Rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of Rule XVI, for the purpose of proposing to the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes, the following amendment, viz, at the proper place in the bill insert the following:

"SEC. —. That hereafter any appropriation of money for crop production of any crop whereof there is already an exportable surplus in the United States is hereby rescinded, and any such appropriation shall revert to the Treasury."

Mr. COPELAND. Mr. President, is it in order to offer an amendment to the pending amendment?

The PRESIDENT pro tempore. It is.

Mr. COPELAND. I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. It will be stated for the information of the Senate.

The CHIEF CLERK. On page 2, line 15, after the word "States," strike out "or to be used for experimental or scientific purposes."

Mr. JOHNSON. Mr. President, that has already been adopted.

Mr. BINGHAM. Mr. President, in connection with the amendment just offered by the Senator from New York, and which was offered last night by his colleague [Mr. WAGNER], may I have the attention of his colleague?

The PRESIDENT pro tempore. The attention of the junior Senator from New York is requested.

Mr. BINGHAM. I appreciate the intention of the Senator; but may I say to him that I believe that the inclusion of the word "experimental" will be extremely detrimental to the progress of aeronautical science in the United States unless the Secretary of War or Secretary of Commerce or Secretary of the Navy, as the case might be, were to make a certificate of the absolute necessity in the public interest of breaking the effect of the law.

We occasionally purchase one of the best foreign airplanes for Government experimental use. It is flown by our best pilots, who report on it. It is later broken up and reduced to its component parts and a complete study made of the methods by which it has been constructed. Surely the Senator would not interfere with material being brought in for experimental purposes of that nature? If the Senator will permit the word "experimental" to go out and merely confine it to scientific purposes, I think he will reach the object which he has in view, which is to encourage the Government to buy its scientific instruments of American manufacturers. I hope the Senator will not insist upon the word "experimental," because that would prevent our bringing in for the Government any new foreign articles with which we desire to experiment and see how they were made and possibly to improve upon them or make some like them.

The PRESIDENT pro tempore. Inasmuch as the amendment offered by the Senator from New York was accepted by the Senator from California, it is the privilege of the Senator from California to modify his amendment as he may wish.

Mr. BINGHAM. I understood that as fully and perfectly as does the present occupant of the chair, but I prefer that the Senator from New York would ask the Senator from California to modify the amendment which he offered yesterday, after the explanation which I have made. I do not like to ask the Senator from California to change it, since it originated with the junior Senator from New York.

Mr. WAGNER. Mr. President, my view is that the amendment which was offered by me would not prevent the importation of such a product as the airplane which the Senator mentioned, because there are safeguards in the Johnson amendment as to the question of quality and the question of the amount produced in this country. If the department should determine that the particular product is of superior quality to anything we have here, as they must decide under the suggestions made by the Senator from Connecticut, then the amendment would not interfere with its importation.

Mr. BINGHAM. The department does not know that it is superior. It hopes the American airplanes are superior, but it learns that a new ariplane has been constructed and manufactured for a foreign government. It wishes to experiment and see whether the information obtained can be used and improved upon by our manufacturers.

Mr. WAGNER. Then it is something that is not produced in this country.

Mr. BINGHAM. Oh, no. The airplanes are produced in this country. I asked the Comptroller General this morning whether, in view of the fact that on the floor of the Senate the words "for experimental and scientific purposes" were stricken out, he would be able to permit a voucher to be paid for an experimental airplane, and he said he would not be able to do so, in view of the action of the Senate, unless the Secretary who introduces it chose to make a certificate that it was not in the public interest to keep the airplane out.

Mr. WAGNER. Of course, I do not care to interfere with any such enterprise as the Senator mentions. If the amendment is not to be acted upon to-night, may I have an opportunity at least to reflect overnight on the suggestion made by the Senator from Connecticut. Then I am quite willing to confer with the author of the original amendment and discuss the matter with the Senator from Connecticut.

Mr. BINGHAM. Very well.

Mr. COPELAND. Mr. President, I offer the following amendment.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 4, after line 6, after the period, insert the following:

Nothing in this act shall apply to articles, materials, or supplies of stock in the United States on the effective date of this act or in transit from outside of the United States on such date or contracted for prior to such date.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New York.

Mr. COPELAND. Before I say something about the amendment, let me say that I was not aware that my colleague had introduced the amendment about scientific apparatus. I attempted a few moments ago to introduce the identical amendment and found it had been adopted last night. If the Senator from Connecticut is correct, there should be some language inserted in the bill so there will be no doubt, as in a case such as the Senator has suggested it would be all right for the head of a department to order the mate-

rial from abroad. That is what the language says. I am amazed that the officers in the departments say we could not buy such equipment as the Senator suggests. My suggestion to the Senator is that such language ought to be modified in some way so that such apparatus could be purchased for experimental purposes.

Mr. BINGHAM. Mr. President, will the Senator permit a question?

Mr. COPELAND. Certainly.

Mr. BINGHAM. What object is there in preventing the introduction of articles to be bought by the Government for experimental purposes? I can see perfectly well the object of the Senator in preventing the Government from purchasing articles needed for use in laboratories or for scientific purposes which could perfectly well and should be bought in this country; but when an article is brought in for experimental purposes I can not see that we have anything to lose, but everything to gain.

Mr. COPELAND. Would the Senator consider that a galvanometer or some instrument to be used in a physiological or other laboratory for experimental purposes would be covered by the term "scientific instrument"?

Mr. BINGHAM. I should certainly suppose so.

Mr. COPELAND. I have no doubt the Senator from Connecticut and my colleague will work out some solution of the matter.

Mr. WAGNER. Mr. President, if my colleague will yield, I want to suggest that the Senator from Connecticut will be convinced——

Mr. COPELAND. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. COPELAND. Am I allowed to use my time in this way?

Mr. WAGNER. My colleague may have my time.

The PRESIDENT pro tempore. That may not be done. Senators may not yield their time to other Senators.

Mr. COPELAND. I have only a limited time, and hope my colleague will be brief.

Mr. WAGNER. Let me invite the attention of the Senator from Connecticut to this section. The only time this legislation applies is where the particular article in question is produced in the United States in commercial quantities and of a satisfactory quality.

Mr. BINGHAM. But airplanes are produced in the United States of commercial quantities and of satisfactory quality, and, therefore, no airplanes could be bought for experimental purposes under the terms of the bill, because the comptroller would say there are plenty of airplanes produced in the United States.

Mr. WAGNER. The Senator may be correct about it.

Mr. BINGHAM. The comptroller said the question having been brought up on the floor of the Senate and the Senate having stricken out those words, he would be obliged to interpret the matter more strictly than if no attention had been called to it and it had not been originally in the bill.

Mr. COPELAND. Now, Mr. President, I invite attention to the amendment which I have offered, which has to do with a case like this. A casement-window company in my State has on hand certain stocks of rolled steel which they use in the making of window frames. About 18 per cent of the total stock that this company has on hand was made in England. The concern in question does not dispute the wisdom of the measure and is in harmony with it, but would not wish to be precluded from the use of such articles as are actually now on hand.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. COPELAND. Certainly.

Mr. JOHNSON. The difficulty with the Senator's amendment is solely that it will confuse, I fear. I would rather not adopt it. I can not in justice to those who have been working with me accept it, and he will have to put it to the Senate for determination.

Mr. COPELAND. I am very sorry. We are now imposing upon the manufacturers of this country a very rigid law which does not permit them to sell to the Government anything which is made abroad, or a substantial part of which is made abroad. There are thousands of concerns in America who have in stock now some material which came from abroad. It certainly would be unfair and unjust to them to make it impossible for them to use up such material as they have on hand.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. COPELAND. Certainly.

Mr. WALSH of Massachusetts. I presented a similar amendment to the Senator from California a week or 10 days ago, and I was unsuccessful in persuading him to accept it. I fear the Senator from New York will meet the same fate.

Mr. CONNALLY. Mr. President, I desire to inquire of the Senator from Nevada does he intend to go on to-night with the consideration of this bill?

Mr. ODDIE. Yes, Mr. President; I want to go on to-night. I gave notice of my intention last night and again, about two hours ago, I gave the same notice.

Mr. CONNALLY. For about how long does the Senator desire to continue the consideration of the bill?

Mr. WALSH of Massachusetts. Will not the Senator agree that the Senate shall take a recess after this amendment shall have been acted upon?

Mr. ODDIE. I should not like to do that, because there are many other important items in the bill that have not as yet been discussed.

Mr. WALSH of Massachusetts. May I inquire how long the Senator expects the Senate to continue in session?

Mr. ODDIE. Until about 10 o'clock, because there is so much important work yet to be done on this bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from New York [Mr. COPELAND] to the amendment.

The amendment to the amendment was rejected.

The PRESIDENT pro tempore. The question recurs upon the amendment proposed by the Senator from California, as modified.

Mr. BLAINE. Before the vote is taken I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Dickinson	McKellar	Shipstead
Bankhead	Dill	McNary	Smith
Barbour	Fess	Metcalf	Steiwer
Bingham	Fletcher	Moses	Thomas, Idaho
Black	Frazier	Norbeck	Thomas, Okla.
Blaine	George	Nye	Townsend
Bratton	Gore	Oddie	Trammell
Bulkley	Grammer	Pittman	Tydings
Bulow	Hale	Reed	Vandenberg
Byrnes	Hayden	Reynolds	Wagner
Capper	Hebert	Robinson, Ark.	Walsh, Mass.
Clark	Johnson	Robinson, Ind.	Watson
Connally	Kean	Russell	White
Copeland	Keyes	Schall	
Costigan	King	Schuyler	
Davis	McGill	Sheppard	

The PRESIDENT pro tempore. Sixty-one Senators having answered to their names, a quorum is present.

Mr. SHIPSTEAD. Mr. President, it is not my intention to delay the Senate in taking a vote on the pending amendment. I wish merely to take a few moments to explain why I shall vote against it.

Since I have been a Member of the Senate I have from time to time supported what I thought was a reasonable policy of protective tariff, but not prohibitive tariffs. There is something more involved now than the question of a general policy of protective tariff. The eminent Senator from California cited some of the legislation of the British Empire the other day, and the Senator from Massachusetts has given us some information concerning the difficulty experienced by American exporters into Canada. That information, in my opinion, only shows that other countries are getting to be as crazy as we ourselves are. It is only a phase of the world-wide battle of tariffs, embargoes, and currencies that has been going on since we passed the tariff

act of 1930; and this war of tariffs and currencies is as destructive of values and of social conditions as is armed warfare.

Because I want to protest against the policy that has been pursued here as well as in other countries of continued warfare on the field of economics, a warfare that is driving the commodity price level into a tail spin, gradually descending, choking off all commerce, making debts impossible of payment and spreading progressively more and more chaos throughout the world, I shall vote against this amendment. I shall enter my protest in that way against the continuation of the economic war that is now going on, ruining practically every country in the world.

The PRESIDING OFFICER (Mr. FESS in the chair). The question is on the amendment of the Senator from California [Mr. JOHNSON], as modified.

Mr. WALSH of Massachusetts. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). I have a general pair with the junior Senator from Nebraska [Mr. HOWELL], who is absent on official business of the Senate. Not knowing how he would vote, I withhold my vote.

Mr. DAVIS (when his name was called). I have a general pair with the junior Senator from Kentucky [Mr. LOGAN]. I understand that if present he would vote on this question as I intend to vote. Therefore, I feel at liberty to vote, and vote "yea."

Mr. HEBERT (when his name was called). Again announcing my pair with the senior Senator from North Carolina [Mr. BAILEY], I withhold my vote. If permitted to vote, I should vote "yea."

Mr. McNARY (when Mr. LA FOLLETTE's name was called). The senior Senator from Wisconsin is unavoidably absent. If he were present he would vote "nay."

Mr. McKELLAR (when his name was called). On this question I am paired with the senior Senator from Michigan [Mr. COUZENS]. If he were present he would vote "yea," and if I were at liberty to vote I should vote "nay."

Mr. ROBINSON of Indiana (when his name was called). I find that I can transfer my general pair with the junior Senator from Mississippi [Mr. STEPHENS] to the junior Senator from California [Mr. SHORTRIDGE]. I do so, and vote "yea."

Mr. SHIPSTEAD (when his name was called). On this question I am paired with the junior Senator from Arkansas [Mrs. CARAWAY]. I am informed that if she were present and voting, she would vote "yea." If I were at liberty to vote, I should vote "nay."

The PRESIDING OFFICER (when Mr. SWANSON's name was called). The present occupant of the chair has been requested to announce that the senior Senator from Illinois [Mr. GLENN] has a general pair with the senior Senator from Virginia [Mr. SWANSON]. If the Senator from Illinois were present, he would vote "yea"; and if the Senator from Virginia were present, he would vote "nay."

Mr. THOMAS of Idaho (when his name was called). Again announcing my pair with the junior Senator from Montana [Mr. WHEELER], I withhold my vote. If at liberty to vote I should vote "yea."

The roll call was concluded.

Mr. BINGHAM. I have a general pair with the junior Senator from Virginia [Mr. GLASS], who is necessarily absent. I transfer that pair to my colleague, the junior Senator from Connecticut [Mr. WALCOTT] who, if present, would vote as I intend to vote. I vote "yea."

Mr. McNARY. I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. I transfer that pair to the junior Senator from Maryland [Mr. GOLDSBOROUGH], and will vote. I vote "yea."

Mr. DICKINSON. I have a general pair with the senior Senator from Kentucky [Mr. BARKLEY]. I transfer that pair to the Senator from Delaware [Mr. HASTINGS], and will vote. I vote "yea."

Mr. WALSH of Massachusetts. On this question I have a pair with the senior Senator from Wisconsin [Mr. LA FOLLETTE], who is necessarily absent. I transfer that pair to my colleague the junior Senator from Massachusetts [Mr. COOLIDGE]. If my colleague were present, he would vote "yea"; and if the Senator from Wisconsin were present, he would vote "nay." I vote "yea."

The PRESIDING OFFICER. The present occupant of the chair desires to announce the following general pairs:

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG];

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER];

The Senator from New Mexico [Mr. CUTTING] with the Senator from West Virginia [Mr. NEELY];

The Senator from Iowa [Mr. BROOKHART] with the Senator from Oklahoma [Mr. GORE]; and

The Senator from Vermont [Mr. AUSTIN] with the Senator from Tennessee [Mr. HULL].

Mr. SHEPPARD. I desire to announce that the Senator from Virginia [Mr. SWANSON], if present, would vote "nay" on this question.

The result was announced—yeas 41, nays 12, as follows:

YEAS—41

Ashurst	Fess	Moses	Sheppard
Barbour	Fletcher	Norbeck	Steiwer
Bingham	Grammer	Nye	Townsend
Bulkley	Hale	Oddie	Trammell
Byrnes	Hatfield	Pittman	Vandenberg
Capper	Hayden	Reed	Walsh, Mass.
Copeland	Johnson	Reynolds	Watson
Dale	Kean	Robinson, Ind.	White
Davis	Keyes	Russell	
Dickinson	McNary	Schall	
Dill	Metcalf	Schuyler	

NAYS—12

Black	Clark	George	Robinson, Ark.
Blaine	Connally	King	Smith
Bulow	Costigan	McGill	Thomas, Okla.

NOT VOTING—43

Austin	Couzens	Hull	Shortridge
Bailey	Cutting	Kendrick	Smoot
Bankhead	Frazier	La Follette	Stephens
Barkley	Glass	Lewis	Swanson
Borah	Glenn	Logan	Thomas, Idaho
Bratton	Goldsborough	Long	Tydings
Brookhart	Gore	McKellar	Wagner
Broussard	Harrison	Neely	Walcott
Caraway	Hastings	Norris	Walsh, Mont.
Carey	Hebert	Patterson	Wheeler
Coolidge	Howell	Shipstead	

So Mr. JOHNSON's amendment as modified was agreed to, as follows:

On page 87, after line 15, insert the following:

TITLE III

That when used in this title—

(a) The term "United States," when used in a geographical sense, includes the United States and any place subject to the jurisdiction thereof;

(b) The terms "public use," "public building," and "public work" shall mean use by, public building of, and public work of, the United States, the District of Columbia, Hawaii, Alaska, Puerto Rico, the Philippine Islands, American Samoa, the Canal Zone, and the Virgin Islands.

SEC. 2. Notwithstanding any other provision of law, and unless the head of the department or independent establishment concerned shall determine it to be inconsistent with the public interest, or the cost to be unreasonable, only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States, shall be acquired for public use. This section shall not apply with respect to articles, materials, or supplies for use outside the United States, or if articles, materials, or supplies of the class or kind to be used or the articles, materials, or supplies from which they are manufactured are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality.

SEC. 3. (a) Every contract for the construction, alteration, or repair of any public building or public work in the United States, growing out of an appropriation heretofore made or hereafter to be made, shall contain a provision that in the performance of the work the contractor, subcontractors, material men, or suppliers, shall use only such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have

been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States except as provided in section 2: *Provided, however,* That if the head of the department or independent establishment making the contract shall find that in respect to some particular articles, materials, or supplies it is impracticable to make such requirement or that it would unreasonably increase the cost, an exception shall be noted in the specifications as to that particular article, material, or supply, and a public record made of the findings which justified the exception.

(b) If the head of a department, bureau, agency, or independent establishment which has made any contract containing the provision required by subsection (a) finds that in the performance of such contract there has been a failure to comply with such provisions, he shall make public his findings, including therein the name of the contractor obligated under such contract, and no other contract for the construction, alteration, or repair of any public building or public work in the United States or elsewhere shall be awarded to such contractor, subcontractors, material men, or suppliers with which such contractor is associated or affiliated, within a period of three years after such finding is made public.

SEC. 4. This title shall take effect on the date of its enactment, but shall not apply to any contract entered into prior to such effective date.

NORTH CAROLINA SENATORIAL ELECTION

Mr. MOSES. Mr. President, I wish to present a privileged matter in the form of a report from the subcommittee of the Committee on Privileges and Elections, which I ask to have read, and then I shall move to have the report adopted.

The PRESIDING OFFICER. The report will be read.

The legislative clerk read the report (No. 1151), as follows:

The subcommittee of the Committee on Privileges and Elections, to whom was referred the contest filed by George M. Pritchard against the sitting senior Senator from North Carolina, find:

(1) That the original notice of contest was of general character, indefinite in its allegations, and insufficient in itself to justify the contest.

(2) Accordingly, and in response to a notice from the committee to file more specific allegations, the contestant filed a bill of particulars which was specific in the sense that it mentioned general allegations regarding irregularities in the election in certain counties in North Carolina. The subcommittee concluded that these allegations were not less general than the allegations in the original notice; that the limiting of general allegations to certain specified counties was not in itself sufficient to provide particulars upon which to found a contest or to rebut the presumption of the validity of the returns and the record thereof as filed with the committee.

The subcommittee holds the opinion that title to office as shown by the election returns must be respected in the interest of the stability of government and ought not to be reviewed except upon specific showing calculated seriously to raise a doubt as to the title of the holder of the office. The subcommittee also was not unmindful of the time and expense which would be necessary to carry on a contest such as was evidently contemplated.

(3) Final notice was duly served upon the contestant to show cause on January 25, 1933, why this contest should not be dismissed. Accepting as true the contestant's allegations, the committee find that they are not sufficiently specific to sustain the object sought and that they do not tend to show that the contestant was elected or that the contestee was not elected—inasmuch as the contestee's official majority was in excess of 113,000 votes.

For this reason the subcommittee being authorized thereto recommends to the Senate that the petition of the contestant be dismissed.

GEO. H. MOSES.
JAS. E. WATSON.
ROBERT J. BULKLEY.

Mr. MOSES. Mr. President, I move the adoption of the report of the subcommittee.

The PRESIDING OFFICER. The Chair will ask the Senator from New Hampshire what is the resolution? Is it Order of Business 605?

Mr. MOSES. Yes; but that will have to be dealt with otherwise. The subcommittee was authorized by the full committee to report its findings and recommendations directly to the Senate. The findings are contained in the body of the report and the recommendations in the last sentence, recommending that the petition be dismissed.

I move the adoption of the report.

The PRESIDING OFFICER. The question is on the motion of the Senator from New Hampshire.

The report was agreed to.

Mr. MOSES submitted the following resolution (S. Res. 346), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the sum of $500 be paid to the treasurer of the State of North Carolina; that the sum of $3,000 be paid to the Hon. Josiah W. Bailey, the sitting senior Senator from North Carolina; and that $8,000 be paid to the Hon. George M. Pritchard, of Asheville, N. C.; all of said sums to be paid from the contingent fund of the Senate and in full settlement of expenses incurred in the contested case affecting the seat of the senior Senator from North Carolina.

ADDITIONAL PETITIONS AND MEMORIALS

Mr. COPELAND presented a memorial of sundry citizens of Albion and Knowlesville, N. Y., remonstrating against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which was ordered to lie on the table.

He also presented resolutions adopted by Pilgrim's Pride Council, No. 54, Daughters of America, of Brooklyn, N. Y., remonstrating against continuance of the so-called economy act, especially the furlough plan, which were referred to the Committee on Appropriations.

He also presented a letter in the nature of a memorial from the board of directors of the Glens Falls (N. Y.) Hospital, remonstrating against the further extension of Veterans' Administration hospitals or the making of appropriations for new construction until the facilities of local hospitals for caring for veterans are exhausted, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Red Creek Dairymen's League Cooperative Association (Inc.), in the State of New York, favoring inflation of the gold currency, which was referred to the Committee on Banking and Currency.

He also presented a resolution of the Westchester County (N. Y.) District Council, United Brotherhood of Carpenters and Joiners of America, Tarrytown, N. Y., favoring the passage of legislation providing for the 6-hour day and 30-hour week, etc., which was referred to the Committee on the Judiciary.

ADDITIONAL REPORT OF A COMMITTEE

Mr. DICKINSON, from the Committee on Military Affairs, to which was referred the bill (S. 1730) to amend and correct the military record of Robert J. Smith, reported it with an amendment to the title and submitted a report (No. 1150) thereon.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. McKELLAR. Mr. President, on page 57, in line 3, I move to strike out the numerals "$35,500,000" and to insert "$17,750,000."

This brings up the question of reducing the amount of subsidies paid to ocean shipping companies by 50 per cent of what they are now getting.

Heretofore I have made the argument—and I think it is absolutely sound legally—that 39 of these various shipping contracts out of the 44 are void; but in making this motion to reduce the amount, the question of the validity of the contracts need not be considered.

I want to call the attention of the Senate to the provisions of the contracts themselves.

The PRESIDING OFFICER. Will the Senator state on what page this amendment is proposed?

Mr. McKELLAR. On page 57, line 3. I move to strike out "$35,500,000" and insert "$17,750,000."

I desire to read the following provision of the contract:

That if mutually agreed to by the Postmaster General and the contractor, the Post Office Department may extend the service to additional ports, curtail the route to omit ports, change the service to substitute ports, or increase or reduce the number of trips, with allowance of not exceeding the contract rate for the increased outbound mileage involved and with a deduction at the contract rate for any decreased outbound mileage involved.

That is in contract No. 4. I have just read from page 152 of Ocean Mail Contracts. The same language is to be found in contract No. 5, as appears on page 157 of Ocean Mail Contracts. The same language is found on pages 163, 167, 169, 175, 179, 184, 186, 191, 196, 200, 205, 211, and so on through, in all of the contracts.

Mr. FLETCHER. Mr. President, what is the Senator reading from?

Mr. McKELLAR. I am reading from Ocean Mail Contracts, Senate Document No. 69, Seventy-second Congress, first session.

So, Mr. President, under these contracts the Congress, by reducing the amount, instructs the Postmaster General to enter into negotiations to reduce the amount of mileage or the number of trips, or otherwise bring the compensation within the appropriation.

Now, Mr. President, I want to refer just briefly to the reasons why these reductions should be made.

From the Truth About Postal Contracts, which is Senate Document 210, we find that some of these steamship companies are doubly subsidized. We find that others of them carry, substantially speaking, neither freight nor mail. We find the greatest extravagance in the matter of managing these shipments of mail.

For instance, I want to call attention to pages 36 and 37.

The American Scantic Line: Compensation for 20 voyages. The normal rate for carrying the mail would be $2,600. The amount in fact paid is $260,000.

American South African Line: Compensation for 8 voyages, at normal rates, $375. Amount in fact paid, $165,000.

American West African Line: Compensation for 12 voyages, at normal rates, $735. The amount actually paid is $195,000. Page 160.

Dollar Steamship Line: Compensation for 15 voyages, at normal rate, $13,500. The amount in fact paid is $728,000.

Dollar Steamship Line: Compensation for 15 voyages, at normal rate, $5,950. The amount in fact paid is $650,000.

Eastern Steamship Line: Compensation for 78 voyages, at normal rate, $1,400. The amount in fact paid is $147,000.

Export Steamship Corporation: Compensation for 66 voyages, at normal rate, $1,770. The amount in fact paid is $820,000.

Grace Steamship Co.: Compensation for 20 voyages, at normal rate, $30,000. The amount in fact paid is $390,000.

Lykes Bros. Steamship Co.: Compensation for 34 voyages, at normal rate, $165. The amount actually paid is $157,000.

Munson Line: Compensation at normal rate, $33,200. The amount actually paid is $920,000.

New York & Cuba Mail Steamship Co.: Compensation for 33 voyages, at normal rate, $35. The amount actually paid is $224,000.

New York & Cuba Mail Steamship Co.: Compensation for 30 voyages, at normal rate, $1,360. The amount actually paid is $242,000.

Oceanic & Oriental Navigation Co.: Compensation for 8 voyages, at normal rate, $535. The amount actually paid is $113,000.

Oceanic & Oriental Navigation Co.: Compensation for 7 voyages, at normal rate, $145. The amount actually paid is $123,000.

Pacific-Argentine-Brazil Line: Compensation for 6 voyages, at normal rate, $3. The amount actually paid is $102,000.

States Steamship Co.: Compensation for 14 voyages, at normal rate, $145. The amount actually paid is $230,000.

States Steamship Co.: Compensation for 8 voyages, at normal rate, $133. The amount actually paid is $122,000.

Mr. President, at times like these, when we are borrowing money to carry on the ordinary expenses of government, with our Treasury $5,200,000,000 in the hole in the last three years in running expenses, we are paying these enormous subsidies to steamship companies, subsidies which are without parallel in the history of government anywhere in the world.

Talk about Great Britain subsidizing her ships. No such subsidies as these are paid by her, or any other nation. The United States is the only nation where these enormous subsidies are paid.

If I have had the proof aright, as I stated here in the Senate before, one of these lines running to South America from San Francisco carried 3 first-class letters, 6 cents postage, and 45 pounds of parcels post, and they got $102,000,000 for that service, or so-called service. No other government on the earth except the American Government would ever permit money to be spent in such a way.

Mr. President, it does seem to me that this amendment ought to be adopted. I can not imagine what argument can be used to defend this wicked and extravagant waste of the American people's money. When we are having to feed the hungry people in all parts of the country, we are granting these enormous subsidies to these steamship companies.

I go a little further. I want to call attention to the fact that 39 out of 44 contracts were let without competition. The shipping law of 1928 required competition, required open bidding, required advertisements for bidding. There was no open bidding. The contracts were let without bidding. The contracts were let in 39 instances so that only one company could bid on the contract. The whole spirit of the law has been violated. Yet these enormous subsidies year by year for 20 years have been paid, and that practice ought not to continue.

Let me call attention to the American-West African Line. It had a contract dated August 30, 1928, for 10 years.

Vessels of class 1, 10 years, 4,500 gross tons.

Schedule must be satisfactory to the Postmaster General and not less than 20 trips per annum.

Compensation for outward trip only. Nautical miles, route A, 6,994; route B, 6,369; route C, 6,224; at $2.50 per mile annual compensation, or a total of $325,287 per annum. Multiply that by 10 and it will be found it amounts to $3,352,870.

Mr. GEORGE. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. GEORGE. I wanted to ask the Senator from Tennessee if the contracts are uniform contracts?

Mr. McKELLAR. Almost entirely.

Mr. GEORGE. Do they run for a period of years?

Mr. McKELLAR. They run for a period of years, most of them 10 years, but there is a provision—and I believe the Senator did not hear when I first began—in each one of the contracts which would allow the Postmaster General, if instructed by the Congress, to bring about a settlement as to the number of trips made and the mileage that is run. In other words, they can be mutually readjusted. I read to the Senator from a provision that is in all the contracts:

> If mutually agreed to by the Postmaster General and the contractor, the Post Office Department may extend the service to additional ports, curtail the route to omit ports, change the service to substitute ports, or increase or reduce the number of trips, with allowance of not exceeding the contract rate for the increased outbound mileage involved and with a deduction at the contract rate for any decreased outbound mileage involved.

Mr. GEORGE. That clause is uniform?

Mr. McKELLAR. Uniform through all the contracts.

Mr. GEORGE. In all the contracts?

Mr. McKELLAR. Yes. Of course, the reduction of the appropriation would be a direction to the Postmaster General to use that clause.

Mr. President, under these circumstances, it is just a question of what the Senate wants to do. Do they want to continue these extravagant expenditures, these extravagant subsidies, or do they want to give to these subsidized people still an enormous subsidy? We are curtailing every other officer of the Government. Everyone else who uses Government money has been curtailed. Only those who have the power and the influence to get these vast subsidies are not having their compensation decreased.

If this amendment is voted down, we will give this year $35,500,000 as subsidies or as gifts. I digress long enough here, if I may, to read what our Democratic platform has

to say about that subject. Our Democratic platform referred to this very transaction and stated:

> We condemn the open and covert resistance of administration officials to every effort made by congressional committees to curtail the extravagant expenditures of the Government and to revoke improvident subsidies granted to favorite interests.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. McKELLAR. I ask that the amendment be agreed to.

Mr. FLETCHER. Mr. President, I wish very earnestly and very sincerely to protest against and to oppose this amendment. The amendment reaches to the extent of practically setting aside existing contracts and interfering seriously and conflicting fatally with a policy established by the Government with respect to building up and maintenance of an adequate American merchant marine.

This policy was adopted, particularly with reference to ocean mail contracts, under the act of 1928. Under the shipping act of 1916 we began to construct merchant ships in the United States. We found that it was absolutely necessary, if we were to be at all independent of competitors in foreign markets for the carrying of our products, and bringing to us commodities we needed, to have ships of our own. We proceeded to build ships.

When the shipping act of 1916 was passed, we had only 112 ships of a gross tonnage of 598,220 in foreign trade. We built 2,316 ships, with a gross tonnage of 9,327,635 tons. We operated those ships for quite a while, and created a Fleet Corporation as the operating agency. Then came a declaration by Congress in 1920 that it would be the purpose to get those ships into private hands ultimately, and the policy of pursuing that course was adopted, and the Shipping Board and other authorities of the Government undertook to hurry the ships into private hands. I think perhaps that went too far.

We found that there was a difference between operating ships under the American flag and a difference in cost of constructing ships in our yards as compared with foreign yards—to our disadvantage.

In order to equalize that difference there has to be some assistance rendered to American industry and to American ships. In 1928 we passed what is commonly known as the Jones-White Act. One of the authors of that measure is now a distinguished member of this body. By it we intended to offset this difference in the cost of operating ships under our flag and under foreign flags, and the cost of construction in our yards as against the cost in foreign yards so as to give the American merchant marine a chance to compete on the high seas for the trade of the world and particularly our own trade.

We adopted the policy of providing this subvention, or subsidy, if you like, for American ships by paying American ships engaged in foreign trade for carrying our mails, based upon the mileage rather than the weight of the mail. That was distinctly understood at the time. They are not moving these mails oversea on a dead-weight basis or a poundage basis at all, but upon a mileage basis. The idea was that there would be benefits to American ships if that was established as our policy. It was so established in 1928. The contracts to which the Senator has referred are based upon that law and authorized by that law. That policy has been pursued under the law. We can not, because some contracts were let four or five years ago at what appears to be an outrageous rate and expense to the Government, ignore them now and throw them to one side. We can not get back any of the money that has been wasted, if it has been wasted, by denying this appropriation.

The effect now would be, after having let 44 contracts for carrying the mails over the sea under the law, that we can not let any more contracts and that we can not pay in accordance with our contracts. That is not a good thing to do. It will cripple the merchant marine. It stops the transfer of these ships. We have found that in order to get the ships out of the hands of the Government and into private hands we had to accompany the sale of the ships to the operators under the Shipping Board with a contract for the carriage of mail. We had to give them that benefit. We knew it was helpful to them. We understood it was not based upon the weight of the mail. It was based upon the mileage for the purpose of benefiting the purchasers of the ships to an extent where they might be on an equal footing with foreign ships. These contracts have been let and ships have been passing out of the hands of the Government, so that when the contracts that are pending are closed—three or four more—then there will be no ships left, there will be no need of any other contracts, there will be no occasion for continuing this plan, because the ships will all be gone.

After delivery of the vessels to several shipping companies now bidding under pending proposals there will remain in operation 32 vessels. They will be all that will remain in the hands of the Government to be operated by the Government, and the board does not intend and I should not want nor should anybody want them to part with all of the merchant ships of the Government.

There are presently inactive and in lay-up 130 vessels. The time required to place those in service is about two or three weeks. They will be ready in an emergency at any time to use in our commerce or in national defense or for any other purpose. They can be put in condition in two or three weeks. That is all that will be left when the contracts now pending have been concluded. We have been able to dispose of ships and get the Government out of operating the ships by reason of these contracts.

I have a statement from the department to this effect:

> It is estimated that the postage revenues from the mails carried on these routes for the fiscal year 1932 were, in round figures, $5,182,000, while the total expenditure for the routes for the fiscal year 1932 was $22,431,791.

This $35,000,000 includes $7,000,000 for foreign air mail, and it includes the cost of carrying the mails under the old original contracts. Some of them are carried by foreign vessels on the weight basis. But the real amount for the purpose of performing these ocean mail contracts last year was $22,431,791.

If the appropriation is to be cut arbitrarily and without regard to the legal obligations of the Government, what is to become of the obligations assumed by the contractors to construct and reconstruct vessels, much of which has already been done? The total amount of these obligations imposed upon the contractors is considerably over $300,000,000 during the 10-year periods of the contracts. That is to say, these contracts not only include compensation for carrying the mail, but the contractors are bound to replace vessels, keep them in repair, keep them up, and to build certain vessels. There have been some millions of dollars' worth of ships constructed already by these contractors under their contracts as a part of the mail contracts.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Tennessee?

Mr. FLETCHER. I yield.

Mr. McKELLAR. Three-quarters of the money that is used for constructing ships comes from the Government under the revolving fund, and that at a rate of interest beginning at one-fourth of 1 per cent and running up to 2 per cent.

Mr. FLETCHER. I have not the time to go into the question of interest, but we created a shipbuilding fund at the same time we provided for these contracts authorizing the Government to make loans for the purpose of constructing ships. Those loans have been made. The proceeds of the contracts are larger and the mortgages on the vessels which have been constructed are held by the Government to secure the loans. We have a mortgage on the ships and an assignment of the contract for the purpose of protecting the Government in the making of the loans.

We secured the establishment of routes and service that built up our trade all over the world. We got in addition to that, contracts to replace the ships and contracts to build new ships. Out of all of them we are getting benefits far in excess of the cost of the contracts. For instance, if the contract is good, and I think it is good and authorized by

law, and a sale is made under the two pending contracts, then there will be 66 ships which will pass out of Government ownership into private ownership and there will result from that a benefit to the Government which now loses over a million dollars more than the cost of the contract in the operation of these lines. By letting the contracts the Government would benefit over $1,500,000 a year. The executive assistant to the Postmaster General said:

> It should be borne in mind, of course, that expenditure on these routes was not for the carriage of mail, which was merely a secondary or in many cases an incidental feature of the service. The purpose of the payments was to offset the higher costs of building and operating ships under the American flag than under foreign flags, and for the maintenance of regular and frequent service on essential trade routes in accordance with the declared purpose of Congress to develop an American merchant marine.
>
> When we consider that some $300,000,000 a year, which prior to the establishment of these routes was paid by our shippers to foreign carriers, is now paid to our own nationals and spent in this country rather than in other countries as before, and that in addition the operators of these lines have invested nearly $300,000,000 in the building and reconstruction of ships, all of which is expended in this country, the annual payments on these mail contracts, which assure us second place in the world's ocean tonnage and provide a naval auxiliary and reserve which will be of incalculable value to us in a national emergency, do not seem excessive.

Mr. President, the Congress at the last session authorized and directed the Committee on Post Offices and Post Roads of the Senate—and the House did the same thing as to its committee—to investigate these ocean mail contracts. Why not wait until they report? They have made no report yet. Why stand here and arbitrarily declare null and void these contracts, when we have a committee investigating them and when the House has a committee investigating them?

Mr. President, I ask permission to insert in the RECORD at the close of my remarks a memorandum from the Shipping Board and other memoranda which I send to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FLETCHER. At the risk of some repetition, let me say regarding the importance of maintaining as well as establishing an American merchant marine:

The language adopted by Congress as a declaration of policy and purpose was to establish and maintain an adequate American merchant marine.

The necessity for this object had been fully recognized.

The fact is, we have always been a trading people.

Commerce, which uses a 2-way passage, has been one of our prime interests.

The convention held at Annapolis in 1786, just preceding the Constitutional Convention at Philadelphia in 1787, over which George Washington presided, stressed the necessity of proper recognition of interstate commerce and its related problem of foreign commerce.

When the Constitution was under consideration, the provision was adopted, which has played a most important part in the development and progress of the country, known as the commerce clause.

In the early days American sailors carried our flag around the world and did a thriving business in wooden sailing vessels of less than 500 tons.

Interest in shipping grew, and by 1860 American ships were carrying nearly 80 per cent of our foreign business.

After that we lost ground; and when the steel ship came in, our wooden sails gradually disappeared. Our people directed their attention to the land and away from the seas to a great extent. Foreign ships took our overseas trade until, in 1914, we were furnishing only a limited service on a few trade routes, carrying about 10 per cent of our overseas commerce.

Since then we have placed on the seas the second largest merchant marine in the world.

We have established it; now we must maintain it.

To make it strong, we must give it strong support.

It must be American owned and American controlled.

We require it for commerce in order not to be dependent upon our competitors in foreign markets to move our goods.

We require it in order to meet any possible demand for auxiliaries to our Navy.

I need not recite conditions created by the World War. Our producers and shippers will recall them—for instance, when freight on cotton from Galveston to Liverpool went from $2.50 to $50 per bale, and freight on wheat went from 3 cents to 50 cents a bushel from New York to Liverpool.

Other factors I need not mention moved us to active, energetic action, with the result that in pursuance of the act of September, 1916, the Shipping Board became the owner of 71 shipyards and other industrial plants and equipment and facilities, enabling it to construct 2,316 new vessels of all types—gross tonnage, 9,327,685.

At one time or another the board has owned 2,546 vessels of 14,703,717 dead-weight tons.

Under the act of 1920 the policy pursued by those in authority was to hurry the ships into private ownership. The insistence was to get the Government out of business and place the responsibility for developing a permanent American merchant marine under private enterprise.

Although that idea has been always present, it was not to be carried out, as I contended, until private capital was ready to invest and our people took a proper interest in shipping, and then on a reasonable business basis. The administration seemed to me to proceed with undue haste and without proper protection of the public interest to dispose of the ships. A total of 362 vessels was sold prior to 1920. After that 1,645 vessels and 5 dry docks were sold.

At one time the Shipping Board had in operation 379 general cargo services to foreign ports—283 from Atlantic ports, 69 from the Gulf, and 27 from the Pacific.

The number of operating units was reduced to 75, then to 38.

Private enterprise kept insisting that the difference in cost of building and operating ships between foreign and American owners gave the foreigner very considerable advantage over the American. Capital refused to take hold until some plan was devised whereby this differential could be absorbed or corrected, so the American owner could compete on more equal footing.

A ship subsidy bill was proposed during the Harding administration.

To my mind, that bill would have paved the way to get all our vessels into the hands of a few shipping concerns whom we would pay enormous sums out of the Treasury to operate.

I strongly opposed the bill, although it was favorably reported to the Senate. It was defeated, but it was realized some such differential existed and private enterprise was holding off and it was advisable to devise some help to American shipping.

It is true that for two years following 1913, under Admiral W. S. Benson, the Government operated the ships at a considerable profit.

After that commerce decreased, foreign tonnage came back, and those supporting the subsidy bill claimed it was costing the Government $50,000,000 a year to operate the ships then in operation. This was probably an exaggeration, but there was some considerable deficit each year.

To meet the situation as far as possible, the act of 1928 was passed, which provided aids by liberal loans for building and by ocean mail contract benefits.

The legislation has resulted in the construction of 42 new vessels of the most modern type, aggregating 463,000 tons gross; 39 vessels of 263,000 gross tons have been reconditioned or rebuilt.

There has been a steady increase, of course, in private ownership.

In 1913 we had only 2 per cent of the world's tonnage, ranking eighth. By June 30, 1930, we had gained second rank, with almost 12 per cent of the world's total.

Vessel-operating losses have been reduced from $41,000,000 in 1924 to $8,431,000 in 1932—being $864,000 less than the previous year.

In 1920 there were carried on the board and Fleet Corporation pay rolls 9,487 persons, drawing salaries amounting to $19,000,000; this number has been reduced by 8,441, with annual salaries of $2,140,055.

To-day about 86 per cent of the vessels and 83 per cent of the tonnage are owned by private American interests.

The Shipping Board fleet comprises 357 vessels, of which 236 are cargo ships, 10 refrigerator ships, 4 combination passenger and cargo ships, and 7 harbor tugs.

Of the cargo ships, 96 are in active operation on regular line service, and 240 are the laid-up fleet; 124 of these have been undocumented and will be sold for scrapping, thus reducing the Government-owned fleet to 233 vessels.

There are two ocean mail contracts pending, favorably reported on, which, when executed, will take away some 63 ships, which will pass into private hands.

In my judgment, the Government should retain, and the Fleet Corporation, under direction of the Shipping Board, should operate them.

I do not think it wise for the Government to part with all the ships and abandon all operation.

Experience has taught us that influence on freight rates is important and emergency service may be vital.

The total expenditures under the 44 ocean mail contracts for the year 1932 were $22,431,791.

The postage revenues from the mails carried on these routes for the fiscal year 1932 were, approximately, $5,182,000.

Of course, the expenditure was placed on a mileage rather than a poundage basis, because the purpose of Congress was to help offset the higher cost of building and operating ships under the American flag than under foreign flags and for the maintenance of regular and frequent service on essential trade routes, in accordance with the declared purpose of Congress to develop an American merchant marine.

When we consider that some $300,000,000 a year, which prior to the establishment of these routes was paid by our shippers to foreign countries, is now paid to our nationals and spent in this country rather than in other countries, as before, and that in addition the operators of these lines have invested nearly $300,000,000 in the building and reconstruction of ships, all of which is expended in this country, the annual payments on these mail contracts, which assure us second place in the world's ocean tonnage and provide a naval auxiliary and reserve, which would be of incalculable value in a national emergency, do not seem excessive.

Some years ago the Shipping Board sold some valuable ships at ridiculous prices—almost gave them away.

These mail contracts have made possible sales at somewhat reasonable prices, which include agreements to replace and repair the ships and operate them on definite routes and in specified services for 10 years.

Payments on the contracts invariably are less than the annual deficit the Fleet Corporation incurs by their operation.

It is claimed 1,764 sailings with mail and cargo will be available to American traders and travelers during the year.

Shipping has suffered by reason of the falling off of exports and imports.

Our foreign trade reached its greatest volume in June, 1921, when the volume reached 10,699,596 gross tons.

In June, 1931, it amounted only to 5,187,692 gross tons, a decrease of 5,511,904 gross tons—34.7 per cent—carried in American vessels.

Our coasting trade during that time increased 2,305,507 gross tons.

The merchant marine on June 30, 1932, including all kinds of documented craft, comprised 25,156 vessels, of 15,838,655 gross tons, of which 1,967 seagoing vessels, of 9,937,717 gross tons, were of 1,000 tons or over.

The United States Shipping Board had (1932) 362 vessels, of 2,088,864 gross tons.

Private and Shipping Board ownership totaled 1,852 steel vessels, of 9,682,234 gross tons, and 365 wood vessels, of 451,388 gross tons; total of all, 2,217 vessels, of 10,133,622 gross tons.

The policy and purpose expressed in the beginning are sound. We must persist in them.

It is no wonder we find overseas shipping hard pressed when we consider the following figures, furnished by the statistical division of the Bureau of Foreign and Domestic Commerce, Department of Commerce:

1924 (calendar year):	
Imports	$3,609,963,000
Exports	4,590,984,000
1932 (calendar year):	
Imports	1,225,199,000
Exports	1,481,379,000

The 1932 figures are for 11 months only; they do not include those for the month of December.

About one-third of our exports are agricultural products.

We must increase our export business.

Our surplus must find foreign markets. It is essential that we bend our energies in that direction.

This decline in imports and exports will not continue.

It must be gratifying to know that while we had only 6 American-flag ships of 70,000 gross tons in 1914 operated in our trade with Europe, in 1930 we had 232 American ships, of 1,500,000 gross tons, in that trade, which had increased 50 per cent.

There were only 5 American ships of 23,000 gross tons in 1914 operating between the United States and South America. By 1930 the number of American ships had increased to 90 and our trade with that region 200 per cent.

We had no ships to the African Continent in 1914; now we have 20 ships in that trade, of 114,000 gross tons.

In our trade with the Orient in 1914 we had 5 American ships operating from the Pacific coast. In 1931 the number had grown to 87 ships of 700,000 gross tons.

Wherever American-flag services have been inaugurated and extended, there has followed a gratifying expansion of our foreign trade.

It is highly important that we encourage this development.

It would be folly to cripple or surrender the undertakings which have shown such accomplishment.

Commerce speaks the language of cooperation and good will.

The memoranda asked to be inserted are as follows:

UNITED STATES SHIPPING BOARD,
Washington, January 9, 1933.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

DEAR SENATOR FLETCHER: Please find listed below certain information relative to the merchant marine which Admiral Cone has requested that I, in his absence, send to you:

1. The number and tonnage of ships operating under American flag in foreign commerce when the shipping act, 1916, was passed were:

Number	112
Gross tonnage	598,270

(Taken as of June 30, 1914, of vessels of 1,000 gross tons and over.)

2. The number and tonnage of ships constructed by the Government under the emergency war program from 1916 through 1921 were:

Number	2,316
Gross tonnage	9,327,685
Dead-weight tonnage	13,636,967

3. The number and tonnage of ships now owned by the Government are:

Number	356
Gross tonnage	2,065,589
Dead-weight tonnage	3,071,610

4. The number and tonnage of Government-owned ships now being operated are:

Cargo vessels	94
Gross tonnage	556,288
Dead-weight tonnage	858,697
5 tugs (gross tonnage)	2,523

5. The number and tonnage of privately owned ships now operating under American flag in foreign trade are:

Number	250
Gross tonnage	1,900,452

6. The number and tonnage of Government-owned ships now laid up are:

Number	257
Gross tonnage	1,509,301
Dead-weight tonnage	2,212,913

(Includes 117 ships sold for scrapping.)

7. The number and tonnage of privately owned ships now laid up are:

Number	467
Gross tonnage	2,272,788

(As of September 30, 1932.)

8. The number and tonnage of Government-owned ships now idle, but fit and ready for operation are:

Number	72
Gross tonnage	461,872
Dead-weight tonnage	657,044

9. With reference to the scrapping of Government-owned ships, beyond those already sold for that purpose, Admiral Cone wishes to advise you as follows:

The Government should not scrap any more of its ships for the reasons that (a) the remaining ships are of suitable types for foreign and/or domestic trade and are in good condition; (b) these ships are valuable as naval auxiliaries and should be retained for use in national emergency if for no other reason.

10. With reference to the elimination of the Merchant Fleet Corporation, Admiral Cone wishes to advise you as follows:

The objections to the elimination of the Merchant Fleet Corporation are:

(a) That the board would be restricted from following commercial practices in sale of vessels and other property, in the operation of its insurance fund, in the purchasing of supplies, in the employment of specially trained employees as required, and in the disposition or operation of vessels returned to it through foreclosure or other proceedings.

(b) That the board would have no adequate agency through which to function in case of national emergency.

In Admiral Cone's opinion no saving would result from elimination of the corporation, although considerable saving will result from its reduction to a skeleton organization as liquidation progresses to completion. He believes that the Fleet Corporation should be retained as now provided for by law, as it may become necessary at anytime to enter the field of operation. He also believes that the Shipping Board can get the corporation down to a reasonable basis more rapidly and more economically than any other department of the Federal Government. He believes that the corporation should be greatly reduced in personnel and used principally in supervising the laid-up fleet, in liquidation of old accounts, settlement of claims and of lawsuits, the details of which are very complicated and which could not be handled by another organization without waste and delays.

11. The Fleet Corporation now operates, through managing operators, 94 ships of 556,286 gross tons and 858,697 dead-weight tons.

12. When sales to Lykes Bros. Steamship Co., American Hampton Roads, and Oriole Lines are made, 66 ships will pass to private hands, leaving 28 ships in operation through managing operators by the Fleet Corporation.

13. With reference to whether or not the Government should own and operate some ships at all times, Admiral Cone wishes me to advise you that, in his opinion, the Government should own and keep in lay-up, available for operation, the remainder of the ships now owned. He believes that all operations of vessels, except in emergency, should be by private owners, because such operation is cheaper than governmental operation. It is more economical for the Government to give mail pay to private operators than to operate ships itself.

Should you desire any additional information, kindly advise me.

Respectfully,

J. W. BARNETT,
Director Bureau of Construction and Finance.

P. S.—The data contained herein, except in paragraph 2, applies to vessels of 1,000 gross tons and over.

JANUARY 23, 1933.

Memorandum for Admiral Cone.

After delivery of vessels to Southgate-Nelson Corporation and Lykes Bros.-Ripley Steamship Co. (Inc.), there will remain in operation 32 vessels:

America France Line	8
American Pioneer Line	11
American Republics Line	11
	30
Under bare-boat charter:	
American West African Line	1
War Department	1
	32

There are presently inactive and in lay-up 130 vessels.

The time required to place these vessels in service is as follows:

Seventeen vessels will require a period of 2 weeks each, 26 vessels will require a period of 3 weeks each, 32 vessels will require a period of 4 weeks each, 54 vessels will require a period of 6 weeks each.

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., December 30, 1932.

Hon. DUNCAN U. FLETCHER,
United States Senate.

MY DEAR SENATOR FLETCHER: The Postmaster General has asked me to acknowledge receipt of your letter of December 22, 1932, asking information about the amount of revenue which the Government receives from the ocean mail contracts.

It is estimated that the postage revenues from the mails carried on these routes for the fiscal year 1932 were, in round figures, $5,182,000, while the total expenditure for the routes was, for the fiscal year 1932, $22,431,791.

It should be borne in mind, of course, that expenditure on these routes was not for the carriage of mails, which was merely a secondary or, in many cases, an incidental feature of the service. The purpose of the payments was to offset the higher cost of building and operating ships under the American flag than under foreign flags, and for the maintenance of regular and frequent service on essential trade routes in accordance with the declared purpose of Congress to develop an American merchant marine.

When we consider that some $300,000,000 a year, which prior to the establishment of these routes was paid by our shippers to foreign carriers, is now paid to our own nationals and spent in this country rather than in other countries as before, and that, in addition, the operators of these lines have invested nearly $300,000,000 in the building and reconstruction of ships, all of which is expended in this country, the annual payments on these mail contracts, which assure us second place in the world's ocean tonnage and provide a naval auxiliary and reserve which would be of incalculable value to us in a national emergency, do not seem excessive.

Very truly yours,

HAROLD N. GRAVES,
Executive Assistant to the Postmaster General.

THE AMERICAN MERCHANT MARINE

CHAMBER OF COMMERCE OF THE UNITED STATES,
Washington, D. C.

In view of statements recently made, both in this country and abroad, as to our national shipping policies showing that the facts and purposes underlying those policies are completely misunderstood by those making the statements, I desire to invite attention to the position of the Chamber of Commerce of the United States in the matter.

The national chamber took an active part in developing and supporting the key provision of the merchant marine act, 1928, namely, that providing for establishment and maintenance of American-flag services on our essential overseas trade routes through contracts between the Government and private shipping companies able and willing to undertake the obligation of providing the needed services. No longer ago than May, 1932, the chamber clearly reiterated its support of Government assistance to our merchant marine in the following resolution unanimously adopted by the membership at the twentieth annual meeting:

"The assistance extended by the merchant marine act of 1928 has enabled American steamship companies generally to hold their position against foreign competition. Under prevailing conditions the national interest urgently requires maintenance of this assistance. The support of the American merchant marine requires that the Government should utilize its facilities to the fullest possible extent and refrain from operating competing services."

Opponents of our national policy of maintaining a merchant marine under the American flag through the present system exaggerate its cost. In doing so some include the cost of our emergency merchant fleet built for war purposes at war prices, a fleet in part already scrapped and as to the remainder largely obsolete. Others, attacking our policies from another direction, charge that excessive prices are being paid American ships for carriage of the mails. In this they misconstrue the clear purpose of the 1928 act to award mail contracts not merely to pay for transporting the mails but primarily as compensation for maintaining essential American-flag shipping services outside our tariff barriers which would otherwise be impossible in the face of competition from foreign shipping built and operated with labor on wage scales greatly lower than our own.

The opponents of our shipping policy fail to realize the determination of the American people to have a merchant marine. They fail to visualize the consequences of the only alternative to a privately owned and operated merchant marine—that of a marine provided through Government ownership and operation. Experience of the decade following the war taught us that ownership and operation by the Government is both undesirable and costly. The actual costs were much greater than under our present system, and the results were greatly inferior.

Another essential fact apparently overlooked by those who would scuttle the American merchant marine is its indispensability as an adjunct to the national defense, of even greater importance since the limitation of naval armaments. This and the greatly increased interest in overseas trade routes serving the commerce of the different countries represent changes in the world situation which all concerned must take into account.

The United States is in the midst of application of its new and soundly established shipping policies. Under these policies the Government has practically eliminated itself from the shipping business, our essential trade routes are being efficiently maintained, and 42 vessels totaling 463,060 gross tons, adapted to modern requirements and costing $156,000,000, have in the past five years been built in American yards, giving employment to labor and industry not only in the yards but also throughout the country for materials and equipment. The present business depression has now almost stopped the construction program and has thrown heavy burdens upon operators of shipping lines. These condi-

tions, however, in no way affect the soundness of our permanent shipping policies. Rather do they emphasize their importance.

That our policies are moderate and are operating to secure for American shipping only a very modest share of our overseas trade is shown by the fact that in 1931 our shipping carried only 35 per cent of that trade expressed in value and 37 per cent expressed in tonnage.

The chamber's long-continued efforts and support for sound national shipping policies were outlined by the president of the chamber in an address, which is printed herewith, before the Sixth National Conference on the Merchant Marine, held under the auspices of the Shipping Board in the national chamber building on January 4, 1933. The chamber's policies, as described in the address, seemed to be in entire harmony with the views expressed by all speakers at the conference, including Members of Congress, Cabinet officers, and other Government officials having to do with shipping, representatives of the shipping industry, and spokesmen for shipper and foreign-trading interests.

This summary of the chamber's position regarding our national shipping policies is presented in the hope that it will be of assistance in correcting erroneous impressions upon the subject.

HENRY I. HARRIMAN, *President.*

JANUARY 24, 1933.

Mr. WHITE obtained the floor.

Mr. ODDIE. Mr. President, will the Senator from Maine yield?

Mr. WHITE. Certainly.

Mr. ODDIE. I move that when the Senate recess tonight, it recess until 12 o'clock noon to-morrow.

The motion was agreed to.

Mr. COPELAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Bankhead	Dale	La Follette	Schuyler
Barbour	Davis	McGill	Sheppard
Barkley	Dickinson	McKellar	Shipstead
Bingham	Dill	McNary	Smith
Black	Fess	Metcalf	Steiwer
Blaine	Fletcher	Moses	Thomas, Okla.
Bratton	Frazier	Oddie	Townsend
Bulkley	George	Pittman	Trammell
Bulow	Grammer	Reed	Vandenberg
Byrnes	Hale	Reynolds	Walsh, Mass.
Capper	Hayden	Robinson, Ark.	Watson
Connally	Hebert	Robinson, Ind.	White
Copeland	Johnson	Russell	
Costigan	Keyes	Schall	

Mr. WALSH of Massachusetts. I should like the RECORD to show that my colleague [Mr. COOLIDGE] is out of the city by reason of illness in his family, and will be absent the remainder of the evening and perhaps to-morrow.

The PRESIDING OFFICER. Fifty-four Senators have answered to their names. A quorum is present.

The question is on the amendment of the Senator from Tennessee [Mr. MCKELLAR].

Mr. WHITE. Mr. President, if time permitted, I should undertake to controvert many of the statements of fact made by the Senator from Tennessee and all the conclusions drawn therefrom. I address myself not to the language of the amendment, not to its immediate consequences, but to what I conceive will be the ultimate result if the amendment should be adopted.

Mr. President, this amendment challenges the merchant-marine policy of the United States as declared in the legislation of Congress. It assails directly the efforts that are being made under that legislation to restore the American ship to the sea. I conceive the amendment to be against the interests of our country, for I hold it to be fundamental that for the spread of our trade, for our commercial independence, and for our national security we should have a great and a prosperous American merchant marine.

Mr. President, in the years before the great World War there were carried in American ships of those things which we sold to foreign nations and of those things which we bought less than 10 per cent, while over 90 per cent of the export and import trade of this country of ours was carried by foreign ships; and that 90 per cent accurately represented the degree of our dependence upon alien and, in a commercial sense, hostile agencies. When the World War came in 1914 there was demonstration of the truth of this statement.

In 1914, Mr. President, we had in the overseas trade of the United States just 17 ships flying the American flag. When that war came, when foreign-flag ships were withdrawn from our trade, we saw at all the ports of the United States, the docks and warehouses and railroad terminals, and freight cars stretching miles into the interior, filled with goods of America, the products of our farms and our fields and our factories, unmoved and immovable. We moved then not the things which America desired to sell but only those things which foreign nations chose to transport. As a result of that situation, in the absence of American ships, we saw freight rates mount to intolerable heights. We saw the freight on cotton jump from 35 cents a hundred pounds to $11 a hundred pounds; we saw the freight on wheat jump from 8 cents a bushel to a maximum of $1.36 a bushel; we saw the freight on flour jump from 10 cents a hundred pounds to $1 a hundred pounds; and throughout the whole freight schedule we saw the freight rates rise ten times over. In that situation and because of our want of ships, the American farmer, the American manufacturer, and the American merchant paid in excessive freight rates an amount more than this legislation would cost in a hundred years of time; and we suffered, too, the humiliation of our impotence.

It was out of these circumstances and of our necessities that there sprang the great program of shipbuilding during the war and immediately thereafter. We built almost 2,500 ships of a gross tonnage of ten and a quarter millions, and we paid therefor approximately $3,500,000,000, taken from the taxpayers of this Nation. For a time, as a result of that great shipbuilding program, it seemed as though this country was to have once more its place upon the sea. Those ships were a mass product, and it was found they were inadequate for many trades and for many purposes of trade. The Shipping Board established some 38 lines to the different ports in various quarters of the world with these ships. But they were a mass product and it was found that they were inadequate for many trades and types of service. They were, too, of slow speeds; and as soon as normal conditions were restored throughout the world, we awoke to the realities of our situation. Soon old influences began to exert themselves, and we found ourselves faced with the deplorable fact that the percentage of goods carried in American ships was once more shrinking. Mr. President, from 1921 to 1927 we saw a constant shrinkage in the percentage of goods carried in American ships. In 1921 we carried in American ships approximately 55 per cent of the things we bought and sold. In two years' time it had fallen to 44 per cent, in three years more to 34 per cent, and when 1927 came we were carrying in our ships only 32 per cent of the overseas foreign commerce of the United States.

During that period of time, from 1921 to 1927, out of 59 great ports of the United States through which our export and import trade flowed, foreign ships showed a gain in the percentage they carried in 47. America held her own in but 12 of those ports. In that year, 1926—and I speak of that year because it was the last full year before we began the consideration of this merchant-marine legislation—in that one year 33 foreign nations participated in our carrying trade, and we paid to them in round numbers $600,000,000 for carrying the products of this Nation and bringing to us the things that American money had bought. In the 10 years of time, from 1921 up to 1931, we paid to foreign nations approximately $6,000,000,000 for carrying these commodities of the United States—$6,000,000,000 to be added to those other billions that with prodigal hands we had poured into the coffers of the nations of Europe.

Those were the outstanding commercial facts from 1921 up to 1927.

What was the story with respect to shipbuilding in that time?

Senators, during that period of time from 1921 up to 1927, when we began the consideration of this legislation, there were built in the world, of seagoing vessels of 4,500 gross tons, approximately 7,900,000 tons; and America's contribution was 309,000 tons. That total was made up of 1,039 ships; and America built, of those 1,039 ships, but 41. There were included in that total 307 modern motor ships, and

America's contribution was but 2 of those modern motor ships.

Senators, in that period of time foreign nations built and put into the trade of the United States more than 800 new ships; and here in this country of ours along the Atlantic seaboard, around the turn of the Gulf, up that great Pacific coast, there was not built by an American shipyard for the overseas trade of the United States a single ship. Eight hundred new ships were put into this trade of ours by foreign nations, and not a single ship built in America for the overseas trade of the United States!

What is the significance of those shipbuilding figures?

First of all, they demonstrate that we here in this country were undertaking to hold the markets of the world and to extend this foreign trade of ours with ships that were old and ships that were slow, in competition with foreign nations having ships that were new and modern, ships of speed.

If there is one thing that the story of transportation shows, it is that in this day speed and service are almost synonymous terms; and we could never hope to expand, through the aid of the American ships, this commerce of ours unless we had ships able to compete with the ships of the world.

Those figures demonstrate another thing—that we were in danger of losing, here in this United States of ours, the physical capacity and the technical capacity to build a modern seagoing ship.

Before the Great War, in 1916, we had in the United States 22 shipyards capable of building a modern seagoing vessel. During the war that expanded to 211 yards. When 1927 came, on all the coasts of the United States we had just 12 shipyards capable of building a modern seagoing vessel, and not one of those shipyards was active. Great Britain alone had 57 such yards.

We were told that if that condition continued, the time would come within a short lapse of years when there would not be in this country of ours either the physical or the technical capacity to build a modern combination cargo and passenger ship.

That was the story of our shipbuilding situation that confronted the Congress when 1927 came around.

Then we were faced with the problem of our national defense.

Senators, when 1927 came, and we looked about the world and considered the auxiliary ships available to the Navy of the United States, and then looked abroad and compared our situation with that of foreign nations, what did we find?

Of ships of 4,000 tons and over, and of 15-knot speed, capable of conversion to military purposes, Great Britain alone had 227, and we had only 70 nondescripts.

What is the use of talking about naval parity of this country of ours when Great Britain, in auxiliary ships of the merchant marine, outratios us 3 to 1?

Then we looked abroad, and we saw the shipbuilding programs of these nations under which they were building or proposing to build great superliners; and why were they embarked upon that program, Senators? Those superliners are restricted by no naval agreements; and yet those liners possess a potential military value as great as that of many of the cruisers permitted by present naval limitations. These ships have a speed equal to that of permitted cruisers. They have a greater cruising range than permitted cruisers. They carry guns upon a stabler base than many of these new ships of war. They can carry planes and thousands of troops; and Great Britain and Italy and Germany and France were projecting these programs, planning the building of these great liners, not alone for commercial purposes, but that they might have in the hour of need weapons of offense and of defense as well.

That was the situation that confronted us when the Seventieth Congress came into being, and brought us face to face with the problem of legislating for the American merchant marine.

The alternatives that presented themselves were perfectly clear. We could have done nothing. We could have followed a policy of inertia and inaction. We could have continued idle while the obsolescence of our fleet continued. We could have seen this great investment of $3,500,000,000 becoming worthless. We could have permitted our dependence upon foreign nations to continue to grow. That was one choice of policy.

Another alternative presented to us was the building of a great merchant fleet by the Government of the United States, and the continuance of the Government of the United States in the operation of commercial ships. There immediately was presented, as we considered this alternative, a great replacement program, for by 1928 most of the vessels of the United States had passed half the period of their efficient and economic life, the beginnings of a replacement program that in 10 years of time would have cost this Government at least $500,000,000, and might well have reached to $1,000,000,000; and no one was prepared to vote for that program.

The other alternative was aid for the privately owned merchant marine; the enactment of legislation which would transfer this replacement burden from the Government to the private owner; that would stop this downward trend in the percentage of goods carried in the American ship; that would mean the building of new and faster ships; and that would equip this country of ours to go out and to compete for the markets of the world. That was the course definitely and intentionally decided upon by the Congress of the United States.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. WHITE. Mr. President, I understand that under the unanimous-consent agreement I have 15 minutes on the bill.

The PRESIDING OFFICER. The Senator has 15 minutes on the bill.

Mr. WHITE. I will continue, then, as long as my time will permit.

So we entered definitely upon this program of encouragement of the merchant marine in private hands and through private operation. The legislation we passed contained two primary aids: One, loans under the construction-loan fund, and the other, aid under the postal-contract provisions of the legislation.

These loans have been severely criticized, and out of all of them there are probably 12 loans at a rate of interest which I could not and would not attempt to justify; but taking this picture as a whole, looking at them with a mind seeking the truth as to the whole picture, what do we see?

There have been authorized loans totaling approximately $148,000,000. Out of those loans there are just 12 that bear an effective rate of interest less than 3 per cent. In that total, from the time the original act of 1920 was passed, containing the construction-loan fund, to this hour, the average effective rate of interest on all those loans is 4 per cent or over. On the first of this year, out of that total of $148,000,000, there were in arrears just $2,223,000 in principal and interest—$2,223,000 in arrears out of authorized loans of $148,000,000!

And what has it cost?

Those construction-loan funds to this hour have cost the Government of the United States nothing; for the average of 4 per cent which is charged and paid upon these loans is more than the Government of the United States has paid for money since the act of 1920 was passed and the construction-loan fund established. Average it all; take them all as an entirety; they have cost the Government of the United States nothing to this good hour. But through them there has been credit furnished; there have been funds furnished under which this great construction program could be undertaken; and under those loans there have been constructed, or there are in process of construction, or there are to be constructed, 57 vessels in shipyards of the United States, and 42 vessels reconstructed.

That program, I say to Senators, in these dark days of the last three years has meant the employment of more than 40,000 men for two years and a half of time. Forty thousand men through two years and a half of time put



at work and kept at work, at no expense to this time to the Government of the United States itself.

Then there was the mail-contract provision of the law. Under that—and I have to hurry on—there have been contracts let for 43 lines running from the ports of the United States to the ports of the world. Those contracts call for the building of 54 new ships and the reconditioning of 58 other ships in American shipyards.

That is the story of what has been accomplished to this time. You ask me what it has cost. I tell you that the construction-loan fund has cost this Nation as a whole and in its entirety not a cent to this day.

What has the mail-contract provision of the law cost us? Why, back in 1931 we spent, for this mail title, $18,818,000. The carriage of that mail under a poundage basis would have cost $2,710,000. That is a net cost chargeable to these contracts of $16,108,000. But what have we saved by that expenditure? If we go back and average the expenditure, the administrative expense of the Shipping Board and the operating losses of the Fleet Corporation from 1921 to 1926, we find that it averages $40,430,000 a year.

We cut that administrative expense and those operating losses through the influence of this legislation, so that in 1931 it was $6,346,000, and that represents a saving from those administrative expenses and those operating losses of the years preceding this law of approximately $34,000,000. And that is a saving of more than twice what this mail title of this legislation cost in 1931. The figures for 1932 closely parallel those of 1931.

Mr. President, what have we accomplished by this legislation? I have told the Senate of the building of new ships, but there is more than that to its credit. We stopped the downward trend in the percentage of goods carried in American ships. What does that mean? I said, when I began talking, that in 1914 we carried less than 10 per cent of American goods in our ships. From 1923 to 1932 we have carried approximately one-third. In this latter period of time the total tonnage of freight of the United States moving overseas by water was about 953,000,000 tons, its value was about $67,000,000,000, and there was paid for that service approximately $9,000,000,000. Three billion of it under this legislation, and under the expenditures we have made for American ships, came to the United States.

If we had continued the old rate of 10 per cent, instead of the United States receiving $3,000,000,000, it would have received $900,000,000. Instead of paying $6,000,000,000 to foreign nations, we would have paid $8,100,000,000. By the operation of this law, by our efforts to build an American merchant marine, we have transferred from foreign nations in 10 years' time to this country a national income of $2,100,000,000. We have transferred that vast sum from foreign ships, from foreign nations, from foreign interests, and have added it to the national income of the United States. That is $210,000,000 a year or ten times what this legislation has averaged to cost a year. I ask whether that is worth while.

Mr. President, in 1914 we had 17 American ships in the overseas trade of the United States. To-day we have 388 ships flying our flag and going to the markets of the world. To-day by virtue of these mail contracts there are going out from more than 60 ports of the United States American-flag ships to 550 ports of the world. I say, Senators, that there never was a foreign-flag ship that was a salesman for American goods, but wherever American ships go there we find an expanded American trade.

Something was said here the other day about the good old days back before the war. Reference has been made this evening to the American West African Line, and I recall definitely the fact that in 1914 not a single American ship was engaged in trade with Africa. The total of our trade with Africa in that year was $47,000,000, and in 1927, 19 American ships went to Africa and our trade was $200,500,000, an increase of 325 per cent.

In 1914, five ships only flying the flag of our country went to South America in peaceful trade, and the total commerce of this country with South America was $347,000,000. In 1927 there were 89 American ships in that trade, and the value of the trade was a billion dollars.

In 1914, out from the Pacific coast to the Orient went just five American ships. In 1927, from the Atlantic coast and from the Pacific coast, there went to the Orient more than 140 American ships, and the trade with the Orient had jumped from $380,000,000 to $1,800,000,000, an increase of 380 per cent.

Senators may study the figures, and there will come to them demonstration and recognition of the truth known to the fathers of the Nation, that wherever the American ship goes there goes expanded trade for this country of ours.

Senators, through the country, even in high places, we hear raised voices urging repudiation, defending the breaching and dishonoring of contracts. There are those who would haul down our country's flag from its peak and put upon this country of ours the shackles of commercial slavery. I am unwilling, Mr. President, to believe that that is the desire of the American people. I am unwilling to believe that in the Senate of the United States that theory will find approval.

Mr. FRAZIER. Mr. President, I would like to ask the Senator from Maine a question. It has always been hard for me to understand why foreign shipping interests seem to take the trade away from American shipping interests and why it is that our own shipping interests here in the United States can not compete successfully in the foreign trade.

Mr. WHITE. It comes because of a cost differential, in the first instance, and then an operating and subsistence differential against the American ship. To illustrate it briefly, and speaking very generally, because I have no particular ships in mind at the moment, let us take a ship that costs to build in the United States a million dollars. A similar ship could probably be built in Great Britain for $600,000. There would be a capital differential of $400,000. That is the first difficulty.

Mr. FRAZIER. Is that because of the cost of labor?

Mr. WHITE. Very largely, because in the building of one of these modern ships at least 75 per cent, probably 78 per cent, goes to labor. There is an operating differential, there is a subsistence differential, and then, more than that, notwithstanding those differentials in favor of the foreign-flag ship, there is not another maritime nation in the world that has not aided its shipping.

Great Britain began subsidizing her merchant marine away back in 1847, and she never has given up that policy of extending aid to British shipping. Take the *Lusitania* and the *Mauretania*, two great ships. She loaned to the Cunard Co. the entire cost of building those ships. She paid them, in addition to that, a postal subvention, and she paid them a naval subvention, and the *Mauretania* stands the Cunard Co. not a nickel to-day.

She did more than that. I did not know I was to speak on this, and I speak purely from recollection. Along about 1921 Great Britain established a fund to aid Britishers in building their ships, and a trade facilities fund also. She has put into that fund since 1921, roughly, £70,000,000, and it is going out to aid British shipbuilders, notwithstanding these differentials in their favor, and to aid British companies in the expansion of their foreign trade.

France has done the same thing. France began her shipping subsidies in 1881, and she has never stopped it from that day to this. Germany began it in 1886. Germany has kept it up, except for those dark days, for her, of the war.

The PRESIDING OFFICER. The time of the Senator from Maine has expired.

Mr. FRAZIER. Mr. President, I wanted to ask the Senator from Maine if he thinks it will be necessary for the United States to continue this so-called subsidy if we are to keep our American merchant marine in operation.

Mr. WHITE. I hope it will not be necessary. I believe it will not be necessary to continue it indefinitely. If we to-day had a loyalty among the American people comparable with the loyalty of the British to the British ships, and if we carried in American ships to-day the same proportion of

goods that the Britisher ships in British ships, I think that even to-day we could maintain the merchant marine of ours without governmental aid. I believe that if we will persist in this policy with courage and with faith, the day will come when governmental aid will not be necessary for the American merchant marine.

Mr. GEORGE. Mr. President, I wish to ask the Senator from Maine a question.

The PRESIDING OFFICER. The Senator may do so in the time of the Senator from Georgia.

Mr. GEORGE. In my own time; yes. The Senator from Maine has given great study to this matter; he was one of the joint authors of the Jones-White law, and I desire to ask him if there is any question about the right of Congress to compel a modification of these contracts by reduction of the appropriation? Has the Senator made an investigation of that question?

Mr. WHITE. Mr. President, I do not want to be disrespectful in anything I say, or to question the motive of any person, but I think that when we have entered into 54 contracts, under which 54 shipping lines are being paid money, and when on the strength of those contracts they have obligated themselves to huge expenditures of money, and have assumed other heavy burdens, that then to cut that compensation half in two is bad faith on the part of the American Congress.

Mr. GEORGE. I am not asking the Senator about bad faith. I am reasonably capable of making my own judgment upon that point, with the same respect to the Senator.

Mr. WHITE. I beg the Senator's pardon.

Mr. GEORGE. I am asking the Senator about his opinion as to the validity of the contracts, and I am asking the question because I want information.

Mr. WHITE. I may not be able to give the Senator the information he desires.

Mr. GEORGE. Can the amounts contracted to be paid to these companies, respectively, be reduced without violating the contracts?

Mr. WHITE. I would say this without reference to any specific or particular contract: There is in the law authority lodged in the Postmaster General to prescribe generally the terms and conditions of these contracts, and what he may do in a given case depends upon the terms of the particular contract involved. It might give him a measure of authority with respect to changing ports of call and the number of sailings required. That would be governed by the contract itself. When a contract has been made, we will say, with the American West African Line, for illustration, and when that line starts out from New York with a contract which takes it to the west coast of Africa, with various ports of call over there in West Africa named, I have no doubt that under the terms of that contract the Postmaster General could vary somewhat those ports of call on the African coast. I assume that is written in the contract in that form. If it is there, then I answer yes; but I do not believe he could tear the heart out of that contract by cutting down, cutting out, and in effect eliminating that trade altogether. I do not believe that contract or any other gives such sweeping powers of change.

Mr. GEORGE. Mr. President, I was asking for information solely.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. GEORGE. I should be glad to yield to the Senator to give me the information, because I do not want to abrogate a contract if there is no proper power in Congress to do so.

Mr. FLETCHER. Mr. President, on that subject, we will say that a contract calls for so many round trips a year. The Postmaster General might be able to say that, instead of making delivery once in two months, or once in a month, the company shall cut the trips down to once in every three or four months. But that would not serve the purpose of the contract at all. That would not serve the interests of the country and the public. That would not increase our trade. The Postmaster General might be able to say, "Well, your contract calls for mail delivery once a week. I am going to make you deliver the mail once every two weeks." He might be able to do that, and perhaps reduce the compensation by lowering the number of trips a ship might make, but in doing that he would destroy the effectiveness of the service.

Mr. GEORGE. I appreciate the Senator's observations on that point. I have no doubt there is great force in them. But what I was particularly trying to ascertain was whether or not the number of deliveries and the duration of the contracts might, without violation of the contract, actually be reduced or changed or modified by the Postmaster General. Of course, I understand that whether or not the contract would serve the real purpose which Congress had in mind would be a different question. I have not given any study to the contracts; I have had no opportunity to do so, and, frankly, a hurried reading of them indicates to my mind that within limitations the Postmaster General might reduce the number of trips or deliveries, and since all the contracts are payable on a mileage basis, that would have the effect of reducing the amount actually paid to the contractors or the shipping companies.

Mr. FLETCHER. The Senator may be right about that, but in case that was done it would be the same as making a contract for carrying mail from Habana to Liverpool and making deliveries once a month, whereas good service would require that deliveries ought to be made once a week. He might be able to change it, but if he did, then there would be no good service, and the mail might as well go by freight.

Mr. GEORGE. That might be. I am merely making inquiry about how far the contracts ought to be observed because they are contracts.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. GEORGE. Certainly.

Mr. COPELAND. If the Senator will bear with me a moment, let me say that I was so impressed by the arguments presented in the committee at various times by the Senator from Tennessee [Mr. McKELLAR] that I sought to find out about the validity of the contracts. I have here an opinion which was rendered to me by a competent attorney on that subject. It is so long that I think it would be unfair to take the time of the Senate to read it, but it is very plain that if the Senate should adopt these amendments it will be in effect charging a failure in his duty upon the Comptroller General. These contracts have to be submitted to him. The Postmaster General agrees upon the terms of the contract, makes the contract, and turns it over to the Comptroller General, who passes upon the legality of it.

Mr. President, I will ask that this memorandum be inserted in the RECORD at this point, because it is too long to read.

Mr. McKELLAR. Mr. President, may I inquire of the Senator from New York who prepared the memorandum?

Mr. COPELAND. An attorney in New York.

Mr. McKELLAR. Would the Senator mind giving his name?

Mr. COPELAND. He is my personal friend and attorney.

Mr. GEORGE. Does the attorney give it as his opinion that the contracts can not be modified at all?

Mr. COPELAND. They can be in certain minor particulars, but the saving which would follow would, in my opinion, be infinitesimal.

The PRESIDING OFFICER. Without objection, the memorandum will be printed in the RECORD, as requested.

The memorandum is as follows:

VALIDITY OF MAIL CONTRACTS

All of the ocean mail contracts have been made under and pursuant to the merchant marine act, 1928.

Section 402 of said act made it the duty of the Postmaster General to certify to the Shipping Board what ocean mail routes, in his opinion, should be established and operated.

Section 403 provides that the board shall as soon as practicable after the receipt of such certification from the Postmaster General determine and certify to him the type, size, speed, and other characteristics of the vessels which should be employed on each route, the frequency and regularity of their sailings, and all other facts which bear upon the capacity of the vessels to meet the requirements of the service stated by the Postmaster General.

The board in making its determination shall take into consideration the desirability of having the mail service performed by vessels constructed in accordance with the latest and most approved types, with modern improvements and appliances.

Section 404 authorizes the Postmaster General to enter into contracts with citizens of the United States whose bids are accepted for the carrying of mail between ports between which it is lawful under the navigation laws for a vessel not documented under the laws of the United States to carry merchandise, and he shall include in such contracts such requirements and conditions as in his best judgment will insure the full and efficient performance thereof and the protection of the interests of the Government.

Section 406 of the act provides that before making any contract under the merchant marine act for the carrying of mails the Postmaster General shall give public notice by advertisement once a week for three weeks in such daily newspapers as he shall select in each of the cities of Boston, New York, Philadelphia, Baltimore, New Orleans, Charleston, Norfolk, Savannah, Jacksonville, Galveston, Houston, and Mobile, calling for bids for carrying of such ocean mails; or when the proposed service is to be on the Pacific Ocean, then in Los Angeles, San Francisco, Portland, Tacoma, and Seattle. The notice for bids shall prescribe the proposed route, the time when such contract will be made, the number of trips a year, the schedule required, the time when the service shall commence, the character of the vessels required, and all other information deemed by the Postmaster General to be necessary to inform prospective bidders as to the character of the service required.

Section 407 then provides that each contract for the carrying of the mails shall be awarded to the lowest bidder who in the judgment of the Postmaster General possesses such qualifications as to insure proper performance of the mail service under the contract.

The Postmaster General has testified repeatedly before the House and Senate Committees on Appropriations that he has literally carried out the mandates of the statute; that he has prescribed the route, made the certification to the Shipping Board, and thereafter called for bids and let the contract to the low bidder. One exception was the letting of a contract to the Mississippi Shipping Co., the high bidder, pursuant to a resolution of Congress directing that such action be taken by the Postmaster General.

After the award is made and before the contract is signed, it is submitted to and approved in the Post Office Department by an Assistant Attorney General of the United States assigned to that department. The Postmaster General does not pay out any money on the contracts. His department certifies to the General Accounting Office the service performed under the contract in the form of a statement, which is filed by the contractor with the postmaster at the port of departure and transmitted by the latter to the Postmaster General, who in turn passes that on to the General Accounting Office. This certification sets forth the amount of mail compensation estimated by the Post Office Department to have been earned under the contract. From that point on all financial transactions under the contract are in the hands of the General Accounting Office.

By the act of June 10, 1921, Congress created an establishment of the Government to be known as the General Accounting Office, which should be independent of the executive departments and under the control and direction of the Comptroller General of the United States.

The act referred to provided that there should be in the General Accounting Office a Comptroller General of the United States and an Assistant Comptroller General of the United States, who should be appointed by the President with the advice and consent of the Senate. These officers were to hold office for 15 years, and the Comptroller General was made ineligible for reappointment.

Section 305 of said act provided that all claims and demands whatever by the Government of the United States, or against it, and all acts whatever in which the Government of the United States is concerned, either as debtor or creditor, shall be settled and adjusted in the General Accounting Office.

Section 313 of said act expressly provided that the Comptroller General should specially report to Congress every expenditure or contract made by any department or establishment in any year in violation of law.

The law is clear that no payment can be made under any mail contract except by and through the General Accounting Office, which is under the control of the Comptroller General, whose express duty is to specially report to Congress any contract made in violation of law.

The fact is that the Comptroller General has not reported any mail contract as made in violation of law, but has consistently approved the payments under the contracts.

The constant charge of Senator McKELLAR that the mail contracts which have been let by the Postmaster General pursuant to the merchant marine act, 1928, are illegal is tantamount to a charge against the Comptroller General that he has failed to carry out the mandate of Congress in the administration of his office.

If the Senate adopts the amendments to the bill proposed by the Senator from Tennessee, it will in effect be charging a failure in his duty upon the Comptroller General. Certainly no evidence of any character had been produced either before the Appropriation Committee or before the Senate which justifies an action of that drastic character.

If the Senator has any evidence by which the legality of one of these contracts could be challenged, he should lay that evidence before the Comptroller General, whose duty it is to pass upon the validity of the contract, and not ask the Senate to usurp the functions of the Comptroller General. Thus it is clear that there is no basis by which the Senate can justify the withholding of appropriations to carry out the contracts which the Comptroller General finds are valid unless Congress means by that action repudiation of contracts which have been made in good faith and carried out under the provisions of a law which was passed after great deliberation to aid in building up the American merchant marine.

There are instances too numerous to mention where the Comptroller General has withheld payments under many forms of contract where any question of illegality was involved and forced the claimants into the Court of Claims for a judicial determination of such contract. He can do the same in connection with any of the mail contracts if he deems them in any respect illegal.

Thus there already exists the machinery by which the validity of any contract can be tested in the courts, and the action withholding appropriations which is here proposed is not only unnecessary but nothing other than a direct repudiation of the contracts as an entirety.

Mr. BINGHAM. Mr. President, the amendment offered by the Senator from Tennessee will cause great rejoicing in London and in British shipping circles. They have been looking forward to this for some time with anticipatory hopes.

In the New York Times of January 27, 1933, Sir Harry Goschen, chairman of the National Provincial Bank of London, is reported to have said:

When the American people and Congress can be cured of the excessive nationalism that makes them compete with other people's shipping with vessels subsidized at the expense of the American taxpayer, a new day will have dawned for America.

"When the American people and Congress can be cured of the excessive nationalism that makes them compete with other people's shipping with vessels subsidized at the expense of the American taxpayer!" Certainly Mr. Harry Goschen, chairman of the National Provincial Bank, would be delighted if the amendment offered by the Senator from Tennessee, which would interfere with this subsidized competition, could be adopted.

In the New York Times for January 26 is a dispatch from London, from the special correspondent, in which it is said:

There is much satisfaction here because the beginning of Anglo-American debt discussions is appreciably nearer. In those discussions the British will be happy to include any or all of the economic troubles of the world, even such matters as shipping subsidies, which have aroused complaint among British shipowners.

Evidently we are getting ready to please our friends the British by destroying the shipping subsidies even before the conference meets, and will have nothing to trade with them in that regard. They had expected us to come trading, and they had expected us as a result of force to withdraw these subsidies, but my good friend from Tennessee is willing to meet them beforehand and withdraw the subsidies and please the British shipping interests right away.

In an article by Frederick William Wile, surveying the situation and the possible arrival in Washington in March of the special British envoys, he said that one of the matters which they are particularly anxious to discuss is merchant-marine matters, and that—

British shipping magnates have recently indulged in somewhat intemperate remonstrances against government assistance to United States shipowners.

Evidently the Senator from Tennessee has been listening to these same intemperate remonstrances against Government assistance to United States shipowners.

Our none too successful attempts to establish a merchant marine capable of offering genuine competition to British shipping are causing increasing concern in the British navigation world—

And to the Senator from Tennessee may I add. In the Liverpool Journal of Commerce annual review of January, 1933, W. L. Hichens said:

British shipowners and shipbuilders are suffering from two major evils to-day—one is economic nationalism and the other foreign subsidies to ships and shipping. Both are disastrous to a country whose home is on the sea, and both should be tackled vigorously. As regards the latter, it seems to me that subsidies are a form of economic warfare.

Evidently the Liverpool Journal of Commerce would likewise be delighted if the amendment offered by the Senator from Tennessee should be agreed to.

In the Daily Telegraph of London, December 22, 1932, is this article:

There is no dispute about the facts. Long experience had proved that American shipping was quite incapable of competing on level terms with that of other countries, and especially in this country, in the world's transport market. The statute passed to remedy this state of affairs—

I presume reference is made to the so-called Jones-White bill. We have just heard a most eloquent and forceful argument from one of the authors of that bill as to why that policy was wise which the Congress adopted then and which should be continued.

The statute passed to remedy this state of affairs proceeded frankly on the principle that to build up a great American merchant service was worth whatever it might cost the Nation. Where no large merchantman was built before the passage of that law, 50 had been built or laid down since and many more are projected. This is dumping in its purest form.

It is "dumping" for us to subsidize our shipping so it may compete with British shipping. Evidently the British would be delighted if this amendment were adopted.

It is difficult for some of us who have traveled in various parts of the world before the Jones-White Act was passed, and who regretted the absence of the American flag from nearly all ports of the world, to realize the truth of the statement made recently by the president of the United States Chamber of Commerce in an article on the American merchant marine, where he said that our shipping carried 35 per cent of American overseas trade in 1931, 37 per cent expressed in tonnage and 35 per cent expressed in value. He said:

That our policies are moderate and are operating to secure for American shipping only a very moderate share of our overseas trade is shown by the fact that in 1931 our shipping carried only 35 per cent of that trade expressed in value and 37 per cent expressed in tonnage.

He said further:

The United States is in the midst of application of its new and soundly established shipping policies. Under these policies the Government has practically eliminated itself from the shipping business, our essential trade routes are being efficiently maintained, and 42 vessels, totaling 463,000 gross tons, adapted to modern requirements, and costing $156,000,000, have in the past five years been built in American yards, giving employment to labor and industry not only in the yards but also throughout the country for materials and equipment. The present business depression has now almost stopped the construction program and has thrown heavy burdens upon operators of shipping lines.

Mr. President, the Senator from Tennessee has called attention to the fact that we are paying what seemed to him ridiculous amounts of money for carrying very small quantities of mail. It is perfectly well known that the reason for giving these mail contracts is to permit lines to run under the American flag from American ports to foreign ports which had not been able to do so under previous conditions. That the act has been successful in causing the building of a large number of new vessels no one will deny. In our South American trade a few years ago, before the war and immediately after the war, our own vessels under the American flag going to South America were so poor that Americans themselves frequently crossed the North Atlantic to take vessels from England and France in going to Argentina and Brazil because they desired to travel on comfortable vessels. In going to South American ports they frequently traveled on German or British ships in order to have comfortable quarters on vessels. Due to this act and the granting of these subsidies, we now have vessels going to South America than which there are none better. Our trade with South America has steadily increased.

For us, in the midst of contracts granted in pursuance of that policy, to cause a destruction of the belief of our own people in the good faith of the United States Government and strike a blow at the American flag flying over the merchant marine carrying, as it does, American crews with American supplies, carrying American merchandise to foreign ports at rates that are reasonable and which would have to be far greater and probably destroy our business if the subsidies were not granted, seems to me an act of sheerest folly. Of course, it would please our cousins across the sea. There is no doubt whatsoever that the London Times and these papers from which I have quoted would contain expressions of great approval from British shipping interests and shipbuilding interests that American competition, which now they are feeling extremely in overseas trade, would receive a body blow.

Mr. President, I hope the amendment offered by the Senator from Tennessee, which would give so much comfort to them and so much discouragement to our own people who are engaged in this business, will not prevail.

Mr. WALSH of Massachusetts. Mr. President, it is quite evident the proposal of the Senator from Tennessee [Mr. McKELLAR] has created a great stir among the advocates and supporters of the American merchant marine. At a convention held in this city recently, called the Sixth Annual Merchant Marine Conference, a committee was appointed to examine into the effect that this amendment would have upon the American merchant marine. They adopted resolutions. I want to read them for the consideration of the Senate.

I do not think it can fairly be said that all the representatives attending this conference were lacking in public interest and were controlled or influenced in their opinions by selfish motives. The statement of the committee is as follows:

Certain proposals now pending in Congress, if not properly considered, may very easily destroy the entire American merchant marine engaged in foreign trade, with a resultant loss of millions of dollars a year to American industry, agriculture, and labor.

The present American merchant fleet has been developed under definite laws of Congress, one of which is an act authorizing the Postmaster General to make ocean mail contracts with essential steamship lines as a Government aid to the establishment and maintenance of such lines. Forty-four mail contracts for 10-year periods have been made since 1928, when the act was passed.

Forty-four contracts have been made under an act of Congress.

They constitute the very foundation upon which the American overseas merchant marine exists. They were entered into as legal, binding contracts, ordered by Congress after a most careful, thoroughgoing, and painstaking investigation of every fact and phase of the question.

Under these contracts private shipowners have brought the American merchant fleet in foreign trade into splendid position, although no ship company is making any real profit at this time. Six hundred American-flag ships now operate on 70 regular lines in foreign trade, as against only 17 in 1914.

The Postmaster General, the Attorney General, and the Comptroller General of the United States, with the cooperation of the United States Shipping Board, each within his respective province, has passed upon these ocean mail contracts. If there is anything radically wrong with any particular contract, it could well and adequately be taken up for correction by the same or succeeding executive heads of these administrative institutions of the Government.

That resolution was adopted at the sixth annual meeting of a committee representing every part of the United States of America interested in the development of the American merchant marine.

Mr. FLETCHER. Mr. President, will the Senator from Massachusetts yield to me?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Florida?

Mr. FLETCHER. I should like to interrupt the Senator from Massachusetts for just a moment at that point to say that, in addition to what the Senator states and what the telegram sets forth, at the last session of Congress the Committee on Post Offices and Post Roads was directed to investigate these very contracts, as a committee of the House was also directed to investigate them, and neither of those committees has made any report to Congress.

Mr. WALSH of Massachusetts. Have they found anything wrong?

Mr. FLETCHER. No; they have not up to this time.

Mr. WALSH of Massachusetts. Have they done nothing about the ocean mail contracts?

Mr. FLETCHER. I do not know how far they have gone. They have made no report, one way or the other; so we ought, it seems to me, in fairness, to wait for our own committees to report something wrong before we would be justified in taking such action as is now proposed.

Mr. WALSH of Massachusetts. Mr. President, the Senator from Florida is a member of the Committee on Commerce, and I hope will be the next chairman of that committee when the present minority shall become the majority, as it soon will. That committee is, I understand, chiefly and mainly interested in shipping problems, and particularly in problems relating to the development of the American merchant marine.

Mr. FLETCHER. The Commerce Committee reported out the merchant marine bills in 1916, in 1920, and in 1928.

Mr. WALSH of Massachusetts. Certainly no man in this country who is living to-day—and I make no exception, though, of the distinguished Senator who recently passed away, representing in this body the State of Washington, were here, I would have to include him—certainly no man in this country, since I have been a Member of the Senate, has shown more sincere interest in the American merchant marine and has given more attention and profound study to the problem than has the distinguished Senator from Florida, who has just interrupted me.

Now, I ask the Senator from Florida if it was not the Committee on Commerce which recommended this method of promoting the American merchant marine, namely, by having the Government enter into this kind of ocean mail contract?

Mr. FLETCHER. Yes.

Mr. WALSH of Massachusetts. They did it in 1916, 1920, and 1928; such contracts have been entered into on the basis of laws recommended by that committee and enacted by the Congress. I ask the Senator this question: Is any member of the Committee on Commerce of the Senate in sympathy with the motion of the Senator from Tennessee?

Mr. FLETCHER. I do not know of any.

Mr. WALSH of Massachusetts. So we have the Committee on Commerce, interested in the merchant marine, responsible to a considerable degree for those contracts, familiar with the manner in which they are operating, and obliged in conscience to inform us if they think the policy they suggested in 1928 has proven unwise, standing against this motion and asserting—indirectly at least, if not positively—that the proposal of the Senator from Tennessee means a very serious blow to the American merchant marine.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield to the Senator from New York.

Mr. COPELAND. And more than that, may I say to the Senator, after the Commerce Committee formulated a policy which was brought to the Senate on three different occasions, in 1916, again in 1920, and again in 1928, the Senate, after due consideration, established the policy. In carrying out that policy we are not now doing anything different from what has been done heretofore.

Mr. WALSH of Massachusetts. If there is any fraud in these contracts, the next administration, which will take possession of the Government on March 4, may take steps to repudiate them. Is not that true?

Mr. COPELAND. That is true.

Mr. WALSH of Massachusetts. Mr. President, I have what might perhaps be termed some interesting testimony which I desire to present. I wish to be frank with the Senate. Representatives of the United Fruit Co., one of the largest coastwise steamship companies in the United States, operating steamships up and down the coast and to foreign ports, particularly to ports in the Caribbean Sea, called upon me. If it be permissible to say so of any capitalistic organization, I think I may say that the company referred to bears a favorable reputation among the steamship companies.

Representatives of this company expressed alarm over the proposal of the Senator from Tennessee. I frankly told the representative of the company that I was in favor of reducing the expenditures of the Federal Government; that I proposed to vote, so far as I could consistently do so, for reductions in various appropriations that would be submitted to the Senate, and I asked him to put in writing just what the relationship of his company was to these contracts, what obligations his company had assumed, and what would be the effect upon it of the adoption of the pending motion.

I am going to read the statement which he prepared and presented to me:

> On the strength of the ocean mail contracts entered into between the United Fruit Co. and the Postmaster General, the company has constructed six modern freight and passenger ships at a cost of over $20,000,000.

I ask the Senator from Florida to challenge any of these statements, because I am not familiar with the facts, but I know he is.

Mr. McKELLAR. Mr. President, if the Senator will yield, may I ask to what company he is referring?

Mr. WALSH of Massachusetts. The United Fruit Co.

The statement continues:

> These ships are now being operated on ocean mail routes 39 and 40. The mail pay to be received on these two routes during 10 years will not equalize the differential in cost between constructing these ships in foreign yards and operating them under the American flag instead of a foreign flag.

I inquire of the Senator from Florida is that a fair statement?

Mr. FLETCHER. I think it is.

Mr. WALSH of Massachusetts. I read further from the same statement:

> The company has assumed an obligation to the Shipping Board of approximately $15,000,000 as a part of the cost of constructing these ships, and there should be no reduction in the mail pay unless there is at least a corresponding reduction in the obligation which the company assumed to the Shipping Board.

In other words, I understand that in the building of these ships the mail contracts and the obligation to the Shipping Board for the money which the company borrowed with which to build the ships were correlated, and each contract had relationship to the other.

The Senator from Florida nods his head approvingly. So if we change these mail contracts, the assertion is made, as I gather from this statement, that we ought to change the contract this company has made with the Shipping Board. Is that a correct statement?

Mr. COPELAND. Yes; and let me say——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from New York?

Mr. WALSH of Massachusetts. Yes.

Mr. COPELAND. Let me say that we have outstanding over a hundred million dollars of loans to shipping companies.

Mr. WALSH of Massachusetts. And those loans were based upon a rate of interest that had a relationship to the mail contracts of those companies?

Mr. COPELAND. The Senator is correct.

Mr. WALSH of Massachusetts. I proceed with the statement:

> The fruit company built these ships only on the strength of the mail pay to be received, and it would be a gross injustice to cancel or reduce the mail pay and still leave the fruit company burdened with the large capital obligation involved in having constructed these ships.

I said to the representative of the company during the course of the conversation, "We are going to reduce the air mail contracts, and why should we not reduce these?" Here is the response he made to that inquiry:

> Unlike an airship, an ocean-going ship of this type involves an expenditure of over three and a half million dollars each, and its life is 25 years. The ships would never have been built except for the mail pay.

Does anybody challenge the assertion that these ships never would have been built but for the mail contracts? I hear no contradiction.

> Under present economic conditions, the loss involved in operating these ships is very large and, in addition to the capital and operating loss involved, the fruit company has had to tie up a much larger amount of American tonnage in order to keep these new mail-pay ships operating. It therefore also has to carry the cost of these laid-up ships.

There is the statement of that company. It is the statement of an interested party, and we have got to make allowances for it.

Mr. McKELLAR. Mr. President, when any concern is getting a subsidy from the Government, getting free money from the Government in these enormous sums, does not the Senator think it would get up some sort of excuse for holding on to it?

Mr. WALSH of Massachusetts. I should expect it to, but I have not taken its word. As I have read every paragraph of this statement, I have asked Senators of well-recognized personal integrity and of knowledge of this subject whether or not the facts stated in the statement were correct, and they have invariably vouched for all of these facts.

I now ask the Senator from Maine if this statement is a fair statement of the relationship that this and other companies have to the Federal Government as a result of these mail contracts.

Mr. WHITE. Absolutely so, Mr. President.

The PRESIDING OFFICER. The time of the Senator from Massachusetts has expired.

Mr. WALSH of Massachusetts. I will take some time on the bill, if the Chair please.

Mr. WHITE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Maine?

Mr. WALSH of Massachusetts. I yield to the Senator.

Mr. WHITE. I did not hear the statement in what the Senator read, but it is an interesting fact in connection with the United Fruit Co. that when this legislation was passed the United Fruit Co. probably had between three and four times as much foreign tonnage as it had American tonnage in terms of investment. To-day the United Fruit Co. has invested in American ships probably three times as much as it has in foreign ships. Roughly, it has increased its American tonnage by 67 per cent since this law was passed, and it has increased its investment in American ships by approximately 770 per cent since this law was passed.

Mr. WALSH of Massachusetts. I am pleased to have the statement.

I personally know none of the officials of this company. I have no political affiliations with them; but I must say that they enjoy a very excellent reputation in the community where their headquarters is located.

Mr. President, I have long been a great believer in building up the American merchant marine. I have advocated treating the merchant marine as an auxiliary to our Navy. I have favored reductions in naval appropriations with the expectation and hope that those moneys would be used for building up our merchant marine so that in time of war our merchant marine would be available and useful as an auxiliary to our Navy. I feel that the motion of the Senator from Tennessee, while well intended, is a very serious blow at the American merchant marine, and I therefore can not support the motion.

I want to say, however, in connection with this subject and in connection with the contracts we discussed the other day relating to the air mail, that it is regrettable that there is a feeling—subtle, underneath—that there has been some favoritism, if not something worse than favoritism, in the making of these contracts.

No evidence has been presented to us of anything improper; but it is regrettable and it is a reflection, not upon these companies, the beneficiaries of these subsidies, but upon the public officials who make these contracts. It is an indirect imputation upon their integrity as public officials.

There is no evidence of that kind before us. There is evidence of the harm that the violation of these contracts might do to these shipping interests, and there is evidence in these documents that have been read that the new administration will have ample opportunity to find out if there is anything improper or wrong.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. WALSH of Massachusetts. I yield to the Senator from Tennessee.

Mr. McKELLAR. As the Senator knows, the law requires that these contracts shall be let after very extensive advertising for bids, and shall be let to the lowest bidder, thereby attempting to secure competition in letting the contracts.

The Senator said there was no proof of anything wrong about the matter. Does the Senator consider the fact that in the case of 39 out of 44 contracts that have been let there has been no competitive bidding at all? The wording of the advertisement has brought about a condition by which only that one bidder can bid on that particular contract, thus doing away with competition and with the advertising that is necessary. Only 5 of the 44 contracts have been let on any kind of competitive bidding. Thirty-nine of the contracts show that they were let for one price to one bidder, and no other bids were asked.

Mr. WALSH of Massachusetts. I am not sufficiently familiar with that practice——

Mr. McKELLAR. Those are the facts.

Mr. WHITE. Mr. President——

Mr. WALSH of Massachusetts. I yield to the Senator from Maine to answer the question in my time.

Mr. WHITE. The Senator is speaking of the United Fruit Co. Let me take that for an illustration in answering the query.

The United Fruit Co. had three contracts. In one case there was two years between the time of calling for the bids and the beginning of the contract. In another case there was three years. In another case there was a matter of months only; but there was a provision in the advertisement that the contract should begin at such a time or at such later time as the Postmaster General might fix.

The reason why these bids are limited is generally because there is an established line upon the route for which bids are called for, and also—and this is particularly true in the case of this line running down from San Francisco—because of the obligation which is imposed to build new ships.

This third United Fruit Co. contract, which ran from San Francisco, and which, I take it, is the one the Senator from Tennessee referred to, called for the building of three ships at a cost of about three and a half million dollars each; and that is the reason why there were no additional bidders on that contract—not because of any limitation upon the right to compete in bids, but because of that obligation to spend between eleven and twelve million dollars in new construction.

Mr. WALSH of Massachusetts. I appreciate the Senator's explanation.

Mr. McKELLAR. Mr. President, if the Senator will allow me for just one moment, take the lines of the United Fruit Co. which have just been suggested: I think it was those lines—I am quite sure it was—where the advertisements provided that only concerns with ships having proper refrigeration space—now, mind you, refrigeration space—were allowed to bid. It just happened that that concern was the only shipping concern that had the space required in the advertisement, and therefore no other bidder could bid on that contract.

Mr. WALSH of Massachusetts. What does the Senator from Maine say in answer to that?

Mr. WHITE. Mr. President, the answer to that is that we have 42 refrigerator ships of a total of about 215,000 or 220,000 tons, the owner of any one of which might, if he had seen fit, have bid on this advertisement and have assumed that obligation to spend between eleven and twelve million dollars.

Mr. WALSH of Massachusetts. Mr. President, I want to close by asking the Senator from Florida a question, and through him the Senator from Tennessee.

I understood the Senator from Florida to say to me a moment ago that a committee of the Senate had been appointed to investigate these contracts a year ago. Who is on that committee?

Mr. FLETCHER. It is the Committee on Post Offices and Post Roads.

Mr. WALSH of Massachusetts. That is a committee of which the Senator from Tennessee [Mr. McKELLAR] is a member. Now, I ask the Senator from Tennessee, having for a year the authority of the Senate to investigate these contracts, what evidence has he that they are fraudulent or improper?

Mr. McKELLAR. There are two sets of contracts that have been brought forward by that committee. My good friend the Senator from Nevada [Mr. ODDIE] is the chairman of that committee, and he has never been willing to call it together. Therefore, we have been precluded from making a further examination than was made by an agent whom we employed for that purpose. The result of it is found in this book of contracts, and the facts that have been adduced therein. I was in a minority on the committee, and, of course, could not control it.

Mr. WALSH of Massachusetts. Mr. President, much as I admire the Senator from Tennessee and commend his motives in proposing these reductions, I have concluded that I must follow the unanimous sentiment of the Committee on Commerce of this body, which committee is specially designated to promote and protect the merchant marine of America; and in view of their unanimous opinion that the adoption of this motion would result in grave harm to the American merchant marine, I must oppose the motion.

I yield the floor.

Mr. ODDIE. Mr. President, I should like to state to the Senator from Massachusetts and to the Senator from Tennessee, in reference to the questions and answers regarding the investigation, that the subcommittee of the Senate Appropriations Committee having charge of these appropriations covering the ocean mail had very extensive hearings last year. Those hearings were printed and filled a volume of something like 1,200 pages. The Senator from Tennessee had the opportunity, and availed himself of it, of closely questioning every shipping official who came before us, and a great many came before us. He questioned the officials of the Shipping Board and other Government officials. I refer the Senate to that set of hearings. They are very complete.

Then, in addition, the Senator from Massachusetts spoke of the legality or illegality of these contracts. I want to refer to a statement that has been previously referred to, in which it is shown what are the duties of the Comptroller General.

Section 505 of the act provides that all claims and demands whatever by the Government of the United States or against it, and all acts whatever in which the Government of the United States is concerned, either as debtor or creditor, shall be settled and adjusted in the General Accounting Office.

Section 313 of the act expressly provides that the Comptroller General shall specially report to Congress every expenditure or contract made by any department or establishment in any year in violation of law.

The law is clear that no payment can be made under any mail contract except by and through the General Accounting Office, which is under the control of the Comptroller General, whose express duty is specially to report to Congress any contract made in violation of law.

The fact is that the Comptroller General has not reported any mail contract as made in violation of law but has consistently approved the payments under the contracts.

Mr. BANKHEAD. Mr. President, it is not my purpose to enter into a discussion of the political philosophy involved in the policy of granting subsidies to shipping. Personally, I am opposed to that principle; and if this matter should come here as an original proposition, I should without hesitation record my vote against any subsidy for the maintenance of shipping, especially at this time.

I am confronted here, however, with the question not of the exercise of judgment or discretion in the matter of embarking upon or maintaining a principle of government, but whether or not we can adopt the amendment of the Senator from Tennessee [Mr. McKELLAR] without violating contracts entered into by the Government.

I am sure that all of us are very reluctant to cast a vote which has even the reasonable appearance of violating any obligation entered into by our Government. It is unnecessary to recall the denunciations that have recently been made here upon the floor of the Senate of actions by other countries in the matter of refusing to carry out their obligations. So, believing that we are all in accord upon that subject, the question is whether or not the amendment of the Senator from Tennessee will and does involve a violation of these shipping contracts.

I have not had the opportunity—and I have had no real interest in the subject—to make an examination of all of these contracts.

I have not been upon the committee. The question has arisen here, since this amendment came up for discussion on the floor. I have taken occasion to examine at least one of these contracts, that for the Waterman Steamship Co., operating out of Mobile. I am perfectly clear in my judgment, Mr. President, as a lawyer, that this amendment, or any other proposition which would reduce or change the provisions of that contract, without the consent of both of the contracting parties, would be a violation of the agreement. In my humble judgment, any lawyer upon this floor who will take the time to examine that contract will agree with that expression of opinion.

There may be some of the other contracts which can be changed without the consent of one of the contracting parties, but I can find nothing whatever in this contract that would justify Congress in doing that, except through the exercise of its arbitrary power, and not in accordance with any provision in the contract.

Briefly, this contract, after setting out the ports of call, says:

> The contractor is to be permitted to omit any port—

The Government has no right to require the contractor to omit any port, but—

> The contractor is to be permitted to omit any port or ports on each branch of the route, and with the approval of the Post Office Department may combine on one trip ports on different branches of the route, on a schedule approved by the Postmaster General, that shall include not less than 52 nor more than 72 trips per annum on the three branches of the route * * * the number of intermediate trips that shall be made between 52 and 72 per annum to be at contractor's option subject to the provisions of this contract.

Then it is further provided:

> In consideration of the faithful performance of the services and undertakings herein specified and upon receipt of satisfactory evidence thereof by the Postmaster General, the United States agrees to pay to the said contractor monthly, and as soon after the close of each month as accounts can be adjusted and settled, compensation based upon the mileage on the outbound voyages by the shortest practicable route between the ports specifically stated herein, for vessels of the classes authorized, or that may be authorized, at the following rates.

The only provision authorizing a change in this contract—and I speak of none of the others, because I have not examined them—is that upon the agreement of the Postmaster General and the contractor the rates of pay stipulated herein may be changed to accord with any law or laws which may hereafter be enacted by Congress. There is no authorization in the contract for shortening a route, for decreasing the number of routes, or reducing the pay, except by agreement of the parties.

The minimum is 52, and 72 is the maximum. The amendment of the Senator from Tennessee would cut the appropriation 50 per cent, which if uniformly applied to these contracts would require a reduction in pay of 50 per cent of all of them. It is impossible even if we reduce this contract to the minimum number of ships to bring the compensation under the contract down to 50 per cent of that required.

I submit, Mr. President, without taking further time at this late hour, that, notwithstanding my views upon the question of subsidies, notwithstanding my anxiety to reduce appropriations, I can not support this amendment. I have a consistent record upon that subject since I have first come

to the Senate. I have voted for every proposed reduction in appropriations that has been tendered upon this floor. I have voted against every proposed increase in appropriations that has been tendered. I have appealed to my colleagues who are in charge of matters to make the reductions, except in the matter of salaries, much larger than they have been made. So it is not a question of my attitude upon the question of reduction in the costs of government. It is only a question of whether or not we can attempt the exercise of reductions at a dangerous point which would involve in its execution a charge that the Government has not been faithful in the performance of its contracts; and, rather than do that, I am obliged to go on record in this case as casting my first vote since I have been in the Senate against a proposed reduction in appropriations.

I followed the leadership of my friend the Senator from Tennessee. I have been at his beck and call on all of these proposed reductions, and I would be happy if my friend and leader in the cause of economy would not press this proposition, which does violence to the consciences of at least some of us upon the subject of the duty of our Government to resolve doubts even in favor of the performance—the literal and full and complete performance—of its contracts, whether those contracts were justified in our judgment at the time of their making or not.

Mr. COPELAND obtained the floor.

Mr. ODDIE. Mr. President, will the Senator from New York yield?

Mr. COPELAND. I yield.

Mr. ODDIE. I ask the Senator whether he wants to continue to-night, or whether he would be willing that the Senate take a recess now and he continue to-morrow?

Mr. COPELAND. As far as I am concerned, Mr. President, I should welcome a recess.

RECESS

Mr. ODDIE. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and the Senate (at 9 o'clock and 52 minutes p. m.) took a recess until to-morrow, Saturday, February 4, 1933, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 3 (legislative day of January 10), 1933

MEMBERS OF THE FEDERAL RADIO COMMISSION

John C. Jensen, of Nebraska, to be a member of the Federal Radio Commission for the unexpired portion of the term of six years from February 24, 1930, vice Charles McK. Saltzman, resigned.

Eugene O. Sykes, of Mississippi, to be a member of the Federal Radio Commission for a term of six years from February 24, 1933. (Reappointment.)

COLLECTOR OF INTERNAL REVENUE

Frederick W. Kavanaugh, of Waterford, N. Y., to be collector of internal revenue for the fourteenth district of New York, in place of Cyrus Durey, deceased.

PROMOTIONS IN THE REGULAR ARMY

To be colonel

Lieut. Col. Milton Garfield Holliday, Quartermaster Corps, from February 1, 1933.

To be lieutenant colonels

Maj. Robert Coker, Air Corps, from February 1, 1933.

Maj. Rufus Foote Maddux, Chemical Warfare Service, from February 1, 1933.

To be majors

Capt. Alexander Hunkins Campbell, Coast Artillery Corps, from February 1, 1933.

Capt. David Sheridan Rumbough, Field Artillery, from February 1, 1933.

Capt. Francis John Heraty, Infantry, from February 1, 1933.

Capt. Marvil Groves Armstrong, Coast Artillery Corps, from February 1, 1933.

To be captains

First Lieut. Ray Eric Cavenee, Infantry, from February 1, 1933.

First Lieut. Wade Darragh Killen, Infantry, from February 1, 1933.

First Lieut. Andrew Jackson Schriver, jr., Infantry, from February 1, 1933.

First Lieut. Frank James Lawrence, Infantry, from February 1, 1933.

First Lieut. Dorrance Scott Roysdon, Infantry, from February 1, 1933.

First Lieut. Hyatt Floyd Newell, Infantry, from February 1, 1933.

First Lieut. John Easton McCammon, Infantry, from February 1, 1933.

First Lieut. Cornelius John Kenney, Air Corps, from February 1, 1933.

To be first lieutenants

Second Lieut. Laurence Sherman Kuter, Air Corps, from January 25, 1933.

Second Lieut. William Perry Pence, Signal Corps, from January 28, 1933.

Second Lieut. Thomas Morgan Watlington, jr., Field Artillery, from February 1, 1933.

Second Lieut. William Lewis McNamee, Coast Artillery Corps, from February 1, 1933.

Second Lieut. Thomas John Hall Trapnell, Cavalry, from February 1, 1933.

Second Lieut. John Raymond Lovell, Coast Artillery Corps, from February 1, 1933.

Second Lieut. Raymond Wiley Curtis, Cavalry, from February 1, 1933.

Second Lieut. Kenneth Earl Thiebaud, Infantry, from February 1, 1933.

Second Lieut. Reynolds Condon, Field Artillery, from February 1, 1933.

Second Lieut. Charles Brundy Brown, Signal Corps, from February 1, 1933.

Second Lieut. Edward Gilbert Farrand, Field Artillery, from February 1, 1933.

Second Lieut. Mason Fred Stober, Field Artillery, from February 1, 1933.

HOUSE OF REPRESENTATIVES

FRIDAY, FEBRUARY 3, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, Thou hast taught us to pray, assuring us that it is the pathway to power and that the life built on prayer can not fail. Hearken, merciful Father, let us reach that altitude of faith in which all things work together for good to them that love God. Unlock every dark experience and disclose within it riches of unsearchable value. Be our savior by strengthening our powers of resistance, by giving us courage, vitality, and energizing our life forces. We beseech Thee, especially, be a force to mold our characters, that sets our ideas in order and that controls our conduct. Unite us in hand, mind, and heart with our brother man; may we be one with him in his toil, joy, and sorrow. In the work of to-day endow us with steady persistence, with passionate enthusiasm, and with moral and spiritual power that we may do good in Thy sight and serve wisely our country. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a bill of the House of the following title:

H. R. 13959. An act to authorize the incorporated town of Fairbanks, Alaska, to issue bonds in any sum not exceeding

$100,000 for the purpose of constructing and equipping a public-school building in the town of Fairbanks, Alaska, and for other purposes.

INDEPENDENT OFFICES APPROPRIATION BILL—FISCAL YEAR 1934

The SPEAKER. On yesterday the House ordered a roll-call vote on what is known as the Bankhead amendment. Without objection, the Clerk will report the amendment.

The Clerk read as follows:

Page 22, line 8, strike out "$500,000" and insert in lieu thereof "$801,416."

The SPEAKER. The Clerk will call the roll.

The question was taken; and there were—yeas 165, nays 181, answered "present" 1, not voting 79, as follows:

[Roll No. 154]

YEAS—165

Amlie	Disney	Knutson	Ramspeck
Andresen	Drane	Kvale	Rayburn
Arnold	Drewry	LaGuardia	Reid, Ill.
Auf der Heide	Driver	Lea	Reilly
Bankhead	Eslick	Lewis	Rogers, N. H.
Barbour	Estep	Lichtenwalner	Romjue
Barton	Evans, Mont.	Lonergan	Rudd
Beam	Fernandez	Loofbourow	Sabath
Black	Fishburne	McCormack	Sanders, Tex.
Bland	Fitzpatrick	McDuffie	Sandlin
Bloom	Flannagan	McFadden	Schafer
Boileau	Flood	McMillan	Schneider
Boland	French	McReynolds	Selberling
Boylan	Fuller	Maas	Selvig
Briggs	Gambrill	Maloney	Shannon
Browning	Gilchrist	Mapes	Sinclair
Brunner	Gillen	May	Smith, Va.
Bulwinkle	Goldsborough	Mead	Smith, W. Va.
Burtness	Goodwin	Milligan	Somers, N. Y.
Cable	Granfield	Mouser	Spence
Canfield	Greenwood	Nelson, Me.	Steagall
Cannon	Gregory	Nelson, Mo.	Summers, Wash.
Carley	Griffin	Nelson, Wis.	Sutphin
Carter, Wyo.	Hadley	Nolan	Sweeney
Chapman	Hare	Norton, Nebr.	Swing
Chavez	Hill, Ala.	Norton, N. J.	Taylor, Tenn.
Christgau	Hill, Wash.	O'Connor	Thomason
Clark, N. C.	Hope	Oliver, Ala.	Vinson, Ky.
Cochran, Mo.	Horr	Owen	Warren
Collins	Howard	Parsons	Welch
Condon	Hull, Morton D.	Partridge	Williams, Mo.
Connery	Jacobsen	Patterson	Williams, Tex.
Cooper, Tenn.	James	Peavey	Wilson
Crail	Jeffers	Perkins	Wingo
Crosser	Johnson, Mo.	Person	Withrow
Cullen	Johnson, S. Dak.	Pittenger	Woodruff
Davenport	Kading	Pou	Woodrum
Davis, Tenn.	Keller	Prall	Wright
Delaney	Kelly, Pa.	Ragon	Yon
D'Rouen	Kemp	Rainey	
Dickinson	Kerr	Ramseyer	
Dieterich	Kleberg		

NAYS—181

Adkins	Davis, Pa.	Holaday	Montet
Allen	De Priest	Holmes	Moore, Ky.
Allgood	Dies	Hooper	Moore, Ohio
Almon	Doutrich	Hopkins	Morehead
Andrew, Mass.	Dowell	Huddleston	Murphy
Arentz	Doxey	Jenkins	Niedringhaus
Bachmann	Dyer	Johnson, Okla.	Palmisano
Bacon	Eaton, Colo.	Johnson, Tex.	Parker, Ga.
Beedy	Eaton, N. J.	Jones	Parker, N. Y.
Biddle	Ellzey	Kahn	Parks
Blanton	Englebright	Kennedy, Md.	Patman
Boehne	Erk	Ketcham	Pettengill
Bohn	Evans, Calif.	Kinzer	Polk
Bolton	Fiesinger	Kniffin	Pratt, Harcourt J.
Bowman	Fish	Kopp	Pratt, Ruth
Britten	Foss	Kurtz	Purnell
Brumm	Fulbright	Lambertson	Rankin
Buchanan	Fulmer	Lamneck	Ransley
Busby	Garber	Lanham	Reed, N. Y.
Campbell, Iowa	Gavagan	Lankford, Ga.	Rich
Campbell, Pa.	Gibson	Lankford, Va.	Robinson
Carden	Gifford	Larrabee	Rogers, Mass.
Carter, Calif.	Gilbert	Leavitt	Sanders, N. Y.
Cartwright	Glover	Lovette	Seger
Cary	Goss	Luce	Shallenberger
Castellow	Griswold	Ludlow	Simmons
Cavicchia	Guyer	McClintic, Okla.	Snell
Chindblom	Haines	McClintock, Ohio	Sparks
Christopherson	Hall, Ill.	McKeown	Stafford
Clancy	Hancock, N. Y.	McSwain	Stalker
Clarke, N. Y.	Hancock, N. C.	Magrady	Stokes
Cole, Iowa	Hardy	Major	Strong, Kans.
Cole, Md.	Harlan	Mansfield	Strong, Pa.
Colton	Hastings	Martin, Mass.	Stull
Cox	Haugen	Martin, Oreg.	Swank
Coyle	Hawley	Michener	Swanson
Cross	Hess	Millard	Swick
Crowe	Hoch	Miller	Taber
Crowther	Hogg, Ind.	Mitchell	Tarver
Darrow	Hogg, W. Va.	Montague	Taylor, Colo.
Temple	Turpin	West	Wood, Ga.
Thatcher	Underhill	White	Wood, Ind.
Thurston	Vinson, Ga.	Whitley	Wyant
Timberlake	Wason	Whittington	
Tinkham	Watson	Williamson	
Treadway	Weeks	Wolcott	

ANSWERED "PRESENT"—1

Frear

NOT VOTING—79

Abernethy	Cooke	Hartley	Overton
Aldrich	Cooper, Ohio	Hollister	Schuetz
Andrews, N. Y.	Corning	Hornor	Shott
Ayres	Crump	Houston, Del.	Shreve
Bacharach	Culkin	Hull, William E.	Sirovich
Baldrige	Curry	Igoe	Smith, Idaho
Beck	Dickstein	Johnson, Ill.	Snow
Brand, Ga.	Dominick	Johnson, Wash.	Stevenson
Brand, Ohio	Doughton	Kelly, Ill.	Stewart
Buckbee	Douglas, Ariz.	Kennedy, N. Y.	Sullivan, N. Y.
Burch	Douglass, Mass.	Lambeth	Sullivan, Pa.
Burdick	Finley	Larsen	Sumners, Tex.
Byrns	Free	Lehlbach	Tierney
Celler	Freeman	Lindsay	Underwood
Chase	Gasque	Lozier	Weaver
Chiperfield	Golder	McGugin	Wigglesworth
Clague	Green	McLeod	Wolfenden
Cochran, Pa.	Hall, Miss.	Manlove	Wolverton
Collier	Hall, N. Dak.	Mobley	Yates
Connolly	Hart	Oliver, N. Y.	

So the amendment was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Weaver (for) with Mr. Hollister (against).
Mr. Lindsey (for) with Mr. Wolfenden (against).
Mr. Burch (for) with Mr. Wolverton (against).
Mr. Sullivan of New York (for) with Mr. Bacharach (against).
Mr. Douglas of Arizona (for) with Mr. Hartley (against).
Mr. Kelly of Illinois (for) with Mr. Smith of Idaho (against).
Mr. Igoe (for) with Mr. Buckbee (against).
Mr. Stewart (for) with Mr. Culkin (against).
Mr. Sirovich (for) with Mr. McLeod (against).
Mr. Clague (for) with Mr. Shreve (against).
Mr. Hall of North Dakota (for) with Mr. Chiperfield (against).
Mr. Frear (for) with Mr. Beck (against).
Mr. Collier (for) with Mr. Connolly (against).
Mr. Dickstein (for) with Mr. Lehlbach (against).

Until further notice:

Mr. Ayres with Mr. Andrews of New York.
Mr. Byrns with Mr. McGugin.
Mr. Lozier with Mr. Cochran of Pennsylvania.
Mr. Schuetz with Mr. Wigglesworth.
Mr. Lambeth with Mr. Burdick.
Mr. Kennedy of New York with Mr. Cooper of Ohio.
Mr. Doughton with Mr. Golder.
Mr. Gasque with Mr. Shott.
Mr. Douglass of Massachusetts with Mr. Aldrich.
Mr. Underwood with Mr. Johnson of Washington.
Mr. Hart with Mr. Manlove.
Mr. Oliver of New York with Mr. Sullivan of Pennsylvania.
Mr. Abernethy with Mr. Yates.
Mr. Celler with Mr. Brand of Ohio.
Mr. Green with Mr. Snow.
Mr. Crump with Mr. William E. Hull.
Mr. Overton with Mr. Baldrige.
Mr. Hornor with Mr. Houston.
Mr. Stevenson with Mr. Free.
Mr. Mobley with Mr. Chase.
Mr. Brand of Georgia with Mr. Freeman.
Mr. Corning with Mr. Johnson of Illinois.
Mr. Larsen with Mr. Curry.
Mr. Tierney with Mr. Cooke.
Mr. Sumners of Texas with Mr. Finley.
Mr. Dominick with Mr. Hall of Mississippi.

Mr. BACHMANN. Mr. Speaker, the following Members, if present, would have voted against the amendment: Mr. BALDRIGE, Mr. FINLEY, Mr. WILLIAM E. HULL, Mr. COOKE, Mr. SHOTT, Mr. GOLDER, Mr. ANDREWS of New York, and Mr. FREEMAN.

Mr. FREAR. Mr. Speaker, I am paired with the gentleman from Pennsylvania, Mr. BECK. If he were present, he would vote "no," and as I would vote "aye," I have answered "present."

Mr. COCHRAN of Pennsylvania. Mr. Speaker, I was necessarily detained at the time my name was called. If permitted to vote, I would vote "no."

The SPEAKER. The gentleman does not qualify.

Mr. COLLIER. Mr. Speaker, I would like to vote.

The SPEAKER. Was the gentleman in the Chamber, listening when his name was called?

Mr. COLLIER. I was not. If permitted to vote, I would vote "aye."

The SPEAKER. The gentleman does not qualify.

Mr. WOODRUM. Mr. Speaker, the gentleman from Arizona, Mr. DOUGLAS, is necessarily absent. If present, he would vote "aye."

Mr. GOSS. Mr. Speaker, the gentleman from New Jersey, Mr. HARTLEY, is unavoidably absent. He has requested me to announce that if he were present he would vote "no."

The result of the vote was announced as above recorded.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. WOODRUM, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. WOODRUM. Mr. Speaker, I ask unanimous consent that the Clerk may be authorized to correct the totals in the bill.

The SPEAKER. Is there objection?

There was no objection.

DAVID S. BARRY

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent to address the House for five minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAGUARDIA. Mr. Speaker, I would not have taken the time of the House, but I want to register a protest which I believe will meet with the approval of the membership of this House.

I have with me the February number of the New Outlook. I have the highest regard for the editor of the New Outlook, Gov. Alfred E. Smith. I have the highest regard for the publisher of the New Outlook, Mr. Frank A. Tichenor, who is a close personal friend of mine; but there is an article in this issue which I believe, without any justification or warrant, reflects upon the honor of the membership of this House. I shall not refer to the other body, as I assume they will be able to take care of themselves.

I only read five lines from an article entitled "Over the Hill to Demagoguery." The article opens in this way:

> Contrary, perhaps, to the popular belief, there are not many crooks in Congress; that is, out-and-out grafters, or those who are willing to be such. There are not many Senators or Representatives who sell their votes for money, and it is pretty well known who those few are.

Now, Mr. Speaker, I submit that a blanket statement of this kind——

Mr. BLANTON. Who wrote that kind of a lie?

Mr. LAGUARDIA. Is a reflection upon a body of hard-working men and women who, I believe, represent a splendid cross section of the American people.

Mr. O'CONNOR. Will the gentleman make it clear who is the author of the article?

Mr. LAGUARDIA. I am coming to that.

If the author of the article has this knowledge which he states—that there are any, or even one, who take money for their votes—and he knows them, I say that he ought to be compelled to make public the names and prove his statement.

Mr. Speaker, it so happens that the author of this article can be compelled to divulge the source of his information or made to admit he had no justification for his statement. He is not an officer of this body but he is an officer of the body across the Capitol. The author is David S. Barry, Sergeant at Arms of the United States Senate, and I call upon Mr. Barry to make good or to retract the statement and then apologize to this House. [Applause.]

LEGISLATIVE APPROPRIATION BILL, FISCAL YEAR 1934

Mr. SANDLIN, from the Committee on Appropriations, reported the bill (H. R. 14562) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes (Rept. No. 1960), which was referred to the Union Calendar and ordered printed.

Mr. HOLADAY reserved all points of order on the bill.

DISTRIBUTION OF GOVERNMENT-OWNED COTTON

Mr. JONES. Mr. Speaker, I call up the conference report on the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress, and I ask unanimous consent that the statement may be read in lieu of the report.

Mr. SNELL. Reserving the right to object, there is very little difference in the length of the report and the statement, and there is something important in section 3, and I think the report itself should be read.

The SPEAKER. The Clerk will read the report.

The Clerk read the report, as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment numbered 2.

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following substitute:

"SEC. 3. In so far as cotton is delivered to relief agencies by the Cotton Stabilization Corporation under this act the Federal Farm Board is authorized to cancel such part of its loans to such corporation as equals the proportionate part of said loans represented by the cotton delivered hereunder, less the current market value of the cotton delivered, and to deduct the amount of such loans canceled from the amount of the revolving fund established by the agricultural marketing act. To carry out the provisions of this act the unexpended balance of appropriations made for carrying out the provisions of the joint resolution entitled 'Joint resolution authorizing the distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress,' approved July 5, 1932, is authorized to be made immediately available, and, in addition, the sum of $4,100,000 is authorized to be appropriated and made immediately available, to the Federal Farm Board to be used solely for the following purposes: For advancing to such corporation amounts to repay loans held by commercial or intermediate-credit banks against cotton which would be released for donations under this act and to retire all storage and carrying charges against cotton, including compression charges, at the time of the approval of this act; and for meeting carrying and handling charges, and interest payments on commercial or intermediate-credit bank loans, on or against cotton which would be released for donations under this act between the date of its approval and the delivery of the cotton to the American National Red Cross or other organization. Any additional amounts necessary for such purposes shall be paid from the revolving fund established by the agricultural marketing act."

And the Senate agree to the same.

MARVIN JONES,
H. P. FULMER,
G. N. HAUGEN,
Managers on the part of the House.

CHAS. L. MCNARY,
G. W. NORRIS,
E. D. SMITH,
Managers on the part of the Senate.

Mr. JONES. Mr. Speaker, there are certain commercial liens against this cotton aggregating $25 per bale. There are in addition storage, interest, and compression charges.

The House measure originally authorized an appropriation of sufficient funds to pay these charges, and specified that the fund should be used for no other purpose. The original Senate amendment authorized an appropriation covering the net market value of the cotton.

The discussion in the Senate would not indicate that. In fact, some Members of that body claim that their provision did not authorize any appropriations. In that claim they are manifestly mistaken. As proof I want to read just a sentence from the amendment.

SEC. 3. There is hereby authorized to be appropriated for credit to the revolving fund established by the agricultural marketing act an amount equal to the current market value of all cotton delivered to relief agencies under this act.

If that does not authorize an appropriation, I am a wooden Indian. It would have appropriated not only the payment of the liens but would have given the Farm Board the net value of the cotton, which would be more than the liens.

The conference report authorizes the payment of simply the commercial liens, and directs the Farm Board to pay any additional charges out of the revolving fund.

That appropriation is made up in this fashion: It authorizes the use of the unexpended balance of the appropriation made under the wheat and cotton distribution of last summer. It also authorizes a new appropriation of $4,100,000. The Farm Board has $33,000,000 in its revolving fund, but it has commitments of $31,000,000, so the only way to get the cotton, as a practical matter, is to pay off at least the commercial charges.

Mr. SNELL. Perhaps I may have misunderstood, but I understood at the time that there was no new appropriation involved, that we were merely turning over to the Red Cross the cotton that the Farm Board owned.

Mr. JONES. No new appropriation for the Farm Board, but there was an authorization of a new appropriation to pay off the commercial liens.

Mr. SNELL. There is to be $4,100,000 to be taken out of the Treasury. That was not given to the House when we passed the original act.

Mr. JONES. Oh, yes; that was explained—the provision was in the original act. The facts were brought out by questions on the part of the gentleman from Wisconsin and others. I am sure the gentleman will find that that is true if he reads the RECORD.

Mr. SNELL. I did not understand that there was anything to be taken out of the Treasury at that time. I want it made clear that we have to pay $4,000,000-plus, so that this does not come without expense to the Federal Government at the present time.

Mr. HARE. Mr. Speaker, will the gentleman yield?

Mr. JONES. Yes.

Mr. HARE. As I understand it, this act originally provided that this cotton should be turned over to the Red Cross, to be turned over to manufacturers, in order to give employment to the unemployed, and that then the product should be turned over to those people who may be in distress or naked. Was that the purpose?

Mr. JONES. That is the purpose of the act; and in further answer I may say that under the other provision for Red Cross cotton, 4,000,000 families were given relief and a great many of the unemployed were given work. A great many mills were able to operate, and they operated without a cent of profit. I will be glad to have anyone who is interested go to the committee rooms of the Committee on Agriculture and see the thirty-odd garments that were made by the New York unit, and that are on display there. Several hundred thousand of those garments, many of them costing only a few cents, and yet very valuable for the purposes intended, were used in this distribution.

Mr. HARE. And in addition to that the Red Cross was permitted, instead of turning it over to the manufacturers to be manufactured into cloth, to exchange it with the manufacturer for cloth already manufactured?

Mr. JONES. That enabled them sometimes to avoid the payment of freight, by the exchange of one for the other, but in every instance it was done without profit, and I say to the gentleman that much of the work was done without pay. These relief organizations distributed without compensation. For instance, in New York they used unemployed needleworkers, and thus they traded their work for supplies.

Mr. HARE. And that leads me to this other question. After the cotton was turned over to the Red Cross and given to the manufacturers in exchange for cloth, I am reliably informed the manufacturer then designated the Red Cross as its agent, and gave the Red Cross power of attorney to sell the cotton in its hands upon the markets of the world. I have in my mail this morning copy of a telegram from the Red Cross to an exporter offering to sell 500 bales at a price, I am told, at $2.85 per bale less than the market price.

Mr. JONES. I think the gentleman is excited. As a matter of fact, under the practical handling they used the cotton only in exchange. They might have sold and bought cotton goods, but they used in effect the total amount of goods which used up the amount of cotton. It might not have been the exact cotton, but it was the same amount of cotton. The Congress can not administer it. We have to trust somebody, and I think the Red Cross has done a magnificent piece of work.

Mr. HARE. I want to say to the gentleman from Texas [Mr. JONES] that I am not excited but deeply interested. The Red Cross tells me this morning that it is offering this cotton for sale to exporters. I do not charge it is in violation of the law, but it is certainly not in keeping with the spirit of the law.

Mr. JONES. Certainly, if they are using cotton and making cotton goods and distributing them in this country and exporting the actual cotton, the gentleman ought not to complain. In either event the actual amount of cotton is used up and that is an advantage to the market.

Mr. HARE. The point I make is this, that they are selling it to exporters at $2.85 a bale less than the market price.

Mr. JONES. I think that must be a mistake. I am sure they would not dispose of it for less than they are offered in the open market.

Mr. HARE. I want to know whether there is anything in this bill to prevent the further sale of cotton in the manner indicated.

Mr. JONES. They have given me different information. Naturally, they would want to get as favorable results as possible. That has been the history of all their transactions. I am sure if the gentleman will check up on his information he will be satisfied with the good faith of these operations.

Mr. HARE. You will understand I am not charging bad faith, but emphasizing only what seems to be a bad practice.

Now, in order to be more specific and make myself clear, although it will be necessary to repeat to some extent, let me say that if I understand this legislation correctly the Congress provided that as much as 500,000 bales of cotton in the hands of the Farm Board be turned over to the Red Cross to furnish clothing for people who may be in need or distress. The undertaking was planned to serve two purposes: First, the cotton was to be turned over to manufacturers to be made into cloth, and thereby give employment to the unemployed. In the second place, the cloth made was to be converted into clothing or turned over direct to those entitled to same.

I trust I may be mistaken in some of the facts reported to me, but I understand that instead of having manufacturers to start their mills, in some cases, the Red Cross simply contracted to exchange the cotton for so much cloth; and I am advised that in some instances, instead of delivering the cotton to the manufacturer, the Red Cross agreed to become sales agent for such manufacturers and proceeded to offer the cotton in its hands to brokers engaged in export.

In other words, the Farm Board had, we will say, 500,000 bales of cotton on hand and out of the channels of trade; but in order to get it where it would no longer be considered available for marketing, Congress proceeded to turn it over to the Red Cross to have it manufactured and the cloth distributed among the poor, but instead of doing this the Red Cross bought goods from manufacturers and placed the cotton on the market for export; that is, instead of decreasing the amount of cotton available for export, as contemplated by Congress, the Red Cross by its action has

actually taken cotton out of the hands of the Farm Board and placed it on the market in competition with cotton in the hands of the farmer or warehouseman.

I am in receipt of a letter this morning from a cotton broker, inclosing a copy of a telegram from the Red Cross offering 500 bales of cotton to an exporter of the same city, as the broker says, at $2.85 per bale less than the market price. It is alleged that when a sale of this kind is made the broker who buys the cotton sells an equivalent amount on the exchange, and results in what the brokers refer to in their daily reports as "Southern selling" of cotton.

I do not wish to be misunderstood and be placed in a position as protesting against an action of Congress in its effort to relieve suffering humanity by furnishing cloth to people who are in actual want and distress; but I am emphasizing the point that in the actual operation the Red Cross is not carrying out the spirit of the law, for such operation, if engaged in to any extent, will in a large measure fail to accomplish the purpose Congress intended. In the first instance, where the cotton is exchanged for cloth instead of having it manufactured, the unemployment situation is not relieved; and, in the second place, where the Red Cross becomes the sales agent for the manufacturer and places cotton on the market that was formerly out of the channels of trade, such action not only increases the competition with cotton in the hands of the producer but when, as a result of poor salesmanship, the cotton is offered for $2.85 per bale below the market price, there is no doubt but what the price of cotton will be reflected to that extent, particularly if any appreciable amount of the 500,000 bales are marketed in this way. Permit me to say that I do not know what proportion of the cotton has been sold in the manner indicated, but the charge was made in the letter referred to; and in a conversation over the telephone with representatives of the Red Cross, the report was verified. That is, the policy followed was verified.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield?

Mr. JONES. Yes.

Mr. CHINDBLOM. Referring to the remarks of the gentleman from New York [Mr. SNELL] with reference to the appropriation, directly authorized, of $4,100,000, it is a fact, is it not, that the other $4,500,000 to be taken out of the revolving fund is also in the nature of an appropriation by the Federal Government.

Mr. JONES. Of course, and this and previous appropriations they have made out of the revolving fund all come out of the Treasury of the United States.

Mr. CHINDBLOM. And as a matter of fact the total cost to the Government is the entire amount which the Farm Board paid for this cotton when it was purchased.

Mr. JONES. No; the Government only has $4,100,000 new appropriation, and the Farm Board advises that the value of the cotton was $32.50 per bale, so that there is a considerable equity in it that the Farm Board would be able to use by selling the cotton and paying off the liens itself.

Mr. CHINDBLOM. That is the point I make—that the entire value of the cotton is a donation by the United States.

Mr. JONES. Yes.

Mr. LAGUARDIA. And this appropriation was made by the Congress to relieve the cotton market, and the cotton market was relieved by these 700,000 bales. The Government had these bales of cotton on hand, and they were a constant danger and did affect the price of cotton on the market; so that if they disposed of this cotton it should be charged up as an assistance to the cotton growers and an indirect and incidental assistance in using this cotton to make garments that otherwise could not be purchased.

Mr. JONES. Mr. Speaker, I call for a vote.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

PANICS

Mr. JENKINS. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a speech made by my colleague, Mr. FREE.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. JENKINS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

SPEECH OF HON. A. M. FREE, OF CALIFORNIA, DELIVERED BEFORE THE ROTARY CLUB OF WASHINGTON, D. C., FEBRUARY 1, 1933

There recently came to my attention the following statement:

"It is a gloomy moment in history. Not for many years—not in the lifetime of most men who read this—has there been so much grave and deep apprehension. In our own country there is a universal commercial prostration, and thousands of our poorest fellow citizens are turned out against the approaching winter without employment.

"In France the political caldron seethes and bubbles with uncertainty. Russia hangs like a dark cloud and silent upon the horizon of Europe; while all the energies, resources, and influences of the British Empire are sorely tried, and are yet to be tried more sorely, in coping with the vast and deadly India situation, and with disturbed relations in China.

"Of our own troubles no man can see the end. If we are only to lose money and thus by painful poverty to be taught wisdom, no man need seriously despair. Yet the very haste to be rich, which is the occasion of this widespread calamity, has also tended to destroy the moral forces with which we are to resist and subdue the calamity."

Imagine my surprise when I discovered that this was a reprint from an article published in Harper's Weekly of October 10, 1857.

It then occurred to me that history is but repeating itself in the present depression and that a study of the panics in the United States during the last 100 years might be of value in determining their causes, in developing some plan to forestall them, and possibly in developing some suggestions as to how to work out of our present situation.

The United States has experienced nine major depressions in the last century.

Let us first study the panic of 1837:

THE PANIC OF 1837

In the early thirties the great financial institution of those days was the Second Bank of the United States at Philadelphia. It was the stronghold of United States finance.

Nicholas Biddle was the outstanding figure in this bank. He ruled the money world. He played the cotton market, financed canals and large land speculations. He was hated by President Jackson, and Jackson vetoed renewal of the charter of his bank. He, however, secured a charter from the State of Pennsylvania.

The bank had a capital of $35,000,000. This was indeed a large sum for those days.

He was a great speculator in lands. His friends and imitators began to gamble in city and county lands all over the United States. Cities were laid out in the western wilderness which were bought at $1.25 per acre. The speculators paid for them in notes issued by banks the speculators themselves had organized. The land office deposited the notes back into the banks, which again loaned them to the same speculators who used them in buying up more land.

The leading figures in Wall Street were J. L. and S. Josephs, enterprising Jewish boys from Richmond, Va., who had founded a banking house on a capital of $20,000. They got prestige in the financial world by being appointed the New York agents for the Rothschilds.

They like Biddle plunged into speculations in cotton and land. They controlled 634 banks throughout the country with loans of five hundred and twenty-five millions, and with specie back of the loans of only thirty-eight millions. In this precarious position they grew weaker day by day as the speculation proceeded.

President Jackson condemned the rush for public wild lands. He issued his specie circular, demanding that payment for land should be paid only in specie or specie value. He prohibited the deposit of Federal revenues in the United States Bank and distributed them among other banks favorable to his administration.

In December, 1835, fire destroyed the Merchants Exchange, the pride of Wall Street. Seventeen blocks of buildings were destroyed with a loss of $18,000,000. This brought about the financial ruination of many people who had investments in these buildings.

A rebuilding program started under a wave of false prosperity. Biddle encouraged this boom and loaned money in all directions. The whole country began to speculate in lands and cotton. Paper banks of the South and West turned out their own notes, which circulated as currency. Specie began to vanish.

By March, 1837, the panic was on. News arrived by packet in Philadelphia and New York that the great cotton houses of New Orleans had failed with losses totaling $200,000,000.

The land boom crashed; the cotton corner was broken.

The firm of J. L. & S. Josephs & Co. stopped payment.

Stocks took a decided drop. Many brokerage houses failed during one day. There were runs on banks, failures everywhere—352 in number. Silver and small change vanished, and hoarding of coin followed.

Financial convulsions engulfed the whole country. Investment of capital ceased. The whole South was bankrupt. British credit was withdrawn. Millionaires failed. Real estate would not yield cash. Specie payments were suspended. Lootings by the poor followed. People who were without employment and without money stormed the city hall in New York, and finally troops were called out to quell the disturbances.

Europe lost $150,000,000 in these losses.

Biddle had been called on and tried to come to the rescue, but it was of no avail.

By 1841 the powerful United States Bank, with a capital of $74,000,000, had been reduced to a capital of $12,000,000.

Biddle had resigned in 1839 and died in 1844, insolvent and broken-hearted.

The Josephs were ruined. They had liabilities of $5,000,000 which they could not meet. Even their office furniture was sold to pay their debts.

The public had become involved and had lost heavily.

Companies and individual owners, grocers, barbers—all went into the banking business on their own account. They issued shin plasters, being forced to this step by the necessity of making small change for their customers.

This panic lasted from 1837 to 1843—72 months.

Then followed a period of prosperity from 1843 to 1857. This period witnessed the Mexican and Crimean Wars with good markets, feverish building, booms in land, sugar, cotton, railway shares, and California gold-mining development.

THE PANIC OF 1857

Next let us consider the panic of 1857.

The early fifties brought into light men who were then obscure but who afterwards played a great part in the financial history of the United States. They were the future bonanza kings—Mackay, Flood, O'Brien, Collis P. Huntington, and Darius O. Mills.

Gold had been discovered in California, and the great stories which came across the continent led to the formation of mining corporations the stock of which was purchased by eastern investors.

There was great railroad expansion. Seven hundred million dollars in railroad stocks were bought, much of these with foreign capital.

Wall Street was prosperous. Stock sales amounted to as many as 40,000 shares a day. Eastern bankers forwarded speculation with free hands. They loaned on almost any sort of paper. Brokers with only fifteen hundred dollars on deposit drew checks from one hundred to three hundred thousand dollars.

Mining schemes, railway enterprises, guano speculations, sugar, cotton, and land speculations were the order of the day. So great was the demand for shares and so eager were speculators to press on their ventures that many companies issued spurious shares. The managers of the Vermont Central Railway did this to supply the needs of the road.

The Parker Vein Coal Co. flooded the market with a fraudulent stock issue of five times its authorized capital.

The end had to come. It began when the checks of Simeon Draper, jr., a prominent railroad banker, were dishonored. The Broadway Bank called his loans, and in his downfall he carried his brother brokers with him.

The manipulations of the Chicago & Mississippi Railroad next ruined Henry Dwight, jr., another banker.

Schuyler & Co., a large New York firm, failed because of the speculations of Schuyler. He had engaged in fraudulent stock manipulations in the New Haven Railroad. Schuyler fled to Canada. He had actually forged stock in his own road to the amount of two millions. He had swindled his close friends, including Vanderbilt.

Five thousand shares of the Harlem road have been overissued. The Ohio Life & Trust Co. failed because of its large advancements to railroads.

Brokers suspended and failed on all hands. Runs began on banks. Banks called in loans, and panics developed throughout the United States.

There was scarcely a dollar in the State of Indiana save free bank paper. Stock gambling had caused stealings and losses. Credit was gone, confidence lost, and the country denuded of money.

In August, 1857, the panic was on in full force. Banks everywhere closed their doors. Mills and factories had to close because they could secure no money to pay their workers.

We had a paper inflation of $2,000,000.

The financial district of New York was overrun with mobs demanding money. The Bank of New York, the strongest in the United States, failed. The socially well-to-do class was nearly extinguished. Families in the world of fashion, whose society had been courted, sank to lowly conditions.

It seems that not economic causes but the promotions of optimistic men caused the panic of 1857. The sudden disappearance of specie, the embarrassment of the banks, the outward flow of gold were the consequences of this superoptimism. Conditions continued bad from 1857 to 1860, a period of 24 months.

The period from 1860 to 1873 witnessed the Civil War, followed by a new era of factory building in the North, settlement of farm lands in the West by a million discharged soldiers. There was more railroad building and business expansion and another orgy of speculation.

THE PANIC OF 1873

The next panic was that of 1873.

Every panic is preceded by the speculation of some outstanding men.

In the seventies, Jay Cooke, the financier of the Civil War, proved to be the greatest speculator. He led forth a movement which others followed, and organizers plunged into the adventure of building metal highways. Their promotions were stimulated by bond subsidies and huge land grants.

Thirty thousand miles of railroads were built in 10 years, at a cost of $1,400,000,000.

Cooke engaged in carrying through the Northern Pacific from Lake Superior to Puget Sound.

The Union Pacific was promoted under the corporate title, Crédit Mobilier, Missouri, Kansas & Texas road was also promoted during this period.

The Civil and Franco-Prussian Wars had used up $6,000,000,000.

Strenuous promotions brought on credit inflation. Paper circulation increased to $750,000,000.

The Chicago fire in 1871 destroyed $150,000,000 in property, and in 1872 there was the Boston fire, with great losses. This made a great drain on the money resources of the country.

There was developed certain building scandals in the Union Pacific by which the promoters contracted with themselves to build the roads at terrific costs.

It all had to come to an end. The Missouri, Kansas & Texas road was unable to meet its loans. As a result many bond issues failed. There came on a period of failures, embezzlements, and speculations. Banks failed, and a frightful depression came on quite suddenly.

September 18, 1873, was the fateful day. Jay Cooke was at breakfast with President Grant when he learned that his Washington house and the First National Bank of New York, another of his houses, had closed. Stocks immediately began to tumble. There was an avalanche of failures everywhere.

The great firm of Richard Schell, and Robinson, and Suydam failed.

The New York & Oswego Midland Railway defaulted on its bonds. There was suspension after suspension in the business world. The choicest securities depreciated greatly.

Bankers in the clearing house in New York decided to issue $10,000,000 in certificates to be used instead of legal tender. This failed to stop the crash. There were runs upon the savings banks, and 36 firms suspended or failed within a few days. These included the Union Trust, the National Trust, and the Bank of the Commonwealth. So bad were the conditions that the stock exchange closed for a week.

Six weeks of downfall culminated with the failure of the great Sprague enterprises—10,000 of their employees in the hand mills, print shop, and mowing-machine companies were without employment.

A million wheels were checked throughout the country. There were 40,000 unemployed in New York. Rents fell 30 per cent.

The Northern Pacific became bankrupt. Seventy-two railroads were in default. Overdue interest on bonds amounted to $218,000,000, or 13 per cent of their funded debt.

This depression lasted from 1873 to 1878, a period of 72 months.

From 1879 to 1884 business was restored. The South began to recover from the war. There were good markets at home and abroad and generally good times.

THE PANIC OF 1884

Let us consider the panic of 1884.

The panic of 1884 again was brought on as other panics, by the manipulations of men in big industries. The eighties produced a man by the name of Seney. He built the Nickel Plate road and sold it to Vanderbilt at a personal profit of $1,500,000.

Seney organized the Seney Syndicate, got control of the Ohio Central, the East Tennessee, the Virginia & Georgia, and the Rochester & Pittsburgh Railways. He sold stocks cheap and widely. He was head of the Metropolitan Bank and used this in his own ventures.

The firm of Grant & Ward became big speculators in those days. Grant was the son of President Grant. They interested James D. Fish, who loaned them $4,100,000.

Fish was president of the Marine Bank.

In May, 1884, Grant & Ward failed. This broke Fish, closed the Marine Bank, and rendered ex-President U. S. Grant penniless.

Ward had turned out to be a crook.

Even such houses as Russell Sage lost heavily. The Seney Syndicate got into a bad way. Nelson Robinson & Co. suspended payments, owing two millions. Seney was connected with the Metropolitan Bank—in fact, owned three-fourths of its stock. The bank suspended payment.

Other banks and firms failed. John C. Eno, another operator, failed for $4,000,000 and escaped to Canada.

Matthew Morgan's sons failed and brought down old Henry Morgan.

The bond house of Hatch & Foote suspended. Alfred S. Hatch, junior member, had been elected president of the exchange only a few days before.

Russell Sage was caught badly. He was renowned for dealing in "puts and calls." He was bound to purchase great amounts of stocks and finally closed his office. He finally succeeded in com-

promising for 60 per cent of what he had promised to pay. He lost $2,000,000.

More bank failures followed.

One of the sad parts of the story is that it broke General Grant, who was backing his son, and who trusted Ward, who later went to prison penniless. General Grant wrote his memoirs to recoup some of his fortune.

The years of 1884 to 1886 were two years of contraction.

Eighteen hundred and eighty-six to 1893 were prosperous years. They were years of attempted monopolies—beer, bluestone and chemicals, sewer pipe, coke, copper, fruits, gas, guns, hides, linseed oil, lumber, matches, nails, paper, peanuts, rice, rubber, salt, school slates, silks, soaps, sugar, and storage warehouses.

The Whisky Trust, under the title of the Distillers & Cattle Feeders Co., had been preceded by the Cottonseed Oil Trust, but the most popular combinations were lead, sugar, pig iron, and cattle trusts.

A. A. McLeod, president of the Philadelphia & Reading Railroad, fostered a daring move to monopolize the output of anthracite; then to advance the price of black diamond. Wall Street at first backed him. He arranged leases of the Lehigh Valley and Jersey Central roads, gained control of the Lackawanna's coal business, and bought the New York & New England Railroad.

The Cordage Trust was the offspring of James M. Waterbury. He established a reputation for turning binding twine into gold with a whisk of his pen. By 1891 the Cordage Trust controlled 41 per cent of the output of cordage. He then reduced the price to freeze out other companies and bought 15 independent companies. It was not known, but he was losing money all of the time.

John Good had a large plant for which he was finally paid a $200,000 bonus and $7,000,000 on a $2,000,000 plant.

Waterbury reached out and drew in his social friends, who were later dragged down with him in his speculations.

THE PANIC OF 1893

Money had been drained from Wall Street for working supposed mines in South Dakota and buying Florida lands. The latter were to be unloaded on foreigners as future sugar plantations. New towns had been built.

Finally the cordage combine broke and a receiver was appointed. Default of other monopolies followed. Their plants were closed. Banks like the National Bank of Deposit in Broadway, the St. Nicholas Bank, the Canal Bank, closed, and the Madison Square Bank liquidated its affairs.

The Equitable Mortgage Co. and the Jarvis-Conklin Mortgage Trust Co. went into the hands of receivers. Banks failed everywhere. Twenty-five national depositories suspended in June, 78 in July, and 38 in August.

Wall Street brokerage houses went under one by one. They could not sustain margins for loans.

The industrial boom had been encouraged by currency inflation.

The Sherman Silver Purchase Act of 1890 had compelled the purchase of heavy amounts of silver. This was paid for in Treasury notes redeemable in gold.

Gold went out of the country as new notes were put into circulation.

Money trouble was the manifest peculiarity of the long-drawn-out panic of 1893. Money was not to be had. Unemployment was everywhere. Riots were common, particularly in New York and Chicago.

Certified checks were issued in small denominations to pay workers. Cashiers were frantic to get coin enough to make change. Everybody hoarded.

Money in small denominations was dealt in at a premium in Wall Street. Currency brought 2 per cent. In other words, $1,000 was good for $1,020 in money. Fifteen million dollars in real money was thus traded in Wall Street.

On the exchange one broker offered $50,000 in Government 4's at 110¾, payable in currency. This was finally taken up by a banker, who delivered coin in small denomination.

Alarmed by the flight of gold, Congress repealed the silver purchase act.

Coal syndicate stocks and McLeod's share in railroads were forced on the markets. The coal combination failed. A receiver was named for the Reading Railroad. The railroad earnings fell off tremendously.

The Erie Railway failed. The Northern Pacific became bankrupt. Receivers were appointed for the Atchison, the Union Pacific, and the New York and New England railway systems.

The panic of 1893 was caused by the ferment of promotions in the early nineties. The blame primarily rested upon McLeod and the bankers who encouraged his anthracite monopoly and upon Waterbury and the group of high gamblers who surrounded him in the Cordage combination.

The downfall of Cordage had merely accelerated the ball that had started rolling after the breakdown of the coal monopoly, also the operation of the Sherman Silver Purchase Act, followed by the flight of money.

Merger of binder twine plants into the Cordage combine; monopolies in anthracite coal, in whisky distilleries; a rage for trusts in sugar, cottonseed oil, lead, pig iron, cattle, rice, rubber, soap, and peanuts brought on the disaster.

The panic of 1893 lasted 25 months, from 1893 to 1896.

From 1896 to 1903 commodity prices increased.

The silver issue was defeated in 1900, and the United States again enjoyed a fair degree of prosperity.

THE PANIC OF 1901

In the panic of 1901 five men stood out conspicuously—J. Pierpont Morgan, James P. Hill, Jacob Schiff, John W. Gates, and Edward H. Harriman.

More combinations of capital had followed the panic of 1893.

John W. Gates was conspicuous in heading a group of financiers who undertook gigantic promotions. Morgan formed the Steel Trust, financed international merchant marine and the Harvester Trust.

James Jerome Hill, another of the group, bought the St. Paul & Pacific and built it up to the Great Northern system.

Morgan was the banker for Hill. They began the reorganization of the Union Pacific as the Northern Pacific fell into bankruptcy. They bought very heavily in Northern Pacific Co.

Edward H. Harriman was trying to get control of the Northern Pacific and the Burlington Railways. Harriman had linked the Union Pacific to the Southern Pacific. With the Morgan line of steamers he had made a continuous transportation system from New York to San Francisco, but the railroad monopoly of the Southwest was not all that he desired. Hill stood in his way.

Hill commanded the Northwest with his Great Northern and his control of the Northern Pacific. Neither Hill nor Harriman had an outlet to Chicago. The Burlington provided this.

Jacob H. Schiff, of Kuhn, Loeb & Co., was Harriman's banker. They decided to get control of the Burlington. They discovered that Hill was also trying to buy up the stock.

Hill and Morgan bought the Burlington for more than $200,000,000 and split up control of the Burlington between Great Northern and Northern Pacific. They then controlled the route to Chicago.

Morgan and Hill's control of the Northern Pacific was nominal. They held a minority interest. The real control was in outstanding stock.

Schiff and Harriman decided they could get control of the Great Northern, Northern Pacific, Burlington situation by accumulating Northern Pacific stock. They sold their Burlington stock and started to acquire $60,000,000 in Northern Pacific. By doing so they would control Northern Pacific and thus command one-half interest in Burlington and would be masters of the entire West from the Mexican border.

Morgan wired from Europe to buy 150,000 shares of Northern Pacific. This meant an expenditure of eighteen to twenty million dollars. Even Europe was scoured for the stock.

This brought on a terrific battle between Hill and Harriman for control of the Northern Pacific. Each side bought and brokers began making short sales. Each side of the contest had a majority of the stock under contract, but where was the stock to be bought. The market was swept clean on short selling.

Brokers then began to offer premiums in order to fill these short sales when they were demanded. As high as 10 per cent was offered for the loan of shares for a few days. This meant brokers would pay $1,000 for the privilege of borrowing 100 shares for 24 hours.

Millions in profits were made by those who loaned their stock. The stock finally advanced to $180 a share.

Those who had loaned the shares then called them in and as high as 85 per cent was offered for 500 shares, which meant they offered to pay $3,500 to borrow for a few hours stock of par value of $10,000. The stock leaped to $1,000 per share. There was then great trade in Northern Pacific, and in order for the brokers to get this they threw other stocks suddenly on the market. The situation got so bad that finally, in order to stop an entire breakdown of the financial centers of the United States, the short sellers were permitted to compromise by paying $150 a share for stock they could not deliver.

Even Europe shook from the transaction.

Hill and Morgan finally won out. The Northern Securities Co. was formed to control the Northern Pacific and Burlington. Three years later the Supreme Court annulled the Northern Securities Co. as being contrary to the antitrust laws.

This was just a Wall Street panic, only stock gamblers became involved, but many people lost great sums of money and became bankrupt. It was soon over and the country was on its way again to other big ventures.

THE PANIC OF 1907

This was the greatest panic the United States had witnessed to this date.

Henry H. Rogers, was president of the Standard Oil. Millions had been made by his company. These millions sought investments. He invested them in copper mines in Montana, organized the Amalgamated. The National City Bank of New York advanced $155,000,000. J. P. Morgan was behind the issue of stock.

The world went copper mad. Finally the price decreased to $70 a share and the copper pool was crashed.

F. Augustus Heinze, of Montana, was also interested in copper. He was crushed by Wall Street in the copper pool. He decided to fight on; got control of various properties, and Rogers finally bought him out for $15,000,000.

Heinze went to New York, fell in with Charles W. Morse, who owned the Hudson Navigation Co., the Metropolitan Life, the Eastern Steamship Co., the Ward & Clyde Lines, a fleet of 74 ships.

In order to carry on his financial transactions, Morse bought a string of banks. Then, followed mergers of steamship companies. Systems of branch and chain banks were established.

Morse used the stock and surplus of one bank in order to buy the next. He hypothecated and rehypothecated his securities in depositories in New England.

Heinze and Morse were joined by Russell Thomas, a young sportsman with large income. He had manipulated a $2,000,000 corner in cotton. He became a power in certain banks.

Charles T. Barney, another wealthy young man, joined the group. He was president of the Knickerbocker Trust Co.

Other financial interests in Wall Street, such as the National City Bank, the National Bank of Commerce, the First National, Hanover National, Farmers Loan & Trust, the United States Trust, the New York Trust & Guarantee Trust, an institution of the Standard Oil.

These were dominated by J. P. Morgan and his partner, Robert Bacon; William Rockefeller, the genial speculator; Rogers, of Standard Oil; and Stillman.

The years following were prosperous.

Western railroads sold big issues of their shares. The paper securities of the Great Northern, Northern Pacific, St. Paul, swept up to high levels.

Heinze exploited his new corporation, United Copper, with $50,000,000 capital. It shot up to a higher price than Amalgamated, owned by his rivals.

One factor that brought on trouble was the San Francisco fire, with a loss of $350,000,000. This made the financial world shiver to make good these losses.

Heinze then tried to corner United and asked for deliveries; but much to his surprise, offerings were made immediately, and he was unable to raise the cash to pay for them. Secret instructions went out to all banks to call loans on all securities of all companies with which Heinze, Morse, and Thomas were associated.

Heinze, Thomas, and Morse were ruined by this move of the Morgan, Standard Oil, City Bank group demanding payment of large amounts.

The banks which Heinze, Thomas, and Morse closed included the Knickerbocker Trust Co. American stocks dropped even in Europe.

A sly whisper apparently was sent out as to the stability of the Trust Co. of America. This caused a run on this company.

The Hamilton and Twelfth Ward banks suspended. Sixteen savings banks in Manhattan demanded 60 days' notice before the withdrawal of money.

The Union Trust of Providence suspended. Distress was everywhere. Call money was not to be had.

At a meeting of some of the financiers, $25,000,000 was pledged to stop the runs, but the runs continued just the same.

The Trust Co. of America had paid out $34,000,000 in a few days, and the Lincoln Trust, $12,000,000; then ultimatums were delivered to both that they must surrender their unpledged assets to the ruling bankers and then they would provide funds for the remaining depositors. They were forced to accept. This was done so the Morgan group could get control of the Tennessee Coal & Iron Co., which securities were held by the Trust Co. of America. Morgan thereby vanquished his enemy, John W. Gates, the steel king, from the Street.

Gates had been the promoter of the Tennessee Iron & Coal Co. When Gates came to New York he had not been accepted by the Morgan group. In retaliation he had put Morgan's southern railroad in peril. He had bought control of the Louisville & Nashville. Morgan had been forced to buy him out at a profit of $10,000,000 to Gates.

Gates controlled the Tennessee Iron & Coal Co. Morgan wanted this, and financial writers make the bold assertion that the run on the Knickerbocker was engineered for this purpose.

Morgan got control of the Tennessee Coal & Iron Co. and turned it over to the Steel Trust. He had had his revenge.

Bank failures continued. The Southern Steel Co. became bankrupt.

The Westinghouse Electric went under in Pittsburgh.

Western governors appointed holidays to protect State banks which could not meet their drafts. Out-of-town banks tried to recall the $800,000,000 on deposit in New York. Clearing-house certificates were issued to stop outgo of specie.

Philadelphia and Pittsburgh locked the doors of their own vaults. Chicago exchange on New York was almost unobtainable. Boston credits in New York were exhausted. The business centers of the country were frozen solid. People hawked cash in Wall Street.

Barney, in reality an innocent party in the matter, killed himself when his institutions went under.

It developed that the Knickerbocker Trust was absolutely solvent and had been deliberately ruined. After all obligations had been met, the bank had a balance on hand of $15,000,000.

The depositories of Heinze, Morse, and Thomas were permitted to fall into bankruptcy and were finally absorbed by the Morgan group. This was one of our greatest panics, although it lasted but 12 months.

The United States then went through a period of irregular improvement checked by the outbreak of the World War.

THE PANIC OF 1920–21

Prices during the war had reached especially high levels. Instead of contracting following the war, business purchased at these high prices were bound to come down.

Late in 1920 the collapse came, and business houses and farmers throughout the country had to take their losses, which were enormous.

For a short period prices of all commodities fell, but owing to a large demand from Europe we quickly recovered.

Business again was good, prices advanced, and we proceeded with great expansion, and investment reached its peak.

This continued until the fateful October in 1929.

THE PANIC OF 1929

The panic of 1929 is the most peculiar in our history. It was ushered in without the crashing of any large institutions. It broke suddenly and then slowly and progressively brought distress in its wake. It has been our worst—as our population has grown, our panics expand in force and volume.

To analyze its causes we must go back to 1914.

During the early part of that year there was a period of uncertainty and interrupted business.

Then came the outbreak of the World War. There was great demand for products of all kinds—agricultural and manufactured. A boom started and peace-time goods soared in price and in volume of demand.

All available acreage was planted to increase agricultural crops and factories expanded to meet increasing demands. Wages and prices soared to unusual levels. There was feverish development and production in all products.

Land values rose to a high peak and our people paid ridiculously high prices for land because of the high prices of agricultural products. Very often the land was mortgaged in an amount far in excess of its possible value in normal times.

This period of expansion and prosperity continued feverishly until 1920.

During and two years following the war there was great demand for our products, as the war had left all countries in need of replenishment of their inventories.

With our increased impetus we quickly filled these unusual demands, and then came a collapse of war-time prices and a liquidation of prices generally.

Farmers could no longer get returns on the high-priced lands which they had bought and merchants were forced to reduce prices on stocks on hand.

Large profits had been made during the war and readjustment was made quickly, except to those who had paid ridiculously high prices for land.

Except for this brief depression, which lasted about 14 months, we continued for seven years in a period of great prosperity—expansion, profits, and investments reached their peak.

This was a period of great mergers. Combinations were made in the motion-picture business, radio, steel, gas, banks, grocery stores, drug stores, cigar stores, airplane ventures, etc.

It was the great period of investment trusts. Financiers bought common stocks for the purpose of controlling industries. They loaned this collateral to bankers and bought more stocks.

Call money jumped to 20 per cent, and the carrying of these loads became oppressive to the financiers and hazardous to the bankers. Then the holding company was resorted to. All the stocks were pooled, deposited in safety vaults of trustees. Against the pooled paper were issued collateral trust bonds, cumulative, preferred, and common stocks.

Campaigns were started for the sale of stocks. This was done over the radio, through brokers, circulars, pamphlets, advertisements, and superstock salesmen.

Hundreds of thousands of people were persuaded to buy stocks. People sold their bonds, which became a drug on the market, and purchased stocks.

Stocks advanced from day to day. Fortunes, some paper and some actual, were made. Never before was there such feverish speculation in stocks. All classes of our people became involved from bootblacks to millionaires.

Stocks which started at a few dollars rose to hundreds and thousands of dollars per share. Financiers then split the stock in smaller denominations so the small investor would be attracted.

The earnings of the concerns which backed these stocks could not pay on the basis of the issues, so stock dividends were resorted to in place of cash dividends.

The Federal reserve bank tried to stop this by shutting off stock-market credit and increasing the rates of interest on loans, but the stock gamblers defied the Federal reserve and offered high rates of interest to small banks for money with which to continue this stock gambling.

There had to be an end. It came in October, 1929. Stocks which had been selling at from $300 to $700 per share slid to $70 almost overnight. Banks demanded payment of their loans—stocks of all kinds were offered in payment, but these failed to be adequate and the stock speculators lost everything they had and in most instances found themselves badly in debt. Land prices dropped, business declined, and banks had to take over lands and business to protect themselves.

Then followed a period of contraction. People who had been living in affluence had to economize. They ceased buying. This lessened demand. Stores discharged employees; factories curtailed production and thus had less need for labor. Unemployment became nation-wide, and with unemployment prevalent there was a decline in purchasing power and thus more unemployment.

Banks were filled with frozen assets and had to retain their currency to meet possible runs, and thus the money which ordinarily would be advanced to industry was curtailed.

Another factor entered into the situation. The war had cost billions of dollars. These debts had to be paid. Foreign countries extracted very high taxes from their peoples. This con-

tracted their purchasing power with the result that our foreign trade declined materially.

In 1930 we passed the Smoot-Hawley tariff bill which was intended to protect our home market for American producers. This is a big market. We ordinarily consume 94 per cent of what we produce in our own country, but another factor has entered into the situation. The currency of nearly all foreign countries has depreciated materially, and despite our tariff, foreign products—agricultural and manufactured—are pouring into our country and taking our own markets away from our own people, and thus causing more unemployment.

The precipitating cause of the panic of 1837 was the failure of the Josephs Bros. banking house, but the panic in reality resulted from the confident hopes of men who backed land and cotton ventures.

The precipitating cause of the panic of 1857 was the closing of the Ohio Life Insurance & Trust Co., but the actual cause was due to the manipulations of men who were overwhelmed in the unsettlements caused by an unheard of influx of gold.

The downfall of Jay Cooke was the apparent cause of the panic of 1873, but the actual cause was due to the schemes of men who succumbed to the hypnosis of railway projection.

The precipitating cause of the panic of 1893 was the collapse of the Cordage Trust, but the underlying cause was speculation in land, attempted monopolies of various products, and currency inflation.

The panic of 1901 was caused by the fight for the control of the Northern Pacific, behind which was the railroad control of the West.

The immediate cause of the panic of 1907 was the frustration of Heinze's united copper pool.

The cause of the panic of 1920 was the overdevelopment during and following the World War.

The panic of 1929 was caused by the undue optimism and speculation of our people.

What lessons are we to learn from this story? The first and outstanding lesson to be learned is that we have succeeded in weathering all these panics and have come out a stronger and more forceful nation. Out of the optimism of men, which has been a great factor in bringing on our panics, has been the advancement of our Nation.

"The riches of nations can be measured by the violence of the crises they endure."

LEGISLATIVE APPROPRIATION BILL—FISCAL YEAR 1934

Mr. SANDLIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 14562) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes. Pending that motion, I would like to know if we can agree on time for general debate.

Mr. HOLADAY. I have requests for a little over two hours on this side. We could probably finish in two hours.

Mr. SANDLIN. Mr. Speaker, I ask unanimous consent that general debate on this bill be limited to four hours, the time to be equally divided between the gentleman from Illinois [Mr. HOLADAY] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

Mr. CONNERY. Reserving the right to object, I would like to ask the gentleman if he expects to start reading the bill, then, to-day?

Mr. SANDLIN. We hope to read a paragraph of the bill to-day and conclude the bill to-morrow.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Louisiana.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 14562, the legislative appropriation bill, with Mr. BULWINKLE in the chair.

The Clerk read the title of the bill.

Mr. SANDLIN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. SANDLIN. Mr. Chairman, I yield to the gentleman from Illinois.

Mr. HOLADAY. Mr. Chairman, I yield 20 minutes to the gentleman from West Virginia [Mr. HOGG].

Mr. HOGG of West Virginia. Mr. Chairman, with the passage of the present measure, relating to the legislative establishment of the Government there will yet remain two or three regular appropriation bills in addition possibly to one covering deficiencies to be considered by the House before adjournment on March 4. This leads to the observation that in our present system of government, at least under conditions existing in recent years, practically all of the time of Congress is consumed in consideration of measures relating to the appropriation of money. This function of government has increased in staggering proportions. As a body, the Congress of the United States is severely indicted and criticized for its failure to deal with problems of reconstruction. It seems impossible for any time to be devoted to that purpose. The demands upon the Government with reference to the appropriation of money have become so great that the Appropriations Committee is in practically continuous session. They commence their hearings long in advance of the convening of Congress. They are in almost daily session. Their duties are so burdensome that it is necessary to apportion their work to various subcommittees because of the impossibility for each and every member of that committee to have first-hand and accurate information with reference to the particular needs of each and every department of Government. If members of the Appropriations Committee find themselves in a position where they can not have definite and accurate information personally obtained, what can be expected of a Member of Congress who is not a member of the committee? Of necessity he must rely upon the findings and the judgment of that committee. It is staggering to think of the details with which the House of Representatives deals in the appropriation of money. We are given a Budget containing 721 extremely large pages of fine type with 22 pages of index of 2,904 separate items. It is folly for anyone to expect to obtain even a smattering of detailed information on these varied subjects.

I do not make this statement as an indictment against any political party or our system of government. It is not the responsibility or the burden of one individual or one party that our Government has reached the staggering proportion which we now see. But the underlying trend of public thought seems to seek, through a destructive type of criticism, to fix responsibility for this state of affairs upon the present incumbents in office. This is unfair. The situation did not arrive overnight. It is the responsibility of the American people, neither individuals nor political parties. This outgrowth of bureaus and departments did not make its appearance except as a result of the insistence of some particular class of citizens demanding additional services from their Government. In many instances these same people charged with the responsibility of establishing some bureau or department are to-day loudest in their condemnation of the present system of government because of the existence of these very things which they sought and aided in creating.

While considering appropriations by the Seventy-second Congress it is interesting to observe the fundamental objects of appropriations made by the First Congress of the United States, as found in volume 1, United States Statutes at Large. That body dealt with constitutional fundamentals, such as the tariff and tonnage acts, navigation, the Indians, and the Postal Service. Since that time, however, there has been a constant increase in the objects of Federal financial policies. In that Congress the representation of the lower House was based upon a population of approximately 30,000 to each congressional district. In the intervening years that representation has increased until it now represents approximately a quarter of a million people. By this gradual process the American people for a time apparently have lost sight of individual responsibility to central government. The indirect sources of revenue from which central government has heretofore been supported have not made themselves felt as keenly as local taxes. For that reason the individual at times regards the Federal Government as a source of financial



exploitation. His demands for additional services from the central government have not been coupled with the realization of placing upon himself additional financial burdens. His prevalent belief has been that of a right to exact benevolence.

A calculation has been made as to the extent of financial demands made upon the Federal Government by the present Congress, which convened on the 7th day of December, 1931. Within three weeks bills of every kind and character had been introduced, calling for the expenditure of $29,000,000,000 of Federal funds. They represent, in some instances, gross extravagance; in others a service unquestionably of benefit and value. It is fair to assume, however, that in the introduction of these bills no great amount of consideration was given as to the manner and means of meeting these additional financial burdens. These requests for these enormous sums of money are but the further evidence of the demands of citizens of various localities for assistance to which they feel they are justly entitled. It is not to be construed as the personal demand of an individual Member of Congress but rather his reflection of the claims of his constituents. This has been the foundation for governmental expansion.

Our system for the appropriation of public funds is the most liberal of any legislative body in the world. Until 1920 any Member of this House was at liberty to introduce a measure creating some new Government function and appropriating funds from the Federal Treasury. He had the right to charge the Public Treasury with expenditures, but was not faced with the responsibility of raising the particular funds which he was spending. Such a procedure has been somewhat altered since 1920, or the time of the passage of the Budget bill. The practical effect, however, remains unchanged. A Member can now introduce a measure creating a separate Government function, but only authorizing the expenditure of Government funds. Under the rules of the House it is no longer possible to create a function by legislation and in the same measure appropriate money for its support. But the practical result is the same, because upon its authorization the Bureau of the Budget as a matter of common practice could not indirectly override legislative intent. In practice, a supplementary Budget estimate is then submitted to the House of Representatives, and the Appropriations Committee, feeling the moral obligation in the original authorization, generally appropriates the necessary funds involved. Yet the sponsor of this movement to make charges upon the Public Treasury has not felt the responsibility of devising means and methods of procuring the revenue to meet his obligation. This state of affairs can not exist in any other legislative body of the great powers of the world.

The appropriation of large sums of money for local enterprises has long been a subject of unsavory comment in the United States. It is notorious that activities along this line have been carried on by systems of traffic and trading—more so in the past than at present.

England, Canada, and Australia are relieved from these embarrassing features of legislation. A rather hasty examination of the legislative machinery of other foreign countries likewise indicates that they are not subject to such burdens. While not advocating the adoption of the parliamentary procedure of these foreign countries, it might be well nevertheless to consider some of the constitutional provisions, rules, and regulations standing between the people and some legislative defects noticeable in our own country.

It might be well again to summarize some of the influences which have made possible creation and growth of many governmental agencies. In practically every instance their inception can be traced to the agitation of some small group active and well organized. In practically every instance their appearance was accompanied with appropriations of money, possibly small in amount. Once established, their growth was rapid and their consumption of public funds enormous. Three conditions exist in our legislative branch of government extremely conducive to the growth of such bureaucracy:

First. Insistent demands of small groups, backed by local influence urging a new Government service.

Second. The comparative ease in obtaining under our legislative procedure consideration of bills calling for the appropriation of money.

Third. The legislative machinery involved in the consideration of these measures.

BUDGET THEORY OF THE UNITED STATES

We charge in theory the Executive with the successful operation of Government finances. Under our new budgetary system the executive department is charged with the responsibility of seeing that expenditures are held within the revenue. In the event of a fluctuation or change in these revenues, such as we have experienced in the past few years, the Executive is further charged with the duty of outlining the methods and means of raising sufficient revenue with which to carry on functions of government. After months of toil and thought the Executive may adopt a program which will accomplish this end. Yet this same program upon submission to Congress may be rendered valueless through indiscriminate appropriations neither authorized nor sanctioned by the Executive. In reality therefore the Executive is charged with the responsibility for Budget success but at the same time deprived of sufficient power by which he can accomplish such a financial program.

This situation does not exist under parliamentary procedure of any other English-speaking country, nor apparently in either France or Germany. Only in our own country, where we have such free and almost unhindered power in the matters of legislation, can such conditions exist. If we are to charge the Executive with these grave responsibilities, we should also enable him to safeguard public expenditures and to maintain a well-planned and well-conceived financial program.

Much of our legislative machinery has been patterned after that of England. Although making in many instances radical departure in the establishment of our system of government itself, nevertheless, in a great measure, we have borrowed from the English parliamentary procedure. We have, however, ignored many of the advances and changes which have been made by that body to safeguard the appropriation of public funds.

England, Canada, and Australia have thrown such regulations about their legislative procedure that a member can not as a matter of right introduce any kind of a bill or equivalent resolution without parliamentary permission. This is embodied in a motion for leave to introduce such a bill; and in the Canadian House of Commons, as announced in standing order No. 45, it is provided that 48 hours' notice shall be given for a motion for permission to present a bill.

In these same countries no one as a matter of right can obtain consideration of a measure appropriating public money without permission of the sovereign.

The most sweeping provision in English parliamentary procedure is standing order No. 66, relating to public business, found on page 34 of the Standing Orders of the House of Commons, which provides:

> This house will receive no petition for any sum relating to public service, or proceed upon any motion for a grant or a charge upon the public revenue, whether payable out of the consolidated fund or out of money to be provided by Parliament, unless recommended from the Crown.

Before appropriations can be made charges upon Government funds in England a motion must be made in a committee of the whole house for an address to the Crown, praying—

> that any money may be issued, or that an expense may be incurred.

Practically identical provisions prevail in both Canada and Australia.

In all of these countries the measures calling for the appropriation of public money are taken up for consideration with the utmost deliberation. Standing order No. 60 of the Rules and Forms of the House of Commons of the Dominion of Canada, standing order No. 243 of the House of Representatives of the Commonwealth of Australia, and also standing order No. 71, relating to public business of the House of Commons in England, provide:

If any motion made in the house for any aid, grant, or charge upon the public revenue, whether payable out of the consolidated fund or out of money to be provided by Parliament, or for any charge upon the people, the consideration and debate thereof shall not be presently entered upon, but shall be adjourned until such further day as the house shall think fit to appoint, and then it shall be referred to the committee of the whole house before any resolution or vote of the house do pass thereupon.

The motion referred to in this order relates to an address to the Crown, praying that any money may be issued or that any expense may be incurred. It will be remembered that no charge upon the treasury can be made except upon the recommendation of the Crown, and for this reason it is necessary to proceed by motion upon the part of the House of Commons for an address to the Crown for that purpose. Nor under this principle can any resolution or amendment to increase a charge upon the people be initiated except by a minister acting on behalf of the Crown. Also, amendments proposing any increase in a resolution reported from the committee on ways and means is out of order.

In the Standing Orders of the House of Representatives of the Commonwealth of Australia, order No. 153, relating to private bills, provides that every such bill—

shall be initiated either by a motion for leave to bring in the bill, specifying its intended title, or by a motion that not less than two members prepare and bring it in, or by an order of the house.

Standing order No. 171 of the same body provides:

No amendment for the imposition or for the increase of a tax rate or duty shall be proposed by any nonofficial member in any committee on any bill.

In Australia the inhibitions upon the appropriation of public money have gone farther than either in England or Canada. In the two latter countries the question has almost entirely been treated through standing orders of the legislative branches of government. In Australia, however, the constitution itself in article 56 provides that no appropriation of revenue or money shall be passed unless the purpose of the appropriation—

has in the same session been recommended by message of the governor general to the house in which the proposal originated.

It will thus be observed that of these three countries Australia has presented the most unyielding safeguard with reference to public expenditures.

LEGISLATIVE PROCEDURE AS TO PRIVATE BILLS IN OTHER COUNTRIES

A private bill in the English Parliament has a long and difficult route of travel. In the first place, a petition must be filed and this petition must be in strict conformity with the Standing Orders of the House of Commons which correspond to Rules of the House of Representatives in this country. An officer known as an "examiner of petitions for private bills" inspects the petition to verify the compliance with such standing orders. In the event of compliance he then refers the measure to the ways and means committee. This committee in turn is divided into subcommittees, those dealing with opposed measures and those with unopposed measures.

Order No. 2, Chapter I, of the Standing Orders of the House of Commons of England, dealing with private bills, provides for the appointment of—

one or more officers of this house, to be called "the examiners of petitions for private bills," who shall be appointed by the speaker.

Chapter II, dealing with private business, provides elaborate procedure and conditions to be fulfilled before a private bill can be considered by that body. In the first place, an application must be made to the House of Commons for leave to bring in such a private bill, and before such application is acted upon a notice must be published in a newspaper in the particular locality to be affected by the proposed legislation. In addition, there must be a limited publication in the London Gazette, and if the powers sought by the bill affect Scotland or Northern Ireland also there must be publication in the Edinburgh or Belfast Gazette. These notices must specifically inform the public as to the source of all necessary information in connection with the proposed legislation. In almost every instance where any attempt is made to procure the passage of a private bill notice by publication must be effected in order that anyone may be heard in opposition to the proposed measure.

Standing order No. 106, relating to private business, found at page 165 of the Standing Orders of the House of Commons, provides for the selection of "the committee of selection," consisting of 11 members, 3 of whom shall constitute a quorum, and order No. 110 provides that the committee of selection shall—

refer every opposed private bill which shall have been referred to them, or any group of such bills, to a chairman and three members not locally or otherwise interested therein.

Section 118, as a further safeguard against any effect of local interest, provides that each member of the committee before he shall be entitled to vote shall sign a declaration, as follows:

I do hereby declare that my constituents have no local interest and that I have no personal interest in such bill, and that I will never vote on any question which may arise without having duly heard and attended to the evidence relating thereto.

Even when there has developed no opposition to a proposed bill, standing order No. 145, page 178, provides:

No member, locally or otherwise interested, of a committee on any unopposed private bill shall have a vote on any question that may arise, but every such member shall be entitled to attend and take part in the proceedings of the committee.

EFFECTIVE GOVERNMENTAL REORGANIZATION DEPENDENT UPON LIMITATION OF POWER OF APPROPRIATION

For many years there has been an insistent demand for a curtailment of governmental activities. The practical difficulty is that the same influences responsible for their establishment prevent curtailment through legislative action. Absolute reorganization of governmental functions is impossible under the supervision of Congress alone. It will never be a reality until the Executive is given free and unlimited power to deal with this question. Authority must be delegated by Congress to the Executive without qualification. The action of the last session of Congress empowering the Executive to effect consolidations along this line, subject to the right of veto at the hands of Congress, has clearly demonstrated that this method is not practical. The bureaus and departments affected in every instance can arouse such local influence and bring to bear such political pressure upon the legislative branch of the Government that constructive results are impossible.

As a member of the minority party, I hope that ultimately the Executive will have ample power to deal with this question in a free and constructive manner. Only the Executive can accomplish the desired results.

We must not lose sight of the fact, however, that even after reorganization there is probability of the ultimate resurrection of these various functions. Their reappearance could be brought about by the same influences that have heretofore created them. If the Executive is to be intrusted with the reorganization of these executive departments, the same Executive should be intrusted with power to exercise some permanent control over the possibility of their subsequent reappearance. There is no more effective means of prevention than to place some safeguard upon legislative ability to make further indiscriminate charges upon public funds. For that purpose I do not advocate an amendment to our Federal Constitution. Such a program would be a reflection upon the American people themselves—a blight upon one of the branches of our Government. Resort might be made to the adoption of effective legislative rules of order. With precedents existing in England, Canada, Australia, and other countries, in some manner we can circumscribe the right to introduce measures for the appropriation of public

funds. Or we can make the consideration of such measures dependent upon their containing some feasible plan or program for obtaining the requisite revenue to meet the corresponding expenditure.

I am not advocating the English method of appropriating public funds. I merely make these observations as to the prevailing conditions in other countries in order that it may be seen just how difficult it is to charge the public treasury in those countries with indiscriminate appropriations. In this country it would not be necessary to adopt such strenuous methods. Further, I believe that such arbitrary Executive power would be contrary to our republican form of government.

It is well to consider, however, the practicability of adjusting the rules of our legislative bodies restricting indiscriminate appropriations covering items not contained in the Budget, unless there accompany such appropriations manner and means of raising the corresponding revenue. This would place upon the individual seeking these charges upon the Government finances the problem of devising ways and means by which to meet the particular obligations for which he is responsible.

Doubtless had such a financial program been established early in the history of this country, demands upon the Public Treasury would have been materially reduced. It would have awakened public interest in every appropriation bill considered by Congress. Instead of the public indifference which witnessed every appropriation, there would have been the corresponding public resentment against increased tax burdens.

The agitation of a well-organized minority, prompted possibly by local interest, would have been neutralized by popular indignation towards additional taxation.

The present agitation for the curtailment of departmental activities and Government bureaucracy will be of little permanent effect unless coupled with a revamping of legislative machinery restricting the future possibilities toward the same bureaucracy which we now seek to curb.

Let it also be remembered that the expenditure of enormous sums of money in what might be termed local projects has been made possible also through this same system of legislative machinery, a slight regulation of which would seem advisable with reference to appropriating public funds. [Applause.]

Mr. GARBER. Mr. Chairman, will the gentleman yield?

Mr. HOGG of West Virginia. I yield.

Mr. GARBER. Will not the gentleman also give credit to our system in this connection and mention the functions of our Committee on Appropriations which must act on all bills calling for appropriations?

Mr. HOGG of West Virginia. I was coming to that; I shall be pleased to.

Mr. GARBER. Will the gentleman yield?

Mr. HOGG of West Virginia. I yield.

Mr. GARBER. Would not the gentleman also charge it up to the demands of the several localities upon the Government to create agencies to do this, that, and the other thing?

Mr. HOGG of West Virginia. Absolutely. It is a responsibility of the American people, coupled with local interests.

Mr. JENKINS. I would like to ask the gentleman a question. The gentleman's remarks show that he has made a very careful study of this proposition, and I would like to know his final recommendation. Does the gentleman think something should be done whereby the legislative branch would surrender some of its authority or should something be done whereby the executive branch would be given more authority?

Mr. HOGG of West Virginia. I may say to the gentleman that I am not in a position to be conversant with the rules of either legislative body to such an extent as to make a specific recommendation. I want to make this statement. By way of precedent, however, it has been taken care of in the English House of Commons through their standing orders which are the equivalent of the rules of the House of Representatives.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. HOGG of West Virginia. I yield.

Mr. EATON of Colorado. I was most interested in the gentleman's conclusion where he speaks of the ease of obtaining Government appropriations. Perhaps the experience of the gentleman has been different from mine, but I have attempted to obtain one or two very necessary appropriations and I have found it far from easy. I have found that full proof has to be made before committee after committee, day after day, and different Members satisfied that the project is correct, that the amount is correct, and even then we have had to wait from day to day and month to month to permit inquiry before we could get any place in having an appropriation made for a proper purpose.

Mr. HOGG of West Virginia. I would like the gentleman to understand that when I say "comparative ease," I mean in this legislative body in comparison with the legislative bodies of other countries.

I have in mind, specifically, various Government functions which have been initiated in the first instance for a small group of people, possibly, pervaded by local needs. This has usually been the beginning, and the matter has had a modest initiation, but in the intervening years it is gradually increased until it blossoms out and reaches into every section of the country and makes its influence widespread. I do not have in mind any particular item, but I mean as a general proposition in comparison with other countries in the way appropriations have been made.

Mr. EATON of Colorado. Would the gentleman say, then, that what is actually appropriated comes easy, but that everything else is either hard or impossible?

Mr. HOGG of West Virginia. The gentleman's statement is a little specious. I simply wanted to give this data with reference to the manner in which this has been done in other jurisdictions for whatever it may be worth.

Mr. EATON of Colorado. May I conclude with the statement that I simply want to point out it is not, in fact, easy to obtain a great number of proper appropriations? Many applications should never be considered at all except for the purpose of giving a hearing and disposing of the matter, and as to the general operations of the Government, this is a field where the appropriation appears to be easy and where many items have grown in a mushroomlike way.

Mr. JENKINS. Will the gentleman yield?

Mr. HOGG of West Virginia. Yes.

Mr. JENKINS. I would like to say to the gentleman that if he is interested in following further the theme of his address, he can find in the CONGRESSIONAL RECORD of a few days ago some comment by Senator WALSH of Massachusetts, made in the Senate, dealing with some of the phases of the question that has been gone into by the gentleman. Senator WALSH advances the theory that sometimes it is difficult for legislative bodies to apply rigid restrictions and that it is easier for an executive to hew to the line.

Mr. HOGG of West Virginia. Yes.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. HOGG of West Virginia. I yield.

Mr. SUMMERS of Washington. I think it ought to be stated that before any appropriation is made a bill authorizing such appropriation must be considered by a House committee and a Senate committee. It must have been reported on by the appropriate department of the Government and by the Budget, and it must be acted on by the House and by the Senate. Thus a bill even authorizing an appropriation is considered six times and must then be approved by the President. Then, when it comes to the matter of the actual appropriation, again it must be referred to the House and Senate Appropriations Committees, must be referred to the appropriate department of the Government, must be approved by the Director of the Budget, and must be acted upon by the House and by the Senate, and then approved by the President. So it has been considered and approved fourteen times before the actual appropriation is made and is available.

Mr. HOGG of West Virginia. And if I understand the gentleman correctly, that is by reason of the Budget Act of 1920.

Mr. SUMMERS of Washington. Yes. The procedure I outline is that followed since the Budget law of 1929 was enacted.

Mr. HOGG of West Virginia. I made specific reference to the origin of these bureaus and agencies which we are now seeking to contract, stating that the origin might be, and doubtless is, found in the fact that at some remote time they were created by some local influence backed up by insistent demands and hard work, we might say, which finally resulted in an appropriation.

As I understand, when Congress authorizes the appropriation of money or creates any kind of agency, the Committee on Appropriations feels a moral responsibility to carry out the intention of Congress. They can not sit as a monitor, and the responsibility is not on the Appropriations Committee.

Mr. SUMMERS of Washington. And still it often does not appropriate the full amount that has been authorized, and the committee is practically directed by the Congress.

Mr. HOGG of West Virginia. Yes.

Mr. SUMMERS of Washington. The gentleman has made a very interesting and instructive statement, but I thought it ought to be stated that consideration must be given by the Congress and by the committees and by the departments on at least several different occasions before money is actually appropriated. No one should believe it is easy to get money out of the Public Treasury.

Mr. HOGG of West Virginia. Yes; but I may say by way of observation that the power of the Appropriations Committee and its consideration of an appropriation bill can be rendered nugatory by indiscriminate additions to the appropriations which have even been recommended by the Committee on Appropriations; that is, the committee is not clothed with absolute power to deal with the appropriation.

Mr. SUMMERS of Washington. No; it is not; and, of course, through the legislative branch there should be many changes made and greater economies effected. However, the gentleman from West Virginia has made a very illuminating and valuable statement.

Mr. HOGG of West Virginia. I want to say to the gentleman, not by way of advancing any superior knowledge or any superior plan at all, I prepared this statement as a matter of general interest. [Applause.]

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield 25 minutes to the gentleman from Indiana [Mr. LUDLOW].

Mr. LUDLOW. Mr. Chairman, I have arisen to call attention of this distinguished audience in this national forum to a phenomenon in governmental reform that is taking place in the State house at Indianapolis, under the inspiration and guidance of an Indiana statesman, Gov. Paul V. McNutt.

I do this primarily because I believe the Legislature of Indiana at this very time, under the direction of Governor McNutt, is furnishing to the country a rather impressive object lesson of what the Congress of the United States may reasonably accomplish at the coming extra session on a bigger stage and a much larger scale as relates to reform in the National Government under an aggressive leadership of President-elect Roosevelt.

I verily believe that the same wholesome philosophy that has actuated Governor McNutt in the accomplishment of notable results in Indiana and a repetition of his direct, speedy, dynamic method of applying that philosophy to the correction of existing abuses in the National Government would enable President-elect Roosevelt, with the sustaining support of public sentiment, to write "finis" to Federal bureaucracy, which is a consummation devoutly to be wished. [Applause.]

Paul McNutt has been Governor of Indiana less than one month, but during that brief time he has made a record of dramatic achievement. He has demonstrated leadership and statesmanship of a very unusual order. Having to deal with an overwhelming Democratic majority in both branches of the legislature—a majority that might easily have run away under a weak leadership—he has been able to obtain the full cooperation of that majority in a patriotic course that has magnificently subordinated political expediency to the public weal. As an Indiana Democrat, I am a little prouder of my party than I ever was before, and that is on account of the solidarity, the rhythm, the precision, the esprit de corps with which it is moving forward under the ægis of its capable governor to work much-needed reforms in the direction of simplifying our State government, reducing or abolishing extravagant commissions and boards, and lessening the load on the backs of the taxpayers. And I may add that I never before was quite as proud of our Republican friends and of the Republican newspapers of Indiana, because so many of them are forgetting partisanship and as citizens interested in good government are yielding to the dictates of patriotism in rendering to the governor the encouragement he so justly deserves in his great fight in behalf of the people of our State.

Governor McNutt has written a new meaning into our political platforms—a meaning that is expressed by the word "sincerity." For years, or almost until the memory of man runneth not to the contrary, political stump speakers roaming over Indiana in campaign times have inveighed against the boards and commissions with which our State government is ramified, to the great oppression of the taxpayers who have to pay the bills; but always the net result has been that after the election the legislature would add a few more offices, commissions, and tax-eating agencies to the bureaucratic structure that already was sapping the financial resources of the people.

On Governor McNutt rested a heavy sense of duty, and he set about immediately to redeem his solemn campaign promise that he would use the influence of his office to change this situation. He was sworn in as governor on January 9, and in less than one month he has brought forward and has secured legislative indorsement of a reorganization bill to take the government of Indiana away from the bureaucrats and restore it to the people. That plan no doubt has its flaws, but the fact remains that it is of epochal significance in the direction and impetus it gives to governmental reform in our State.

Seventy-three of the one hundred members of the house of representatives and 35 of the 50 senators—all but 42 of the 150 members of the legislature—have affixed their signed approval to legislation proposed by the governor, which gives him the power to wipe out all of the 86 boards and commissions and reorganize the State government into 8 departments in the interest of simple, direct, and efficient service with estimated annual savings running into the millions. Under the powers conferred upon the governor by this legislation, our Indiana bureaucratic Sampson is about to have his locks shorn. This reorganization measure is now on its way through the legislature, and the reaction to it throughout the State is generally favorable. It no doubt has defects, but these can be ironed out later. Possibly in its present form it concentrates too much permanent power in the chief executive of the State; but, if so, that can be corrected later by amendment. Objection is made to it on that score and some critics have called it a "Mussolini" bill, but the governor stoutly asserts that he has no intention to arrogate authority to himself. Most students of governmental reorganization believe the governor is the only official of a State who is powerful enough to force such an organization, and therefore the authority must be vested in him if the job is to be done at all. By the same token it is held that the President of the United States alone has the power to bring about a reorganization of the Federal Government, and that is the basis for the action of Congress which vests that authority in President-elect Roosevelt. It is essentially a 1-man job, whether in State or Nation. The important thing is that it is the first big step toward a real reorganization of the State government.

Already Governor McNutt's plan has been indorsed by the Indiana State Chamber of Commerce, the Indiana Farm Bureau, the Indiana Manufacturers' Association, the Indiana Federation of Labor, and other nonpolitical organizations that speak for powerful component elements of our

citizenship. More remarkable still, it has the unqualified indorsement of H. H. Evans, Republican floor leader of the Indiana House of Representatives, who says in a statement issued to the public:

Our trouble has always come from the appointive officials with boards and commissions that have constructed political machines to distribute patronage and keep themselves in office until we find ourselves surrounded by corruptionists of the worst sort who defy their removal. This bill, which gives the governor wide authority, would make it possible for the people to place responsibility.

While the mills of the gods are grinding in the interest of the people in Indiana, is it too much to hope that they will soon be grinding in the interest of all of the people of the United States in Washington? I think not. All that is needed to effectuate a reorganization of the National Government to curb bureaucracy and uproot overmanned, tax-consuming bureaus and commissions in Washington is the same sort and quality of leadership that Gov. Paul McNutt is displaying in Indianapolis. I believe we are assured of that leadership in the splendid, patriotic, able gentleman who has been chosen as our President during the next four years.

One thing for which I hope and pray is that President-elect Roosevelt will be able to have ready for presentation to Congress when it meets on the opening day of the special session in April a complete, well-considered, and drastic plan to reorganize the Federal Government, and that it will be pushed with the same celerity and force that is being exhibited in reorganizing the State of Indiana to meet the exigent public demand for less bureaucracy, less paternalism, and more economy in government. [Applause.]

It should not be overlooked that time is the essence of this situation. If the proposal can be presented on the opening day and pressed to immediate conclusion with all the power and energy that radiates from the rising sun, the incoming President will have a much better chance of success than if it is delayed until the multiplied elements of opposition and antagonism have time to marshal their forces against it. The game of the personal and group interests that profit by a maintenance of the existing bureaus, boards, commissions, and varied forms of privilege and graft will be to make a play for delay. Every day that passes without action will strengthen their hand.

Fortunately, the factors are already in view to enable the President elect to act with directness and thoroughness. The Congress of the United States, by an amendment to the Treasury and Post Office appropriation bill, is giving to Mr. Roosevelt, among other broad grants of power, the right "to abolish the whole or any part of any executive agency and/or the functions thereof."

Congress last year placed President Hoover in the anomalous and unfair situation of directing him to reorganize the Government without giving him legal authority to do the job. The enabling legislation carried in the economy act did not permit him to abolish even one of the great number of superfluous bureaus and useless tax-consuming agencies with which our Federal bureaucracy is honeycombed and the cost of which has fixed an unbearable burden on the taxpayers of the country. It was the same as if Congress had said to the President, "You are to build a new temple of government in this country, but you shall not have a single tool to do it with."

I have no criticism to offer against the President. I have the utmost faith in his integrity and honesty of purpose. He no doubt has done the best he could under the strict limitations of the power conferred.

It was simply not possible, under the strict legislative restrictions placed upon him, that he could bring forth a satisfactory plan of reorganizing the Government, and I submit to the oppressed taxpayers of the country this question:

What does a governmental reorganization amount to that does not abolish a bureau, fire a bureaucrat, or save a dollar?

It is worse than a pyrrhic victory over bureaucracy.

It is no wonder that Colonel Roop, Director of the Budget, the President's close friend and collaborator, suggested that the matter be allowed to go over, so that the President elect, operating under more ample powers, may do a more thorough job of reorganizing the Government.

Mr. EATON of Colorado. Will the gentleman yield?

Mr. LUDLOW. I yield, with pleasure.

Mr. EATON of Colorado. The President sent certain recommendations to Congress, and according to the hearings before the committee, Colonel Roop recommended that those recommendations of the President be not followed, and that the whole matter go over. Was not that a retraction by Colonel Roop of his previous attitude?

Mr. LUDLOW. I can not tell the gentleman, for I do not know what his previous attitude was. I know what he said to the committee. He recommended that the whole matter go over until the new administration comes in.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. LUDLOW. Yes.

Mr. WHITTINGTON. I think the record will bear out the statement of the gentleman from Colorado.

Mr. LUDLOW. In my opinion no reorganization of the Government would be acceptable that does not eliminate at least two departments and many scores of bureaus, boards, commissions, and other tax-eating agencies, strike thousands of names off the pay roll, and reduce the charge on the taxpayers many hundreds of millions of dollars.

Fortunately, Mr. Roosevelt, in his great task of uprooting Federal bureaucracy and restoring government to a simplified and economical form, will not be held in check by any of the handicaps that have beset President Hoover. He is given authority to prepare and present to Congress a plan that will strike all of the bureaucratic excrescences off the structure of government, consolidate activities that are doing the same, or substantially the same, work, and reduce the Federal pay roll to the minimum. He has brought to his assistance one of the brightest minds in America. He has delegated the preparation of his reorganization plan to former Representative Swagar Sherley, of Kentucky, who for many years was chairman of the Appropriations Committee of the House, whose great intellect and inexhaustible knowledge of the Government's fiscal affairs are subjects of admiring comment among all of his friends and acquaintances.

The reorganization of the Government is, as I conceive it, the biggest job before the incoming national administration. It is a job where superficialities must be set aside and we must strive to attain the fundamentals. No slap on the wrist will suffice; it must be a major operation. It is stimulating to the pride of a Hoosier Congressman to believe at least that in this great undertaking a Hoosier governor and a Hoosier legislature have pointed the way. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. Cox].

Mr. COX. Mr. Chairman, we all know that we have before us for attention at some future date the business of determining what we are going to do with the Farm Board. I want to make a brief statement having some bearing upon this question.

When the board was set up it took on as its publicity man Edgar Markham. He continued in that position until something over a year ago, when the board was somewhat reorganized in the interest of economy, and Mr. Markham took the position as secretary of the board.

So, to-day, Mr. Markham knows more about the Farm Board and its operations than any other man in the country. About the middle of January, Mr. Markham gave notice that on the 1st day of February he would sever his connection with the board. He disclosed to no member of the board, or anyone else connected with this agency of the Government, what he would do after leaving the board.

But on the last workway of January he remained in his office until after everyone else had left, and on the next morning there was found on his desk a statement that he had taken employment with the committee of the Grain Exchange, which is made up of the Chicago Board of Trade and the Kansas City and Omaha Boards of Trade, and other

exchanges. The notice was that he was taking employment with that committee as its Washington legislative representative.

I merely call your attention to that in order that you may form some idea or in some way be informed as to the methods that are being employed on the part of certain private interests to destroy the one agency that Congress has set up to serve the agricultural classes of this country.

I venture the observation that no reputable competitor would under such circumstances do such a thing as this committee of the Grain Exchange did in this particular instance, and that is, in an underhanded manner, buy the confidential agent and representative of a competitor. The board is the only agency in this country offering any effective resistance to the operations of the exchanges. We must keep these things in mind in dealing with this problem. We can not afford to follow blindly the promptings of the private trader.

In this same connection—that is, as having a bearing upon the question of what Congress will do with the Farm Board and as to what is going to be the policy of the Congress hereafter—I beg your indulgence to read into the RECORD in my time a brief statement made by Lord Astor upon the occasion of his recent visit to the United States. He said:

Those who fear the result of assisting agriculture to a place of parity with industry should inform themselves on what is being done in other countries to give direct governmental assistance to the farmers. Only the last week in 1932 the French Government voted $12,000,000 to an embryo farm board to support the prices on a surplus of wheat carried over into the new year. From 1900 to 1928, the latest figures obtainable, the French Government loaned 1,168,567,951 francs to farmers, and of this amount 23.4 per cent was for long-term loans to cooperative-marketing associations. There are 5,730 farm-credit societies in France, having a membership of 383,000. There are 9,000 cooperative-purchase societies, with a membership of 1,225,000; 1,500 cooperative cheese-making societies, with 70,000 members; and 2,877 societies for cooperative marketing and production. In Germany, during the second half of the nineteenth century, in the face of an increase in the rate of rural depopulation, the sentiment grew that agriculture was not merely an industry but that it had a special claim upon the attention and assistance of the Government. A credit system both for long and short term loans was built up, which for efficiency and for terms which it was able to give was probably without parallel in any other country.

During recent years Germany has made a marked increase in the number of her cooperative societies, and these have played a large part in determining the economic status of that country's agriculture. At the beginning of 1930 there were 40,845 agricultural cooperative societies in Germany, having a membership of over 4,000,000 farmers, or one-third of her total farm population.

Over 40 countries of the world have laws paying bounties to or otherwise assisting agriculture, and 26 countries have some form of laws relating to compulsory cooperation.

Mr. LUDLOW. Mr. Chairman, I yield 15 minutes to the gentleman from Mississippi [Mr. WHITTINGTON].

REDUCTION IN CONGRESSIONAL SALARIES FIRST STEP TOWARD FURTHER REDUCTIONS

Mr. WHITTINGTON. Mr. Chairman, the chief problem confronting the country is the burden of taxation. There should be further reduction in the expenditures of government. It is estimated that the Federal Budget for 1934 is $3,775,884,000. Federal salaries and wages are estimated to be $1,250,000,000. If the economy act is continued, the reduction will be approximately $89,000,000. But the country has gone from bad to worse since Congress passed the economy act in 1932.

The Democratic platform announced that a party platform is a covenant with the people. It declared for an immediate and drastic reduction of governmental expenditures to accomplish a saving of not less than 25 per cent. It has been repeatedly said that it also declared for an immediate modification of the Volstead Act within the limits of the Constitution. I emphasize that at least the same immediate action was promised respecting reduction as was promised in the matter of modification. The reduction in salaries will not completely solve the perplexing problem confronting the country. But further reductions will be a distinct contribution. They are vital and essential.

President Hoover in December, 1932, recommended retaining the furlough and an additional reduction of 11 per cent, with an exemption of $1,000. The Bureau of Efficiency estimates that under his recommendation Federal salaries and compensation would have been further reduced $55,000,000. The salaries of Members of Congress would have been reduced from $9,000 to $8,120.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. In just a moment. I want first to complete my statement and then I shall be glad to yield.

What has the House done? What further decreases have been provided? What substitute for the decrease offered by President Hoover has the House proposed? Thus far we have provided to continue the economy act for another year. The people are not satisfied. They demand further reductions. It is time for action. We have talked economy enough.

There is a spirit of unrest and dissatisfaction among the people. Many have lost faith in the Government. There must be the tonic of self-sacrificing example.

I believe that all salaries should be further reduced. All employees of the Government receiving the same salaries as Members of Congress should have the same or greater reduction. I favor a progressive and graduated reduction, with a reasonable exemption. I advocate a larger percentage of reduction in the higher salaries.

I am a member of the Committee on Expenditures. I favored consideration and report on bills pending before that committee for general reduction. I supported the Economy Committee and voted for all reductions proposed. I have continued to advocate reductions. I have waited until the Committee on Appropriations proposed this session to continue the provisions of the economy act, and I remind the House that this was legislation upon an appropriation bill. It was made in order by special rule. I have introduced a bill not only to reduce salaries of Members of Congress but to reduce the salaries of all Government employees receiving more than $1,000, with reductions ranging from 10 to 30 per cent. I proposed a separate bill for reducing the salaries of Members of Congress to $7,500. The same reduction is made in the bill for reduction of all salaries. I waited until the other body had failed to make further reductions before I introduced bills to reduce.

The reductions I propose are as a substitute for and not as an addition to the furlough plan. The Bureau of Efficiency has estimated that the reductions proposed in the bill that I have pending before the Committee on Expenditures, with a minimum exemption of $1,000, will aggregate $170,000,000 if substituted for the furlough plan.

OBJECTIONS TO REDUCTIONS

I am familiar with the arguments in opposition to the further reduction of salaries. It is said that living expenses have not decreased in Washington. I answer that they will not decrease until Federal salaries have been further reduced. Moreover, there have been some decreases.

It is said that Members of Congress should receive $10,000. I answer that $7,500 in 1933 generally will go as far as $10,000 in 1925 or 1929. I also reply that reduced salaries generally will purchase as much as normal salaries in normal times. I know that the work of Members of Congress has increased during these times of stress and depression. If we were able to discharge our duties with the salaries and allowances in 1929, we can do the work on smaller salaries and allowances in 1933.

It is said that Federal employees have relatives in other sections of the country and family obligations. So have the clerks, so have the women who work in stores and offices throughout the land. It frequently happens that they are supporting aged parents or widowed mothers. It is said that the laborers who received wages from the Government should not have a reduction. The women who scrub the libraries and public buildings of the country have taken their reduction. I know of no good reason why the same reduction should not apply to Washington. Again all Federal salaries are not paid in Washington. Living expenses have decreased generally in the country.

It is maintained that corporations and big business insist that Congress make further reductions so that commercial institutions may reduce. The fact is that business and commerce have already reduced. Patriotic citizens in the store and on the farm and in commerce, have all reduced and their employees have expected reductions.

It is said that the buying power will be reduced by the reduction of Federal salaries. Salaries can only be paid by taxes. I assert that the buying power may be more widely distributed by reducing the salaries to enable the taxpayers to buy more of the comforts if not the necessities of life.

It was estimated during the consideration of the economy act in 1932 that for the previous two years wages generally in the country had been reduced 14 per cent, subordinate salaries 16 per cent, and executive salaries 20 per cent. It was estimated that Government employees receiving around $2,000 were receiving larger remuneration than those doing similar work in private life received. It is known that in the past year further reductions in salaries in civil life have been made.

Congress should take the first step. It is said that Members of Congress hesitate to make further reductions because they refuse to reduce further their own salaries. Let us meet the issue and we can meet it better by example than by talking. We can meet the issue better by taking the lead. If we reduce our own salaries first, we will be in position better to consider impartially further reductions. It is not so much a question of the amount of the reduction of Members of Congress but it is the fact of reduction, for there is a general feeling that Congress has evaded real reductions.

When congressional salaries were increased in 1925, increases in other governmental salaries followed. Members of Congress were reminded that they had increased their own. Others in the Federal service urged increases. If increases followed the increases of congressional salaries, decreases will follow their reduction.

It is urged that salary reduction is a legislative matter and that the Appropriation Committee is without jurisdiction. General reductions can be made in order in the House by a rule or attached as a rider in the Senate. But it is said that reductions should be considered by the legislative committee. They have been considered. The Committee on Expenditures has made no reports. The Economy Committee held long and extensive hearings. Their reports are available. More consideration was given to the reduction of salaries than to any other question.

It is said that all who receive the same salaries that Members of Congress receive should have their reduction at the same time. I agree to the principle. I think that Congress would make a mistake and do not believe the people of the Nation expect us to reduce our own salaries without following by reducing others. But I do believe that the country will applaud Congress taking the first step. I am reminded that congressional salaries were raised from $5,000 to $7,500 at a lame-duck session in an appropriation bill without general salary revisions, on February 26, 1907.

Mr. COX. Will the gentleman yield?

Mr. WHITTINGTON. A little later I will be glad to yield. I am also reminded that after the rules of the House were islate in 1925, and the same rule now obtains, congressional changed when the Committee on Appropriations did not legsalaries were raised by a rider attached to an appropriation bill in the Senate and by a lame-duck Congress.

If it be argued that the reduction of 25 per cent is too great, I remind you that previous increases have been in the sum of $2,500. We have reduced $1,000. We should reduce $1,500. Democratic Members of Congress should follow the platform of the party.

It is urged that the matter of further reductions should be for the new administration. If it was the immediate duty of Congress to consider repeal and beer, it is the immediate duty of Congress to consider reductions. Moreover, if the salaries of Members of Congress are reduced for the next fiscal year, such reductions can be made in other salaries during the present session or at the extraordinary session. Both would be effective during the next fiscal year.

The legislative committees have made no reports for further reductions. Bills have been pending for more than a year. Under the rules, we can reduce our own salaries in the legislative appropriation bill. Under the rules, the Senate can attach a rider reducing all governmental salaries. The House should set the example. The House passed the economy act first.

I am reminded that the adoption of the lame-duck amendment will reduce the term of the Members of Congress by two months. This is no information. Congress knew that such would be the case when the amendment was submitted. But Members of Congress and their successors must be paid. It is not a question of who receives the salary, but a question of the amount of salary paid. Nor do Members of Congress pay any more income taxes on their salaries than those receiving similar salaries in private life. We pay no State income tax on our salaries.

It is time for Congress to set the example to the country. It is time for Congress to assert its leadership. It is time for Congress to make good our own preachments by our own deeds. The people of the United States are now confronted with an emergency more serious than war. It is time for sacrifice. The best way to secure further reductions in the expenditures of Government is for Members of Congress to take the initiative in reducing their own salaries. Publicity should characterize all expenditures by Congress. The reduction of congressional salaries will give new hope and new confidence to the country.

What is the duty of Congress? It is time for Members of Congress to assert their leadership. When the people are without jobs, when citizens are losing their homes and their farms, it is time for Members of Congress to sacrifice. Oh, we can find excuses. Let us take the lead in really solving the problems of government.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. LUDLOW. Mr. Chairman, I yield five additional minutes to the gentleman from Mississippi.

Mr. WHITTINGTON. This is my thought: My colleagues are entitled to their own opinions. I am entitled to mine. If the Congress of the United States will set the example, if we will put our own house in order, if we will say we are willing to work more for less and to sacrifice, it will give the people of the country hope and cheer. It will create confidence in the Government as nothing else will do.

Mr. BOYLAN. Will the gentleman yield?

Mr. WHITTINGTON. In just a moment I will be glad to. I say, we should reduce our salaries in the pending legislative appropriation bill, as under the rules general salary reductions are not in order. Then, under the rules, the other body, the Senate, will be able to make general reductions so that all Government employees may have similar reductions.

I stand for further general reductions. But if we are unable to secure general reductions of all salaries, I favor Congress taking the lead. Then what will happen? In 1925, when we increased our salaries, other salaries and other allowances were increased, and they went higher and higher. I believe the increase was justified in 1925 and that the reduction is justified now. Federal salaries generally have been increased before Members of Congress increased theirs. There is no valid argument for increase in prosperous times if we do not reduce in periods of distress.

Mr. McKEOWN. Will the gentleman yield?

Mr. WHITTINGTON. In just a moment I will be glad to yield. I now assert that if we decrease our own salaries other reductions will follow.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. BLANTON. The gentleman knows there are employees of this Government drawing salaries of $15,000, $16,000, $20,000, and even $30,000 a year. Is the gentleman willing to vote for a bill to fix a maximum of $7,500 a

year as the highest salary any official may draw, except the constitutional offices, which Congress can not control?

Mr. WHITTINGTON. I have introduced a bill that will not interfere with the constitutional offices at all. My bill proposes graduated reductions from 10 per cent to 30 per cent, and if the gentleman wishes to make them higher I will consider further reductions in the highest salaries. The bill is not perfect, but it will serve as the basis for general reductions. I only favor equal and fair treatment to all Government employees.

Mr. COX. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. COX. The gentleman has somewhat anticipated my inquiry. I would like, however, to refresh his mind by stating that the raise of pay of Members of Congress followed the raise of pay of everyone else in the employ of the Government.

Mr. WHITTINGTON. What is the gentleman's question?

Mr. COX. It is this: The gentleman referred to two bills he has introduced. Could he not consolidate them in the interest of either one of the propositions he is advancing?

Mr. WHITTINGTON. Yes; that could be accomplished very simply if the leadership of this House will bring in a rule for the insertion of a paragraph no longer than the paragraph inserted legislatively on the Treasury appropriation bill, continuing the furlough plan, and I urge the Rules Committee so to do at once.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I yield.

Mr. BOYLAN. I have great respect for the gentleman and for his opinions. I know he carefully examines matters that come before this House.

Mr. WHITTINGTON. Thanks; will the gentleman ask his question? I wish to conclude.

Mr. BOYLAN. The gentleman realizes we reduced our salaries last year 10 per cent.

Mr. WHITTINGTON. We did; and we reduced everybody else 10 per cent who received the same salary. What is the gentleman's question?

Mr. BOYLAN. I will ask it if the gentleman will give me an opportunity.

Mr. WHITTINGTON. I am perfectly willing that the gentleman shall ask his question, and I will very gladly answer it.

Mr. BOYLAN. Does the gentleman think a Member of Congress can maintain a home in his district, live half decently in Washington, and take care of the thousand and one demands made upon him for less than $9,000 a year?

Mr. WHITTINGTON. Answering the gentleman, may I say, I think Members of Congress, like other laborers, are worthy of their hire; and, as I have already said, I repeat again, if we could live on $10,000 a year in 1925 or 1929, when the salaries were increased, we can live on $7,500 in 1933, for if the costs of living have not yet decreased in Washington they surely will, and $7,500 will buy just as much as $10,000 bought seven or three years ago.

[Here the gavel fell.]

Mr. WHITTINGTON. Mr. Chairman, under leave to extend my remarks, I merely desire to say that the gentleman from Missouri [Mr. COCHRAN], chairman of the Committee on Expenditures, opposes further reduction in salaries, and I favor a further reduction. Several bills to reduce all governmental salaries were introduced during the present Congress. Some bills to reduce salaries of Members of Congress alone were introduced. The Committee on Expenditures tabled these bills. I have already stated that I waited for the Economy Committee last session. The Committee on Appropriations under a special rule this session provided for the continuance of the furlough plan. It was then said that there would be further reductions in the Senate. It is now apparent that the Senate will not make reductions. I have asked the Committee on Expenditures to consider the bills introduced by others. When it became apparent that other bills would not be considered, I introduced further bills myself as the basis of further reductions. I asked for hearings. I have never asked for an immediate report, without asking that any who wanted to appear in opposition might have the opportunity to do so, but I urged action and opposed delay. It comes with rather poor grace from the chairman [Mr. COCHRAN], the gentleman from Missouri, who, according to the Washington Evening Star of February 1, stated my bills would die in the committee, to state that I demanded immediate report, when he himself stated substantially that the bills were useless, as he objects to the bills being reported.

With respect to the bill that I introduced to provide for the reduction and change in the method of payment of clerk hire, I have this to say: I believe Members of Congress generally expend more than they are allowed in the discharge of their duties. But there is criticism of our system. I desire to improve our method. I am more interested in the method or system proposed in the bill I introduced than I am in the reductions suggested in the bill relating to the clerks. I so stated to the chairman of the committee and to the Committee on Expenditures. I believe that there can be an improvement in the method of handling the clerks' allowance. I went so far as to say to the chairman—and I say now—that if the committee will report the amendment substantially as I offered, I will offer it with the salary just as it is now fixed by law. The chairman of the committee utterly misunderstands H. R. 14488, which I introduced, with respect to the method of paying clerk hire. The purpose is to provide that all of the allowance except about $900 shall be paid by the month to the clerk or clerks employed. There is the provision that the remainder may be paid, not by the month, nor to the Member, but to the person named in the voucher, for services rendered, either in monthly installments or otherwise. My purpose was to improve the present method. If the salary remains just as it is, the effect of my amendment would be the same. It would provide that the difference between the maximum salary which could be paid to one clerk named in monthly installments would be paid on the order of the Member when and as required and be paid to the person named for services rendered, whether by the month or otherwise; not a single dollar of the entire allowance would be paid direct to the Members or to anyone except for services rendered as shown by written order.

The heart of the amendment with respect to clerks is to eliminate the provision that the supplemental allowance of approximately $900, whether under the present rate of compensation or in the salaries I suggest, and I am agreeable that reasonable salaries should be paid only to the person that does the work named in the written order on voucher when and as the work is done. If the present system can not be improved on, then my amendment is not entitled to consideration, but many Members, including myself, have said that the system should be improved. My purpose is to aid in improving the method, so that all payments may be made to regular clerks or clerks by the month and to supplemental employees when and as they do the work and not by the month.

I have heretofore referred to the bill I introduced for the reduction of all salaries, pay, and wages. In a word, this bill provides for the reduction of salaries from $1,000 to $1,500, 10 per cent; from $1,500 to $3,000, 15 per cent; from $3,000 to $5,000, 20 per cent; from $5,000 to $10,000, 25 per cent; and above $10,000, 30 per cent. The bill is intended as the basis for further general salary reductions, to be graduated and made progressive. There is a proviso in the bill that the salary rate of a position in one group shall not be reduced below the reduced rate provided for in the highest salary of the next lower group. Either this bill or similar bills, long and well considered by the Committee on Economy and Congress, could be made in order by the Committee on Rules in the pending legislative appropriation bill. The machinery to reduce generally is easy. The point is that Congress must first decide to reduce.

My whole thought is that all governmental salaries and wages should be reduced. I know that Congress has made economies otherwise. But that is beside the point. I know that other economies are essential. I know that reduc-

tions are vital. I am not to be misunderstood. I have made my contribution. I am not asking that the allowance for clerks be considered separately and independently from the allowance to other governmental employees. The clerks of Members are entitled to the same consideration that all other governmental employees are entitled to. If I am not able to secure consideration of an amendment to provide for general further reductions, I do not want Members to have the excuse that they do not favor reducing the salaries of clerks. I will present the concrete issue in an endeavor to meet the test, and ask that Members first reduce their own salaries, and I will urge that clerks allowances be considered when and in the same ratio that all other governmental clerks are reduced. Economy is better than taxes. Taxes are better than borrowing. Further reduction in governmental salaries and expenditures is the first step to economic recovery.

Mr. HOLADAY. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Chairman, at another time I hope to have the opportunity of replying to the gentleman from Mississippi, but I want to say at this time that one of the most important matters confronting this Congress which requires action before the session closes is the economic situation of the country. I have spoken on the subject many times. We must act.

Mr. Chairman, this depression has created a new class of profiteers, a small group of people who are able to exploit the misery of the American people and who are slowly but gradually increasing their holdings of the property of this country. Every foreclosure means that property is being concentrated into fewer hands in this country, and unless we bring a halt we shall find that we have here a system of absentee landlords, of tenant peasants, of exploited and impoverished working men and women that will destroy the very fundamentals of American institutions.

Mr. Chairman, several months ago, and again several weeks ago, I called the attention of the House to the necessity of reducing interest rates. If we can bring down interest rates, we will under existing law be able to save the homes of thousands and thousands of small owners and the farms of thousands and thousands of farmers throughout the country. Let us admit the facts. We can not ignore what has taken place in several sections of the country where government has broken down, where the mandates of the court dare not be enforced.

Mr. Chairman, do you realize what this condition means? And yet it is the accepted thing to do, as horrible as it may seem.

Mr. Chairman, when we come out of this crisis—and we can only come out of this crisis by bringing about an economic readjustment—when the history of this period shall have been written from a distant perspective, the farmers of Iowa who resisted to protect their homes will take their places in history along with the patriots who took part in the Boston Tea Party.

Mr. Chairman, several of the large financial institutions have accepted the inevitable. The New York Life, the Prudential Life, and the Aetna Insurance Co. have declared that they would bring no foreclosures in the State of Iowa. Naturally this will necessarily have to follow in other States, but that is not the final solution. We enacted the home loan bank law and every Member hoped, when he voted for that law and the appropriation of $125,000,000 for the stock of that bank, that it would bring comfort, relief, and protection to the individual home owner. To date it has relieved only the money lenders—the high-interest sharks.

Every mail delivered to my office, and I believe it is the same with every other Member of Congress, brings letters of splendid American citizens who are losing their homes, yet the only response we can get from the home-loan bank is that they are assisting building and loan associations and local banks.

Mr. BURTNESS. Will the gentleman yield?

Mr. LAGUARDIA. In just a moment.

I have a letter here from a citizen in New Orleans, La., who has been struggling since 1920 paying installments on his home. The mortgage on his home is owned by the Fidelity Homestead Association of New Orleans (one of these building-and-loan-association outfits). He has been paying his monthly payments since 1920. On January 17, 1933, he received this letter:

> This is to advise you that your payments on account of book number —— have not been satisfactory. We must now insist that you immediately bring your dues, amounting to $72, up to date, and beginning January 31, 1933, that you must make your regular monthly payment of $18. We wish to again remind you that you have failed to live up to your contract with reference to the payments due, and we must insist that from now on your payments be made regularly each month. Otherwise it will be necessary for us to take other action in the premises.

This man was informed that they would commence foreclosure action. He writes me as follows:

> I have been out of employment as a salesman for 12 months, and now you will see that the Homestead Association talks of taking my little home for $70.

This is the kind of homes Congress intended to protect. This splendid citizen, who through no fault of his own is now temporarily out of employment, must not lose his home. He and his family have stinted and saved for years. Since 1920 he has made regular monthly payments averaging $30 a month. I have his book right here. This case is typical. If this kind of citizen is permitted to perish, the country perishes with him.

Yesterday an elderly lady of culture and refinement sent her card in and I went out to see her. She has a little home in New Jersey that she has been maintaining for years, a home that has been in the family for years. She is threatened with foreclosure owing to her inability to keep up the interest payments. And it was the State of New Jersey in the other body which hailed the home loan bank law as the solution of our troubles and which went to every limit to defeat my amendment prohibiting usurious rates of interest.

This is only a sample of the number of letters (illustrating) that have come in in the last few weeks with reference to foreclosures on homes.

The other day when the Reconstruction Finance Corporation made its report in response to the Howard resolution, I found that the Prudence Corporation, of my city, had received loans from the Reconstruction Finance Corporation of some $18,000,000, and there is not a more despicable, lower gang of loan sharks and usurers in the whole country than that gang that controls and operates the Prudence Corporation. They are foreclosing every day on property on which the mortgage has been almost paid in. They are not the type of individuals or the nature of a business that should be aided. One of the officers of the Prudence Corporation was exposed by the Senate committee as a stock gambler, a stock rigger, and a short-sales expert.

Surely it is within the power of Congress to remedy that situation. Surely we can adjust the loans made by the Reconstruction Finance Corporation on satisfactory assurance that the relief will be reflected to the home owners and the farm owners, and not given to the companies charging usurious rates of interest. Surely we can direct loans to be made to new and productive and labor-employing enterprises. We are spending millions and millions of dollars, knowing that eventually we will have to absorb a percentage in losses. We do so to meet an emergency, but the benefits and the relief are not going where Congress intended they should go. We have outlived the period of 6 per cent interest, not alone 8 and 10 per cent, as some of these loan sharks are now charging. Six per cent interest to-day is just as obsolete and antiquated as the old debtors' law that would place a man in prison for debt. We outlived the pound-of-flesh provision in the debtors' bond; we must abolish the 6 per cent interest rate.

The people who control the money and property in this country had better realize this, and they are commencing to realize it.

I have seen but one ray of hope in a long time; it is very comforting, and I want to bring it to the attention of my colleagues for their consideration. I received a telegram from New York, strange as it may seem, stating:

FEBRUARY 2, 1933.

CONGRESSMAN LAGUARDIA,
House of Representatives, Washington, D. C.:

In an effort to save thousands of homes from foreclosure the mutual savings banks of New York are being strongly urged to reduce the interest charged borrowers on bond and mortgage, who in the main are small home owners, to 4 per cent. This will require these banks to reduce the interest paid depositors to 2½ per cent, and this will be impossible unless the interest paid by the postal savings bank is reduced, which should be done at the earliest moment. It is imperative that instant attention be given this matter.

WILLIAM M. CALDER,
2703 Avenue U, Brooklyn, N. Y.

Mr. William M. Calder is a former United States Senator from my State. He himself is engaged in the building industry and speaks with authority on this subject.

If the savings banks are really considering this, it is a very hopeful sign.

I am informed that these mortgages range from 5½ to 6 per cent. Six per cent is our legal rate of interest in New York. A reduction to 4 per cent is a step in the right direction. It will be a great help. Now, as to—

This will require these banks to reduce the interest paid depositors to 2½ per cent.

This is fair. There can be no objection to that, Mr. Chairman, because if we are demanding reduced interest rates we mean reduced interest rates all the way down; and then—

This will be impossible unless the interest rate paid by the postal savings banks is reduced, which should be done at the earliest moment. It is imperative that instant attention be given to this matter.

I believe this suggestion is worth very serious consideration. If the savings banks bring down their interest rate, if they in turn will bring down the interest rates on all outstanding mortgages to 4 per cent, I, for one, would be willing to vote to bring down the interest in the postal savings bank ½ per cent; and, mark you, no one has fought any harder for the postal savings bank than I have. But the whole interest structure has got to be brought down, because the longer this crisis continues the more property will be concentrated into a few hands. No matter what you may do with inflation after that, they will have the property.

I believe the Reconstruction Finance Corporation loans should be made, as I have said before, only to such institutions where assurance is given that the benefits will reflect to the borrowers and that the interest rate to such borrowers ought to be reduced to 3 per cent.

Mr. Chairman, what are we going to do about the farm mortgages? We passed a bankruptcy bill here the other day. The railroad reorganization will take care of the railroads, the corporation reorganization will take care of corporations; but, let us be frank, the provisions as to the individual will not entirely solve the problem of our farmers. The stay of execution or the stopping of judicial machinery can not continue indefinitely. We must substitute these farm mortgages.

I believe it will be difficult to refinance them. I do not know where we are going to get the money. I think there is about $11,000,000,000 of farm mortgages.

Mr. GILCHRIST. Nine and a half billion dollars of mortgages on land. Since the many foreclosures, about nine billion.

Mr. LAGUARDIA. But we can substitute those mortgages. What we ought to do, and what I believe will be done eventually, and we must not delay, is to provide machinery through the Federal farm-loan banks, if you please, or any other Government agency, to bring about the substitution of a new mortgage with a low rate of interest. A mortgagee who has been stayed does not know the future value of his mortgage. The insurance companies of my city or the banks of your State can not operate a farm and the American farmer is not adapted, and I am glad of it, to becoming a tenant peasant. Therefore, we can cause such farm mortgages to be exchanged for a new mortgage at not more than 2 per cent interest and 1 per cent amortization, or 2½ per cent interest and one-half per cent amortization. The interest could be guaranteed by the Federal Government. This, indeed, would permanently relieve the farmer and would be a fair way of solving the problem.

Mr. Chairman, we must provide this amortization. We can not take the hope away from the farmer. He must at least have the hope that his children will have the farm free and clear some day, and I say this after having given the subject many months of study, after realizing the condition this country is in. It is either 2 or 2½ per cent interest on the mortgaged farms or no interest at all. We might as well talk plainly.

Mr. STRONG of Kansas. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. STRONG of Kansas. Has the gentleman been advised that the commercial banks, in order to prevent the building and loan companies from joining the home-loan bank system, are serving notice on them that if they do join the system they must pay them every dollar they owe?

Mr. LAGUARDIA. All right, then; let the Reconstruction Finance Corporation get after those banks.

Mr. STRONG of Kansas. I just wanted to know whether the gentleman knew what the commercial banks are doing to try to restrict the organization of the system.

Mr. LAGUARDIA. Let the building and loan associations first bring down their interest rates and then let them bring the condition the gentleman states to the knowledge of the home-loan bank and let the home-loan bank coordinate with the Reconstruction Finance Corporation and we can stop that practice quicker than you can say "Jack Robinson."

Mr. STRONG of Kansas. I agree with the gentleman.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. SUMMERS of Washington. I agree with the gentleman that interest rates must be much reduced. They are not in harmony with commodity prices; but in view of the widespread misunderstanding of the people as to what Congress can do to control them, will not the gentleman discuss that question and state how far we can go and how much depends on the State legislatures? In most instances interest rates can only be lowered and foreclosures of mortgages prevented by the State legislatures.

Mr. LAGUARDIA. Yes. Our helplessness is pathetic. It is difficult for a farmer who is about to be dispossessed or a wage earner, such as our friend from New Orleans, to sit down and try to analyze constitutional questions as to the power of Congress. He has always looked upon his Federal Government as a strong, almighty government. So I believe we can do this. I believe, first, we can refinance all of the outstanding indebtedness of the United States and bring that interest down. No one will question the power of the Government to call in outstanding bonds and issuing new ones.

Mr. ARNOLD. Will the gentleman yield?

Mr. LAGUARDIA. Yes; but I want to answer the gentleman from Washington.

Mr. ARNOLD. Does the gentleman think that with that low rate of interest we can induce private capital to invest in farm mortgages? If not, then it means that the Government would have to assume the entire obligation of financing all mortgages, and how will the Government raise the money?

Mr. LAGUARDIA. The question propounded by the gentleman from Illinois is easy to answer, because the question is an old one. The answer is this, that if the bankers do not invest in securities carrying 2 or 3 per cent, they will have nothing to invest in. If the Government breaks down, private capital will lose all. The farmers will not lose their land. The capitalist, if he does not invest his money, can not eat it.

It is time to take an inventory. These are new conditions, and capital will have to adjust itself to new circumstances, and 3 per cent is most generous, because in 10 or 15 years it will be much less.

Now, the first step is to reduce the interest on Government investments by proper and intelligent refinancing of the national debt. Second, by using the tremendous power of the Reconstruction Finance Corporation in loaning money at a low rate of interest with the condition that those that they loan to must in turn charge a low rate of interest to their borrowers.

I have repeatedly said on the floor of the House and stated that the rate of call money—and call money is the brokers' loans, loans made to assist speculative transactions and gambling on stock and commodity exchanges—call loans are 1 per cent a year. That is fixed every morning, and if they can fix gamblers' rate of interest at 1 per cent, I submit that it ought to be possible to fix commercial loans by banks on mortgages at 3 per cent. The home-loan bank, the farm-loan bank, and the Federal reserve system should bring down the rate of interest. For instance, the discount rate of Federal reserve banks should be 2⅞ or 2¾ per cent and the banks charge the borrower on that paper not more than 3 per cent. When we do that it will be immediately reflected in business—in overhead and fixed charges—and will give new life to business and industry. As to farm mortgages, the same system could be followed for new loans, and for existing mortgages the exchange system I have stated a few moments ago. I have enough confidence in the honor of the American farmers that they would not default in the interest if it is a decent rate of interest.

Mr. MAY. Will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. MAY. I am interested in the gentleman's scheme of refinancing, but does the gentleman know the amount that is held by the five or six great insurance companies; and if this system was set up as outlined by the gentleman, would they accept it?

Mr. LAGUARDIA. Of course, the large financial institutions have mortgages on their books and are carrying them on their face value by the grace of the insurance commissioners of the various States. Unless a changed system is brought about, the mortgages will be worthless. Having made a decrease in the interest, they would be justified in coming in and exchanging for mortgages at a less rate, knowing that the interest will be paid and the mortgage amortized.

Mr. MAY. Can the gentleman give us any information as to the amount carried by the insurance companies?

Mr. LAGUARDIA. Nine and a half or ten billion dollars cover all the farm mortgages. I understand the savings banks have something like $3,000,000,000 worth, and then there is a billion and a half in the hands of the insurance companies. The gentleman from Colorado [Mr. HARDY] assists me by saying there is one and a half to two billions with insurance companies.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. LAGUARDIA. Will the gentleman yield to me some more time. We have more time than money, anyway.

Mr. HOLADAY. Mr. Chairman, I yield two minutes more to the gentleman from New York.

Mr. LAGUARDIA. I would sooner call this a substitution of mortgages than a refinancing of mortgages, because the minute we go into refinancing we require this enormous amount of money, which might be very difficult to obtain at this time. Of course, it is a good investment to exchange these mortgages with new mortgages, which have a prospect of being paid by reason of lower interest and the amortization provisions. At the same time, it would reduce the cost to the farmer by nearly two-thirds. In bringing about a change, what I call an economic readjustment, if we bring down the value of money, then, of course, the carrying charges on the farm and the carrying charges on industry are thereby reduced. Our industries are in good condition physically; they are capable of quantity output. The trouble is that most of them are overcapitalized and overindebted. They can not meet these carrying charges. That is universal; it is not localized, it is universal. That being so, we have to adjust these conditions and put our industries on a sound financial basis, as we will have to put the railroads and the farmer. The farmer, too, will not have to slave to meet only his interest charges. He is entitled to something for his toil. We have to do that. When they are having rope parties on the doorsteps of the courts it is time that we looked the situation in the face and acted accordingly. We must save the country. Our country is worth saving, but we have to act, and act promptly. [Applause.]

Mr. LUDLOW. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, regardless of how others feel, I am not going to be so mean as to charge that political expediency prompted the speech of the gentleman from Mississippi [Mr. WHITTINGTON]. It seems that within the last few days the gentleman from Mississippi has become very busy in connection with economy. In his remarks he spoke about the message of the President, addressed to this Congress in December, two months ago, wherein the President recommended an additional cut in the salaries of Government employees. What has happened since that time? The Treasury-Post Office apropriation bill was brought into the House, and Title II of that bill contained certain provisions that were carried in the economy bill of last session. Did the gentleman from Mississippi make any attempt by amendment or otherwise to have the House adopt the recommendations of the President? Such an amendment would have been germane. It seems to me that something must have happened in Mississippi in the last fortnight. What it is, I do not know.

On January 28, last week, the gentleman from Mississippi introduced a bill, H. R. 14487, providing for a reduction in the salaries of Members of Congress to $7,500, and on the same day he introduced another bill affecting the clerk hire of Members of Congress. On Monday he requested me to grant him a hearing before the Committee on Expenditures. On Wednesday he received his hearing. He made an excellent presentation to the committee from his viewpoint. He desired that the committee close the hearings and take up this bill for consideration on Wednesday.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. In just a moment.

Mr. WHITTINGTON. I call the attention of the gentleman to the fact that I did not ask him to close the hearing. I wanted a continuance of the hearing.

Mr. COCHRAN of Missouri. I accept the gentleman's statement. I will admit that I am in error in order to proceed, but the gentleman wanted action on his bill immediately, so I understand "immediately" as meaning at once

Mr. WHITTINGTON. I do.

Mr. COCHRAN of Missouri. Several Members of Congress and some of the clerks, if you please, who also have a right to be heard, have asked to appear before the committee, and it has always been the policy of the committee since I have been chairman of it to grant a hearing to every Member of Congress who requests it, and that policy will continue. I see no reason to rush matters. Careful deliberation means better legislation.

What did the bill provide? First, let me say that on Tuesday I addressed a letter to three Members of Congress who have introduced bills of this character, namely, to the gentleman from Missouri [Mr. FULBRIGHT], whose bill provides for a 25 per cent reduction in the salaries of Congressmen; to the gentleman from Tennessee [Mr. MITCHELL], whose bill provides for a reduction in the salaries of Representatives and Senators to $5,000; and to the gentleman from Mississippi [Mr. WHITTINGTON], advising them that on Wednesday morning we would hold a hearing on the bill. Mr. MITCHELL appeared, as did Mr. WHITTINGTON. Mr. MITCHELL seemed to think that because eggs were selling

for 5 cents a dozen in Tennessee, the salaries of Members of Congress should be reduced to $5,000; but if he buys any eggs in Washington, he will find that you pay 40 cents a dozen for them here.

Mr. MITCHELL. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. MITCHELL. It would be quite easy, would it not, to have eggs transported by parcel post even to Washington, in the District of Columbia, and thus aid the Government and the taxpayers of the country?

Mr. COCHRAN of Missouri. If the gentleman will go into the business of distributing eggs and open up some sort of place where we can get eggs for 5 cents a dozen, he will probably get many customers; but does that warrant a reduction in a Congressman's salary of $4,000 when we have already reduced the salaries $1,000? The gentleman from Tennessee would reduce our salary $4,000.

Mr. MITCHELL. And I ask the gentleman whether the price of all other commodities are not likewise reduced on the markets throughout the country.

Mr. COCHRAN of Missouri. I am discussing these bills now and defending my committee. Do not take me from my subject. We will speak about that later, if the gentleman desires. The gentleman from Mississippi by his legislation would save the Treasury of the United States $826,500 if he reduced the salaries of Members of the House and of the Senate to $7,500 a year. The gentleman from Mississippi was present when the War Department appropriation bill was pending in the House 10 days ago, when everything was being done to reduce Government expenses. We were fighting to support the committee recommendations. The gentleman from Mississippi was one of the leaders in the fight to increase the appropriations in that bill by nearly $30,000,000, to be used for flood control. That would help him in his district. Did he think of the taxpayers then? It would take 40 years to save that amount under his salary reduction bill. His plan is to save $836,500 one day and spend $30,000,000 another day.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Missouri. Yes.

Mr. BOYLAN. The gentleman says that we would save $836,500 by the bill of the gentleman from Mississippi. How many points would that reduce tax rates?

Mr. COCHRAN of Missouri. I am not a statistician. I can not figure that out in a moment. Probably the gentleman can enlighten the House.

Mr. BOYLAN. It would not be one-millionth of 1 per cent.

Mr. COCHRAN of Missouri. Now, what has happened? There was an election in November. There will be a turnover of 165 Members on March 4 in this House. Do you not feel it is proper to let those 165 Members decide their own fate as to the salary they will receive, and not leave it to the votes of 165 men who are going to leave Congress? However, in justice to those 165 men who are here now, let me say I do not think there is a handful of them who will vote to reduce the salaries of the incoming Congress. They are willing for the new Members to make the reduction if they feel salaries should be reduced.

What does the gentleman from Mississippi [Mr. WHITTINGTON] desire to do with reference to clerk hire? I will say to the gentleman the bill will never get out of that committee with my vote, as long as I am a member of that committee. Why? The gentleman desires to amend the law with reference to the payment of clerks so that a Member can draw the amount of money through a clerk and through a voucher with the proper person on the pay roll, not monthly, but whenever he desires. There was a great deal of criticism directed at this Congress when Members of Congress were granted their clerk hire in a lump sum. The Congress very properly provided by law that their help should be placed upon the pay roll and that the help should draw the salary and that the Member of Congress should be responsible for the persons whom he appointed as clerks in his office. Under the terms of the bill introduced by the gentleman from Mississippi [Mr. WHITTINGTON] this is what could happen: You could have one clerk on the pay roll for 9 or 10 months and then when you went home to face your constituents at a primary or an election, you could put a lot of other people on the pay roll, who would be out doing political work for you, and pay them out of the clerk-hire allowance. That is just exactly what could be done under the bill offered by the gentleman from Mississippi. I do not propose to support such a bill. The clerk hire is for the purpose of handling Government business—not building political fences.

The gentleman from Mississippi also said he introduced another bill providing for a general reduction of all salaries. When did the gentleman introduce it—last night?

Mr. WHITTINGTON. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. WHITTINGTON. Is it not true we have had before our committee bills introduced by the gentleman from Nebraska [Mr. SHALLENBERGER], by the gentleman from Oklahoma [Mr. GARBER], and other bills that have been tabled?

Mr. COCHRAN of Missouri. Yes; that is correct. Hearings were held on the bills and the bills were tabled. Why were they tabled? Nobody on the committee could understand what the gentlemen who introduced the bills wanted to do. The Members who introduced the bills could submit absolutely no figures as to savings. They had absolutely no idea as to what their bills would accomplish. Other bills were in course of preparation, but the Economy Committee was created, and for the time being the Committee on Expenditures was not active on salary reduction bills. If I am not in error, the gentleman from Mississippi voted for the resolution creating the Economy Committee.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Chairman, I yield five additional minutes to the gentleman from Missouri.

Mr. COCHRAN of Missouri. I thank the gentleman. The Committee on Expenditures was not active as to salary reduction bills, as the Economy Committee took over that work. Mr. WILLIAMSON, of South Dakota, and myself were on the Economy Committee representing the Expenditures Committee. We met night and day for weeks, and finally the Economy Committee brought in its report, and Government employees' salaries and also congressional salaries, as well as our clerk hire and other allowances, were reduced. So you see we have reduced our own salaries and other allowances, as every Member well knows.

Further than that, those who serve in the Seventy-third Congress, commencing March 4, will suffer another reduction. Their earning capacity during their term of service in the Seventy-third Congress, by reason of the ratification of the Norris resolution, is reduced $1,600. The term in the Seventy-third Congress will be 22 months, not 24 months. Has the gentleman ever thought of that?

And again, one of our colleagues told me yesterday he had figured up his income-tax return, based upon a salary of $9,000. He has no other income and neither have I, and he discovered he would have to pay about four and one-half times as much income tax as we paid last year. That is a little more that we are not going to be able to save or spend during the next two years. I know all citizens are similarly affected. I am not complaining, simply explaining.

The gentleman from Mississippi [Mr. WHITTINGTON] asks, What has the House done in regard to economy? The gentleman certainly should know without asking, but his mind is not clear, so I will refresh it. He should know the record in the last session and he should know that up to this hour we have passed appropriation bills in this House with reductions of $70,000,000 below the Budget estimates. The gentleman would have reduced this savings to $40,000,000 with the flood-control amendment, but those who favor economy would not let him. That, however, is what this House has done on economy at this session of Congress. We will pass other appropriation bills, and there will be further reductions; and when those bills return from the Senate they will be reduced further, and this House will agree to the further reductions. The gentleman from Mississippi by his speech, what I call a good Republican speech,

as he attacks his own party, would have the country believe we have done nothing.

The people of this country do not want this body to be a rich man's club. That is just what you are going to make it if you reduce the salary of Members of Congress to $7,500, or $5,000, as the gentleman from Tennessee suggests. Why not make Members $1 a year men and women if you want nobody but the rich to serve in this body?

Every minute of my time is given to my duties. There are five typewriters going in my office this minute, and I can not keep up with my mail. March 4 I will be 1 of 13 Members from my State representing the State at large. If I receive 200 letters a day now, what will I receive then? The people expect service from their Member of Congress, and that is what I endeavor to give them, not only in my office but on the floor of this House, where I can be found any hour the House is in session. Find, if you can, in the RECORD where I have ever been absent from the House during the seven years that I have been a Member. To give my constituents service I need clerical assistance and I am sure they want me to have it. After the close of the last session I returned to St. Louis. I found it necessary to secure three rooms, rent as many typewriters, also to secure additional office furniture; and I remained there from July until after the election, seeing my constituents at the rate of from 75 to 100 a day. Was I campaigning? No. Although a candidate at large, running throughout the State, I made but two speeches outside St. Louis and no speeches during the day, declining scores of invitations. The result of the primary with 56 candidates and at the election will disclose that the people of the State approved my past service in this body. The additional expense I am put to when I return home comes from my salary. I have no other income.

Hearings will be held on the bill to which the gentleman from Mississippi refers. All who desire will have an opportunity to be heard. When the proper time comes, if the committee wishes to vote on the bills, the members will have an opportunity to do so, but we will not be rushed simply because the gentleman from Mississippi [Mr. WHITTINGTON] decides overnight that he wants bills reported by our committee. The committee has been fair at all times to everyone, and I will not be one who will report measures until they have been properly considered and interested parties given the hearings to which they are entitled, and I will oppose any attempt to add bills as riders to appropriation bills while the proper legislative committee has the legislation under consideration.

Let me return to the clerk hire bill. I will never agree to changing the method, as the gentleman from Mississippi [Mr. WHITTINGTON] wants to change it, as regards the disposition of the clerk hire allowed Members of Congress. Here it will be the gentleman from Missouri that will be looking after the taxpayers' money, not the gentleman from Mississippi.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. WHITTINGTON. Is it not true that the bill for clerk hire simply provided that Members might, by order or voucher for services rendered, give written orders for the difference between the maximum salary and the maximum amount allowed, or about $900, on order for services rendered only to the person named, when and as required, instead of being required to draw it monthly, with the understanding that all allowances shall be paid only to clerks for services rendered and not to Members?

Mr. COCHRAN of Missouri. That is exactly what I said. I have not misrepresented the gentleman's bill. It is a bad bill and I will oppose it.

Mr. WHITTINGTON. I beg the gentleman's pardon. I understood the gentleman to say the whole amount could be used to pay for clerks at home.

Mr. COCHRAN of Missouri. I said the gentleman could go home and use part of it to pay people who were doing political work in the campaign if he wanted to under his bill, and that is just what he could do, and that is just what I am going to try to prevent.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. WHITTINGTON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include the bill I have offered as to reduction of salaries.

Mr. BOYLAN. Mr. Chairman, reserving the right to object, I do not see why the RECORD should be burdened with that kind of stuff.

Mr. HOLADAY. Mr. Chairman, I yield 20 minutes to the gentleman from North Dakota [Mr. BURTNESS].

Mr. BURTNESS. Mr. Chairman, before proceeding, I ask unanimous consent to revise and extend my remarks by including some quotations to which I expect to refer but which I shall not have time to read in full.

The CHAIRMAN. Is there objection to the request of the gentleman from North Dakota?

There was no objection.

Mr. BURTNESS. Mr. Chairman, I presume no Congress, for a great many decades at least, has had to give more careful consideration than the present one to the various annual appropriation bills, including the one now under consideration. The problem before the Committees on Appropriations and the two Houses has been that of reducing expenditures to come within a reasonable Budget income, and the Budget-income problem has in turn been due to the fact that the usual income of the Government has been reduced to a pitiful fraction of what it was a few years ago.

Because of this situation we have had many suggestions and many earnest speeches on the floor of the House on many subjects more or less connected with the present depression. Among them are those we have listened to this afternoon of the gentleman from Mississippi [Mr. WHITTINGTON] proposing a reduction in the salaries of Members of Congress, and of the gentleman from New York [Mr. LAGUARDIA] urging drastic reductions of rates of interest, and I emphasize the rate of interest rather than the total interest burden on the indebtedness of the country.

The other day we passed an amendment to the bankruptcy law. The main object and purpose of the amendment seemed to be to allow an opportunity of staying foreclosure proceedings until this emergency is passed and possibly carrying with it a method by which the indebtedness of the country owing from one private party to another private party may be cut down in the terms of dollars, in the terms of our national monetary unit. These are far-reaching proposals, considered now not by accident but due doubtless to some fundamental causes. All of them deal with results from some serious economic maladjustments.

After all, what is the real underlying factor making necessary the discussion of the many problems before this and the last two or three sessions of Congress? Will you not agree with me in the statement that the reason these problems are before us, the reason it is difficult to obtain necessary revenues, the reason we have passed in this House a bill to increase arbitrarily prices on certain farm products, the reason it is necessary to cut the salaries of employees of the Government, the reason it is proposed to scale down private debts, to cut interest rates, the reason we are confronted with many questions of that sort is in the fact that the last three and a half years have brought upon us a tremendous and unprecedented decline in the general commodity-price level?

During the last three years our national plant as a whole, call it the United States if you will, a plant including our farms, our forests, our mines, our factories, our industries, our lands of every description, all our property engaged in production, has had the total valuation ordinarily placed upon it cut about in half. These elements are worth as much as ever in producing what the people need. They are efficient and by no means obsolete; yet, when priced in the terms of our monetary system, the American dollar, we are told that the whole plant is worth only about half as much as on July 1, 1929.

On December 8, 1931, some 14 months ago, I introduced a bill, H. R. 21, based upon the theory that many of these problems are related to our monetary system. For some years prior to that time I had legislation pending which, if enacted, I believe, would have provided a scientific monetary unit, and if enacted prior to July, 1929, would have prevented a decline in the dollar value of the plant as a whole. I introduced my original bill to stabilize the buying power of the dollar through the control of the gold weight thereof in accordance with the Tinnes plan at a time when the price level was considered normal in the sense that it had continued on a comparatively steady stage for a reasonable length of time. If that bill had been enacted, the then existing normal-price level would have been stabilized; that is, the general commodity-price level graphically represented and projected into the future would have been a straight line thereafter.

The general principle embodied in my bill was nothing new, startling, or extremely wild-eyed, as some seemed to think. It was not the mere idle vaporings of the "son of a wild jackass" from the radical West. It had been proposed from time to time by leading economists and students of monetary questions. The specific plan in the bill I sponsored was first evolved by D. J. Tinnes, of Grand Forks, N. Dak., before the silver campaign of 1896. Prof. Irving Fisher had brought the fundamental principle thereof to the attention of students in his book, Stabilizing the Dollar, published in 1920.

The first time that it was proposed in this country, as far as I know, was in an article by an excellent student, Simon Newcomb, published in the North American Review in 1879. Permit me to quote a few pertinent sentences from that article which succinctly explains the proposal better than I could do in my own words.

> The main point is that there is no reason why a standard dollar containing a fixed weight of the precious metals should remain of invariable value, but that, on the contrary, we have every reason to suppose that its value does fluctuate. * * * That a standard of value with the use of which no such thing as general fluctuations in price should be possible is one of the greatest social desiderata of our day no one will deny. * * * All we want is a dollar of uniform value as measured by the average of commodities. * * * The most obvious method of attaining the object is to issue a paper currency, which shall be redeemable not in gold dollars of fixed weight but in such quantities of gold and silver bullion as shall suffice to make the required purchases.

In any event, when I first introduced and discussed it, very few saw the need of such legislation. Was not the country as a whole prosperous? Why worry? Why think about the future? The fallacy involved in such an alibi was clearly shown by what the years 1929, 1930, and 1931 brought to us. By 1931 quite a lot of people commenced to think about our monetary system. Some farm editors demanded an "honest dollar." Wallace's "Farmer" referred to the Burtness bill for a compensated dollar. I picked up some courage, for people were beginning to think.

I restudied the legislation which some people had regarded as visionary, if not crazy. Naturally, I did not want to make permanent the low-price level existing in 1931, for the index number of the Bureau of Labor Statistics representing the general commodity-price level had gone down from 100 in 1926 to 70 in the summer of 1931. I regarded the weight control as a sound principle for stabilization; so why not use it to bring back the price level to a fair stage? If 23.22 grains of gold in a dollar bought too many commodities, why not reduce the content of the dollar sufficiently to bring prices up to a fair level?

So we revised my bill. Until a day or two ago that revision, H. R. 21, introduced in December, 1931, has been the only legislation pending before Congress specifically embodying the proposal which has recently been the subject of much general comment in the press of the country, namely, an immediate reduction in the amount of gold behind our monetary unit, the dollar. Putting it conversely, the proposal is simply to increase the present fixed statutory price of gold. I understand that a day or two ago the gentleman from Texas [Mr. DIES] introduced a bill embodying a similar proposal, connecting with it also some features relating only to silver. Of course, in H. R. 21 I propose the arbitrary change only till we get back to the desired level, then retain the original device of daily adjustments to prevent any fluctuations in the future.

I think there is nothing which has more of an illusion in it than our monetary system, or our notions of a dollar. I hope those who have not already done so will read the book entitled "The Money Illusion" written by Prof. Irving Fisher, sent you some time ago, for I know of nothing readily available that will bring to our minds in a clearer way just what money is, how its value in terms of what it buys may greatly change in any country including our own without the public recognizing it, how our present American dollar is very unstable in its most important function as a measure of value, and in fact how our present monetary system works. It is brief and very readable and you will enjoy it.

I have not found this in a textbook, but I think it is very elementary monetary economics to say that money serves two main uses. First, it must be a convenient unit of value, that is, simply a unit in which all commodities other than the particular commodity used for money may be priced so that you can say at any time, in a business transaction or otherwise, that a certain chattel, a certain piece of property, is worth so many marks, so many francs, or so many dollars. The second very important function the monetary unit performs is that of forming the basis on which contracts for deferred payments are made, whether the deferred payment be simply a time loan of the money itself or the purchase price of a commodity to be paid some time in the future in accordance with agreement.

When we come to the question of the stability of money, and when I use the word "stability" I refer to stability in its purchasing power, its real value, it is, of course, much more important to have the monetary unit, in this country the dollar, stable in connection with the second function of money, that is, its use as a basis for deferred payments, than in connection with the first use to which I referred. It may not be particularly important to people who are out of debt, to people who own their property free from encumbrance, who have no notes, bonds, mortgages, or any other investments payable in money, and who owe no money to anybody else, whether their house, their land, or their factory on a given date is listed at $20,000, or could be sold for $20,000, and on the general price level prevailing in the next year could be sold for only $10,000, or might be sold for $30,000. As long as they want to own the property, keep it and use it, it serves the same purpose. When they do sell they can generally buy about the same amount in other commodities. If they are not interested either as creditors or debtors, it does not make a great deal of difference to them, except as it is inconvenient and very confusing to find the valuation of a specific kind of property that has not become obsolete because of some new invention or otherwise changed in its true value, priced differently from year to year when measured or priced in the terms of the monetary unit of the country. We must all concede that it is desirable to have a stable unit of value even for this purpose. It is confusing to be advised that under our present system the dollar value of all the property in the United States is about only one-half of what it was four years ago. We spend much Federal money in our decennial census to ascertain the money value of various kinds of property in the country, but due to an unstable dollar we find that in a few years the values given must all be changed.

But the real harm done by a dollar of fluctuating value is that incurred by creditor and debtor classes alternately as the price level rises and falls. One party or the other to any note, mortgage, bond, or any other evidence of indebtedness must suffer when the dollar has changed in value between the time the obligation was incurred and its maturity. When a decline has continued abruptly for several years, as is now the case, not only are the debtors unfairly and severely burdened, but the creditors also often suffer as the equities of the debtors in the mortgaged property are

wiped out. In fact, no one benefits from resulting business stagnation and bankruptcies. The problem of maintaining a stable monetary unit for all deferred payments becomes, therefore, of the utmost importance. The general public good, as well as fair dealing between debtors and creditors, demands it.

Mr. PATMAN. Will the gentleman yield for a question?

Mr. BURTNESS. After a while I shall be glad to yield, but I prefer not to do so at this time.

What about the money illusion most of us have? It seems that the general public never realizes that the monetary unit of their own country changes in buying power. We are informed by monetary authorities that the German people did not realize that the terrific rise of prices in that country during the World War was due to any fluctuation in the real value of the German mark. We in this country knew the mark was falling. The Germans said the prices of all commodities were rising. They looked at international exchange rates and they assumed that the dollar in America was rising. That seems to us a plain case of "money illusion," which no one should be a victim of. But were only the German people the victims of the illusion?

Professor Fisher in his work gives a very good illustration with reference to an American woman who had property in Germany. She owed a debt in Germany secured by a mortgage on some property she owned over there. The mortgage was in the sum of 28,000 marks. Naturally she mentally converted that sum into the monetary system of her own country, that is, into dollars. In other words, she felt she owed $7,000, as that was the amount she had borrowed. After the mark fell, but before it had vanished into thin air, she was ready to pay off the mortgage. The banker that handled it for her told her she could pay it off for $250 in American money. She said, "That is not fair. I owe $7,000 and I want to pay $7,000."

But at that time even $7,000 did not have the same purchasing power as it had when she had borrowed that amount. She really wanted to do the right thing; she was fair; but I wonder what she would have replied if the banker had said to her, "If you really want to pay more than $250, or 28,000 marks, and actually repay money of the same purchasing power as that which you borrowed, then you ought to pay $12,000, for $12,000 in American money will now only buy, in the terms of general commodities, what $7,000 would have bought at the time the loan was made."

She probably would not have seen that point at all. In all probability she was a victim of "money illusion." The American dollar had fallen in the meantime, just as had the German mark. The difference was one only in degree. Before the World War was over the American dollar became a 40-cent piece as compared with the pre-war dollar in buying power.

Another good illustration is given by Professor Fisher in the book I have referred to. In a somewhat facetious vein one day during the war he asked a dentist, "By the way, how much more do you have to pay now for the gold that goes into dental work than you paid before the war started?" The dentist replied, "I do not know, but everything has gone up—my rent, the salaries I pay, supplies, and everything else I buy—and I am sure gold has also gone up." So, very seriously, the dentist asked his office girl to look up the invoices and see what he was paying for gold. In a few minutes the office girl reported back and said, "Doctor, you are paying no more for gold now than you ever did before; the price is exactly the same." The dentist was very much surprised, but not the professor.

Another illusion, of course, for the dentist did not realize that the dollar as it has been used in this country since 1837 has meant not a stable unit in buying power, but merely a constant weight of a specific commodity, namely gold. Regardless of its true value, what it would buy in other commodities, the gold had not changed in price. It puzzled the dentist; it ought to puzzle us? Do we have a monetary unit stable in buying power? If not, why not? Is not that the most essential factor in any proper money?

There is only one way in which we can properly measure the buying power of the dollar from time to time, and that is by what it has bought, not in one commodity like wheat or cotton or steel or anything else, but in the average of all commodities as they are sold in the trade and properly weighted in accordance with their importance. Until recent years we have not had a satisfactory gage for such a measurement. For a long time, however, the Bureau of Labor statistics has gathered information as to wholesale prices of the most important commodities, and has gradually perfected the price index which it keeps. For some time price quotations have been obtained on 784 commodities. The fluctuations in the value of the dollar are no longer guesswork.

I, therefore, want to call your attention to a chart which is similar to one which I used on this floor some months ago, which sets out graphically the general commodity price level from 1910 to 1932. It has been prepared by the Bureau of Labor Statistics, based upon price quotations of 784 commodities in recent years, but for a lesser number in earlier years.

For the purpose of this chart you will note that 1926 is taken as a base, and represented by the line 100 [indicating]. You will readily see what has happened during the period covered by the chart. You see the line here from 1910 up to 1915, running along about 70 as compared with 100 in 1926 [indicating]. You then see the tremendous rise in prices during and following the war, when the index number went up to 167 in May, 1920. Then [indicating] you see it come down, dropping very fast. By March, 1920, it had reached 102, and for the period from 1921 to July, 1929, it was not stable, but at least approaching general stability, fluctuating during that period between extremes of about 93 and 104 or 105. This was the period during which I was very anxious to have legislation enacted that would make the then existing level permanent. July, 1929, came along, and then what happened? On July 1 of that year the index was at 98, a fair average for an 8-year period. The index for the week ending January 28, 1933, last week, as given in the last publication of the Bureau of Labor Statistics, was 60.4. In other words, the average fall in prices since July 1, 1929, has been about 38 per cent.

I remember how just a year ago now, when we were enacting the Reconstruction Finance Corporation legislation, the Glass-Steagall bill, and other laws, it was then believed that such legislation was going not only to stop the downward decline of the general commodity-price level but was going to increase the price level, and that what some people called inflation was sure to come.

Mr. GOSS. Will the gentleman yield for a question?

Mr. BURTNESS. Yes.

Mr. GOSS. Do the figures on the gentleman's index of wholesale prices include commodities that are coming in from foreign countries?

Mr. BURTNESS. These are all the important commodities sold on the markets within the United States at wholesale.

Mr. GOSS. But they do contain considerable amounts of foreign products at depreciated currency.

Mr. BURTNESS. No; not many. They include none of the foreign prices at the import points. They embody the prices, as I understand it, of commodities sold in this country, whether produced here or whether they have come in, but sold in the wholesale markets of this country, weighted in accordance with their respective importance in trade. Of course, the foreign commodities included would have but slight effect upon the whole index.

Mr. GIFFORD. Will the gentleman yield?

Mr. BURTNESS. Yes.

Mr. GIFFORD. With reference to the 700 or more indexes, has the gentleman included interest, taxes, railroad fares, cost of physicians, and all those things that we are interested in?

Mr. BURTNESS. I can not go into any discussion of the relative merits of various types of indexes. This is a general

commodity index and the Bureau of Labor Statistics index is recognized by all of the economists of the world as being the best index available at this time. Commodity prices of themselves include charges of the general nature the gentleman refers to.

When we were passing the legislation a year ago, to which I referred when interrupted by questions, the index stood at 67.3. At that time the sharp decline was to a certain extent stopped. This is shown by the curve straightening out a little [indicating], but we have still remained, as you will note by the line, on a toboggan, but a slower one, ever since. Prices have continued downhill. To be exact, we have suffered a further decline of a little more than 10 per cent during the year immediately last past in the general commodity-price level as shown on this chart. A year ago the index stood at 67.3; last week it was 60.4.

[Here the gavel fell.]

Mr. HOLADAY. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BURTNESS. It is easy to convert this chart into the real value of the dollar, for it is merely the converse of the price level. This has been done graphically in the second or lower chart that I have here, to which I now direct your attention.

The second chart is on a somewhat smaller scale, for it covers a longer period, the time from 1890 to 1932, but, of course, as already stated, is otherwise just the converse of the other. You get the whole terrible picture at a glance. No one who sees it can claim our dollar is stable in buying power.

Let me read to you what Professor Kemmerer, one of the leading American economists of world-wide reputation, said in a speech to the Stable Money Association in 1927.

Those who do not see the charts, but who may read this speech, will be able to visualize the general picture accurately from Professor Kemmerer's summary. Among other things, he said this:

> The world sooner or later must either learn how to stabilize the gold standard or devise some other monetary standard to take its place. There is probably no defect in the world's economic organization to-day more serious than the fact that we use as our unit of value not a thing with a fixed value, but a fixed weight of gold, with a widely varying value. In less than half a century here in the United States we have seen our yardstick of value, namely, the value of the gold dollar, exhibit the following gyrations: From 1879 to 1896 it rose 27 per cent; from 1896 to 1920 it fell 70 per cent; from 1920 to September, 1927, it rose 56 per cent. If, figuratively speaking, we say that the yardstick of value was 36 inches long in 1879, when the United States returned to the gold standard, then it was 46 inches long in 1896, 13½ inches long in 1920, and is 21 inches long to-day.

Remember the speech quoted from was made in 1927. If made this afternoon, he could well have added that since 1927 the monetary yardstick has increased 60 per cent and therefore to-day has a length of about 33 inches.

Now, how do I propose in my legislation to bring back the price level to what it was during that period which, since war times, we regard as a relatively normal base; that is, to the stage existing from 1921 to 1929, or the approximate average of that period?

First, and this is the primary principle involved in connection with the first step to be taken, I propose that we cut the amount of gold in the dollar sufficiently to bring that price level back.

I am rather definitely a qualitative theorist as to money. Since 1837 our dollar consists of 23.22 grains of gold. Putting it conversely, an ounce of gold can always be sold for $20.67. The first section of the bill provides for the revaluation of the dollar by reducing its weight slightly more than one-fourth. We have adopted the metric system in the bill, for that system is more practical in computing changes from time to time in the permanent stabilization feature which is the heart of the measure. The real purpose of the bill is expressed in this short clause comprising its title:

> A bill to raise the commodity price level to the debt-incurrence stage and to stabilize it thereafter.

If we cut the gold behind the dollar one-fourth, all economists agree that its buying power will be cut proportionately. That in turn means that the general commodity price level will promptly rise about 33⅓. If the weight is cut one-third, the price level will rise 50 per cent. I have failed to hear one single individual who is not anxious to see an immediate rise in the price level. All have hoped it would come. All admit that the present dollar is too dear. The surest way to decrease its buying power is to cut its gold content. In other words, I want to "reflate" to a normal base.

Some have urged direct inflation by increasing the number of units of money, and bills for that purpose are pending. If no change is made in the gold content of the dollar, I do not believe you can—by adding a few hundred million dollars to the amount of the currency in circulation—materially affect the price level.

After all, the real value of the dollar must remain the exchange value of the particular commodity, whatever it may be, in which the dollar is redeemable. There is no commodity better fitted as a redemption metal than gold. What I primarily desire is a recognition of the economic fact that even gold changes in value from time to time, depending upon its supply and demand, its wantedness, and other economic factors.

Another danger of so-called inflation if attempted without sound brakes and made under political pressure on the part of interested groups or to meet temporary political views is the fact that no one knows what the end will be. Can anyone to-day say just how much additional currency we need to bring back the price level to the 1926 level? Do we need five hundred million or several billion? If additional issues work, what about the demand for more and more? Of course, I do not think that additional money anchored to the present gold weight can increase the price level except temporarily. But suppose it does. The inflation of the war period was almost as harmful as the deflation since 1929.

If we start the printing presses and issue currency not redeemable in gold, such currency will of necessity depreciate as compared with our other money. We would again have two values for money circulating side by side, as we did following the Civil War. No person wants that to happen, but some extreme propositions now made in good faith would probably bring about that result.

A strong point in our plan is that there can be no increase in the price level above that aimed at. When we reach the desired stage it stays there. If there be a tendency to further increase, it is stopped automatically by simply adding whatever additional weight may be required to the dollar. In other words, the price of gold will become that much less. With a proper index of commodity price levels the whole plan becomes automatic. It is not subjected to any political influences; it would not involve any human discretion. As I stated in a speech in the House some years ago, it is as fair as an adding machine.

Another class of bills is before Congress, namely, that of giving a mandate to the Federal Reserve Board to conduct its operations in such a way as to bring prices back to the 1926 level and stabilize them thereafter. That in substance was the Goldsborough bill passed by the House last session, still pending in the Senate. I voted for it, not because I thought it could possibly bring about that result, but that it might do some good. I discussed its weakness at that time. In that connection I commend for your consideration a paragraph from a speech of the Hon. Andrew W. Mellon, then Secretary of the Treasury, made before the Chamber of Commerce at Charlotte, N. C., on January 19, 1928. I quote as follows:

> The work which the Federal reserve system is doing is along sound, constructive lines. But the greatest mistake would be to expect the impossible. It is not a panacea for all the financial and economic ills which may befall the country. Neither the Federal reserve system nor any other system can control prices. The most that system can do is to influence to a limited extent, from time to time, the total volume of credit and its cost. While credit





is one factor in influencing prices, it is neither the only factor nor the controlling one; and it would be asking the Federal reserve system to perform the impossible if it is to be charged with the responsibility for controlling prices merely because it can exercise a limited control over the amount of credit available.

As it is conceded by nearly everyone that the public interest demands an increase in the price level—a decrease in the buying power of the dollar—the practical question for our determination becomes only that of deciding upon the most practical method. I have tried to show you the weaknesses of some schemes proposed. My bill deals with the subject directly. I trust many of you have read the public statement given out by the Senator from Texas [Mr. CONNALLY] on January 19. Let me quote a paragraph from that statement on this particular feature of direct instead of indirect approach. After taking the position that the value of the dollar must be reduced so commodities can advance in price and restore normal business conditions, Senator CONNALLY said:

> Every plan for inflation has for its purpose the lowering of the dollar to increase commodity prices. Such action is indirect and may have the desired result or may not. The way to revalue the dollar is actually to revalue it. I propose that the amount of gold in a dollar be reduced by law. The Constitution of the United States provides that Congress shall have "the power to coin money and regulate the value thereof." This is a sovereign grant of power to Congress to regulate the value of money in relation to the prices of other commodities, and for the purpose of stabilizing such values. Under this power it is my contention that Congress may reduce the amount of gold in a dollar and make such cheaper dollar legal tender in the payment of all debts and make it the current money of the country.

Under permission to extend my remarks I will append all of Senator CONNALLY'S statement at the end of my speech, for it is a splendid summary showing the stern necessity of prompt action, and I am naturally pleased that he and I are in thorough accord as to the best method of approach.

Another convert in recent months to our method of attack is the powerful American Farm Bureau Federation. This is shown by the resolutions adopted at its annual convention on December 7 last, which convention was held in Chicago. I believe I betray no confidence when I say that several times during the period from 1923 or 1924 to 1929, I approached Mr. Chester Gray, the very able legislative representative of that organization, with a view of interesting him in the importance of stabilizing the buying power of the dollar. Mr. Gray recognized its importance, but always felt that the program of the federation was then so extensive as to make it impracticable to include another major problem.

Naturally, they were at that time more directly interested in what we might call general farm legislation, including credit legislation for agriculture. The result was that the farm bureau, like the general public, did not become earnestly interested until after the debacle of 1929. By 1931 its leaders recognized the tremendous importance of stopping the decline in price levels and getting them started up-grade. I believe they asked the President to appoint a commission to study the problem. The Farm Bureau Federation during that year appointed its own special committee, which held several sessions and did a lot of hard and important work. Our able colleague from Iowa [Mr. RAMSEYER] was a member of that committee, and representatives of the organization were active in hearings held by the Goldsborough subcommittee of the House Banking and Currency Committee last year.

At its annual meeting in 1931 it pointed out the need of an honest dollar. It did not, however, recommend a change in the price of gold or a change in the weight of the gold dollar. At that time a majority of its leaders seemed to think that the price level could be controlled by the Federal Reserve Board, and that a mandate to that board would accomplish results. It, therefore, threw its influence in favor of legislation along the lines of the Goldsborough, the Strong, and the Ramseyer bills.

Throughout all that time I contended strenuously that something more was needed. In other words, I have felt that Secretary Mellon was about right in his statement in the speech from which I have quoted that such a task would be impossible for the Federal Reserve Board to perform. Naturally I am pleased over the fact that the resolutions passed last December indicate that the federation is now definitely committed to my general view. In such resolutions the Farm Bureau Federation urged "that the price of gold shall be increased to $30 per ounce for fine gold, and that the redemption of all monetary units now in use in the United States shall be reduced to 16 grains to the dollar to conform thereto."

I have not time to quote the entire resolution, but under the leave granted to extend my remarks I shall also append the first one of the seventeen resolutions adopted, and which is given the appropriate heading of "Sound and Honest Money."

The other two large farm organizations, namely the National Grange and the Farmers Union, are also strongly urging legislation to obtain an "honest dollar." I do not mean to imply that either of them is as yet definitely committed to the general plan of my bill as is the farm bureau. The object desired to be obtained by them is, however, identical.

I have not time to refer to much splendid support that is coming from all sections of the country. Only a few days ago a rather conservative and a very able gentleman, Mr. Hammill, formerly Governor of the State of Iowa, published an article in the Des Moines Register, strongly approving our plan. The Iowa papers are now almost filled with favorable comment.

I feel justified in emphasizing over and over again that without such action as I am urging our country is confronted with two alternatives. One is continued liquidation, which would probably result in a complete change in the ownership of most of the property in the United States. Involved therein would be the scaling down of mortgages, bonds, and other evidences of indebtedness, including even bank deposits and life-insurance policies. Think of the difficulties that would be encountered not only by the Federal Government, but by States, school districts, and other municipal corporations in raising sufficient revenue under such a situation for the conduct of public business. The other alternative is a tremendous paper inflation to which the country would probably yield eventually. As large business interests realize this fact, surely they will have the good sense to see that the sensible method, call it a compromise if you wish, is that of reducing the value of the gold dollar so as to permit debts to be paid and to permit private business to survive, as well as make possible a continuance in an orderly way of the functions of our Federal, State, and local governments.

I know that some have derisively denominated movements of this kind as the establishment of a "rubber dollar." Can anyone truly say that a dollar consisting of 15 or 16 grains of gold will be a "rubber" one? From the charts that I have exhibited, will you not agree that our present monetary unit is the one that can be more appropriately called a "rubber dollar"? Surely, it has increased and decreased tremendously in its essential quality, buying power, during the last decades. Instead of asking for a "rubber dollar," I am demanding one which will be stable, one which will not fluctuate from time to time in its purchasing power. If adopted by appropriate legislation, the individual who owns tangible property and he who owns evidences of indebtedness payable in dollars will then soon recognize that the actual dollar value thereof does not change from month to month or year to year.

Some call attention to the fact that the price level has not appreciably increased in England since that country went off the fixed gold standard in 1931. Let me, however, call your attention to the fact that her price level has not declined since that time, but has advanced about 2 per cent. I presume we would call her present system a "managed currency." I do not know whether her leaders desired any particular increase in the price level. Obviously they wanted to prevent a further decline, and to that extent they have

been successful during the time that our price level has continued on a toboggan slide downward. As already pointed out, our price level has in the meantime decreased 15 per cent. As very pertinent to this observation, let me read a paragraph or two which appeared in Mr. Arthur Brisbane's column in one of the Washington papers recently. It is as follows:

This will really surprise "best financial minds." Reginald McKenna, chairman of the Midland Bank, biggest in Britain, advises England and America both to "inflate their currencies."

McKenna, great banker, whose views are taken seriously, says: "It is not the pound sterling, but gold that is unstable." The pound, he says, has remained stable, whereas the dollar has changed. That is truth, since the dollar is worth 60 cents more than it was in 1929, and is about sixty times harder to get.

Unless we are victims of the "money illusion," to which I adverted earlier in my remarks, we must admit that Mr. McKenna is right. The pound sterling has remained very nearly stable, while the American dollar has appreciated.

Mr. PATMAN. Will the gentleman yield?

Mr. BURTNESS. Yes.

Mr. PATMAN. What will you do with the paper money? Will the paper dollar be worth $2 or 50 cents?

Mr. BURTNESS. The bill provides that all outstanding money may be redeemed at the Treasury within a specified reasonable time, dollar for dollar, in Treasury notes of the new issue. Gold and silver dollars will also be converted; the present forms of currency, such as gold certificates and silver certificates, will no longer be used but will be redeemed at the Treasury in the new currency. A redemption fund is established consisting of both gold and silver. In that fund we give silver more liberal treatment than the present law. The exact percentage of gold and silver in that fund is a detail that I am not particular about. In general the new money will be redeemable in gold but not in any specific weight, but in whatever weight is prescribed at the time for the dollar. That weight under the permanent stabilization plan may vary slightly from time to time for it must be such weight as to keep the true value of the dollar the same.

Mr. PATMAN. Will the gentleman yield again?

Mr. BURTNESS. Yes.

Mr. PATMAN. What will the gentleman do with $124,000,000 of contracts payable in gold in a certain weight and fineness?

Mr. BURTNESS. I have no definite information as to the exact amount of such contracts in force. Of course, there are quite a number, and the gentleman's inquiry presents the most controversial question that arises when the bill is discussed. What is to be done about those contracts? The second paragraph in section 2 makes such a gold clause void as to the future. So far as obligations entered into since April 1, 1917, are concerned, we also provide that where the contract is made in money, it shall be satisfied by the payment of lawful money of the United States. Under the decision of the United States Supreme Court in the legal tender cases, and the reasoning of that court in those and other cases, though not entirely convinced, it is my honest opinion that such provision is constitutional. Even if held invalid as to such contracts, the makers thereof would be no worse off than at present, and, therefore, it is no argument against providing proper legislation for all others.

The exact cut of the dollar is a detail on which we might have some difference of opinion. Many people feel that the cut should be one-third, and that would be almost, but not quite, in proportion to the decline in prices since 1929. As stated already, I introduced my bill 14 months ago when I proposed a one-fourth cut. The additional decline since would in my judgment warrant the larger cut. Some people, however, feel that the cut ought not to be so great.

It becomes largely a question as to what consideration Congress feels should be given to debts contracted during the last three years. Illustrating again, if the cut be one-third, that would mean the present price level would increase 50 per cent, or rise on this chart to about 93. It would still be below July 1, 1929, when the index was 98. It becomes a proposition as to what figure would be for the best public interest—what will be for the best interest of most of the people involved with a proper regard for fairness to all classes. Remember, that anything you do is infinitely fairer than the present situation, where a man who borrowed money in 1919 must pay his debt in a dollar worth almost three times as much as it was when the debt was contracted. Nothing can be more manifestly unjust than the present arrangement is to all debtors who signed notes, mortgages, bonds, or other paper between 1917 and the latter part of 1929. We know too the harvest we are reaping—bankruptcies, loss of homes, unemployment, poor relief in every community, a tremendous tax burden, lower wages causing disputes right at the door of the Capitol, and many other economic and social ailments, including even an epidemic of suicides.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield.

Mr. BURTNESS. Yes.

Mr. FIESINGER. Does the gentleman believe in staying on the gold standard?

Mr. BURTNESS. Yes; I believe in staying on a gold standard, but not the fixed gold standard of to-day. I am not a flat-money man in any sense of the word. I believe it is absolutely essential that we have a monetary unit that is redeemable in something that is convenient, something of permanent and specific value, something that is wanted throughout the world; and gold serves the purpose of redemption as well as any other metal, if not better. I have no objection to the use of silver in part, but I do object to the use of either silver or gold at any arbitrarily fixed price. That price upsets the whole economic structure whenever the true value of the metal changes. Most Members of Congress are conservative and are opposed to arbitrary and general price fixing, and yet what have we done? In 1834 and again in 1837 Congress passed a law fixing the price of one particular commodity, gold. That price has stayed the same ever since 1837, despite of new discoveries of gold or reductions in the production thereof; and, of course, the result has been that while gold has fluctuated in real value, depending upon the supply of it and the demand for it and every other economic factor entering into its supply and demand, it has not changed in price; but such treatment of it has simply changed the price of every other commodity in the country. The general commodity-price level has fluctuated instead.

When it is suggested that silver should be included in our monetary system at an arbitrary ratio to gold, I submit to men who are behind the Wheeler bill and legislation of that type that to do so would simply be making the same kind of mistake with reference to silver as we have made with reference to gold, except that perhaps the situation would be somewhat worse, when we take a commodity now at a ratio of about 80 to 1 with gold and want to put it in at a value of 15 or 16 to 1. I have no objection to the use of silver at its actual market value in relation to other commodities, including gold. Its greater use in our monetary system would, of course, increase its general use; therefore its wantedness, and in turn its relative price.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. HOLADAY. Mr. Chairman, I yield the gentleman three minutes more.

Mr. FIESINGER. Mr. Chairman, will the gentleman yield?

Mr. BURTNESS. Yes; for a short question.

Mr. FIESINGER. It will take some time in order to get legislation of that kind through Congress.

Mr. BURTNESS. I know what the gentleman has in his mind without his finishing question. If the gentleman will read my bill, he will find that the Treasury is protected against redemption of currency while the bill is under consideration. The method is harsh, it is true, but we propose to protect the redemption fund against withdrawals while legislation is being considered by later taxing away the profits that would be made by those who would rush down to the Treasury and attempt to make profits through with-

drawals. That is set out more in detail in my speech of last April 14, to which I invite the attention of those interested. I can furnish reprints thereof. Because the bill is explained in that speech, section by section, I will not do so again to-day.

There are two or three sections in the bill (H. R. 21) which provide for the issuance of Treasury notes, their redemption and reissuance from time to time. The notes are to be placed in circulation by purchase of United States bonds; and, of course, notes will also be issued on the purchase of gold for the redemption fund. Treasury notes are always redeemable in gold at the then current mint rate, which is changed automatically, or in silver at its current market price. The general purpose is to synchronize issues in such a way as to meet the minimum demands of business. The Federal reserve system is retained, as now, to provide the necessary elasticity in furnishing credit to accommodate the needs of commerce.

Mr. HOGG of Indiana. Mr. Chairman, will the gentleman yield?

Mr. BURTNESS. Yes.

Mr. HOGG of Indiana. I would like the gentleman to explain how the operation of his bill, with which I am somewhat in sympathy, would increase the credit extended by banking institutions to their customers.

Mr. BURTNESS. The first thing that is needed to get people to do business in this country to-day, in my judgment, is to start an upward rise in the price level. The difficulty with the Glass-Steagall Act, the Reconstruction Finance Corporation act, and other acts of that sort is that they were all intended to provide additional credit; but until the people of the country have confidence that price levels will increase, the bankers will not avail themselves of such additional privileges, that is, they will not make loans to people who might desire to go into some new venture, because, unfortunately, both the banker and the business man do not now see any future in expanding present business or in starting a new one. We went through a rather useless performance here in increasing the amount of paper eligible for discount with the Federal Reserve Board when, as a matter of fact, there are millions of dollars of paper already eligible stored in many of the banks of the country, which are not now being used for rediscount purposes under prior laws. You start commodity prices going up and the girl in your office will be buying a new dress for fear that it will cost more later; orders will go from the retailer to the jobber and in turn to the factory; the person who wants to buy an additional piece of land to add to his holdings, but who still thinks that there may be a further deflation, will do so, and so on down the line. As this proceeds the necessary expansion of credit will be obtained from present agencies, more particularly through the Federal reserve system.

Inasmuch as I have referred to farm prices, let me say that this will do more than simply raise them 50 per cent to the farmer. Why do I say that? Our taxes, our interest, our transportation costs, and many other charges are fixed on the old standard of high levels. Increase the price of wheat at the terminals, Chicago or Minneapolis, by 50 per cent. What happens at the local elevator? The same increase takes place not in percentage but in cents. Assuming wheat is now 50 cents at the terminals, that means an increase of 25 cents on the farm as well as at the terminal, which means doubling the price on the farm under present conditions. The farmer to-day suffers from a system under which freight charges from the farm to his markets are based on the level existing several years ago. We want to bring the old relationship back, not by decreasing labor and transportation costs but by bringing the prices on farm products back to the former level.

The CHAIRMAN. The time of the gentleman from North Dakota has again expired.

Mr. PATMAN. Will the gentleman from Indiana yield the gentleman one minute more, so that I may ask him a question?

Mr. LUDLOW. Mr. Chairman, I yield the gentleman one minute.

Mr. PATMAN. The gentleman stated that he believes his proposal to be constitutional. He realizes, I know, that the Constitution of the United States is a grant of power. I would like the gentleman to state the particular section of the Constitution that grants him the right to impair the obligation of a contract.

Mr. BURTNESS. Section 10, Article I, of the Constitution provides that—

> No State shall * * * pass any * * * law impairing the obligation of contracts.

There is no such inhibition upon the Federal Government. Of course, we must remember that in dealing with monetary questions we are proceeding under a direct grant of power given to Congress in section 8 of the same article, "to coin money" and to "regulate the value thereof," an unlimited and a tremendous power in dealing with money or contracts made in terms of money. Our Supreme Court has upheld the right of Congress to impair contracts, and the latter provision of the Constitution has been considered and given a broad interpretation, as already indicated, by the court in the legal tender cases. [Applause.]

The CHAIRMAN. The time of the gentleman from North Dakota has again expired.

Mr. BURTNESS. Under leave to extend my remarks I submit herewith the splendid and illuminating public statement of Senator CONNALLY, which he handed to the press on January 19. Within a few days thereafter he discussed these same questions on the floor of the Senate and his speech may be found in the RECORD:

> The value of the gold dollar must be reduced. It has attained an unnatural and artificial value measured in the price of commodities and measured by the indebtedness of the people, States, counties, and subdivisions. The enhancement of the value of the dollar has been brought about largely by the action of governments. The placing of India on a gold standard cheapened silver and unduly enhanced the price of gold. When England went off the gold standard her currency was cheapened and the value of gold enhanced. The depreciated currencies of foreign countries has made the dollar dearer and has helped to ruin our foreign trade. Since all other values have dropped, this indicates that the drop in values is due to appreciation of the value of gold.
>
> Our people who owe debts contracted when wheat and cotton and other commodities were worth three times their present value can not pay their debts on the basis of the present value of the gold dollar. Unless the value of the dollar is decreased, home owners and farmers will lose their property by foreclosure, many insurance companies and mortgage companies will become insolvent, and almost universal bankruptcy may ensue because of the inability to discharge the indebtedness hanging over the people of the United States. The price of commodities is measured by the gold dollar as fixed by law. If the value of the dollar is reduced, the price of commodities will advance. If the American dollar is reduced, our foreign trade will revive. With the rise in commodity prices of wheat, cotton, and other commodities business will begin to improve. Through the reduced value of the dollar the ability of debtors to pay their debts will be measurably restored and normal activities will be resumed. It will also facilitate payment of taxes. Creditors will actually be benefited by a cheapened dollar. With present values, the creditor who forecloses is the loser. The property is worth less in his hands than in the hands of the debtor. Moreover, with the dollar properly revalued, creditors would receive as much as they loaned in actual value.
>
> Every plan for inflation has for its purpose the lowering of the dollar to increase commodity prices. Such action is indirect and may have the desired result or may not. The way to revalue the dollar is actually to revalue it. I propose that the amount of gold in a dollar be reduced by law. The Constitution of the United States provides that Congress shall have "the power to coin money and regulate the value thereof." This is a sovereign grant of power to Congress to regulate the value of money in relation to the prices of other commodities, and for the purpose of stabilizing such values. Under this power it is my contention that Congress may reduce the amount of gold in a dollar and make such cheaper dollar legal tender in the payment of all debts and make it the current money of the country.
>
> It may be said that such a course is drastic action. The country is faced by a critical situation. The welfare of the whole people must be paramount. In such an emergency the Government is authorized to exert its sovereign power to restore values and to prevent wholesale bankruptcy. Heretofore in the history of the United States the gold content of the dollar was changed by law. It is unjust and unfair that the $5,000,000,000 of gold in the United States, through its artificial enhancement, through the action of Government, and through its hoarding, should de-

stroy many billions of values and property in the hands of citizens throughout the United States. This result can be prevented by the revaluation of the dollar and the restoration of the fair balance between it and commodities and debts.

Adjustments of salaries and wages will, of course, automatically follow, and they will also have the benefit of great relief in the general revival of business, which will reduce unemployment and make workers more prosperous.

Dr. G. F. Warren, professor of agricultural economics at Cornell University, has rendered yeoman service in this cause. Extracts from his treatise were inserted in the CONGRESSIONAL RECORD by Senator THOMAS of Oklahoma and can be found beginning with page 3263. It deserves your careful study. Let me insert here three short paragraphs under the heading "The Compensated Dollar":

THE COMPENSATED DOLLAR

The compensated dollar is a proposal to establish by law a currency redeemable in gold, but the weight of gold for which the dollar would exchange would vary with the index number of wholesale prices of all commodities, that is, if prices rose 1 per cent, the weight of gold for which the dollar would exchange would rise 1 per cent. If prices fell 1 per cent, the dollar would exchange for 1 per cent less gold. The gold would be kept in bars in the Treasury and central banks. This would keep the dollar stable in buying power for the average of all commodities.

The dollar has to be "rubber" either as to weight or as to value. It can not have a fixed weight and also have a fixed value. This proposal would give it a fixed value and a "rubber" weight. It raises the fundamental question as to whether a medium of exchange should be fixed in weight or fixed in value.

A scientific money is one with a constant buying power for all commodities rather than a fixed weight of one commodity. Our whole tax and debt structure rests on commodity prices. If this structure is to be kept sound either for the creditor or the debtor, it is commodity prices that need to be kept stable, not the weight of gold for which a dollar will exchange.

Unless Congress performs its constitutional duty and regulates the value of money in the meantime, the next presidential campaign may well be fought out on the issue of monetary reform. It is not a question which should be settled through popular prejudice or passion but only by the application of close study and sound methods. Congress has the necessary ability and power to provide a solution if it will devote itself seriously to the task.

The text of the resolution on money passed by the delegates of the American Farm Bureau Federation at the annual convention held in Chicago on December 7, 1932, is in part as follows:

SOUND AND HONEST MONEY

We reaffirm our position upon the money question taken at the 1931 annual meeting. The Glass-Steagall bill liberating the rediscount privileges of the Federal reserve system, made it possible only to relieve the strain on the banks, but failed utterly to stay the trend of falling commodity prices.

The consensus of opinion of those in charge of the administration of the Federal reserve system in opposing the Goldsborough bill mandating the Federal reserve system through open market operations to raise the price level of commodities, to the level of 1926, and to maintain them at that point, was that the Congress was requiring the Federal reserve bank to perform the impossible thereby admitting the inability of that system through currency and credit effectively to raise and stabilize commodity prices.

Since that time commodity prices have continually fallen and conditions have now become so acute that unless arbitrary and effective measures are taken to reduce the purchasing power of the dollar to a point where commodity prices are restored to the level where major portions of long-term public and private debts were contracted, greater disaster and distress are sure to come upon our people.

Unimpeachable statistical evidence from both English and American sources shows beyond doubt that the purchasing power of the monetary units, which are based upon gold in all countries that are on the gold basis, followed directly in line with the gold production of the world. For nearly 100 years there has been but very slight variation and that, at times of upheaval due to war.

These facts clearly indicate that the unit of gold containing a definite amount fluctuates greatly in actual value, and, therefore, in its purchasing power. We, therefore, urge that the act of 1834 be immediately amended so that the price of gold shall be increased to $30 per ounce for fine gold and that the redemption of all monetary units now in use in the United States shall be reduced to 16 grains to the dollar to conform thereto; that all the gold coinage immediately cease; that all existing American gold coins shall be reclaimed by the Treasury Department and converted into bars of convenient size and weight to be used for redemption and exchange purposes; that the index figure of the average commodity prices prevailing from 1920 to 1929 shall be adopted as the base for calculation at 100; and that it shall be the policy of the United States to establish and maintain the commodity-price level at that point as near as is humanly possible.

In order to accomplish these results, we recommend that there be established within the Treasury Department a stabilization bureau absolutely free from any bank or other influences. The bureau shall use index figures of commodity prices as computed by the Bureau of Statistics of the Department of Labor, and upon the base of 100 shall advance or lower the price of gold so the price level shall be maintained to within 5 per cent of the index base. Whenever such change in the price of gold is made, it shall be strictly in accordance with such provisions. It shall be the further duty of the director of the bureau upon such determination to broadcast through all channels the market price of gold thus fixed and state the redemption value of the dollar in grains of gold.

We believe the above method is the only way to perpetuate the gold standard.

With a view of giving those interested a clearer picture of the information furnished by the Bureau of Labor Statistics, I include herewith a copy of the latest weekly bulletin. In addition to the weekly changes in the general commodity-price level, it also shows the price index for various classifications of commodities which in turn make up the whole. Note, for instance, how farm commodities have suffered more from price declines than any other group.

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C.

WHOLESALE PRICES FOR WEEK ENDING JANUARY 28, 1933

The Bureau of Labor Statistics of the United States Department of Labor announces that its index number of wholesale prices for the week ending January 28 stands at 60.4, as compared with 61.2 for the week ending January 21, showing a decrease of approximately 1¼ per cent. These index numbers are derived from price quotations of 784 commodities, weighted according to the importance of each commodity, and based on average prices for the year 1926 as 100.

The accompanying statement shows the index numbers of groups of commodities for the weeks ending December 31, 1932, and January 7, 14, 21, and 28, 1933.

Index numbers of wholesale prices for weeks of December 31, 1932, and January 7, 14, 21, and 28, 1933

(1926=100)

	Week ending—				
	Dec. 31	Jan. 7	Jan. 14	Jan. 21	Jan. 28
All commodities	62.2	61.9	62.0	61.2	60.4
Farm products	43.7	43.8	45.2	43.0	41.3
Foods	57.9	58.1	58.2	56.0	54.1
Hides and leather products	69.1	68.9	69.2	69.0	68.6
Textile products	52.5	52.7	52.3	51.9	51.8
Fuel and lighting	69.0	68.1	67.8	67.6	65.2
Metals and metal products	79.3	79.1	79.0	78.2	78.2
Building materials	70.8	70.7	70.6	70.3	70.2
Chemicals and drugs	72.2	72.0	72.1	71.9	71.9
House furnishing goods	73.5	73.3	73.3	72.8	72.8
Miscellaneous	63.1	61.4	61.5	60.8	60.8

By way of fortification of my answer to the gentleman from Texas [Mr. PATMAN] with reference to the so-called gold clause "of current weight and fineness" in some bonds and mortgages, I submit a few authorities to which many more could be added.

In the famous and fundamental case of McCulloch *v.* Maryland (4 Wheat. 316) Chief Justice Marshall said:

The Government of the Union, though limited in its powers, is supreme within its sphere of action; * * * its laws, when made in pursuance of the Constitution, form the supreme law of the land. * * * Among the enumerated powers of government, we find the great powers to lay and collect taxes, to borrow money, to regulate commerce, to declare and conduct a war, and to raise and support armies and navies. The sword and the purse, all the external relations, and no inconsiderable portion of the industry of the Nation are intrusted to its Government. (4 Wheat. 405, 406, 407.)

I quote further from the opinion in that case:

We admit, as all must admit, that the powers of the Government are limited, and that its limits are not to be transcended. But we think the sound construction of the Constitution must allow to the National Legislature that discretion, with respect to the means by which the powers it confers are to be carried into execution, which will enable that body to perform the high duties assigned to it in the manner most beneficial to the people. Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly

adapted to that end, which are not prohibited, but consist with the letter and spirit of the Constitution, are constitutional. (4 Wheat. 421.)

From the Legal Tender cases (110 U. S. 421) I quote the following extracts from the opinion of Mr. Justice Gray:

The power of making the notes of the United States a legal tender in payment of private debts being included in the power to borrow money and to provide a national currency is not defeated or restricted by the fact that its exercise may affect the value of private contracts. If upon a just and fair interpretation of the whole Constitution a particular power or authority appears to be vested in Congress, it is no constitutional objection to its existence or to its exercise that the property or the contracts of individuals may be incidentally affected. The decisions of this court already cited afford several examples of this. * * *

So, under the power to coin money and to regulate its value, Congress may (as it did with regard to gold by the act of June 28, 1834, ch. 95, and with regard to silver by the act of February 28, 1878, ch. 20) issue coins of the same denominations as those already current by law, but of less intrinsic value than those by reason of containing a less weight of the precious metals, and thereby enable debtors to discharge their debts by the payment of coins of the less real value (110 U. S. 448, 449).

That the majority opinion of the court in the Legal Tender cases went so far as to uphold Congress in "the power to alter the condition of contracts between private parties and authorize their payment or discharge in something different from that which the parties stipulated" is plainly shown by the dissenting opinion of Mr. Justice Field (110 U. S. 451).

The Federal Government is not specifically included within the constitutional prohibition which prevents the States from enacting legislation impairing the obligation of contracts. In the case of Mitchell *v.* Clark (110 U. S. 633) Mr. Justice Miller, speaking for the court, says:

It is no answer to this to say that it interferes with the validity of contracts, for no provision of the Constitution prohibits Congress from doing this, as it does the States; and where the question of the power of Congress arises, as in the Legal Tender cases and in bankruptcy cases, it does not depend upon the incidental effect of its exercise on contracts but on the existence of the power itself. (110 U. S. 643.)

In one of the earlier Legal Tender cases (79 U. S. 457) the opinion of the court included the following extracts:

We come next to the argument much used, and, indeed, the main reliance of those who assert the unconstitutionality of the legal tender acts. It is that they are prohibited by the spirit of the Constitution, because they indirectly impair the obligation of contracts. The argument, of course, relates only to those contracts which were made before February, 1862, when the first act was passed, and it has no bearing upon the question whether the acts are valid when applied to contracts made after their passage. The argument assumes two things—first, that the acts do in effect impair the obligation of contracts; and, second, that Congress is prohibited from taking any action which may indirectly have that effect. Neither of these assumptions can be accepted.

* * * * * * *

Nor can it be truly asserted that Congress may not by its action indirectly impair the obligation of contracts if by the expression be meant rendering contracts fruitless or partially fruitless. Directly it may, confessedly, by passing a bankrupt act, embracing past as well as future transactions. This is obliterating contracts entirely. So it may relieve parties from their apparent obligations indirectly in a multitude of ways. It may declare war, or, even in peace, pass nonintercourse acts, or direct an embargo. All such measures may, and must operate seriously upon existing contracts, and may not merely hinder, but relieve the parties to such contracts entirely from performance. It is, then, clear that the powers of Congress may be exerted, though the effect of such exertion may be in one case to annul and in other cases to impair the obligation of contracts. And it is no sufficient answer to this to say it is true only when the powers exerted were expressly granted. There is no ground for any such distinction. It has no warrant in the Constitution or in any of the decisions of this court. (79 U. S. 547, 548, 549, 550.)

Naturally there is no decision directly holding that Congress has the constitutional power to abrogate the "current weight and fineness" clause used in some bonds, for no such attempt has been made. The practice to include such clause arose subsequent to the Legal Tender cases.

There are, however, analogous decisions to aid us in reaching our conclusion. For instance, the Constitution gives to Congress the power to regulate interstate commerce. In exercising that power it has often impaired the obligations of existing contracts, including even charters entered into between States and transportation corporations. The following is from the opinion of Mr. Chief Justice Taft in the case of State of New York et al. *v.* United States, Clark, et al. (257 U. S. 591):

The next objection is that the State has a charter contract with the New York Central Railroad Co. by which the latter is bound not to charge more than 2 cents a mile for passenger carriage between Albany and Buffalo, and that, if the transportation act permits the Interstate Commerce Commission by such an order to enable the railroad company to violate its contract, it impairs the obligation of a contract in violation of section 10, Article I, of the Federal Constitution. That section provides that "no State shall * * * pass any * * * law impairing the obligation of contracts," and does not in terms restrict Congress or the United States. But it is said that it deprives New York and her people of property without due process of law. We said in Addyston Pipe & Steel Co. *v.* United States (175 U. S. 211, 230): "Anything which directly obstructs and thus regulates that commerce which is carried on among the States, whether it is State legislation or private contracts between individuals or corporations, should be subject to the power of Congress in the regulation of that commerce." Louisville & Nashville Railroad Co. *v.* Mottley (219 U. S. 467). See also Scranton *v.* Wheeler (179 U. S. 141, 162, 163); Union Bridge Co. *v.* United States (204 U. S. 364, 400; 257 U. S. 600, 601).

The direct grant of power given Congress to "regulate commerce with foreign nations and among the several States" is surely no broader in principle or purpose than the grant to "coin money and regulate the value thereof." All parties to contracts are legally bound to know that Congress may in the future exercise its authority to enact legislation that may affect or even impair the obligations thereof.

That the members of the Constitutional Convention did not intend to prohibit the discretion of Congress to enact legislation in the public interest, even though it might impair the obligations of contracts, seems clearly shown by the careful arrangement of the sections and articles of the Constitution itself. Section 8 of Article I sets out in detail the powers of Congress. Among them are the grants hereinbefore referred to. Section 9 of the same article sets out eight specific inhibitions upon the power of Congress and section 10 about the same number of inhibitions upon the respective States.

Included in section 10 is a specific provision that "no State shall * * * pass any bill of attainder, ex post facto law." In section 9 we have a similar limitation on Congress in the language "no bill of attainder or ex post facto law shall be passed." Nothing is left to speculation in that regard. Section 10, dealing with States, says, "No State shall * * * pass any * * * law impairing the obligation of contracts." No similar language can be found in section 9, the section specifically limiting the powers of Congress. This is most significant and indicates very definitely to me that it was not the intention that Congress in its discretion, acting under the express and implied powers granted to it, should be prevented from passing laws impairing the obligation of contracts. In other words, that inhibition, in my opinion, applies only to States.

In closing, I feel justified to quote the last two paragraphs of my speech of April 14, 1932:

I confidently submit H. R. 21 as well-thought-out legislation, based upon sound economics for immediate enactment. Its passage would permit debtors to retire their indebtedness, would safeguard the securities held by creditors, including all financial institutions, would greatly minimize the age-old struggle between capital and labor by doing away with changes in the cost of living, would reduce the hazard of all business enterprises by taking out the gamble involved in fluctuating general price levels—fluctuations in the value of gold, would remove the key log in the jam blocking restoration of prosperity, would end the tremendous losses incurred by creditor and debtor classes in the past whenever the price level has increased or decreased, and would greatly minimize, if not absolutely prevent, recurring depressions in the future.

These and many more will be the good results of any legislation permanently providing a monetary unit constant and stable in buying power. Congress and the country are confronted with no task of as transcending importance as that of providing at once, and for all time to come, an "honest dollar."

Mr. LUDLOW. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Chairman and gentlemen of the committee, the question before the House is, When is a

budget not a budget? On the 17th of last month this House was regaled with a message from the President of the United States stating that the House paid no attention to his economy program and that the House in the bills so far passed and reported by the Committee on Appropriations has exceeded his estimates by $163,000,000.

Upon that occasion he gave a statement to the newspapers to the same effect.

I hold in my hand another statement given out at a later date, in which he said that the annual appropriation bills already reported to the House would be an increase of $163,000,000 over and above the President's Budget recommendations.

On the other hand, the bills that have been reported and passed by the House show a decrease in the estimates contained in the President's Budget of $54,000,000. That brings up the question, What is the Budget, or which is the Budget?

I would not have paid much attention to this propaganda if it had not been for the fact that a Member of this House, a member of the Committee on Appropriations, a gentleman who had served on that committee for over 15 years, and who had been chairman of that committee for 3 years, had not taken up the subject, agreed with the President, and castigated the House and the Committee on Appropriations for not paying attention to the program contained in the President's Budget. Let me review the gentleman's remarks. I refer to the gentleman from Indiana [Mr. WOOD]. I advised him I intended to reply to his speech, but unfortunately the gentleman is not upon the floor of the House at this time.

The gentleman said:

> There is nothing in the bills reported by us to the House presented here that shows anything whatever with reference to permanent appropriations. There is nothing in the bill that shows anything whatever with reference to nonrecurring items. I think that either the bill or the report should show the permanent appropriations.

Now, this gentleman has been a member of the Committee on Appropriations for over 15 years. He has been chairman for three years. If the great reform he suggested was commendable and worth while, why did he not inaugurate it when he was chairman of the committee and had a majority of his party on the committee and in the House for three years? However, the gentleman has forgotten. He is mistaken, because every report of every subcommittee contains a complete list of the permanent appropriations. I make this statement to correct the gentleman's record and the record of the Appropriations Committee.

The gentleman from Indiana, in discussing the Budget, said:

> Had the gentleman read that message in its entirety, accusing us of not paying any attention to the Budget and overriding the Budget, he would have seen what the President was complaining about was that we did not stop at the maximum, that we did not adhere to the maximum, but we paid no attention to economy recommendations.

Now, what is the Budget? What is the Budget submitted to this Congress, and the amount thereof? I am going to read the Budget law:

> The President shall transmit to Congress on the first day of each regular session the Budget, which shall set forth in summary and in detail, (a) estimated expenditures and appropriations necessary, (b) his estimates of receipts to the Government during the ensuing fiscal year (1) under laws existing at the time the Budget was transmitted and also (2) under revenue proposals, if any.

The Budget law further provides that if his estimates exceed the estimated revenue for that coming year, together with the amount available in the Treasury to pay those appropriations, then he shall recommend to the Congress some means of raising the money to balance the Budget for that fiscal year.

Section 204 of the Budget Act reads:

> Except as otherwise provided in this act, the contents, order, and arrangement of estimates of appropriations and statement of expenditures and estimated expenditures contained in the Budget or transmitted under section 203, and notes summarized therein, shall conform to the requirements of existing law.

In other words, if the President makes a Budget and transmits it to Congress, he must make those estimates under the requirements of existing law.

Mr. BOYLAN. And not "phantom laws"?

Mr. BUCHANAN. No; not phantom laws or changes of laws that he may have in his imagination. In other words, remember, his estimates submitted to Congress under the Budget law must be based on existing laws and existing authorizations.

Now, understanding the law creating the Budget system, what do we have here? Here is the Budget estimate. We have, first, the column which is the regular Budget, showing the total estimates $4,403,178,032. That is the real estimate. That is his Budget. Why? Because it is followed in the body of the Budget by a detailed statement of every appropriation allotting that exact amount to the different departments, the different bureaus and the different subbureaus or organizations in that department. Four billion four hundred and three million one hundred and seventy-eight thousand dollars. That is the Budget. Do you see this document? That happens to be the appropriation bill for the Department of Agriculture, printed by the subcommittee of the Committee on Appropriations dealing with agriculture. A similar document to that is printed for every subcommittee of the Committee on Appropriations. It contains figures as contained in this first column of the Budget, allocating that amount throughout each department in this bill—$4,403,178,000. Can there be any question but what that is the Budget? We have reduced that Budget $56,000,000 or $57,000,000, and yet the President sends a message to Congress that we have increased his Budget $163,000,000.

Mr. FIESINGER. Will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. FIESINGER. Are not the words or the phrase "balance the Budget" rather a misnomer? Do we not mean by that to balance the expenses with income?

Mr. BUCHANAN. We mean by that, that for the appropriations we make we must provide the revenue to meet them. That is what the law says.

Mr. FIESINGER. It is really a balancing of the appropriations rather than balancing the Budget the gentleman has spoken about.

Mr. BUCHANAN. I mean to balance the Budget for that year, to balance the appropriations; but the law says that when he sends his estimates in his Budget, if those estimates exceed the revenue, then he must advise the Congress of some way to raise that revenue in order to make the receipts practically the same amount as the expenditures.

Mr. FIESINGER. We are not trying to balance the Budget the President submits. As I understand, we have been going lower than the Budget estimate in these appropriations.

Mr. BUCHANAN. All the time. Let me tell something that happened in the last session of this Congress. We decreased the estimates contained in the present Budget $185,000,000. In this session of Congress so far we have decreased the estimate of the President as contained in the Budget over $56,000,000, making for this Congress a decrease in the President's estimate of what he requested Congress to appropriate of over a quarter of a billion dollars, yet he says we have increased his Budget this session.

Now, let us see upon what he bases that. Here is the second column, and he calls it—

> Fiscal year 1934 estimates as modified by additional recommendations in the Budget's message.

In other words, he sends his Budget, as set forth in column 1, amounting to $4,403,000,000, and then sends a Budget message to modify the Budget. What is that Budget message?

> I recommend to Congress that they decrease the compensation to Government employees an additional 11 per cent.

Mind you, the salaries of Government employees are fixed by law and it takes legislative action to decrease them.

> I further recommend that you take $127,000,000 off the compensation due veterans of the World War.

Recommendations to Congress for legislation to reduce the governmental expenses by those two items; yet he claims that is his Budget!

There is no such thing as two budgets. There is no such thing as an alternate budget, because the law prohibits it.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. BOYLAN. We were confronted this year, then, by a real Budget and by a phantom budget, were we not?

Mr. BUCHANAN. Oh, it is not even a phantom budget. It is not a ghost budget. It has no resemblance to a budget.

Mr. BOYLAN. But our work was based on his Budget estimate and not on the ghost budget.

Mr. BUCHANAN. Well, he has not even got a ghost to base it on. Let me speak frankly. This regular Budget I have been discussing was made up and sent to the printer and the most of it set in type before this phantom budget, miracle budget, or ghost budget was ever conceived.

Mr. SHALLENBERGER. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. SHALLENBERGER. I am very much interested in this point. Is it a fact the Budget recommends appropriations to carry out laws already in effect?

Mr. BUCHANAN. Absolutely.

Mr. SHALLENBERGER. Yet the savings he recommends can not be carried out without the change of existing laws, which the Committee on Appropriations have no power to do.

Mr. BUCHANAN. That is absolutely correct. There is no way the Committee on Appropriations could have done it; it requires legislation, and comes under the constitutional requirement that the President shall advise the Congress of the state of the Union.

Mr. SHALLENBERGER. That is the reason the gentleman said it is not a Budget at all, but merely a recommendation.

Mr. BUCHANAN. Absolutely, a recommendation to be classed with any other recommendation he might make for legislative action.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. OLIVER of Alabama. In connection with the very interesting statement the gentleman is making, attention should also be called to what we find in reference to the President's Budget recommendations as to appropriations for the Navy Department. Since 1930 the President has refused to permit the Wage Scale Board to meet. Last year the economy bill carried a provision to this effect. However, the President in submitting what has been termed his ghost estimate for the Navy in the last days of November undertakes to cut the pay of all laborers in navy yards 30 per cent. In other words, he suggested that during 1934 they should be cut 38⅓ per cent, based on an assumption that in 1934 the Wage Board would be allowed to meet, which he had denied them in past years, and that when they met they should find that the disparity between the amounts paid in navy yards and on the outside was 30 per cent, and on such assumption he bases his estimate.

Mr. BUCHANAN. That is correct. Now, let me call attention to something else. The gentleman from Indiana [Mr. WOOD] said, as did the President, that we have increased the President's Budget $136,000,000 plus. I quote Mr. WOOD's language:

> This occurred in very many different ways. It has occurred by reason of the appropriations being made that might have been deferred. It has also occurred by reason of deferred appropriations that should have been made, which simply postponed the evil day. These, if you please, together aggregate $136,000,000 in the bills already provided for.

Some more legerdemain! In other words, $163,000,000 in excess of the Budget has been caused by making some appropriations we ought not to have made, and by refusing to make other appropriations we should have made. In other words, if we make an appropriation of $100,000 that we should not make and refuse to make an appropriation of $100,000 we should have made, the sum total must be $200,000, according to Mr. WOOD, when, as a matter of fact, the sum total would be a zero, with the mark rubbed out. Why, as Mr. WOOD said, $38,000,000 of actual reductions we are making is merely a paper reduction, merely postponing to the future Congress the necessity of appropriating the money in a deficiency bill.

Have you forgotten, have the gentlemen on the Republican side of the House forgotten, when we were reducing the President's estimates in the last session of Congress $185,000,000, that the gentleman from Nebraska [Mr. SIMMONS] got up and complained that such were paper reductions, were merely postponing a necessary appropriation for political effect as we approached the elections; and he predicted that the deficiency bill this year would be one of the greatest in the recent history of this Congress.

We reduced the appropriations under the Budget estimates in the last Congress $185,000,000. This Congress has met; the first deficiency bill has been submitted, acted upon, and passed, and how much do you reckon it carried? Four million dollars. This is one of the smallest deficiency bills ever enacted in the recent history of this Government, and not a single item of our $185,000,000 reduction was included therein. This was a prophecy.

Now another prophet has arisen, Mr. WOOD of Indiana. He says that we will have to make at the next session of Congress these appropriations that we decreased. He criticizes us for not making appropriations and then criticizes us for making appropriations. He blows hot and cold out of the same mouth, almost the same breath, and the Good Book says, "Spew him out."

And let me refer to a few figures. Take the agricultural bill. Mr. WOOD says the total Budget estimate is $115,883,000. In fact, it is one hundred and eighteen million and some odd dollars. He said we increased this bill $2,931,000 above the Budget estimate, when, as a matter of fact, we decreased it $7,883,000 below the Budget estimate.

Take the Interior Department bill. He says we increased the Interior Department bill $1,506,000 above the Budget estimate, when, as a matter of fact, we decreased it $2,917,000. And so on down the line. I could read you more figures. It is unnecessary. Our deductions under the Budget aggregate $54,000,000 in the bills already passed.

There is a decrease of $38,000,000 in the specific items of the President's Budget estimates that Mr. WOOD says are merely paper savings; that is, they are merely deferred to another session of Congress.

Mr. WOOD is a good man. I have served on the Appropriations Committee for many years. Mr. WOOD, if let alone, is a real economist, believes in economy, acts for economy, and when he was chairman of that committee he voted for economy. I will say that much for him. But he has been imposed upon by a set of figures which he placed in the RECORD on February 1 undertaking to show that certain reductions made by the Appropriations Committee under the Budget estimate are not real savings, but merely postponements. He is too old a man to take these statements seriously, as he appears to take them. Were he chairman, instead of playing the rôle of critic for a once distinguished but now extinguished President, he would pay no attention to such statements.

Mind you, when I told you the last session of Congress we reduced the estimates $185,000,000, I was not including in that figure economies obtained by the economy act. That is $150,000,000 more, or making for the last session of Congress a total reduction of $400,000,000.

I am going to review just a few of these cuts that the Appropriations Committee made and the House confirmed that Mr. WOOD says are merely postponing the day of reckoning and will have to be made in the next Congress. The list contains an item $13,000,000 reduction in the estimate of payment for tax refunds. Mr. WOOD says that in the next session of Congress in a deficiency bill we have got to make that appropriation.

Now, let us see what the facts are. The President asked for $68,000,000, and the House allowed $55,000,000 expenditures for this purpose in the first four months of the present year, totaling $18,000,000, and at that rate it would equal $54,000,000 for the year, and the committee allowed $55,000,000.

In other words, we allow them for the next fiscal year the same rate of expenditure that they needed and are expending for this fiscal year, and yet Mr. WOOD says that this is an appropriation that will have to be made at the next session of Congress and we are making a mere paper saving. I may remind you that Mr. WOOD is a member of this committee, and sat on the committee, and we heard no such statement from him at that time or at any other time in the consideration of this bill in the committee until he was furnished with these mythical figures by the miracle President in a phantom budget.

Included in the cuts criticized by the gentleman from Indiana is one of $200,000 for enlarging public buildings, and he says that there will be appropriations later for this same purpose. How does he know? The buildings may not need to be enlarged, or, if they need enlargement, it may be they can wait until the country emerges from this depression; and yet Mr. WOOD of Indiana, the spokesman of the President on this floor, criticizes us when he says we exceed the Budget and then condemns us for not making such appropriations. I know he did not read the great list of figures furnished him by the Budget or the President or probably by both, and the statement is simply based on a deceptive program to mislead the people and to deceive them.

Let me tell you something else, and this is serious: I do not think any man occupying a high station of honor, trust, and confidence in our Government should join the corps of calamity howlers who are undermining the confidence of the American people in their Government. Public sentiment is a dangerous thing, not only to individuals in their respective communities and not only to cities, towns, and counties, but is dangerous to the Nation itself.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. BUCHANAN. So we have a peculiar situation in our country to-day when the man occupying the highest station in the gift of the people has joined the calamity howlers in certain sections of our country who are trying to undermine the confidence of the people in their own Congress and in their own Government.

I may say, and this may be unkind, that the confidence of the people in the President himself has already been evidenced. His is one branch of the Government about which the people have spoken, and now he is undertaking to undermine their confidence in another branch of the Government, when you know that we, by effort of head, hand, and heart, are striving to reduce appropriations and making substantial progress.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. BUCHANAN. Yes.

Mr. OLIVER of Alabama. The gentleman has shown how inaccurate, unfair, and misleading are these public statements by the President. I wish to call the gentleman's attention to the last statement, which is even more unfair and misleading than others, because he coupled the appropriations which the House recently approved for the Departments of Justice, State, Commerce, and Labor with that for the Veterans' Bureau, the savings in the Veterans' Bureau being predicated, as you state, on legislation not yet considered, when the President should have known and the Bureau of the Budget did know that the appropriations which this House approved last week for these four departments were $2,000,000 under what they would have been had all legislation recommended by the President passed the House. The appropriations for these four departments is coupled with that for the Veterans' Bureau, when standing alone they would show a saving of $2,000,000, even under these "phantom estimates" of the President, and $5,700,000 under his Budget estimates.

Mr. BUCHANAN. Absolutely.

Mr. Chairman, I have only a little time remaining, and I am going to refer to Mr. WOOD of Indiana and quote from his speech, where he says that he believes in a balanced Budget. I join him in this belief. I believe the Congress of the United States by all means, as a primary necessity for national prosperity, should maintain the credit of our great Nation, because unless the Nation has this credit the individuals who compose the Nation will not have confidence in it.

I am not going to discuss means of balancing the Budget; but here is what Mr. WOOD states in conclusion, after discussing the question of balancing the Budget:

> If this is not done by this Congress, I fear it will not be done by the next one. God alone knows what that Congress will do. We can only hope for the best.

I wonder if the influence in Mr. WOOD's mind that caused him to make this statement is the fact that the next Congress is Democratic. Whether this may be true or not, I will tell Mr. WOOD one thing that the next Congress will do. They will put this Government upon a real economical basis and quit squandering the money of the people. This is one thing they will do, and, probably, the first thing they will do.

The second thing they will undertake, and I believe will accomplish, is an international agreement to remove the barriers that have obstructed and destroyed our commerce with the other nations of the earth.

Another thing I believe they will do is to refinance the farm mortgages of this country and instill hope in the hearts of the millions who till the soil. [Applause.]

[Here the gavel fell.]

Mr. HOLADAY. Mr. Chairman, I yield 40 minutes to the gentleman from Massachusetts [Mr. TINKHAM].

Mr. TINKHAM. Mr. Chairman, the time has come to handle without gloves those who would denationalize the United States.

The time is here to unmask those disloyal and seditious organizations and individuals who are attempting to destroy the independence of the United States, to subvert her national integrity, and to involve her in advance in the next European war.

The time is here fully to disclose to the American people the iniquitous intrigue against the public safety and the sovereignty of the United States.

One of the fundamental policies of the United States in relation to her foreign affairs was to refrain from interference or participation in the political affairs of Europe.

In 1917 the United States entered the World War in violation of this fundamental policy. It is clear that the present economic prostration of the United States, her increasing social disorders, and the menacing challenges to her institutions are due in large part to the abandonment of this traditional and salutary policy.

The activities in the United States of the agents and sympathizers of the European belligerents and of American international banking and business interests had much to do with promoting the public opinion which in 1917 hurled us into the European cataclysm and thereby precipitated our present ruin.

These activities were accompanied by a vast expenditure of money and the dissemination of unlimited propaganda. These same methods are now being employed by those disloyal and seditious organizations and persons who would denationalize the United States and involve her forever in the affairs of Europe, a continent of political instability, militaristic policies, and financial irresponsibility.

The manipulation of public opinion by high-cost organized propaganda from sources which do not represent the general public will has become the poisoned cup from which the American Republic will perish.

The ballot in the United States has become a negligible factor in expressing public opinion and in influencing national legislation and party platforms.

In 1916 the American people voted against entry into the European war. Early in 1917 the United States entered the war.

Since 1920 the American people have voted repeatedly against political interference or participation in the political affairs of Europe. They have again and again expressed themselves decisively as opposed to political internationalism. Notwithstanding, they have seen party platforms and elected and appointed American officials repeatedly nullify their expressed will. This has occurred because the public opinion which writes party platforms and influences Government officials is subtly manipulated by high-cost propaganda, emanating from disloyal, seditious, and alien-minded sources, and from sources of self-interest and personal gain.

The subtle and high-cost propaganda which initiates Federal legislation and directs American policies is the invisible Government of to-day. It is cynically agreed in Washington that cost alone limits the delivery of public opinion in any direction upon any issue.

It is the preeminent duty of the Congress of the United States to preserve American independence, to safeguard American nationality, and to keep the United States out of war.

The Congress can perform this duty only by throwing the bright light of publicity upon the foul intrigue now being perpetrated against the American people. The activities and vast expenditures of the disloyal and seditious organizations, which are now poisoning American public opinion at its source, demand complete exposure. Their purpose and methods should be disclosed. Their expenditures for the pollution of the pulpit, the platform, institutions of learning, and the press of the country should be uncovered. Those who are being paid should be named and identified.

The foreign policy of the United States is a political question and these subversive organizations have a political platform concerning the foreign policy of the country which places them within the scope of a congressional investigation.

Their platform, briefly stated, consists of four planks:

First. The entry of the United States in the Permanent Court of International Justice of the League of Nations.

Second. The entry of the United States into the League of Nations.

Third. The disarmament of Europe, but first the disarmament of the United States.

Fourth. The destruction of American neutrality by an affirmative commitment under the so-called Kellogg-Briand pact.

The Permanent Court of International Justice of the League of Nations is a political court, which was inevitable on account of its subordination to the League of Nations, and which was demonstrated again recently by its decision on the proposal for the economic union of Germany and Austria. It is the bureau, organ, political instrumentality, agent, and servant of the League of Nations. The judges of the principal European powers are selected for their mastery of crafty European diplomacy.

For the United States to join this court would be to submit her questions to European decisions and to become involved for all time in the political affairs of Europe. To join this political court would be an intermediate step toward joining the League of Nations, and is so asserted by the internationalists.

The League of Nations is a British conception and not an American conception. In Papers Relating to the Foreign Relations of the United States, 1915: Supplement; the World War, published by the Department of State, we find on pages 64 and 65 a letter written to Secretary of State Lansing from The Hague on September 7, 1915 (which was long before the United States entered the war) by the minister in the Netherlands, Dr. Henry Van Dyke, in which it is reported that Sir William Tyrrell, secretary to Sir Edward Grey, British Secretary of State for Foreign Affairs, stated to Doctor Van Dyke "that he thought a 'league of nations' should be formed to prevent the recurrence of such a war as this."

The League of Nations is a European political mechanism, the pawn of the principal European powers, bankrupt morally and physically by its conduct in relation to Japan, financially by default of its guaranteed loans, and intellectually by its abandonment of reality for the pursuit of vain futilities.

The League of Nations exists for the enforcement of the Versailles treaty. The Versailles treaty was a treaty of force, hate, oppression, and chaos. It has already been vitally amended by agreement. It must be further vitally amended by negotiations or it will be by war. It would have been an eternal dishonor for the United States to have signed the Versailles treaty as originally proposed. Should the United States now join the League of Nations, she would be involved without choice in the next European war. The decision would not be hers.

Should the European nations disarm upon the insistence of the United States, the United States would be morally committed to intervention in the next European quarrel.

Any affirmative commitment under the so-called Kellogg-Briand pact would destroy American neutrality, which has been the priceless heritage and safeguard of the United States since the founding of the Republic, and inevitably would mean war in support of one group of the belligerent European nations in the next war. The United States should remain the great neutral nation.

The largest and most formidable promoters of the subversive, disloyal, and seditious movement against American independence and American neutrality are (1) the so-called Carnegie Endowment for International Peace, which has an endowment of $10,000,000, supplemented by the endowment of $125,000,000 of the Carnegie Corporation, and (2) the John D. Rockefeller interests and the Rockefeller Foundation, with an endowment of $165,000,000.

These organizations not only are spending vast sums of money directly to involve the United States in Europe, but they are also subsidizing many other organizations and activities having the same purpose. The interlocking directorships and memberships of many of these organizations are significant.

The question of paramount importance at the moment is: Shall the Congress of the United States and the American people allow its foreign policy, its independence, and its neutrality to be dictated by $300,000,000 of Carnegie and Rockefeller money? Shall American independence and neutrality be put upon the auction block like merchandise to be bought and paid for?

Andrew Carnegie was alien born and alien minded. What he thought of American independence and what his plans and aims were may be seen from the following statements which he made at various periods of his life.

In "An American Four-in-Hand in Britain," written by Andrew Carnegie and published in 1883, we read:

> * * * O Scotland, my own, my native land, your exiled son returns with love for you as ardent as ever warmed the heart of man for his country. It's a God's mercy I was born a Scotchman, for I do not see how I could ever have been contented to be anything else.

In an address delivered at Grangemouth, England, on September 14, 1887, Mr. Carnegie declared:

> If I have any aspiration in the world, it is that during my life I may do something * * * to bring about the union of the two great branches of the same people with which I have the honor and the privilege to be connected.

In his book, "Triumphant Democracy," published in 1893, Mr. Carnegie stated:

> Briton and American being now fully agreed that those who made the attempt to tax the colonists without their consent were wrong, and that in resisting this the colonists vindicated their rights as British citizens, and, therefore, only did their duty, the question arises, Is a separation thus forced upon one of the parties, and how thus deeply regretted by the other, to be permanent?

I can not think so, and I crave permission to adduce some considerations in support of my belief that the future is certainly to see a reunion of the separated parts and once again a common citizenship.

There follow six reasons, and then Mr. Carnegie goes on to say:

* * * Some day, therefore, delegates from the three now separated branches will meet in London and readily agree upon and report for approval and ratification a basis for the restoration of an indissoluble union of indestructible states.

Let men say what they will, therefore, I say that as surely as the sun in the heavens once shone upon Britain and America united, so surely is it one morning to rise, shine upon, and greet again the reunited state, "The British-American Union."

In an article written by request for the London Express, October 14, 1904, entitled "Drifting Together—Will the United States and Canada Unite?" Mr. Carnegie had the following to say:

Canada's destiny is to annex the Republic, as Scotland did England, and then, taking the hand of the rebellious big brother and that of the mother, place them in each other's grasp, thus reuniting the then happy family that should never have known separation.

In "The Life of Andrew Carnegie," by Burton J. Hendrick, published in 1932, we read that in December of 1868 Andrew Carnegie drew up a memorandum as a plan of life in which appeared this statement:

Settle then in London and purchase a controlling interest in some newspaper or live review and give the general management of it attention. * * *

Later in the book it is stated that Mr. Carnegie in after years became "the proprietor of 15 or 20 organs of public opinion, for the most part in England and Scotland."

As may be seen from his own statements, Mr. Carnegie never believed in American independence, American sovereignty, American neutrality.

When in 1910 Mr. Carnegie determined to enter the American political field and to dictate American foreign policy, and established for this purpose a $10,000,000 endowment, he chose to name it the "Carnegie Endowment for International Peace," and not the "Carnegie Endowment for the Abolition of American Independence." For the Washington headquarters of his political activities there was chosen a site just across the street and half way between the White House and the Department of State, whose policies he was determined to dictate. The lobbyists of his endowment have always had ready access to and have constantly frequented both of these Government establishments, where the foreign policy of the United States is largely fixed. It can be proved that nearly all the agitation and vast expenditures made for the propaganda for American adherence to the Permanent Court of International Justice of the League of Nations were directed and managed by this organization. The inclusion in both the Republican and Democratic platforms last year of identical planks favoring entry of the United States into the Permanent Court of International Justice of the League of Nations and for the surrender of American neutrality were the direct results of the activities of this organization. Never before have identical planks on a highly controversial issue been adopted by the two political parties except in the case of the prohibition planks adopted by both parties between 1920 and 1930, which planks were dictated by the Anti-Saloon League. The exposure of the propaganda methods and the vast expenditures of this organization by two congressional investigations brought about the downfall of the tyranny of prohibition. A congressional investigation of the propaganda methods of the Carnegie Endowment and of its allies will insure preservation of American independence and American neutrality.

Until 1920, due primarily to the World War, the activities of this Endowment were astutely directed largely to the promotion of arbitration, a sound American policy. Since 1920, with increasing intensity, this Endowment has sought by every means, by vast expenditures for publicity and for subsidizing, to involve the United States in the political affairs of Great Britain and Europe.

The methods employed by this Endowment, with its vast financial resources, are varied. It organizes and finances international clubs; it publishes international literature; it establishes "international mind alcoves" in libraries, even for children; it imports foreign propagandist speakers and lecturers; it pays American professors and students liberal amounts, which go under the name of honoraria, for the promotion of the political policies of the Endowment. It sends American economists and social scientists to Europe, and particularly to Geneva, as guests of the Endowment, thereby placing them under obligation upon their return to be propagandists for what the Endowment advocates and to instruct their pupils as to the desirability of the entry of the United States into the League of Nations. It finances the organization of public mass meetings throughout the United States on Armistice Day to preach the political platform of the Endowment. It has set up in Geneva an American committee of the League of Nations Association and distributes political literature. In relation to this activity we read on page 65 of the 1932 yearbook of the Endowment:

Literature of various international American and British organizations is on display, and a staff of assistants is ready to make plans and give information to the many visitors who come in for advice.

On pages 66–67 of the yearbook we learn that the Endowment supplies funds to the Geneva Institute of International Relations and to the National World Court Committee; also that it appoints and finances an American "to act for one year as American representative of the Endowment and the League of Nations Association in Geneva." On page 67 there appears the following concerning this American representative:

He is maintaining contact with officers of the league and is a member of the committee in charge of the Geneva Institute of International Relations. This involves correspondence from Geneva with committee members in the United States and Great Britain * * *.

The Endowment finances a National Student Forum on the pact of Paris, and on page 70 of the yearbook we read:

The national committee in charge of the National Student Forum is composed of approximately 300 State and city superintendents of education, high-school principals and teachers, editors of educational publications, and leaders in educational and religious organizations. In each State there has been organized a working committee of superintendents and high-school principals which promotes the work of the forum in the high schools of the State. * * *

The yearbook goes on to say that—

In 1931–32 it is hoped to assist 5,000 high schools and to reach approximately 300,000 students.

The Endowment maintains in England an international house, known as the Dunford House, where internationalists, American and English, and others devoted to the theory of free trade, meet regularly.

The Endowment finances "international relations clubs." On page 78 of the yearbook we read:

At the close of 1931, there were 319 clubs in the United States, an increase of 99 since the last annual report was written. These new clubs are distributed throughout 37 States.

And on page 79 we read:

Some of the clubs listen regularly to broadcasts on international subjects by the Foreign Policy Association and the Institute of Pacific Relations.

Paid representatives of the Carnegie Endowment attend conferences of these clubs, which organize "League of Nations assemblies." On page 85 of the yearbook it is stated that—

A party of British students and their faculty advisers came to the United States as guests of the endowment to attend a British and American students conference, held at the University of Michigan, Ann Arbor, July 12–19, 1931.

On page 86 of the same publication it is stated:

There are 15 active clubs in the British Isles. As authorized by the directeur-adjoint of the Centre Européen in the summer of 1931, Mr. Norman H. Poole, secretary of the British Universities League of Nations Society, is now in charge of the International Relations Clubs in the British Isles, reporting directly to

the executive secretary at New York in order that the club work may be carried on under one head throughout the world.

Mr. SUMMERS of Washington. Will the gentleman yield?

Mr. TINKHAM. I yield.

Mr. SUMMERS of Washington. Does the gentleman know whether the Carnegie Foundation advocates the recognition of Soviet Russia by the United States?

Mr. TINKHAM. Not that I know of.

The president of the Carnegie Endowment for International Peace, the chairman of its executive committee, and the director of its first political propaganda division, known as the Division of Intercourse and Education, is Nicholas Murray Butler, who is also chairman of the advisory council of the League of Nations Association (Inc.), and whose attitude toward his country, I have no hesitation in designating as disloyal and seditious.

The director of the second political propaganda division, known as the Division of Economics and History, is James Thomson Shotwell, an expatriated British subject.

We descendants of old Americans refuse to submit to these dictators of the foreign policy of the United States, whose purpose it is to denationalize the United States, to destroy her independence, to involve her in European political affairs by entering, first, the Permanent Court of International Justice of the League of Nations and then the League of Nations, and to abolish her neutrality.

We descendants of those who established civilization upon this continent, fought the battle of Bunker Hill, died at Valley Forge, saw the rising of the sun at Yorktown, and drew up the Constitution of the United States; we whose ancestors flew the American flag upon the seven seas in 1812, are ready here and now to fight again the battle of the Republic, without quarter and without cease, by all the means that lie within our power, to expose the plotters against American independence, American sovereignty, American neutrality, and American safety. We accept the gage of battle which has been flung in our faces.

Nicholas Murray Butler states he is for peace. There will be no peace on the American continent unless he retires to England or fights the second battle of Bunker Hill.

The Congress of the United States can save the American Republic by an investigation of its enemies, who are plotting against its independence, its neutrality, and its safety.

If no action is taken at this session upon the resolution which I am introducing to-day, I shall reintroduce it in the next Congress and press for its adoption. [Applause.]

Mr. TINKHAM submitted the following resolution, which was referred to the Committee on Rules and ordered to be printed:

Resolution

Whereas certain organizations, foundations, endowments, and associations are attempting by disloyal and seditious propaganda and vast expenditures of money to influence the foreign policy of the United States and have a political platform which is a menace to the independence and neutrality of the United States: Now, therefore, be it

Resolved, That the Speaker is authorized and directed to appoint a select committee, to be composed of five Members of the House, one of whom he shall designate as chairman. The committee is authorized and directed to investigate the political activities of all organizations, foundations, endowments, and associations which have attempted or are attempting to influence political opinion and political action by any means whatsoever, with reference to the foreign policy of the United States.

Said committee shall have the power to subpœna witnesses, administer oaths, send for books and papers, to employ a stenographer, and to report such hearings as may be had on any subject before said committee.

The committee shall, as soon as practicable, report to the House the results of its investigation, together with such recommendations for legislation as it deems advisable.

Mr. LUDLOW. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. LANKFORD].

Mr. LANKFORD of Georgia. Mr. Chairman, there has recently been much discussion in reference to the Federal Farm Board. To my mind, there is great danger that Congress may make a mistake if this agency is destroyed without retaining some agency to act along the line covered by it.

While I sincerely feel that the Federal Farm Board has rendered a real service to the farmers of this country, I never have believed that the Farm Board act was anything like perfect. My mind has not been changed with reference to this matter. I am not a new convert to the idea that this agency can not function effectively in the matter of elevating and stabilizing the prices of farm products. When the Federal Farm Board act was passed several years ago, I stated that it would be a failure; that failure was written on its every page because it did not provide for an effective control of production and marketing so as to elevate and stabilize the price of cotton, tobacco, wheat, and other agricultural commodities.

I feel that Congress is much more to blame for the failures of the Farm Board than are the members of the Farm Board. I did not feel at the time the bill was enacted that it would give the relief that both the Democratic Party and the Republican Party had promised the farmers of the Nation. I shall be very much disappointed if this Congress or the next Congress repeals the act outright and admits that nothing can be done along these lines for the farmers of the country.

Most of the opposition to the Federal Farm Board comes from those who oppose any sort of control of the marketing activities of the farmer so that the profiteers may exploit the farmer and make unconscionable profits out of the farmer's products.

I can see no reason why the activities of the Federal Farm Board should be transferred to the Department of Agriculture. I am afraid of the centralization in any one department or any one bureau of too much political power. This is one serious objection to the allotment plan of farm relief as it passed the House. I would rather the Federal Farm Board be retained and for the act to be modified so as to overcome the vicious provisions of the act, if there are such, and thus perfect the legislation so as to make it a real agency for the protection and benefit of the farmers of the country.

The opponents of real farm relief will hail as a signal victory the repeal of the Farm Board act. No great piece of legislation is perfect in the beginning; the Federal Farm Board act is not an exception. I have repeatedly pointed out how this act can be amended so as to become a real Federal agency for genuine farm relief. It should not be repealed outright unless simultaneously there is enacted a better bill, providing a more perfect farm-relief program.

No Member of Congress has the right to fight the present Farm Board act in the name of the farmer unless he has a better plan to suggest in its stead. In its present form it is much better than the equalization-fee plan which it superseded. The defects in the operation of the present Farm Board plan should not be construed as an estoppel against the enactment of real, honest-to-goodness farm-relief legislation.

Let us not be too hasty to destroy this act unless we have a more perfect plan to propose for the relief of the farmers of our country.

Mr. SANDLIN. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I want to compliment my friend from Mississippi [Mr. WHITTINGTON] on the good work that he is attempting to do in this session for economy. I am sure that we will all go along with him on any proposition which he has to offer which begins up at the topnotchers and goes down, and I believe that he would help us get more support for economy if he would watch his own votes a little more closely and see that they are always in accord with the efforts being made for economy. I am afraid that my friend is expending too much of his energy and endeavors to save at the spigot and waste at the bunghole. He must stop the big waste as well as the little extravagances.

If we were to eliminate all of our salaries for all of the 435 Members of the House, so that no Member would draw a dollar, and if we were to take away every bit of the mileage that Members get, so that they would get no mileage,

and if we were to take away all of the clerk hire, so that we would have no clerks, and if we were to take away all of the stationery allowance, so that no Member would have any, and stop every bit of the maintenance expense of the House Office Building, does he know how much we would save? Just six and a half million dollars, for all of the above, I will advise him, amounts to less than six and a half million dollars.

I happen to remember that last May on this floor we tried to get our friend from Mississippi [Mr. WHITTINGTON] to go along with us in support of the economy bill that the Economy Committee had worked out to save millions of dollars. For instance, there was a provision in that bill, section 308, to discontinue the Army Transport Service, upon which some Representatives and Senators ride. We wanted to abolish it and save money, and to my great surprise my friend from Mississippi [Mr. WHITTINGTON] voted against abolishing it. He voted against the Economy Committee's provision on that, and then when we came down to paragraph 309, directing the Secretary of the Navy to discontinue the operation of the Navy transport service, upon which some Senators and Representatives ride to foreign countries, to my great surprise my friend Mr. WHITTINGTON, who I thought would go along with us for economy, voted not to discontinue it, voted to keep it on, and he helped to defeat the Economy Committee on that provision of our bill.

Then we came along down to section 312 of that economy bill directing that the Panama Railroad Co. shall discontinue the operation of the Panama Railway Steamship Line, which takes some Representatives and some Senators, and their families, to Panama. I thought surely that he would be with us and stop that, but he was not. He voted against us on that, and helped to defeat the economy bill in that particular. I have never been to Panama yet, and during the 16 years I have been in Congress I have never spent one single dollar of any kind of a junket for myself or any member of my family. I go about the country a lot, but I go at my own expense. I thought Brother WHITTINGTON would surely help us stop that, but he was against us on that economy.

Then I remember that the Economy Committee, headed by my good friend from Alabama [Mr. MCDUFFIE], brought in a proposition that I have been working on for 12 years, and which was fostered by our good friend from Tennessee [Mr. BYRNS], to consolidate the Army and Navy, and Mr. BYRNS had evidence before us to show that that consolidation would save, not merely the six and a half million dollars a year, which is the total cost of all 435 Congressmen, but it would have saved $100,000,000 a year and would have brought about greater efficiency in both our Army and Navy. I said to myself when that record vote came on, on May 3, 1932, that surely my friend WHITTINGTON would help us on that, because surely he is for economy; but he voted with the spenders and the raiders to keep from consolidating the Army and the Navy Departments.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Yes. If the gentleman has any excuse to offer, now is the time to offer it.

Mr. WHITTINGTON. I say, for the gentleman's benefit, that I made my position known, spoke on the subject, and I made my statement very clear, stating that I was a member of the Committee on Expenditures and that neither Mr. BYRNS nor anybody else proved that there would be any such economy, or any economy except purchases of supplies, which is authorized in the economy bill, for which I voted. I thought from the evidence that the abolition of the transport and railway, urged by the Steamship Trust, would be more expensive to the Government.

Mr. BLANTON. If the gentleman will come to my office when we adjourn, I will convince him in 15 minutes by reliable and decisive data that I have been collecting for 12 years from the Navy and Army experts, that such a sane consolidation would save $100,000,000 annually for this Nation. And the Economy Committee assured us all that the abolishment of the Army transport service and abolishing the Navy transport service and abolishing the Panama Steamship Line would all save our Government enormous sums each year. And the Economy Committee tried to abolish these matters of waste and extravagance, but the gentleman voted against the committee's proposals.

I want to go along with my friend on all economies, and I want him to go along with us. What he said here this evening on the floor about the necessity to reduce is the truth. We have to cut down expenses, but we want to begin at the big expenses and reduce them as well as the little infinitesimal bagatelles. If my friend will come to my office and see my files that I have collected on these wasteful and expensive bureaus, scores of them here in Washington that ought to be abolished, and if he would work along that line and help us to abolish them and help us take the waste out of the good ones, we would save another $100,000,000 every year.

I called attention here the other day to Major Hoffman, in one of the bureaus of the War Department, swiping somebody else's idea on a parachute and developing it and spending thousands of Government dollars, so his company advertises publicly, of Army money to develop it, and of his having been given $23,500 of stock, and of his company advertising that it has cost the Army thousands of dollars to carry on the company's project, and that they would have his services to help them further. I called attention to that, and I think my friend Mr. WHITTINGTON ought to help us get that stopped.

Then I called attention the other day to these long-haired scientists—and, by the way, do you catch the significance of that phrase, "long-haired scientists"? The real scientist has no hair at all. He is like my other friend from Mississippi [Mr. COLLIER]. The real scientist has no hair at all, but the so-called scientists, these potato scientists, if you please, have long hair. I called attention to the fact that they have spent $250,000 since 1910 breeding potatoes, and thus far they have developed only one commercially that they would put on the market, and that was the Katahdin. Then they came out the other day in the Washington Star of Wednesday, with a big, double-column explanation in defense of the situation. I want the gentleman from Mississippi [Mr. WHITTINGTON] to take this home with him to his farmers of Mississippi. One of the excuses they put in here to explain that $250,000 spent for breeding potatoes was this:

Our explorers—

The Department of Agriculture—

Our explorers have been sent into Mexico and South America in a search for the wild ancestor of the potato, in the hope that from it could be obtained some original disease-resistant qualities which have been lost in its countless generations of domesticated descendants.

[Laughter.]

Mr. WHITTINGTON. Is that the same potato or a different potato the gentleman spoke about the other day?

Mr. BLANTON. That is the same potato, that $250,000 one. What right has the Department of Agriculture to send these long-haired scientists to the wilds of Mexico and South America to hunt up the original wild potato in this time of depression? Spending thousands of dollars! It ought to be stopped. If my friend would work along that line he could do signal service to the people he represents and to the people of the Nation. [Applause.]

In that same Washington Star, I want to show the gentleman what these other scientists, who are always writing letters to the papers from the Department of Agriculture, said. This is a whole-column article. It reads:

Higher grades of bent for greens now developed at the Arlington farm—

That is a Government farm over here in Virginia—350 acres. Listen to what they say the scientists have done for the golf courses of America, breeding special grasses for their golf courses in this time of depression. This is written by W. R. McCallum, one of their special-feature writers:

Did you, Mr. Golfer, know that the course over which you play has been vastly improved by the earnest efforts of a group of

scientists working for golf-course improvement through the Department of Agriculture? * * *

Did you know that Washington is the center, the heart of a mass of scientific information on golf courses? * * *

Or that over in Arlington County, on a little plot of ground owned by the Government, turf and grass problems are being worked out that may result in ridding golf courses of those pests which infest them during the warm months?

Or that more than $40,000 a year is being spent in research work in the art of turf growing?

Do the farmers of Mississippi, I ask my economic friend [Mr. WHITTINGTON], want $40,000 of their hard-earned tax money spent each year by these long-haired scientists in the Department of Agriculture developing special turf greens for the golf courses of America? [Applause.]

Mr. LUDLOW. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. LUDLOW. Has the gentleman directed his keen and scintillating mind to the Department of Agriculture bulletin on the mule? If not, he has something coming to him.

Mr. BLANTON. I am going to furnish our President elect when he comes here some intimate, concise, authentic, correct data on more wasteful, unnecessary bureaus of the Government than he ever dreamed existed in the United States. I have enough confidence in him to believe he is going to abolish two-thirds of them and he is going to reorganize the balance of them and take the waste out of them. I want to incite my friend from Mississippi [Mr. WHITTINGTON] to use his splendid qualifications here in trying to save the big wastes, in trying to keep out of this Government expense these millions and hundreds of millions of dollars that are wasted here, most of it wasted in Washington.

Let me read a letter that I got from a man who knows. I can not give his name because if I did he would lose his job to-morrow. Just listen to what he says:

Scientists in the Agricultural Department have a pet racket of their own. They write and sell articles to the newspapers. They use Government time and Government stenographers to write those articles. The Agricultural Department has scores of traveling representatives who travel to the South in winter and to Maine and Wisconsin and foreign countries in the summer.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield five additional minutes to the gentleman from Texas.

Mr. BLANTON (continuing reading):

They cost the Government $5,000,000 annually.

That is more than all the salaries of Congressmen, their mileage, and clerk hire, and stationery allowances all put together. Did the gentleman know that? Most of these scientists of the Department of Agriculture who are wasting the people's money every year are worthless parasites, and their bureaus should be abolished.

In this letter he states further:

When the payless furlough of President Hoover was first inaugurated the Department of Agriculture had scientists sent from Washington and other points on Government transportation and on per diem allowances, to relieve the field scientists, so that they could come to Washington. Their furlough will end in the taxpayers losing money.

Let me say in conclusion I want to work with my friend from Mississippi [Mr. WHITTINGTON], and if he will just let me help him we can save at least $200,000,000 in the next Congress. That is a pretty good sum. If he will fight and vote to stop the big wastes as well as against the small items, we can save millions, for all of us want to cut down these expenses, and we will do it.

Let me call attention to the most ridiculous situation that ever existed in the the United States Capital.

We have 15,000,000 Americans in the United States out of employment, walking the streets, their families, wives, and little children hungry. They would be glad to get a job here at $2 a day, yet we have several thousand employees in Washington working on Government buildings who, because they have been served with notice that their wages were going to be cut from $11 a day to $8 per day, are going to strike. They all quit work at 4 o'clock p. m., and all get half of every Saturday. I have a good deal of sympathy with those with whom these contractors have already contracted with the Government on a basis of that $11 a day. The contractors in such cases should be made to pay them $11 a day, because they were allowed that by the Government. I would back them up in making the contractors stand up to the lick log and take their medicine, but where it is to come out of the Government it is an outrage to pay men in Washington $11 a day when other men here will gladly work for $8, and men all over the Nation would be glad to get work at almost any wage.

Why, the Inaugural Committees are building some grandstands here for the inaugural ceremonies. Several hundred men are to be employed. Do you know they want to work for $8 a day? Do you know that this money comes out of the Government and out of the people of Washington? Do you know there are organizations right now that are preventing these men from taking jobs at $8 a day, insisting that they must demand and receive $11 a day for building grandstands out of third-class lumber? Any farm boy out on your farm, in your State, Governor, who is a saw-and-hammer man could build these stands. Any saw-and-hammer man on any ranch or farm in the United States could build them. It does not take skilled labor, and it is an outrage for organizations here to insist on men getting $11 a day to build grandstands, the cost coming out of the people. The organizations should be glad to see the men get $8. I want to say this to the men who have it in charge: Every single man who refuses to work at $8 a day ought not to get a job. He ought to be turned out, because there are hundreds of men who would gladly take jobs at $8 a day.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. ALLGOOD. I wish to commend the gentleman for the stand he has taken in regard to appropriations for the Department of Agriculture. When the agricultural appropriation bill was before the House, I offered amendment after amendment to cut down those expenditures that are not needed at this time and right along the line the gentleman has been speaking of. I commend him for it.

Mr. BLANTON. I thank my colleague for his commendation—the newspapers here never give me any. I want to say this to Brother BOYLAN—you will be here probably when I am dead and gone—when I am dead do not let a single newspaper say a kind word about me. If they can not say kind words about me when I am alive, I do not want them to say kind words about me when I am dead.

Mr. BOYLAN. I do not see how they could say anything but kind words about the gentleman.

The CHAIRMAN. The time of the gentleman from Texas has expired.

The Clerk will read the bill for amendment.

The Clerk read the first paragraph of the bill.

Mr. SANDLIN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 14562) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes, had come to no resolution thereon.

TERMS OF PRESIDENT, VICE PRESIDENT, AND SO FORTH

The SPEAKER laid before the House a communication from Eugene Talmadge, Governor of the State of Georgia, announcing that the General Assembly of Georgia had ratified and approved the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. LOZIER, for two days, on account of important business.

To Mr. BIDDLE, for two days, on account of important business.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 13959. An act to authorize the incorporated town of Fairbanks, Alaska, to issue bonds in any sum not exceeding $100,000 for the purpose of constructing and equipping a public-school building in the town of Fairbanks, Alaska, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 243. An act for the relief of S. F. Stacher;

S. 433. An act to authorize the posthumous award of a distinguished-flying cross to Eugene B. Ely;

S. 2058. An act for the relief of William C. Rives;

S. 2982. An act for the relief of J. G. Seupelt; and

S. 4381. An act authorizing the President to transfer and appoint Lieut. Morris Smellow, United States Navy, to the grade of passed assistant paymaster, with the rank of lieutenant, in the Supply Corps of the United States Navy.

ADJOURNMENT

Mr. SANDLIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 46 minutes p. m.) the House adjourned until to-morrow, Saturday, February 4, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Saturday, February 4, 1933, as reported to the floor leader:

RULES

(10.30 a. m.)

Hearing on extending moratorium on New Mexico irrigation project.

COINAGE, WEIGHTS, AND MEASURES

(10 a. m.)

Continue hearings on silver bills.

BANKING AND CURRENCY

(10.30 a. m.)

Hearings on several matters.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

911. A communication from the President of the United States, transmitting a letter for the consideration of Congress and, without revision, a supplement estimate of appropriation pertaining to the legislative establishment, House of Representatives, in the sum of $2,500 (H. Doc. No. 537); to the Committee on Appropriations and ordered to be printed.

912. A letter from the Reconstruction Finance Corporation, transmitting a report, pursuant to the provisions of section 15 of the Reconstruction Finance Corporation act, covering its operations for the fourth quarter of 1932, October 1 to December 31, 1932, inclusive, and for the period from the organization of the corporation on February 2, 1932, to December 31, 1932, inclusive (H. Doc. No. 538); to the Committee on Banking and Currency and ordered to be printed.

913. A letter from the Secretary of the Treasury, transmitting a letter with a draft of a proposed bill, the purpose of which is to authorize the Secretary of the Treasury to accept titles to any sites acquired under the provisions of the emergency relief and reconstruction act of July 21, 1932, and subsequent acts; to the Committee on Public Buildings and Grounds.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SANDLIN: Committee on Appropriations. H. R. 14562. A bill making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes; without amendment (Rept. No. 1960). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. H. R. 12769. A bill to provide an additional authorization for the acquisition of land in the vicinity of Camp Bullis, Tex.; without amendment (Rept. No. 1961). Referred to the Committee of the Whole House on the state of the Union.

Mr. FULLER: Committee on the Public Lands. H. R. 14302. A bill to provide for the creation of the Morristown National Historical Park in the State of New Jersey, and for other purposes; with amendment (Rept. No. 1962). Referred to the Committee of the Whole House on the state of the Union.

Mr. ALMON: Committee on Public Buildings and Grounds. H. R. 14321. A bill to authorize the Secretary of the Treasury, in his discretion, to acquire a new site in Huntsville, Ala., and to construct a building thereon for the accommodation of the courts, post office, and other Government offices; without amendment (Rept. No. 1963). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. House Joint Resolution 583. Joint resolution to provide for a change of site of the Federal building to be constructed at Binghamton, N. Y.; without amendment (Rept. No. 1964). Referred to the Committee of the Whole House on the state of the Union.

Mr. ALMON: Committee on Roads. H. R. 13025. A bill to extend the time during which the emergency appropriation for Federal-aid highways shall be available for expenditure; without amendment (Rept. No. 1971). Referred to the Committee of the Whole House on the state of the Union.

Mr. LANHAM: Committee on Public Buildings and Grounds. H. R. 14489. A bill relating to the construction of a Federal building at Mangum, Okla.; without amendment (Rept. No. 1972). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. MARTIN of Oregon: Committee on Irrigation and Reclamation. H. R. 14127. A bill providing for an exchange of lands between the Colonial Realty Co. and the United States, and for other purposes; without amendment (Rept. No. 1965). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H. R. 5900. A bill for the relief of H. A. Soderberg; with amendment (Rept. No. 1966). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H. R. 6126. A bill for the relief of Oscar P. Cox; with amendment (Rept. No. 1967). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 10900. A bill for the relief of Julia E. Smith; with amendment (Rept. No. 1968). Referred to the Committee of the Whole House.

Mr. HARLAN: Committee on Claims. H. R. 13292. A bill for the relief of W. C. Garber; with amendment (Rept. No. 1969). Referred to the Committee of the Whole House.

Mr. PITTENGER: Committee on Claims. H. R. 14347. A bill for the relief of Mary Byrkett Sinks; with amendment (Rept. No. 1970). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SANDLIN: A bill (H. R. 14562) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. SMITH of Idaho: A bill (H. R. 14563) amending an act of February 4, 1931 (46 Stat. L. 1061–1063), entitled "An act authorizing the construction of the Michaud division of the Fort Hall Indian irrigation project, Idaho, an appropriation therefor, and the completion of the project, and for other purposes"; to the Committee on Indian Affairs.

By Mr. HARE: A bill (H. R. 14564) relating to the enactment of laws in the Virgin Islands; to the Committee on Insular Affairs.

By Mr. BUCHANAN: A bill (H. R. 14565) to enable the Secretary of Agriculture to assist in effecting voluntary readjustments of farm-mortgage terms and conditions; cooperate with other Government agencies in refinancing farm-mortgage indebtedness, delinquent interest, and tax payments; and to provide facilities with which to refinance such indebtedness; and for other purposes; to the Committee on Banking and Currency.

By Mr. MEAD (by request): A bill (H. R. 14566) to authorize the delivery of surplus forfeited vessels of the Treasury Department to the Boy Scouts of America for use in sea-scout training; to the Committee on the Judiciary.

By Mr. JOHNSON of Oklahoma: A bill (H. R. 14567) to reduce and adjust the retired pay of World War emergency officers and of commissioned officers of the Army, Navy, Marine Corps, and Coast Guard, and for other purposes; to the Committee on Military Affairs.

By Mr. McMILLAN: A bill (H. R. 14568) to establish a commercial airport for the District of Columbia; to the Committee on the District of Columbia.

By Mr. DAVIS of Tennessee: A bill (H. R. 14569) to regulate the importation of milk and cream and milk and cream products into the United States for the purpose of promoting the dairy industry of the United States and protecting the public health; to the Committee on Agriculture.

By Mr. TINKHAM: Resolution (H. Res. 368) providing for the investigations of the political activities of all organizations, foundations, endowments, and associations which attempt to influence political opinion and political action with reference to the foreign policy of the United States; to the Committee on Rules.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial from the Board of Aldermen, St. Louis, Mo., memorializing the President of the United States and Congress that the Postmaster General be authorized to issue a special series of 3-cent postage stamps commemorative to Brig. Gen. Thaddeus Kosciusko; to the Committee on the Post Office and Post Roads.

Memorial from the General Assembly of Indiana, memorializing Congress to pass Senate bill No. 1197; to the Committee on Banking and Currency.

Memorial from the Senate of South Carolina, memorializing Congress to amend the law creating the Reconstruction Finance Corporation in order that States and subdivisions thereof may borrow directly money to meet the need of the said States and subdivisions thereof; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARTER of California: A bill (H. R. 14570) for the relief of Evelyn Jotter; to the Committee on Claims.

By Mr. HART: A bill (H. R. 14571) for the relief of Frank P. Church; to the Committee on Claims.

By Mr. JENKINS: A bill (H. R. 14572) for the relief of Fanny Reuter Shafer; to the Committee on Claims.

By Mr. MARTIN of Massachusetts: A bill (H. R. 14573) for the relief of Esther Fountain; to the Committee on Claims.

By Mr. RAGON: A bill (H. R. 14574) for the relief of Alpha Vint; to the Committee on Claims.

Also, a bill (H. R. 14575) for the relief of C. C. Young; to the Committee on Claims.

By Mr. SWING: A bill (H. R. 14576) authorizing the sale of portions of the Pueblo lands of San Diego to the city of San Diego, Calif.; to the Committee on Military Affairs.

By Mr. STALKER: A bill (H. R. 14577) granting an increase of pension to Fannie R. Saylor; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: A bill (H. R. 14578) granting a pension to Nannie E. Bass; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10152. By Mr. CROWTHER: Petition of citizens of the thirtieth congressional district of New York, urging passage of the stop-alien representation amendment to the United States Constitution; to the Committee on the Judiciary.

10153. Also, petition of citizens of Schenectady, N. Y., protesting against reduction of the enlisted strength of the United States Marine Corps; to the Committee on Appropriations.

10154. Also, petition of residents of the District of Columbia, opposing the repeal of the eighteenth amendment and opposing the return of the liquor traffic in the District of Columbia in any form; to the Committee on the District of Columbia.

10155. By Mr. CULLEN: Petition of the board of direction of the American Society of Civil Engineers, urging the President and the Congress of the United States to amend Title II of the emergency relief and construction act of 1932; to the Committee on Ways and Means.

10156. By Mr. DELANEY: Petition of the Monterey Sardine Canners Association, Monterey, Calif., urging the passage of House bill 13999; to the Committee on Ways and Means.

10157. Also, petition of the American Society of Civil Engineers, recommending that Title II of the emergency relief and construction act of 1932 be amended, modifying and removing some of the restrictions of the act, thereby giving more power to the directors of the Reconstruction Finance Corporation; to the Committee on Ways and Means.

10158. By Mr. HUDDLESTON: Petition of numerous residents of the District of Columbia, opposing the sale of liquors in the District; to the Committee on the District of Columbia.

10159. By Mr. PATMAN: Petition of Mary E. Gordon and 216 other residents of the District of Columbia, opposing the return of the liquor traffic in any form in the Nation's Capital; to the Committee on the District of Columbia.

10160. By Mr. EVANS of Montana: Senate Joint Memorial No. 1 of Montana's Twenty-third Legislative Assembly, being a memorial to the Interstate Commerce Commission of the United States, advocating a reduction of freight rates on gasoline from midcontinent points to Montana Points; to the Committee on Interstate and Foreign Commerce.

10161. By Mr. FITZPATRICK: Petition of Westchester County (N. Y.) District Council, United Brotherhood of Carpenters and Joiners of America, urging the passage of legislation to protect interstate protection of a 6-hour day, 30-hour week; to the Committee on Labor.

10162. By Mr. GLOVER: Petition of Woman's Christian Temperance Union of the District of Columbia; to the Committee on the District of Columbia.

10163. By Mr. JENKINS: Petition signed by about 204 residents of the District of Columbia, protesting against the return of the liquor traffic in any form in the Nation's Capital; to the Committee on the District of Columbia.

10164. By Mr. LAMBERTSON: Petition of the Woman's Temperance Union of Everest, Kans., signed by its president, Mrs. W. J. Miller, and its secretary, Mamie Eyer, favoring the improvement of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10165. By Mr. KNIFFIN: Petition of the Woman's Christian Temperance Union of Grover Hill, Ohio, signed by its president, Mrs. S. B. Gauvey; W. A. Piper, pastor Grover Hill Methodist Episcopal Church; and G. L. Mericle, superintendent Grover Hill Methodist Episcopal Sunday School, opposing all legislation intended to nullify, weaken, or repeal the eighteenth amendment and the Volstead Act; to the Committee on the Judiciary.

10166. By Mr. LAMBERTSON: Petition signed by Rev. W. S. Abernethy, of Washington, D. C., together with 202 other petitioners, praying that there shall not be any return of the liquor traffic in any form in the Nation's Capital; to the Committee on the Judiciary.

10167. By Mr. LINDSAY: Petition of Monterey Sardine Canners Association, Monterey, Calif., favoring House bill 13999; to the Committee on Ways and Means.

10168. Also, petition of American Society of Civil Engineers, New York City, recommending modification in Title II of the emergency relief and construction act of 1932; to the Committee on Banking and Currency.

10169. By Mr. LAMBERTSON: Petition of the Lottie A. Case Woman's Christian Temperance Union, of Topeka, Kans., signed by its president, Mrs. H. W. Bomgardner, and its secretary, Mrs. P. N. Franzen, favoring the improvement of the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10170. By Mr. McFADDEN: Petition of 170 citizens of the District of Columbia, presented by Jennie Bailey Wadleigh, president, and Izora Scott, legislative director, Woman's Christian Temperance Union of the District of Columbia, opposing the return of beer, the repeal of the eighteenth amendment, and the return of the liquor traffic in the District of Columbia in any form whatever; to the Committee on the District of Columbia.

10171. By Mr. REILLY: Joint resolution of the Legislature of Wisconsin, relating to the 5-cent glass of pure beer, expected and desired by the citizens of Wisconsin; to the Committee on Ways and Means.

10172. By Mr. RUDD: Petition of the board of directors, American Society of Civil Engineers, New York City, favoring certain amendments to Title II of the emergency relief and construction act; to the Committee on Banking and Currency.

10173. By Mr. SPARKS: Petition of the citizens of Ionia, Esbon, Mankato, and Jewell, Kans., submitted by W. H. Loomis, of Ionia, Kans., and signed by 36 others, favoring the passage of the stop-alien representation amendment to the United States Constitution; to the Committee on the Judiciary.

10174. Also, petition of the citizens of Downs, Kans., submitted by Mrs. John Schweitzer and Mabel L. Plumer, and signed by 121 others, favoring the Sparks-Capper stop-alien representation amendment to the Constitution of the United States; to the Committee on the Judiciary.

10175. Also, resolution of the Woman's Home Missionary Society of Beloit (Kans.) Methodist Episcopal Church, submitted by Minnie M. Sorensen and Mabel Fulton, and sanctioned by all the members of the society, favoring Federal supervision over the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

10176. By Mr. SPENCE: Petition in the nature of a resolution of the mayor and Board of Council of Georgetown, Ky., favoring the revision of Senate bill 36, so as to remove restrictions against using Federal money on municipal streets where the streets are a part of the Federal system of roads; to the Committee on Roads.

10177. By Mr. STALKER: Petition of Rev. William H. Perry and 50 members of the Union Presbyterian Church at Almond, N. Y., urging support of the stop-alien representation amendment to the United States Constitution to cut out aliens and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

10178. Also, petition of the members of the Woman's Christian Temperance Union of Washington, D. C., opposing the return of beer and the liquor traffic in the District of Columbia in any form whatever, as well as repeal of the eighteenth amendment; to the Committee on the District of Columbia.

10179. Also, petition of Mrs. G. F. Roody, secretary of the White Bible Class of the First Methodist Episcopal Sunday School of Corning, N. Y., opposing the return of beer and repeal of the eighteenth amendment; to the Committee on Ways and Means.

10180. By Mr. STRONG of Pennsylvania: Petition of the citizens of Hallton, Pa., favoring the proposed amendment to the Constitution of the United States to exclude aliens, and count only American citizens, when making future congressional apportionments; to the Committee on the Judiciary.

10181. By Mr. SWICK: Petition of Mrs. Fred Pryor, Rose Point, Lawrence County, Pa., and 38 other residents of that vicinity, urging the retention and enforcement of all laws to safeguard the sanctity of the Sabbath; to the Committee on the Judiciary.

10182. Also, petition of Rev. Bertrand Brookman and 36 members of St. Fidelis Seminary, Capuchin Fathers, Herman, Butler County, Pa., urging revaluation of the gold standard, curtailment of financial abuses of international bankers, and mass production; to the Committee on Banking and Currency.

10183. By Mr. WOOD of Indiana: Petition signed by residents of the second congressional district, State of Indiana, urging that the eighteenth amendment be not modified or repealed; to the Committee on the Judiciary.

SENATE

SATURDAY, FEBRUARY 4, 1933

(Legislative day of Tuesday, January 10, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H. R. 14458) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H. R. 13959) to authorize the incorporated town of Fairbanks, Alaska, to issue bonds in any sum not exceeding $100,000 for the purpose of constructing and equipping a public-school building in the town of Fairbanks, Alaska, and for other purposes, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. COPELAND obtained the floor.

Mr. FESS. Mr. President, will the Senator yield to enable me to suggest the absence of a quorum?

The VICE PRESIDENT. Does the Senator from New York yield for that purpose?

Mr. COPELAND. I do.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Johnson	Russell
Austin	Dale	Kean	Schall
Bankhead	Davis	Kendrick	Schuyler
Barbour	Dickinson	Keyes	Sheppard
Barkley	Dill	King	Shipstead
Bingham	Fess	La Follette	Shortridge
Black	Fletcher	Lewis	Smith
Blaine	Frazier	Logan	Smoot
Borah	George	McGill	Steiwer
Bratton	Glass	McKellar	Thomas, Idaho
Brookhart	Glenn	McNary	Thomas, Okla.
Bulkley	Goldsborough	Metcalf	Townsend
Bulow	Gore	Moses	Tydings
Byrnes	Grammer	Norbeck	Vandenberg
Capper	Hale	Norris	Wagner
Caraway	Harrison	Oddie	Walcott
Clark	Hastings	Pittman	Walsh, Mass.
Connally	Hatfield	Reed	Walsh, Mont.
Copeland	Hayden	Reynolds	Watson
Costigan	Hebert	Robinson, Ark.	White
Couzens	Hull	Robinson, Ind.	

Mr. FLETCHER. I wish to announce that my colleague the junior Senator from Florida [Mr. TRAMMELL] is necessarily detained from the Senate by a death in his family. I ask that this announcement may stand for the day.

Mr. FESS. I wish to announce that the Senator from Missouri [Mr. PATTERSON] is necessarily absent from the Senate because of a death in his family. I ask that this announcement may stand for the day.

I also wish to announce that the Senator from Wyoming [Mr. CAREY] is detained from the Senate, and will be detained for several days, on official business connected with the Senate. I will let this announcement stand for the day.

Mr. NORRIS. I desire to announce that my colleague the junior Senator from Nebraska [Mr. HOWELL] is absent on official business of the Senate.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

CHANGE IN DATE OF INAUGURATION

The VICE PRESIDENT laid before the Senate a letter from the secretary of state of the State of Wisconsin, transmitting certified copy of a joint resolution ratifying an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress, which, with the accompanying papers, was ordered to lie on the table and to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Madison, Wis., January 28, 1933.

Hon. CHARLES CURTIS,
President of the Senate, Washington, D. C.

MY DEAR MR. CURTIS: At the request of the Legislature of Wisconsin I have pleasure in sending you, herewith, certified copy of Joint Resolution No. 5 of 1933, ratifying an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and fixing the time of the assembling of Congress.

Will you kindly acknowledge receipt?

Very truly yours,

THEODORE DAMMANN,
Secretary of State.
By GEO. BROWN,
Division of Records and Elections.

UNITED STATES OF AMERICA,
STATE OF WISCONSIN,
DEPARTMENT OF STATE.

To all to whom these presents shall come:

I, Theodore Dammann, secretary of state of the State of Wisconsin and keeper of the great seal thereof, do hereby certify that the annexed copy of Joint Resolution No. 5, 1933, has been compared by me with the original enrolled joint resolution as filed in this department and that the same is a true copy thereof, and of the whole of such joint resolution.

In testimony whereof, I have hereunto set my hand and affixed the great seal of the State, at the capitol, in the city of Madison, this 28th day of January, A. D. 1933.

[SEAL.] THEODORE DAMMANN,
Secretary of State.

Joint resolution ratifying an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress

Whereas both Houses of the Seventy-second Congress of the United States of America, at its first session, by a constitutional majority of two-thirds thereof, proposed the following amendment to the Constitution of the United States:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

"SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission":

Therefore be it

Resolved by the senate (the assembly concurring), That the aforesaid proposed amendment to the Constitution of the United States be and the same is hereby ratified by the Legislature of the State of Wisconsin; and be it further

Resolved, That copies of this joint resolution certified by the secretary of state be forwarded to the Secretary of State at Washington, and to the presiding officers of each House of the Congress of the United States.

THOS. J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.
CORNELIUS YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate a duly certified copy of a concurrent resolution of the Legislature of the State of Colorado, which was ordered to lie on the table and to be printed in the RECORD, as follows:

Senate Concurrent Resolution 5 (by Senators Kettering, Quiat, and Ammons; by Representatives Rogers, Aspinall, Vincent, England, and Kavanagh). Ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress

Whereas at the first session of the Seventy-second Congress of the United States of America it was resolved by the Senate and House of Representatives of the United States in Congress assembled (two-thirds of each House concurring therein) that the following article be proposed as an amendment to the Constitution of the United States, which, when ratified by the legislatures of three-fourths of the several States, shall be valid to all intents and purposes as part of the Constitution, viz:

"ARTICLE —

"SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

"SEC. 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January unless they shall by law appoint a different day.

"SEC. 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

"SEC. 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

"SEC. 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

"SEC. 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission":

Therefore be it

Resolved, That the General Assembly of the State of Colorado does hereby ratify the above-proposed amendment to the Constitution of the United States; and be it further

Resolved, That certified copies of the foregoing preamble and resolution be forwarded by the Governor of the State of Colorado to the President of the United States, the Secretary of State of the United States, the President of the Senate of the United States, and the Speaker of the House of Representatives of the United States.

RAY H. TALBOT,
President of the Senate.
BYRON G. ROGERS,
Speaker of the House of Representatives.

Approved January 27, 1933, at 12.45 p. m.

ED. C. JOHNSON,
Governor of the State of Colorado.

REPORT OF RECONSTRUCTION FINANCE CORPORATION

The VICE PRESIDENT laid before the Senate a report of the Reconstruction Finance Corporation, submitted pursuant to law, covering the operations of the corporation for the fourth quarter of 1932, October 1 to December 31, 1932, inclusive, and for the period from its organization on February 2, 1932, to December 31, 1932, inclusive, which, with the accompanying 14 tables, was referred to the Committee on Banking and Currency.

TITLE TO SITES FOR CERTAIN PUBLIC-BUILDING PROJECTS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of the Treasury, submitting draft of a proposed bill to authorize the Secretary of the Treasury to accept titles to any sites acquired under the provisions of the emergency relief and construction act of July 21, 1932, and subsequent acts, subject to the reservation of all ore or mineral rights on the lands, with the right of mining, which, with the accompanying paper, was referred to the Committee on Public Buildings and Grounds.

BALANCE SHEET OF WASHINGTON RAPID TRANSIT CO.

The VICE PRESIDENT laid before the Senate a letter from the treasurer of the Washington Rapid Transit Co., Washington, D. C., transmitting copy of the balance sheet of the company as of December 31, 1932, which, with the accompanying paper, was referred to the Committee on the District of Columbia.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Idaho, which was referred to the Committee on Banking and Currency:

STATE OF IDAHO,
DEPARTMENT OF STATE.

I, Franklin Girard, secretary of state of the State of Idaho, and legal custodian of the original enrolled copies of all acts passed at the various sessions of the Legislature of the State of Idaho, do hereby certify that the annexed constitute a full, true, and complete transcript of the original enrolled copy of Senate Joint Memorial No. 3, enacted by the twenty-second session of the Legislature of the State of Idaho, and filed in this office the 30th day of January, 1933.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State. Done at Boise, the capital of Idaho, this 31st day of January, A. D. 1933.

[SEAL.]

FRANKLIN GIRARD,
Secretary of State.

IN THE SENATE.

Senate Joint Memorial 3 (by Mines and Mining Committee)

A joint memorial to the Senate and House of Representatives of the Congress of the United States of America.

Received and filed January 30, 1933.

FRANKLIN GIRARD,
Secretary of State.

IN THE SENATE.

Senate Joint Memorial 3 (by Mines and Mining Committee)

To the Senate and House of Representatives of the Congress of the United States of America:

We, your memorialists, the Senate and House of Representatives of the State of Idaho in legislative session duly and regularly assembled most respectfully present the following petition, preamble, and resolutions, to wit:

Whereas the people of our State, in common with our country, have, with waning hope and expectancy continued to carry on during an avalanche of economic misery and paralysis of trade and exchange of commodities during the preceding three years, as the result of a managed currency system based on the single gold standard, and imposed on the people by the cooperation of our Government and the chain of international and central banks of the world; and

Whereas the accumulated crushing indebtedness riding on the backs of the taxpayers of the United States, involving farmers, industrialists, transportation, public utilities, and governmental units, amounting to the appalling sum of more than $200,000,000,000, all payable in gold against a contingent supply of $4,000,000,000 in gold, or about 2 cents of reserve money for each dollar of debt outstanding, thus creating a bull market or a monopoly in that metal to the advantage of the creditor approaching confiscation, for which there is no precedent in all recorded history of the world; and

Whereas economic stabilization and the capacity to pay debts through restoration of the purchasing power of the people is hopeless of attainment without an adequate profitable price level for basic commodities of the farms and mines; and

Whereas the single gold standard as a reserve for a stabilized currency system and the maintenance of monetary equilibrium has broken down and no longer functions as a practical measure of value as shown by its current disparity with world-wide price of basic commodities, but on the contrary has proved to be capricious, unstable, erratic, and subject to distortion and wide fluctuation, and demonstrably uncontrollable by world's central banks, including our own Federal reserve; and

Whereas the deliberate destruction by the western nations (including our own United States) of silver as money and as a world-wide working partner with gold, the sole medium of exchange and store of value and the measure of property and possessions of three-fifths of the people of the world, is the supermajor factor in energizing and continuing the economic cyclone now upon us, which unless reversed, and reversed right soon, threatens wholesale repudiation of private and public debts through utter inability to pay. That we are face to face with appalling further suffering and despair is evident, foreshadowing revolution of the social order as currently forecast (January 2, 1933) by the distinguished Research Committee on Social Trends, appointed by the President of the United States in 1929, and just published: Therefore be it

Resolved, That as a definite forward and fundamental first step toward reflation of price of commodities, where profits and the American standard of living can be regained, the slack of unemployment be taken up and absorbed, and taxpaying capacity of the producer can be revitalized, we hereby urge the Congress to immediately pass Senate bill No. 3606, by the Hon. KEY PITTMAN, United States Senator from Nevada, which provides for the deposit of all domestic silver bullion, the product of the mines of the United States, at any United States mint for sale at the market price, payment for same to be made in silver certificates which shall be legal tender in payment of all debts, public and private, except where otherwise stipulated in the contract. Such certificates, when held by any national banking association or Federal reserve bank, may be counted as part of its lawful reserve; and be it further

Resolved, That we hereby approve and commend the promise and commitment of President-elect Roosevelt in calling a world conference for immediate consideration of remonetization or stabilization of silver at a scientific ratio with gold through an international agreement.

This senate joint memorial passed the senate on the 23d day of January, 1933.

GEO. E. HILL,
President of the Senate.

This senate joint memorial passed the house of representatives on the 26th day of January, 1933.

ROBERT COULTER,
Speaker of the House of Representatives.

I hereby certify that the within Senate Joint Memorial No. 3 originated in the senate during the twenty-second session of the Legislature of the State of Idaho.

M. J. HAMMOND,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate resolutions adopted by the Eighth Women's Patriotic Conference on National Defense, assembled at Washington, D. C., favoring the prompt building up of the Navy to the strength permitted under the London and Washington treaties, and the making of necessary appropriations to accomplish such re-

sult, which were referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Woman's Christian Temperance Union of Pittsburgh, Pa., remonstrating against the repeal of the eighteenth amendment of the Constitution or the repeal or modification of the national prohibition law, which was ordered to lie on the table.

Mr. ROBINSON of Arkansas presented a letter addressed to him from Representative C. G. SELVIG, of Minnesota, with an inclosed letter addressed to Mr. SELVIG by A. D. Stephens, of Crookston, Minn., relative to a maximum limit of loans to farmers in connection with pending legislation, which, with the accompanying paper, was referred to the Committee on Banking and Currency.

Mr. SHEPPARD presented memorials and communications in the nature of memorials signed by 6,300 citizens of the counties of Taylor, Dallas, Bowie, Brown, Runnels, Ellis, Shelby, Red River, Gaines, Hopkins, Gillespie, Bosque, Lipscomb, Tarrant, Rockwall, Concho, Coryell, Grayson, Cooke, Fisher, Atascosa, Lamar, Grimes, Harris, Foard, Burleson, Dallam, Uvalde, McLennan, Victoria, Washington, Tom Green, Nueces, Smith, Anderson, San Patricio, Montgomery, Denton, Cass, Travis, Erath, Walker, Robertson, San Sabe, Wharton, Matagorda, Jackson, Bexar, Callahan, Collins, Young, Stephens, Austin, Falls, Hunt, Lampasas, and Kaufman, all in the State of Texas, remonstrating against the repeal of the eighteenth amendment of the Constitution or the modification of the Volstead Act, which were ordered to lie on the table.

Mr. CAPPER presented memorials of sundry citizens of Independence and Crawford County, in the State of Kansas, remonstrating against the repeal or modification of the national prohibition law, which were ordered to lie on the table.

He also presented a resolution adopted at a mass meeting, sponsored by the Woman's Christian Temperance Union, of citizens of Edgerton, Kans., protesting against the repeal of the eighteenth amendment to the Constitution or the repeal or modification of the national prohibition law, which was ordered to lie on the table.

He also presented resolutions adopted by local chapters of the Woman's Christian Temperance Union of Everst, Leoti, and Parsons; the Home Woman's Christian Temperance Union, of Kansas City; and Lottie A. Case Woman's Christian Temperance Union, of Topeka, all in the State of Kan , favoring the passage of legislation to regulate and supervise the motion-picture industry, which were ordered to lie on the table.

Mr. BROOKHART presented the memorial of L. E. Aronson and sundry other citizens of Earlham, Iowa, remonstrating against the shipment of arms to countries at war, which was referred to the Committee on Foreign Relations.

He also presented the petition of Mrs. K. A. Brunsvold and sundry other citizens of Northwood, Iowa, praying for the passage of legislation to regulate and supervise the motion-picture industry, which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by the Blasdell Woman's Christian Temperance Union of Erie County, N. Y., protesting against the repeal of the eighteenth amendment of the Constitution or the repeal or modification of the national prohibition law, which was ordered to lie on the table.

He also presented a resolution adopted by the Rockland County (N. Y.) Chapter of the Reserve Officers' Association of the United States, favoring amendments to the War Department appropriation bill to correct alleged inequalities to officers of the Regular Army, the National Guard, and the Organized Reserves, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by the board of directors of the American Society of Civil Engineers at New York City, N. Y., favoring amendment of the emergency relief and construction act of 1932 so as to liberalize its provisions relating to loans by the Reconstruction Finance Corporation, which were referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the New Hudson Association of the Dairymen's League Cooperative Association (Inc.), Black Creek, N. Y., favoring the suspension of gold payments and the revaluation of the dollar, which was referred to the Committee on Banking and Currency.

He also presented a petition of sundry citizens of Olean, N. Y., praying for the passage of legislation providing a shorter work week, unemployment insurance, relief of the needy, and the revaluation of the gold currency, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the Federation of Jewish Women's Organizations (Inc.) at New York City, N. Y., favoring the passage of legislation to exclude licensed physicians and duly authorized medical schools, journals, or associations from the application of laws relating to birth control, which was referred to the Committee on the Judiciary.

AUTHORITY TO ENACT THE "THREE WAY FARM RELIEF BILL"

Mr. BARBOUR. Mr. President, I ask unanimous consent for the printing in full in the RECORD of a letter and a memorandum prepared by Mr. Arthur J. Edwards, of Montclair, N. J., with reference to the authority of Congress to enact the so-called "three way farm relief bill," and request that the matter be referred to the Committee on Agriculture and Forestry.

There being no objection, the letter and memorandum were referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

MONTCLAIR, N. J., *January 31, 1933.*

Senator W. WARREN BARBOUR,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In accordance with your recent request, I have examined carefully the principles of the law which would be involved in the enactment of the so-called "three way farm relief bill," debated at length in the Senate last June and reintroduced as S. 5027 in December, and now under consideration by the Committee on Agriculture and Forestry.

This bill takes on added importance because Title III is a simplified form of the "allotment plan," and because of the belief that in case H. R. 13991, the domestic allotment plan bill, is not approved, the Senate is likely to again turn to the special consideration of S. 5027.

This memorandum with the recently published memorandum on H. R. 13991 together constitute a commentary on the field of law necessary to be considered in connection with this type of legislation. It is, I believe, of timely interest for that reason, both in this session and in the probable special session to follow. It will at least furnish a basis of discussion and a rallying point for those of like mind.

Yours very sincerely,

ARTHUR J. EDWARDS.

Memorandum on the authority of Congress to enact S. 4536 (72d Con., 1st sess.) and S. 5027 (2d sess.), practically identical, both entitled "A bill to amend the agricultural marketing act approved June 15, 1929," and commonly known as the three way farm relief bill

(Memorandum 2)

XX. In as serious a discussion as this is intended to be, it is not inappropriate that a text be chosen, hence the words of Hon. JAMES M. BECK: "There is no cause, no matter how great its appeal to human sympathy, that justifies a violation of the Constitution of the United States." (The Supreme Court To-day and To-morrow, in Lectures on Legal Topics before the Association of the Bar of the City of New York, vol. 6, p. 266.) We will endeavor to justify this text.

FUNDAMENTALS

XXI. This memorandum discusses the authority of Congress to enact S. 5027, now referred to and being considered by the Senate Committee on Agriculture and Forestry. It is well to establish certain fundamental relationships upon which to build the discussion. The Constitution, as now interpreted by the Supreme Court, like the tables of stone of old, has these commandments to Congress:

I. Thou shalt not undertake to regulate agriculture and manufacture, for such is reserved to the States.

II. Thou shalt not impose taxes as an instrument of regulation of agriculture and manufacture.

III. Thou shalt not impose regulations upon interstate commerce directed to and clearly purposed for the regulation of agriculture, manufacture, and local trade and carriage.

IV. Thou shalt not delegate the power of taxation given thee to the discretion of the executive branch.

V. Thou shalt not deprive a man of his liberty or his property without due process of law, nor take his private property for public use without just compensation.

VI. Thou shalt not assume to thyself powers reserved to the States because of the presumption that the national interest demands it.

Three of the greatest contacts of Congress with the people are involved in:

1. The power to tax—to take a man's property for the support of the Government and for its services.

2. The spending power—to make appropriations.

3. The power to regulate—to say "do" and "do not" in the conduct of affairs.

On account of the diffuse and impersonal character of the spending power "it droppeth as the gentle rain from heaven upon the place beneath"—it is difficult to judicially test specific acts of government in this field.

However, as to the other two powers—the power to tax and the power to regulate—these are based on the very foundations of our Union, our liberty, and jurisprudence, and the full force and vigor of the courts are promptly available to restrain any invasion of the rights or property of individual persons or of the States in matters reserved to them. These are mentioned because of their application hereafter.

XXII. Continued discussion of principles of law applicable to farm-relief legislation.

This memorandum continues the discussion of the law as applicable to various plans for dealing with the farm-relief problem and supplements A Memorandum on the Authority of Congress to enact H. R. 13991, "A bill to aid agriculture and relieve the existing national economic emergency," printed in the minutes of the Senate, CONGRESSIONAL RECORD, January 23, 1933, on pages 2359–2364, which is referred to herein as Memorandum I. For convenience, the section numbers of this Memorandum II follow consecutively after those of Memorandum I.

We consider herein S. 5027 and S. 4536, referred to interchangeability herein, commonly known as the three way farm relief bill, with the three plans therein proposed:

Title I. The equalization-fee plan.

Title II. The export-debenture plan.

Title III. The allotment plan, in its original simpler form.

Title I. The equalization-fee plan

XXIII. In my opinion, Title I is not within the authority of Congress to enact for the following principal reasons:

1. It regulates trading or commerce in commodities within the several States, and is therefore invalid as an interference with the affairs of the several States.

2. The schedule of transactions proposed to be taxed, the transportation, processing, and sale of commodities are not matters of interstate or foreign commerce, except as to those common carriers who accept commodities for interstate transportation, but are otherwise all matters for State regulation, and Congress is without authority in this field.

3. The levy and assessment of the equalization fee "as a regulation of interstate and foreign commerce" affects so many transactions which are not interstate commerce and which it does not regulate that it can not possibly be conceived of as falling within this taxation classification and must be considered wholly invalid.

4. If, however, the equalization fee is not a form of taxation, as many of its proponents contend, then by elimination of all ascertained alternatives it appears that it must be a monetary exaction or property-taking action of a sort which deprives the fee payer of "property without due process of law," repugnant to the fifth amendment of the Constitution.

5. The delegation by Congress to an administrative agency of the power to levy and collect taxes is made with no certain rules of decision and with reliance upon the discretion of the administration for the economic assumptions which must control the mathematical determination of the tax, and as such is an illegal delegation of the congressional power to levy taxes.

6. The equalization fee is a national burden upon exportations and as such repugnant to section 9 of the Constitution providing "no tax or duty shall be laid on articles exported from any State."

7. The payment by the United States of losses incurred by contracts for the purchase of commodities in this country and their sale at a lower price abroad is in effect a bounty or grant upon the export of such products, in the language of section 303 of the tariff act of 1930, which in all probability would result in the levy of countervailing duties and "retaliation on the ground of dumping" by so many foreign countries to which the commodities would be exported, as to render the plan economically futile for reasons outlined in discussion of Title II.

8. If, as I analyze it, this is a "bill for raising revenue," it did not "originate in the House of Representatives." (Art. I, sec. 7, Constitution.)

XXIV. The new legal terminology: Both the bill under discussion, S. 4536, and also H. R. 13991, the pending domestic allotment bill, are shot through with new words and phrases which are not elsewhere technically defined and the legal meaning and implication of which have not been explained and defined by the courts. Typical of such phrases are "orderly marketing," "equalization fee," "adjustment charge," "tariff benefits," "stabilization fund," "price-insurance agreements," "each marketed unit shall contribute ratably its equitable share of losses, costs, and charges," "debenturable commodities," "export debenture," "parity basis." Before any clear comprehension can be had of these it is necessary to know something of the economical and philosophical background of these bills and the extent to which this economic philosophy is sought to be put in effect by the mechanics of the bill, and then a legal suit of clothes with constitutional justification fitted to it afterwards.

XXV. Title I a lineal descendant of the McNary-Haugen bills: Title I is of the fifth generation, a direct lineal descendant of the McNary-Haugen bills of 1924, 1926, 1927, and 1928 with the typical "equalization fee" collected to pay the costs and losses incurred by the purchase of commodities in the domestic market and their export and sale in other countries, but simplified by the omission of any nongovernmental control and in other respects.

In December, 1921, Mr. George N. Peek and Gen. Hugh S. Johnson, at a reunion meeting of the War Industries Board, discussed their recently conceived plan for farm relief and early in 1922 published it to the world in a brief, Equality for Agriculture, of which they were joint authors. This was a lengthly brief and we will only quote from it the caption of Section VI:

"A practical organization is a corporation to guarantee to buy carry-over from each year's crop at fair exchange value and to conduct export selling. Its charter must insure the following results:

"1. No Government in business.

"2. No class preference or subsidy for agriculture.

"3. Complete assumption of risk by agriculture.

"4. Financial solvency under all conditions.

"5. Simplicity of operation.

"6. Minimum of interference with existing institutions."

Based on this brief a bill embodying the plan was drafted by somebody in the Department of Agriculture which was introduced by Representative HAUGEN and Senator MCNARY as H. R. 5563, rewritten as H. R. 9033 and was the first of the succession of McNary-Haugen bills developing gradually into its present form in Title I of S. 5027. The rapid drift away from "no Government in business," "no subsidy for agriculture," and "complete assumption of risk by agriculture," and other features will be noted. Neither H. R. 9033 in 1924 or H. R. 7893 in 1926 was passed.

S. 4808, the surplus control act of the Sixty-ninth Congress, second session (1927), and S. 3555, the agricultural surplus control act, Seventieth Congress, first session, were both in their day passed by both Houses, vetoed by President Calvin Coolidge, and not repassed. President Coolidge's veto messages and the accompanying opinions of John G. Sargent, Attorney General, as to the unconstitutionality of the bills, Senate Documents No. 214 (1927) and No. 141 (1928) are monumental works in clarifying and developing the economic, political, and constitutional weaknesses of this type of plan.

S. 5027, Title I, of the Seventy-second Congress, is the fifth in direct line of descent.

Two lines of developments in this series of bills are of particular importance, for upon them now depend the whole legal concept to be given the proposal:

First. Who is to furnish the money to finance the plan?

Second. How is this money furnishing to be legally enforced?

Third. Is this a bill for raising revenue to be paid into the Treasury, or do the provisions for collection and deposit in section 12 (d) constitute some other form of money raising?

XXVII. Evolution of the equalization fee: In the first McNary-Haugen bills, those of 1924 and 1926, the "equalization fee" payment shall be made by the producers of each commodity apparently in accordance with the Peck theory that this was a mutually cooperative "special assessment operation" which the producers were to bear the burden of by taxing themselves. Some time between 1926 and 1927 the glimmer of a suspicion appeared that perhaps the plan might "back-fire" and the producers who paid the tax for operating costs might not get it back. Therefore, in the 1927 edition the idea first appears that the inanimate commodity itself must pay the cost and the plan was changed to practically that proposed in S. 4536 wherein, quoting only the essentials:

"In order to carry out marketing and price-insurance arguments without loss to the revolving fund each marketed unit of such agricultural commodity shall contribute its equitable share of the losses, costs, and charges. Such contributions shall be made by means of an equalization fee apportioned and paid as a regulation of interstate and foreign commerce in the commodity. Any equalization fee shall be paid, in respect of each marketed unit, upon one of the following: The transportation, processing, or sale of such unit * * * (as) * * * the board shall determine." (Sec. 12 (b)) also "an equalization fee shall be collected upon the first sale or other disposition of any food product derived from cattle or swine if on hand at the commencement of the maketing period."

The House report in 1927 (p. 7) explains this:

"As each bushel of grain or bale of cotton moves in commerce a contribution is to be collected from the most convenient point—from the miller on milling, or the railroad on transportation, or the purchaser in buying, as the board has determined to be most suitable in each case. The bill calls this contribution the "equalization fee," because by means of it the expense of an operation which benefits alike all producers of a crop is carried by them in exact proportion to the benefits received."

So the miller, the railroad, or the purchaser is to pay the "fee"; so it is a matter of individual property concern and not the taxing of an impersonal commodity. Whether this be a general excise tax for revenue or a fee or charge for governmental services remains to be considered.

XXVIII. The assessment and collection of the equalization fee in the first McNary-Haugen bill of 1924 was variously explained and defended on the diverse grounds that it was:

(1) an excise tax upon the sale of commodities,

(2) a special assessment tax "in order to permit the persons benefited by the act to pay for the operations thereof," and

(3) a monetary exaction in connection with the power of Congress "to regulate commerce with foreign nations and among the several States."

It is noteworthy that then, as now, almost the entire political argument, as distinguished from the legal, for the bill is being built upon the second of these grounds—the original Peck thesis. But each of these three diverse classifications of the fee contradicted the two others and left the proponents confused, so in 1927, and now, it is determined that the monetary exaction, thus euphemistically referred to in early defenses, was "an equalization fee apportioned and paid as a regulation of interstate and foreign commerce." Thus it is given a name and classification by which it must stand or fall.

XXIX. The fee represents money or property belonging to the miller, the railroad, or the purchaser which the Government proposes to demand, by the power to tax or by other due process of law, shall be forthwith handed over to the Government.

Has the equalization fee, as originally conceived by Mr. Peck and still spoken of by some of the committee to pay the losses and costs of an economic and business operation levied upon those specially benefited by the increase in property values, retained this character legally, or have the necessities of constitutional justification changed its character and method of imposition so that it is either tax or excise for revenue, or is still something else, a fee or an "adjustment charge," as in H. R. 13991?

XXX. As Professor Seligman says, "A fee * * * is a compulsory contribution for services in which the element of public service must be present." This is a fee for regulation and regulatory and inspection fees must typically bear some general relationship of equality to the expense and time involved in the Government's act of regulating. Though perhaps not in point in all respects, the decision in Postal Telegraph Co. *v.* Taylor (1903, 192 U. S. 64, 73) is important. Here a municipal ordinance provided for an inspection tax that was greatly in excess of any possible expense to be incurred, and the Supreme Court held the tax invalid for the reason that "under such facts it would seem to be plain that the ordinance was adopted as a means of raising revenue and not repay expenses for inspection."

The purpose of the fee is "to carry out marketing and price-insurance agreements, * * * and to contribute ratably its equitable share of losses, costs, and charges arising out of such agreements." Losses are likely to be the main item, that is, losses incurred in commercial transactions, buying in a rising or elevated domestic market and deliberately selling at a lower price abroad, the losses inevitable in any price-insurance agreements and losses the result possibly of poor business judgments and reliance upon inaccurate crop reports affecting prices, domestic and foreign. We have no precedent for classifying as feeable Government expenses these huge commercial losses incurred in business in which the Government as principal employs agents to handle transactions of this type and finance them. And are price-insurance agreements, mentioned four times in section 12 (a), (b), and (d), to be entered into committing the Government under some implied power related to the objectives of the bill because there is no specific authority or apparent necessity for such measures? It seems clear, however, these items do not represent the expense of regulating service in the sense understood by the Supreme Court in the case cited and by Doctor Seligman.

XXXI. Treatment of fee inconsistent with tax: Provisions relating to the fees in this bill are, briefly: The transporter, processor, or seller collects the equalization fee, which is deposited in a public depositary of the United States to the credit of the stabilization fund established by the board for each commodity. The board shall have exclusive power of expending the money in the fund and of withdrawing payments on marketing and price-insurance agreements, salaries, expenses, and repayments.

Note the care with which payments into the Treasury and appropriation prior to withdrawal and expenditures are avoided, at least as to the form of words. Was this to escape the constitutional requirement that "no money shall be withdrawn from the Treasury but in consequence of appropriation made by law"? (Art. 1, sec. 8.)

There is apparent also an effort to prove or demonstrate that the fee is not a tax but some other form of property taking because of the complete ignoring of the constitutional provision that "no tax or duty shall be laid on articles exported from any State." (Art. 2, sec. 9). This is developed more fully in Section XXXVII, post.

There is also a studied attempt to demonstrate that the money raised is not revenue for a Federal purpose, since S. 4808 in 1927 and S. 3555 in 1928, the McNary-Haugen bills of those two years, as well as the present S. 4536, all originated in the Senate, whereas the Constitution requires that "all bills for raising revenue shall originate in the House of Representatives" (Art. I, sec. 7). The courts, in order to sustain these bills, would be compelled to find that they did not "raise revenue."

The facts that the equalization fee (a) is not paid into the Treasury, (b) is not paid out "in consequence of appropriations made by law," (c) is levied on articles to be exported, (d) is levied in a bill which originated in the Senate, combine to prove either that the fee is not a tax levied for revenue or if it is such a tax, is so faultily provided for in the technical construction of the bill that it must be held invalid.

XXXII. What other property taking act may it be? If, however, the equalization fee is not a form of taxation, which view may be implied from these elements in the structure of the bill, then it must come under the head of some of the other property-taking powers:

(a) It is not a gift or "money borrowed on the credit of the United States." (Art. I, sec. 8, Constitution.)

(b) It is surely not "private property taken for public use," since no element of "just compensation" is present. (Amendment V, Constitution.)

(c) It lacks the conventional elements of a regulatory fee for a public service, since its amount is not to repay expenses of regulation and said amount is determined by entirely different considerations in which fluctuating market prices in foreign markets beyond any possible sphere of regulation play a prominent part. (See sec. —, post.)

(d) Therefore, research and reflection disclosing no other alternatives, it must apparently be a monetary or property exaction, taken from individuals against their wills who are not interested in the price-elevation plan for the commodity, to repay the Government for its costs and losses incurred in a gigantic commercial operation for the purchase and sale of commodities. Such a power is not conferred upon Congress and its exercise amounts to depriving the owner of property without "due process of law." (Constitution, Amendment V.)

XXXIII. The equalization fee considered as a tax: While technically the possibility of the equalization fee in S. 4536 being a legally levied tax appears conclusively disposed of, it nevertheless appears that the collection of several hundred millions of dollars in fees or charges must properly be treated as a revenue-raising tax rather than as a regulatory fee or exaction, and that it should be studied on that basis, upon the assumption that the technical defects in drafting can be remedied.

XXXIV. The equalization fee as a regulator of interstate commerce: One of the most important powers of Congress is that of regulating interstate and foreign commerce, and the concept of what is involved in regulation has gradually been broadened by Congress and sustained by the Supreme Court. The matter of regulation was discussed in Memorandum I, section 3, and definitions and decisions of various dates cited, culminating probably in the most comprehensive of all, Chief Justice Taft's:

"To regulate in the sense intended is to foster, protect, and control the commerce with appropriate regard to the welfare of those who are immediately concerned, as well as the public at large, and to protect its growth and insure its safety." (Dayton-Goose Creek Railroad Case (1924) 263 U. S. 456, 478.)

Title I mentions "interstate and foreign commerce" in only one place, in section 12 (b), when it says, "Such contributions shall be made by means of an equalization fee apportioned and paid as a regulation of interstate and foreign commerce in the commodity." None of the "contributions" referred to (Sec. 12 (b)) have to do with acts necessarily related to interstate commerce—as a matter of fact, most of them are positively identifiable as intrastate matters and only a few are of such nature that they are intrastate in some instances and interstate in others, but with the intrastate transactions having no controlling or burdening influence on the others. Merely giving this an "interstate" name is ineffectual without "building up" the picture. What I have in mind is well illustrated by a passage in the debate of one of the earlier McNary-Haugen bills. During a speech by Senator Lenroot, the late Senator Cummins interrupted to read the definition of interstate commerce given in the packers' act, as follows:

"If such article is part of that current of commerce usual in the livestock and meat-packing industries, whereby livestock, meats, meat-food products, livestock products, dairy products, poultry, poultry products, or eggs, are sent from one State with the expectation that they will end their transit after purchase in another, including in addition to cases within the above general description, all cases where purchase or sale is either for shipment to another State or for slaughter of livestock within the State and the shipment outside the State of the products resulting from such slaughter. Articles normally in such current of commerce shall not be considered out of such current through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this act."

In reply to Senator Cummins's question, Senator Lenroot stated that he was inclined to think that this was a fair and legal description of what constitutes interstate commerce in that particular instance and that if the transactions taxed in the Haugen bill were as carefully guarded, a very different question would be involved.

The same kind of a relationship has been built up in laws controlling intrastate freight and passenger railroad rates with respect to their effect on interstate rates. The necessary burdensome relationship must be established in this case between the incidents of intrastate processing, transportation, and sale—"all of these delicate, multiform, and vital interests—interests which in their nature are and must be local in all the details of their successful management" to use Mr. Justice Lamar's words (Kidd *v.* Pearson, 128 U. S. 1, 20, quoted in Memorandum I, Sec. II) on the one hand, and interstate commerce on the other. Title I does not do this.

XXXV. What the fee is supposed to do is by its indirect economic action remove a portion of the commodity away from this

country through the channels of foreign commerce and thus through increasing scarcity, produce a price elevation for the remaining units of the commodity. This action brings no benefit or response to that portion of the commodity which is peculiarly in interstate and foreign commerce which is not duplicated among the units remaining within intrastate range. The drafters of the bill, to serve their own inscrutable ends, have chosen to make the commodity itself the subject of regulation but "goods, as goods, can not offend, forfeit, unlade, pay duties, or the like." Commodities have no inanimate interest in price and are not fostered or protected by such measures. In no place is there a reference to the Interstate Commerce Commission, charged with the main responsibility for regulatory meesures affecting interstate commerce, nor is the Farm Board clothed with power to prescribe rules of any character whatsoever by which such commerce may be guided or governed. The whole question is whether the court will look to an unsupported name, or whether it will read the bill as a whole to determine its purpose; and note therein that it is experimentally designed to provide for the making of Federal contracts for the buying and selling of commodities from which substantial losses and expenses will result and be paid, for the purpose of influencing and so regulating the price to be received by the commodity producers who remain so modestly and discreetly in the background as not to be mentioned in even a single line in Title I. The recent trend of decisions in the court like Hammer *v.* Dagenhart, make me confident that "statute must be judged by its natural and reasonable effects" (247 U. S. 251, 275), and so be held not within the scope of the commerce clause.

But back of the scenes we know from its history that essentially the bill attempts to influence or regulate the prosperity of the grower in contradistinction to the one who is legally the owner and payer of the fee, and protection of the grower is not a subject for regulation under the commerce clause. Even though the growers' product will eventually be deposited upon the "current of commerce" and become part of it, its transportation, processing, or sale does not appear to be a subject for regulation for the purpose of favorably influencing the price to be obtained by the original grower who, if the fee be levied on processing or transportation would never be called upon to pay it, though he might be if it was levied on the sale, which appears an unlikely choice.

XXXVI. The equalization fee as a tax: The discussion of the preceding sections has emphasized the attempt to drag the operations of Title I to within the scope of the commerce clause so as to get the money by a commerce regulatory fee. This brings us logically to the still more interesting question, the converse of the foregoing: Can the constitutionally delegated taxing power be availed of to finance a gigantic commercial operation masquerading as a regulation of interstate and foreign commerce, but actually something else, probably not within the competence of Congress and the Federal Government.

There is distinguishable an evolution or trend of Supreme Court cases from (1) the days when Marshall said: "Should Congress, under the pretext of executing its powers, pass laws for the accomplishment of objects not intrusted to the Government, it would become the painful duty of this tribunal to say that such an act was not the law of the land" (McCulloch *v.* Maryland (4 Wheat. 315, 423); to (2) the days when under the theory of McCray *v.* United States and Veazie Bank *v.* Fenno almost any act was sustained if the power exerted was in the first instance a duly delegated power; to (3) another and presumably present-day phase, beginning with Hammer *v.* Dagenhart (247 U. S. 251) and Child Labor Tax case (259 U. S. 20) and Hill *v.* Wallace (259 U. S. 44), decisions handed down the same day, in which the court has returned to the doctrine of Marshall and has held that if from the text of the statute the court could determine that its real purpose was not to raise revenue or to regulate interstate commerce, but to regulate some activity reserved to the State, it would impute an unconstitutional motive to Congress and hold the law invalid.

This doctrine is entertainingly illuminated by Hon. JAMES M. BECK in his address in The Supreme Court To-day and To-morrow, pages 263 to 268 (cited in Sec. XX). It is sufficient to state my belief that Title I carefully explains in its text all the details of its motivation in a manner to indicate clearly its illegality under this doctrine.

XXXVII. The equalization fee is a burden on exportation: Section 9, Article I, of the Constitution provides: "No tax or duty shall be laid on articles exported from any State." The Supreme Court, in Fairbanks *v.* U. S. (181 U. S. 283, 292), said: "The purpose of the restriction is that exportation, all exportation, shall be free from national burden." In Cornell *v.* Coyn (192 U. S. 418) it is said: "This means that no burden shall be placed on exportation."

In Peck *v.* Lowe (247 U. S. 165, 173), involving taxation of net income of a corporation from its exporting business which was sustained, the court said: "And the court has indicated that where the tax is not laid on the articles themselves while in course of exportation, the true test of its validity is whether it 'so directly and closely' bears on the 'process of exporting' as to be in substance a tax on the exportation."

Also Spalding & Bros. *v.* Edwards (262 U. S. 66).

The equalization fee is an exaction imposed by reason of the fact that the commodities are a part of interstate and foreign commerce, and being a part of foreign commerce, must be kept free as exports from national burdens, no matter how small. In the Fairbanks case, they were merely stamp taxes on foreign invoices. There is no provision for keeping separate those commodities and articles made therefrom which are "fee-paid" and those which, when exported, must be "fee-free." Whether fee or tax or some other exaction, it appears to be a nationally imposed burden on exportation repugnant to the Constitution.

XXXVIII. Delegation by Congress of the power to tax: As more fully developed in Memorandum I, Section XII, the Supreme Court has upheld laws in which Congress's exclusive authority to levy taxes is delegated to administrative agencies, presenting a "certain course of procedure and certain rules of decision" (Chief Justice Taft, 257 U. S. XXV), really authority "to fill in the blanks." The authority in section 12 (b) far transcends any such limit: "The board shall estimate the probable losses, costs, and charges" and determine, from time to time, the amount of the fee for each commodity unit.

This involves, among other factors:

(a) An economic determination of the percentage, or number of units, of the crop which must be withdrawn from the domestic market to bring about a price appreciation to a defined and fixed level. No known formula has ever been prepared that I have heard of.

(b) An estimate of the foreign market prices from time to time during the period and of domestic price to determine losses based on differences.

(c) An estimate of losses on price—insurance agreements, involving an official guess as to whether the price objective of the bill will be attained.

The enumeration of these items shows that the concepts are too vague to be judicially limited (United States *v.* Cohen Grocery Co., 255 U. S. 89), particularly for the purpose of determining whether taxes levied based on the board's determination thereof conform to the legislative will. The Constitution does not permit the delegation of taxing powers under any such loose discretion, and the man who has to pay the taxes has the right to the protection of the courts against the deprivation of his property by an administrative agency upon any such vaguely delegated authority.

XXXIX. Only the mechanics remain to be devised: One of the Presidential nominees, in his speech of acceptance four years ago, said: "Our platform calls for * * * an earnest endeavor to solve the problem of distribution of the cost of dealing with crop surpluses over the marketed unit of the crop whose producers are benefited by such assistance. Only the mechanics remain to be devised."

This describes accurately the McNary-Haugen plan as typified by Title I of this bill. The best brains among counsel for the organizations urging this plan were presumably working to "devise the mechanics."

Comparison of the 1928 and 1932 editions discloses practically no progress in legal essentials. As I view the situation, this is due to no lack of ability among counsel, but merely that the anticonstitutional thesis of the plan makes solution of the problem of devising the details of the mechanics impossible, as judged by results to date. At the time I corresponded with Mr. Peck and received his reply suggesting several legal expedients, all of them inadequate according to my analysis. There is also a distinct avoidance on the part of the producers of the assumption of any of this cost, as noted in a previous section.

XL. Prognosis: In case the bill should become a law with Title I as it now stands, I foresee that when producer, transporter, or seller is called upon for payment of the equalization fee in a test case, he will deny complete responsibility for collecting payment from the commodity on the conceded basis that it is not a tax levied for revenue and that no due process of law has been invoked to deprive him of property; that the commercial operations, from the economic consequences of which price elevation is anticipated, are merely business operations to which he is an involuntary, nonprofiting party and total stranger, and he does not choose to contribute to it for reasons already outlined.

CONCLUSION

XLI. Eight apparently sound arguments against the constitutionality of Title I, as specified in Section XXIII, supra, appear sufficient to convince one of my belief that it transcends the authority of Congress to enact this bill.

Title II. Export debentures

XLII. The argument against the export-debenture plan is more along the line of its utter economic futility and its direct drain upon the Treasury than upon its constitutionality.

The economic theory of the export bounty is that if a sufficient part of the domestic surplus or carry-over of any agricultural commodity is exported, a condition of domestic scarcity will progressively develop with a resultant rise in domestic price, and be it noted that the bounty would generally be paid to professional commodity exporters and manufacturers, and to the producer only in a negligible number of cases. This is probably true as an abstract proposition, but no economist that we know of has yet had the temerity to formulate the relationship between the exports necessary and objective rise sought, in view of the many factors involved, such as transfer of demand to other commodities.

XLIII. Concerning bounties: This is, of course, a bounty, and was so called when conceived in 1924. The word "debentures" has no distinguishable meaning different from Government due bills or I. O. U's. The Supreme Court itself, in the leading case involving the sugar bounty of the McKinley Tariff Act of 1890, United States *v.* Realty Co. (1895) (163 U. S. 427), held it unnecessary to decide whether the payment of a bounty was within the power of Congress or not. With this example, far be it from me to predict their action should the question again come before

them. For those who are interested in this line of inquiry I commend the following:

United States v. Carlisle (5 App. (D. C.) 138), which held the said sugar bounty unconstitutional for conventional reasons that it was a payment of public funds for the benefit of the individual recipients.

The Michigan Supreme Court held bounty payments by the State unconstitutional. (124 Mich. 674; 56 L. R. A. 329.)

See also the complete review up to date of publications in 1892:

The Sugar Bounties, Charles F. Chamberlayne, Harvard Law Review, volume 320; and

Bounties, in United States Supreme Court Reports, volume 3, page 508, particularly 511.

XLIV. Unbalancing the Treasury: Title II of the bill provides for the levy and collection of no new revenues to finance the plan. The debentures are to be issued for approximately one-half the schedule of tariff duties on the commodities affected. Of course the export debenture, which is transferable by delivery and which is to be receivable at its face value by any collector of customs in payment of duties collectible against articles imported by the bearer (sec. 13 (e)), merely serves as a substitute for money when finally presented by its bearer, and keeps just that much money out of the Treasury. To the extent that the exporter receives debentures the Treasury eventually fails to receive cash which importers would otherwise pay, and fails to make its contribution to meet the general expenses of the Government. It is impossible to estimate the cost of this plan, for reasons set out in the next paragraph, leading us to believe it will be a discourager of export rather than the opposite.

XLV. Countervailing duties and reprisals: One of the maxims of international law is to the effect that "No nation can conscionably object to the same treatment being accorded to its trade by other nations as its own laws accord to their trade with it." The tariff act of 1930 of the United States provides, omitting repetitive phrases, "Whenever any country, association, or cartel shall pay or bestow any bounty or grant upon the manufacture or production or export of any article manufactured or produced in such country, there shall be levied and paid, in addition to the duties otherwise imposed, an additional duty equal to the net amount of such bounty or grant, however the same be paid or bestowed" (sec. 303). With this reception accorded bounty-aid goods arriving at our ports, it is almost inevitable that similar treatment will meet our commodity exports when they arrive at foreign ports. "What's sauce for the goose is sauce for the gander." The export bounty here will merely pay the additional import duties at port of entry abroad, and the receipt of a bounty of this type, with no net profit to the recipient, will be unavailable as a commercial motive for reducing surpluses by moving them abroad.

In Mr. F. D. Roosevelt's "essential specifications of a workable plan" outlined in his Topeka address the third specification clearly had this in mind: "Third, it must not make use of any mechanism which would cause our European customers to retaliate on the ground of dumping."

Title III. The allotment plan

XLVI. Title III, which follows in general outline H. R. 7797, introduced by Mr. SWANK in January, 1932, exemplifies the allotment plan in one of its earliest and simplest phases. S. 4536 was recommitted to the committee on June 15 apparently for the purpose of redrafting, and after certain changes reintroduced as S. 5027 in the present session. Only those features in this latest edition will be discussed which embody principles of lasting interest.

I believe Title III as now before the committee is subject to these irremedial objections:

1. It regulates and prohibits trading in commodities within the several States, which is a power not delegated to Congress but reserved to the States by the tenth amendment to the Constitution.

2. The prohibition with respect to the right to sell and buy commodities except at not less than federally fixed prices and the Federal dictation that certain commodities shall be exported, withheld from market, or otherwise disposed of "deprives" those interested "of liberty or property without due process of law," as guaranteed by the fifth amendment.

Section 14 (a) provides that "the part of the domestic production of any agricultural product which is needed for domestic consumption * * * shall enter interstate commerce at a price per unit not less than the cost of production," and that "the remaining or surplus portion, if any, shall be exported, withheld from market, or otherwise disposed of as otherwise directed by the board (sec. 14 (a)), except that it shall not be disposed of in the domestic market."

Other than the producers, only those in business who are licensed by the Government may buy and sell these agricultural commodities, and "it shall be unlawful for any licensee to purchase (the domestic consumption portion of) any agricultural products at a price less than the cost of production." Note that this minimum fixed price, "the cost of production" (sec. 14 (a) and 15 (8)), does not govern alone the occasion when the commodity first "enters commerce" but regulates and controls, and prohibits as well, all subsequent purchases along the highway of commerce within both interstate and intrastate commerce.

XLVII. It regulates trading within the States. Unless this bill regulates trading within the several States it is wholly ineffective in its economic results, as the command "shall enter interstate commerce * * * at not less than the cost of production," unsupported as it is by further definition, does not bring all the intrastate transactions within its scope, for reasons fully discussed in Section XXXIV, supra. Only to plainly state the provisions of Title III in its exact form indicates clearly its constitutional weakness in thus attempting to dictate, regulate, and prohibit trading in commodities, as well as the administrative detail in supervising sales of all producers to insure that they do not sell domestically in excess of the permitted fraction and that the purchasers do not buy any of the forbidden portion or at less than the federally defined and fixed prices.

The question of the regulation of intrastate affairs is fully discussed in Memorandum I, Section VII, which applies with equal force to the type of control here proposed to be imposed.

XLVIII. It interferes with the right to contract about one's affairs: It may be well to add the Supreme Court view in a law by Congress applying directly to selling of a commodity (U. S. v. Dewitt (1870), 9 Wall. 41). This law made it unlawful to "offer for sale oil made from petroleum for illuminating purposes inflammable at less temperature or fire test than 110° F."

Chief Justice Chase said:

"The questions certified resolve themselves in this: Has Congress power under the Constitution to prohibit trade within the limits of a State?" which "must be answered in the negative," citing License Cases (5 Howard 504), Passenger Cases (7 Id. 283), License Tax Cases (5 Wall., 470), and cases cited.

To the same effect, see the recent case (Hill v. Wallace (1922), 259 U. S. 44).

The act of Congress imposed a tax on contracts of sale of grain for future delivery. The court held:

"Sales of grain for future delivery at Chicago * * * are not in themselves interstate commerce, and can not come within the regulating power under the commerce clause unless they are regarded by Congress, from the evidence before it, as directly interfering with interstate commerce so as to obstruct or burden it."

The principle of these two cases is equally applicable to the prohibition as proposed with respect to the right to sell and buy commodities below a federally defined and fixed minimum price. The seller or buyer is "deprived of * * * property without due process of law," the protection to his property contained in the fifth amendment to the Constitution.

Both the liberty and property right represented by the right to contract for purchase and sale of commodities is illuminated by another recent case—Adkins v. Children's Hospital (1923) (261 U. S. 525, 545).

The District of Columbia's minimum wage law established a wage board with authority to fix standards of minimum wages for women.

The court said:

"That the right to contract about one's affairs is a part of the liberty of the individual protected by the fifth amendment is settled by decisions of the court and is no longer open to question," citing also Coppage v. Kansas (236 U. S. 1, 14).

Interference to the extent of prohibition with the right and liberty to contract to purchase or sell at prices below a federally defined and fixed minimum is equally subject to this objection.

CONCLUSION

XLVIX. The Executive is charged in section 1 (b) (4th) of S. 5027 with a difficult task when after making certain almost inevitable findings he "shall arrange to secure cost of production" for certain commodities sold in the domestic market. This task becomes a practical impossibility so far as his efforts are concerned when implemented only "with one or more of the plans authorized in Title I, Title II, and Title III," each of which appears weak and inoperative for the reasons stated.

I am genuinely responsive to the appeal for social justice contained in this measure, but that appeal furnishes no compelling reason for the adoption of this or any other specific plan from among those available if, by its adoption and later rejection by the court, the cause of agriculture is thereby damaged rather than improved.

This appears to be one of the crucial situations warned against by Justice Holmes when "well-settled principles of law will bend * * * because of some accident of immediate overwhelming interest which appeals to the feelings and distorts the judgment" (193 U. S. 400).

The opening text is repeated:

"There is no cause, no matter how great its appeal to human sympathy, that justifies a violation of the Constitution of the United States."

Respectfully submitted.

ARTHUR J. EDWARDS.

MONTCLAIR, N. J., *January 31, 1933.*

REPORTS OF COMMITTEES

Mr. CAPPER, from the Committee on the District of Columbia, to which was referred the bill (H. R. 5823) to increase the motor-vehicle fuel tax in the District of Columbia, and to provide for the better administration thereof, reported it with amendments and submitted a report (No. 1152) thereon.

Mr. VANDENBERG, from the Committee on Commerce, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 5503. An act authorizing the Chesapeake Bay Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Chesapeake Bay from a point in Baltimore County to a point in Kent County, in the State of Maryland (Rept. No. 1153); and

S. 5504. An act authorizing the Bushkill Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Delaware River at or near Bushkill, Pa. (Rept. No. 1154).

ENROLLED BILLS PRESENTED

Mr. VANDENBERG, from the Committee on Enrolled Bills, reported that on February 3, 1933, that committee presented to the President of the United States the following enrolled bills:

S. 243. An act for the relief of S. F. Stacher;

S. 433. An act to authorize the posthumous award of a distinguished-flying cross to Eugene B. Ely;

S. 2058. An act for the relief of William C. Rives;

S. 2982. An act for the relief of J. G. Seupelt; and

S. 4381. An act authorizing the President to transfer and appoint Lieut. Morris Smellow, United States Navy, to the grade of passed assistant paymaster, with the rank of lieutenant, in the Supply Corps of the United States Navy.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHIPSTEAD:

A bill (S. 5582) to authorize the Reconstruction Finance Corporation to make loans to private colleges, universities, and institutions of higher learning, and for other purposes; to the Committee on Banking and Currency.

By Mr. MOSES:

A bill (S. 5583) granting an increase of pension to Delia H. Holmes; to the Committee on Pensions.

HOUSE BILL REFERRED

The bill (H. R. 14458) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

AMENDMENT PERTAINING TO WAGE CUTS AND FURLOUGHS

Mr. COSTIGAN submitted an amendment intended to be proposed by him to an amendment proposed by Mr. BRATTON to House bill 13520, the Treasury and Post Office Departments appropriation bill, which was ordered to lie on the table and to be printed, as follows:

At the end of said amendment insert:

"In making any such reductions in expenditures no wage cuts or furloughs shall be ordered other than those heretofore effected or in any other section of this act provided."

FEDERAL GASOLINE TAX—AMENDMENT

Mr. BINGHAM submitted an amendment intended to be proposed by him to the bill (H. R. 14416) to make the Federal gasoline tax effective until June 30, 1934, which was referred to the Committee on Finance and ordered to be printed, as follows:

On page 1, line 11, to strike out "State, or political subdivision thereof" and insert in lieu thereof the following: "State or Territory, or a political subdivision thereof, or the District of Columbia."

AMENDMENT OF THE BANKRUPTCY LAW

Mr. BULKLEY submitted an amendment intended to be proposed by him to the bill (H. R. 14359) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, which was referred to the Committee on the Judiciary and ordered to be printed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4509) to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain."

MINING OF COAL, PHOSPHATE, OIL, ETC., ON THE PUBLIC DOMAIN

Mr. CUTTING. Mr. President, I call up from the table the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to Senate bill 4509, and ask for its adoption.

The VICE PRESIDENT. The Chair lays before the Senate the conference report and it will be read.

The report was read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4509) to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment.

GERALD P. NYE,
BRONSON CUTTING,
JOHN B. KENDRICK,
Managers on the part of the Senate.

JOHN M. EVANS,
TOM YON,
DON B. COLTON,
Managers on the part of the House.

The report was agreed to.

PRESENTATION OF POSTHUMOUS MEDALS OF HONOR

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 2200) to authorize the presentation of a medal of honor, posthumously, to the late Henry Clay Drexler and the late George Robert Cholister, which were on page 1, lines 3 and 4, to strike out "in the name of Congress," and on page 1, line 11, after "shipmates." to insert "That said medals of honor may be presented to the nearest next of kin of said deceased, respectively, living at the date of the enactment of this act."

Mr. HASTINGS. I move that the amendments of the House be concurred in.

The motion was agreed to.

HOUR OF MEETING MONDAY—MEMORIAL SERVICES

Mr. McNARY. Mr. President, I ask unanimous consent that when the Senate concludes its work to-day it take a recess until 11.30 o'clock a. m. on Monday.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Mr. McNARY. It is the desire that Senators may meet here at 11.30 o'clock before proceeding to the House, where appropriate memorial services are to be held commemorating the life and character of the late ex-President Coolidge; after which, I want to give notice, we shall return to the Chamber and continue the work for the day.

RECENT DEVELOPMENTS IN AMERICAN INDUSTRY

Mr. SMOOT. Mr. President, I ask leave to have published in the RECORD an address delivered by David Sarnoff, president of the Radio Corporation of America, at the forum conducted by New York University and the Investment Bankers Association of America, New York City, N. Y., on January 12, 1933, entitled "Recent Developments in American Industry."

There being no objection, the address was ordered to be printed in the RECORD, and it is as follows:

Attention is centered to-day, as at no previous time in our memory, on the pressing questions of unemployment, the restoration of markets, the revival of trade, and on the relationship of modern industrial methods to these perplexing problems.

That the changing course of industry has had its bearing on these questions none can dispute. It would seem equally beyond challenge that other factors, not industrial in character, must be taken into consideration in any adequate study of means for restoring an equilibrium, of assuring continuous employment, stimulating commerce, and giving new vigor to our economic life. The

conditions of the hour are no more inherent in the industrial practices than in the social and political concepts of the times. They come not only because industry has grown larger and more complex, but because the evolution of the social, legislative, and political elements in our life has not kept pace with the rapid march of science and invention.

It will be possible here to touch upon only a few of the outstanding aspects of American industry and to consider briefly some of the broader tendencies that have revealed themselves in recent years.

America has been an industrious nation for upward of a century and a half and an important industrial nation for approximately half that time. Within that period industry has been subjected to continual transition. No generation has missed the swift-moving forces that have revolutionized the customs and habits of the people, and no generation has been entirely free from maladjustments and economic distress, which have brought home with increasing emphasis the need for more fundamental planning in our social, political, and economic life.

Let us look for a moment at some of the things that have occurred in our own generation, recognizing, of course, that in the twentieth century industry has been given tremendous new impetus.

TWENTY YEARS IN RETROSPECT

During the last two decades in our own land the number of automobiles in use has increased from 940,000 to 24,000,000. The number of telephones has increased from 8,000,000 to 20,000,000. The number of homes wired for electricity has increased from 3,000,000 to 20,000,000. Radio has entered 17,000,000 homes. Whereas 20 years ago these vital services were enjoyed by a minority of the people, their use to-day is almost universal.

During these two decades we have witnessed the coming of the wireless telephone, radio broadcasting, talking motion pictures, aviation, concrete highways, and a vast number of other developments and inventions of profound influence upon daily life. Billion dollar corporations have appeared in our business structure. Skyscrapers raise themselves above our cities. We cross the continent in one day, and the Atlantic Ocean in a little more than four. Change has not been limited to industry and commerce.

Twenty years ago there was scant mention, and little understanding, of such terms as income taxes, prohibition, speakeasies, and racketeers. In the last 20 years, women have obtained the franchise and have entered trade and business in large numbers. In style, they have progressed from long hair to bobbed hair, and I think, back to long hair again; and from long skirts to short skirts, and back to long again. In two decades we have witnessed political upheavals in all parts of the world, the fighting of a world war, the fall of royalty, the rise of communism, Fascism, Hitlerism, and other isms. In this period we have also encountered the problems and learned some lessons about reparations and war debts.

It is of significance to recall some of these political, social, and industrial factors and their trends during recent times. They serve to remind us that while they occupied the stage, they also clamored for notice; and to the extent that some of them have been considered national or world problems, they prevented the centering of attention elsewhere. There has been much criticism and much assessment of blame, because the world during the period of prosperity paid little heed to the oncoming of depression. It must be remembered that the forces which led to the recession in trade did not form suddenly, but were in shaping over a long period. The psychology of the day was the psychology of expansion, and it was as evident among economists, financiers, public representatives, and social leaders as among the executives and workers in industry.

However, this is neither the time for argument nor for any to shirk present responsibilities by lodging the blame for difficulties elsewhere. Just as the forces which caused the slackening of trade were forming over an extended period, so must the forces that are to restore normal conditions be shaped gradually. None can wave a magic wand and at once restore trade to its former high level. Those who are suggesting palliatives and new isms, who are trying to redraw the entire circle by plotting a segment, or who are facing the future with utter despair, are missing the more fundamental conditions and circumstances that offer a foundation upon which to build for a better to-morrow.

WAR-TIME STIMULUS TO INDUSTRY

To those who have witnessed the industrial progress of the last 20 years there can be no doubt that the requirements of the war period stimulated the evolution of the American industrial machine. True, a great deal was accomplished prior to 1914 in producing goods in quantities for national distribution and consumption. Nevertheless, the pressure of war requirements tremendously accelerated factory output. Contracts for billions of dollars worth of supplies and materials were let by our own and foreign governments, calling for additional plant and manufacturing facilities and for increased labor.

In the pressure for war materials the research laboratories of our industrial organizations took on renewed vigor. They brought us many new basic and fundamental discoveries in the electrical, mechanical, and chemical sciences. Our manufacturing forces soon found that they could devise machines and plants to do things more rapidly and more economically. Quickly it became obvious that many of these inventions, plant facilities, and new processes of manufacture were also applicable to peace-time pursuits, and therefore to the enhancement of national happiness and prosperity. It was inconceivable that these improved facilities should be left idle to decay; and upon the signing of the Armistice those having requisite foresight and vision made plans for turning their organizations and plants into the production of goods for public consumption.

DEVELOPMENT OF NEW INDUSTRIES AND NEW SERVICES

Despite the difficulties attending the adjustment from war to peace, and the temporary recession of industry during the years 1920 and 1921, many of our industrial leaders undertook with initiative and faith a more vigorous activity in the production of new devices and new services which had application to the home and to the individual. Their eyes were forward. They were planning for better things.

Outstanding among these developments was the advent of radiobroadcasting in 1922, which almost overnight blossomed forth into a new and vital industry, and provided a new service to the public. It set some frozen money into circulation and opened up new avenues for the employment of labor. Radio proved to be a powerful new factor in knitting together our national life, enlarging the viewpoint of the individual, not alone nationally, but internationally.

Our industries also produced the labor-saving devices which have removed a great deal of drudgery from our daily routine—electrical appliances, such as the flatiron, the toaster, the percolator, the electric washing machine, the vacuum cleaner, the electric refrigerator, the electric clock, and the like.

Large-scale quantity production in the automobile field, together with continuous improvements and refinements, brought us better transportation at lower prices, and the growing demand for that form of transportation eventually gave us a magnificent system of national and State highways. These became the arteries for closer contact between humankind—a more personal contact with neighboring villages, towns, and cities than had ever been experienced by the average individual.

We expanded our national communication facilities in the telegraph and telephone fields. We established speedy radio circuits direct to the leading nations of the world. We gave people a new form of entertainment by the development of the sound picture. Building and home construction went forward on an unprecedented scale. The chemical sciences made new discoveries and gave us many new products. The entire Nation was active; unemployment was at the lowest level in history. The demand for our products in the foreign field was no small factor in that era of business expansion, for many of these nations did not possess the plants, facilities, and research organizations that had been developed in our own country, and consequently they bought many of these new things from us. As a result of all this, American labor enjoyed a higher rate of pay, and the average citizen gained a new glimpse of future possibilities—a vision of greater comforts, more luxuries, more enjoyment, a fuller life. American life was enriched, new standards of living were created, and new opportunities were made available. This is roughly a picture of what had been accomplished, and from the standpoint of material achievement it is not a hard picture to view in retrospect. It is no crime, in my opinion, for anyone to have made the effort to make the world a better and a happier place to live in, and to give people more of the material comforts made available through research and invention.

EFFECTS OF ACCELERATED INDUSTRY

A clear view of the developments and advantages of that period has been temporarily obscured by the events of the past three years. In the light of present-day conditions this is quite understandable. But whatever was then accomplished in the way of benefits to mankind should not be lost because of the present fog. Rather it should serve as a basis for still further progress along lines which will assure not only the maintenance but further improvements of the American standard of living.

Now, let us look for a moment at some of the unsound factors of that period: Among other things, the debacle of 1929 resulted from unbridled, large-scale production and unrestrained and ruinous competition which existed in almost every industry and which at last compelled manufacturers to sell large portions of their goods at a loss. The intense activity of the period led to an inflation of values in virtually every field of human effort, and the fundamental principle of keeping production within the limits of buying power had almost been lost sight of. The machine was run to the limit of its capacity, whether in the agricultural field or in general industry. The buying power of the consumer was overestimated by finance and industry; and, in fact, also by agriculture. The market was frequently glutted, goods were forced upon the public at unprofitable prices, and even then largely paid for on the time-payment plan. Profits were on the ragged edge, and a large part of our populace went into debt.

Two other factors contributed to the decline of our industries—i. e., increased skill and capacity in production on the part of foreign countries, and the burdens of international indebtedness growing out of the World War. As to the first, American industry failed to recognize early enough that both latent and active genius also existed in many of the foreign countries where we were selling our goods, and that sooner or later they would produce much of their own requirements in these new commercial fields. As to the second, the economic conditions in these countries, resulting from reparations, war debts, world tariff conditions, problems of exchange and political upheavals, reduced and in some cases destroyed their power to purchase abroad.

Notwithstanding these facts, business management can not alone be charged, in my opinion, with those weaknesses which brought on the present depression. We have noted that the spirit of the times was for expansion. The task of business management was to create and build up. Even the most radical philosophies of the day can offer no valid criticism of creative effort. Business management had no control of the competitive forces about it. Overproduction was not entered into deliberately, nor with intent to destroy markets. It resulted from the vigor of competitive effort—the desire to serve as much of the market as possible, the very thing that is sought in the policy of unrestrained competition.

THE PROBLEM OF UNRESTRAINED COMPETITION

Time is making it increasingly clear that while no fundamental barriers to prosperity exist in the United States, we have still to balance and put into equilibrium the economic and industrial forces of the Nation. We can not produce in the blind faith of an inexhaustible demand. We can not encourage unrestricted production for its own sake without suffering the consequences of market disorganization. The profitless prosperity that often flows from unrestricted output is but the mirage of success. What does it profit an industry to pile up enormous sales totals in any one year, if by doing so it undermines its market for the following year?

The need of stabilized production programs has been voiced by many industrial leaders. While much has been accomplished along this line, it is far from adequate. However, in considering this problem we must take into account the conditions which modern industry faces in this respect.

There are few who will take issue with the fact that constructive competition should and must be preserved in the manufacture and distribution of commodities. True competition inspires research and invention. It makes for improvement of industrial processes, for higher standards of quality, and for better standards of value.

But competition is not a graven image to be worshiped under any and all conditions. It is not always or necessarily a beneficent agent which guards us from the serpent of monopoly. There is destructive competition as well as constructive competition. There are times when it aids, and there are times when it bars, the solution of important industrial problems. There is gainful competition, and there is wasteful competition. There is fair and unfair competition.

SUPPLANTIVE COMPETITION A NEW FORCE IN INDUSTRY

The fact of the matter is that the principle of competition must be interpreted in the light of new methods of production, new forms of organization, modern methods of distribution, and new creative forces which have entered industry.

The greater competition, the supplantive competition of modern industry, may be a new conception that awaits fruition in the scientist's mind; a new invention which may undermine an entire industry; a pioneering technical development that may shake an investment of millions of dollars. From the caldrons of science new forces of supplantive competition are constantly arising. They take shape as pale ghosts of industrial obsolescence that stalk after every industry that has become so thoroughly "stabilized" that it can only grow around the waist. The greater competition is the competition between the old and the new. Not merely the competition between those who would make the best rat traps and thus lead the world to their doors, but the competition offered by those who have invented a product, developed a method, or found a means that would make rat traps unnecessary.

No apparent or alleged monopoly can afford to be industrially self-complacent in this era of technical progress. No merger, consolidation, or union of similar or related interests can afford to disregard the still small voice of research and invention that may come from the humblest laboratory. No combination of industrial units, however large, can hope long to dictate prices and terms to the public when new instrumentalities are constantly being created to compete for similar services.

To-day we regard competition not only as between like products but also as between different methods of rendering a given service.

In the field of transportation, for example, technical progress is now adding the airplane to the facilities established by the railway, the steamship, the bus, the motor car, and other conveyances.

The science of nutrition as it unfolds its discoveries is forcing wheat and meat and sugar and starch to fight to retain their places in the modern diet.

The post, the telegraph, the telephone, cable, and wireless are now competing for the world's intercommunications.

And yet there is fear on the part of some elements in our society that lack of competition may sap the virility and strength of our whole economic system. It is a fear that dominates every constructive step proposed for such control of output in industry as would lead to the reasonable balancing of supply and demand. It is an alarm that fails to take account of the difference between the antisocial effects of profitless and "cut-throat" competition and the sounder competition stimulated by the laboratory through its creation of new commodities and new services for the public.

There is no danger of the early demise of competition in this industrial era, so long as there are men who will seek to widen their scope of service, so long as research points the way to further industrial goals, and so long as scientific and technical progress opens new vistas of human progress.

UNEMPLOYMENT AND ITS RELATION TO INDUSTRY

The problem of a balanced industry naturally has the closest bearing on the problem of unemployment. Industrial thought has changed profoundly from the day when unemployment was considered one of the inevitable results of our economic cycles. In addition to the social and political problems created by prolonged unemployment of a substantial portion of our population, finance and industry are directly affected by the decline in purchasing power and reduced consumption resulting from unemployment. By whatever method the problem of unemployment is to be solved, a sound, stable industrial structure is presupposed for its effective solution. We can not command industrial prosperity regardless of economic conditions.

The problems of unemployment must be attacked on several fronts. As an offset to the increase in the greater productivity of labor resulting from advanced technology, there has appeared the persistent demand for shorter hours in industry and more leisure for the worker. This demand is the result not only of a wider education and of technological improvement, but also in the growth of cultural opportunities and an increase in the scope and variety of entertainment. It has not been many years since a number of industries operated on the 10 or 12 hour a day basis. To-day the 8-hour day is standard in many industries. It seems clear that the trend toward shorter hours of labor must continue. Public opinion is crystallizing to-day in favor of the shorter work period. I believe we should turn to the shorter day and the shorter week not only as compensation for the higher individual productivity in industry but also as a definite move toward reemployment through a wider distribution of available work. If there is any fundamentally humanitarian purpose in the transition from hand labor to machine labor, it must be in the creation of leisure, which is not only among the most coveted of human possessions but also, in a complicated age, a necessity for the individual who desires to know something more about the economic, social, cultural, and political forces that are moving about him. But it should be recognized that added leisure will bring to society and to the individual responsibilities no less than has labor. There is a vital difference between just being idle and benefiting from intelligent use of leisure. It may be necessary to train ourselves for leisure just as it has been necessary to train for labor.

EFFECTIVE SOLUTIONS REQUIRE COOPERATIVE SPIRIT

The proper approach to some of the problems that confront us is an important consideration at this time. The scope of action required for their solution clearly requires the help of other forces in our national life as well as that of industry.

Social and political science must cooperate with industry, and industry with these sciences. In our present complex situation the action of industry alone or of government alone is not enough. There must be a sympathetic understanding by each of the problems of the other and a spirit of helpfulness must be demonstrated in their respective attitudes toward each other before the forces of public opinion can be rallied to the support of any effective program designed to help the Nation.

The full measure of cooperation needed makes it necessary that the different forces of our industrial, social, and political life be prepared to sacrifice some past concepts and prejudices. All must give ground, and all must recognize that between them there are no inherent causes for hostility.

It is not so difficult, especially for those without ultimate responsibility, to propose new, spectacular, and attractive looking remedies, yet remedies which are untried on the proving ground of life. One can, in fact, get reasonable agreement on a diagnosis of present ailments. One can even get a reasonable amount of accord on the remedies to be applied. But the real question, to my mind, is not the diagnosis nor the prescription but how to apply the medicine to the patient. It is one thing to apply it under the dictatorship of fascism or under the ukase of communism—it is quite another to apply it through voluntary acceptance by a nation of 125,000,000 people who rightly prize the political freedom which they and their forefathers have secured through democracy.

It is far from my desire to condemn the examination of new theories. One who is associated, as I am, with a branch of industry closely related to the laboratory, and which is the product of scientific research, would find it difficult to complain about reasonable experimentation in the social and political fields. However, it is not the practice of the competent research staff to offer what may be termed, by popular expression, half-baked ideas. In the laboratory everything must be thoroughly tested, subjected to use under varying conditions, frequently rebuilt and in all ways rendered as nearly perfect as possible before it is offered for public use. The laboratory is not afraid to attempt or to consider anything because it is new, but it dare not offer its product until convinced that it is practical. The laboratory likes ideas; it dislikes faulty mechanisms. It can demonstrate that some one is on the wrong track quite as easily as it can demonstrate that the route selected is the right one to follow.

Medicine, like industry, has become the field of great experimentation. It is a common hope to-day that the plagues of cancer and tuberculosis may be eliminated through further research, and all seek to encourage in so far as possible the great work being carried on to that end. But, in medicine we experiment with all sorts of germs injected into mice and white rabbits. We watch for effects and learn from results and by this method all mankind is often benefited. But few, indeed, would desire to have these experiments tried in a laboratory of 125,000,000 people who still possess great virility and strength.

The solution to our difficulties to-day can be sought with much greater assurance within our present industrial, social, and political systems, which may be modified and adjusted to meet new requirements, than through revolutionary methods which, if poorly conceived or executed, must sacrifice the progress already won and prove disastrous to our concepts of freedom.

PROMPT ACTION REQUIRED

When urgent problems press for prompt solution, as in the present circumstances, it is perhaps too much to expect that the educational forces, which must be at work in order to bring about a mutual spirit of cooperation and helpfulness between the different elements of our society, will move fast enough to arrest further decline and bring about the needed remedies. We are faced with the desire to adopt measures which will work best in the long run, and at the same time we require methods that will provide immediate relief. Delay can not be helpful in either case.

We are now in a period of political transition from one administration to another. The country has spoken with unmistakable clarity about its preference. It may therefore be assumed that in so far as the new administration may present a definite program for action, it will have public and legislative approval. Such a definite program of action, it is to be hoped, is now being crystallized by those who will have not only the responsibility but also the authority to act.

It is my conviction that America has the ingenuity and the courage, the resources, and the power to deal with its problems and to find their solution.

"REPEAL—ONLY WAY TO END RACKETS, GANGS, SPEAKEASIES"

Mr. DAVIS. Mr. President, I present and ask leave to have published in the RECORD an editorial written by Paul Block, publisher of the Pittsburgh (Pa.) Post-Gazette, in its issue of February 2, 1933, entitled "Repeal—Only Way to End Rackets, Gangs, Speakeasies."

There being no objection, the editorial was ordered to be printed in the RECORD, and it is as follows:

REPEAL—ONLY WAY TO END RACKETS, GANGS, SPEAKEASIES

George W. Wickersham, chairman of the late Commission on Law Observance and Enforcement, which found that prohibition was unenforceable but did not, as a body, say so, has now declared that he believed it was "absolutely essential" that modification of the liquor laws should include provisions for the sale of hard spirits, as well as wines and beer, under the control of a national commission.

It is a pity Mr. Wickersham did not say this two years ago when the commission made its report with its jumble of conclusions by individual members. The country might have had a 2-year start in the solution of the liquor problem, which the present Congress, in spite of the mandate of the people at the last election and in spite of the Treasury's need of revenue, shows no disposition to consider in a sensible and patriotic manner.

Prohibition, as Mr. Wickersham now points out, has failed because it has not had the support of the people. The country's aim in the future on liquor control should be toward temperance through education rather than by prohibition. The quickest, the best, way to begin this is through straight repeal of the eighteenth amendment. The people of the individual States, of course, should be allowed to decide whether they want to be dry or wet.

It is hopeless to expect anything from the lame-duck Congress because it has shown governmental irresponsibility at its worst. But the country has a right to expect better of the next Congress, especially if the Democratic Members will recognize President-elect Roosevelt's leadership and help him to fulfill the promises made in the Democratic platform.

Repealing the eighteenth amendment would probably bring to the Treasury Department from two to three billion dollars annually in excise taxes. It would help to do away with most of the present-day taxes which have helped to stifle business and have reached, and no doubt will now reach even more widely, working men and women.

Such a law would also strike at the power of the great racketeering and gangster groups, at the corruption of public officials, and at the disrespect of all law which has grown out of dissatisfaction with the prohibition law. It would help revive the faith of our people in our form of government—faith in the government of the people by the people who have spoken so unmistakably against prohibition—and that is more important to the future of America than whether liquor may be bought and sold.

PAUL BLOCK, *Publisher.*

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate resumed the consideration of the bill (H. R. 13520) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes.

Mr. ROBINSON of Arkansas. Mr. President——

The VICE PRESIDENT. The Senator from New York has the floor. Does he yield to the Senator from Arkansas?

Mr. COPELAND. I am glad to yield to the Senator.

Mr. ROBINSON of Arkansas. Mr. President, yesterday Postmaster General Brown requested the opportunity to discuss with me the subject of air mail contracts and subsidies. I suggested to him that he supply a memorandum setting forth his viewpoint. This has been done in a letter under date of February 3, released by the Post Office Department yesterday. This letter states among other things:

The air mail is producing at present not less than $7,000,000 per annum.

Thus it appears that the subsidy contemplated in the original provision of the bill now under consideration was almost three times the amount of the receipts from the service. It is further stated in Mr. Brown's communication that the "average rate per mile, effective November 1, 1932, was 45 cents per mile."

There is attached to the letter referred to a copy of the route certificate for air mail service from Chicago by certain designated points to San Francisco, Calif., and return. The distance between the terminal points is 2,025 miles. The rate, as appears from the certificate, is 95½ cents per mile, or more than twice the average rate, notwithstanding the route is probably the longest in the entire system.

These facts appear contradictory of the declaration by the Postmaster General in the letter referred to, as follows:

The fewer miles the operator flies, the more it costs per mile.

It further appears that the certificate, while irrevocable in form except for willful neglect, expressly provides for "rates of compensation to be fixed from time to time, at least annually, by the Postmaster General, and so forth." It thus becomes apparent that the subsidy may be reduced without violating the certificates or contracts, but the extent of the reduction that may be justly made is a proper subject of inquiry.

In answer to an inquiry directed to the Postmaster General by Congressman MEAD, chairman of the Committee on the Post Office and Post Roads of the House of Representatives, dated January 23, 1931, the Postmaster General expressly declared that no air mail contracts were contemplated at that time by the department. January 31, 1931, just eight days later, the Postmaster General issued press releases announcing that four new air mail certificates or contracts had been issued that day.

In view of all the circumstances, it is believed that an investigation of air mail contracts is justified, an investigation covering every phase of the subject in relation to the manner of the making of the contracts, the justness and fairness of the rates in force, and all matters and transactions which may be calculated to throw light on the amount which should be properly made available for the Air Service. I am not prepared to state when the resolution of investigation will be submitted, but it is intended that the same shall be submitted in time to provide for the proper working out of the controversy involved.

I ask that the letter of the Postmaster General, referred to in my remarks, be printed in the RECORD, as also the attached copy of the route air mail service described in my remarks.

The VICE PRESIDENT. Without objection, that order will be made.

The matter referred to is as follows:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., February 3, 1933.

Hon. JOSEPH T. ROBINSON,
United States Senate.

MY DEAR SENATOR ROBINSON: Pursuant to your suggestion, I am pleased to submit the following memorandum relative to the present obligations of the Post Office Department with respect to the air mail services:

Section 6 of the "Act to amend the air mail act of 1925, further to increase commercial aviation," as amended April 29, 1930 (McNary-Watres Act), provides as follows:

"The Postmaster General may, if in his judgment the public interest will be promoted thereby, upon the surrender of any air mail contract, issue in substitution therefor a route certificate for a period of not exceeding 10 years from the date service started under such contract to any contractor or subcontractor who has satisfactorily operated an air mail route for a period of not less than two years, which certificate shall provide that the holder thereof shall have the right, so long as he complies with all the rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the advances in the art of

flying and passenger transportation, to carry air mail over the route set out in the certificate or any modification thereof at rates of compensation to be fixed from time to time, at least annually, by the Postmaster General, and he shall publish in his annual report his reasons for the continuance or the modification of any rates: *Provided*, That such rates shall not exceed $1.25 per mile. Such certificate may be canceled at any time for willful neglect on the part of the holder to carry out any rules, regulations, or orders made for his guidance, notice of such intended cancellation to be given in writing by the Postmaster General, and 45 days allowed the holder in which to show cause why the certificate should not be canceled."

In accordance with law, 23 air mail contracts, covering routes aggregating 20,099 miles, all of which contracts were duly let by competitive bidding, have been surrendered, the several contractors taking in substitution therefor route certificates issued by the Postmaster General granting them the right, so long as they comply with all the rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service, and adjusting mail operations to advances in the art of flying and passenger transportation, to carry air mail over their respective routes at rates of compensation fixed in such certificates and to be fixed from time to time, at least annually, provided that such rate shall not exceed $1.25 per mile, for a period ending not more than 10 years from the date of beginning service under such contracts, to wit, on the 5th day of April, 1936.

Because the contracts so surrendered, all of which ran for periods fixed by law at four years, were executed at various times, the several dates of expiration necessarily fell at various times. In order that the Congress might have an opportunity to deal with the air mail service in its entirety at one time, all route certificates have been issued to terminate on the 5th day of April, 1936, 10 years from the date of the first air mail contract issued, notwithstanding the fact that some air mail contracts were dated less than six years prior to April 5, 1936. All domestic air mail contracts have now been surrendered and route certificates issued in substitution therefor. No further contracts, route certificates or route extensions will be made by this administration.

The legislative record is convincing that Congress deemed four years, the period fixed by law for mail contracts generally, to be too short to justify the heavy investments in equipment and other facilities essential to successful air transport operations, and therefore extensions in time by the device of route certificates were authorized by the act of May 17, 1928.

For your information, I inclose the complete text of a typical route certificate.

On the good faith of the acts of Congress cited and the several obligations assumed by the Post Office Department authorized thereby, the air mail operators have made investments of more than $22,000,000 in facilities for transporting mail, passengers, and express over a nation-wide network of airways, approximating 28,000 miles, constructed by the Department of Commerce at a cost of more than $10,000,000. New equipment required by air mail operators, much of which has been contracted for, aggregates $10,000,000 more. Airport facilities costing approximately $125,000,000 for improvements, valueless except for aviation purposes, have been provided, chiefly by a hundred or more municipalities. An aeronautical industry, wholly dependent upon the continuance of the air mail services, has been created, having an annual turnover of not less than $25,000,000, in addition to the gross receipts of the air-transport operators.

Since the department has been authorized by the McNary-Watres Act to exert pressure on air mail operators to carry passengers and express, their revenues derived from nonpostal sources, which were practically nil four years ago, have steadily increased until at the present time they are running at the rate of $6,000,000 per annum and constantly increasing, notwithstanding the general business stagnation. The increase in revenues from passenger and express traffic has enabled the department to cut the average compensation per mile for air mail operators by successive stages from 82 cents in 1930 to an average of approximately 45 cents, effective November 1, 1932. With general business recovery I am confident the increased postal and other revenues that may reasonably be anticipated will justify further cuts to a level approximating the actual value of the service rendered, excluding any subsidy.

In considering the air mail problem it must be borne in mind that more than 50 per cent of the cost of operating an air-transport service is attributable to factors not directly connected with flying. It follows therefore that discontinuing schedules will not reduce operating costs proportionately. The fewer miles the operator flies the more it costs him per mile. Moreover, passenger and express patronage practically disappears with only one scheduled flight per 24 hours and increases vastly more than in arithmetical ratio as additional schedules are provided. Further, it should be noted that public patronage of the air mail depends upon its facilities being available to every part of the country. Discontinuing the service to any portion of the country would reduce the air mail revenues by a vastly larger sum than the air mail postage normally originating in the part of the country affected. Thus it is obvious that curtailing mileage flown is more than likely to increase the net burden to the Post Office Department, if the operator is to be reimbursed his actual costs, and, of course, there is no other way to keep him in the air.

For the fiscal year ending July 1, 1930, Congress appropriated $15,000,000 for domestic air mail, and 14,939,464 scheduled miles were flown, with 7,719,698 pounds of mail.

For the year ending July 1, 1931, the appropriation was $18,000,000, and 21,380,517 scheduled miles were flown, with 8,579,422 pounds of mail.

For the year ending July 1, 1932, $20,000,000 were appropriated, and 32,202,170 scheduled miles were flown, with 8,845,967 pounds of mail.

For the year ending July 1, 1933, $19,460,000 were appropriated, and it is estimated 34,500,000 scheduled miles will be flown, with over 8,000,000 pounds of mail.

The Bureau of the Budget, the Post Office Department, and the Appropriation Committees of the House and Senate made a thorough survey of the air mail requirements for 1934. In my judgment, due to present business conditions, the sum appropriated by the House of Representatives is the minimum which will suffice for this important service, if the extraordinary progress it has thus far made is not to be sacrificed.

The past four years have been noteworthy in the development of faster, safer, and more comfortable airplanes, flying instruments, radio communication, flying technique, and in the training of hundreds of expert pilots and mechanics, all of which contribute immeasurably to our national security. Large sums of money have been saved for American business by expediting the movement of banking items and generally speeding up what business has survived. May I remind you that many postal operations are not self-sustaining when standing alone. The rural delivery and the second-class service are conspicuous in this particular. Both are justified by reason of the benefits to large groups of citizens. The air mail is producing at present not less than $7,000,000 in revenue per annum. Under normal business conditions this revenue will probably be increased at least to $10,000,000 and the nonpostal revenue received by air mail operators will undoubtedly be increased from $6,000,000 at least to $10,000,000 per annum, permitting a reduction in the Government's contribution to a sum approximating the intrinsic value of the service actually rendered. Eliminating or crippling the air mail at the present time will practically destroy the aeronautical industry, with a gross annual turnover of $50,000,000, taking into account the $25,000,000 disbursed by the air mail operators, and will wipe out investments of the Federal Government, municipalities, and private enterprises, aggregating more than $300,000,000.

However, I rest the case of the air mail service squarely upon the legal and moral obligations of the United States Government by reason of covenants contained in the route certificates issued pursuant to the provisions of the McNary-Watres Act, vesting in the holders of such route certificates the right to carry the air mail over their respective routes and receive just compensation therefor until the 5th day of April, 1936.

I shall be pleased to furnish any other information desired.

Very truly yours,

WALTER F. BROWN.

ROUTE CERTIFICATE, AIR MAIL SERVICE

Route: Chicago, Ill., by certain designated points, to San Francisco, Calif., and return.

Carrier: Boeing Air Transport (Inc.), of Seattle, Wash.

Whereas section 2 of the act of Congress approved on the 29th day of April, 1930, entitled "An act to amend the air mail act of February 2, 1925, as amended by the acts of June 3, 1926, and May 17, 1928, further to encourage commercial aviation," is as follows:

"The Postmaster General may, if in his judgment the public interest will be promoted thereby, upon the surrender of any air mail contract, issue in substitution therefor a route certificate for a period of not exceeding 10 years from the date service started under such contract to any contractor or subcontractor who has satisfactorily operated an air mail route for a period of not less than two years, which certificate shall provide that the holder thereof shall have the right, so long as he complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the advances in the art of flying and passenger transportation, to carry air mail over the route set out in the certificate or any modification thereof at rates of compensation to be fixed from time to time, at least annually, by the Postmaster General, and he shall publish in his annual report his reasons for the continuance or the modification of any rates: *Provided*, That such rates shall not exceed $1.25 per mile. Such certificate may be canceled at any time for willful neglect on the part of the holder to carry out any rules, regulations, or orders made for his guidance, notice of such intended cancellation to be given in writing by the Postmaster General and 45 days allowed the holder in which to show cause why the certificate should not be canceled"; and

Whereas Boeing Airplane Co. (Inc.), of Seattle, Wash., a corporation duly organized and existing under the laws of the State of Washington, and Edward Hubbard, an individual and citizen of the United States, on the 1st day of February, 1927, duly entered into a contract with the United States to transport the air mail by aircraft on a route from Chicago, Ill., by certain designated points, to San Francisco, Calif., and on the 29th day of April, 1927, Boeing Air Transport (Inc.) of Seattle, Wash., a corporation duly organized and existing under the laws of the State of Washington, hereinafter called the carrier, became the subcontractor

on this route, the said contract presently being in full force and effect; and

Whereas the said carrier has satisfactorily operated said air route for a period of not less than two years, to wit, from the 1st day of July, 1927, and is willing to surrender the said air mail contract and accept in substitution therefor a route certificate as provided in section 2 of the act of Congress approved the 29th day of April, 1930; and

Whereas in the judgment of the Postmaster General the public interest will be promoted by the issuance to said carrier of a route certificate in substitution for said contract: Now, therefore,

Pursuant to the authority in me vested by the provisions of said act, I hereby certify that said Boeing Air Transport (Inc.), of Seattle, Wash., shall have the right, so long as it complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to advances in the art of flying and passenger transportation, to carry air mail over the route hereinafter set out or any modification thereof, at rates of compensation fixed herein, or to be fixed from time to time, at least annually, by the Postmaster General, provided that such rates shall not exceed $1.25 per mile for a period ending not more than 10 years from the date of beginning service under said contract, to wit, on the 5th day of April, 1936, subject to the following conditions:

TERMS AND CONDITIONS

1. The issuance of this certificate by the Postmaster General and its acceptance by the carrier as hereinafter provided shall be deemed a full mutual release of the United States and the said carrier from all the terms, conditions, and obligations of the air mail contract hereinbefore referred to, dated the 29th day of January, 1927, from the date of the acceptance of this certificate, except compensation due for services performed prior to the date hereof, and upon the acceptance thereof the said carrier shall surrender the said contract to the United States.

2. The route over which the carrier shall have the right to carry air mail shall be from Chicago, Ill., by certain designated points, to San Francisco, Calif., and return, including any extension or other modification of said route that may be made as hereinafter provided.

3. Upon 60 days' notice to the carrier the Postmaster General from time to time may modify said route by an extension or extensions thereof, including lateral extensions or consolidations, and prescribe the schedule therefor, including the stops thereon, and determine the mileage upon which the compensation of the carrier is to be based.

4. For the purposes of this certificate the distance between the terminal points of the route hereinbefore prescribed shall be deemed to be 2,025 miles.

5. The aircraft employed by the carrier in the service authorized hereby shall be manufactured in the United States. They shall be of modern design, airworthy, and suitable for the service prescribed; the design and capacity of such aircraft and the location, size, and construction of the mail compartments therein shall be subject to the approval of the Postmaster General.

The following service may be prescribed by the Postmaster General:

(A) Night mail service.
(B) Night mail and passenger service.
(C) Day mail service.
(D) Day mail and passenger service.

6. Until and including the 31st day of December, 1930, or until otherwise directed by the Postmaster General, the carrier shall provide the following service over said route:

(1) One flight by a plane having not less than 125 cubic feet or space for 2,000 pounds of air mail and accommodations for not less than eight passengers, departing from Chicago, Ill., at 8 a. m. daily, except Monday, to be classified as class D service, and payment made therefor at the rate of $1.18½ per mile between Chicago, Ill., and Salt Lake City, Utah, until otherwise ordered.

(2) One flight by a plane having from 80 to 100 cubic feet of space for 1,600 pounds of air mail, departing from Chicago, Ill., at 8 p. m. daily, to be classified as class A service, and payment made therefor at the rate of $1.18 per mile between Chicago, Ill., and Salt Lake City, Utah, until otherwise ordered.

(3) One flight by a plane having from 80 to 100 cubic feet of space for 1,600 pounds of air mail, departing from Salt Lake City, Utah, eastbound at 4 p. m. daily, except Monday, to be classified as class C service, and payment made therefor at the rate of $1.03 per mile between Salt Lake City, Utah, and Chicago, Ill., until otherwise ordered.

(4) One flight by a plane having not less than 125 cubic feet of space for 2,000 pounds of air mail and accommodations for not less than eight passengers, departing from Salt Lake City, Utah, eastbound at 4 a. m. daily, to be classified as class B service, and payment made therefor at the rate of $1.18½ per mile for day flying and $1.25 per mile for night flying between Salt Lake City, Utah, and Chicago, Ill., until otherwise ordered.

(5) One flight by a plane having from 80 to 100 cubic feet of space for 1,600 pounds of air mail, and accommodations for not less than 10 passengers, departing from Salt Lake City, Utah, west bound, at 9 p. m., daily except Monday, to be classified as Class B service, and payment made therefor at the rate of $1.25 per mile for night flying and $1.16 per mile for day flying, between Salt Lake City, Utah, and San Francisco, Calif., until otherwise ordered.

(6) One flight by a plane having not less than 62.5 cubic feet of space for 1,000 pounds of air mail, departing from Salt Lake City, Utah, westbound, at 9 a. m., daily, to be classified as Class C service, and payment made therefor at the rate of $0.95½ per mile, between Salt Lake City, Utah, and San Francisco, Calif., until otherwise ordered.

(7) One flight by a plane having not less than 62.5 cubic feet of space for 1,000 pounds of air mail, departing from San Francisco, Calif., at 8 a. m., daily except Monday, to be classified as Class C service, and payment made therefor at the rate of $0.95½ per mile, between San Francisco, Calif., and Salt Lake City, Utah, until otherwise ordered.

(8) One flight by a plane having from 80 to 100 cubic feet of space for 1,600 pounds of air mail, and accommodations for not less than 10 passengers, departing from San Francisco, Calif., at 8 p. m., daily, to be classified as Class B service, and payment made therefor at the rate of $1.25 per mile for night flying and $1.16 per mile for day flying, between San Francisco, Calif., and Salt Lake City, Utah, until otherwise ordered.

7. Upon 60 days' notice to the carrier, the Postmaster General may increase, diminish, or modify the service above prescribed, and make such adjustments in the compensation of the carrier as he may deem proper.

8. The carrier shall transport the mails of the United States offered for carriage over the route hereinbefore set out with due celerity, in a safe and secure manner, free from wet or other injury, receiving and delivering the same at fields and points therein designated on schedules prescribed by the Postmaster General.

9. Payments shall be made to the carrier monthly upon evidence that the service authorized hereby has been well and faithfully performed in accordance with the provisions hereof.

10. The carrier shall keep and maintain an accurate system of accounting in accordance with regulations prescribed by the Postmaster General. These accounts shall include a record of all obligations, investments, expenditures, receipts, and earnings from any source whatsoever, and shall be subject at all reasonable times to inspection and audit by the Post Office Department. The carrier shall furnish to the Postmaster General such information regarding its accounts and operations as he may from time to time require.

11. The carrier shall not directly or indirectly promote the use of the air mail over the route hereinbefore set out, or any other air mail route, except in accordance with regulations prescribed by the Postmaster General.

12. This certificate is issued upon the express conditions that the said carrier will hold itself subject to all the conditions imposed by the several acts of Congress relating to the air mail service and to all the provisions of the law relating to post offices and the Postal Service generally in so far as they are applicable to the air mail service; that no Member of or Delegate to Congress shall be admitted to any share or part of the benefits accruing to it hereunder; and that it has not employed a third person to solicit or obtain the same, or to cause or procure the same to be obtained upon compensation in any way contingent, in whole or in part, upon such procurement; and that it has not paid, or promised or agreed to pay, to any third person, in consideration of such procurement, or in compensation for service in connection therewith, any brokerage, commission, or percentage upon the amount receivable by it thereunder; and that it has not, in estimating the price at which it undertakes hereunder to carry the mail, included any sum by reason of any such brokerage, commission, or percentage, and that all money payable to it hereunder is free from obligation to any person for services rendered, or supposed to have been rendered, in the procurement of this certificate. And it is understood that a breach of this condition shall constitute adequate cause for the cancellation of this certificate by the Postmaster General, and that the United States may retain to its own use from any sums due or to become due thereunder an amount equal to any brokerage, commission, or percentage so paid or agreed to be paid.

13. The said carrier shall be responsible for the persons to whom it commits the custody and transportation of the mails, and the observance of the law by such persons and the faithful performance of the duties required by it of them; and shall not commit the custody or transportation of the mails to any person under 16 years of age, nor to any person under a sentence of imprisonment at hard labor imposed by a court having criminal jurisdiction, nor to any person not authorized by law to be concerned in contracts for carrying the mail.

14. The said carrier shall be answerable in damages to the United States for any breech by it, or by its officers or agents, of the terms and conditions set out herein; and for such a breech, or for inferior service, or for loss of or damage to the mail through its fault or that of its officers or agents, the Postmaster General may make such deductions from the pay of the said carrier as he may deem proper.

15. The carrier shall be required to provide necessary workroom space in its buildings on the field or fields to permit proper handling and distribution of mails by Post Office Department employees.

16. This certificate may be canceled by the Postmaster General at any time for willful neglect on the part of the holder to carry out any rules, regulations, or orders made for its guidance, notice of such intended cancellation to be given in writing by the Postmaster General and 45 days allowed the holder in which to show cause why the certificate should not be canceled.

17. By agreement of the Postmaster General and the carrier, the life of this certificate may be curtailed, said certificate may be canceled, or any other modification may be made herein not inconsistent with law.

18. The Postmaster General shall have the right at any time during the period of service authorized hereby to require the carrier to furnish surety other than that for which provision is hereafter made, and in his discretion to increase or reduce the amount of the bond that has been furnished by the carrier.

19. The delivery to and acceptance and approval by the Postmaster General of a bond in the sum of $251,000, conditioned upon the faithful and efficient performance in accordance with the terms and conditions hereinbefore set out of the service intended to be authorized by this certificate, duly executed by a surety acceptable to the Postmaster General and the acceptance of this certificate upon the said terms and conditions evidenced by the countersignature of the said carrier, shall be conditions precedent to the vesting of any right in the said carrier by virtue hereof.

Witness my hand and seal this 21st day of October, 1930.

[SEAL.] WALTER F. BROWN,
Postmaster General.

Witness to signature of the Postmaster General.
ALICE MUMMENHOFF.

Accepted upon the terms and conditions above set out this 29th day of October, 1930.

BOEING AIR TRANSPORT (INC.),
By JAMES P. MURRAY.

BOND

(Corporate surety)

Know all men by these presents that Boeing Air Transport (Inc.), principal, and United States Fidelity & Guaranty Co., Baltimore, Md., as sureties, are held and firmly bound unto the United States of America in the just and full sum of $251,000, lawful money of the United States, to be paid to the said United States of America or its duly appointed or authorized officer or officers, to the payment of which, well and truly to be made and done, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

Whereas Boeing Air Transport (Inc.) has executed a route certificate with the United States to carry the mails by aircraft on route No. AM–18, between Chicago, Ill., via certain designated points, and San Francisco, Calif., in accordance with the stipulations and agreements contained in said certificate.

Now, the condition of the said obligation is such that if the said Boeing Air Transport (Inc.), carrier, shall perform said service according to his certificate aforesaid, then this obligation shall be void; otherwise to be in full force and obligation in law.

In witness whereof we have hereunto set our hands and seals this 29th day of October, 1930.

BOEING AIR TRANSPORT (INC.),
Principal and Carrier.
By JAMES P. MURRAY.

Witness to signature of principal:
MARIE T. RICKER.

UNITED STATES FIDELITY & GUARANTY CO.,
By H. E. RICHMOND, *Surety; Attorney in Fact.*

Witness to signature of surety:
MARIE T. RICKER.

Mr. COPELAND. Mr. President, we have had long discussions relating to the ocean mails, not alone this year but in previous years. Last night the able Senators from Florida, Maine, Massachusetts, and other States discussed the pending amendment and presented certain facts in opposition. I want to call the attention of the Senate to the further fact that we have invested a couple of billion dollars in American shipping since the beginning of the World War. In addition, I want Senators to understand and to appreciate the significance of the statement that our Government now has authorized and outstanding loans on American ships amounting to almost $146,000,000, the exact figures being $145,914,253.86. That is as of December 31, 1932. In short, the shipping lines now benefiting by the mail subventions owe to the United States, in round figures, $146,000,000.

I want to speak about these loans and how they have been met. One would think, to listen to some of the arguments presented here, that we are giving this money to the shipping lines; that there is no hope that it is to be returned to us. What are the facts?

Under construction and reconditioning or completely finished we find that 97 fine vessels, aggregating 838,000 gross tons of shipping, have been paid for or are being paid for through this loan construction fund. We have made altogether loans amounting to about $250,000,000, which was the amount of the revolving fund; but, of the loans made, certain sums have been returned. Now, as I have stated, the outstanding amount of those loans is $146,000,000.

It is proper to inquire, have the shipping lines met their obligations to the Government? There are certain sums overdue on 23 vessels constructed or reconditioned by 8 of the 44 lines. On 23 vessels there is overdue on the principal $2,288,000, but the interest has been met in every single case except one. One line having built one vessel has defaulted on its interest to the extent of $10,270; but, with that one exception, the interest has been paid on the 23 vessels on which there is an overdue principal payment. Full payment has been made on 74 vessels constructed or reconditioned.

What will happen if the McKellar amendment shall prevail, in my candid opinion, is that the great majority of our shipping lines will go into bankruptcy. There are a half dozen lines that could survive; I say that with some degree of certainty; but, in my honest opinion, if these mail subventions shall be slashed as proposed by my friend from Tennessee, the American merchant marine, in general, will go into bankruptcy.

Suppose that were to happen; these ships would be returned to the United States; we would have them upon our hands. Then we would return to the condition which existed previous to the enactment of the Jones-White Act.

Until the Jones-White Act was passed we had an enormous annual deficit in the operation of our ships. That deficit averaged between $40,000,000 and $50,000,000 every year. It cost the Government to operate these ships from $40,000,000 to $50,000,000 every year, and, more than that, no provision whatever was made for replacements.

Anybody who knows about shipping realizes that a vessel 20 years of age is practically useless. I observed the other day the sale of a number of steamboats, belonging to a line known as the Iron Steamship Co., which for years carried passengers between New York City and Coney Island. I happen to see those boats often, because they are tied up at a dock which I pass when I go from the city to my home in the country. They look like fine boats, but they sold for about $1,500 or $2,000 apiece the other day because of their age.

The great steamship lines can not operate with ancient and decayed ships. There must be steady replacements in order that we may compete with the magnificent ships which are built by foreign nations. When I say " by foreign nations," I say that deliberately, because it is by the subsidies supplied by foreign nations that the great ships of the Cunard Line and the various Italian lines and others have been constructed. When we had a loss in operations of from $40,000,000 to $50,000,000 a year that did not take into consideration the replacements necessary to make our merchant marine effective.

So we face this state of affairs: If we discontinue our aid to the American merchant marine, those ships will come back to us for operation. It is unthinkable that they would not be operated, as certainly our country would not tie up at the docks those great vessels—97 of them—which have been reconditioned and built during the past 5 or 10 years. They would be operated, and their operation would involve a loss of from $40,000,000 to $50,000,000, with no hope of replacements except by direct appropriations from the Treasury.

When we consider this question of the American merchant marine this year, as we considered it last year, a listener in the gallery would think that we never had established any policy regarding these ships. Let me call that subject again to your attention.

Mr. President, I am intending to offer a substitute for the amendment proposed by the Senator from Tennessee; and I send it forward in order that I may have some time to discuss the substitute in my own time.

The PRESIDENT pro tempore. Does the Senator wish to have it read now?

Mr. COPELAND. No; if the clerk will hold it for the moment.

As I say, a listener in the gallery would imagine that we had never determined any national policy as regards the American merchant marine.

I hope it is unnecessary to repeat this language; but let me call the attention of the Senate to the merchant marine act of 1920, the very first language in that act:

That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most

suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine; and, in so far as may not be inconsistent with the express provisions of this act, the United States Shipping Board shall, in the disposition of vessels and shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws, keep always in view this purpose and object as the primary end to be attained.

There is no question about that language. It was the solemn declaration of the Congress of the United States in 1920.

That act was reviewed in 1928.

The PRESIDENT pro tempore. The time of the Senator from New York has expired.

Mr. COPELAND. Mr. President, I desire to present the substitute.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The CHIEF CLERK. The Senator from New York offers the following as a substitute:

Provided further, That the Postmaster General is hereby authorized and directed to enter upon negotiations with the various shipping companies having contracts for the carrying of ocean mail, and, if possible, secure from such companies severally agreements providing that said companies shall agree to apply the whole or a considerable amount of the mail pay due under the terms of any such contract to the liquidation of any amounts due to the United States or United States Shipping Board on loans made for the construction of new ships to be operated in the performance of such mail contracts.

The PRESIDENT pro tempore. The question is on agreeing to the amendment, in the nature of a substitute, offered by the Senator from New York. On that question the Senator from New York is recognized for 15 minutes.

Mr. COPELAND. Mr. President, the declaration of policy which we adopted in 1920 was reconsidered in 1928. I know the discussion that we had in the Commerce Committee, and the debate that we had upon the floor of the Senate, in connection with the question of whether or not we still adhered to the policy laid down in 1920. In 1928, in section 1 of the new act, we provided that—

The policy and the primary purpose declared in section 1 of the merchant marine act, 1920, are hereby confirmed.

In other words, in 1928 we made a resurvey of the merchant marine situation, and, after debate, determined that the policy established in 1920 should be continued.

Now here we are seeking to violate our past action. There is nothing new or strange about the contracts which have been entered into between the Postmaster General and the shipping lines. The conditions are all laid down in the law of 1928. They are all here—the ocean mail service, and how much shall be paid, it being provided that the type of vessels described as maintaining a speed of a certain number of knots at sea in ordinary weather, and of a gross tonnage of so much, shall be paid a certain rate per mile.

There is nothing startling or mysterious about what we find in these contracts. They follow out to the letter the law of the country. Yet here we are, after first having declared a principle, a policy, after having made these contracts, having declared the conditions under which the contracts should be made, and the contracts have been made exactly in accordance with law. To me it is beyond understanding how any Member of the Senate could possibly vote for the pending amendment, which would have the effect of abrogating the solemn obligations of the United States.

The able Senator from Alabama [Mr. BANKHEAD] last night spoke about the resentment felt in the United States of America over the fact that certain foreign nations decline to meet their obligations and make the payments due upon the debts which they owe us. We have been righteously indignant and vocally expressive of our indignation in the Senate over the failure of these nations to meet their obligations. Yet we are giving solemn consideration here in this body to an act which will bring about the abrogation of the contracts entered into between the United States of America and certain shipping lines. I can not believe it possible and do not believe it possible that such action will be taken here, and yet that is the thing that is proposed.

But, Mr. President, I know the sincere desire of the Senator from Tennessee [Mr. MCKELLAR] to effect real economies in the administration of our Government. No man in the Congress or in the country has been more energetic or intelligent in the formulation of plans for economies than the Senator from Tennessee. I am willing to go this far in meeting the desire of the Senator from Tennessee and others who follow him, to enter into some understanding along the lines of my amendment, between the Post Office Department and the shipping lines so far as they are able to do it without endangering the possibility of their operation because of the lack of finances. I am willing to do this, as proposed in this amendment; I invite the attention of the Senator from Tennessee to this, and I can see no objection to it:

We are going to have a very able Postmaster General pretty soon. If you all knew Jim Farley as I do—my neighbor in New York—you would realize that he will bring to this office a degree of energy and capacity such as it has rarely had. I am willing to authorize that Postmaster General to enter into negotiations with those shipping lines with which we have outstanding loan contracts amounting to $145,000,000 to see whether the mail pay, or a substantial part of the mail pay, part of the mail pay, may not be used to liquidate the debt owing by those lines to the United States.

There are certain lines that are able to do this. It would, perhaps, be unseemly for me to name them, but I have in mind certain lines that could do this, that could apply every dollar of the mail pay to the liquidation of their obligations. The practical significance as regards the Treasury would be that instead of being called upon to pay out, without any return, large sums of money—in the case of one line that I have in mind, for example, a million and a half of dollars per year—that would be turned in toward the liquidation of the debts. That would help us; the equity of the private owners would be increased and the Government's responsibility lessened. I have no doubt that it would mean a saving to the Treasury of a good many million dollars per year; and certainly in these times that is desirable.

Mr. SMITH. Mr. President——

The PRESIDENT pro tempore. Does the Senator from New York yield to the Senator from South Carolina?

Mr. COPELAND. I yield.

Mr. SMITH. The question that is under consideration, as I understand, is whether or not this amount shall be reduced in accordance with the amendment of the Senator from Tennessee, that being tantamount to defaulting on contracts.

Mr. COPELAND. Right.

Mr. SMITH. What is the length of the life of these contracts?

Mr. COPELAND. Ten years.

Mr. SMITH. And that was in accordance with the law?

Mr. COPELAND. Absolutely.

Mr. SMITH. And are the contracts of such a nature as to be binding in their present form?

Mr. COPELAND. They are binding. There are certain infinitesimal technicalities, savings that might be made by agreement between both parties, but in general they are binding.

Mr. SMITH. And if we refuse to appropriate the money, it is tantamount to defaulting on a contract which was entered into in accordance with law?

Mr. COPELAND. The Senator is entirely correct.

Mr. SMITH. How long have these contracts been running?

Mr. COPELAND. They were for 10 years in the first place. They have 5, 6, and 7 years yet to run.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. MCKELLAR. Of course, the department has the right to curtail routes and ports, and in that way reduce

the amount that can be paid. That can be done under the contract.

Mr. COPELAND. Let me explain that to the Senator from South Carolina. The Senator from Tennessee is right. Let us take a line going out of New York to South America. That route could be changed so as to go by way of Cuba, or by way of Puerto Rico, or by way of Bermuda, and in that way increase a little bit the mileage; but the distance between New York and this South American port would still have to be paid for. It is that sort of economy which could be effected, but in my opinion it would be very, very infinitesimal.

The mileage between New York and this South American port would still have to be paid for. The only sort of economy that could be legally effected, would, in my opinion, be infinitesimal.

Mr. McKELLAR. The number of ships could be decreased in the same way, and in that way a tremendous reduction made.

Mr. WHITE. Mr. President, will the Senator from New York yield?

Mr. COPELAND. I yield.

Mr. WHITE. The number of ships could be decreased by agreement between the parties, but not arbitrarily by either party.

Mr. SMITH. Mr. President, that is getting down to an answer to the question I have asked. Is it possible, under the terms of the law and the contract, so to reduce the number of ships and the ports of call until the contract is practically wiped out?

Mr. WHITE. Mr. President, will the Senator from New York permit me to answer?

Mr. COPELAND. I yield.

Mr. WHITE. Under the operations of any contract I have ever seen that may not arbitrarily be done. A change in the ports of call, a change in the number of sailings, may be effected, but only by mutual agreement by the contracting parties. As I get it, the purpose of the Senator from New York is to suggest to these parties that they negotiate and see if they can not voluntarily work out such a reduction.

Mr. SMITH. And if no such agreement is reached, then, under the law, the contract as it stands is binding in all essentials?

Mr. WHITE. It is a binding, legal contract.

Mr. SMITH. That is what I wanted to know.

Mr. COPELAND. Mr. President, I have a few minutes left on the pending amendment and 15 minutes on the bill, which I may take later in the day.

I simply want to say that we have developed a merchant marine which is of some consequence. It was not long ago, it was only at the beginning of the war, when very little of our products, agricultural and manufactured, were carried by our ships. Even now we are carrying only one-third of our foreign trade in American-flag ships. On the other hand, Great Britain carries 60 per cent of her own foreign trade in British Empire flag ships and is carrying 45 per cent of the total foreign trade of the entire world.

The British are greatly agitated over the situation. I called attention yesterday to the action of the British Chamber of Shipping. They have gone so far as to call upon those men who are to be delegates to the forthcoming economic conference to get in touch with the delegates of other nations in order that there may be some plan worked out to end the support America is giving to its American merchant marine.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. COPELAND. I yield.

Mr. McKELLAR. The Senator says we are carrying only about one-third of our foreign trade in American-flag ships, and that is true. How much of a decrease does that represent for the last three years?

Mr. COPELAND. Decrease?

Mr. McKELLAR. We carried more than 50 per cent of that trade in American ships three years ago, and now we are carrying less than a third of it, while it is said we are building up our American merchant marine under this law.

Mr. COPELAND. The Senator is entirely wrong in that matter.

The PRESIDENT pro tempore. The time of the Senator from New York has expired.

Mr. COPELAND. I thought I had three minutes.

The PRESIDENT pro tempore. The time clerk informs the Chair that the Senator's time has expired.

Mr. COPELAND. I am sorry. There were a few words I wanted to say about the British shipping interests which are trying to coerce us into action.

Mr. JOHNSON. Mr. President, may I propound an inquiry to the Senator from New York?

The PRESIDENT pro tempore. The Senator from California is recognized for 15 minutes.

Mr. JOHNSON. I wanted to propound a question for information.

The PRESIDENT pro tempore. The Chair has to enforce the unanimous-consent rule.

Mr. JOHNSON. Very well, the Chair may take the time out of my time.

I ask the Senator from New York if he will do me the kindness to explain just what he means by interference of the British authorities with the American merchant marine.

Mr. COPELAND. Mr. President, I am glad to answer the Senator from California.

The British Chamber of Shipping in formal meeting passed certain resolutions. These they passed up to the Government to be turned over to the delegates to the economic conference. This is what section 9 of that document says. I quote:

> Viewing the position as a whole, we recommend that, both pending the conference and at the conference itself, Great Britain should endeavor to secure the cooperation of as many nations as possible pledged to work for the reestablishment of world trade through the removal of trade barriers, including the modification of tariffs upon the goods carried and the removal of all forms of discrimination (including subsidies) in favor of ships under the national flag by which such goods are carried. We further recommend that Great Britain and those cooperating nations should agree to confine most-favored-nation treatment to each other's trade and shipping.

They are planning to approach those delegates, not in open convention but by private arrangement, beforehand. It is their plan to work out some scheme by which they may take care of their favorite shipping, meaning the shipping of those European nations as against the shipping of the United States.

Further, they speak of what they are going to do to enforce their proposals. To me it is the most outrageous and selfish national policy I ever heard of.

Mr. JOHNSON. Does this refer to the economic conference about to be held?

Mr. COPELAND. The Senator is correct in his assumption.

Mr. JOHNSON. Preparations are already being made by Britain, by interviewing the various nations which are concerned, for what is to be done at that economic conference?

Mr. COPELAND. By secret diplomacy. That is exactly the plan.

Mr. JOHNSON. It is a species of lobbying?

Mr. COPELAND. Yes; a species of lobbying against Uncle Sam and the interests of the American merchant marine.

Mr. JOHNSON. I thank the Senator.

Mr. ROBINSON of Arkansas. Mr. President, in view of the debate which has already been so prolonged and protracted on this bill, and the large number of appropriation bills, as well as legislative matters of first importance, which ought to receive consideration during this session, I am going to make a suggestion to the Senator from Tennessee. It is that he modify his amendment so as to provide for reduction of seven and a half million dollars in the aggregate amount of this subsidy, with the recognition of the fact that the contracts themselves permit readjustments which may enable the incoming Postmaster General to work out arrangements consistent with the contracts, or consistent with supplemental contracts which may be agreed upon, so as not to involve the question of rescinding the contracts.



It seems to me that if the Senator should do that, we ought to take a prompt vote on the amendment, and then, if I may be indulged just a moment longer, we ought to go forward with the pending appropriation bill, and if possible dispose of it to-day, and then take up another appropriation bill; and I hope some agreement like that proposed two days ago by the Senator from Wisconsin [Mr. LA FOLLETTE] may be entered into.

The end of the session is approaching, and little progress is being made. The Senate has on its calendar a number of important measures already disposed of by the House of Representatives, and there are also some other bills which must be acted upon if possible before we conclude the present session.

I do hope that we may shorten these debates, and that amendments which are in the nature of changes in the law may be reduced to the smallest possible number, so that we may reach a conclusion. The situation in the Senate is discouraging, and it is disappointing, to say the least.

I make this suggestion to the Senator from Tennessee and hope he may find it consistent with his desires.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. COPELAND. I think that if the proposal suggested by the Senator from Arkansas, the leader on this side, is carried out, some agreement might be reached. My suggestion is that we pass over this item of the bill in order that some of us who are interested in this particular amendment might get together with the Senator from Tennessee and see if we could agree on such an amendment as is proposed.

Mr. McKELLAR. Mr. President, I want to state, first, that I am perfectly willing, for the reasons so excellently stated by the Senator from Arkansas, to accept the suggestion he makes, and I therefore want to perfect my amendment so as to make it provide for the striking out of $35,500,000, and inserting in lieu thereof $28,000,000. If I may, I do that at this time.

Mr. COPELAND. Mr. President, that does not cover what the Senator from Arkansas suggested. His suggestion was that the matter be handled by negotiation with the Postmaster General.

Mr. McKELLAR. I am perfectly willing to agree on that language, and would have reached that if the Senator from New York had given me an opportunity.

Mr. ROBINSON of Arkansas. I do not know that it is necessary to incorporate in the bill legislative language along that line, particularly at this stage of the proceedings. I said that under the contracts themselves it appears that readjustments may be made, within the limit of the amendment as modified by the Senator from Tennessee. My thought is that with the amendment he has suggested, we might reach a conclusion.

Mr. McKELLAR. I am perfectly willing to accept the suggestion.

Mr. WHITE. Mr. President, will the Senator from Tennessee yield?

Mr. McKELLAR. I yield.

Mr. WHITE. Let me ask whether that contemplates the withdrawal of the amendment of the Senator from Tennessee now pending, and the submission of a new amendment, reducing the amount carried in the bill from $35,500,000 to $28,500,000?

Mr. McKELLAR. To $28,000,000.

Mr. ROBINSON of Arkansas. It contemplates simply changing the amount in the amendment of the Senator from Tennessee.

Mr. WHITE. Then it would leave the other provisions of the amendment intact.

Mr. FLETCHER. There is no other provision.

Mr. WHITE. Oh, yes, there is.

Mr. McKELLAR. There is a proviso, that not to exceed $7,000,000 of that sum may be used for carrying foreign mail. I think that in carrying out the suggestion made, the $7,000,000 should be reduced, and if that is satisfactory, I am willing to change that amount.

Mr. FLETCHER. The amendment pending is the amendment to strike out the $35,500,000. There has been no amendment offered with reference to the $7,000,000.

Mr. McKELLAR. None at all, but I am calling attention to the fact that $7,000,000 of that amount was to be used as indicated.

The PRESIDENT pro tempore. The question now pending is on the amendment in the nature of a substitute proposed by the Senator from New York [Mr. COPELAND] to the amendment proposed by the Senator from Tennessee [Mr. McKELLAR], which amendment is to strike out "$35,500,000" and to insert in lieu thereof "$17,750,000." The Senator from Tennessee has perfect liberty to modify his amendment to any form he chooses, up to the minute the vote is taken on the amendment.

Mr. FLETCHER. Nobody questions that, and I am willing to vote on it right now.

Mr. McKELLAR. Let us vote.

Mr. ODDIE. Mr. President, I would like to hear the amendment read.

Mr. McKELLAR. Let the amendment be reported.

Mr. COPELAND. Mr. President, may I have the attention of the Senator from Arkansas for a moment?

Mr. ROBINSON of Arkansas. Certainly.

Mr. COPELAND. Let me suggest again that we pass over this item, in order to permit some conferences on the subject, to see if we can not bring in an amendment which will be mutually satisfactory. Then we will not be delaying the progress of the bill.

Mr. ODDIE. Mr. President——

The PRESIDENT pro tempore. The Senator from Nevada is recognized.

Mr. ODDIE. I strongly oppose the amendment of Senator McKELLAR providing for the reduction of the item in this bill for ocean mail and foreign air mail contracts. The whole question has been studied very carefully by the committee, which reported it for the same amount as passed by the House. I am very much opposed to the reduction, and ask the Senate to defeat this amendment. Otherwise our American merchant marine will be seriously crippled and driven off the seas. We can not afford to allow that to happen.

We had some very fine and helpful statements on the subject last night when this amendment was under discussion. I refer especially to the speeches made last night by the Senator from Florida [Mr. FLETCHER], the Senator from Maine [Mr. WHITE], the Senator from Massachusetts [Mr. WALSH], and the Senator from Alabama [Mr. BANKHEAD]. They gave a great deal of valuable data and showed that the reduction suggested would be ruinous to the service. I feel that even with the modification suggested by the Senator from Arkansas and the Senator from Tennessee it would still be far too much of a reduction. It would ruin the service.

At this time I will submit some data and ask to have it printed in the RECORD. First, I submit a statement by Malcolm M. Stewart, chairman of the Middle West Foreign Trade Committee, on the Benefits of the American Merchant Marine, which I ask may be printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The statement is as follows:

STATEMENT BY MALCOLM M. STEWART, CHAIRMAN MIDDLE WEST FOREIGN TRADE COMMITTEE, ON THE BENEFITS OF THE AMERICAN MERCHANT MARINE

The freight bill for American products in foreign trade amounted to approximately $9,000,000,000 for the 10-year period between 1921 and 1930, inclusive. Of this amount, American ships received about $3,000,000,000, or at the rate of $300,000,000 a year.

It is estimated by the United States Shipping Board that 85 per cent of the money paid to American operators is expended in this country. These expenditures are for fuel and other supplies coming from all parts of the country; for the payment of salaries and wages of operating staffs of the steamship companies; to the large number of stevedores and longshoremen employed in the handling of cargo; to approximately 185,000 men engaged in the operation of seagoing vessels and harbor craft; for insurance, office rent, dividends, if any, and for other miscellaneous purposes.

The magnitude of the merchant marine's shore business is indicated by the expenditures for fuel oil alone. Figures prepared

by the United States Bureau of Mines show that in 1930 American vessels engaged in the foreign trade consumed a total of 22,631,557 barrels of oil. In 1931 the figure was 19,919,906 barrels. Total consumption during 1930 for all American vessels was 94,131,000 barrels, or 3,953,502,000 gallons, which was nearly 10 per cent of the country's total production.

It is interesting to note the consumable stores required by the *Leviathan* for one round trip under normal operation. Among other items, this one ship requires 80,000 eggs, 600 boxes of apples, 15,000 pounds of butter, 20,000 pounds of jam, 20,000 pounds of cabbage, 6,000 pounds of game, 2,000 quarts of milk, 60,000 pounds of potatoes, 56,000 pounds of fish, 16,000 pounds of sugar, 2,000 pounds of grapes, 14,000 pounds of carrots, 400 crates of oranges, 250,000 cigarettes, 70,000 pounds of flour, 186,000 pounds of meat, 20,000 pounds of ham, 1,600 pounds of tomatoes, 2,240 pounds of tobacco, 3 tons of tea and coffee, and 3,756 tons of fresh water.

Figures prepared for two proposed new superliners show that the operators anticipated an annual revenue of $16,500,000, of which $1,888,000 would go for wages, $2,567,000 for food and other stores, $3,086,000 for fuel oil, $92,000 for stevedores, etc., $800,000 for port charges, $500,000 for commissions and brokerage, $823,000 for insurance, and almost $1,000,000 for maintenance and repairs. Of the $16,500,000 in expected revenue, at least $12,000,000 would be spent in voyage and lay-up expenditure. The balance would go for fixed charges, administrative costs, advertising, and so on. These two ships would thus keep in the United States some $16,000,000 to $18,000,000 a year which would otherwise largely be spent in foreign ports. (Advance report predicted a loss for the first year, hence possibility of $18,000,000 figure.)

Moreover, the vessels themselves would cost in the neighborhood of $32,000,000 apiece, all of which would be spent in American yards.

Reports worked up for these vessels allowed $4.75 a day as the expense of feeding a first-class passenger. Passengers in other classifications, together with the deck and engine departments, bring the total food bill up to $25,000 per ship for each voyage. The fuel-oil cost was set at $10,000 a voyage if the vessels were operated at top speed of 28 knots. Practically every State in the Union benefits from the tremendous quantities of material required by the American merchant marine. And it should be noted especially that these are not one time but continuing expenditures. Every ship built under the construction loan provisions of the merchant marine act will be operated under the American flag for at least 10 years. These ships during the next decade will leave in this country billions of dollars which would otherwise be spent abroad.

Mr. ODDIE. Then I would like to have placed in the RECORD a release from the National Committee on the Merchant Marine, from which the senior Senator from Massachusetts [Mr. WALSH] quoted last night in a very effective manner.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter is as follows:

WASHINGTON, D. C., *January 31, 1933.*

Released by National Committee on the Merchant Marine

Pursuant to a call issued by T. V. O'Connor, chairman of the United States Shipping Board, the National Committee on the Merchant Marine held its first meeting to-day in this city to discuss the more pressing problems now confronting American shipping. Attacks recently launched, here and abroad, against the present system of Government building and operating aids, formed the principal subject of discussion. Other subjects included the relationship of the Navy and the merchant marine, the intercoastal service, cooperation with the United States Chamber of Commerce and other commercial bodies, and methods by which the public's interest in maritime affairs could be utilized to the best advantage.

By a unanimous vote the following statement was issued by the committee:

"Certain proposals now pending in the Congress of the United States, if not properly considered, may very easily destroy the entire American merchant marine engaged in foreign trade, with a resultant loss of many millions of dollars a year to American industry, agriculture, and labor.

"The present American merchant fleet has been developed under definite laws of Congress, one of which is an act authorizing the Postmaster General to make ocean mail contracts with essential steamship lines as a Government aid to the establishment and maintenance of such lines. Forty-four mail contracts for 10-year periods have been made since 1928, when the act was passed. They constitute the very foundation upon which the American overseas merchant marine exists. They were entered into as legal, binding contracts, ordered by Congress after a most careful, thoroughgoing and painstaking investigation of every fact and phase of the question.

"Under these contracts private shipowners have brought the American merchant fleet in foreign trade into splendid position, although no ship company is making any real profit at this time. Nearly 600 American-flag ships now operate on 70 regular lines in foreign trade, as against only 17 in 1914. Forty-one new vessels have been constructed since 1928 to modernize the American fleet and give it the power to compete successfully with foreign lines. Our merchant marine operating in the foreign trade is capturing for American industry several hundred million dollars every year out of an ocean freight bill of $500,000,000 paid by American exporters and importers. Every dollar of that $200,000,000 goes back into the pockets of the American citizens who contribute in labor or supplies to the operation of the necessary ships.

"Under existing laws, and because of these American vessels, the proportion of the annual freight-bill money remaining in the United States has increased since the war from less than 10 per cent to nearly 40 per cent, which represents the relative proportion American vessels are now carrying of our own foreign commerce.

"And this is only a part of what the people of the United States get out of it. One hundred and fifty million dollars a year is paid to American labor as a consequence of the operation of our merchant marine in the foreign trade. Millions of dollars have been expended for ship construction in America since 1928, and the near future will see an expenditure of two hundred million for the same purpose. Shipping lines have invested millions of dollars of private capital to build up these ocean services—all on the guarantee that the Government aid provided by Congress in 1928 through mail contracts would be continued.

"If that aid were seriously curtailed at this time companies now operating in foreign trade would be destroyed and the United States thrown back to where it was in 1914, when it carried but 9 per cent of its own commerce. Two hundred millions now spent by the industry in the United States would then go to the ships and people of foreign flags.

"The most serious phase of the discussion of this subject to-day is the lack of real frankness. When Congress passed the act laying down the policy of extending Government aid through mail contracts it knew exactly what it was doing, what the aid was for, and why it was necessary in order to carry out its avowed purpose for the protection of the Government's interests. Congress was committing this Government to a determination to give financial aid to private shipowners for the specific purpose of partially offsetting the difference in construction and operation costs between foreign ships and American ships competing against each other. The congressional committees directly concerned looked the facts in the face and came to the conclusion that if we were to have a privately owned merchant marine in the foreign trade the Government would have to help meet these cost differentials. The alternative was continued ownership and operation by the Government—a policy which had been piling up large deficits year after year.

"Instead of directing the Secretary of the Treasury to pay money outright to American companies, Congress passed an act directing the Postmaster General to pay money in the form of mail compensation, thereby adopting a method which had long been followed by other maritime nations. It specified in the act the rates to be paid for the steamship service rendered in order to make certain that the aid would accomplish the national purpose.

"The Postmaster General has complied with the orders of Congress, the companies are receiving the aid, and, as a consequence, they are doing what Congress intended them to do—building up their lines to carry a reasonable proportion of American commerce with ships suitable and available to our Army and Navy as national defense units.

"To consider this aid from the point of view that it is a payment for carriage of mails is unfair. To break down payments under these contracts into so many dollars per mail sack or letter is ridiculous, and with the informed mind it approaches mental dishonesty. If all the Government wanted was transportation of mail, the rates would be much lower, and Congress would have made them lower; but instead it ranged them from $1.50 to $12 per nautical mile according to the size and speed of the ships rendering the particular service.

"The reason Congress adopted the policy of aid through mail contracts and put that policy into operation was that it believed it could save money thereby and avoid the alternative of Government ownership and operation in the maintenance of the necessary ocean trade routes. And it has saved money. Operating deficits of the Shipping Board when it handled its 38 Government services ran from forty to fifty million dollars a year. Under existing aid laws, the board has sold all but five of its lines to private companies, but its operating deficit on those five for 1932 was $8,000,000 without interest or depreciation charges. The Government mail aid for 1932 was about $20,000,000, which brings the total cost to the Government up to approximately $28,000,000.

"The present expense to the Government is about $25,000,000 instead of from $40,000,000 to $50,000,000 per annum—a saving of about $25,000,000 a year.

"In other words Congress, as a measure of economy, has knowingly and purposely voted approximately $20,000,000 a year for the maintenance and permanency of an adequate American merchant marine in private ownership in carrying out a national policy long since declared. It has decreed that the money shall be paid through mail contracts. Any attack upon those contracts now, in the midst of their guaranteed periods of operation, not only threatens the destruction of a great national industry which cost millions of dollars to establish, but is, in fact, an attack upon the will of Congress itself.

"The Postmaster General, the Attorney General, and the Comptroller General of the United States, with the cooperation of the United States Shipping Board, each within their respective provinces, have passed upon these ocean mail contracts. If there is anything radically wrong with any particular contract it could well and adequately be taken up for correction by the same or

succeeding executive heads of these administrative institutions of the Government."

By resolution of the main committee, Chairman O'Connor appointed the following subcommittee to make a further study of the shipping situation and report at a later date:

H. G. Smith, J. C. Rohlfs, Dr. Thomas H. Healy, Col. A. B. Barber, Basil Harris, J. Caldwell Jenkins, Fred J. Gauntlett, E. H. Duff, R. D. Sullivan, John D. Reilly, Malcolm M. Stewart, and J. F. Milliken.

Members of the committee and others in attendance were as follows:

T. V. O'Connor, chairman United States Shipping Board; S. S. Sandberg, vice chairman United States Shipping Board; Commissioner H. I. Cone, United States Shipping Board; Col. A. B. Barber, manager transportation division United States Chamber of Commerce; C. L. Bardo, president New York Shipbuilding Co.; Capt. S. W. Bryant, United States Navy; H. E. Cabaud, first vice president New York & Cuba Mail Steamship Co. (AGWI); Ira A. Campbell, general counsel American Steamship Owners' Association; Commodore H. A. Cunningham, port captain, Standard Shipping Co.; K. D. Dawson, vice president States Steamship Co.; R. Stanley Dollar, president Dollar Steamship Lines; James A. Farrell, jr., president American South African Line; Fred J. Gauntlett, representing Matson Navigation Co.; Robert L. Hague, vice president and general manager Standard Shipping Co.; Dr. Thomas H. Healy, assistant dean, School of Foreign Service, Georgetown University; J. Caldwell Jenkins, vice president Black Diamond Steamship Co. and chairman of the committee on shipping information, American Steamship Owners' Association; Edgar F. Luckenbach, president Luckenbach Steamship Co.; J. L. Luckenbach, executive vice president American Bureau of Shipping; Joseph T. Lykes, president Lykes Bros.-Ripley Steamship Co. (Inc.); George A. Marr, vice president Lake Carriers' Association; Capt. J. F. Milliken, secretary-treasurer Neptune Association; Cleveland A. Newton, general counsel Mississippi Valley Association; Robert H. Patchin, vice president Grace Steamship Co.; Capt. W. J. Petersen, Pacific American Steamship Association; John D. Reilly, president Todd Shipyards Corporation; J. E. Barnes; J. C. Rohlfs, president Pacific American Steamship Association; Basil Harris, vice president United States Lines Co.; J. P. Ryan, president International Longshoremen's Association; Charles M. Sheplar, president National Marine Engineers' Beneficial Association; H. G. Smith, president National Council of American Shipbuilders; Malcolm M. Stewart, chairman Middle West Foreign Trade Committee; Raymond D. Sullivan, president South Atlantic Steamship Line; J. Russel Wait, vice president American Association of Port Authorities; Roger Williams, vice president Newport News Shipbuilding & Dry Dock Co.; W. I. Denning, Export Steamship Corporation; Raymond T. Baker, representing States Steamship Co. and Pacific Atlantic Steamship Co.; E. H. Duff, American Steamship Owners' Association.

NATIONAL COMMITTEE ON THE MERCHANT MARINE.

Mr. ODDIE. The present policy covering ocean mail contracts is being attacked on various points. These attacks are receiving considerable publicity which is very detrimental and unfair to the American merchant marine. One point of attack is that the steamers of some of the lines carry only a small amount of mail for which they receive a very large amount of money from the Government. The statements are misleading because they do not recite the fact that the purposes of the merchant marine act are threefold, namely, for the actual transportation of foreign mail, the development of naval and military auxiliary, and the development of foreign and domestic trade and commerce. Therefore, any comparison of the compensation paid on an individual route against only one of these purposes, and ignoring the others, is improper.

Senate Document 69, being data furnished by the Postmaster General in response to a Senate resolution, shows that the total payments under the ocean mail contracts for the fiscal year ending June 30, 1931, were $15,847,664 more than would have been paid on the poundage basis had there been no such ocean mail contracts. Therefore, this is the amount which the United States is paying for the other two factors. I will ask permission to place in the RECORD a very valuable and helpful statement on Ocean Mail Contracts—a National Policy, by F. A. Bailey, of San Francisco, dated June 15, 1932. I also placed this in the hearings on the Treasury and Post Office Departments appropriation bill, pages 135 to 139.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The statement is as follows:

OCEAN MAIL CONTRACTS—A NATIONAL POLICY

By F. A. Bailey, San Francisco, June 15, 1932

Any consideration of the subject of aid to American-flag ships through the medium of ocean mail contracts and/or construction loans must be prefaced by an understanding of the purposes of the law.

First, it must be made clear that any such contracts were not intended for the physical carriage of mail only, and the payments thereunder can not be justified on such grounds alone. The act of Congress authorizing such contracts and loans clearly defines the purpose (Title I, merchant marine act, 1920), "that it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency * * * and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine * * *."

Next comes the merchant marine act of 1928 (Title I, declaration of policy, sec. 1), "The policy and the primary purpose declared in section 1 of the merchant marine act of 1920 are hereby confirmed."

Then follows Title III in this act, authorizing construction loans, and Title IV, authorizing ocean mail contracts.

If Congress only intended to provide for ocean transportation of United States foreign mails, no additional law would have been necessary; if it only intended that such mail should receive the fastest and most economical dispatch the existing lines, mostly of foreign flag, would have supplied the necessary facilities. In 1928, when this law was passed, the passenger traffic of the United States was being handled 72 per cent by foreign-flag ships. It would seem fair to suppose that approximately this percentage of the United States mails would likewise have been handled by foreign ships, if only the matter of speed and economy was in the mind of Congress at that time.

A reading of the debates in Congress preceding the passage of the latter act, however, clearly shows that Congress understood it was passing a ship subsidy act and that it was not merely providing for the transportation of ocean mails. As the United States must have a merchant marine, and can only acquire and maintain such with Government aid, Congress adopted the policy followed by other nations, of giving aid to its foreign-trade merchant ships through the medium of ocean mail contract payments.

That the amount of such payments and aid to American ships is greater than that of foreign nations to their merchant marine, is due to the difference in the standard of living in America and in such other countries, which is reflected through the construction costs and operating costs of such vessels. To put it another way, these aids amount to a subsidy or a tariff, to equalize production and operating costs of American ships with their foreign competitors. This fact is clearly understood by the administration and has been followed with painstaking care by the Government on all later contracts. In order to insure this feature, the President appointed an interdepartmental committee on ocean mail contracts, consisting of the Postmaster General, the chairman of the United States Shipping Board, the Secretary of Commerce, and the Secretary of the Navy. These gentlemen in turn appointed a subcommittee of their principal assistants, who, with the aid of statisticians and actuaries, carefully investigate the difference in construction and operating costs of American ships and foreign-flag ships over any proposed ocean mail route before such route is certified and advertised for bids—thus the Postmaster General is advised of a maximum compensation (within the maximum already established by the law) which may be paid for such service, without doing more than placing the American ship on a footing of economic equality with its foreign competitor.

The purpose of the law has been clearly defined as threefold:

(a) Actual transportation of foreign mails.

(b) Development of naval and military auxiliaries.

(c) The development of foreign and domestic trade and commerce.

Therefore, any comparison of the compensation paid on an individual route against only one of these purposes, and ignoring the others, is improper. Senate Document No. 69 (being data furnished by the Postmaster General in response to a Senate resolution) shows that the total payment under ocean mail contracts for the fiscal year ending June 30, 1931, amounted to $15,847,664.15 more than would have been paid on the poundage basis had there been no such ocean mail contracts. Therefore this is the amount which the United States is paying for the other two factors:

(b) Naval and military auxiliaries.

(c) Commerce development.

The Postmaster General has stated that for the present fiscal year, on account of larger and faster ships placed into service, this amount will be somewhat increased but will be less than $20,000,000. Let us then analyze this amount and see whether the United States has made a good bargain and whether it is getting value for its money.

Ignoring for a moment the feature of commerce development, let us consider what happened at the time of the World War. At that time the United States had no merchant marine worthy of the name—it in fact consisted of 95 deep-water ships in near-by trades and only 17 in overseas trade. We were transporting 21 per cent of our foreign commerce. Practically every person is familiar with the shipbuilding program which the exigencies of war compelled. This called for the creation of 3,500 deep-water ships and an expenditure of $3,000,000,000. Of this program, 2,300 ships were completed, and with partial construction and building contract cancellations, the full amount of money was practically expended. Ignoring the hasty and therefore relatively poor construction of such vessels as compared with careful planning and leisurely

building, and ignoring also the entire principal amount of $3,000,000,000 expended, we find that the increase of the national debt by this amount figured at an interest rate of only 3½ per cent results in an interest payment every year of $100,000,000, which will continue for generations on account of the lack of necessary American ships in the emergency. This also ignores any consideration of prolonging the conflict by lack of preparedness, as well as the dangers involved as to successful prosecution of the war.

The United States is therefore obtaining for one-fifth of such interest alone an adequate merchant marine which will amply insure against a recurrence of this condition, and will at the same time provide the necessary avenues for the development of our foreign trade; furnish transportation facilities for the excess productions of farms, mines, and manufactures; furnish employment for a large number of American seafaring personnel at the American standard of living; train young cadets for officers on these ships where they will likewise be available for naval and transport purposes in an emergency; keep at home vast expenditures for shipbuilding, fuel, ships' stores, ship insurance, etc., which otherwise would be expended abroad by foreign-flag ships engaged in such commerce.

It should be borne in mind that this is not a temporary expedient. These ocean mail contracts provide that new vessels must be constructed and placed on the routes, of the most modern and up-to-date type; that the character of vessels suitable for such trades must be approved by the United States Shipping Board, and that plans and specifications covering the actual construction of vessels must be approved by the Navy Department to insure their adaptability as military auxiliaries. The cost of such construction features as compared with plain merchant ships, and all other costs, including the difference in building in American shipyards at higher labor rates, the difference in wages on American ships, and the difference in the standard of living aboard such vessels, is reflected in, and covered by, the one compensation item of a rate per mile operating over the particular ocean mail route.

The terms of the present ocean mail contracts require the construction of 60 new ships with 53 additional ships which may be required under certain conditions, all to be built in the manner and under the conditions before mentioned. At the present time there are built, or building, 31 such new vessels of 371,000 gross tons costing in excess of $138,000,000. There are also vessels reconditioned, or in the process of reconditioning, to the number of 15, of 132,000 gross tons, upon which has been, or is being expended, $11,724,000. It is true that a large amount of the capital for such purposes is being loaned to the operator by the Government under the terms of the construction loan law, but it should also be noted that for this purpose more than $37,000,000 has been expended by private capital. The balance of the amount loaned by the Government is at the prevailing rate of interest which certain Government securities are yielding at the time of each individual loan; the theory being that the Government would loan its borrowing power to the private shipowner at the same rate of interest which the Government itself was paying; private capital putting up 25 per cent of the cost or value of such vessels and the Government taking the whole thereof as security for its loan. These loans are repayable in 20 equal annual installments, and the interest thereon semiannually. It is not to be denied that certain interest rates are very low, and unquestionably lower than Congress really intended, as the yield on certain short-term securities was allowed by the law to determine the rate of interest on these loans. This has since been cured by an amendment to the law which places the minimum on such loans at 3½ per cent per annum. No criticism can properly be directed at the administrators of the law on account of any very low interest rate, as the law contained a formula for this purpose. Any such responsibility must rest with Congress who passed the law, as its authors have very frankly admitted. The only other course left to the administrators was to have refused all loans under the act, thus blocking the evident purpose of the law and presuming a judgment superior to that of the Congress.

While much has been said about a loan to shipowners under this law, it is not generally known that something more than $900,000,000 has been loaned by the Government under various farm loan acts as an aid to agriculture, at a rate of interest averaging less than 2 per cent. It also is a matter of record that considerable losses have occurred under such farm loans, whereas this has not been the case on loans to aid the construction of vessels under which the collateral is far more tangible, and as the loan is repayable in equal installments every year, the loan is reduced faster than the collateral value depreciates.

The American merchant marine is not the only industry receiving compensation in excess of poundage or postage rates. The Post Office Department reports show that there is being paid for the physical transportation of mail matter other than first class, an amount in excess of $100,000,000 per year more than the revenue received in postage from this class of mail matter. Whether this is justified does not concern us here and is merely stated to show that any operating deficit of the Post Office Department can not be solely charged to the aid given American ships through this medium.

It should be understood that without Government aid the American foreign-trade lines can not continue to operate in competition with their more cheaply built and operated foreign-flag competitors in overseas trade. The alternate to this policy is a reversion to the condition of the American merchant marine at the beginning of the World War with all of the risks which attend such a situation. In the present depression, even with Government aid, it is doubtful whether any of the subsidized lines are making expenses. This, of course, is no real criterion as unquestionably the foreign lines are also having an economic struggle.

The intangible feature of foreign-trade development is more difficult to show in specific figures, but equally definite and certain. It has been said that approximately 10 per cent of the population of the United States earn their livelihood from the production of export goods. If this be an accurate figure, then some thirteen million persons are dependent upon a trade which would certainly be in a precarious position if dependent upon the vessels of our competitors for the delivery of our products. Even to-day American foreign trade carried in American ships only amounts to approximately one-third (in 1917 it amounted to about one-fifth). Surely any merchant who could deliver only one-third of his goods to his customers by his own conveyances could not be said as having unduly stressed this portion of his business; nor could he be charged with extravagance if his delivery wagons as an individual unit of his business were not self-supporting. This is further emphasized if we consider that the remaining portion would have to be delivered by conveyances of the merchant's principal competitors. It would seem a fair statement that the United States as one of the leading first-class powers can not maintain a status of trade isolation. It would seem equally clear that the foreign commerce of this country can not be handled in ships of other nations except under conditions adverse to such trade, and to economic conditions in the United States. It would also seem obvious that considering the many advantages to the whole country, the real necessity for naval and military auxiliaries, and the economic factors involved, the United States has entered upon a policy which is entirely warranted and in fact vital to the country's interests, and that the costs involved are amply justified. It should be borne in mind that practically every other maritime nation of commercial importance is, in varying degrees, carrying out a similar policy, and that the larger amounts paid to American ships is relative to the higher standard of living as compared with such other countries. Under no circumstances will the operator of the American ships be compensated on a basis which would place him on more than an equal footing with his foreign competitor. The American shipowner does not ask for more than equal opportunities and if these are not exceeded, surely the Government is not overindulgent. It should also be borne in mind that these ocean mail contracts are effective only to foreign ports where such American-flag ships enter into direct competition with foreign vessels. It does not apply between American ports, which trade is restricted to American ships, in which the trades the compensation for mail transportation is upon a poundage basis.

There is no question but that on certain routes very little actual mail has been transported, as compared with the compensation paid. In these instances the purpose of the route has been the development of the foreign trade and commerce of the United States from certain American localities to certain trade areas, as well as the provision under such contracts of new vessels, for military and naval auxiliary purposes in an emergency. It is obviously unfair to take an individual instance of this character and draw an example reduced to dollars paid for pounds of mail carried. On such a basis the contracts could not possibly be justified, and they never were so intended.

Every route authorized as an ocean mail route has passed a searching examination by the interdepartmental committee, and representatives of the Departments of Commerce, Post Office, Navy, and Shipping Board (three of these being Cabinet officers) have determined and certified that the route is an essential one for the purposes defined in the law, and that the combined factors of mail transportation, military auxiliaries, and commerce development justify the making of a contract over such route; as well as the type, size, speed, capacity, and characteristics of vessels which should be employed on such route, and the frequency and regularity of sailings. The committee determines the maximum compensation which such vessels may obtain, not only under its own investigation to equalize foreign competitive conditions, but under the specific provisions of the law. The very nature of the preliminaries to such a contract clearly shows that it is not for the purpose of mail transportation alone, as the Departments of Commerce, Navy, and Shipping Board comprise the majority of the committee; and the law itself by basing compensation upon the tonnage of vessels as well as the speed, shows that the carriage of commerce as well as of mail was a controlling factor.

A careful analysis of the purposes, policy, law, and contracts will find them justified in the interest of the Nation. If any such contracts exist which do not measure up to the law, the Department of Justice should institute proceedings for their cancellation. If the existing contracts do so measure, they not only should be carried out by the Government for the purpose originally intended, but they should be defended on the broad, far-sighted policy basis that they are in the interests of the whole Nation.

HIGHLIGHTS REGARDING OCEAN MAIL CONTRACTS

1. These contracts were not intended for the physical carriage of mail only, and payments thereunder can not be justified on such grounds alone.

2. The law authorizing these contracts specifically states that the primary purpose is the provision of naval and military auxiliaries for national defense and the development of foreign commerce.

3. The debate in Congress shows that Congress understood it was passing a ship's subsidy bill, but was doing so in the same manner as other nations give aid to their merchant marine.

4. The basis of all contracts is determined by the Postmaster General, Secretaries of Navy and Commerce, and chairman of the United States Shipping Board, in consultation, and a maximum fixed which can only place the American ship on a footing equivalent to its foreign competitor.

5. Total payments under these contracts for the last fiscal year were less than $16,000,000 more than would have been paid to carry the mail on a poundage basis. This amount is therefore what it is costing the Government for naval auxiliaries and commerce development. In comparison we are paying more than $100,000,000 per year interest on increased national debt on account of ships built during the World War, which would not have been necessary had we then possessed an adequate merchant marine.

6. More than $37,000,000 of private capital has been invested in ships built or improved under ocean mail contracts. The total cost of such ships built or building is more than $149,000,000.

7. The interest paid by shipowners on loans for such construction is the same rate which the Government is paying for the money it borrows. Therefore the Government is loaning its borrowing power to the shipowners without cost to itself.

8. More than seven times as much money ($900,000,000) has been loaned for farm aid at interest less than 2 per cent.

9. These contracts act as a subsidy or tariff to equalize production and operating cost of American ships with their foreign competitors. Without such aid operation of American ships on American standards in foreign trade is impossible. It is the same as tariff protection of any other American industry.

10. American-flag ships are carrying approximately one-third of our foreign trade to-day. They were carrying about one-fifth at the time of the World War. Surely this is only a reasonable participation in our own business.

11. The millions spent at home by these ships to American crews—fuel, food, stores, insurance—are important factors which should not be overlooked. All such expenditures by foreign vessels are almost entirely in the country of their flag.

Mr. KING. Mr. President, will the Senator permit an inquiry?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Utah?

Mr. ODDIE. I yield.

Mr. KING. I have been told that most of the contracts which have been made by the Postmaster General under the law are held directly or indirectly by two corporations or two companies, the Dollar Line and the International Mercantile Marine, and that the latter company sails under the English flag most of the ships that are covered by these contracts. Is my information correct?

Mr. ODDIE. The Senator's information is not correct. There are a few ships of the International Mercantile Marine which they have been unable to dispose of which are still sailing under the British flag, but the great majority of those ships are American ships sailing under the American flag, and numbers of them are splendid, large, and new ships built in American yards by American labor. It is a large organization, and in a way it is interwoven in its organization with certain other American organizations. In the network of its operations, extending over various parts of the globe, the company for certain reasons has been compelled to retain certain British ships, because it has not been able to sell them. Complete data on this subject can be found in the voluminous hearings of the subcommittee of the Senate Appropriations Committee of last year, and I refer the Senator to them.

Mr. FLETCHER. Mr. President, may I interrupt the Senator to say that none of these contracts is made with any foreign-flag ship.

Mr. KING. Mr. President, will the Senator permit a further interruption?

Mr. ODDIE. Certainly.

Mr. KING. The Senator did not quite answer my question. My question was as to whether or not the two companies were the beneficiaries of most of the contracts, directly or indirectly. My understanding is that a number of corporations have been absorbed or are controlled by the International Mercantile Marine and that a considerable number of ships operated by that company, directly or indirectly through its associates and affiliates, are operated under the British flag. My recollection is that the statement made before the House committee indicates quite conclusively the accuracy of the implied question which I have propounded.

Mr. ODDIE. I refer the Senator to the hearings on the Treasury and Post Office Departments appropriation bill of last year, which are very voluminous and which contain full information on this point. Much of this information was brought out during the debate by the Senator from Tennessee [Mr. McKELLAR].

Mr. SMOOT. Mr. President, let me say that every dollar of the appropriations goes to American-flag ships. The contracts are not made with foreign ships.

Mr. ODDIE. There is no question about that.

Mr. McKELLAR. There are a number of shipping companies that have contracts that have several times as many ships under a foreign flag as they have under the American flag. The International Mercantile Marine and the United Fruit Co. and others are some of them. There is no question about it. There is evidence of that in the record.

Mr. SMOOT. I say again that every ship given a contract for carrying mail is an American-owned ship.

Mr. McKELLAR. Oh, yes; where the International Mercantile Marine owns so many British ships and so many American ships, the subsidy actually goes to an American ship. That particular ship collects it, it is true, but the International Mercantile Marine owns it and, of course, indirectly the subsidy goes to the foreign vessels.

Mr. SMOOT. I do not believe the Senator really wants any American company to do only American business.

Mr. McKELLAR. Oh, no; but when we are trying to build up an American merchant marine and subsidize companies that fly more foreign flags than they do of the American flag we are doing a mighty poor business in building up the American merchant marine.

Mr. SMOOT. I want to say to the Senator that the contracts let for carrying the mail are let to companies that do not fly more foreign flags than they do of the American flag.

Mr. McKELLAR. Does the Senator mean to say the International Mercantile Marine and the United Fruit Co. do not have more ships flying a foreign flag than they have ships flying the American flag?

Mr. SMOOT. The United Fruit Co. has ships running to all parts of the world. There is no question about that, but they are an American concern, with American capital and American officers.

Mr. McKELLAR. That is a very different thing.

Mr. SMOOT. The position the Senator is taking now is that they are foreign concerns because they do a foreign business.

Mr. McKELLAR. Oh, no. The Senator misunderstands me entirely. I am merely saying that the companies have more foreign ships flying foreign flags than they have American ships flying the American flag.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from New York?

Mr. ODDIE. I yield.

Mr. COPELAND. This is an old worn-out tale. We have been hearing it for a long time. Every Senator knows that every ship we have is an American ship. Our President Wilson asked Mr. Franklin not to dispose of them to the British. Then we have two or three ships carrying the Panama flag, and we are trying to help their national pride, which they hold very properly. But when we talk about great numbers of foreign ships receiving subsidies from our mail contracts it is perfectly absurd and without any foundation in fact.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. ODDIE. I yield to the Senator from Maine.

Mr. WHITE. Mr. President, reference has been made to the United Fruit Co. and its ownership of ships. It is true that in 1928 when this legislation was enacted the United Fruit Co. owned more foreign vessels than it owned American vessels. It had some thirty-odd foreign vessels at that time. It has reduced that number. The fact of the matter is that under the operation of this law the United Fruit Co. to-day has American vessels of the value of more than $33,500,000, and it has foreign vessels of the value of a trifle over $10,000,000. Since this legislation was enacted the United

Fruit Co. has increased its American tonnage by 67 per cent, as I stated last night, and its investment in American ships by 771 per cent.

The ships which the United Fruit Co. owns under foreign flags are almost wholly small vessels operating and used largely as feeders, running down to Honduras, Panama, and some of the other South American countries, and serving only as feeders for the larger and better ships of the United Fruit Co., which are American-flag ships.

The same situation is true with respect to the International Mercantile Marine. Since the war the International Mercantile Marine has disposed of more than 55 foreign-flag ships with a tonnage of more than 617,000 tons. To-day the International Mercantile Marine is operating more American-flag ships than foreign-flag ships. To-day the foreign-flag ships which the International Mercantile Marine owns are ships of an average age of 15 years or thereabouts, fast approaching the age of commercial inefficiency, while their American-flag ships are new and better and speedier ships, as fine ships as sail upon the seas. Two of them have been built under the provisions of this law in American yards, and those two ships have cost substantially in excess of $10,000,000 each. So the substantial facts are not as stated by the Senator from Tennessee.

Mr. ODDIE Mr. President——

The VICE PRESIDENT. The Senator has about a minute of his time left.

Mr. ODDIE. I want to make just one statement. I want to refer to the statement made by the Senator from Florida [Mr. FLETCHER] last night. He offered a great quantity of most useful and necessary data for the determination of this question.

Mr. FLETCHER. Mr. President, I ask unanimous consent that we vote at once on the amendment.

Mr. ODDIE. I hope that that may be done.

The VICE PRESIDENT. The question is on the substitute offered by the Senator from New York.

Mr. FLETCHER. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. McKELLAR. Let the amendment be stated.

Mr. COPELAND. Mr. President, I desire to withdraw the substitute which I offered.

The VICE PRESIDENT. Then the question is on the McKELLAR amendment as modified.

Mr. FLETCHER. Let us have the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. WALSH of Massachusetts (when Mr. COOLIDGE's name was called). I wish to announce that my colleague [Mr. COOLIDGE] is absent from the city owing to illness in his family.

Mr. FRAZIER (when his name was called). On this question I am paired with the junior Senator from Florida [Mr. TRAMMELL]. If I were permitted to vote, I would vote "yea," and I understand the Senator from Florida, if present, would vote "nay."

Mr. HEBERT (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. BAILEY]. In his absence I withhold my vote. If permitted to vote, I should vote "nay."

Mr. NORRIS (when Mr. HOWELL's name was called). I desire to announce that my colleague, the junior Senator from Nebraska [Mr. HOWELL], is absent from the city on official business of the Senate. I ask that this announcement may stand for the day.

Mr. COSTIGAN (when Mr. NEELY's name was called). The Senator from West Virginia [Mr. NEELY] is unavoidably absent. I am authorized to say that if present he would vote "yea."

Mr. ROBINSON of Indiana (when his name was called). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS]. In his absence, and not knowing how he would vote, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. THOMAS of Idaho (when his name was called). I have a general pair with the Senator from Montana [Mr. WHEELER] and therefore withhold my vote. If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. AUSTIN. I have a pair on this vote with the junior Senator from West Virginia [Mr. NEELY], who, if present, would vote "yea." I withhold my vote. If permitted to vote, I should vote "nay."

Mr. BRATTON. I transfer my general pair with the Senator from Nebraska [Mr. HOWELL] to the Senator from Illinois [Mr. LEWIS] and vote "yea."

Mr. BINGHAM (after having voted in the negative). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. I transfer that pair to the junior Senator from California [Mr. SHORTRIDGE] and permit my vote to stand.

Mr. FRAZIER. I wish to announce that my colleague [Mr. NYE] is unavoidably absent. He is paired on this vote with the senior Senator from Louisiana [Mr. BROUSSARD].

Mr. FESS. I wish to announce the following general pairs:

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG];

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER];

The Senator from Illinois [Mr. GLENN] with the Senator from Virginia [Mr. SWANSON]; and

The Senator from South Dakota [Mr. NORBECK] with the Senator from Arizona [Mr. HAYDEN].

Mr. SHEPPARD. I desire to announce that the Senator from Nevada [Mr. PITTMAN], the Senator from Arizona [Mr. HAYDEN], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Illinois [Mr. LEWIS], and the Senator from Arizona [Mr. ASHURST] are necessarily detained on official business.

I also desire to announce that on this question the Senator from Arkansas [Mrs. CARAWAY] has a special pair with the Senator from Massachusetts [Mr. COOLIDGE]. If the Senator from Arkansas were present, she would vote "yea," and the Senator from Massachusetts, if present, would vote "nay."

Mr. FLETCHER. I desire to announce that my colleague [Mr. TRAMMELL] is detained because of a death in his family.

I also wish to announce that the Senator from Mississippi [Mr. STEPHENS], the Senator from North Carolina [Mr. BAILEY], the Senator from New York [Mr. WAGNER], the Senator from Virginia [Mr. GLASS], the Senator from West Virginia [Mr. NEELY], the senior Senator from Louisiana [Mr. BROUSSARD], the junior Senator from Louisiana [Mr. LONG], and the Senator from Massachusetts [Mr. COOLIDGE] are necessarily out of the city.

The result was announced—yeas 32, nays 36, as follows:

YEAS—32

Barkley	Capper	Harrison	Norris
Black	Clark	Hull	Robinson, Ark.
Blaine	Connally	Kendrick	Russell
Borah	Costigan	King	Sheppard
Bratton	Cutting	La Follette	Shipstead
Brookhart	Dill	Logan	Thomas, Okla.
Bulow	George	McGill	Tydings
Byrnes	Gore	McKellar	Walsh, Mont.

NAYS—36

Bankhead	Fess	Keyes	Smith
Barbour	Fletcher	McNary	Smoot
Bingham	Goldsborough	Metcalf	Steiwer
Bulkley	Grammer	Moses	Townsend
Copeland	Hale	Oddie	Vandenberg
Couzens	Hastings	Reed	Walcott
Dale	Hatfield	Reynolds	Walsh, Mass.
Davis	Johnson	Schall	Watson
Dickinson	Kean	Schuyler	White

NOT VOTING—28

Ashurst	Frazier	Long	Shortridge
Austin	Glass	Neely	Stephens
Bailey	Glenn	Norbeck	Swanson
Broussard	Hayden	Nye	Thomas, Idaho
Caraway	Hebert	Patterson	Trammell
Carey	Howell	Pittman	Wagner
Coolidge	Lewis	Robinson, Ind.	Wheeler

So Mr. McKELLAR's amendment as modified was rejected.

Mr. DICKINSON. Mr. President, I offer the amendment which I send to the clerk's desk.

The VICE PRESIDENT. Let the amendment be stated.

The CHIEF CLERK. On page 34, line 19, it is proposed to strike out the words "the acquisition of sites or of additional land."

Mr. DICKINSON. Mr. President, my only purpose in offering this amendment is this: The public-building program must be curtailed, but so long as we permit the department to use available funds for the acquisition of additional sites they will continue to buy land in various localities, and, after they have once bought the land, they immediately begin making plans for buildings and let the contracts for them. They have on hand now about $83,000,000 with which to complete the purchase of all the sites which are under contract or under consideration.

My theory is that by the adoption of this amendment we will serve notice on the department that they must curtail their building program; that we expect to bring it to an end; but the amount carried in this bill may be used for the completion of buildings that are under contract.

Mr. DILL. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Washington?

Mr. DICKINSON. I yield.

Mr. DILL. I did not get clearly the purport of the Senator's amendment.

Mr. DICKINSON. It is to strike out the words——

Mr. DILL. An answer to the question I am about to ask I think will clear up my doubt. Does the amendment prohibit the purchase of sites between now and July 1?

Mr. DICKINSON. No; it will have no effect on that. It will apply only after July 1, and will simply prevent the department from continuing acquiring land in various localities. It is, in effect, a notice of the ending of the public-building program.

Mr. DILL. The reason I ask the question is that there are a number of sites just now on the verge, as it were, of being bought, all the preliminary work having been done, and I do not think they should be interfered with.

Mr. DICKINSON. Let me suggest to the Senator that the proposed amendment not only will not prevent any sites being taken over between now and July 1, but there will remain available the $83,000,000 the department still has on hand to complete contracts in the future. It will, however, prevent them from using the money that is in this bill for the acquisition of additional sites. I think the amendment should be adopted.

Mr. BLAINE. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Wisconsin?

Mr. DICKINSON. I yield.

Mr. BLAINE. Would the Senator's amendment prevent the Treasury Department from carrying out the provisions of the emergency relief bill which we passed at the last session of Congress providing for the acquisition of sites and the construction of post-office buildings designed to take the place of buildings which are now under lease at enormous rental?

Mr. DICKINSON. It would not affect at all the expenditure of those funds. It would apply only to the $50,000,000 carried in this bill which are needed for the completion of buildings which are under contract or may be put under contract in the future. It would have no effect on the emergency legislation at all.

Mr. BLAINE. It might have no legal effect, but might it not cause the Secretary of the Treasury to consider the amendment as announcing the policy of Congress, and, therefore, he would not carry out the provisions of the emergency act?

Mr. DICKINSON. The amendment could not be so interpreted. It would only affect the particular $50,000,000 that is involved in this bill.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Michigan?

Mr. DICKINSON. I yield.

Mr. VANDENBERG. The Senator says it would affect only the $50,000,000 carried in this bill. As I understand, it would not remove or eliminate the $50,000,000, but would transfer its expenditure from sites to construction. Is that correct?

Mr. DICKINSON. The language now in the bill provides—

For the acquisition of sites or of additional land, commencement, continuation, or completion of construction.

The amendment would leave the provision for the commencement, continuation, and completion of construction in the bill and would limit the expenditure of the $50,000,000 to that purpose, rather than to permit the department to expand their activities and to purchase additional sites throughout the country.

Mr. VANDENBERG. May I ask the Senator if they do not need $50,000,000 for the next year for their immediate construction program—and I assume they do not, or it would be estimated—why does he not save the $50,000,000?

Mr. DICKINSON. They do need it for construction, but I want them to limit it to construction and to quit expanding the program by buying additional sites. In other words, there is some place where we must cut down the building program, and the only way we will cut it down is by ceasing the purchase of sites, because when a site is purchased it is an easy matter to say, "We have planned the building; we have the specifications ready; the contract is in process of being let, and therefore we need an additional few million dollars to complete the program." This will limit the $50,000,000 in this bill to the construction and completion of buildings in furthering the contracts that are already in existence. The department officials will have $83,000,000 with which they can complete the purchase of the sites that are negotiated for; and I believe that in all justice to the taxpayers we ought to serve notice that we want to curtail the building program.

Mr. ODDIE. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. ODDIE. I should like to have the Senator's opinion as to the effect this proposal would have on certain tracts for which the Government has been negotiating for some time past, and in the case of which litigation has prevented the closing of contracts for the purchase of the land.

Mr. DICKINSON. The former bill carries the language "for the acquisition of sites." According to the testimony before our commitee, the department had $83,000,000 on hand for the continuation of the next year's building program. They needed a supplemental appropriation of $50,000,000 in order to complete next year's building program. What I am doing is simply saying, "Complete the contracts for the purchase of the ground you have negotiated for and contracted for, but use the $50,000,000 that is in this bill for the completion of your construction."

Mr. HALE. Mr. President, will the Senator yield for a question?

Mr. DICKINSON. I yield.

Mr. HALE. Is there not danger that some of the approved projects that would come in under the lump-sum appropriation from Congress would be held up by cutting off the right to purchase sites, and that the emergency appropriation, which is for matters that are not quite as important as those that were in the original project, would be allowed to go on in full force?

Mr. DICKINSON. This would only attach to the $50,000,000 in this bill.

Mr. HALE. Precisely; but the $50,000,000 is for part of the projects that were in the original lump-sum appropriation.

Mr. DICKINSON. All I am doing is limiting the department officials on this $50,000,000 so that they can not buy additional land; that is all.

Mr. HALE. I understand; but a lot of the projects still involve additional sites that must be acquired.

Mr. DICKINSON. Oh, yes; but they have $83,000,000 on hand with which to purchase them.

Mr. HALE. But those projects are considered to be the most vitally necessary of all the new building projects; and I am afraid the Senator would be tying up some of those, and leaving the emergency appropriations with freedom to go ahead.

Mr. DICKINSON. The amendment does not affect the money already appropriated. It will affect only this $50,000,000.

Mr. HALE. Well, I shall not oppose the amendment, because I think it can be fixed up in conference if there is any trouble.

Mr. KING. Mr. President, will the Senator yield for a question?

Mr. DICKINSON. I yield.

Mr. KING. Would not the Senator consent to amend his motion or broaden it so as to prevent the further purchase of sites?

What I am afraid of, although I am inclined to vote for the Senator's motion, is that in the haste of the department officials to utilize the funds now available between now and the coming in of the next administration, some improvident purchases may be made, and the entire amount available utilized. The Senator from Maine [Mr. HALE] has just indicated that there are many negotiations now pending. I was wondering if those negotiations might not be accelerated by the desire to complete the purchases before the next administration comes in.

I do not mean to be partisan at all, nor do I mean to imply that anything improper would be done. That is far from my point; but I was wondering if it would not be better just to interdict any further expenditures in the purchasing of sites.

Mr. DICKINSON. I think it is better to put the limitation on the funds that are carried in this bill, for the reason that that leaves flexibility as to the funds that are in the hands of the Treasury to carry out any existing contracts; and I believe this will be notice to the officials as a result of which they will not proceed to extend their purchases beyond what they should in all reason.

Mr. KING. Mr. President, while I may not approve of the motion in all of its implications, it is so exhilarating to find some one on either side of the Chamber—may I say, and I do not mean to be offensive on this side of the Chamber—signifying a desire for economy, that I shall vote with the Senator from Iowa.

The VICE PRESIDENT. The question is on the amendment of the Senator from Iowa [Mr. DICKINSON].

The amendment was agreed to.

The VICE PRESIDENT. The bill is open to amendment.

Mr. KING. Mr. President, may I inquire of the Senator who has charge of the bill whether all the amendments that have been reported by the committee have been disposed of?

Mr. ODDIE. All the amendments authorized by the committee have been disposed of.

The VICE PRESIDENT. The Chair is advised that one amendment has been sent up that has not been acted upon. Let it be stated, so that we may know whether or not that is true.

The LEGISLATIVE CLERK. The Senator from Nevada [Mr. ODDIE] proposed, on page 35, lines 17 and 18, to strike out "among those to be served: *Provided*, That the Pan American Union agrees" and to insert in lieu thereof "and the American Red Cross Building: *Provided*, That the Pan American Union and the American Red Cross agree."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Nevada.

The amendment was agreed to.

The VICE PRESIDENT. Are there any further amendments?

Mr. ODDIE. Mr. President, I send to the desk an amendment which I hope the Senate will agree to. I ask to have it stated.

The VICE PRESIDENT. The amendment will be read.

The LEGISLATIVE CLERK. On page 36, after line 3, it is proposed to insert:

That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to subcontractors, labor, and material men who furnished labor and material to the Plains Construction Co., defaulted general contractor for the construction of the post office at Las Vegas, Nev., such sums as he may consider equitable and just to reimburse said subcontractors, labor, and material men for unpaid accounts left by said Plains Construction Co. at the time of its default, said sums to be paid only upon proper proof of actual losses sustained exclusive of profit; and there is hereby made available for this purpose not to exceed $20,000 from any sum which may remain from the lump-sum appropriations made for building-construction purposes, notwithstanding the amount of the claims of said subcontractors, in addition to the cost of completing the building, exceed the limit of cost for the construction of the Las Vegas post office.

Mr. KING. Mr. President, I raise the point of order against this amendment. It is general legislation upon an appropriation bill.

Mr. ODDIE. Mr. President, if the Senator will withhold the point of order, I should like to present a letter from the Assistant Secretary of the Treasury which has been received by the chairman of the Committee on Public Buildings and Grounds, the Senator from New Hampshire [Mr. KEYES], since the committee acted on this bill. This is a favorable report from the Treasury Department on the bill I have presented, and this amendment is in the same form. It involves a matter of very great importance to a number of men. While it is local in its scope to a certain extent, the principle involved is very important. It means that the Federal Government is responsible for certain men being defrauded of money which is due them because of the negligence of our Government.

The contract for the Federal building in Las Vegas was let by the Treasury Department over two years ago. The three bondsmen appearing to have signed their names to this bond in compliance with the law did not sign their names at all. The contractor forged the names of these bondsmen on the bond. The contractor failed, after having done certain work under the contract. He failed to pay his labor and for supplies and materials furnished for the building. As the bondsmen's names were forged, there was therefore no bond. These men have been defrauded out of their money which they are unable to secure.

These men worked for wages on the building amounting to several thousand dollars. The material men furnished materials amounting to several thousand dollars. They have not been paid. The Government was not sufficiently diligent in seeing that this bond was a proper bond. The Government is to blame; and the Government should not sit by and see these men suffer by being deprived of the money they have earned and to which they are entitled.

The Treasury Department has sent this letter, which covers the case very clearly, and which reports favorably on the bill I introduced in which this amendment is in the same form. I ask that it be placed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

LAS VEGAS, NEV., *January 30, 1933.*

MY DEAR MR. CHAIRMAN: Receipt is acknowledged of your letter of January 10, 1933, transmitting a copy of bill S. 5362, authorizing the Secretary of the Treasury to pay certain subcontractors for material and labor furnished in the construction of the post office at Las Vegas, Nev., and requesting to be furnished with the views of the Treasury Department.

This bill was introduced as a result of the default of the Plains Construction Co. in its contract for the construction of the post office at Las Vegas, Nev., and the unusual circumstance that, upon the default, it was discovered the personal sureties purporting to support the performance bond of the contractor were without responsibility for the reasons which follow:

On June 13, 1931, bids were invited for furnishing the materials and performing the work required for the construction, except elevator, of the United States post office, courthouse, etc., at Las Vegas. The bids were opened on July 22, 1931, and there were received 21 proposals. The Plains Construction Co., Pampa, Tex., was low bidder in the amount of $237,000, the bid having been submitted in the proper form.

The low bidder was not financially rated or listed, and the Federal custodian at Pampa, Tex., was instructed to wire his recommendations relative to the technical and financial ability of the Plains Construction Co. Also, the contractor was requested to furnish evidence of his qualifications.

The custodian reported that the financial statement of men back of the Plains Construction Co. showed their net worth to be $149,600, and that its ability was very good, also that the contractor's work at Pampa, Tex., had been satisfactory. The con-

tractor, J. O. Pearson, doing business as the Plains Construction Co., furnished a list of the following contracts which he had completed during the past three years:

Methodist church, Quitaque, Tex.; Methodist church, Estelline, Tex.; city fire station, Pampa, Tex.; Smith Building, Pampa, Tex.; Stephenson's Funeral Home, Pampa, Tex.; Chevrolet Building, Pampa, Tex.

He also stated that he had been the general superintendent of construction on several large buildings in Texas and elsewhere, including the following:

Commonwealth Bank Building (10 stories), Dallas, Tex.; Kemp & Kell Bank Building (5 stories), Wichita Falls, Tex.; Canadian General Electric Building (5 stories), Calgary, Alberta; Gray County Courthouse, Pampa, Tex.

He also listed the following concerns, who furnish him material on open account:

Austin Bros. Steel Co., Dallas, Tex.; Mosher Steel & Machinery Co., Dallas, Tex.; Reliance Brick Co., Dallas, Tex.; Atlanta Terra Cotta Co., Dallas, Tex.; Becker Cut Stone Co., Amarillo, Tex.; Steves Sash & Door Co., Fort Worth, Tex.; Southwestern Portland Cement Co., El Paso, Tex.; Western Sand & Gravel Co., Amarillo, Tex.; Roberts Tile & Marble Co., Amarillo, Tex.; Clowe & Cowan, plumbing and heating, Amarillo, Tex.; Panhandle Lumber Co., Pampa, Tex.; Foxworth-Galbraith Lumber Co., Pampa, Tex.; Northwestern Terra Cotta Co., Denver, Colo.

The contractor furnished individual bondsmen; and certificates of sufficiency, executed by the county clerk of Gray County, Tex., showed them to be jointly worth an amount sufficient to qualify them as sureties. The names of the sureties are: E. Boss Clay, J. M. Dodson, and J. F. Meers, all of Pampa, Tex. Their total assets amount to $267,000, and the amount of the bond on the contract is $119,000.

The bonds were apparently executed and completed in the proper form and passed the scrutiny of the Solicitor of the Treasury as to form and execution. Upon receipt of complaints of the contractor's failure to pay subcontractors and material men, the case was investigated. Such investigation being made, it was learned that the contractor was without funds, and in all probability would not be able to proceed with the work. Before the department had an opportunity to call upon the bondsmen, word was received that the three bondsmen whose names appeared as individual sureties claimed that they did not sign the bond for the Plains Construction Co., and held themselves to be without responsibility for the payment of debts incurred by the contractor.

From investigations made by two of the department's representatives who were detailed for this purpose, it developed that the three sureties did not in fact sign the bond, but that the contractor, Pearson, signed the bondsmen's names to the several bonds and accompanying certificates, and that the notary public and county clerk took the acknowledgments without the presence of the bondsmen. The department is in receipt of a letter from the contractor in which he states that he signed the bondsmen's names to the bonds with their permission, and that he was to pay each one $800 for the privilege. Accompanying his letter were copies of purported agreements to pay to the bondsmen the above amount at the rate of $80 per month, and also to sign his life-insurance policy over to the bondsmen.

The Department of Justice, through the Bureau of Investigation, was requested to make an investigation to determine the course which should be pursued relative to the contractor and the bondsmen. The Department of Justice reported that the facts presented a case for the consideration of the grand jury with respect to the criminal liability of Pearson and possibly the young lady notary public, but that the civil liability of the alleged sureties on the bond could not be established. Later, criminal action was brought against the contractor in the State of Texas, but he was acquitted.

When the work was readvertised, a list of the subcontractors was included in the specifications, so that the bidders might have an opportunity to avail themselves of the material already fabricated and probably suitable for use. This did not make it mandatory on the successful bidder to utilize the former subcontractors or their material, but the department desired to afford the labor and material men such opportunity as it could to avoid losses. There appears to be no legal liability on the Government to pay these claims, but in view of the fact that much of their labor and material went into the building for the Government's benefit and their subcontracts were made in the belief that their rights were protected, it is believed that those with justifiable claims should be reimbursed. Before default $8,633.50 was paid the contractor.

The department, therefore, recommends the passage of the bill S. 5362.

This case has been the subject of very complete hearings before the Appropriations Committee of the Senate, and your attention is respectfully called to the hearings on the Treasury and Post Office Departments appropriation bill, 1933, page 1134, and the hearings on the Treasury and Post Office Departments appropriation bill, 1934, page 11.

Very truly yours,

FERRY K. HEATH,
Assistant Secretary of the Treasury.

Hon. HENRY W. KEYES,
Chairman Committee on Public Buildings and Grounds,
United States Senate.

Mr. ODDIE. The chairman of the Committee on Public Buildings and Grounds, the Senator from New Hampshire [Mr. KEYES], has told me that he is in favor of having this provision placed on this bill as an amendment. It is practically the only way in which it can be carried through, because of the shortness of time, and I hope the point of order will be withdrawn. The matter involves the good name and the good faith of our Government toward these men who have earned their money.

I will ask the Senator from Utah if he will not consent to withdraw his point of order.

Mr. KING. Mr. President, I agree with my able friend that a principle is involved. If, by this legislation upon an appropriation bill, we set this precedent, there is no limit to which demands may be made for the reformation of contracts which have been entered into by the Government and by contractors and subcontractors, nor is there any limit to the number of claims and the amount of claims that may be presented upon these appropriation bills.

Under the statement made by my friend, if a bill were submitted for our consideration, I should be perfectly willing to vote to refer this matter to the Court of Claims, or I should be perfectly willing for the Claims Committee of the Senate to make an examination of this matter and determine whether, in all justice, an appropriation should be made. I respectfully submit, however, that if we permit claims to be presented upon these appropriation bills, where there is no opportunity for full investigation, we shall be flooded with claims. The Claims Committee might just as well abandon its functions and the Court of Claims of the United States relinquish the authority which has been conferred upon it.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield for a question?

Mr. KING. I yield.

Mr. WALSH of Massachusetts. Is there any precedent for a proposal of this kind? Does the Senator know of any?

Mr. KING. Well, we do so many incongruous things that there may be some precedent. Some Senator may have raised the point of order and withdrawn it out of regard for the Senator who tendered the proposal; but it does seem to me that it is a precedent, whether or not we followed it in the past, that ought not to be continued.

The VICE PRESIDENT. The Chair sustains the point of order.

The bill is open to amendment. Has the chairman of the committee any further amendments?

Mr. ODDIE. No further amendments.

Mr. KING. Mr. President, a parliamentary inquiry: Are amendments to the text in order now, or must we continue with all the amendments that have been reported by the committee and dispose of them before amendments to the text of the House bill may be tendered?

The VICE PRESIDENT. Amendments to the text, except the economy section of the bill, are in order.

Mr. KING. That is, to the House bill?

The VICE PRESIDENT. Yes; except the economy section.

Mr. FLETCHER. Mr. President, a point of order.

The VICE PRESIDENT. The Senator from Florida will state it.

Mr. FLETCHER. I understand that the statement is made that there are no further amendments. What about the committee amendment beginning on page 65, section 4? That is a committee amendment.

The VICE PRESIDENT. The Chair is advised that there was an agreement that the economy section was to be left over until the other part of the bill was disposed of.

Mr. FLETCHER. The general announcement was made that there were no more committee amendments, and I was wondering what became of that section.

The VICE PRESIDENT. It was to go over under an agreement. The present occupant of the chair was not in the chair when the agreement was made, but he is advised by the clerk that that agreement was made.

Mr. KING. Mr. President, I offer the following amendment: On page 11, line 24, strike out the numerals "19,900,000," and insert in lieu thereof "15,000,000."

Briefly, Mr. President, this is an appropriation for the Bureau of Customs. The amount carried in the bill for the bureau for the next fiscal year is, in my opinion, entirely too large.

Mr. FESS. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. Are individual amendments to the bill, which are not amendments to amendments, now being offered before we go on with the economy amendment?

Mr. KING. I made that inquiry and was advised that that was the order.

The VICE PRESIDENT. That was the understanding.

Mr. FESS. That we could go ahead in that way?

The VICE PRESIDENT. That was the understanding.

Mr. FESS. It seems to me it would have been better for us to have gone on with the amendments of the committee, including the economy amendment.

Mr. KING. I agree with the Senator; and that is the reason why I made the inquiry of the Chair before offering my amendment. I preferred to have the so-called economy provisions dealt with before offering any amendments. But as stated by the Chair, I must offer my amendment at this time.

Mr. FESS. I have been informed that the unanimous-consent agreement was otherwise, that the unanimous-consent agreement did not include the economy amendment. I was not aware of that.

Mr. ODDIE. Mr. President, will the Senator from Utah yield?

Mr. KING. I yield.

Mr. ODDIE. I hope we may go right ahead and finish the Treasury and Post Office parts of the bill and act on all of the amendments relating to those departments and then, when they have been completed, we can take up the economy provision of the bill.

Has the Senator from Utah completed his statement regarding this matter?

Mr. KING. No; I have only submitted the motion.

Mr. President, I call attention to the receipts and expenditures of the Bureau of Customs for a number of years. In 1912 the receipts were more than $311,000,000 and the costs of collection were $10,000,000. That is to say, when the collections from the customs were more than they are now the cost of collection was less than one-half what it now is.

I shall only read the figures dealing with millions. In 1913 the customs collections were $318,000,000 and the cost of collecting the same was $10,000,000.

In 1914 the collections amounted to $292,000,000 at a cost of $9,000,000.

In 1915 the collections were $209,000,000 and the cost of collection $9,000,000.

In 1920 the collections were $323,000,000 and the cost of collection $10,000,000.

In 1921 the total customs collections were $308,000,000 and the costs were $10,000,000.

In 1922 the collections amounted to $363,000,000 and the cost was $12,000,000.

In 1923, when the customs collections reached the high figures of $568,000,000, the costs of collection were only $13,000,000, or $2.31 a hundred dollars.

In 1925 the receipts from customs were $555,000,000 and the collection cost was $16,000,000, or $2.92 a hundred for collection.

In 1927, when the customs receipts were more than $612,000,000, approximately double the collections now, the collection costs were $17,000,000, or $2.85 per $100.

In 1930 the collections were $593,000,000 and the cost of collection began to rise, the aggregate being $22,000,000, an increase up to $3.73 per $100.

In 1931, with a reduction in collections of nearly $200,000,000, the total collected being $385,000,000, the cost of collection was $23,000,000, or $5.97 per $100.

In 1932, with only $331,000,000 collected, $22,000,000 was appropriated to pay the employees and other costs of collection, or $6.87 for every $100 collected. These increases are, in my opinion, unjustifiable and constitute too great a burden upon the taxpayers of the Government. The costs of collection rose from the rather high figure of $2.31 a hundred in 1923 to $2.58 in 1924, $2.92 in 1926, and $6.87 per hundred in 1932.

Mr. President, for 1933 the customs receipts will be less than they were in 1932. The appropriation for the fiscal year 1932–33 was $22,000,000, and it is obvious that the cost of collection for the next fiscal year will probably be $7 or more for every $100 of customs collected.

Mr. President, I am unable to justify the committee—and I speak with no disrespect—in reporting such a tremendous sum for this purpose.

There are evidences that the expenses of the Treasury Department have been during the past few years entirely too great, and the bill before you reveals that no economy has been introduced into that department. In my opinion at least eight or ten million dollars should be deducted from the total sum carried by this bill for the Treasury Department, but all efforts to secure such reduction will be unavailing.

Mr. President, $19,900,000, practically $20,000,000, is entirely too large a sum when it is almost certain that the customs receipts for the next fiscal year will be less than they will be for this fiscal year.

The committee, I believe, ought to accept the amendment which I have tendered; and, in the meantime, when the bill goes to conference, if desired, the conferees may confer with the Treasury Department. I feel sure that a careful examination of all the facts relating to this matter will reveal that with proper economy and administrative efficiency the costs of collection can be materially reduced.

Mr. President, I ask the Senator having the bill in charge if he will not accept the amendment.

Mr. ODDIE. Mr. President, last year the appropriation for this work was $22,000,000. The estimate this year was for $20,092,000, and it was cut by the House to $19,900,000. After the Senate committee had studied the matter carefully, they found that they could not cut it any further, without impairing the service to a serious extent.

Mr. SMOOT. Mr. President, may I say to my colleague that it is not the amount of the collections that determines the cost. There must be a full staff at the customhouses. The importations are less in value now, as my colleague says, but the entries are very little different in number. It does not cost any more to examine an entry worth a thousand dollars or $5,000, if it is one product, than if the value were $500,000. It takes just as much time, and costs just as much money to examine an entry worth $500 as if it were worth $5,000, or $500,000, if it is one product.

The committee noted the cost of collecting the customs receipts, just as my colleague has called attention to it, and what he says is accurate; but just as soon as the importations start coming in quantities, as they have in the past, instead of hand-to-hand purchases in small quantities from abroad, of course the cost of collecting would not seem so bad as the figure to which my colleague calls attention.

There is one thing sure. It is hard enough now to collect the import taxes, because every device known to the trade is used to make the tax low or to escape it, the smartest attorneys in the United States are retained, and the importers are not going to pay any more than they really have to, as my colleague must know.

If the figures of this appropriation were cut below that recommended by the committee, I am afraid the Government would lose more money than it would save. If I felt that the work could be done properly for less, I would not hesitate to join the Senator in recommending that the amount be cut. But the situation is as I have stated it, and I wanted my colleague to understand the condition. I called attention to this very item in the committee, and we discussed it; and the department, as well as I, knowing the routine of the work, think that if we cut the appropriation we will lose more money through the entry of goods at lower rates than we would gain by cutting the appropriation, in which event the full organization could not be continued in operation. I hope the amount will not be reduced.

Mr. KING. Mr. President, I hope the Senator from Nevada will accept the amendment. I do not want to call for a quorum, but I shall feel constrained to unless we can have some composition of this matter.

Mr. SMOOT. Mr. President, I will say this, that as far as the committee is concerned, if the Senator having the bill in charge is satisfied, I would accept the amendment in some lesser amount. What was the amount my colleague suggested?

Mr. KING. Fifteen million dollars.

Mr. SMOOT. Why not make it $17,500,000, and let the matter go to conference?

Mr. KING. I accept that.

Mr. ODDIE. Mr. President, that would mean that in the conference we would have to do our best to get it back to the amount now in the bill—$19,900,000.

Mr. KING. There is no use having a conference, if that is the attitude of the Senator.

Mr. LA FOLLETTE. I want to commend the frank statement of the Senator from Nevada.

Mr. ODDIE. Mr. President, I do not think that personal remarks——

The VICE PRESIDENT. The senior Senator from Utah has the floor.

Mr. SMOOT. Mr. President, of course, if the Senator from Nevada desires to have me yield to him at this time in order to make a statement in answer to something that was said which he felt was not fair to him, I will yield at this time.

Mr. KING. Mr. President, will my colleague yield to me?

Mr. SMOOT. I will yield to my colleague just as soon as the Senator from Nevada shall have completed his statement.

Mr. ODDIE. Mr. President, of course the Senate understands that if the committee is instructed by the Senate to carry out a certain direction of the Senate, it will do its best; but as an individual Senator, I think it would be a mistake to reduce this amount such a large sum by adopting this amendment at this time. As the Senator having the bill in charge, I will not accept the amendment. I prefer having a vote of the Senate on it.

Mr. SMOOT. Mr. President, my only reason for even suggesting the acceptance of the modified amendment was that I would like to make an examination to-day so as to find how many employees are necessary; and if all the employees now in the service are necessary to do the work properly, I will suggest that we keep the amount as it is. I do not pledge myself in any way as to what the condition may be found to be. I wanted time to look into the details of it.

Mr. KING. Mr. President, in view of the wise suggestion made by my colleague, and his evident purpose to be fair in this matter, I accept the suggestion he has made and will modify my proposed amendment so that it will reduce the amount to $17,500,000. May I speak on that, or has my time expired?

The VICE PRESIDENT. Modification of the amendment would not extend the Senator's time.

Mr. KING. I appeal to the Senator from Nevada to accept the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment of the junior Senator from Utah.

The amendment was agreed to.

The VICE PRESIDENT. The bill is still open to amendment.

Mr. KING. Mr. President, I desire to offer an amendment. On page 15, line 17, under the head of "Bureau of Internal Revenue, collecting the internal revenue," I move to strike out the numerals "$30,800,000" and insert in lieu thereof "$26,000,000."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Utah.

Mr. ODDIE. Mr. President, I am compelled to ask the Senate not to agree to this amendment. This matter was gone over very carefully. Last year the committee examined the same thing. When it was under discussion in the Senate I received a telegram from a woman on the Mexican border in Texas begging us not to make certain reductions which would result in crippling the service and allowing narcotics to cross the border. She described in detail the harm that was being done to the young people of that section by the unlawful importation of narcotics. It was pointed out that cutting the item to the large extent suggested would result in weakening the efforts of our Government to suppress the narcotic evil.

It has been found that the department can not function properly if the item is cut as is now suggested, and I therefore hope the amendment will not be accepted.

Mr. KING. Mr. President, I have read the record with respect to some of these appropriations and I submit that there is nothing in the record to justify the positive assertion of my friend from Nevada.

Mr. ODDIE. Mr. President, will the Senator yield?

Mr. KING. Certainly.

Mr. ODDIE. Last year I pointed out that a proposed 10 per cent cut in this item would have resulted in a saving of a few million dollars, possibly up to $12,000,000, or very near that amount in the appropriation, but the result would have been a loss to the Government of $95,000,000 in revenue. We would have lost many dollars of revenue for every dollar saved in the appropriation.

Mr. KING. Mr. President, I have made some investigation of the Internal Revenue Bureau, and in my opinion it has not inaugurated and put into effect these measures of economy which the situation demands. I invite attention to the fact that in 1913 the appropriation for the bureau was but $5,000,000 plus, in 1914, $5,000,000 plus, in 1915, $6,000,000 plus, in 1916, $7,000,000 plus, and in 1917, $7,000,000 plus. That is to say, these various amounts were appropriated for the purpose of meeting the expenses of collecting the taxes and revenues that by law are obtained by the internal revenue branch of our public service.

In 1918, when the total taxes collected were nearly $4,000,000,000, only $12,000,000 were appropriated to meet all expenses of the bureau, and this was only 33 cents for each $100 collected. This fiscal year my friend from Nevada pleads for $2.17 to collect each $100.

In 1919, following the disturbed condition in business resulting from the war, the costs of the bureau were only $20,000,000, or 53 cents for each $100 collected. Senators will also remember that the perplexing excess-profits system was in force, with the elaborate machinery and a larger personnel necessarily employed. The total collections for that year were $3,850,000,000. In 1920 the bureau obtained an appropriation of $27,000,000 to pay its employees and meet its operating expenses when only a few years before its appropriation was only $5,000,000. The collections were $5,400,000,000 and the cost only 50 cents per $100 collected.

In 1921 $33,000,000 were appropriated to the bureau and the collections were more than $4,595,000,000, but the cost of collection was only 72 cents per $100 collected. In 1922 there was another $1,000,000 added, making a total of $34,000,000, with diminishing receipts, the total of which were $3,197,451,000, and it cost then $1.07 per $100 collected. In 1923 it cost $36,000,000 for the collection of $2,621,745,000, or a cost of $1.39 per $100 collected.

The Senate will recall that during the last years I have stated and those I am about to give the bureau was settling the important cases arising from the rather complicated and perplexing war-tax legislation and also collecting millions of dollars of taxes. In settling cases, meeting litigation, and paying out refunds after having adjudicated the same a large personnel was required. The machinery of the bureau was greater than that required at the present time. Nevertheless, with all of these activities, the cost was only $1.15 for the collection of each $100. Last year it was more than $2.50; and with the $30,800,000 carried in the pending bill, in my opinion, assuming a considerable diminution in income, the cost will be more than $3 for each $100 collected, as against 33 cents, 53 cents, 50 cents, and 72 cents per $100 collected when the revenues collected were two or three times what they are at the present time.

Mr. FESS. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Ohio?

Mr. KING. I yield.

Mr. FESS. A mere recital of what the Senator is covering seems to be on its face a subject of severe criticism. But I wonder whether there is not a rational explanation that would relieve it from criticism. I do not know, because I am not on the committee. I realize that covering the recent period we not only have additional legislation which would complicate tax collections; but I recognize, as the Senator must, that with the progress of expenses of the Government there is a more intense effort to collect all taxes that are due, as shown very often by the illegal taxes being collected that must be refunded. I am wondering, without knowing, whether the additional cost is not justified on the basis of the work that has to be done.

Mr. KING. I would like to say to the Senator that I can not conceive of any justification for an increase in the cost of collection of approximately eight or ten times what it was a few years ago.

Mr. FESS. A few years ago, when we had simple tax laws, it was not difficult at all to get at the taxes.

Mr. KING. I beg the Senator's pardon. In 1918 we had the most complicated tax laws, including the excess-profit taxes, and the machinery set up and the rules and regulations promulgated compelled a large and efficient personnel, much larger than that needed at the present time.

Mr. FESS. Yes; but the Senator will recognize that taxes were paid at that time under protest and there are lawsuits now pending relating to taxes that were collected at that time and which have not yet been adjudicated.

Mr. SMOOT. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to his colleague?

Mr. KING. I yield.

Mr. SMOOT. There are just as many taxpayers to-day as there ever have been and more than there were in 1929 or 1930, but the amounts are very much smaller. It takes just as many men and just as much time to investigate claims of $1,000 as it does claims of $20,000 or $30,000. In some cases, of course, we have had refunds of $600,000, but those days have passed.

So far as the work is concerned, we have to have the organization as it exists to-day in order to accomplish that work, because every income-tax return is examined. I do not care how small it is, every return is investigated and report made upon it. There are just as many complaints now on the part of the Government of returns unjust to the Government as there ever have been. If we slacken up in the examination of the returns, I am afraid the Government will lose a great deal of money. I hope the Senator will not insist upon asking that the amount be reduced.

Mr. KING. Mr. President, my time has probably been exhausted by the Senator from Ohio and my colleague, but I do not complain. I am not contending for an unjust policy. I am trying to do justice to the taxpayers of the United States. I have some knowledge of the workings of the Internal Revenue Bureau, as I was a member of the Finance Committee, as is my colleague, and of the joint committee of the Senate and House that has something to do with the collection of taxes and the tax laws generally. The able Senator from Michigan [Mr. COUZENS] and I sat upon it for a number of years investigating the procedure of the Internal Revenue Bureau, and I reached the conclusion then, and the facts demonstrated the justice of the conclusion, that there is room for economies in that bureau. I feel sure that this remarkable increase from 35 or 50 cents in the cost of collecting each $100 up to, as it will be under the appropriation in my opinion, more than $3, can not be justified.

Mr. President, I shall ask to have a vote on the amendment submitted. It seems to me that $25,000,000, which is five times as much as it was a few years ago, is in excess of what would be the legitimate requirements for the collection of the limited incomes which the Internal Revenue Bureau will be called upon to obtain during the next fiscal year. I would like to see a little economy injected into the administration of the Treasury Department and the bureaus therein. Senators demand economy, but when the test comes the votes are not sufficient to enforce the demand.

Mr. THOMAS of Oklahoma. Mr. President, inasmuch as we are not making much progress on the bill, inasmuch as the Senate evidently desires to postpone action until to-morrow, which means not Sunday or even Monday, but Tuesday or some later date, and notwithstanding the fact that both political parties recently declared in favor of economy, it is now apparent that if there is to be economy it will be brought about "to-morrow," not to-day.

Mr. President, while the Senate is making little or no progress with the pending bill, and while the Senate does not desire apparently to effect any economies, I desire to take a moment's time, if I may, to call attention to some of the things happening throughout the country.

In an early edition of this afternoon's paper and in the first column I find these large black headlines: "Three farmers shot as revolt spreads from East to West."

This is a Chicago story:

CHICAGO.—The first blood had been drawn to-day in the ranks of angry farmers whose tempers have been aroused in recent weeks by the increasing burdens of mortgage foreclosures and tax sales.

The revolt against mortgage payments and delinquent-tax sales was spreading to-day from the Atlantic seaboard to the Rocky Mountains, and conditions in the Corn Belt were made more precarious by a strike of farmers against low milk prices. This affected three States and brought the bloodshed.

That was an afternoon paper. Under a similar heading in an earlier paper I find these words:

Five farmers shot in milk price war.

This story comes from Des Moines.

Further down in the news item I find reference made to conditions in Nebraska. The first reference was to Iowa. I read:

In Nebraska a new conciliation farm mortgage relief board considered a plan for the appointment of county boards of five farms.

Then I find, Mr. President, further down, some reference to conditions happening in my State.

At Cherokee, Okla., a farm sale was postponed without explanation, and at Vermillion, S. Dak., a judge told farmers that he would uphold the law "no matter how many protestors gathered."

Members of a joint legislative committee on farm mortgage arbitration were deadlocked in Iowa as they attempted to dovetail provisions of separate House and Senate bills.

In Oklahoma City Governor Murray exhorted the legislature to act quickly on farm legislation and termed mortgagees "American citizens with their backs to the wall."

Mr. President, throughout my State the farmers, the small business men, the merchants, and the unemployed are to-day organizing councils of defense. Defense against what? Read the newspapers and gather the answers.

Mr. President, I wish also to call the attention of the Senate to one page of this morning's Washington Post. This page is literally full of incidents of the kind that I have tried to portray before the Senate. On page 2 of this publication I find a news story under the following headline:

House told revolt signs are growing.

I read one sentence from the article. It quotes a Member of Congress, as follows:

When you are having rope parties on the doorsteps of your courts it is time that we look the situation in the face and act accordingly.

Then, Mr. President, adjacent to that article I find this item:

Bill to liberalize R. F. C. progresses. Senators given alarming pictures of growing distress of idle.

I read from the article as follows:

Edward F. McGrady, legislative representative for the Federation of Labor, told the committee that unemployment has passed the 12,000,000 mark; that 9,000,000 others are on part time; that 45,000,000 Americans are living "in poverty," and that 15,000,000 of them are existing "only with the help of charity, without which they would perish."

Almost as black a picture was painted by Miss Grace Abbott, Chief of Federal Children's Bureau, who said that relief demands have "passed all experience" and are not being met anywhere.

Then a subhead:

Warns of "revolution."

A few days ago I mentioned the word "revolution" here, and Senators attacked me in the cloakroom and the press attacked me in editorials for mentioning the word "revolution." Here in this conservative newspaper I find under the black headline "Warns of 'revolution,'" the following item:

Harvey Couch, director of the Reconstruction Corporation, recommended liberalization of the law under which the relief organization can make construction loans from its fund of $1,500,000,000 for self-liquidating projects.

David Cushman, New York engineer and economist, testified that the situation is so serious the Federal Government should throw every resource into the battle. He recommended that loans be made by the Government for any useful projects, regardless of their economic soundness.

P. J. Horne, who said he was one of the transient unemployed, told the Senators "revolution is hanging over your heads." He advised opening Army camps for the migratory labor "before you have a revolution."

Then, Mr. President, on the same page I find an interesting article under the following headline:

B. & O. may borrow $5,000,000 of R. F. C. I. C. C. authorizes fourth loan which will meet trust maturities.

I read from the body of the article, as follows:

The Baltimore & Ohio Railroad Co. was authorized yesterday by the Interstate Commerce Commission to borrow $5,000,000 from the Reconstruction Finance Corporation to meet equipment trust maturities during the first six months of this year.

This is the fourth loan the company has received from the corporation, $7,000,000 having been approved on March 30, 1932, by the commission; $25,500,000 on May 16, 1932; and $31,625,000 on August 19, 1932.

The $31,625,000 loan was for the purpose of enabling the railroad to pay half of a bond issue of $63,250,000, which will mature on March 1 of this year. The commission report yesterday said the company has been successful in developing its plan for refinancing, reaching a point where it may be expected to become operative in the near future.

Then, on the same page, I find another news story.

Mr. BLACK. Mr. President, will the Senator from Oklahoma yield there?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Alabama?

Mr. THOMAS of Oklahoma. I yield.

Mr. BLACK. Does the article which the Senator is reading refer to the Baltimore & Ohio Railroad?

Mr. THOMAS of Oklahoma. It is so mentioned by this conservative newspaper.

Mr. BLACK. I have before me a list of the salaries paid by that railroad, and it shows the salary of the president to be $120,000 a year.

Mr. THOMAS of Oklahoma. Mr. President, I appreciate the information given by the distinguished Senator from Alabama.

Mr. President, last night a distinguished Member of this body made a speech in one of the Northeastern States. As quoted in a newspaper story by the Associated Press this distinguished Senator gave an outline of the measures which might be helpful in meeting the conditions which confront us, the conditions of warfare going on in the Western and Southern States. With all respect for the ability and political sagacity of this distinguished Senator, I wish to read the measures which he says if adopted will help to solve the economic difficulties that confront the American people. The program as set forth by him is:

Balancing the Budget, prohibition repeal, beer, reciprocal tariff agreements, two farm relief projects, lowering income-tax exemptions if necessary, but no sales tax, stabilization of foreign exchanges, bankruptcy and transportation relief.

Mr. TYDINGS. Where was that speech delivered?

Mr. THOMAS of Oklahoma. This address was delivered at Providence, R. I.

Mr. President, on yesterday the appointed but not as yet confirmed head of the Home Loan Bank Board gave out a newspaper release, which is official and from which I desire to read one or two paragraphs. It is from Mr. Franklin W. Fort, chairman of the Federal Home Loan Bank Board. In this release Mr. Fort says:

Discussing with newspaper men to-day the general mortgage situation throughout the country, Mr. Fort warned that if State legislatures generally increase the difficulties of collecting debts in such a way that holders of mortgages will find it impossible to get their money even where no excuse exists for nonpayment, the lending of mortgage money will cease.

I quote further from the same newspaper release:

The general situation in the country on legislative change in the terms and conditions of collecting mortgages is a very serious threat to any new lending.

Well, in large sections of this country there is no lending now, and these two sentences giving this warning by Mr. Fort will have no effect whatever upon the situation in some sections of the country.

Mr. President, we are now in the forty-first month of this depression. I should like to ask any Member of the Senate what power is there anywhere that can do anything about this depression save the policy-making branch of this Government, the Congress of the United States? Forty-one months have come and gone and no committee as yet, so far as I know, has made any effort even to study, investigate, and try to find out what is the cause, much less what might be applied as a remedy.

Mr. TYDINGS. Mr. President——

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. I should like to point out to the Senator from Oklahoma, who has given considerable time to a study of the condition of the country in order that appropriate remedies may be found and applied, that during the first three years of the depression the policy of the administration was to say that nothing was wrong and that prosperity was just around the corner, and to ignore the grave signs to which the Senator has pointed.

There are many of us in this body—and I am one of them—who feel that a great many of the needed solutions can not be forged on the congressional anvil. For example, we can not reduce tariffs unless other countries will reduce them; we can not bring about disarmament unless other countries will agree to disarm; we can not bring about a consideration of the war-debt question until we have worked it out with other nations; and, finally, one of the greatest troubles, in my opinion, is the depreciated currency of silver-using countries.

I believe that it is possible, with a new administration which will aggressively tackle this problem, to restabilize the silver currencies of two-thirds of the world's population and thereby increase their purchasing power and thereby also move some of our surpluses. But what I am afraid of is that if we deflate within our own country, we will still have more than our people can possibly consume, even with the increased buying power of an inflated dollar.

Mr. THOMAS of Oklahoma. Mr. President, I appreciate the statement made by the distinguished Senator from Maryland; but I am not afraid of putting more money in circulation to enable people to pay their taxes, to enable them to pay their interest, to enable them to pay their debts, and to enable them to buy something of the goods that are now on the dusty shelves of the stores of the country. I am not afraid of that, Mr. President, and believing that is one question that should have consideration, I took it upon myself to prepare a letter and send it to probably 25 of the leading economists of the Nation. I have despaired of getting results here. In 41 months all we have had is a resolution adopted by the Senate giving the Finance Committee the right to hold some hearings and make an investigation. I am advised this morning that the committee is going to meet on Monday and then will decide if and when it will proceed.

Mr. President, I desire at this point to have inserted in the RECORD a copy of the letter that I sent to economists of standing throughout the Nation—North, South, East, and West. The country to-day does not need political leader-

ship. What the country needs is economic leadership. We have plenty of political leadership; but, despairing of getting any economic leadership, I have taken it upon myself to place in the RECORD some data and some information which I think will be helpful. So I desire to place in the RECORD a copy of the letter sent by me to leading economists.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The letter referred to is as follows:

JANUARY 30, 1933.

Mr. C. O. HARDY,
Brookings Institution, Washington, D. C.

MY DEAR MR. HARDY: As you know, the issue of the inflation of the currency is now being considered as a possible relief policy; and by inflation I mean a reasonable expansion of the currency. I have a conviction that by placing additional currency in circulation money would thereby become more plentiful, hence cheaper, and to the extent money becomes cheaper commodity prices will rise.

I have never favored inflation to a dangerous degree; and at present I am advocating the expansion of our currency until commodity prices rise to the level of 1926; in other words, I take the Department of Labor wholesale commodity index as the standard, and in 1926 this index showed the buying power of the dollar to be 100 cents. I now favor the expansion of currency sufficient to raise commodity prices to the 1926 level; and then, in the event that commodity prices should continue to rise, my policy would be to reverse the process and take money from circulation so that the dollar could be maintained as nearly as possibly at a buying power of 100 cents.

It occurs to me that if Great Britain, off the gold standard, can so manage her pound as to keep its buying power at approximately $3.35, our Government, on the gold standard, could so manage to keep our dollar at approximately 100 cents.

If agreeable, you will render me a great favor and the country a distinct service by giving me your reaction to the proposal herein presented.

Assuring you in advance of my appreciation of receiving a reply, I am,

Yours most cordially,

ELMER THOMAS.

Mr. THOMAS of Oklahoma. Mr. President, at this time I desire to call attention to a few of the replies. From time to time I will call attention to others. The first one is from Charles W. Tippetts, professor of economics, University of Buffalo.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. THOMAS of Oklahoma. Mr. President, a parliamentary inquiry. Have I some time left on the bill?

The VICE PRESIDENT. The Senator has.

Mr. THOMAS of Oklahoma. I will inquire how much time I have remaining on the bill.

The VICE PRESIDENT. The Senator has 15 minutes.

Mr. THOMAS of Oklahoma. I thank the Chair.

This letter is in reply to my inquiry, and I call attention just to one or two of the statements made by Professor Tippetts, as follows:

1. For a year and half—

Says Mr. Tippetts—

I have been a thoroughgoing inflationist, i. e., I wish prices to rise.

2. There is more inflationist sentiment among teachers of economics than I ever thought possible. Many are reluctant to say so publicly, for fear of arousing criticism. Their chief doubt is whether inflation can be controlled.

3. I have followed your program in the press, and I am now willing to say that, from the statement in your letter, I agree with you.

Mr. President, I ask permission to insert this letter in full at this point in my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

UNIVERSITY OF BUFFALO,
SCHOOL OF BUSINESS ADMINISTRATION,
DEPARTMENT OF ECONOMICS,
Crosby Hall, February 2, 1933.

DEAR SENATOR THOMAS: Please pardon my replying informally, but the stenographers have gone and I wish to rush this answer to your letter. I shall answer in sections.

1. For a year and a half I have been a thoroughgoing inflationist, i. e., I wish prices to rise.

2. There is more inflationist sentiment among teachers of economics than I ever thought possible. Many are reluctant to say so publicly for fear of arousing criticism. Their chief doubt is whether inflation can be controlled.

3. I have followed your program in the press, and I am now willing to say that, from the statement in your letter, I agree with you.

4. Agreement as to purpose being settled, there remains the procedure to be followed. There are two ways: (a) Either print greenbacks (United States notes) and disburse them for public works, or directly for unemployment relief; (b) or borrow Federal reserve notes from the Federal reserve banks, secured by Government bonds, and disburse them in the same manner. I should prefer the former, but would not object to the latter.

5. If inflation means departure from the gold standard, I would go off gold. We did so during the war when we placed an embargo on gold exports and refused to pay it out. A similar policy should be followed, if currency inflation starts, as this is a similar emergency. Otherwise an external and internal drain of gold might follow and you would have to choose between gold and inflation. If you have to make this choice in the middle of an inflationary program, you may choose gold, and deflation will again be resumed.

6. Control must be specified, absolute, and air-tight. Control is possible. Germany was an exceptional case. Inflation is justified in war times; why not now? Your program for control seems satisfactory to me, but it must be made absolutely mandatory.

7. Write to Prof. Ray B. Westerfield, of Yale. He told me privately he favored such a program. Whether he will say so publicly I do not know.

8. Have you seen the statement of the department of economics of the University of Chicago favoring greenbacks? If not, I can send you a copy, if you will promise not to publish it without their consent.

Very sincerely,

CHARLES S. TIPPETTS,
Professor of Economics.

P. S.—Why not call it "a managed currency" instead of inflation? It is practically the same thing, and may gain greater support.

Mr. THOMAS of Oklahoma. I next call attention to a reply received from Warren F. Hickernell, written from the Yale Club, New York City. I desire to read just one or two paragraphs of this letter, but I will ask permission to have the whole letter inserted in the RECORD:

I agree that prices should be put back to the 1926 level, if possible. It is a barbaric situation when people work and live for 10 years or more at one level of prices and suddenly find themselves robbed of half the value of their property by a deflation of credit.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

NEW YORK, *February 2, 1933.*

DEAR SENATOR THOMAS: Thanks for your letter of January 30. I agree that prices should be put back to the 1926 level, if possible. It is a barbaric situation when people work and live for 10 years or more at one level of prices and suddenly find themselves robbed of half the value of their property by a deflation of credit.

If Washington and Wall Street had had the requisite intelligence, we would have gone off the gold standard in 1931, or would have reduced the weight of the gold dollar enough to save the country from nation-wide bankruptcy. As matters stand, we have not shown enough intelligence to serve as a model for future generations.

When I wrote a history of panics and depressions, I constructed graphs of commodity prices in relation to currency and credit, and found that prices rise only under the following conditions:

1. When gold reserves increase, as in 1849–1860 and 1897–1910. Bank credit expanded as the gold foundation increased, and prices rose so long as gold reserves increased faster than commodity production.

2. When paper currency increases enough to drive the country off the gold standard. It is impossible to elevate prices materially by increasing the paper currency so long as you remain on the gold standard. If gold is the standard, paper currency can not be increased beyond the amount needed for pay rolls, pocket money, and "till money." Paper currency merely increases and decreases with trade activity and employment. It is "effect" and not "cause." But if you go off the gold standard, paper money is the currency unit and becomes "cause." It will cause prices to rise if the amount is enough to drive the country off the gold standard.

3. When confidence attains a high pitch, so that more active use is made of the existing amount of deposits. On the gold standard, it is deposits and not paper currency which causes prices to rise. During 1933–34 the national income would rise from $40,000,000,000 to $60,000,000,000 on the present amount of deposits if all uncertainties were removed and everybody had as much confidence as in 1926. The turnover of deposits in 140 cities in 1932 was only twenty-six times per annum as compared with forty-six times per annum in 1929. By restoring complete confidence deposits would again turn over (be used) forty or fifty times a year and employment and prices would increase.

To sum up, there are four ways to increase prices:

1. To issue enough paper currency to drive the country off the gold standard.

2. To restore complete confidence and permit more active use of existing currency and deposits.

3. To reduce the weight of the gold dollar 40 per cent, so that prices would increase 67 per cent as soon as confidence was restored.

4. To increase gold reserves by arranging for Europe to send us gold in settlement of war debts and then forbid foreign transactions involving material loss of gold.

We have a Babel of plans—crop allotment, bonus, silver, etc.—so that each tends to kill the other. I am afraid nothing will be done.

Sincerely,

WARREN F. HICKERNELL.

Mr. THOMAS of Oklahoma. I next call attention to a letter just received from Dr. Willford I. King, professor of economics, New York University, of date February 2. Without taking time to read the letter, I ask permission to insert it in the RECORD at this point.

The VICE PRESIDENT. Without objection, the letter will be printed in the RECORD.

The letter is as follows:

NEW YORK UNIVERSITY,
SCHOOL OF COMMERCE, ACCOUNTS, AND FINANCE,
DEPARTMENT OF ECONOMICS,
New York, February 2, 1933.

Hon. ELMER THOMAS,
United States Senate, Washington, D. C.

MY DEAR SENATOR THOMAS: In reply to your inquiry of January 30, 1933, I will say that it seems to me clear that prices can be raised to any desired level by putting into circulation a sufficient supply of currency. The truth of this is evidenced by the experience of a hundred countries.

Your policy of expanding the currency until commodity prices rise to the level prevailing in 1926 seems to me to be thoroughly sound. Sweden has shown during the last 16 months that it is entirely feasible to maintain prices at a certain level whenever there is a desire on the part of the authorities to accomplish this end. If you are interested in the record of the Swedish experiment you may find it worth while to refer to the Index, published by the Svenska Handelsbanken each month. In the September, 1932, issue you will find an article by Prof. Bertil Ohlin describing Sweden's monetary policy. The Index is printed in English.

As you say, Great Britain has kept the pound much more stable than the dollar during the last year or more. Even so, she has not obtained as high a degree of stability as has the Swedish Government with its money.

I take pleasure in sending you a copy of an article in the Burroughs Clearing House Magazine in which I discuss feasible methods of raising the price level. You may be interested in reading it. You probably remember that on January 14, I sent you a copy of a plan for stabilizing the currency which, if adopted, would, I believe, accomplish the desired end.

Please accept my congratulations on the good work that you are doing.

Very sincerely yours,

WILLFORD I. KING,
Professor of Economics.

Mr. THOMAS of Oklahoma. I next call attention to a letter just received from Dr. Harry Gunnison Brown, of the School of Business and Public Administration, Department of Economics and Finance, University of Missouri, Columbia, Mo., of date February 2, 1933. I read one or two paragraphs of this letter, as follows:

I find myself in general agreement with your purpose and point of view. There is, in my opinion, absolutely nothing which will meet the needs of the present situation except inflation. It should, of course, be controlled inflation.

Again I read:

It is my belief that the policy of the Federal reserve banks and the Federal Reserve Board has been chiefly responsible for getting us into our present predicament.

* * * * * * *

In other words, it takes stronger and more heroic measures to stem the tide of severe depression than to bring prosperity when the depression is only mild and just beginning.

Again I read:

Inflation or reflation is necessary either to bring early recovery from unemployment and business depression or to bring relief for debtors. The one remedy will serve for both evils, and it is the only remedy adequate for either.

I ask permission to insert the entire letter in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

UNIVERSITY OF MISSOURI,
Columbia, February 2, 1933.

Senator ELMER THOMAS,
Committee on Appropriations, United States Senate,
Washington, D. C.

MY DEAR SENATOR THOMAS: I have at hand your letter of January 30, which I received yesterday, but could not get time to reply to until to-day. I find myself in general agreement with your purpose and point of view. There is, in my opinion, absolutely nothing which will meet the needs of the present situation except inflation. It should, of course, be controlled inflation. In other words, your idea of withdrawing currency should prices go above the desired level, in order to stabilize the general level, appears to me the proper policy.

Some have questioned the desirability of bringing the price level back to that of 1926, pointing out that this might be an injustice to creditors whose loans have been made during the period of low prices. Some economists would like to go halfway back or two-thirds of the way back to 1926. Yet, on the other hand, it can be argued that debtors who have paid interest or have paid installments on the principal during the period of low prices are entitled to have the price level raised even higher than that of 1926. It is so extremely important to have the price level raised a great deal that I would favor any reasonable compromise for which legislative support could most easily and certainly be secured, whether that meant going back to the price level of 1926 or to the lower level of 1929, or to the still lower level of 1930. Any of these would be so immensely superior to letting things take their course that I think it would be wise to compromise on any one of them if this proved necessary in order to get action. Any action that may be taken now will be too late for many thousands of persons who have lost their farms or their homes and who will probably be dead before they can rehabilitate themselves economically. In the face of the overwhelming injustice of these falling prices the agitation of various little groups for special favors and the diverting of public attention away from the one significant remedy for the whole situation is the tragedy of the decade.

It is my belief that the policy of the Federal reserve banks and the Federal Reserve Board has been chiefly responsible for getting us into our present predicament. I still have two or three copies left of an article which I wrote on the subject a little over a year ago, and I am going to take the liberty of sending you one if I can find an extra one around. I had the feeling in 1928 and 1929, as I still do, that Federal reserve policy should have been directed to controlling the price level so as to keep it stable rather than to controlling the stock market. As commodity prices were lower in 1929 than in 1926 and lower, I think, than in 1928, there was no justification for the sharp restriction of credit and the selling of their securities on the open market and so withdrawing currency from circulation on the part of the Federal reserve banks at that time. Dr. Gustav Cassel, the internationally known Swedish economist, testified in 1928 before the Banking and Currency Committee of the House of Representatives. He expressed the opinion that high discount rates charged for the purpose of discouraging speculation on the stock exchange would affect the whole business situation; that it would bring falling prices and unemployment and general business depression. In the face of that testimony the Federal reserve banks did thus restrict credit and even more sharply in 1929 than in 1928, and all of the consequences which Cassel feared have come upon us.

But even if it be admitted that there was any justification whatever for such credit restriction in 1929, it must still be insisted that when prices began to fall and incipient depression appeared the Federal reserve banks ought to have reversed their policy radically and at once by reducing their rediscount rates and purchasing in the open market whatever volume of securities were required in order to put into circulation enough currency to bring back the price level and restore the demand for goods. This policy they did not follow except haltingly and weakly and in the spring of 1931 they again began to dispose of their securities on the market and draw currency out of circulation to be buried in their own vaults, thus decreasing the demand for goods in the very midst of business depression. No wonder the depression became steadily worse despite the rosy pictures of prosperity "just around the corner."

It is true that during 1932, at last, the Federal reserve banks, perhaps driven by the threat of the Goldsborough bill, did buy securities heavily in the open market. Indeed I think they increased their holdings by approximately a billion dollars. And since in spite of this policy on their part prices did not rise and business continued depressed, it is now argued in some quarters that inflation is no remedy at all and can accomplish nothing. The fact is, I believe, that such action, coming so late as it did and when the depression was growing so severe, had its effects largely offset by the accumulating forces of depression. In other words, it takes stronger and more heroic measures to stem the tide of severe depression than to bring prosperity when the depression is only mild and just beginning. For by 1932, dull business and falling prices were bringing general ruin, and along with this, runs on the banks and bank failures. This meant a wiping out of bank credit and therefore of purchasing power on the one hand as fast as or faster than it could be restored by the policy which the Federal reserve was following. But this does not mean that a still more vigorous policy would be unavailing or that the policy followed did not at least prevent conditions from growing worse. However, in view of the stage which has been reached by the depression, it may be that some form of cooperation of the Treasury Department with the Federal reserve system is requisite for restoration of prices and prosperity. In that connection I wonder if the person who will occupy the place of Secretary of the Treasury in the new Cabinet is likely to have any sympathy at all with the laudable and very important purpose which you have in view!

In the present circumstances I believe that the insistence on "balancing the Budget" is all wrong. Such insistence means that when the Government gives a civil servant money which he can spend it must take this money from the taxpayers and diminish the expenditures of the taxpayers by an equal amount. Should the Government borrow temporarily from the Federal reserve banks in order to pay its civil servants and meet its other expenses, this would put new money into circulation and would give the civil servants purchasing power without taking it away from the taxpayers. At the present time many of our banks—not merely the Federal reserve banks—are holding excess reserves in order to be in a liquid position. They are afraid to make investments that they would ordinarily make and currency is thus kept out of circulation in the banks. Such banks would gladly purchase Government short-term notes, and a meeting of appropriations out of borrowed funds would thus increase purchasing power and tend both to get us out of the depression and to raise the price level. The Government can now borrow at absurdly low rates and it seems ridiculous to insist that it shall not do so under these circumstances. This, at least in part, is what I mean when I say that cooperation between the Federal reserve system and the Treasury Department may now be of immense importance.

There are some persons who fear that a determined effort to raise the price level, in view of the prevailing low price level and high value of gold in the rest of the world, would force an export of gold and deplete the reserves of the Federal reserve system. Even should this danger threaten, it seems to me that we can under no circumstances afford to risk inaction. Three possible means of protection suggest themselves:

1. Reduce the reserve requirements of the Federal reserve banks so that they could stand a much larger drain of gold; or
2. Put an embargo, at least temporarily, on the export of gold; or
3. Frankly abandon a fixed weight of gold as a standard and order the Federal reserve banks to stabilize the value of the dollar by purchasing and selling in the open market gold (and possibly silver) and securities.

Either two or three would give more immediate relief to farmers producing export crops than would one. The price of wheat and cotton, as you know, is fixed on the world market, and an increase of currency which left us frankly on the gold standard would not appreciably increase the prices of these export crops until the easy credit and outflow of gold had raised the foreign price level as well as our own. But the adoption of expedient 2 or expedient 3 would quickly change the exchange value of American money in relation to foreign gold prices so that the same foreign price would give the American farmer more dollars. Nevertheless, any one of these expedients would bring eventual relief, and any one of them would be better than nothing at all. Inflation or reflation is necessary either to bring early recovery from unemployment and business depression or to bring relief for debtors. The one remedy will serve for both evils, and it is the only remedy adequate for either. In view of the desperate situation, I sincerely hope that you can get wide support from your colleagues in the Senate.

I am pretty thoroughly convinced that this depression, so far as the United States is concerned (and it is economically a dominant country affecting all the others), is the result of an inept policy on the part of the Federal reserve system and that an understanding of the fundamental economic principles by the President and his Secretary of the Treasury would have prevented it or brought rapid recovery. But neither of these officials seems to have had any comprehension of what was happening and because of this, though doubtless with the best intentions, Hoover has seen his administration wrecked and himself repudiated by an electorate which did not know what was wrong but which felt keenly that matters were being mishandled. The same fate may await the President elect. Anyone who is anxious that the Democratic Party and its policies shall be dominent during the next decade should see that Mr. Roosevelt must be made to realize that the public will have no more patience with depression during his administration than during Hoover's, that the way to prosperity lies through proper control of the price level, and that the superstitious worship of old fetishes regarding money will mean disaster. * * * I hope you may be able to accomplish this purpose.

Very sincerely yours,

HARRY GUNNISON BROWN.

Mr. THOMAS of Oklahoma. I now call attention to a letter from 82 Wall Street. It is a letter signed by Rudolph Spreckels, of date February 3, addressed to myself, as follows:

The foreign war-debt situation appears to me to be assuming serious aspects and the already overburdened American taxpayers have reason to expect Congressional protection against possible Executive action which may result in shifting these foreign loans onto their backs.

It would seem desirable that Congress take immediate steps to require our State Department to inform the debtor nations that Congress does not approve of secret negotiations between the debtor nations and the Executive branch of our Government, and that Congress will not approve cancellation or modification of our Government's loans.

Now, here is a clause to which I desire to invite especial attention, and it is the first one of the kind that I have seen in my correspondence. It is the first one of the kind that I have seen anywhere. It is only the beginning, Mr. President:

Sauce for the goose is sauce for the gander—so if foreign nations can afford to default on their government debts, our Government could afford to default in the payment of United States bonds issued to raise the money borrowed by those nations.

There is an intimation from Wall Street itself, Mr. President, over the signature of Mr. Rudolph Spreckels, that there may come a time when the Government will fail to raise and appropriate the money to pay these United States Government obligations, tax-exempt gold bonds that at present rest so securely in the strong boxes of that famous street.

I read further:

Perhaps our rich American bondholders who advocate cancellation of foreign war loans would have a change of heart if Congress adopted a resolution canceling all United States bonds issued to finance those nations; and I dare say foreign owners of United States bonds would then learn to appreciate the unfairness on the part of their governments in demanding cancellation of their financial obligations.

Mr. President, I ask that this letter in full be printed in connection with my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

NEW YORK, *February 3, 1933.*

Hon. ELMER THOMAS,
United States Senate Office Building,
Washington, D. C.

MY DEAR SENATOR THOMAS: The foreign war-debt situation appears to me to be assuming serious aspects, and the already overburdened American taxpayers have reason to expect congressional protection against possible Executive action which may result in shifting these foreign loans onto their backs.

It would seem desirable that Congress take immediate steps to require our State Department to inform the debtor nations that Congress does not approve of secret negotiations between the debtor nations and the executive branch of our Government, and that Congress will not approve cancellation or modification of our Government's loans.

Sauce for the goose is sauce for the gander; so if foreign nations can afford to default on their government debts, our Government could afford to default in the payment of United States bonds issued to raise the money borrowed by those nations.

Perhaps our rich American bondholders who advocate cancellation of foreign war loans would have a change of heart if Congress adopted a resolution canceling all United States bonds issued to finance those nations; and I dare say foreign owners of United States bonds would then learn to appreciate the unfairness on the part of their governments in demanding cancellation of their financial obligations.

German reparation payments are in an entirely different class, because they were arbitrarily set up by that nation's victorious foes; whereas our loans were voluntary obligations incurred by those nations to enable them to defeat Germany and to acquire its vast territories, the value of which may fully compensate them for their financial loss in that war and upon which our Government has a moral lien in consideration for the moneys loaned.

Sincerely yours,

R. SPRECKELS.

Mr. THOMAS of Oklahoma. At a later date I will take occasion to incorporate more of these letters in the RECORD, if I may have permission.

Mr. KING. Mr. President, I desire to modify my amendment so as to strike out the figures "$30,800,000" and insert in lieu thereof "$29,800,000."

The VICE PRESIDENT. The question is on the amendment of the Senator from Utah, as modified.

The amendment, as modified, was agreed to.

Mr. McKELLAR. Mr. President, under the notice heretofore given, I offer the amendment which I send to the desk, and ask to have it read.

The VICE PRESIDENT. The amendment will be read.

The CHIEF CLERK. The Senator from Tennessee offers the following amendment:

On page 16, line 16, after the word "each," insert the following: "*Provided further*, That no refund or credit of any income or profits, estate, or gift tax in excess of $20,000 shall be made after the enactment of this act until a report thereof, giving the name of the individual, trust, estate, partnership, company, or corporation to whom the refund or credit is to be made, the amount of such refund or credit, and the facts in connection therewith and all supporting papers are submitted by the Commissioner of Internal Revenue to the Comptroller General of the United States and approved by him, the papers to be returned to the Commissioner of Internal Revenue after final action on the proposed



refund is taken by the said Comptroller General. This proviso shall not apply to refunds or credits made pursuant to a judgment of a court having jurisdiction of the subject matter, or a decision of the United States Board of Tax Appeals, which has become final."

Mr. ODDIE. Mr. President, will the Senator yield?

Mr. McKELLAR. Just one moment.

I desire to explain to the Senate that this amendment is similar to the one that was adopted by the Senate before and approved by the House. When the bill went to the President the President vetoed it on the ground that it was an invasion by the legislative branch of the Government of the constitutional prerogatives of the executive branch of the Government.

The only change that has been made in the amendment is to provide that the tax refunds shall be examined by the Comptroller General of the United States, so that it will accord with the President's message entirely. In other words, it is entirely within the recommendation of the President.

Now, I desire to say another word about the amendment.

As I recall the President's message, he thought well of the legislation. He thought that some such legislation ought to be enacted. He referred to the question of auditing these accounts. I feel sure that the amendment will meet the approval of the executive branch of the Government, and I hope the Senate will adopt it.

Mr. ODDIE. Mr. President, I am compelled to make the point of order against this amendment that it is legislation on an appropriation bill.

The VICE PRESIDENT. The Chair sustains the point of order.

Mr. McKELLAR. Mr. President, I entered a motion under the rule to suspend the rules and make the amendment in order. I, therefore, offer that motion now, and ask to have it stated.

The VICE PRESIDENT. That must be done in writing.

Mr. McKELLAR. It has been done in writing, and all of the forms complied with. The only thing that I ask for now is the yeas and nays. Let us vote on it.

Mr. MOSES. The Senator desires the yeas and nays on his motion to suspend the rules?

Mr. McKELLAR. Of course.

Mr. SMOOT. Mr. President, as I understand the amendment, the Comptroller General is to make the examination.

Mr. McKELLAR. Yes.

Mr. SMOOT. The Comptroller General already does that very work now without any instruction.

Mr. McKELLAR. Oh, no; he does not.

Mr. SMOOT. That is his duty. If he does not do it, then he does not perform his duty.

Mr. McKELLAR. Oh, no! If I recall aright, by an amendment offered by the Senator from Utah who is now addressing the Senate, that part of the Internal Revenue Office is excluded from the jurisdiction of the Comptroller General. At any rate, he has no right to make this examination now and can not do it under the present law. This merely refers the matter to him so that he may examine these accounts just as he examines other accounts of the Government.

There may be something about tax refunds that is sacred, that the Comptroller General can not or should not examine into, but it seems to me there is not. The President really suggested—not in words, but certainly by implication, and probably by words—that these refunds should be submitted to an auditor; and to my mind this is the proper way to do it.

The VICE PRESIDENT. The question is on the suspension of the rules.

Mr. SMOOT. Mr. President, I simply wish to say to the Senate that no money is paid out of the Treasury of the United States unless the Comptroller General makes an examination as to whether or not, under the law, it is lawful to do so. I care not what the appropriation may be; after the examination is made, if it does not conform to the law, or if it violates the law in any way, shape, or form the claim is never paid.

Mr. McKELLAR. Then there ought not to be any objection to this amendment under those circumstances.

Mr. SMOOT. Therefore I say that this amendment is perfectly useless and never ought to go on the appropriation bill.

The VICE PRESIDENT. A two-thirds vote is required to suspend the rules.

Mr. COUZENS. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll to ascertain the presence of a quorum.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Copeland	Hatfield	Robinson, Ind.
Austin	Costigan	Hayden	Russell
Bankhead	Couzens	Johnson	Schall
Barbour	Cutting	Kean	Schuyler
Barkley	Dale	Kendrick	Sheppard
Bingham	Davis	Keyes	Shipstead
Black	Dickinson	King	Smith
Blaine	Dill	La Follette	Smoot
Borah	Fess	Logan	Steiwer
Bratton	Fletcher	McGill	Thomas, Okla.
Brookhart	Frazier	McKellar	Townsend
Bulkley	George	McNary	Tydings
Bulow	Goldsborough	Metcalf	Vandenberg
Byrnes	Gore	Moses	[illegible]alsh, Mass.
Capper	Grammer	Norris	[illegible]sh, Mont.
Caraway	Hale	Oddie	[illegible]atson
Clark	Harrison	Reed	White
Connally	Hastings	Robinson, Ark.	

The VICE PRESIDENT. Seventy-one Senators having answered to their names, there is a quorum present. The question is on suspending the rule to make the amendment of the Senator from Tennessee in order. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BRATTON (when his name was called). I have a pair with the junior Senator from Nebraska [Mr. HOWELL]. I understand that if that Senator were present he would vote as I intend to vote. I vote "yea."

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. The Senator can not interrupt the roll call.

Mr. McKELLAR. Can it be done by unanimous consent? We are about to reach an agreement in the interest of expediting the consideration of the pending bill.

The VICE PRESIDENT. Is there objection to withdrawing the order for the yeas and nays?

Mr. SMOOT. Will the agreement referred to by the Senator require another roll call?

Mr. McKELLAR. I think not.

Mr. BINGHAM. I object.

The VICE PRESIDENT. The clerk will continue the call of the roll.

The Chief Clerk resumed the call of the roll.

Mr. FRAZIER (when his name was called). I have a pair to-day with the junior Senator from Florida [Mr. TRAMMELL], but I understand that on this vote he would vote as I intend to vote. I vote "yea."

Mr. COSTIGAN (when Mr. NEELY's name was called). The Senator from West Virginia [Mr. NEELY] is necessarily absent. I am advised that if present he would vote "yea."

The roll call was concluded.

Mr. HASTINGS. Mr. President, the Senator from Rhode Island [Mr. HEBERT] is paired with the Senator from North Carolina [Mr. BAILEY]. Both those Senators are absent. If the Senator from Rhode Island [Mr. HEBERT] were present, he would vote "nay."

Mr. ROBINSON of Indiana. Again announcing my pair with the junior Senator from Mississippi [Mr. STEPHENS], I withhold my vote.

Mr. FESS. I desire to announce the following general pairs:

The Senator from California [Mr. SHORTRIDGE] with the Senator from West Virginia [Mr. NEELY];

The Senator from Wyoming [Mr. CAREY] with the Senator from Louisiana [Mr. LONG];

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER];

The Senator from Illinois [Mr. GLENN] with the Senator from Virginia [Mr. SWANSON];

The Senator from South Dakota [Mr. NORBECK] with the Senator from Illinois [Mr. LEWIS];

The Senator from North Dakota [Mr. NYE] with the Senator from Louisiana [Mr. BROUSSARD]; and

The Senator from Idaho [Mr. THOMAS] with the Senator from Montana [Mr. WHEELER].

Mr. BINGHAM (after having voted in the negative). I have a general pair with the junior Senator from Virginia [Mr. GLASS]. I transfer that pair to the junior Senator from Connecticut [Mr. WALCOTT] and allow my vote to stand.

The result was—yeas 44, nays 25, as follows:

YEAS—44

Ashurst	Capper	Gore	Robinson, Ark.
Bankhead	Caraway	Hayden	Russell
Barkley	Clark	Johnson	Schall
Black	Connally	Kendrick	Sheppard
Blaine	Costigan	King	Shipstead
Borah	Couzens	La Follette	Smith
Bratton	Cutting	Logan	Thomas, Okla.
Brookhart	Dill	McGill	Tydings
Bulkley	Fletcher	McKellar	Vandenberg
Bulow	Frazier	McNary	Walsh, Mass.
Byrnes	George	Norris	Walsh, Mont.

NAYS—25

Austin	Fess	Keyes	Steiwer
Barbour	Goldsborough	Metcalf	Townsend
Bingham	Grammer	Moses	Watson
Copeland	Hale	Oddie	White
Dale	Hastings	Reed	
Davis	Hatfield	Schuyler	
Dickinson	Kean	Smoot	

NOT VOTING—27

Bailey	Hebert	Nye	Swanson
Broussard	Howell	Patterson	Thomas, Idaho
Carey	Hull	Pittman	Trammell
Coolidge	Lewis	Reynolds	Wagner
Glass	Long	Robinson, Ind.	Walcott
Glenn	Neely	Shortridge	Wheeler
Harrison	Norbeck	Stephens	

The VICE PRESIDENT. On the vote, the yeas are 44, the nays 25. Two-thirds not having voted in the affirmative, the motion is lost.

Mr. SHIPSTEAD. Mr. President, I present the amendment which I sand to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 57, line 16, the Senator from Minnesota moves to strike out the period and to insert a colon and the following words: "*Provided further*, That no part of the money herein appropriated shall be paid on any contract covering a ship or ships employing alien seamen on ships leaving American ports," and on page 57, line 16, to insert the words "*Provided*, That no part of the money herein appropriated shall be paid."

Mr. ODDIE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Nevada?

Mr. SHIPSTEAD. I yield.

Mr. ODDIE. I am compelled to make a point of order on this amendment, on the ground that it is legislation on an appropriation bill.

Mr. SHIPSTEAD. Mr. President, I am of the opinion that the amendment is a limitation on an expenditure, and therefore is in order.

The PRESIDENT pro tempore. The Chair overrules the point of order. The Chair regards the amendment as a limitation on an appropriation.

The question is on agreeing to the amendment proposed by the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, the amendment is very plain and speaks for itself. It provides that no part of any money appropriated shall be paid on any contract covering a ship employing alien seamen when leaving American ports. In other words, it provides that no ship leaving an American port that is employing an alien crew or alien seamen can receive any money out of the Treasury of the United States. They have to employ American citizens as sailors on their ship when they leave an American port. It does not bar them, in case of desertion or sickness in a foreign port, from employing alien seamen coming to the United States; but when they leave the United States they have to employ American seamen.

Mr. REED. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Pennsylvania?

Mr. SHIPSTEAD. I yield.

Mr. REED. Would not the Senator's amendment require that the crew be composed exclusively of American citizens?

Mr. SHIPSTEAD. Yes.

Mr. REED. They could not carry any alien seamen at all?

Mr. SHIPSTEAD. No. Aliens could travel as passengers, of course, but could not be employed as seamen.

Mr. BINGHAM. Mr. President, the amendment offered by the Senator from Minnesota is in fact a bill regarding alien seamen, which has been on the calendar for some time and has been objected to repeatedly. In my opinion it is undoubtedly legislation, but the Chair has ruled that it is merely a limitation and is not out of order.

But the amendment, if adopted and enacted into law, would put out of business practically all of the American lines now operating on the Pacific Ocean. In order to compete with foreign lines on the Pacific they are obliged to use a certain number of alien seamen, chiefly stewards. These are carefully protected from entrance into the United States, but in order to compete with Japanese lines, French lines, British lines, and other foreign lines crossing the Pacific it is their custom to employ a certain number of alien seamen. Under the law the great majority of the officers and most of the seamen must be American citizens. It is true that a certain number of them are not. It is my opinion that this would work a very great hardship on our ships operating in the Pacific. It seems to me it has no place on this bill, and I hope the Senate will not agree to the amendment.

Mr. WHITE. Mr. President, I would not under any circumstances quarrel with the Chair on the ruling which has just been made on the point of order made by the Senator from Nevada [Mr. ODDIE]. Of course, the amendment is not offered for the purpose of reducing the appropriation, and the effect of it, if adopted, would not be to reduce it. The purpose of the amendment and its effect would be to change the character of the crews upon American ships. It would be, as pointed out by the Senator from Pennsylvania [Mr. REED], a requirement that every seaman and employee on ships benefited by the merchant marine act should be an American, and that is not the present law of the country. The amendment in its effect and in its purpose is to change existing law.

Now to come to the merits of the proposition. So far as I know, there is no country in all the world that requires that all the seamen upon its ships shall be nationals of that country. Here in the United States, until we enacted this merchant marine act of 1928, there was no requirement that any percentage whatsoever of the crews of American ships should be American citizens. The law was, and it had been the law for probably 100 years, that officers should be American citizens. When we wrote the 1928 act we provided that for a first brief period of time 50 per cent of the crew of vessels carrying our mail under that act should be American, and then at the end of four years we advanced that proportion to two-thirds of the crews.

So we have lifted the percentage from nothing, as it was before the 1928 act went into effect, until to-day we have the requirement that two-thirds of the crews of ships operated under mail contracts shall be American citizens. I submit that that is going as far as we ought to go at this time. I concur in what the Senator from Connecticut [Mr. BINGHAM] has said, that with respect to trade upon the Pacific Ocean, certainly with respect to those trades that take our vessels into the torrid zones of the earth, we can not get American citizens to go down into the stoke-holds of the steamers, we can not get American citizens to go into the

stewards' departments of the steamers and serve in those capacities.

Mr. President, in its effect the amendment will undo everything we have tried to do with respect to our ships. It is going far beyond the necessities of the case. It is going far beyond all reason. I earnestly hope that the amendment will not prevail.

Mr. GORE. Mr. President, I desire to ask the Senator from Minnesota [Mr. SHIPSTEAD] if the point and purpose of his amendment is to hire Americans?

Mr. SHIPSTEAD. It is.

Mr. GORE. I think it is in perfect harmony with the amendment which we adopted on yesterday, "Buy America," which, in my judgment, means "good-by America" so far as our foreign commerce is concerned.

To illustrate, Senators shrink from following their own principles to their logical conclusions, and I might say to their disastrous conclusions. A Senator this morning visited the seed loan division of the Department of Agriculture. An agent of a fertilizer company called up and was insisting with unbridled strenuosity that Congress ought now to enact a law requiring that all farmers who are obtaining seed loans should stipulate that they will buy only American fertilizer, fertilizer made in America by Americans, and the ingredients of which shall have been produced in America. Of course I would agree to the amendment just offered by the Senator from Minnesota if he would agree to an amendment providing that these crews shall take American oxygen along and shall breathe American oxygen only and shall not defile their pulmonary apparatus with the air that pervades the salted seas. [Laughter.] We might devise some way of requiring those ships, when they go down to the sea, to follow the waters emptied into the ocean by the Hudson, the Mississippi and the Columbia, and ply only those waters which originate in America. [Laughter.]

Senators let us go through with this thing. Let us be consistent with the lofty principles that we announced on yesterday!

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President——

The PRESIDENT pro tempore. The Senator from Minnesota has already spoken once on his amendment and can not be recognized again.

Mr. SMOOT. Let us have the yeas and nays.

The yeas and nays were not ordered, and the amendment was rejected.

Mr. ASHURST. Mr. President, I desire to offer an amendment on page 76——

The PRESIDENT pro tempore. We have not yet reached that title of the bill. Title II is still on its second reading and open to amendment. If there are no further amendments to be proposed to Title II, then pursuant to the agreement under which the Senate is operating Title III will be taken up and considered.

Mr. BINGHAM obtained the floor.

Mr. REED. Mr. President, will the Senator yield to enable me to suggest the absence of a quorum?

Mr. BINGHAM. I yield for that purpose.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

Ashurst	Caraway	Glass	Keyes
Austin	Clark	Glenn	King
Bankhead	Connally	Goldsborough	La Follette
Barbour	Copeland	Gore	Lewis
Barkley	Costigan	Grammer	Logan
Bingham	Couzens	Hale	McGill
Black	Cutting	Harrison	McKellar
Blaine	Dale	Hastings	McNary
Borah	Davis	Hatfield	Metcalf
Bratton	Dickinson	Hayden	Moses
Brookhart	Dill	Hebert	Norbeck
Bulkley	Fess	Hull	Norris
Bulow	Fletcher	Johnson	Oddie
Byrnes	Frazier	Kean	Pittman
Capper	George	Kendrick	Reed
Reynolds	Sheppard	Thomas, Idaho	Walcott
Robinson, Ark.	Shipstead	Thomas, Okla.	Walsh, Mass.
Robinson, Ind.	Shortridge	Townsend	Walsh, Mont.
Russell	Smith	Tydings	Watson
Schall	Smoot	Vandenberg	White
Schuyler	Steiwer	Wagner	

The PRESIDENT pro tempore. Eighty-three Senators having answered to their names, a quorum is present.

Mr. ODDIE. Mr. President, when this bill was presented to the Senate I announced that on the completion of the Treasury and Post Office sections I would request the Senator from Connecticut [Mr. BINGHAM] to explain the so-called economy provisions which are included in this bill. I stated at the time that as an individual Senator I was opposed to certain of those provisions, but they will be discussed and acted on when we come to them.

The PRESIDENT pro tempore. Under the unanimous-consent agreement entered into at the beginning of the consideration of the bill, Title III is now in order; and under the unanimous-consent agreement referred to amendments proposed by the committee are first in order, and if committee amendments are desired to be offered from the floor, they may now be offered.

Mr. BINGHAM. Mr. President——

The PRESIDENT pro tempore. The Senator from Connecticut is recognized as in charge of this section of the bill.

Mr. BINGHAM. Mr. President, the economy provisions of the bill occur as one single amendment, striking out all that part of the bill known as section 4, section 5, section 6, and section 7, and in lieu thereof inserting some 20 pages.

Mr. President, as the first portion of the amendment is rather complicated and will not be easily understood, I am going to ask unanimous consent that the Senate consider the different provisions recommended by the committee in the order in which they are mentioned in the report on the bill, which is on Senators' desks. For instance, in the report on page 3 the first item discussed is "furlough provisions and compensation reductions," and reference is made to the bill, page 69, line 20, where section 101 of the original economy act "is amended by adding at the end thereof the following new subsection."

Mr. President, it seems to me that this is the logical way to proceed with the bill, for the reason that section 4, which is the first section in order in the bill, contains a reference to so many different sections of the economy act and continues them in full force and effect that amendments to that section, which are made later on in the committee amendment, will lead us to be somewhat confused in regard to the discussion. Therefore, I ask unanimous consent that the various provisions may be considered in the order in which they are referred to in the report on the bill submitted by the committee.

The PRESIDENT pro tempore. Is there objection?

Mr. GORE. Mr. President, if that shall be done, I should like to ask the Senator when will it permit us to reach sections 16, 17, and 18? Are they among the sections the Senator asks to be passed over for the present?

Mr. BINGHAM. We shall not reach sections 16, 17, and 18 so very much later, I will say to the Senator, since they occur on pages 79, 80, and 81 of the bill.

Mr. GORE. And we are now taking up the provisions on page 69?

Mr. BINGHAM. The provision which I desire, if the unanimous-consent agreement shall be made, to take up first is the one to which I referred, and which proposes a further reduction in compensation of 1⅔ per cent.

Mr. GORE. I have an amendment pending.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request preferred by the Senator from Connecticut?

Mr. GORE. I have no objection.

Mr. ASHURST. Mr. President, will the Senator permit me to ask him a question?

Mr. BINGHAM. Certainly.

Mr. ASHURST. At the appropriate time, I desire to move to strike out section 11, which is found on page 76 of the bill. On page 8 of the committee report there is a para-

graph discussing section 11. Will the able Senator advise me when, in his judgment, he being in charge of this section, would be an appropriate time for me to make such a motion? I am not seeking any premature action, but I do not want to be foreclosed.

Mr. BINGHAM. I should not imagine that we could possibly reach that to-day, I will say to the Senator.

Mr. ASHURST. I am indifferent as to the time, but I do not want to be foreclosed. Would the agreement that is now sought to be obtained preclude my right to seek to strike out that section?

Mr. BINGHAM. Not at all, Mr. President. When we reach page 8 of the report, and the question arises whether the Senate will accept that recommendation of the committee, then, of course, it will be in order for the Senator to move to strike out section 11 of the bill.

Mr. ASHURST. Then, it is proposed to consider the remainder of the bill according to the report rather than according to the bill itself? Is that the idea?

Mr. BINGHAM. Yes; that is the suggestion which I have made, and I believe it is in the interest of clarity and good procedure.

Mr. ASHURST. I thank the Senator from Connecticut.

Mr. BLAINE. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Wisconsin?

Mr. BINGHAM. I yield.

Mr. BLAINE. Assuming that we reach page 7 of the report after it shall have been reached and disposed of, by way of example, will that preclude going back and offering amendments to other provisions?

Mr. BINGHAM. Not at all, unless under the rules of the Senate some provision shall have been adopted.

Mr. BLAINE. I understand that. But it would not preclude going back and offering amendments which would not be contrary to the general rules of the Senate?

Mr. BINGHAM. No; not at all.

Mr. BROOKHART. Mr. President——

Mr. BINGHAM. Will the Senator permit the request for unanimous consent to be put?

Mr. BROOKHART. I should like first to ask the Senator a question. He stated that this entire title was one amendment. Would it be considered as one proposition if the unanimous consent agreement were not entered into?

Mr. BINGHAM. Under the ordinary rules of the Senate, we should have, then, to consider the amendment as a whole, and amendments to it could be offered at any time, which would confuse us in the logical consideration of the whole proposal.

Mr. BROOKHART. Under the Senator's request for unanimous consent we would consider the sections separately?

Mr. BINGHAM. Yes; each proposal would be considered separately.

Mr. BROOKHART. And we would have a separate vote, if necessary, on each one?

Mr. BINGHAM. That is my suggestion.

Mr. FESS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. FESS. The query propounded by the Senator from Iowa does suggest some confusion, and I should like to have the Chair's ruling on it.

The PRESIDENT pro tempore. The Chair's understanding, in the absence of a unanimous-consent agreement to the contrary, is that the entire language of title 3 will have to be considered as a single amendment, and to it amendments may be offered at any time dealing with any portion of it. The Senator from Connecticut, however, asks unanimous consent that the single amendment, namely title 3, shall be dealt with in the order in which the report submitted by the committee deals with the subject matter.

Mr. FESS. So that——

The PRESIDENT pro tempore. So that as the report deals with given sections of the amendment, those sections would be taken up seriatim.

Mr. FESS. The Chair has answered the query I had in my mind.

The PRESIDENT pro tempore. Is there objection to the unanimous-consent request preferred by the Senator from Connecticut?

Mr. LA FOLLETTE. Mr. President, I do not wish to impinge on the time of the Senator from Connecticut, if his time is running on this amendment; but I wanted to ask whether or not there was any danger of there being such an interrelation between these amendments that it might be necessary to consider the individual amendments to the various sections in relation to other sections.

Mr. BINGHAM. It was for that reason that I suggested taking it up under the headings set forth in the report; for when the Senate determines what it wants to do with each heading, then the clerk can readily make the amendments in the form desired by the Senate.

Mr. REED. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from Pennsylvania?

Mr. BINGHAM. I yield.

Mr. REED. Am I correct in my understanding that if any of us, for any reason, is called away from the floor for a moment, and a subject matter as listed in the report is acted upon, it will be impossible under this agreement to revert to it and offer any amendment to it?

The PRESIDENT pro tempore. The Chair would not so hold.

Mr. REED. If it is the understanding that we are not barred from going back and offering amendments, I have no objection to the unanimous-consent agreement.

Mr. BROOKHART. I should like to ask one further question: If this section of the bill is divided up for consideration, will the 15-minute time limit apply to each division, or will there then be only 15 minutes for the whole amendment?

Mr. BINGHAM. It is my idea that each section should be treated as a separate amendment, and therefore the 15-minute limitation would apply only to each section; whereas if the unanimous-consent agreement should not be granted, the limitation would apply to the entire amendment reported by the committee.

Mr. BROOKHART. And the Senator includes that idea in his request?

Mr. BINGHAM. That was my understanding.

The PRESIDENT pro tempore. The Chair would so hold. Is there objection to the unanimous-consent agreement preferred by the Senator from Connecticut? The Chair hears none, and the agreement is entered into.

Mr. BINGHAM. Now, Mr. President, I ask that the clerk may read on page 69 from line 20 to line 3 on page 70.

The PRESIDENT pro tempore. The clerk will read, as requested.

The Chief Clerk read as follows:

(1) Section 101 is amended by adding at the end thereof the following new subsection:

"(d) The rate of compensation of each officer and employee to whom subsection (a) or (b) applies shall be reduced by 1⅓ per centum."

And section 101(c) is amended by striking out "subsections (a) and (b)" and inserting in lieu thereof "subsections (a), (b), and (d)."

Mr. BINGHAM. Mr. President, it is perfectly evident that everyone understands what this proposal is. The President of the United States suggested that, in addition to the furlough now in effect under the economy law as passed last year, there should be imposed an additional cut of 11 per cent. The committee went into the matter very carefully and unanimously recommended to the Appropriations Committee that, instead of 11 per cent as recommended by the President in the Budget message, the additional cut should be 1⅓ per cent. That will put all salaries under $12,000 on the same basis of a 10 per cent cut.

Mr. KEAN. Mr. President, I should like to ask the Senator a question.

The PRESIDENT pro tempore. Does the Senator from Connecticut yield to the Senator from New Jersey?

Mr. BINGHAM. I yield.

Mr. KEAN. I should like to ask whether a post-office clerk who is employed for a short time during the year, whose salary would be nominally at the rate of $1,200 a year, but who serves for only three or four days, would, under this provision be subject to a cut amounting to more than his salary?

Mr. BINGHAM. No; Mr. President, such cases are taken care of under another section, where it is provided that there may be no cut which would amount to more than $83 in any given month.

The PRESIDENT pro tempore. If the Chair correctly understood the purport of the colloquy between the Senator from Iowa and the Senator from Connecticut, under the unanimous-consent agreement the Senate will vote on each one of these proposals. Therefore the question is upon agreeing to No. 1 as contained in the report.

Mr. ODDIE. Mr. President, I oppose this extra 1⅔ per cent reduction in the pay of Federal employees as contained in this so-called economy amendment to this bill. It may not sound like a large amount to those who have not given this question study; but when we consider the large number of Federal employees who are receiving very small salaries, this 1⅔ per cent reduction will represent the difference between present conditions, which are bad enough, and positive privation and suffering.

I consider it a very small way in which to save money for the Government. I consider it false economy. The Government will function better, normal conditions will return sooner, and the American standard of living will be maintained longer and brought back to a higher level if this amendment is rejected.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Nevada yield to the Senator from Massachusetts?

Mr. ODDIE. Yes.

Mr. WALSH of Massachusetts. How much money is it claimed will be saved to the Federal Treasury by the adoption of this amendment cutting salaries generally?

Mr. ODDIE. The Senator from Connecticut [Mr. BINGHAM] has those figures.

Mr. BINGHAM. Mr. President, it is estimated that the saving will be $17,800,000.

Mr. WALSH of Massachusetts. Does this amendment embrace a cut in the salaries of Members of the House and the Senate?

Mr. BINGHAM. No, Mr. President. They are at present on the 10 per cent basis.

Mr. WALSH of Massachusetts. And it is because they are on the 10 per cent basis at the present time that the committee did not recommend any further cut in their salaries?

Mr. BINGHAM. The committee recommended that all salaries under $12,000 be cut at the rate of 10 per cent, except salaries of $1,000 and under, and except that no salary should be reduced below $1,000.

Mr. WALSH of Massachusetts. There is no cut, then, below $1,000?

Mr. BINGHAM. No salary of $1,000 is cut at all, and no salary that is a little above $1,000 is cut below $1,000.

Mr. WALSH of Massachusetts. I thank the Senator.

Mr. COSTIGAN. Mr. President, I desire to ask the Senator from Connecticut some questions about the committee's amendment.

Will the Senator from Connecticut tell us what the aggregate pay cuts of Federal employees will amount to under the bill as reported by the committee? I have a statement which purports to show that the provision for at least a 5 per cent reduction in another section of the bill, as reported by the committee, amounts, at the minimum, when applied to Post Office employees, to approximately 7½ per cent. Of course, the percentage would be increased if the reduction were extended, as is possible, beyond 5 per cent by the departmental head.

Am I correct in inferring that the aggregate pay cuts under the bill as reported for postal employees, if the 1⅔ per cent pay cut is applied, will be approximately 17½ per cent?

Mr. BINGHAM. I do not fully follow the Senator. I am sorry. The present reduction is about 8⅓ per cent. The committee has recommended 1⅔ per cent beyond that, or a total of about 10 per cent.

Mr. COSTIGAN. That is correct. That makes 10 per cent. Now, under the amendment which the Senator has asked us to reconsider, an additional 5 per cent or greater reduction by the heads of departments is provided.

Mr. BINGHAM. Not as the amendment stands at present in the bill, because the Senator from Colorado himself has seen to it that none of that saving may come out of salaries or wages.

Mr. COSTIGAN. But under the amendment, as the Senator from Connecticut desires it, there will be an additional reduction of at least 7½ per cent, if I am correctly advised.

Mr. BINGHAM. I can not follow the Senator's figures. What I said yesterday was that under the amendment as offered by the Senator from Colorado it would be necessary to discharge employees so as to save 5 per cent in many departments, because it would be impossible to request them to take additional furloughs and spread the work over a larger number of persons, and it would increase the unemployment. If the budget of a department contained personal services only, and the amendment offered by the Senator from New Mexico went into effect without the amendment offered by the Senator from Colorado, it would be necessary to cut down 5 per cent in the pay of all persons employed; but if the amendment stays as offered by the Senator from Colorado, it would be necessary to discharge 5 per cent of the employees.

Mr. COSTIGAN. The figures to which I have made reference give an estimate of the effect of the reductions on employees of the Post Office Department.

The Senator from Nevada [Mr. ODDIE] the other day stated the basic calculations in some detail. It probably will be well, since this discussion may continue until Monday, and since we have here an example of some of the effects of what we are to do on the wages and living standards of men, women, and children, if we may have the table I hold in my hands placed in the RECORD to show the items of the calculation. I ask that that be done, Mr. President.

The PRESIDING OFFICER. Without objection, the table will be printed in the RECORD.

The table is as follows:

FIXED CHARGES, EITHER BY LAW OR CONTRACT	
Transportation and delivery of equipment by freight, express, or motor	$350,000
Payment of rewards	45,000
Compensation to postmasters and allowances for rent, light, and equipment to postmasters of the fourth class	46,000,000
Compensation to assistant postmasters, first and second class post offices	6,200,000
Fees to special-delivery messengers	7,450,000
Car fare and bicycle allowance	1,250,000
Inland transportation by star routes	14,000,000
Inland transportation by steamboats	1,350,000
Inland transportation by railroad routes and for mail messenger service	100,000,000
Transportation of foreign mails by steamship and aircraft	35,500,000
Balance due foreign countries	1,000,000
Manufacture of postage stamps, etc	4,900,000
Rent, fuel, light, and water for first, second, and third class post offices	16,000,000
Pneumatic-tube service, New York, Brooklyn, and Boston	548,000
Total fixed charges	233,343,000
PERSONNEL SERVICE (SALARIES), POST OFFICE DEPARTMENT	
Office of Postmaster General	214,463
Office of First Assistant Postmaster General	471,000
Office of Second Assistant Postmaster General	394,275

Office of Third Assistant Postmaster General	$725,532
Office of Fourth Assistant Postmaster General	328,638
Office of Solicitor of Post Office Department	68,750
Office of Chief Inspector	188,045
Bureau of Accounts, Post Office Department	87,083
Total	2,477,786

PERSONNEL SERVICE (SALARIES), FIELD

Inspection service	1,878,750
Clerks at Inspection Division headquarters	300,700
Clerks and employees at first and second class post offices	161,000,000
Clerks in charge of contract stations	1,800,000
Allowances to third-class offices for clerical hire	8,000,000
Village delivery service	1,400,000
Detroit River service	15,995
Letter carriers, City Delivery Service	113,000,000
Rural Delivery Service	95,000,000
Railway Mail Service, clerks	51,000,000
Total	433,395,195

TOTAL SALARIES, POST OFFICE DEPARTMENT AND FIELD SERVICE

Post Office Department	2,477,786
Field service	433,395,195
Total	435,872,981

RECAPITULATION

Total appropriation	717,033,378
Fixed charges by law or contract (from which no deduction can be made)	233,343,000
Amount on which reduction can be made	483,690,378
Amount of appropriation necessary for salaries	435,872,981
Amount of appropriation, less salaries, on which reductions can be made	47,817,397
5 per cent saving on the entire appropriation	35,851,666
Per cent of reduction necessary to effect a 5 per cent saving on the entire appropriation after eliminating fixed charges upon which no saving can be effected, 7.41 per cent.	

Mr. COSTIGAN. Under this table it is estimated that the amount of the appropriation, less the salaries, on which the wage reductions can be made is $47,817,397, and that a 5 per cent saving on the entire appropriation would amount to $35,851,666. The conclusion is that the minimum 5 per cent reduction—that is, a per cent of reduction on the entire appropriation necessary to effect merely a 5 per cent saving—after eliminating fixed charges upon which no saving can be made, will amount to 7.41 per cent of the workers' wages.

If that be true, and if the amendment favored by the Senator from Connecticut [Mr. BINGHAM] and by the Senator from New Mexico [Mr. BRATTON] be later adopted in the form in which it was first presented, post-office employees apparently will be subject to an aggregate reduction below their previous wages of 17½ per cent. I submit that such a reduction is extraordinarily oppressive. It tends unduly to decrease general purchasing power at a time when increased purchasing power is our greatest need.

Mr. BINGHAM. The Senator is now making an argument against the Bratton amendment rather than against the amendment as suggested by the Economy Committee.

Mr. COSTIGAN. I am making an argument against both, I will say in answer to the Senator from Connecticut.

Mr. BINGHAM. Mr. President, all that the Senate Economy Committee recommends is 1⅔ per cent increase. That which the Senator voted for when he voted for the Bratton amendment added an increase, according to his own figures, of more than 7½ per cent.

Mr. COSTIGAN. If the Senator from Connecticut will pardon me, I did not vote for the Bratton amendment.

Mr. President, while on my feet I think it appropriate to ask to have placed in the RECORD a statement of Mr. Thomas F. Flaherty, the competent secretary-treasurer of the National Federation of Post Office Clerks, recently prepared by him and submitted to me. It is worthy of the Senate's attention as a clear and discriminating outline of the carefully considered position taken by this important group of Federal employees—not only on the pending amendment but also on the bill as a whole. I will read a paragraph or two, and request that the entire statement be incorporated in the RECORD with my remarks. The memorandum says, in part:

If the economy law is continued, it means notice to the country by Congress that there is little hope for an upward trend prior to July 1, 1934. This would sound a note of despair, with unfortunate reactions everywhere.

Economists state that a live dollar, such as goes into the pay envelope of a postal worker, turns over five times monthly in rapid circulation. Thus, the $40,000,000 that will be cut this fiscal year (1932–33) from the postal pay rolls represents a decreased spending volume of more than $2,000,000,000.

With reference to the particular feature of the bill before us, this statement declares:

We would respectfully call your attention to the proposed amendment on page 69, beginning line 22, reading:

"(d) The rate of compensation of each officer and employee to whom subsection (a) or (b) applies shall be reduced by 1⅔ per centum."

This would superimpose a straight pay cut upon the furlough plan, making the total loss in earnings amount to 10 per cent, not counting the further cut of 5 per cent or more. It is highly objectionable for the reasons set forth above. The aggregate savings by this amendment are negligible, although the individual hardships it entails are many.

The PRESIDING OFFICER. As requested by the Senator from Colorado, the entire statement will be printed in the RECORD.

The statement is as follows:

In behalf of the membership of the National Federation of Post Office Clerks permit me to say that the present economy law has failed of its purpose, not having effected substantial economies and at the same time materially injuring the service morale.

It has impaired the mass purchasing power of the postal workers to the extent of $40,000,000 throughout the country, which in turn has been harmful to the small business man.

We are firmly convinced that a continuation of this law will retard rather than help economic recovery.

If the economy law is continued, it means notice to the country by Congress that there is little hope for an upward trend prior to July 1, 1934. This would sound a note of despair, with unfortunate reactions everywhere.

Economists state that a live dollar, such as goes into the pay envelope of a postal worker, turns over five times monthly in rapid circulation. Thus, the $40,000,000 that will be cut this fiscal year (1932–33) from the postal pay rolls represents a decreased spending volume of more than $2,000,000,000.

Prosperity never can be restored by spending less. This applies to the Government as well as to individuals. Carried to its logical conclusion, this form of economy would result in everybody refusing to buy services or goods. The situation is aptly summed up by J. M. Keynes, of England, perhaps the world's foremost economist, in the following terse statement:

"If we carry 'economy' of every kind to its logical conclusion, we shall find that we have balanced the Budget at naught at both sides, with all of us flat on our backs, starving to death from a refusal for reason of economy, to buy one another's services. Economy is only useful from the national point of view in so far as it diminishes our consumption of imported goods. For the rest its fruits are entirely wasted on unemployment, business losses, and reduced savings."

This clamor for a reduction of Federal taxes comes from a small though powerful group of large taxpayers. Less than 4 per cent of the people pay Federal income tax directly. It is sheer nonsense, therefore, to claim that this drive for lowered Federal taxes is in response to a widespread public demand. The average farmer or wage earner pays no Federal income taxes—or very little. Four-fifths of all such taxes are paid directly by 1 per cent of the people—the wealthy group that can well afford to pay.

It is wrong to assume that Federal taxes are nonproductive and can be withheld without injury to the people. We spend more money for recreation and amusement than for running the Government. The Federal tax bill is not responsible for our present dilemma. Members of Congress should not be stampeded into an unwise action now because of a demand from a few large taxpayers for personal relief.

The distribution of the tax dollar shows that 55 per cent goes for local taxes; 30 per cent for Federal taxes; 15 per cent for State taxes. Only 4 per cent of every dollar paid in taxes goes for the wages of Government employees. Consequently, the entire civil personnel could be dismissed without effecting any substantial economy in taxes.

OBJECTION TO PAY CUT

We would respectfully call your attention to the proposed amendment on page 69, beginning line 22, reading:

"(d) The rate of compensation of each officer and employee to whom subsection (a) or (b) applies shall be reduced by 1⅔ per centum."

This would superimpose a straight pay cut upon the furlough plan, making the total loss in earnings amount to 10 per cent, not counting the further cut of 5 per cent or more. It is highly

objectionable for the reasons set forth above. The aggregate savings by this amendment are negligible, although the individual hardships it entails are many.

RESTORATION OF AUTOMATIC PROMOTIONS

We are grateful to the Senate Economy Committee for having recommended a restoration of automatic promotions in the Postal Service. This is accomplished by the elimination of section 201 of the economy act. We trust this action will be approved by the Senate.

The salary progression of post-office clerks and city letter carriers from an entrance grade of $1,700 annually to the top grade at $2,100, is fixed by a law which stipulates that they be promoted successively $100 each year, contingent upon satisfactory service. There are approximately 4,733 clerks and 3,109 city letter carriers in these four automatic salary grades at present. Most of them worked five years or longer as substitutes before appointment to the regular force at $1,700, which means they have been in the service at least eight or nine years. This period is in reality the employees' apprenticeship. For the most part they are family men with the consequent responsibilities. To deprive them now of earned promotions is expensive economy—resulting in a very small money saving and a large loss in service morale.

BREACH OF CONTRACT

It sounds impressive to say that Congress will stop all promotions as an economy measure. There may be cases where this can be justified. Yet in this instance there would be a breach of contract on the part of the Government, and the economy is aimed directly at the lowest paid groups—those least able to stand it.

SAVINGS SMALL

The total saving effected by denying these earned promotions is approximately $780,000, which is to be withheld from 7,800 wage earners, scattered throughout the country, and which ordinarily would be spent in the usual channels of trade. In view of the billions appropriated by Congress to stimulate business it is rather petty to now suspend this legitimate expenditure in the form of earned wages and increased purchasing power. Congress should not be put in the position of stimulating only big business and throttling little individuals.

GOVERNMENTAL HOARDING

President Hoover recently called attention to the importance of dissipating fear and restoring public confidence as an aid to economic recovery. The suspension of the earned promotions of men receiving $2,000 or less annually—men who have been in the public service for seven or eight years—has not established confidence and security among the postal employees. It has had the reverse effect, and to this extent retarded the reconstruction program. If every dollar hoarded means a destruction of from $5 to $10 of credit, as the President stated, then withholding these promotions is equivalent to governmental hoarding at the expense of a low-wage group and can not be defended, morally or economically.

NIGHT WORK

Your attention is directed to the Senate committee amendment beginning line 22, page 71, reading:

"(2) Wherever by or under authority of law compensation for night work (other than overtime) is at a higher rate than for day-work such differential shall be reduced by one-third."

We are again indebted to the Senate Economy Committee for its recommendation to restore the night work differential in part. Under existing legislation it has been reduced from 10 to 5 per cent in the Postal Service. This amendment would reduce the 5 per cent to 3⅓ per cent. We believe in view of all the circumstances that the full differential should be restored.

The loss of the night-work differential affects the lower paid groups in the post offices and is discriminatory in its application, resulting in a double or triple pay cut in some instances. It has happened that a postal night worker has lost his automatic promotion ($100), his night-work pay differential ($100), and then on top of these reductions he loses 8⅓ per cent of his earnings by reason of the furlough plan. This is an unusually severe penalty to impose upon a $2,000 employee.

AN INJUSTICE CORRECTED

We are grateful to the Senate Economy Committee for the inclusion in the bill of section 8, lines 14 to 26, inclusive, page 75, which corrects an injustice imposed upon some 2,300 postal employees who were arbitrarily separated from the service by Executive order on July 9, 1932, but who did not receive their retirement annuities until August 1. This section corrects that injustice and provides that annuity payments shall be made to cover the period from July 10 to 31, inclusive.

PROTECTION FOR LOW-PAID EMPLOYEES

We are also grateful to the Economy Committee for its approval of the House provision to prevent pay deductions of employees earning less than $1,000 annually. The Comptroller General ruled that postal substitutes, whose actual earnings are for the most part now less than $1,000 annually, are nevertheless paid at a "rate" in excess of that amount and deductions must be made from their earnings.

Section 5, lines 6 to 19, inclusive, page 73, contains the corrective legislation which insures employees receiving not more than $83.33 against pay cuts. It was plainly the intent of the last Congress not to reduce the earnings of those receiving less than one thousand but nevertheless this has been done to postal substitutes. The legislation, therefore, is needed for the protection of this group.

REPEAL REQUESTED

The National Federation of Post Office Clerks believes that as a matter of broad principle and sound economics the repeal of the economy act is fully justified. But if it can not be repealed, we trust its harmful effects will be minimized by the inclusion of the constructive amendments above referred to and the elimination of the unsatisfactory, restrictive features of the law.

Mr. COSTIGAN. It is not possible, because of limited time, to pursue the matter further for the moment, except to direct attention to the suggestion made the other day, and rather lightly dismissed here, that faithful employees of the Government are not being overcompensated for their services; that many of them are caught in the downward pull of economic distress, in common with other citizens of our country.

I was handed to-day a memorandum summarizing 105 replies from city letter carriers of a leading city in Tennessee. The answers are believed to be fairly representative.

Out of the 105 interrogated, 66 replied that they bought or started to buy their homes during the period of higher prices in this country; 57 that their homes are under mortgage; 68 that they owe for furniture and other household necessities; 70 that they are in debt because of sickness or death in the family; 85 that they are helping relatives who are unemployed; 91 that a further reduction in salary will endanger their chances of completing their payments on homes, furniture, and other household necessities.

Thirty-one of the number, according to this tabulation, have been required to give up, in whole or in part, the use of home telephones; 15 have found it necessary to stop purchasing milk; 17, ice; 67, clothing; 64, home necessities; 59, insurance; 81, amusements; 27, gas; and 71 find themselves no longer able to make contributions to relieve the distress of others.

In addition, those who responded report that there have been no reductions in payments of interest, or in street car, gas, light, water, telephone, insurance, and total home expenses.

Mr. President, I call attention to these items in order that the gravity of apparently innocent reductions urged by the Senator from Connecticut and the committee for which he speaks may not be forgotten by those of us who sit here and easily cast our votes on one side or the other of the pending issue. We are fundamentally dealing with business recovery and human welfare.

If, as suggested—and apparently the figures submitted for the record are authentic—the aggregate burden which will fall, to take but one illustration, upon the postal workers of this country, under the combined suggestions of the committee, will exceed 17 per cent, it is to be hoped that the Senate will defeat the pending amendment.

The PRESIDING OFFICER. The question is on the amendment on page 69, subsection (1), lines 20 to 24, and on page 70, lines 1 to 3, inclusive, where the committee proposes to insert the following:

(1) Section 101 is amended by adding at the end thereof the following new subsection:

"(d) The rate of compensation of each officer and employee to whom subsection (a) or (b) applies shall be reduced by 1⅓ per cent."

And section 101 (c) is amended by striking out "subsections (a) and (b)" and inserting in lieu thereof "subsections (a), (b), and (d)."

Mr. BLAINE. Mr. President, this is a very important amendment, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Bratton	Copeland	Frazier
Austin	Brookhart	Costigan	George
Bankhead	Bulkley	Couzens	Goldsborough
Barbour	Bulow	Cutting	Grammer
Barkley	Byrnes	Dale	Hale
Bingham	Capper	Davis	Harrison
Black	Caraway	Dickinson	Hastings
Blaine	Clark	Fess	Hatfield
Borah	Connally	Fletcher	Hayden

Johnson	McGill	Robinson, Ark.	Townsend
Kean	McKellar	Robinson, Ind.	Tydings
Kendrick	McNary	Russell	Vandenberg
Keyes	Metcalf	Schall	Walsh, Mass.
King	Moses	Schuyler	Walsh, Mont.
La Follette	Norris	Sheppard	Watson
Lewis	Oddie	Steiwer	White
Logan	Reed	Thomas, Okla.	

The PRESIDENT pro tempore. Sixty-seven Senators having answered to their names, a quorum is present.

Mr. BINGHAM. Mr. President, I merely want to say that if we can get a vote on this matter now, so that we may make some progress, I shall be perfectly willing then that the Senate shall take a recess until Monday.

Mr. LA FOLLETTE. Mr. President, I would like to ask the Senator from Connecticut a question. In view of the statement made by the Senator from Colorado [Mr. COSTIGAN], does it not seem to the Senator from Connecticut that we should first pass upon the question whether or not the amendment offered by the Senator from Colorado to the amendment proposed by the Senator from New Mexico is to be reconsidered by the Senate? If the 5 per cent reduction provided in the amendment offered by the Senator from New Mexico is to be used to reduce salaries in the Government service 5 per cent, that should be determined before the Senate proceeds to follow the recommendations of the economy committee in another section of the bill to reduce wages 1⅔ per cent.

As pointed out by the Senator from Colorado, should the amendment be reconsidered and the Senate reject it upon reconsideration, we would then have adopted a pay cut of 17½ per cent for Government employees.

I realize that the hue and cry for economy has stampeded the Congress and the Senate into a position where they are ready to slash almost anything, regardless of its effect on human beings, but it does seem to me that we should have a determination of just how far we are to go and that we should not take these cuts up piecemeal.

I, therefore, appeal to the Senator from Connecticut that he withdraw the amendment now pending on behalf of the Economy Committee, make his motion to reconsider the vote by which the amendment offered by the Senator from New Mexico was agreed to, and determine the question whether the amendment of the Senator from Colorado is to remain in the amendment, before we proceed to adopt this additional recommendation of the committee.

I ask the Senator if he will not, in order that we may have a logical procedure here, take the course which I suggest.

Mr. BINGHAM. Mr. President, I have no objection to taking that course, and if the Senator chooses to move to reconsider the vote now, I shall offer no objection.

Mr. LA FOLLETTE. I think the Senator from Connecticut should make the motion. I do not favor a reconsideration, myself, but the Senator has given notice that he intends to make such a motion, and I appeal to him to make it now.

Mr. BINGHAM. Mr. President, if there is no objection, I ask unanimous consent that the vote whereby the so-called Bratton amendment was agreed to may be reconsidered. I make the request in that form in order that I may then move to reconsider the vote whereby the so-called Costigan amendment to the amendment was adopted.

Mr. COSTIGAN. Mr. President, I feel that I am not in a position to consent to reconsideration of the vote by which the Senate agreed to the provision. It is, however, my understanding that the Senator from New Mexico [Mr. BRATTON] intends to offer another amendment meeting a suggestion made the other day by the able Senator from Nebraska [Mr. NORRIS] that the 5 per cent wage cut apply, if at all, uniformly to every department. I presume, therefore, that amendment comes before us. If the Senator from New Mexico so proceeds, it is my intention to offer in substance the same amendment to his general amendment which the Senate adopted with respect to his particular amendment. Therefore, at this time I am compelled to object.

Mr. BRATTON. Mr. President, it is my purpose later to offer the amendment to which the Senator from Colorado has just referred. It comes at a subsequent place in the bill. I think there is considerable force in what he said, and I appeal to the Senator from Connecticut to pass over the pending amendment until we shall have reached the place and passed upon the amendment general in character which I shall offer later, as a determination of that question may have some bearing upon whether this cut should be adopted or not.

Mr. NORRIS. Mr. President, may I make an inquiry of the Senator?

Mr. BRATTON. I yield.

Mr. NORRIS. If the Senator offers the amendment to which he has referred and which I trust he will offer at the place in the bill to which he has referred, and assuming it is agreed to by the Senate, it will then be desirable to take out of the bill the amendment already agreed to; is that correct?

Mr. BRATTON. Yes.

Mr. NORRIS. To pave the way for such an emergency, would it not be well, in order to prevent that from being accomplished by some one objector, for the Senator himself to make a motion to reconsider the vote by which the amendment was agreed to, and let that motion be pending until we dispose of the other matter? Will it be more than three days? If it is not done to-day, the time limit would very probably expire.

Mr. BRATTON. The amendment was adopted yesterday.

Mr. NORRIS. Then there is plenty of time.

The PRESIDENT pro tempore. May the Chair suggest that motion to reconsider has already been entered and merely awaits the actual making.

Mr. BRATTON. That is correct.

Mr. NORRIS. Does the Senator from Connecticut intend to develop that motion?

Mr. BINGHAM. Mr. President, I am under the embarrassing situation of having been asked by one Senator to press it now and having been asked by another Senator not to press it until we reach the end of the bill. I have no preference in the matter. I appreciate the force of what the Senator from Nebraska has said, that it might affect this vote or other votes on the question of the 1⅔ per cent increase in the pay cut if we know whether there is to be a 5 per cent increase in pay cut or whether the motion of the Senator from Colorado is to prevail and no further pay cut is to take place. So far as I am concerned, I am willing to settle the question now.

Mr. NORRIS. Could we not solve that difficulty by having the Senator from New Mexico offer his amendment now? Is it not in order to offer that amendment now?

The PRESIDENT pro tempore. The Chair is of the opinion that that would vitiate the unanimous-consent agreement entered into to proceed seriatim with the amendments of the committee.

Mr. NORRIS. My understanding was that the unanimous-consent agreement was only to prevent amendments to the economy provision coming up until we have disposed of amendments to the other provisions. However, I was not present when it was entered into.

Mr. BARKLEY. Mr. President, would it not be possible to secure an agreement to pass over the 1⅔ per cent additional pay cut until we pass finally upon the 5 per cent pay cut as it will be offered by the Senator from New Mexico, because such an arrangement as that would enable us to determine the larger question first?

The PRESIDENT pro tempore. In the opinion of the Chair, that may be done.

Mr. BINGHAM. I am perfectly willing to do that. I ask unanimous consent that the motion which has been pending may be withdrawn.

The PRESIDENT pro tempore. Without objection, that may be done.

RECESS

Mr. BINGHAM. I now move that the Senate take a recess, in accordance with the unanimous-consent agreement heretofore entered into, until 11.30 a. m. on Monday.

The motion was agreed to; and the Senate (at 4 o'clock and 5 minutes p. m.) took a recess until Monday, February 6, 1933, at 11.30 o'clock a. m.

HOUSE OF REPRESENTATIVES

SATURDAY, FEBRUARY 4, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, our help and our hope in ages past, Thy blessed benediction has been with us, and as unwithering as divine love and as boundless as human life. Thou surely hast nourished us through the years and taught us the true principles of rich and abiding character. In the urgent service and need of our country make us watchful and consumed by a noble passion, and thus we shall be justified in the minds of our fellow citizens. Our Father, be with men of every station; guide men, sustain men, help men, shelter men, and console men as they walk up and down the streets and lanes of our land, and make us all merciful and true. In every worthy vocation and in every essential business may we seize the opportunity of developing clean, strong, and manly souls. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13607) entitled "An act to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress."

The message also announced that the Senate had agreed to the amendments of the House to the bill (S. 487) entitled "An act for the relief of Herbert G. Black, owner of the schooner *Oakwoods*, and the Clark Coal Co., owner of the cargo of coal on board said schooner."

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 4509) entitled "An act to further amend the act approved February 25, 1920, entitled 'An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain.'"

The message also announced that the Senate had agreed to the amendments of the House to the bill (S. 2200) entitled "An act to authorize the presentation of a medal of honor posthumously to the late Henry Clay Drexler and the late George Robert Cholister."

MINING OF COAL, PHOSPHATE, OIL, ETC. ON THE PUBLIC DOMAIN

Mr. EVANS of Montana. Mr. Speaker, I call up the conference report on the bill (S. 4509) to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium, on the public domain."

Mr. SABATH. Mr. Speaker, I make the point of order there is not a quorum present.

The SPEAKER. Evidently, there is not a quorum present.

CALL OF THE HOUSE

Mr. SANDLIN. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 155]

Abernethy	Brand, Ohio	Cole, Md.	Dominick
Aldrich	Britten	Cooke	Douglas, Ariz.
Almon	Buckbee	Cooper, Ohio	Erk
Andrews, N. Y.	Burch	Corning	Finley
Arentz	Busby	Crosser	Fish
Bacharach	Byrns	Crump	Fishburne
Baldrige	Carter, Wyo.	Culkin	Flannagan
Beck	Celler	Davenport	Foss
Bowman	Chase	Dickstein	Freeman
Brand, Ga.	Clancy	Dieterich	Gillen
Golder	Igoe	Oliver, N. Y.	Stewart
Goldsborough	Jeffers	Overton	Strong, Kans.
Granfield	Johnson, Ill.	Owen	Sullivan, Pa.
Green	Johnson, S. Dak.	Pettengill	Sweeney
Haines	Johnson, Tex.	Rankin	Tierney
Hall, Miss.	Johnson, Wash.	Richards	Treadway
Hancock, N. Y.	Kelly, Ill.	Sanders, N. Y.	Underwood
Hartley	Lamneck	Shott	White
Haugen	McLeod	Shreve	Whitley
Hoch	McSwain	Sirovich	Wigglesworth
Hollister	Maas	Smith, Idaho	Williams, Tex.
Hornor	Manlove	Snow	Wingo
Houston	Mobley	Stafford	Wood, Ind.
Hull, William E.	Nelson, Wis.	Stevenson	

The SPEAKER. Three hundred and thirty-one gentlemen have answered to their names. A quorum is present.

On motion of Mr. RAINEY, further proceedings under the call were dispensed with.

MINING OF COAL, PHOSPHATE, OIL, ETC., ON THE PUBLIC DOMAIN

The SPEAKER. The Clerk will report the conference report.

The Clerk read the conference report.

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 4509) entitled "An act to further amend the act approved February 25, 1920, entitled 'An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain,'" having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment and the Senate agree to the same.

JOHN M. EVANS,
TOM YON,
DON B. COLTON,
Managers on the part of the House.
GERALD P. NYE,
BRONSON CUTTING,
JOHN B. KENDRICK,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill (S. 4509) to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain," submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The bill as it passed the Senate authorized the Secretary of the Interior to direct or assent to the suspension of operations and production of coal, oil, and/or gas under any lease granted under the act and provided for the suspension of payment of acreage rental for the period of suspension of operations and production. The House amendment would mean that should there be operations resulting in production from the leased area in the future, the department would collect from the lessee the back rental, out of production. In the case of a small production this amendment would virtually annul the purposes of the bill.

The amendment was offered under a misconstruction of what was intended under this proposed legislation, and after adoption of the amendment in the House, the author of the amendment and the House conferees were glad to recede from the amendment.

JOHN M. EVANS,
TOM YON,
DON B. COLTON,
Managers on the part of the House.

Mr. SNELL. Mr. Speaker, I desire to ask a question on the conference report. I wish the chairman of the committee would tell us why they yielded and accepted the proposition as presented by the Senate in preference to the position of the House.

Mr. EVANS of Montana. Mr. Speaker, the statement accompanying the report would show that clearly. The Sen-

ate passed this bill; and the gentleman from Wisconsin [Mr. STAFFORD] offered an amendment which, in effect, nullified the bill. The House adopted the amendment, and then the gentleman from Wisconsin joined with the conferees in asking that the House recede from its amendment.

Mr. SNELL. I really can not understand why we should not put all the leases, large and small, on exactly the same basis.

Mr. EVANS of Montana. We do.

Mr. EATON of Colorado. If the gentleman from Montana will yield—this bill was reported from the Public Lands Committee and placed on the Unanimous Consent Calendar. I was responsible for the manner in which the bill finally passed the House. This was the situation: When the bill was first called on the Consent Calendar the gentleman from Wisconsin [Mr. STAFFORD] desired to amend the bill in a manner which appeared to entirely change its effect. It went over for a couple of weeks; and when the Consent Calendar was next called, during the debate on the bill, I consented to the Stafford amendment, with the understanding that the bill should be passed with the amendment and that its effect should be considered by a conference committee and the differences ironed out in that committee.

Mr. SNELL. That is not the way I have understood it.

Mr. EATON of Colorado. This bill, as originally passed by the Senate, made an additional section to be added to the general leasing law of February 25, 1920, requiring the Secretary of the Interior to suspend acreage rentals during periods of suspension of operations and production of oil and gas under certain oil and gas leases which he is already authorized to suspend in the interest of conservation, and directing that the terms of such leases should be extended by adding thereto such suspension period. It also excepted therefrom existing leases within naval petroleum reserves and naval oil-shale reserves.

It appeared that the effect of the amendment practically nullified the original purposes of the bill, and after a conference with the author of the amendment he consented that it should be deleted. Upon further consideration by the Public Lands Committee of the House, the conferees were authorized to recede from the amendment.

Mr. SNELL. That is a general statement, but I can not understand why we should not collect the back lease rentals from the small operators just the same as we do the large ones.

Mr. EATON of Colorado. This bill does not affect back lease rentals. As the committee understands the situation, the remedy in this bill was proposed by the Department of the Interior because of the injustice which was occasioned lessees when the department ordered cessation of operations and production under existing leases, even against the protest of such lessees. It is true that some lessees have made requests for suspensions; but in every case where the department had ordered the suspension it was necessary for the department to collect the charges for deferred operation on account of the existing law, and rules and regulations made thereunder, all of which are to be considered as a part of the lease provisions.

As I understand it, the department decided it was proper to put all cases of suspended operation in the same class, whether the suspension was by order of the department on its own initiative or upon request of a lessee. So if this conference report is now adopted, the requirement for collection of acreage rentals during periods of postponed operation or production will be changed, no rentals will hereafter be collected for such periods, and the terms of each lease will be extended or set forward a like number of years or other period.

Mr. SNELL. The gentleman does not mean to say that the request originally came from the department instead of the people operating these leases?

Mr. EATON of Colorado. Yes; as a matter of fairness, the Secretary of the Interior, in the interest of conservation, on account of the depression and on account of overproduction of oil and gas, has required a number of lessees to postpone production upon their leases. Under the present law it was required that rentals be collected for the postponed periods.

Mr. SNELL. As I understand from the report, there has been a difference in the treatment and collection of these rentals from the large and small leaseholders.

Mr. EVANS of Montana. I yield to the gentleman from Colorado, who reported the bill, to answer that statement.

Mr. EATON of Colorado. No; there has been no difference.

Mr. SNELL. Of course, if that is not the situation, all right.

The conference report was agreed to.

WATER USERS ON IRRIGATION PROJECTS

Mr. POU, from the Committee on Rules, reported the following resolution, which was referred to the House Calendar and ordered printed:

House Resolution 369

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 13918, a bill to extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law." Approved April 1, 1932.

That after general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Irrigation and Reclamation, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House, with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit.

LEGISLATIVE APPROPRIATION BILL, FISCAL YEAR 1934

Mr. SANDLIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 14562) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. BULWINKLE in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. The Clerk will proceed with the reading of the bill.

The Clerk read as follows:

For compensation of Senators, $864,000.

Mr. WHITTINGTON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 3, before the period insert: "*Provided*, That during the fiscal year ending June 30, 1934, the rate of compensation of Senators and the rate of compensation of any other office, position, employment, or enlistment the incumbent of which is subject to the furlough provisions or the compensation reductions contained in Title I of Part II of the legislative appropriation act, fiscal year 1933, as continued for the fiscal year 1934, is reduced by 11 per cent of the amount of such compensation in excess of $1,000, and such reduction shall be made after the application of and shall be in addition to the reduction provided in such title as continued."

Mr. SANDLIN, Mr. LaGUARDIA, and Mr. COCHRAN of Missouri made a point of order against the amendment.

The CHAIRMAN. What is the gentleman's point of order?

Mr. SANDLIN. That it is legislation on an appropriation bill and is not germane.

Mr. WHITTINGTON. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. WHITTINGTON. The proposed amendment reduces the salary of Senators who are covered by the paragraph under consideration, and is not objectionable to the rule, if the amendment reduces the appropriation for a salary of one official and at the same time reduces the salary of all other officials and all other employees.

The proposed amendment is nothing more nor less than a continuation of the furlough plan, as adopted by the House, by making a further reduction of 11 per cent, with the exemption of a thousand dollars applicable to all officers and employees under the Government.

The CHAIRMAN. The Chair thinks that the amendment is not germane; and therefore the Chair sustains the point of order.

Mr. WHITTINGTON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 2, line 3, strike out the period, insert a colon, and add: "*Provided*, That the salaries of Senators and of Representatives be reduced to $7,500 per annum."

Mr. WHITTINGTON. Mr. Chairman, the paragraph under consideration provides for the salaries of Senators. On page 11 of the bill there is a provision for the compensation of Members of the House. When we reach that paragraph I will offer a similar amendment for the Members of the House. I made a speech favoring further reductions of Federal salaries on yesterday to which I invite the attention of the Members of the House.

In a word, Mr. Chairman, permit me to say that Government salaries and compensations compose one-third of the National Budget. The Democratic Party has pledged an immediate reduction of 25 per cent. President Hoover recommended the continuation of the furlough and a reduction of an additional 11 per cent.

Both parties in this House have approved of the continuance of the furlough plan with the reductions of the economy bill. All salaries have been dealt with in one appropriation bill. I stated on yesterday that I would offer an amendment to the pending bill for a general reduction of all salaries. I stated that if such an amendment was not in order on this particular bill I would offer an amendment to reduce salaries of Members.

I prefer the pay-cut plan to the furlough plan, but the House has adopted the furlough plan. My amendment for general reductions follows the furlough plan by increasing reductions 11 per cent, with an exemption of $1,000.

The amendment I offered a few minutes ago, if adopted, would not have been perfect, but it would have provided for a saving, according to the Bureau of Efficiency, of about $55,000,000. I urged the reduction of salaries of Members of Congress and all others receiving similar salaries on this floor 14 months ago. The gentleman from Indiana [Mr. LUDLOW], a member of the subcommittee in charge of the pending bill, before whom I appeared, introduced a bill that is now before the committee of which I am a member, for a reduction to $7,500 in the salaries of Members of Congress, and, as I recall, the gentleman from Colorado [Mr. HARDY], also a member of the same Subcommittee on Appropriations, introduced a similar amendment last year for which I voted. My position is this:

Inasmuch as thus far the Committee on Expenditures, of which I am a member, has made no report for further general salary reductions—and I say this without criticizing anyone, for I think that Members of Congress are as much entitled to a reasonable compensation as anyone else, and I believe they earn every dollar of their salary, as do the clerks of the Members—yet the House has gone on record, and no provision has been made for further reduction of Federal salaries. What is causing the delay; what is hindering the matter? I know that the so-called Norris amendment will reduce our term by two months, but we knew that when we voted for it and submitted it. We knew that when we ran for the office last November. I know that we have to pay income taxes on our salaries, but so does everybody in the United States who gets a salary of $9,000, as we do, and many of them in addition have to pay an income tax in the States. I know the excuses and alleged arguments against reduction, and I concede to every Member his opinion, but I am dealing with but one thing in this amendment. It is time for sacrifice, when millions of our fellow citizens are out of jobs, when 10,000,000 to 15,000,000 men are walking the streets and highways of the country out of employment. When homes and lands and farms are being foreclosed, I submit that the leadership of the House ought to assert itself, and we ought to be willing to do our part; we ought to be willing to sacrifice. The increases in our salaries heretofore have been made in independent bills.

Mr. McKEOWN. Mr. Chairman, will the gentleman yield?

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. In a moment. If we decrease our salaries at the present time, I respectfully submit that the decrease will be followed by decreases in all salaries later on.

Mr. Chairman, under leave to extend my remarks, permit me to say that under the rules of the House the amendment that I offered to reduce the compensation of Senators and all other Federal compensations by an additional 11 per cent, under the furlough provision of the economy act of 1932, which has been continued, a point of order was made and sustained. On yesterday, in my speech in behalf of reductions of all governmental compensation, I had in mind that a special rule would be necessary to enable an amendment providing for the reduction of all salaries to be inserted in the pending bill. I called upon the Committee on Rules to grant a resolution making such general amendment in order. Personally, I favor the reduction of all salaries for the fiscal year 1934, substantially as provided in H. R. 14549, which I have introduced, from 10 per cent to 30 per cent, with an exemption of $1,000 and with a proviso that constitutional offices shall not be affected. It is difficult to insert a pay-cut amendment such as I have offered on a furlough statute. I therefore adopted the additional cut of 11 per cent to the general reductions of 8⅓ per cent and to the reductions affecting Members of Congress 10 per cent in the economy act of 1932. There is an opportunity here to promote real economy. I am interested in further reductions.

The gentleman from Missouri [Mr. COCHRAN] referred to the fact that I had only recently introduced bills. I have emphasized that I did not introduce bills at all until it become apparent that no action would be taken on similar bills introduced by others. The Committee on Expenditures tabled general salary reduction bills during the first session of the present Congress. The Economy Committee was then created. I cooperated with and supported the committee in every way that I could. I urged that the percentage of reductions be made larger when the economy act was adopted. I voted for the pay-cut plan first. I then supported the furlough provision. I voted for every economy that was proposed. I did not vote for alleged economies when investigations showed that no real economies would result.

The gentleman from Texas [Mr. BLANTON] on yesterday stated that I voted against consolidating the Army and the Navy. I spoke against such consolidation. I made an extended argument on the floor. I stated then and I repeat now that Mr. BYRNS, the chairman of the Committee on Appropriations and author of the bill, appeared before the Committee on Expenditures and called attention to the fact that the purchasing activities of the two departments could be combined. No real or substantial economies were provided. It is not necessary to combine the two departments in order to coordinate purchasing activities. I voted for combining the purchasing activities and for the elimination of duplications in the two departments. I thought combining the departments would endanger the national defense. Of course we could abolish both the Army and the Navy. Money would be saved, but there would be no efficient economy. Again, reference was made to the fact that I voted against abolishing the Army transports and the Panama Railroad. I gave the matter thorough consideration. I considered that the competing steamship companies would profit by the elimination of the transport system. It was my thought influence of the steamship trust was really behind the movement to abolish. It was my further thought that the steamship companies would charge more to transport Army supplies from the United States to Panama than

it cost the Government to operate the transport and the railroad. In other words, I could not see where there was economy.

I regret exceedingly that under the rules the House can not vote generally to reduce all salaries. It is not my fault. I have urged such action repeatedly for the past two years. I have cooperated in every way. The House has merely continued the reductions in the economy act of 1932. Everybody admits that the country is in worse condition than it was a year ago. The issue is clear-cut. I favor further reductions. I do not advocate merely reducing the salaries of Members of Congress, without reducing other salaries. It has been repeatedly charged that Congress refuses to make further general reductions because we would be compelled to reduce our own salaries. My whole thought is to remove the stumbling block. If Congress first reduces congressional salaries, we can consider impartially and without interest other reductions.

I emphasize that I am only urging reductions for the current fiscal year. When normal times return, salaries will automatically be as now provided by law. We are in an emergency which is more serious than war. I have determined to pursue every remedy to urge other and further general reductions.

The chairman of the Committee on Expenditures states that he will give further consideration to the bills that I have introduced. I beg to assure him that I will continue to urge consideration of these bills. I will further urge that reports be made on the bills, notwithstanding his statement in the public press that the bills that I had introduced would sleep in his committee. I state now that I will withdraw both of the amendments that I have introduced if assurances of an opportunity to vote for general reductions of all salaries is given during this session of Congress. The attitude of the chairman is well known. I have stated today that I am only urging the reduction of salaries of Members as an example and as a precedent to be followed by other reductions.

I introduced a bill to improve the method of paying congressional allowances. I advised the chairman that I was interested in improving the method of payment. I went so far as to state to him as to the bill that I introduced relative to clerk hire, that if the committee would agree to report the bill, with the present allowance, with substantially the provisions I introduced for paying the additional clerk hire to the person rendering services, if and when the service was rendered, whether by the month or not, I would ask unanimous consent to offer it as an amendment to the pending bill. Reductions as to clerks should be covered by the general law. I am giving Members a chance to reduce their own salaries and to set their own houses in order. I have dealt only with salaries in the Senate and the House.

If the House reduces congressional salaries, the Senate, under the rules of that body, can insert a rider making further reductions in the economy act as continued. The need for reduced taxation is great. Extraordinary remedies are required. The salaries of Members of Congress were increased in 1925 by a rider in the Senate. They were increased in prosperous times. There is no argument for increases unless in times of depression there are to be decreases. My argument is supported by reason and confirmed by experience.

Money is a relative term. I stand on the proposition that $7,500 will go as far in 1933 as $10,000 went in 1925 and in 1929. It will buy as many goods and as much services. Living expenses throughout the country have been reduced. They have not been adequately reduced in Washington, nor will they be until congressional and other salaries have been reduced.

I am not unaware of the attitude of the House. I have endeavored to perform my duty as I see it. I accord to other Members the same right. I have confined my arguments to the matter of the pending bill and to the reductions in Federal expenditures. I, of course, was not unprepared for the charges of demagoguery that have frequently been made during the course of this debate. Many who made similar charges against the reductions of salaries voted to reduce congressional and other salaries a year ago.

I call upon the Democratic leadership, and I urge the membership of the House who oppose the suggestion that I make for general reductions by first reducing our own salaries to come forward with their policy and their program of further reductions. It is time for action. In my judgment, the feeling is prevalent that Congress has evaded the responsibility of further reductions. Those who oppose reducing congressional salaries first and who say that they favor general reductions might well advance their plans. I will gladly cooperate.

I have no pride of authorship in any bills that I have introduced. I stand for the principle of further reductions. I shall continue to urge increased reductions. It is true that the reduction of salaries of Members of Congress will amount to only $805,500. The example and the stimulus will be worth infinitely more. If we reduce our salaries, $80,000,000 in general reductions will result. I am aware of the general argument for a particular appropriation. It is always said that only a small amount is involved, but it is the little appropriations that aggregate the big appropriations. It is the small reductions that result in large reductions.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. ELLZEY. Mr. Chairman, ladies and gentlemen, certainly, I dislike very much to differ with my colleague from Mississippi. Nevertheless, it is my privilege to represent to you another trend of thought that has long prevailed among another group of Mississippi citizens, whom I have the honor to represent.

Ladies and gentlemen, I have made an estimate of this proposed economy, so far as it applies to congressional pay. This estimate was made on the basis that the cost of operating the Federal Government last year was approximately $4,000,000,000. Then, deducting the amounts now in effect because of the savings of the economy act of last year, I find that such a proposal, so far as it relates to congressional members, would reduce the cost of operating the Government approximately one ten-thousandth of 1 per cent. Such economy would effect the reduction in the cost of the Government in about the same proportion that a dewdrop would effect the volume of water in the Atlantic Ocean.

Certainly, the citizens whom I represent well know that I have supported every measure, during my short service of one year in Congress, that has reduced the salary, mileage, and clerk hire of Congressmen; and I may add that I have supported every other measure of true economy. However, I doubt that Mississippi is as much concerned that I support such a proposal, which is so much like that expression in Holy Writ, "Strain at a gnat and swallow a camel." However, my people, and yours, are vitally concerned that I support, with all my ability, such economies as the following, viz:

ECONOMY MEASURES

First. A complete reorganization of the administration of the Federal Government, under a wise plan sponsored by President-elect Roosevelt, whereby unnecessary commissions may be abolished, bureaus combined, and every unnecessary employee released from the White House down to the so-called "gin reporter" in each county. This act of economy will save millions of dollars for our people.

Second. Legislation that will destroy waste and extravagance from the construction of the $17,000,000 Commerce Building and the entire chain of colossal structures which will grace Pennsylvania Avenue.

Third. An economy act that will scale down and refinance farm mortgages which will save the homes of the American farmers.

Fourth. A program that will collect the foreign debts and thereby add to the Federal Treasury billions of dollars.

Then, ladies and gentlemen, my Mississippi friends are vitally interested in some very remedial and constructive legislation, as follows, viz:

CONSTRUCTIVE LEGISLATION

First. A program for the operation of Muscle Shoals, thereby saving the American farmers millions of dollars in cheaper fertilizer and providing for the masses of the people cheaper power and electricity. Yes; flood-control legislation which will protect the property and the lives of Mississippi citizens of the Mississippi and Yazoo River Valleys and likewise give relief to the citizens of Jackson, Miss., and adjacent territory, whose property is constantly endangered by the high waters of Pearl River.

Second. Legislation that will remonetize silver in a proposal similar to the 16-to-1 silver standard advocated by William Jennings Bryan, or some other sound program of expansion that will result in lowering the cost of the gold dollar and raising the price of cotton, corn, tomatoes, and all farm commodities.

Third. Laws that will readjust the tariffs and secure an understanding with foreign nations which have put into effect retaliatory tariffs and very largely have destroyed markets for American farm products. Likewise, a revision of tariff laws which will save the American farmers millions of dollars in indirect taxes.

Mr. Chairman, it has never been necessary during my 20 years of public service to Mississippi people to worry about compensation, and I am not worried about this matter. However, I am vitally concerned that I may render a service that is worthy of the hire. If, day or night, I can study the details of the American Government and gain information to be utilized in a legislative program; if I can win your confidence and gain your friendship; if I keep the faith with the people who have honored and trusted me, then Mississippians will never begrudge one penny that I earn. If you will pardon this personal reference, I shall submit to you some necessary expenses I have had during my one year of service. Remember that I had a special election last March, a primary this summer, and a state-wide race until a supreme court decision stopped further expenses. You will be vitally interested to know, gentlemen, that my expenses for all three campaigns have been approximately $9,000. Furthermore, during my term of office, I have not spent one cent of Federal funds in paying any member of my family or relatives for clerk hire. On the contrary, in the discharge of my duties, at my own personal expense, I have paid for additional clerical service. Let me further say, gentlemen, that I love the code or standard of service which permits a public servant to finance his own campaign expenses. Then he is unhampered by the wishes of special interests and is absolutely free to represent the interest of the masses.

In conclusion, let me say that this proposal is a simple test of your mettle and mine. Let us vote our convictions in a courageous and honest way.

Suppose, my friends, that this proposal, and similar proposals, were carried to extreme conclusions; what would be the inevitable results? It would simply mean that the American youth, without money and living in the rural section or small village, would be forever eliminated from the participation in the administration of the American Government. Instead, it would result in the affairs of this Government passing into the hands of the wealthy class. Then the people of the greatest land on earth would find themselves facing a condition like that which once prevailed in Rome, Russia, Germany, France, and England. Suppose this type, a type similar to a few of the $1 a year employees of the Government during the war-time profiteering days, were administering the affairs of Government. I wonder what would be the attitude of these international bankers toward foreign debts, a lowering of the income taxes in the upper brackets, and so forth.

It does not require much courage to vote your honest convictions in this matter. Let us play this game fairly and be good sports, regardless of the reports of the Associated Press and CONGRESSIONAL RECORD. I hope that my Democratic colleagues, and likewise my Republican friends, regardless of whether you won or lost your election, will play this game as good sports, remembering that fine code of sportsmanship so well expressed by an eminent writer in these words:

For when the One Great Scorer comes
To write against your name
He writes not that you won or lost—
But how you played the game.

Mr. CLARKE of New York. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended two minutes.

Mr. HUDDLESTON. Mr. Chairman, I object.

Mr. JOHNSON of South Dakota. Mr. Chairman, I move to strike out the last word.

I rise, Mr. Chairman, to oppose this amendment, because I know of its absurdity. For 18 years it has been my pleasure to be a Member of this body. I have left the House voluntarily, never expecting to return to it as a Member, leaving it with less money than when I came, which is about nothing, but perfectly satisfied with the great experiences of congressional life. But I know something of the problems, legislative and personal, that you Members of this body must solve, and the problems that those who may come after us must meet. I know that most of the Members of this House are compelled to keep up a home in two places, because you must maintain a home where your real home is, and maintain one here where your temporary residence happens to be. I know that of those who leave Congress, practically all leave without any more money than they brought with them, and most of them leave very much in debt. I know of one time, when times were good and people were traveling, I kept account for 60 days of the expenses that come to a Member of the House. For 60 days for lunches, dinners, tickets, and automobiles, and just the courtesies that are extended by Members of Congress to those whom they represent, I found that it took one-third of the salary I received. Anyone who knows the facts knows that you are compelled to maintain a certain standard of living here that would be the same as your standard of living at home; and, as a matter of fact, I would rather live in the town from which I came with a salary of $4,000 a year than live here at a salary of $10,000 a year. [Applause.] I do not say that there is demagoguery in this amendment, because I can not conceive of such a thing, but I feel it is my duty to give the facts, and if there is demagoguery, it ought to be met by the facts. I can not help but feel that this amendment was made more for the purpose of its effect in some great Southern State than it is for its effect on the floor of this House. [Applause.]

I say that with all courtesy, because in leaving this House after 18 years I can truthfully say that I do not have any element of personal feeling against any man or woman who is a Member of this body. I have felt sometimes that you are afflicted with so many intimidating lobbies and that sometimes you are harassed by so much demagoguery, it is my duty in leaving here to protect you, if I can, from a little of it by giving the facts as they exist. I do not believe that any Member of this body ought to vote for this amendment, because I know if he does, and if it is adopted, he can not maintain his family with any degree of self-respect. Any Member of this body who does vote for it, and if it is adopted, will find when he leaves that he will owe just that much more money which he must pay and for which he must work.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I yield.

Mr. WHITTINGTON. Is it not true that $7,500 will buy as much approximately, if not more, than $10,000 would buy in 1929?

Mr. JOHNSON of South Dakota. Not in Washington. Let me say in answer to the gentleman from Mississippi that if, when this horde of people come from Mississippi shortly, he will do as I have done, if he will take them to luncheon and dinner as I have done with constituents who have come to see me, and extend to his constituents who visit him in Washington the same courtesy they would extend and have

extended to him in their home towns, he will find he will have nothing left of his salary. [Applause.]

Mr. WHITTINGTON. Is it not true that living expenses in Washington will not decline until there have been further reductions in governmental expenses?

Mr. JOHNSON of South Dakota. That is entirely speculative. I am certain the cost of living in Washington is not a matter of food only; it is the things we must do and expenses incidental to political life from which we can not escape.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

Mr. SIMMONS. Mr. Chairman, I object.

Mr. SANDLIN. Mr. Chairman, I move that all debate on this paragraph and all amendments thereto close in 10 minutes.

The motion was agreed to.

Mr. COCHRAN of Missouri. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I rise for the purpose of defending the committee of which I am chairman, the Committee on Expenditures, and also of which the author of this amendment is a member. The proposition he places before the House at the present time is now under consideration by our committee and it was brought there in part by the gentleman from Mississippi. When did he bring it there? It came to the committee last week, and one of the bills which he introduced contains the same provisions as the amendment he offered, to which I made a point of order. He introduced that bill day before yesterday. The committee has already held one hearing for the gentleman from Mississippi. It will hold additional hearings.

We should have orderly procedure in this House. Our rules provide for it. There is no effort on the part of this legislative committee to stifle an investigation of the bills the gentleman has presented, and there will be no such effort.

Mr. Chairman, this bill is not the place to add legislation of this character, although it is permissible under the rules, especially when the legislative committee is doing its duty.

There is a tendency upon the part of the press of the country to discredit the Congress, claiming there are certain abuses here. I am not going into all of them, time will not permit, but I want to mention one of them, and I hope the gentlemen in the press gallery will take notice of what I have to say.

Members of Congress are accused of getting free shaves and free hair cuts. I do not know what happens in another body, but I know something about the House. I can go across the street to an outside barber shop and get a hair cut and a shave for 50 cents. I can go to the barber shop in the House Office Building and get a hair cut and shave for 60 cents; but if I go into the barber shop of the Capitol down stairs a hair cut and shave will cost me 75 cents. I get no shaves or hair cuts free. Nevertheless, the people of the country have been led to believe we can go into the barber shop every day and get service for nothing. There are many other so-called abuses that are not based upon facts. We were criticized for having water coolers. Do my friends in the press gallery want the water cooler there? They are essential to good health.

What does the amendment of the gentleman from Mississippi propose? It proposes to reduce the salaries of Members of Congress to save the Government $795,000 a year. That is what it is supposed to do. As I said yesterday, the author of the amendment, who has taken a great interest in economy overnight, tried to add an amendment to the Army appropriation bill amounting to $30,000,000, and it would take 40 years to save that $30,000,000 under the amendment the gentleman from Mississippi now offers.

I believe it is the duty of this House to let its legislative committee handle this matter; and I can assure each and every Member a free and open hearing and most careful consideration following the close of the hearings.

Furthermore, I think, in all fairness to the 165 new Members of the House who come March 4, who will be affected by the amendment, they should be allowed to decide whether they will reduce their salaries. Also, do not forget the Norris amendment means a $1,600 reduction to the new Members. I hope the House will take this fact into consideration and not legislate upon the salaries the Members of the Seventy-third Congress are to receive. One hundred and sixty-five new Members will be here after March 4. It is the greatest turnover in the history of the House, so far as I know.

All the gentlemen from Mississippi and Tennessee are doing here to-day is to give those who do not understand conditions an opportunity to further abuse the Congress. At the expense of all Members they seek to bolster up their political fences. Why, the record of the gentleman from Mississippi [Mr. WHITTINGTON], when it comes to economy, should be inspected. He deserted the Economy Committee, and if anyone doubts it, refer to the record votes. Where was he when there was an opportunity to save a hundred million dollars a year by consolidating the Army and Navy? Look at other record votes and see how he failed to join those who were trying to save the Government real money—not a few hundred thousand but millions.

The gentleman says he will withdraw his amendments if I will assure him, as chairman of the Committee on Expenditures, to take up his bills. Such a proposition is absurd, when he knows he received a hearing two days after he asked for it last week and when he knows that additional hearings are to be held. His bill, where he would slash all salaries, only came to the committee yesterday. It was introduced Wednesday. That shows on the face how absurd his proposition is. I resent any statement that the committee has not functioned or that it will not continue to function.

There are many Members who feel that there has been too much reduction of salaries, not only in the Government service but in private business, for the good of the country. We reduce the purchasing power, and that is just the trouble in this country to-day. Restore the purchasing power and you end the depression. The balancing of the Budget will immediately follow when the purchasing power is restored. Again I say, Mr. Chairman, that it is only fair that we leave to the incoming Members the question of a further reduction in salaries.

Government employees, including Members of Congress, have suffered a reduction in salaries and allowances within the last year, and the bills now pending in the Senate, which have passed the House, provide for continuing that reduction.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, reducing the salary of Congressmen and Senators to $7,500 a year simply takes away the increase which was obtained during the great days of prosperity.

I am fully aware that reducing the salaries of Congressmen and Senators to $7,500, in and of itself, is not a drop in the bucket when it comes to balancing the Budget of this country, and I am not placing my support of this amendment on that ground. The ground upon which I am placing it is that if Congressmen and Senators will take these personal reductions there will then be some chance to obtain general reductions which will run into hundreds of millions of dollars. With a Government that has run behind for three consecutive years and is going to run behind the fourth consecutive year—a Government which last year ran behind 57 cents every time it spent a dollar and this year is running behind nearly 50 cents every time it spends a dollar, in fact of the fact that we added nearly a billion dollars of burdensome taxes last session—it is absolutely imperative that the expenses of the Government be reduced, and you can not reduce them a dollar without taking a dollar away from somebody who has heretofore been obtaining it.

Practically all the money spent by the Government goes to people in one form or another, and any time we start to economize we are going to step on somebody's toes.

The real value of this amendment, when it comes to balancing the Budget, is that Congress will have gotten its own house in order, and those who are rebelling against any reduction can not point the finger of criticism at Congress and say, "You have not cut your own salaries." Maybe then we will have the courage to go straight up and down the whole list of those who are drawing money from the Federal Treasury and make reductions in keeping with the necessities of the Government.

The truth of the matter is, in actual practice, there has been little less than a conspiracy between Congress and others on the public pay roll against the tax-paying masses of this country, in that Congress would not reduce the salaries on the outside because consistency would require congressional reductions. If, in a democracy, the time has come when the Representatives are going to vote their own, personal, financial interests rather than the interests of the people as a whole, then democracy is doomed, because the people have no one to stand in their defense.

If times were prosperous, I would have no desire to demand these reductions, but such is not the case. Here is where we are leading. If we do not balance this Budget and get expenditures and income together, it is only a matter of time until the Government of the United States is going to default on its obligation. It would be defaulting today except that the once proud Government of the United States is at the mercy of the bankers of this country, because it is from the bankers the Government is borrowing money with which to carry on the current expenses of government.

I look with shame upon the fact that my Government must obtain its money with which to carry on its daily activities by borrowing it from the banks of this country.

I want my Government on a sound basis with revenue and expenses on a parity, but we can not get them on a parity unless we reduce expenses.

Now, my Democratic friends, how are you going to keep that 25 per cent pledge in your platform if you do not reduce expenses, and how are you going to reduce them except by letting many off the Federal pay rolls or demanding general reductions. But if you are going to demand reductions, how can you expect others to take them if you will not?

[Here the gavel fell.]

Mr. LAGUARDIA. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection?

Mr. SCHAFER. Mr. Chairman, reserving the right to object, debate has been closed. Other Members want to speak. If the gentleman did not want the debate closed, he could have objected.

Mr. LAGUARDIA. Debate was closed on motion of the gentleman from Louisiana.

Mr. SCHAFER. Mr. Chairman, in view of that fact, I will not object.

Mr. HUDDLESTON. I object.

Mr. KUNZ. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. Is the gentleman opposed to the bill?

Mr. KUNZ. I am.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. KUNZ. Mr. Chairman, I am not at all surprised that at this late hour some of our colleagues have been conscience stricken.

Mr. HUDDLESTON. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. HUDDLESTON. Mr. Chairman, I object. The committee has closed debate on this amendment. The gentleman has no right to debate this matter after that order is taken. He may move to strike out the enacting clause but not debate this subject.

The CHAIRMAN. It has been held that a motion to strike out the enacting clause is debatable, with five minutes on each side. The gentleman is recognized for five minutes.

Mr. KUNZ. As I have said, some of the Members have become conscience stricken. You know we have a great many men here who have sacrificed their time to be here at $10,000 a year. We have some men here who are conscience stricken and admit they are not worth more than $5,000. Any business man or any lawyer who has a practice or is in business sacrifices his time to come here; and, eliminating the money you spend to entertain, there is involved neglect of business at home.

If the gentleman feels that $10,000 is too much for him, or if he desires to send word to his constituency that the Government is paying him more than he deserves, he ought to certainly resign and let them send some better man in his place who is worth $10,000 a year. [Applause.]

You know it amuses me when I hear gentlemen tell about their party platform. The gentleman from Mississippi tells you about the party platform pledge to the people of the country. Does he forget that the candidate who was elected President of the United States told the people of America that they would have beer, and, naturally, the country expected the gentleman, standing by his pledge, to support the next President of the United States and to vote to give the people beer.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. KUNZ. I have not the time.

Of course, we hear many of these people convey to their constituents their value and tell about their hard work for the country.

My friend from Kansas talks to you about balancing the Budget. He has not talked of anything but balancing the Budget since he has been here. If he were sincere about balancing the Budget, he would propose to Congress that the capitalists and the monied men of America who have invested their money in tax-exempt securities to the extent of $40,000,000,000 be made to pay the war debt and help to balance the Budget.

This cry of "balance the Budget" does not do any good for the country or the Government, and the gentleman, like a great many others, comes here and talks about balancing the Budget and reducing his salary, because he feels conscience stricken, because he is not worth the amount of money he is receiving from the Government.

Mr. Chairman, I yield back the balance of my time and ask unanimous consent to withdraw my pro forma amendment.

Mr. GOSS. Mr. Chairman, I object.

Mr. LAGUARDIA. Mr. Speaker, I rise in opposition to the amendment to strike out the enacting clause.

Mr. Chairman, in this instance I can qualify as a disinterested witness. [Laughter.] One of the easiest grand-stand plays—and I know something about grand-stand plays [laughter and applause]—is to get up here and move to reduce the salaries of Representatives. It is always good for a hand back home.

I made a very careful study of this question last session and the session before. I compiled the average cost of maintenance, travel, and additional expense of Members of this House, and while, of course, I do not know anything about the standard of living of the gentleman from Mississippi, I say that any Member of Congress who seeks to do his work diligently and intelligently must necessarily devote all his time, thought, and attention to his legislative duties. To do this he can not engage in any trade or profession back home. Yet he is put to the additional expense of maintaining a home in Washington; he must maintain his home in his district; he is put to the additional expense of dividing part of his family for the education of his children; he has the additional expense of reporting to his constituency every two years and in between sessions; and it is impossible for any Member of this House to do that which is required of a Member with less than the salary he is getting now. [Applause.]

But there is another question involved. Of course, the gentleman from Kansas gets up here and pleads that "we

must balance the Budget"—and I am using his words, because the bankers demand it—else we default on the bankers' interest. But I plead to-day not for the bankers but for the American people, who have the right to go into their district and pick one of their own to send to Washington, without getting a Bradstreet report on him to find out whether he can afford to take the office as a luxury or a sport. [Applause.]

We have heard so much about dollar diplomacy, where it was necessary for a man to show his bank book before he could qualify for an appointment as ambassador. We have to a certain extent corrected that evil. Does the gentleman want to establish a "dollar Congress"? Does the gentleman want to make this a rich man's club? Does the gentleman want powerful interests to pick one of their employees or a retainer and send him to Congress, pay him an additional salary, and have their individual representative to look after their business here?

This story is not new at all. This is not a job, it is a mission; and there are men in this House who do take this office as a mission. We have important work to do. I know I work hard and I know my colleagues work just as hard. Our work requires a great deal of application, thought, and study, and Members should at least be relieved of the economic worries of the bare requirements of a family. [Applause.]

I have consistently resisted the lowering of standards of living. Surely I can to-day oppose an effort to so lower the pay of a Member as to make it possible for only a wealthy man or a subsidized person to take this important office. I sincerely believe such a system would undermine our system of representative government. I do not maintain that a man should be disqualified to sit in this Chamber because of his wealth. So I insist that nothing should be done to permanently disqualify a man from coming to Congress by reason of lack of a fortune or an independent income. The approval of the pending amendment would be tantamount to requiring property ownership as a necessary qualification for eligibility to election to Congress, a qualification which was definitely rejected all through the history of our country.

[Here the gavel fell.]

The CHAIRMAN. The question is on the motion of the gentleman from Illinois [Mr. KUNZ] to strike out the enacting clause.

The motion was rejected.

Mr. RAMSEYER. Mr. Chairman, I have a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. RAMSEYER as a substitute for the amendment offered by the gentleman from Mississippi [Mr. WHITTINGTON]: Page 2, after line 3, insert: "The compensation of Senators for a month's service during the fiscal year ending June 30, 1934, shall be at the rate of $10,000 per annum if the average wholesale commodity price level during the month next preceding was 90 or more; $9,000 per annum if such level was 80 or more, but less than 90; $8,000 per annum if such level was 70 or more, but less than 80; $7,000 per annum if such level was less than 70. For the purposes of the preceding sentence, the average wholesale commodity price level during a month shall be the index number of wholesale all-commodity prices, based upon the year 1926 as 100, as indicated for that month in the monthly compilation of wholesale prices compiled by the Bureau of Labor Statistics of the Department of Labor."

Mr. SANDLIN. Mr. Chairman, I make the point of order on the amendment that it is legislation on an appropriation bill.

Mr. RAMSEYER. My amendment is not legislation on an appropriation bill. It is a limitation on an appropriation bill and within the Holman rule. The Whittington amendment reduces the pay to $7,500 per annum. Such pay, after July 1, will be $10,000 under existing law.

Mr. WHITTINGTON. The bill now provides for $9,000 under the economy act.

Mr. RAMSEYER. The economy law now in effect ceases to be in effect on the 1st of July next. We are appropriating for the next fiscal year, beginning July 1, 1933, and according to existing law the salary will be after July 1 next for a Senator or Representative $10,000 per annum. The Congress has not yet by law changed that. The Treasury and Post Office appropriation bill is still pending, and the economy provision of that bill will not be in effect until it passes both Houses and is signed by the President.

Now, what does my amendment do? It merely provides that the monthly salary for the next fiscal year shall be based on $10,000 per annum if the commodity index number for the month before was 90 or more. The second step is that the monthly salary shall be based on $9,000 per annum for the preceding month if the index number was between 80 and 90. It shall be based on $8,000 if the commodity index number was between 70 and 80 and $7,000 if the commodity index number was 70 or less. It does not go below that. If the index number is 90 or more, then the salary is $10,000. If the index number is 90 or more, there is no change in existing law.

Mr. BRITTEN. If the gentleman will yield, if his amendment is agreed to, would it have the effect of changing the Senator's salary every month?

Mr. RAMSEYER. It might. The index number comes out in the middle of the month. Of course, the gentleman's question is not pertinent to the point of order; but if the commodity index number changes enough, the monthly salary may be increased or decreased. My amendment, if adopted, will reassure the people back home that you are acting in good faith to bring about a restoration of price levels which would spell prosperity. By this amendment every Member of Congress will share automatically in the economic conditions, whether good or bad, with the people of the country. If conditions are bad, the salary will go down; if conditions improve, the salary will go up.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. RAMSEYER. Yes.

Mr. LaGUARDIA. It is quite possible that if the gentleman's amendment is adopted there would be no reduction.

Mr. RAMSEYER. Under my amendment, if prosperity is restored, that is, where the commodity index number will reach 90 or more, next August a Senator would receive for his month's pay at the rate of $10,000 per annum.

Mr. LaGUARDIA. If that is so, then the gentleman's amendment is not in order.

Mr. RAMSEYER. If the commodity index number is 90 or more, it would not change the salary under existing law. My amendment will bring about a saving if the commodity index does not rise to 90. At present the index number is 60.4; and if it remains there, or below 70, the monthly pay for the months that the index number is below 70 would be at the rate of $7,000 per annum.

The CHAIRMAN. The Chair is prepared to rule. The Chair sustains the point of order. The question is on the amendment offered by the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. WHITTINGTON) there were—ayes 37, noes 172.

Mr. WHITTINGTON. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from Mississippi demands tellers. Those in favor of ordering tellers will rise and stand until counted. [After counting.] One Member standing, not a sufficient number, and tellers are refused.

So the amendment was rejected.

The Clerk read as follows:

DOCUMENT ROOM

Salaries: Superintendent, $3,960; first assistant, $3,360; second assistant, $2,700; assistant, $2,040; two clerks, at $2,040 each; skilled laborer, $1,740; in all, not to exceed $16,390.

Mr. GARBER. Mr. Chairman, I move to strike out the last word. The Senate amendment to the legislative appropriation bill increasing the salaries of Members of Congress from $7,500 to $10,000 per annum, passed the House on February 20, 1925, and became effective March 4, 1925. In the CONGRESSIONAL RECORD of February 20, 1925, page 4273, appear my remarks in the House on that date in opposition to such increase. At that time I said:

Mr. Speaker, the proposed amendment increases the salary of Members of Congress from $7,500 to $10,000 per year. It also provides that the Speaker of the House, the Vice President, and Cabinet Members shall receive an increase from $12,000 to $15,000 per year.

The positions of the Members of Congress and of the Cabinet were voluntarily sought and accepted by each Member at the



then-existing salaries, which created an implied agreement between the people as the employer and the Member as the employee. In substance that agreement was: The rendition of certain services in consideration for the then-existing salaries. This agreement should be carried out by the respective parties. The employer has no right to discharge the employee; neither has the employee a moral right to arbitrarily raise his salary.

Being the direct beneficiary, he is not qualified to act in an impartial representative capacity, and in fact, the rules of the House prohibit him from so doing.

Voting to increase one's own salary is like a judge sitting in his own case. The amendment offered to have the increases apply only to the Congress to be elected two years hence presented an entirely different proposition than the one now being considered. When the people selected their Representatives for the Sixty-ninth Congress their Budget carried a salary of $7,500 annually for each Member. Had they been informed of the increase now proposed to be made they might have refused our employment and selected others of higher ability to represent them. The presumption is that the increased salaries would have given them the opportunity of making their selection from a higher quality of services.

Were conditions prosperous, times good, expenses cut down, and taxes reduced, and the proposed increase submitted to the people with their approval and the present compensation shown to be inadequate, an increase in salary for the Congress yet to be elected might be a subject worthy of consideration. Under present conditions, it is not.

I therefore shall vote against the amendment. Because the present compensation is inadequate to meet the high cost of living is insufficient justification.

There are 6,500,000 farmers producing necessary foodstuffs who have been unable to meet their expenses during the last four years, and yet they are not asking for a price fixing bill to raise their wages, although with equal propriety and merit they have every moral, legal, and political right to do so.

On December 11, 1931, more than a year ago, I introduced the first bill providing for a graduated reduction in the salaries of Federal employees, including Members of Congress, the Army, Navy, and, in fact, all governmental employees and officials not specifically excepted by the Constitution. The bill provided for a temporary reduction in salaries ranging from 10 per cent on salaries from $1,200 to $1,800 to 25 per cent for those in excess of $3,500, and if enacted would have saved the Government $208,002,520.47 annually. The following analysis of the measure shows in detail what its effect would have been and the total reduction in the cost of Government which would have been accomplished by its enactment:

Proposed reduction	Salaries affected	Amount of reduction
EXECUTIVE AND MILITARY		
25 per cent	[1] $3,500	$44,608,241.11
20 per cent	2,500–3,500	39,721,218.96
15 per cent	1,800–2,500	92,347,242.23
10 per cent	1,200–1,800	24,854,506.17
LEGISLATIVE		
25 per cent	[1] 3,500	1,838,995.00
20 per cent	2,500–3,500	1,059,422.00
15 per cent	1,800–2,500	1,623,055.00
10 per cent	1,200–1,800	1,949,840.00
Total		208,002,520.47

[1] Or more.

We now have under consideration the legislative appropriation bill, which includes appropriations for the salaries of Members of Congress and involves the question of necessary reductions to reduce the cost of government.

In this connection it is well to recall the statement of the Democratic leader, ex-Secretary Josephus Daniels, on March 6, 1932:

> The chief thing that stands in the way of reduction in the cost of government is that up to date Congress has done nothing to reduce its own expenses or compensation. Reforms must begin with themselves.

The Democratic national platform pledged its representatives to reduction in the cost of government of not less than 25 per cent. The amendment now pending before the House proposes a reduction of 25 per cent in the salaries of Members of Congress. The Democratic Party in convention said that its platform was a solemn covenant with the people. What about its solemnity now, when its representatives are face to face with the responsibility of voting such reduction in the salaries of Members of Congress? Should not Members of Congress and, in fact, all Federal employees be willing to take their cut with that of the average business man, with the average professional man, with the farmer, and laborer, all of whom have taken an average cut of not less than 50 per cent? Will the Democratic majority vote to cut or vote to violate the solemn covenant of its party with the people? Will it cease promising and begin voting to execute its platform pledges? Let the roll call answer, that the people may know what they are doing!

Economy, retrenchment, reorganization, curtailment of expenses to a minimum, these are our dire necessities now. But, more than that, they are our sacred obligations to the American people, who have manifested in this great national emergency a splendid, unselfish, patriotic spirit unequaled in the world's history.

The Clerk read as follows:

CLERICAL ASSISTANCE TO SENATORS

Clerical assistance to Senators who are not chairmen of the committees specifically provided for herein, as follows: 70 clerks at $3,900 each; 70 assistant clerks at $2,400 each; and 70 assistant clerks at $2,220 each; such clerks and assistant clerks shall be ex officio clerks and assistant clerks of any committee of which their Senator is chairman; 70 additional clerks at $1,800 each, 1 for each Senator having no more than 1 clerk and 2 assistant clerks for himself or for the committee of which he is chairman; messenger, $1,800; in all, not to exceed $663,850.

Mr. McGUGIN. Mr. Chairman, I move to strike out the first word. I would not rise at this time to speak except for the manner in which the gentleman from New York [Mr. LAGUARDIA] stood here a few minutes ago and misconstrued my statement with regard to this Government borrowing money from the bankers. Here is the situation with this Government to-day. We are going to write checks each month to pay the obligations of the Government, providing the banks will buy enough short-term securities to make it possible for the Government to have funds to meet those checks. Whenever the Government or any other institution meets its current expenses by borrowing money from a bank, it is in the clutches of a bank. I resent the situation that the financial condition of my Government is in such shape that it functions from month to month provided it borrows enough money from the banks of the country to function. I remember reading that when Grover Cleveland had to borrow money from the banks——

Mr. BOYLAN. Mr. Chairman, I rise to a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. BOYLAN. The gentleman is not speaking to any amendment pending before the House. We have heard this story a hundred times, it is in the RECORD a thousand times, and why inflict it upon us any more?

The CHAIRMAN. The gentleman from Kansas will proceed in order.

Mr. GARBER. Mr. Chairman, the gentleman's argument goes to the question of the ability of the Government to pay the salaries of its employees.

The CHAIRMAN. The Chair has directed the gentleman to proceed in order.

Mr. McGUGIN. When Grover Cleveland was President and borrowed money from the banks, the Republicans of this country criticized the President for borrowing money, and the criticism was that he was permitting the Government to fall into the clutches of the bankers. That is what we are doing to-day, and there is no one more responsible than a Congressman who will sit in the Halls of Congress and refuse to vote for a reduction in expenses of Government and refuse to vote for any revenue bill which will raise enough money to meet the expenses of the Government.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. This Government can not go on indefinitely following that policy. This Government is intrusted in the hands of Congress, and there is not a man sitting here but knows that every government that ever failed, at the time of its failure, was unable to meet its financial obligations, and such is this Government. Again I say, I

resent the fact that Congress will not provide sufficient revenue to meet the expenses of the Government, and Congress will not reduce expenses, and thus leaves our Government in a helpless situation where it is in the clutches of the bankers. I have seen enough of the bankers, especially the international bankers, and I do not want to see them have their hands about the throat of my Government; but as long as we turn to them and borrow on short-term notes, we are leaving the Republic in the clutches of those bankers. Now I yield to the gentleman from Illinois.

Mr. SABATH. Instead of charging Congress with existing financial difficulties, is it not a fact that these very men, these very bankers, these men that are demanding the balancing of the Budget, are responsible for existing conditions because they destroyed the revenues of the Government by bringing about this crisis or this panic?

Mr. McGUGIN. I have no brief for the bankers, but the bankers are not responsible for the unbalanced Budget. The unbalanced Budget is due to the Government expending more than it is getting in, and Congress will neither reduce expenses nor pass a tax bill that will bring in the revenue. That is what I am complaining about; and that responsibility rests on the Congress, because no other body on earth can meet the responsibility.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. SABATH. Mr. Chairman, I rise in opposition to the pro forma amendment. Mr. Chairman, I heard the gentleman who preceded me demand of Congress that it balance the Budget. He does not seem to realize that he is advocating the very thing that these bankers, with whom he finds fault, desire him to advocate. This hue and cry for balancing the Budget comes from these bankers and their directors and their hirelings. They are responsible for existing conditions. They destroyed the revenue of the Government. If you will study this matter, you will come to the conclusion that even if you cut the governmental expenditures by 50 per cent and your revenue is reduced by 50 per cent, you can not balance the Budget.

Mr. McGUGIN. Of course not. If you reduce the revenue more than the expenses.

Mr. SABATH. And you should recognize the fact that Congress is not responsible for the conditions.

Congress did not bring about this panic. Congress did not destroy the business of the Nation. It was done by the investment bankers and the "boys" whom the gentleman seems to follow in his efforts to secure a balanced Budget.

Mr. McGUGIN. Will the gentleman yield?

Mr. SABATH. I can not at this time. It is absolutely impossible. The Budget has been balanced very seldom, and the gentleman should not lay such great stress upon that particular feature of existing conditions. If the gentleman would study the men who are behind this propaganda for economy and balancing the Budget, he would come to the conclusion that he is in the wrong company, and I know he would quickly get away from that influence which he is permitting to mold his speeches on the floor of this House.

Mr. McGUGIN. Will the gentleman yield?

Mr. SABATH. I yield for a moment.

Mr. McGUGIN. I will say to the gentleman that my hue and cry for balancing the Budget is not prompted in any sense by any desire of bankers, but merely made in the light of history, which records what happens to governments which do not meet their expenses.

Mr. SABATH. That is not a question.

I have in my possession a pamphlet from the National Economy League. I have a letter from a similar organization, the National Organization to Reduce Debt Expenditure. I am satisfied that all of those organizations are financed, aided, and assisted in their propaganda by the various officials of the banks, their directors, and the presidents of organizations whom those banks control. I know several of those gentlemen are presidents of railroads and although the railroads have been losing tremendously month after month, those presidents are still drawing $120,000 or so a year. What applies to them applies also to the directors of many of the corporations that are owned by Wall Street interests, men who are getting $75,000, $100,000, and as much as $250,000 a year, and many of whom do not possess even the ability which the gentleman from Kansas displays on the floor of this House. [Laughter and applause.]

In view of that fact, I believe we should not be misled and carried far afield in continually advocating and shouting for the balancing of the Budget.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. SCHAFER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, on his balancing of the Budget proposition the gentleman from Kansas [Mr. McGUGIN], the able legislator, is absolutely correct. In his advocacy of tax reduction the gentleman from Kansas [Mr. McGUGIN] is absolutely correct. I am somewhat surprised, I am amazed, to find the Democratic Member, who just left the well of the House, indicating in his remarks that the Budget did not have to be balanced, and that the cost of government did not have to be reduced, particularly in view of the fact that in the last session of this Congress the Democratic Speaker of the gentleman's party and the Democratic floor leader of his party stood in this very well of the House and made eloquent speeches in behalf of the early balancing of the Budget.

I was surprised to find the Democratic gentleman from Illinois [Mr. SABATH], who has just left the floor, take a position opposed to a reduction in the cost of Federal Government, in face of the Democratic platform declaration and outbursts of oratory delivered by Democratic campaigners in the last campaign, promising the people of the Nation to reduce the cost of Federal Government 25 per cent, although in the platform and those same speeches they promised relief of every kind imaginable that would cost ten or twelve billion dollars or more each year.

Mr. PARKS. Will the gentleman yield?

Mr. SCHAFER. If the gentleman will get me a little more time.

Mr. PARKS. I will ask to have the gentleman's time extended 10 minutes.

Mr. SCHAFER. The gentleman must get the time first.

Mr. HASTINGS. No, Mr. Chairman; we can not extend the time.

Mr. BARBOUR. Mr. Chairman, regular order.

Mr. SABATH. Will the gentleman yield?

Mr. SCHAFER. I yield to the gentleman to whom I have referred [Mr. SABATH].

Mr. SABATH. Does the gentleman from Wisconsin believe that the return of prosperity is dependent upon balancing the Budget?

Mr. SCHAFER. I believe that balancing the Budget will assist to bring about prosperity, just as advocated by the Republican President of the United States, just as advocated by the Democratic leader, Mr. RAINEY, from the gentleman's State, and just as advocated by the gentleman's Democratic Speaker in this very well of this House.

Mr. KUNZ. Will the gentleman yield?

Mr. SCHAFER. In just a moment. With reference to the speech made by the distinguished gentleman from Mississippi [Mr. ELLZEY], in which he called attention to the wonderful relief that would result from the development of the Tennessee River Basin: The position in favor of this project conclusively proves that the Democratic leaders take a position of facing both ways on farm-relief legislation. They advocate and support the Roosevelt allotment plan to reduce acreage under cultivation, in order to reduce the farm surplus.

According to statements in the press the Democratic Party reversed itself as newspaper releases emanating from Warm Springs indicate that to save the American farmer and the Nation and to save the world we must, at the expense of the Federal taxpayers, put thousands and thousands of acres of new river-bottom farm land into cultivation and production in the Tennessee Valley.

Mr. KUNZ. Will the gentleman yield?

Mr. SCHAFER. Yes; I yield to the very distinguished gentleman who I understand is to be appointed ambassador to the Court of St. James. [Laughter and applause.]

Mr. KUNZ. Permit me to call attention to the fact that in 1923 Mr. Mellon and the Department of the Treasury called the attention of Congress to the fact that the expenditures were greater and the income was less——

Mr. SCHAFER. Oh, after March 4 you Democrats will be on the spot, when you can not blame Mellon and Hoover for all of the ills of America and the world.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. HASTINGS. Mr. Chairman, I ask unanimous consent that debate on this paragraph and all amendments thereto do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Clerk read as follows:

For driving, maintenance, and operation of an automobile for the Vice President, $3,840.

BANKERS UNBALANCED BUDGET

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think it is material in the consideration of this bill that we talk about balancing the Budget. I do not find myself in complete accord with what the gentleman from Kansas has said about balancing the Budget. I am willing to go along with him and do everything in my power to help balance the Budget, but there are several ways of doing it. He says the Nation is imperiled unless we balance the Budget immediately. There has been some discussion about the cause of the unbalanced Budget. It was suggested that the large bankers have had a great deal to do with it. I believe that is true—not the few independent bankers scattered over this Nation, but the few powerful bankers who control practically all the industrial and business concerns of this Nation. There is one bank in New York City the directors of which own and control over 900 different industrial concerns. A few banks in New York City control more than 3,000 industrial concerns and railroad companies. They control practically all the automobile business concerns except the Ford Motor Co., and there has been an effort made to get control of the Ford Motor Co.

USE OF GOVERNMENT CREDIT FREE OF CHARGE

If the bankers who are using the Government credit of this Nation to-day were to pay for this credit like anyone else would have to pay for it, we would not have an unbalanced Budget. If we should go back and require the collection of an interest charge from the Federal reserve system for the use it has made of Government credit, which represents a mortgage upon all the homes and all the property of all the people of this Nation, we would have a sufficient amount to balance the Budget, and we would not have to be worrying about it. Further, the present law requires the collection of such interest.

GET GOVERNMENT OUT OF BUSINESS AND BANKERS OUT OF GOVERNMENT BUSINESS

So, after all, it goes back to the use of the Government's credit without charge by a few powerful bankers. I believe we will have to get the Government out of the business the people of this country are engaged in. On the other hand, I believe we have got to get these few powerful bankers out of the Government's business. The bankers must confine themselves to the banking business. Instead of confining themselves to the banking business they are going into the investment business and flooding the country with worthless stocks and bonds, they are going into the automobile and railroad business, they are going into every kind of business activity, and they are doing it with the aid and assistance of Government credit without any charge whatsoever. Under such circumstances no one else can possibly compete with them. It is unfair competition.

There is one business that the bankers should get out of and the Government should get into. That is the Government should issue its own money and quit farming out that privilege.

CONSTITUTIONAL MANDATE

The Constitution of the United States says that Congress shall coin money and regulate its value. All I ask is that this Congress go back to the Constitution and do just exactly what it says.

UNFAIR COMPETITION

Our Budget will never be balanced as long as we farm out the credit of this Nation to a few powerful bankers free of charge and permit these bankers to use this credit in competition with people who are not enjoying such privileges furnished to them free of charge by the Government. Let me read you an excerpt from an article recently appearing in a New York newspaper:

To-day more fervently than ever people everywhere pray to be saved from the politicians who rule them. What men chiefly resent in the politician is not his alleged cowardice, but his stupidity and his ignorance.

Congress is entitled to be criticized for letting the few have a monopoly on the credit of the Nation and use it without charge.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for three additional minutes.

Mr. HASTINGS. Mr. Chairman, I hesitate to object, but it is necessary that we get through this bill. I may say to the gentleman from Texas that we ought to go forward with the appropriation bill. I shall not object to this extension of three minutes, but I want to serve notice that I shall object to further requests for extension of time.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Chairman, I want to serve notice, too, that I think some of us should have a little time to discuss fundamental problems.

Mr. HASTINGS. The gentleman had all day yesterday in which he could have done it.

BANKERS BONUS

Mr. PATMAN. No; we did not have any time at all, not even a minute. The gentleman from Oklahoma is mistaken. He entertains progressive views and I am sure he is glad to hear them discussed. We have got to discuss these fundamental problems. Why take up all this time just appropriating money? Where are we going to get the money? Does not the gentleman think it is material to talk about where we are going to get it, to talk about paying bankers hundreds of millions of dollars a year bonus that is unbalancing the Budget? We are entitled to a little time, too. If bills are going to be passed under suspension and gag rule, let us pass bills like this one under suspension and gag rule, appropriation bills, and then take up some time with general legislation.

JEFFERSON'S WORDS

Our country is never going to be brought out of this panic unless we go back to the Constitution of the United States and do what the framers under the Constitution said we must do. Thomas Jefferson penned the words in the Constitution, that Congress shall coin money and regulate its value. Congress should resume that privilege.

I am anxious to hear from some gentlemen on the floor who have given this matter considerable study and thought, and how will they get an opportunity to speak unless they take time when an appropriation bill is being considered? I hope the House will be patient when these problems are discussed.

BANKERS PAID TO TAKE MONEY

There is another way of balancing the Budget besides raising taxes. For instance, we are appropriating between $40,000,000 and $70,000,000 a year from the Public Treasury to pay these few powerful bankers interest on bonds they have deposited with the Secretary of the Treasury. In return for those bonds they have received new currency, greenbacks, money, from the Treasury of the United States.

While they are getting the use of this money they are also getting interest on the bonds they have deposited. Is not this material in connection with an appropriation bill? We can save money by requiring these bankers to pay for the use they make of the Government credit. The small banks of the Nation will be helped considerably if the large banks are deprived of the privilege of using the Government's credit free. Until the Government assumes its constitutional duty to issue money these few bankers should be required to pay for the use of the money that is issued on the credit of the Nation.

[Here the gavel fell.]

Mr. LANKFORD of Georgia. Mr. Chairman, I rise in opposition to the pro forma amendment of the gentleman from Texas [Mr. PATMAN].

Mr. Chairman, I want to make just a few observations concerning the question of balancing the Budget and solving our present financial difficulties.

I am as much in favor of balancing the Budget as anybody else in the House should be, but we will make an awful mistake if we persuade ourselves to at all believe we can bring back prosperity merely by balancing the Budget. If we solve the fundamental problems which so sorely beset us, we will go a long way toward not only balancing this Budget but providing for the balancing of all future Federal and State budgets.

Just as the gentleman from Texas [Mr. PATMAN] said a few minutes ago, if we solve the question of whether or not our currency should be inflated within reason we will lay the foundation for prosperity, and prosperity in this country will mean the balancing of the budgets of the future. What we may or may not do with this Budget is not so important as is the question, Will this Congress or the next Congress solve the problems of finance, the problems of real farm relief, the problems of real constructive legislative dealing with transportation, so that the budgets of the future may be balanced?

If this panic had not come, we would have had no trouble in balancing the present Budget. Enough money was easily raised by taxes during the years just prior to the depression not only to balance the Budget but also to allow large refunds to those who paid their taxes, and I am anxious to impress upon Congress and upon the country the idea that the way to balance not only this Budget but other budgets is to solve the fundamental problems which are crying for solution, rather than trying to solve them merely by balancing the Budget. Let us cure the awful causes of the depression rather than put all our efforts on a more or less minor result of the depression.

Mr. GARBER. Will the gentleman yield?

Mr. LANKFORD of Georgia. I gladly yield.

Mr. GARBER. Mr. Chairman, I heartily agree with the gentleman's statement that it is essential first to stir the activities of the country in order to secure revenue to balance the Budget.

Mr. LANKFORD of Georgia. That is absolutely true; and it is necessary to bring into existence some form of relief for agriculture, some form of relief for the taxpayers who live back in the States. Whenever we levy a sales tax and invade the States, we not only hurt the farmers who live in those States but we bring about a situation making it more difficult for the Congress of the future to balance the Federal Budget; we make it more difficult for the States to balance their budgets in the years to come. We must not decide that balancing the Budget will solve all our problems, but let us remember that the solution of the other problems will not only balance this Budget but also the Federal, State, municipal, and individual budgets of the future.

Aye, there is the rub. Let us help the individual citizen balance his financial budget, and he will gladly help balance the Federal Budget. We need not worry about balancing the Federal Budget if we will really solve the present problems. Those that are worrying so much about balancing the Federal Budget and seem to have forgotten all our other serious questions simply have put the cart before the horse. They are not approaching this question in the proper manner. They are trying to overcome the cause by curing the effect. Let us cure the cause, and the effect will quickly disappear. Let us balance the Budget of the working man, the farmer, and the average individual citizen, and we will be able to balance all the budgets of the banks and other financial institutions, and almost overnight we shall be able to easily balance the Federal, State, county, and municipal budgets. Congress can not further cut appropriations and thus force prosperity to return. Neither can Congress reduce taxes sufficiently to make everybody prosperous in the absence of some real, constructive legislation solving the pressing problems of the hour. The poorest nations raise the least money by taxation and pay out the least amount for public purposes. At present we are endeavoring to reduce both taxes and appropriations because everybody is in financial distress. If large revenues are raised in the proper manner and from the proper sources and paid out judiciously for all the people, much good will be accomplished and good government will be at its very best.

To my mind the actually balanced Budget is not near so important as is the proper raising and honest, careful expenditure of Federal funds.

I do not want my desire for the Budget to be in balance to be overlooked or misunderstood. I am saying though, that many, many matters are of much more importance than the mere balancing of the Budget. What is of most importance to the citizen is of most importance to the Nation. The Nation is made up of our citizens. The people should run the Government rather than the Government run the people.

In an economic way, nothing is of so much importance to my people—the farmers and their friends—as a good price for the products of the farm. So far as the farmers are concerned, the well-balanced budget of the producers of the Nation is of much more importance than the evenly balanced Federal Budget. The unemployed is much concerned about a job at a living wage, producing ample support for himself and family; he is tremendously interested in a well-balanced personal budget. Let us balance the budget of such as these; they will balance the budgets of the banks and stop bank failures, and we will not have cause to worry over our National Budget.

A mighty howl is going up from the big financial interest of the country about balancing the Budget. Why? There are at least five reasons for this propaganda. The big financial interests want to capitalize the present awful depression by forcing a Federal sales tax on the American people, by forcing lower salaries for Government employees so as to bring about a general wage reduction, by compelling Congress to unfairly reduce compensation and other benefits justly due veterans of the World War, by handicapping and preventing, if possible, the development of great projects for the use of the whole people, such as Muscle Shoals, and to sandbag Congress into repealing all remedial legislation for the masses of the people, without interfering in the least with the laws which grant tremendous benefits to those of great means.

The effort to force a sales tax on the ultimate consumers of the country has assumed alarming proportions. The battle is being waged, both by severe front attacks and well-maneuvered flank movements. When the opponents of the general sales tax were victorious last summer, the sales-tax proponents at once began a campaign to force on the people vicious nuisance taxes, such as the gasoline tax, the bank-check tax, the tax on cool drinks, the tax on candies, and so forth, and so on, and to make their collection as obnoxious as possible for the specific purpose of forcing the public into believing and advocating the repeal of these and the substitution of the sales tax in their stead. Neither of these taxes should be levied and collected for Federal purposes.

A tremendous drive thus is on by those who should pay large income taxes, great estate taxes, and inheritance taxes to rid themselves of these just taxes and to saddle all the burden of the Government on the average private individual of the country. The big financial interests of the country have the people huddled and are endeavoring to stampede them into the slaughter pen for final extinction of the last vestige of our once-boasted liberty. On one side these propagandists are shouting, "The Budget must be balanced"; on another side they are shouting, "Down with nuisance taxes and all other similar taxes; let's do everything by the sales-tax system"; and on still another side the shout is going up, "Prosperity can only be brought back by relieving all capital of taxes and by using the broadened base of a general sales tax."

More and more the wealth of the country is being gathered into the hands of the few and hoarded by them, and more and more these few are using this ill-gotten wealth to relieve themselves and this wealth of all taxes and place the entire burden of the Government on the naked backs, starving stomachs, and impoverished bodies of those who have been robbed of this wealth. There is only one known method by which this can be effectively done, and that is the manufacturers' sales tax or some variation of the sales-tax scheme. The fact that the manufacturers' sales tax is so called is no reason for the argument of its sponsors that it may be absorbed and fully paid by the manufacturers and not charged up to the men and women and children who labor for the particular manufacturers, or passed on to and paid by the ultimate consumer. Only so much will be absorbed and lost by the manufacturer, as he can not possibly pass on to some one else; and for every dollar which he can pass on, hundreds of dollars will be added to his profits and the profits of those who handle his products before final sale—all in the way of pyramiding of charges as the result of this nefarious system.

Then, again, the plundering of the poor is being attempted in various other ways by sales-tax systems even more vicious than the general or manufacturers' sales tax system. I shall briefly discuss only three such devices at this time. All three are most deceptive, and each, at first blush, appears plausible and can be easily mistaken for really worth-while legislation for the average independent citizen. Listen to the siren-like language by which the public is invited to turn aside and embrace these destructive sales-tax schemes to further destroy those who have already been bound hand and foot, gagged, and delivered into the hands of the big financial interests of the country. Here they are—first, legislation to prevent the issuance of tax-exempt securities in the future; second, a medium of exchange or currency on which a 2 per cent stamp tax is to be required every time it is spent; and third, a tax on all labor-saving machines and devices. Each proposal is most seductive, and the public may be most easily misled into asking for the enactment of legislation carrying each of them into effect. I shall not enter into a detail discussion of each of these three suggestions at this time; I prefer to merely mention the conclusions I have long since been driven to, by a careful study of these proposals.

The proposal to prevent the issuance of tax-exempt securities in the future, if enacted into law, at once will greatly add to the value of the approximately $26,000,000,000 in tax-exempt securities already outstanding and to which the law could not apply. These millions, and even billions, thus added to the wealth of these bondholders would not simply spring into existence by some legerdemain but would come out of the food that the poor must eat in order to live, out of the clothes that the naked must attempt to get in order not to freeze, and out of the money that the average man must get and spend in order to keep going and support his family. Then, again, we must remember that these tax-exempt securities of the future which would be taxed are not mysterious evidences of wealth owned only by the rich but include the school bonds that are sold by our counties and cities for educational purposes, the good-roads bonds that are sold to help in road construction, the farm-loan bonds that are sold to get money to be loaned to the farmers at cheap rates of interest, and various other bonds that are marketed to raise money for the welfare of the public.

This proposal, stripped of all its beautiful name, is a plan to put a tax on the brick that goes into our schoolhouses, into our courthouses, into all municipal and other public buildings, such as hospitals, and can only mean a sales tax on these and other articles bought and used in the construction of these buildings, as well as a tax on the people of the Nation who use these public improvements. It would be a tax on the poorest of the poor for the benefit of the great wealth of the country. It would place a tremendous additional burden on all public improvements, such as is suggested by President-elect Roosevelt at Muscle Shoals on the Tennessee River.

The most vicious sales-tax system, though, yet suggested is the proposal to issue a form of currency, called by some prosperity certificates, on which a 2 per cent tax is to be required every time these certificates are used in any trade or financial transaction. This idea simply out-Herods Herod, for there would be no exemptions of food or clothing or medicine or anything else for the poor where this money would be used. The big all-embracing exemption would be for the rich, who would not use this currency at all if they had to pay the tax and who make the purchase of ten times as much property in the Nation by check as the poor man and all others make with cash. This system would be a sales tax on everything that the poor man must buy, without any exception at all, where the poor are too poor to have any money in a bank and would relieve all purchases of those who are able to have a bank account and use checks in their various transactions. A plan to put a 1 per cent tax on currency every month or 12 per cent a year, as discussed by me recently, is a thousand times better than the plan to mulct the public by a 2 per cent tax every time a purchase of any kind is made.

The other sales-tax proposal is to levy and collect a tax from all labor-saving machinery and devices. This sounds like a real good proposition if we only listen to its seductive language and do not at all use our heads and follow this kind of tax suggestion to its ultimate conclusion.

Of course, all machinery can be classed as labor-saving machinery. Therefore, this is a proposal to tax not only all machinery but also all labor that works in connection with such labor-saving machinery and all articles that are manufactured by machinery. Thus we have at once a complete sales tax on all manufactured articles just as vicious and even more so than the manufacturers' sales tax, which I condemned earlier in my present remarks. Then to make bad matters worse, this would put a tax on all shop tools and all shop machinery used in machine shops and railroad shops. If the railroad shops in Waycross and in Douglas in my district now are unable to keep open and give employment to the men of my district who now are so sorely in need, it is hard for me to see how a tax on the machinery in these shops would aid the shops in reopening. Again I can not see how additional taxes on the locomotives would help the matter; neither can I see how a tax on automobiles would help the poor man who now owns one and can not even buy gasoline for it. In fact, the workingman's dinner pail was manufactured by a labor-saving machine and is itself a labor-saving device—enables the poor fellow to carry his dinner, if he has any, in a convenient manner and saves him the labor of carrying it around in his hands. This is also true of the paper bag which the poor man uses to carry food home with him at night. I can not see how a tax on these articles would benefit the poor or help relieve the depression. Neither will any such tax help to solve the problems of the farmers of the Nation. The farmer's mowing machine, corn sheller, sugar mill, stubble cutter, plow stock, and every other machine or device used about the

farm is a labor-saving machine or device and is an improvement over the implements used by primitive man to scratch the ground in order to make it more productive or to pulverize his corn for food, and so on. The wheelbarrow, the wagon, the old-fashioned horse cart, and the tractor, as well as the automobile, are each manufactured by labor-saving machinery and are themselves labor-saving devices or machines. The ordinary wheel, so much in use in all lines of industry is one of the greatest labor-saving devices ever worked out by the ingenuity of man. The sawmill which cuts our lumber, the grist mill which grinds our meal and hominy, the cotton gin which separates the seed of our cotton from the lint, the sausage apparatus which helps our mothers to make our sausage, and so on and so on ad infinitum, are all made and manufactured by labor-saving machinery and are themselves labor-saving devices and machines.

Mr. Chairman, I can remember well the old loom and the spinning wheel my mother used; the old wooden mortar and pestle with which my father separated the rice from the husk or chaff; the old hand grist mill with which I ground corn for the chickens; and the old well fork and sweep, which still stand at the old home place; and the old oaken bucket which hangs in the well, used by all of us—all these were not only heaven's richest blessings but also labor-saving devices, and I can not for the life of me see how a tax on them would in any way help to solve our present financial difficulties.

Every step in the march of civilization has been the result of the invention of labor-saving machinery and labor-saving devices. The telegraph and the telephone helps us to communicate with our friends and transact business without the labor of writing and having our letters carried long distances or the labor of personally traveling the intervening space to discuss matters with our friends; the electric light and electrical energy, generally, enable us to have light without filling and lighting the old kerosene lamp or carrying the hand torch and enables us to do thousands of things more easily and with less labor than could have been done by the early settlers in this country; the airplane helps us, without the slow use of a train or automobile or ship, to get anywhere we wish without much delay and without the labor incident to slow travel; and the radio enables us to know what is going on everywhere without having to try to be everywhere at the same time.

Our clothing is a labor-saving device and was manufactured by labor-saving machinery. Buttons, which enable us to fasten our clothing instead of holding it together as was done by the ancients, are splendid labor-saving devices. Hats and caps are, likewise, splendid labor-saving devices—help those of us that are bald to protect the tops of our heads without going around holding our hands on the top of our physical anatomy to ward off the rain and the snow and the heat and the cold. Suspenders are necessary and excellent and much-needed labor-saving devices—enable us to feel safe among our friends without having to hold up our trousers with our hands. Last, but not at all least, the much-enduring and patient safety pin, though sometimes of lowly but always honorable estate, is one of the most useful labor-saving devices ever wrought out by the inventive genius of all the wise men of all time. And yet, Mr. Chairman, for the life of me, I can not possibly figure out how any of these or all of these should be subject to a Federal tax; neither can I determine how anyone can decide that the present financial depression can be overcome by taxing these or those of us who use them.

Of course, I understand that there are those who have a mental twist which enables them to honestly believe that the way to help the poor is to tax everything manufactured for the poor, tax all the machinery which manufactures these articles, and even tax the working tools of the poor. This would do no good unless the particular machinery could be taxed out of existence. Then, if any good came to the few who might get work as the result of stopping the wheels of progress, they would lose much more because of the infliction of this same tax in other forms on themselves and on others, and so on, with the final result being simply more taxes for the poor without any corresponding benefits for them or the people generally. Nothing can be gained by additional taxes on labor-saving machinery or labor-saving devices. The workingman and the poor everywhere can be benefited not by putting more burdens on the progress of the race, but by providing for a fairer distribution of the results of these wonderful God-given inventions of man. Mr. Chairman, all these crystallized thoughts of the Creator in the hands of man should be owned and operated not for the selfish aggrandizement of a few but for the benefit, honor, and everlasting glory of the great "I am," and all the races of men everywhere.

Then again, this kind of tax would not only constitute a sales tax but it would also be an ad valorem or property tax and would authorize the Federal Government to levy and collect a property tax which has never been done heretofore but which has always been reserved for the States.

The Federal Government should not further invade the States in the gathering of taxes, and should get out of the States except as to those taxes that have been collected for many, many years before the present depression made the question of tax gathering so very important.

Not only is great wealth endeavoring to shift all the burdens of government to the shoulders of the poor, but they are also hoping to shout "the Budget must be balanced!" with such loud acclaim until they hope Congress will forget the duty of paying the veterans of the World War that which is just, due, true, and unpaid for services rendered by them. Let us not forget that our duty is greater to these boys who fought that we might live than it is to the profiteers who stayed here and fleeced the fathers and mothers of these boys while the boys were away.

Again, let us not forget to watch these malefactors of great wealth more than ever before. They are largely responsible for the present depression and now are using every possible effort to use the depression as a means of getting a stronger strangle hold on the public than ever before. Let us watch, as never before, every move made by them and every suggestion offered by them. They come as wolves in sheep's clothing. Their cry for a balanced Budget is not in good faith. It is selfish in the extreme from every standpoint.

They want the Budget balanced, of course, so as to maintain the value of their bonds and provide for the prompt payment of their unjust interest on these bonds. I deliberately used the words "unjust interest" because, to my mind, much of these bonds should not be in existence, but should have been settled by Government currency long ago. This, though, will be discussed more fully by me a little later during my present remarks. Of course, if the credit of the Government should be impaired by any means, all would suffer. The rich, though, would lose more money than the poor; they have more money to lose, and the poor have already suffered everything.

About a year ago, as a part and parcel of the scheme to get the attention of the public away from the crookedness of great wealth, a program of abuse and unfair criticism of Congress was started by the international bankers and others of their kind, aided and abetted by the big subsidized press of the country. The smallest thoroughly honorable detail was seized upon, distorted, magnified, and even misrepresented in order to lead the public into hating Congress and each and every Member thereof. Many of the small papers of the country—many innocently, others willfully and maliciously—joined in this orgy of abuse, misrepresentation, and villification. Mr. Chairman, many of the items mentioned in this campaign of vituperation have been and are to be considered in the pending bill, and I now wish to address myself briefly to them.

We have just considered the one in reference to cutting the salaries of Members of Congress. I never have voted to

increase my salary beyond $7,500 per year. Since its increase I have voted at every opportunity to reduce my salary back to $7,500. I did this while I knew I would serve for the $7,500 if that salary was adopted, and I am now casting the same vote when I know I shall not be a Member of the next Congress. I only received $7,500 for several years after I came here. Everything is much cheaper now than when I served for $7,500, and I feel that the salary of Members of Congress can at this time very properly be reduced to this amount.

I am voting to reduce the salaries of Members of Congress, knowing full well that this reduction, if carried into effect, will not be a drop in the bucket in the matter of balancing the Budget and will not change the price of cotton or corn one-thousandth part of a cent per pound, neither will it in any appreciable way help to relieve the present financial depression. I am voting for this reduction because I feel that if we are to cut expenditures in every way possible, we can not afford not to reduce our own salaries at least to $7,500. I am in favor of cutting the larger salaries, but I am not in favor of reducing the smaller salaries of Government employees or other employees. If we reduce the pay of the smaller employees of the Government, industry will at once reduce the salaries and wages of their small employees where they happen to be in employment at this time. I resent the argument that the way to balance the Budget is to cut the salaries of the employees who are not now getting enough to pay for reasonable food, clothing, shelter, and fuel to keep them warm, and that the way to solve the present depression is to cut again and again the small wages of the wage earner in industry.

Those of us from agricultural sections are fully persuaded that there can be no real relief until the farmers get a much better price for the products of the farm, and anybody who is at all familiar with such problems knows that the price of farm products never were elevated, while the price of wages were low, and that the prices of farm products follow the prices of wages. One never goes up while the other is going down. A fight to reduce the wages of the workingman or the pay of Federal employees is a fight against an increase of the prices of cotton, tobacco, and other farm products.

The public has probably been misled more in this matter than in any other. The salaries of all Government employees and all other officials of the Government, including Members of Congress, constitute a very small item of the total expenditures of the Nation. If the President should call out the Army and force all the Government employees, all public officials, Congressmen and their secretarial help included, to work without pay, sleep and live in tents, and subsist on bread and water, no considerable aid would be given to balancing the Budget, the depression would not be relieved in the least, no additional employment of other people would result, and the farmers would not be assisted at all in getting better prices for their products, and no appreciable difference would be seen in the tax burdens of the public. Our other national burdens and other troubles are so great and varied and the one of salaries is so small until it is but one ear of corn added to a freight-car load of our troubles and cares.

And yet there are those who claim that the way to bring back prosperity is to take it out on those that still have jobs by discharging part and practically destroying the wages of the balance.

Senator COSTIGAN, of Colorado, recently reported a survey of the present economic condition of the letter carriers of a large city in Tennessee, which is believed to be fairly representative, and shows that out of the 105 interrogated, 66 replied that they bought or started to buy their homes during the period of higher prices in this country; 57 that their homes are under mortgage; 63 that they owe for furniture and other household necessities; 70 that they are in debt because of sickness or death in the family; 85 that they are helping relatives who are unemployed; and 91 that a further reduction in salary will endanger their chances of completing their payments on homes, furniture, and other household necessities.

Thirty-one of the number, according to this tabulation, have been required to give up, in whole or in part, the use of home telephones; 15 have found it necessary to stop purchasing milk; 17, ice; 67, clothing; 64, home necessities; 59, insurance; 81, amusements; 27, gas; and 71 find themselves no longer able to make contributions to relieve the distress of others.

In addition, those who responded report that there have been no reductions in payments of interest, or in streetcar, gas, light, water, telephone, insurance, and total home expenses.

Mr. Chairman, I call attention to these items in order that the gravity of apparently innocent reductions urged by wage-reduction sponsors may not be forgotten by those of us who sit here and easily cast our votes on one side or the other of the pending issue. We are fundamentally dealing with business recovery and human welfare.

The public has been led into believing that Members of Congress should not receive a stationery allowance or mileage or funeral benefits, and ofttimes the criticisms of Members because of these matters lead the people to forget all about the Members' real legislative record. These items cause the Members more harm than good. I should like to see the present law amended so as to eliminate the stationery allowance of $90 per term; reduce the number which attends funerals of Members to only two from the Senate and two from the House, at Government expense, instead of a large number from both bodies, as now provided; and simplify the mileage allowance so that designing newspapers can not mislead the public into believing that a Member of Congress gets 15 or 20 cents a mile every time he rides on a train or travels, regardless of the number of trips he may take.

The stationery allowance is not sufficient to pay for the stationery used by the average Member, and yet it is seized upon to lead the public into believing that it is graft and that all Members who receive it are crooks and dishonest. It would be much better for all Members to pay for their stationery outright rather than have the public misunderstand this item. I had rather pay my stationery allowance and not get any mileage, so no one can have these allowances as a means to mislead the public into believing that they are of more importance than all other public questions and that on this account Congress is unworthy of the confidence of honest men and women. Personally, I would prefer to not get any mileage, but I realize that the elimination of mileage would not be fair to those who live long distances from Washington. I do wish, though, that some plan could be worked out so the public could not be so easily misled about this matter. As to funerals, I feel that only such an escort should accompany a deceased Member to his last resting place as will show proper respect for him. I never have felt that a large delegation was at all necessary for this purpose.

So far as the House restaurant is concerned, I am willing for it to be discontinued at any time. I never patronize it except occasionally when some friends from Georgia happen to be in Washington, and we take a meal in the House restaurant. I can, and do, get food that suits me much better, close by, for much less money, and I would not be inconvenienced at all if the House restaurant was abandoned.

I feel like apologizing for taking any notice of these items at this time. They are too small to take up any considerable time, when the whole world is suffering from agencies and causes which threaten our civilization and our very national existence. I only mention these very small items, which do not, and can not, affect the Budget or our economic condition to any appreciable extent, because it may

be well to do so since those who wish to get the mind of the public off the awful problems that confront us are continually misleading the public about these small matters rather than tell the truth about their own guilty responsibility. I want to impress on the public the insignificance of these matters as compared with the all-absorbing problems which so sorely beset us on every hand.

Now let us talk a little more about the Budget. If it must be balanced, how can it be done without the imposition of the general sales tax? My answer is, Bring back prosperity and let prosperity do the work, after the Budget has been reduced by every fair and legitimate means. I shall not now attempt to further discuss the many plans which have, from time to time, been suggested for balancing the Budget and for reducing expenditures. Neither shall I, at this time, further discuss all the plans I have, from time to time, suggested for helping the farmer and solving our present financial difficulties. I do wish, though, to briefly discuss Government bonds, inflation of the currency, and refinancing the farmers' indebtedness. These, if handled along the right lines, will usher in prosperity and provide for well-balanced budgets everywhere.

Everybody wants inflation and everybody wants deflation. Everybody wants inflation of what they have to sell and deflation of what they must buy. They want what they have to sell to advance in price and what they are to buy to fall in price. The big bankers want their money to advance in price and what they buy with money to go down in price. They also want an inflation of the value of their dollar and a deflation of the amount of money that is in actual circulation so they can more easily corner the money market and thus advance the value of the dollars which they have in their vaults.

For a long time the big bankers have had complete control of the inflation and deflation of money and therefore have had control of the inflation and deflation of the value of farm and other products. They have held down the inflation of the amount of currency actually in circulation and thus have inflated or increased the purchasing power of their dollars and accordingly have deflated or lowered the price of what everybody else has to sell.

This control of the issuance of the currency by the bankers is the cause of the depression, almost altogether, and must be taken from the bankers and handled for the benefit of the whole people before there will be a return of permanent prosperity.

The big bankers are fighting this transfer of control in every way possible. They are arguing that inflation of the currency is very dangerous, that it will not help at this time and that it will go wild because it can not be controlled. It can be controlled and is actually being controlled now by the big bankers for the big bankers and to the detriment of all the other people of the Nation. This control must be transferred to an agency created by Congress to act for the whole people and not for the bankers alone.

The big bankers are forced to admit that if enough new currency is issued and put into actual circulation, the value of the dollar will go down and the value of farm products and all other articles which are now for sale will advance accordingly.

If the value of the dollar should double again, the price of everything else would be cut in half; and that if the price or value of the present dollar could be cut in two, the average price of everything else would double. Likewise, if the price of the dollar could be reduced to what is now the value of a 25-cent piece, the price of cotton, tobacco, and everything else would at once be four times as large when measured in dollars and cents. Now, the big bankers have helped to make the price of the dollar three or four times as great as it was a few years ago and thereby made the price of everything else just about one-fourth as great as it was a few years ago. The big bankers have done another thing which is working havoc with our people. By this same process they have increased the debts owed by all of us to where these debts are about four times as large as they were and the interest rate is four times as big as it was when we made the debt. Our taxes are also about four times as great. Why is all this true? It is because it takes four times as much cotton or tobacco or anything else to pay these things as it did a few years ago. This means that those who have the money can get the property of those who can not pay their debts for about one-fourth of what it was worth a few years ago. When they get all of our property they want, then they will be willing to help to increase the value of property and thus again double and treble their money.

Thus we are face to face with the proposition that in order for our people to pay their debts they must get them reduced to about one-third of what they are, and in order for our people to again be free from the domination of the big banks and be happy and prosperous they must get about three times as much for their products as they are now getting. But it is said that this can not be done. Let us see if it can be done. A sufficient proper inflation of our currency will do it, and it can be done in this way on an absolutely sound basis. First, let us see if an inflation of the currency will do it, and then let us see whether or not this inflation can be made on a basis as sound or even sounder than that used at this time by the big bankers themselves.

The "standard of value" in France was the gold franc, which, before the war, contained 19.3 cents' worth of gold. France later stabilized her franc on a gold basis, not at 19.3 cents, but instead a law was enacted whereby the franc would contain 3.91¾ cents' worth of gold, and this paid off debts contracted at the old price of the franc. This resulted in a cancellation of 80 per cent of the debt claims against the people. Instead of having to sell farm products and other commodities sufficient to get 19.3 cents' worth of gold to secure a franc, under the new arrangement they had to sell only enough to pay 3.91¾ cents' worth of gold to get the franc, which would pay off the old 19.3-cent franc debts.

The "standard of value" in Italy was the lira, which was, before the war, worth 19.3 cents also. Debts were created in Italy beyond the capacity of the people to pay. Italy, like France, stabilized her "unit of value," the lira, not at 19.3 cents, but at 5.26 cents' worth of gold, and thereby canceled 72¾ per cent of the debts.

What has happened in other countries would take place here if there was a proper inflation of the currency in actual circulation.

But, the big bankers say inflation is not necessary as there is plenty of money now—yes; but if so, it is not in circulation in sufficient quantities. Again they say that additional inflation was authorized by the Glass-Steagall bill but did no good. My response is that there must be an inflation that will actually put sufficient money in circulation, if we are to get any real benefits from it. Under the Glass-Steagall law and under all other laws, and under most of the proposed laws, this matter of inflation is left entirely in the discretion of big bankers. Additional authority to do as they please about this matter will never get real worthwhile results for the masses of the people. They just simply refuse to exercise this authority to inflate the currency and nothing is gained. Suppose we forced them to increase the volume of currency. Nothing would be gained unless we also forced them to put it in actual circulation; nothing would be gained by their increasing the amount of money if they simply put it in a vault and locked it up. The control must be taken out of their hands if we are to do any good.

The big bankers now can buy Government bonds yielding 3 per cent interest and deposit them back in the Treasury and issue the equivalent in currency. This would be good business it seems, if they would immediately reloan this currency at a good rate of interest on safe collateral. But why should they take a risk of losing during these hard times in

an effort to make 4 or 5 per cent interest when they can keep their money locked up and make much more profit by boosting the price of the money they have in hoarding?

Now, how can our currency be safely inflated so as to put sufficient money in actual circulation to help everybody and overcome the present depression? Here is a plan which I proposed some time ago, which is safer than that now followed by the bankers; would have a much better base than the present one; and would cost the Government absolutely nothing as against 3 per cent per annum now actually paid the bankers for strangling our credit to death by issuing currency just when they think it profitable to themselves, regardless of the effect on the rest of our people.

I would monetize farm lands, farm products, and, if necessary, such other property as would furnish an ample circulating medium—both in volume and amount—for all our people. As I utter these words, I know the opposition will vehemently declare that this sort of thing would ruin us economically and that the plan is unsound from every standpoint. Anticipating this attack, let me say that notes and liens secured by just such property as I have mentioned are now actually used by the banks when they use paper, discountable with the Federal reserve system, as a base for the issuance of currency. The tremendous difference between the plan now used and the one I advocate is that the average man pays in interest and taxes an enormous amount of money to the big banks for handling the farmers' paper and monetizing it, as is now done, and the base furnished at this time is not as sound as the one I am seeking for the farmers and all our people. But the most vital difference is that the present system gives to the big bankers a strangle hold on the very throats of our people and permits them to economically choke the farmer and all our people to death just when they please and as they please in order to accumulate, hoard, and use currency in such a way as to make it more valuable to the bankers and destroy the selling prices of farm and other products—labor included—which the average citizen has to sell. My plan would enable the American people, the average citizen, if you please, to issue a circulating medium of such amount and velocity as may be necessary to prevent such depressions as we now have and to insure prosperity and justice to all.

The big banking institutions now can buy Government bonds and leave them on deposit with the Government and immediately issue the amount of the bonds in tax-free and interest-free currency, the net result of which is that the Government bond—which is only the promise of the Government to pay—is the base of and for the issuance of a similar amount of currency, and that for every $1,000,000,000 thus issued the taxpayers must pay $30,000,000 additional taxes each year in order to balance the Budget—all of which goes to the very bankers who are issuing our currency for their own use and who are using this device for the economic destruction of our Nation. Why is it necessary to issue and sell all these bonds to the bankers in order for them to be used by the bankers as a base for the issuance of currency? Why are two promises of the Government to pay one debt any better than only one promise? Would it not be just as sound for the Government, in the first instance, to issue the currency, backed up by first liens on farm property or other property, save all this interest that the bankers now get for exploiting our people, and furnish tax-free and interest-free money to the farmers and public rather than to the big bankers for hoarding and such other manipulation as pleases them? My plan is safer, sounder, and better for all the people from every standpoint. Why does it put the Government less in debt to issue and sell Government bonds than it would to issue currency, backed up by good liens on good property? The question answers itself. The bonds put the Government further in debt for just exactly the amount of the interest. In other words, there is now outstanding about $20,000,000,000 of Government obligations or bonds. Interest on this amount at 3 per cent annual interest amounts to $600,000,000; and if currency had been issued instead of the bonds, the Government would be in debt today $600,000,000 per year less than it is now, and the sales tax supporters—the big bankers—would not have to be trying to plan some way to force on the people a sales tax to raise this $600,000,000 annually in order to balance the Budget. If this enormous amount of interest on our bonded indebtedness had been saved ever since the World War and prior thereto—sometimes much larger than $600,000,000, and sometimes less—our Budget would not be out of balance, and there would be no need for the suggestion of the big bankers that all kinds of vicious sales taxes be imposed, and that the salaries of "the most humble employees" be cut to the bone.

If I had my way about the matter, I would provide an agency which would be required to accept first liens on real estate and products of the farmer and issue the equivalent thereof in currency. Of course, I would provide for the issue to be safely secured by these liens on the property of the farmer and that an effective control of the entire matter be maintained by Congress. This would save the people the interest on the Government bonds that are now used by the bankers as the basis of the currency issued by them. It would also furnish the farmers and the country ample currency for all purposes and enable everybody to balance the Federal Budget and still have enough money to balance all State and municipal budgets, as well as our individual budgets. My plan would also furnish a gilt-edge first lien on what should be the best property on earth—farm lands—as security for the money as against nothing but the Government's promise to pay, which is behind much of our present currency.

For those who wish to be meticulous about the way or manner of the issuance of currency and insist that Government bonds should be the basis for the currency, let me state that I have suggested that the farmers be permitted to file 30-year 3 per cent mortgages with the Treasury Department in exchange for 30-year 3 per cent Government bonds, then let the Government hold these bonds as the base for the issuance of the currency for the farmers. This would put Government bonds behind the farmers' issue of currency just as is the case with the bankers now, except that the interest on the mortgages would pay the interest on the bonds and vice versa, thus costing neither the farmer nor the Government anything. This issue by the farmers would be secured by the lien in addition to the Government's promise to pay, and be this much safer than the present plan. It would also save the taxpayers the interest on the base made up of bonds and put this matter in the hands of Congress for the use of the farmers and everybody else.

This plan would enable the farmers to discount and pay up in full all their present loans with money obtained for 30 years without interest or any annual payments and on a plan that would authorize a new loan for a larger amount at the end of the 30 years, if then necessary. This will help the farmers, help the insurance companies, help the banks which have farm mortgages, help solve the unemployment problem, bring immediate farm relief of the most lasting character, and balance all the budgets of everybody everywhere.

This plan to monetize farm products would work miracles in the matter of farm relief under my contract system, with the farmers holding their products off the market until a good price is offered by the buyers. A lien without interest would force the issuance of a reasonable amount of interest free cash to be paid to the farmers on their property, during its period of storage. When the cotton or tobacco or other product was sold, of course, the money based on the particular product would be retired. Thus my contract system of farm relief could be financed without any additional tax burden on the farmer or on the public and with tax-free money to the farmers. Under this plan our currency would not be contracted or expanded by the bankers for their own

selfish purposes and designs but would automatically contract and expand as needed by our people in the transactions of their own business affairs and the business of the whole Nation.

Mr. Chairman, I humbly submit this plan of farm relief and general economic relief and respectfully submit that if it is put into effect, our people will witness a new dawn of civic righteousness, and our Nation will become as imperishable as the sun.

The pro forma amendment was withdrawn.

The Clerk read as follows:

For repairs, improvements, equipment, and supplies for Senate kitchens and restaurants, Capitol Building and Senate Office Building, including personal and other services, to be expended from the contingent fund of the Senate, under the supervision of the Committee on Rules, United States Senate, $27,288.

Mr. SCHAFER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER: Page 10, strike out all of lines 21, 22, 23, 24, 25, and 26.

Mr. SCHAFER. Mr. Chairman, this is an amendment to strike out the subsidy, at the expense of the taxpayers' Treasury, for the Senate restaurant. At the proper time I shall offer a similar amendment to strike out the subsidy for the House restaurant, and I sincerely hope that the Members will support the amendments and get the Government out of the restaurant business, which is going in the red many thousands of dollars each year.

I expect that the gentleman from Missouri [Mr. SHANNON] the chairman of the special government-in-business investigating committee, who has been criticizing the policy of the Government in business, will take the floor of the House and advocate the adoption of this amendment.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. SCHAFER. In just a moment. If I can get some more time I shall be pleased to yield to all comers on the Democratic side.

When we study the hearings what do we find with reference to the House restaurant? We find, on page 15, that the taxpayers are called upon to expend $20,000, which goes for a monthly pay roll of $3,700 while the House is in session and a monthly pay roll of $850 when the House is not in session and this restaurant closed.

We know that these restaurants are not patronized alone by the Members of the House and the other body. Anybody can patronize these restaurants and they have to pay for their meals whether Members of Congress or the public. When you look at the prices on the menu you know they are paying at least as much as one would pay in a private restaurant, and in most cases more, and still the taxpayers are called upon for these appropriations, notwithstanding that the operation cost of these restaurants does not include the expense of water, heat, power, light, equipment, and rent or taxes.

So the thing to do is to strike out this subsidy that exists right under the dome of the Capitol and let the proper legislative committee bring in legislation to provide for giving private industry, taxpaying industry, an opportunity to submit bids on the restaurant concession and get money into the Federal Treasury instead of taking it out.

I earnestly hope that the gentleman from Missouri [Mr. SHANNON] will take the floor and advocate the passage of this amendment.

Mr. COCHRAN of Missouri. Will the gentleman yield now?

Mr. SCHAFER. I yield.

Mr. COCHRAN of Missouri. I am in agreement with what the gentleman says, but I am thinking about the courtesy the House has always extended to the Senate in reference to these appropriations.

Mr. SCHAFER. In the other body we have plenty of economy experts. Many are talking in favor of cutting people off the pay roll and throwing them into the river of unemployment, and they are denouncing the House day after day for failure to reduce the appropriations enough.

I think that we ought to have a complete investigation of the Government in the restaurant business under the dome of the Capitol. It does seem strange that with high prices for meals, free rent, equipment, light, heat, power, and so forth, the taxpayers' Treasury must be called upon each year to meet deficits running into many thousands of dollars. I do not believe that the other body, which has a record for investigating, would for one moment disapprove opening to the public eye all of the transactions and Government operations which result in these large deficits' being met by the expenditures at the expense of the overburdened American taxpayers.

[Here the gavel fell.]

Mr. BLANTON. Mr. Chairman, I am in favor of taking the Government out of the restaurant business and out of the barber-shop business, and out of every other practice that casts any reflection upon the House or Senate.

Mr. Chairman, the gentleman from Wisconsin [Mr. SCHAFER] ought to have been here long enough to know of the comity that exists between the House and the Senate. The gentleman ought to know that during the history of the two bodies the House has never yet interfered with the contingent fund of the Senate and that the responsibility of the way those gentlemen across the way handle their contingent fund rests upon their shoulders and is a matter between them and their constituents. The amendment offered affects no House institution but limits only the contingent fund of the Senate.

The gentleman from Wisconsin ought to know that the House restaurant, to which he refers, has only recently been taken over by our distinguished friend from North Carolina, the chairman of the Committee on Accounts. The gentleman ought to know that our friend [Mr. WARREN] already has put a lot of economy into this business. The gentleman ought to know that our friend already has cut the deficit that has been carried for the last 12 years on this particular activity of the Capitol to a very large per cent, and we are hopeful that when the new Congress convenes a method will be inaugurated whereby there will be no expense whatever to the Government because of this restaurant.

In this connection I want to compliment our friend, the chairman of the Committee on Accounts [Mr. WARREN]; and I want to compliment our friend from Oklahoma [Mr. [illegible]CLINTIC], who is now working on a proposition to effect [illegible]ther economies.

Mr. SCHAFER. Will the gentleman yield? I do not criticize the gentleman from North Carolina [Mr. WARREN].

Mr. BLANTON. I will yield in just a minute.

The gentleman has overlooked the fact that a transition is going on. The gentleman talks about yielding to a bunch of Democrats over here. The gentleman knows there has been a political transition going on here, a passing from Republican control of 12 years over this House to Democratic control. The gentleman must not evade his own responsibility. The gentleman must not evade responsibility for the annual deficit that Republicans passed on to our good friend Mr. WARREN in this transition. The gentleman ought to be fair.

I never go into the restaurant downstairs myself unless I take some constituent there. I get my coffee in here with Coates, and it costs me 10 cents. This is enough for me to go on for the rest of the day. I do not go down there in the restaurant with my friend from Wisconsin and eat the elaborate meals that he undoubtedly eats.

It is going to take time to effect this transition. We can not undo all this in a moment. It is going to take time for our friend WARREN to work out a plan that will undo this 12-year piece of Government business that he hopes the gentleman from Missouri [Mr. SHANNON] will help him to break up. If the gentleman from Wisconsin were going to

be here, we would expect him to go along with this economy plan. I am sorry all of the gentleman's time is going to be taken up in Milwaukee on some kind of campaign that he is conjuring up on the La Follettes. [Laughter.]

I do not know what proportion this Schafer and La Follette matter is going to amount to, but it may disturb the tranquillity of that which made Milwaukee famous. [Laughter.]

[Here the gavel fell.]

Mr. WARREN. Mr. Chairman, I do not really care enough about this matter to take up the time of the House. Eleven years ago, before I came here, after a full discussion, the House, which was getting inferior service from the operation of the concession down in the restaurant, after much debate decided to take it over and put it under the Committee on Accounts. From that year to the present there has been an annual appropriation for it.

Of course, there is a deficit each year. That deficit is solely for labor. Out of the receipts of the restaurant all food is purchased. The silverware, all table linen, all additions, everything else pertaining to the operation of the restaurant is purchased from the receipts of the restaurant. No part of the annual appropriation is used to pay for anything but salaries. I am not operating a restaurant here. We employ a manager and hold him responsible.

Last year the Committee on Accounts turned back to the contingent fund the sum of $5,000. I do not want to take any credit for doing that, but it was the largest amount that ever was turned over to the contingent fund. We managed to do that by certain economies which we established there. This year we hope to make an additional turnover. While the economy act did not apply to the restaurant, the Committee on Accounts ordered that it should.

But we are in this fix. The whole set-up there is for one meal. They do not serve over 10 breakfasts a day. Of course they have to have a large number of waiters, although of this extra large number that you see down there 75 per cent receive no salary whatever but serve merely for the tips that they get, and their lunch.

Mr. MAY. Will the gentleman yield?

Mr. WARREN. Yes.

Mr. MAY. I should like to suggest that the time lost by Members of the House in getting their meals somewhere else would amount to more than this deficit.

Mr. WARREN. I think that is true. The whole thing resolves itself down to this, Does the House wish to continue to operate this restaurant?

Last year I stated that I should like to bring in a resolution asking that it be let out as a concession, but the Committee on Accounts was opposed to it at that time. As far as I am concerned, if the House declines to operate it, it would be welcome to me personally.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. WARREN. Yes.

Mr. COCHRAN of Missouri. Does the gentleman say that the Committee on Accounts was unanimous in declining to accede to the gentleman's suggestion to let it out as a concession?

Mr. WARREN. I so understood it.

Mr. COCHRAN of Missouri. Well, the gentleman can change that, for I was in favor of it.

Mr. HOLADAY. Mr. Chairman, I want to say that the Committee on Accounts is to be commended on its management of the restaurant. This restaurant is open to the public as well as to the Members, and they all pay the same price for what they get.

Mr. WARREN. That is absolutely correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

Mr. GARBER. Mr. Chairman, I ask unanimous consent that the time of the gentleman from North Carolina be extended for half a minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GARBER. I am wondering if the gentleman has had time to investigate the necessity of employing persons permanently on the pay roll; that is, annually clear through the year, when there are intervals when Congress is not in session and the restaurant is not in operation.

Mr. WARREN. The gentleman will recall that last session we were here for seven and a half months. When you have a set-up there, such as we have to have, you have to have dependable men who will be here to open that restaurant a week or two before the Congress opens and close it two or three weeks after the Congress adjourns; men that we can always depend upon, and for that reason there are five men we have carried on the permanent pay roll, only five. If we did not do this, then we could not hope to maintain an efficient organization, because we would have to look around each year for new men.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The amendment was rejected.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word. My purpose in obtaining the floor is to ask my distinguished friend from Missouri, the chairman of the Executive Departments Committee [Mr. COCHRAN], what has happened to the bill that I introduced to try and get back the 8⅓ per cent deductions that were taken from several hundred men who were employed temporarily to remove the snow from the streets of Washington, and to get back the 8⅓ per cent reductions for the many thousands throughout the country who worked temporarily in the Post Office Department during the Christmas holidays. I think we all agree that that money should be returned to them, and I think that even my friend from Kansas [Mr. McGUGIN] would support my bill if I could get it out on the floor.

Mr. COCHRAN of Missouri. The usual procedure was pursued with reference to that bill. The bill was sent to the departments. It was referred to the Commissioners of the District of Columbia, and a favorable report was received. The bill was referred to the Post Office Department, and a brief letter disapproving the legislation was received. Thereupon I wrote another letter to the Postmaster General, asking him for additional information for the committee and the approximate cost upon the Treasury, and a communication, I think, was received yesterday from the Post Office Department giving us some idea of the cost. I hope to have the gentleman from Massachusetts before the committee some day next week.

Mr. McCORMACK. I have called this to the attention of my friend from Missouri, to the gentleman from Wisconsin [Mr. SCHAFER], who is also a member of the committee, and I suggest to the gentleman from Wisconsin that there is no case where he could more valiantly fight for justice than to undertake to have that bill reported out of his committee.

Mr. SCHAFER. Mr. Chairman, I am in favor of the bill; but I do not think the gentleman from Massachusetts goes far enough. He discriminates in favor of only a few employees.

Mr. McCORMACK. The gentleman and I are in no disagreement in that respect; but, on the other hand, I think everybody, or practically everybody, is agreed that it was not his intention when he voted for the economy act in the last session that it should cover such cases. I agree that there are other cases, but if you overload the bill you can not get the bill through. We might as well try to get something for those two classes who have been affected, if we can accomplish it, rather than to load up the bill with other classes of employees and thereby prevent its passage.

Mr. SCHAFER. Mr. Chairman, in view of that situation, if the gentleman persuades his Democratic colleague from Missouri, the chairman of the committee, Mr. COCHRAN, to call a meeting of the committee to-morrow, I shall vote to bring the bill out.

Mr. COCHRAN of Missouri. Mr. Chairman, I am glad to hear the gentleman from Wisconsin say that, because the gentleman in all good faith has probably delayed the consideration of the bill, because he has insisted that the gentleman from Massachusetts has been discriminating in including only a few. He was thinking of the substitutes in the post office and other underpaid employees. So do I think of them, and would like to help them. My thought was the same as that of the gentleman from Massachusetts, namely, the danger of overloading the bill—that we might get ourselves into trouble in that way; but the gentleman from Wisconsin is a member of the committee, and while I agree with him that we should not take the money away from the substitutes and other underpaid employees, we should not go too far now on the McCormack bill. Another committee takes care of the post-office employees. If he will get away from that phase of the matter and agree to report out the gentleman's bill, it should pass. I will call a meeting of the committee next week to consider it.

Mr. SCHAFER. I will get away from that phase, and I shall expect the gentleman to call a meeting for to-morrow or next day.

Mr. COCHRAN of Missouri. Oh, the gentleman does not mean Sunday. We go to church on Sundays, but I shall try to get a meeting of the committee for Tuesday. Will that be satisfactory to the gentleman?

Mr. SCHAFER. Yes.

Mr. HOLADAY. Mr. Chairman, I think the gentleman from Massachusetts [Mr. McCORMACK] should be entirely satisfied. He has received the information where his bill is, and it is now in the hands of a friendly subcommittee.

Mr. McCORMACK. I am particularly satisfied that my distinguished and genial friend from Wisconsin [Mr. SCHAFER] has seen the light. He usually does when the evidence is convincing. I think that the evidence in this case is convincing, far beyond a reasonable doubt, and I am glad that he now says that he is going to cooperate in the passage of this bill.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

The Clerk read as follows:

For compensation of Members of the House of Representatives, Delegates from Territories, the Resident Commissioner from Puerto Rico, and the Resident Commissioners from the Philippine Islands, $3,963,750.

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON: Page 11, line 6, before the period, insert "*Provided*, That during the fiscal year ending June 30, 1934, the rate of compensation of Members of the House of Representatives, Delegates from Territories, the Resident Commissioner from Puerto Rico, and the Resident Commissioners from the Philippine Islands, and the rate of compensation of any other office, position, employment, or enlistment the incumbent of which is subject to the furlough provisions or the compensation reductions contained in Title I of Part II of the legislative appropriation act, fiscal year 1933, as continued for the fiscal year 1934, is reduced by 11 per cent of the amount of such compensation in excess of $1,000, and such reduction shall be made after the application of, and shall be in addition to, the reduction provided in such title as continued."

Mr. SANDLIN. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN (Mr. BULWINKLE). The point of order is sustained.

Mr. WHITTINGTON. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment by Mr. WHITTINGTON: Page 11, line 6, strike out the period, insert colon, and add: "*Provided*, That the salaries of Members, Delegates, and Resident Commissioners are hereby reduced to $7,500 per annum: *And provided further*, That the salary of the Speaker is hereby reduced to $12,000 per annum."

Mr. WHITTINGTON. Mr. Chairman, I fully appreciate the temper of the House, I thoroughly appreciate the position I occupy, I regret the attitude of some of my colleagues, but I accord to all the right to their views.

Mr. SWING. Will the gentleman yield?

Mr. WHITTINGTON. In just a moment, please.

In my previous statement to-day I called attention to the fact that the first amendment I offered applied only to the Senate. This is merely the accompanying amendment for salaries of Members of the House. I also called attention to the fact that the amendment, to which a point of order was sustained, would have provided for further reductions in all salaries, of approximately $55,000,000. I regret the House can not in this bill, under the rules, consider general reductions. It is true this particular amendment would provide for a reduction of only $805,500. I concede it is but the start. I have maintained from the very beginning that if the salaries of Members were reduced, there should be further reductions of all governmental salaries. I have said that my purpose in bringing this amendment before the House now was to call the attention of the Congress and the country to the fact that during the present session we have merely continued the reductions of last session and made no effort toward further reductions in salaries and governmental expenditures, as far as compensation was concerned. It has been said that I have been speaking of economy only recently. I argued and spoke at length during the consideration of the economy act, and stated that I favored further and additional reductions. I have stood for further reductions in season and out of season. I introduced a bill for general reductions, but I stated to the members of the Committee on Expenditures, of which I am a member, that it was utterly immaterial to me as to whether the bill introduced by the gentleman from Nebraska [Mr. SHALLENBERGER], or the bill introduced by the gentleman from Oklahoma [Mr. GARBER], or any of the other pending bills was taken up. I am interested in the principle of further reductions. I wanted, and still desire, action. When it was apparent that none of those bills would be considered, when it was apparent that the House thus far had made only provision for the continuance of the economy bill, when it was apparent last week that the Senate would not further reduce, this session. I maintain, as the President of the United States had recommended a further reduction of $55,000,000 and the democracy of the Nation had pledged itself to a 25 per cent reduction immediately, we ought to take the first step.

Under leave to extend my remarks, I say I favor further general reductions. If we can not make general reductions in the pending bill, let us reduce our own salaries. When the bill reaches the Senate a rider can be attached making further reductions. I again say that my purpose in asking the House to reduce the salaries of Members of Congress is to secure general reductions in the Senate. It is no answer to say that the bills should come from legislative committees. Legislative committees have considered salary reductions in the past 12 months more than any other question. The report of the Economy Committee contains a number of set-ups. We are confronted with a fact and not with a theory. If Congress wants to make further reductions, we can make them by a rule in the House or by a rider in the Senate.

All the Members of the House are my friends. I value the good opinion of my colleagues. I understand that some of them oppose salary reductions in principle. They are entitled to their views. I favor general reductions. There must be reductions if taxes are to be reduced, otherwise the people are paying taxes to support officeholders. If we reduce salaries, taxpayers can use money now required for taxes to buy the necessities of life. The purchasing power of the country would be increased.

I understood fully the attitude that I had assumed in urging reductions. I anticipated demagogic designations. Demagogues seem to satisfy themselves when they denounce others as demagogues. I was prepared for the poetic license,

so to speak, to which some of my colleagues have resorted, and the poetic references which some of them have made.

I listened to the effusions of my colleague from Mississippi [Mr. ELLZEY]. The question before the House was the matter of the reduction of congressional salaries. I listened to his remarks attentively. Although he was recognized in opposition to my amendment to reduce it was impossible to tell whether he was for or against the reduction from his remarks, as he talked about nearly all subjects except that under consideration. His part in the discussion was easily apparent.

Federal salaries now aggregate $1,250,000,000. They must be reduced if taxes are reduced and to prevent increases in taxes.

My colleague talked of nepotism and campaign expenses. Neither subject was under consideration. Incidentally, congressional salaries are not for reimbursement of campaign expenses. If so, what about the expenses of the opponent? No; salaries are for services rendered. He overlooked giving us the benefit of his matured views on reducing congressional salaries. He neglected to say whether he favored any reductions whatsoever. He succeeded in talking about almost everything else except reductions in the expenses of Government. He did not touch top, side, or bottom of the amendment under discussion. His remarks, except to even slightly refer to the question, were a brilliant success.

I want to be fair. I trust that I am not selfish. I am a Mississippian but at the same time I am an American. I was interested in the improvement of the navigable rivers of Mississippi for years before I came to Congress. I have been interested since. I have never asked the Congress of the United States for any legislation that I was unwilling to accord to other States or Territories similarly located.

Much has been said about economy. Much has been said about the reduction of the expenditures in Government. Much has been said about the elimination of useless bureaus and the consolidation of departments. Economy can only result by further reducing salaries and by the abolition of useless offices.

The Members of the House may oppose reducing their own salaries without at the same time voting to reduce others. It is not my fault. I offered an amendment, ruled out by a point of order, that could have been made germane by a rule of the Committee on Rules.

I am distressed because during the course of the debate no program or policy has been suggested by those who oppose congressional salary reductions or by others on the floor of the House for the further reduction of Federal compensation. Even my colleague [Mr. ELLZEY] neglected to give me his program for reductions. Have we forgotten the Democratic pledge to reduce 25 per cent? I favor a larger percentage of reduction in the higher salaries. I favor reductions by combining and eliminating, but further salary reductions are imperative.

I now call upon those who oppose my plan to suggest a better program. It is easy to oppose; but, if the Democratic pledge to reduce expenditures immediately is redeemed, it is time for us to begin. I know of no better way to start than for Congress to take the first step. The country will then understand that we mean business in the matter of further reductions in the expenses of government. We may satisfy ourselves, but the country understands. The people of the United States know that $7,500 to-day is more than the equivalent of $10,000 in 1925 or 1929. They know that $7,500 is worth more in the greatest economic crisis in the history of the United States than $10,000 was worth in 1925 or 1929. Are Members of Congress alone right? Is the country wrong in making reductions in all walks of life? Is everybody else in the United States wrong except Congress?

I conclude as I began. I am willing to withdraw the amendments that I propose, if I can receive any assurance of favorable report and favorable consideration at this session of general salary reductions by the Committee on Expenditures, the Economy Committee, or by the Democratic leadership of the House. In the absence of any such assurance, I ask that Congress take the lead.

I favor the pending appropriation bill with amendments to reduce salaries; but, of course, the annual appropriation for the legislative department must be made, whether the bill is amended or not. I can not, therefore, qualify under the rules of the House to offer an amendment to recommit, if I so desired. I have done my part. I can not but believe that Congress will at an early date make further reductions in the expenditures of government.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. MITCHELL. Mr. Chairman, I offer a substitute amendment to the amendment offered by the gentleman from Mississippi.

The Clerk read as follows:

Substitute amendment offered by Mr. MITCHELL: Page 11, line 6, after the word "Islands," strike out "$3,963,750" and insert in lieu thereof "$1,981,875, provided the salaries of Members of the House shall be fixed at $5,000 per annum."

Mr. MITCHELL. Mr. Chairman, I am not unmindful of the attitude and frame of mind of my colleagues here to-day. I am not unaware of the fact that recently the House voted down an amendment fixing the compensation of Members of Congress at $7,500, and, naturally, I expect this same jury to reject this amendment which is offered with the hope of effecting a saving of $2,000,000 a year.

Mr. Chairman, I trust I may be given credit for being sincere in the observation I am about to make. I do not desire to sit in judgment upon the consciences and convictions of any of my colleagues. I simply want to bring the message to this Congress that we owe it to ourselves and to the country to increase the prestige and the standing of the Congress of the United States by sharing the hardships that obtain in the country with the taxpayers of America.

With the purchasing power of the dollar what it is to-day a salary of $5,000 a year will enable one to buy as much as he could have bought in 1928 or 1929 with $10,000. In other words, to-day $5,000 is worth as much as $10,000 was three years ago. I hope we may have the interest of the taxpayers in mind. I trust my colleagues will keep in mind the men and women in America who pay the taxes, and that the members of the House will realize our people, the taxpayers, should be given consideration.

The psychological effect of passing this bill reducing our own compensation would be most wholesome in this country to-day. A few years ago I had the honor of being private secretary to a Member of this House; and I sat in the galleries as a lad and observed the membership on both sides of the Chamber. Permit me to say that great and patriotic men adorned the Halls of this Congress when Members received a compensation of only $5,000 a year.

To-day many Members of this House are increasing their own compensation and receiving even more than $9,000 a year by keeping their next of kin, their wives, sons, or daughters employed at the expense of the taxpayers of this country. I think any Member of this House who receives money through the practice of nepotism should refund it to the Treasury of the United States.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. MITCHELL. I yield.

Mr BRITTEN. The gentleman refers to the purchasing power of the dollar. I am informed the gentleman is a bachelor. If he is, how does he know what a dollar will purchase? [Laughter.]

Mr. MITCHELL. I plead guilty to the soft impeachment of being a bachelor, but if the women were as easily fooled to-day as they were when my friend got married, I, too, could get married.

[Here the gavel fell.]

Mrs. KAHN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I well remember when I was the wife of a Member of Congress when he was receiving $5,000 a year. I could write a book on what wives of Members of Congress on that salary had to put up with and go through. [Applause.]

Mr. RAGON. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I regret that these suggestions should have been made to-day. I especially regret it due to the fact that now every cheap wit in the country, whether he pushes a pen to write a newspaper article, or tickles a crowd in the show, will use as the butt of his joke these amendments by the gentleman from Tennessee and the gentleman from Mississippi. [Applause.]

The gentleman from Tennessee is just as wrong as a man can be. If he believes what he says he ought to reduce the salaries of Members of Congress to $2,500 a year. Yes; you can reduce the salaries of Members to $2,500 a year and you will get just as smart men to serve as are serving now. In fact, in some instances you will get a somewhat smarter man to serve. [Applause.]

The gentleman from Tennessee is trying to make it so that a poor man can not serve in the House of Representatives. I am one of them. I am a poor man. [Applause.] I have nothing on God's green footstool to back me but my salary. Can the gentleman from Tennessee say that?

Mr. MITCHELL. Yes.

Mr. RAGON. Well, then the gentleman has been badly misrepresented to me.

Mrs. KAHN. The gentleman from Arkansas has a family.

Mr. RAGON. Yes; I have a family. I have to educate my son here in the District of Columbia, where costs of living have not decreased and are about two-thirds higher than at home. I can not break up his education every time there is a session of Congress.

If you reduced the salaries of Members of Congress to $2,500 a year, what would you get? You would get a bunch of oil-interest lawyers, a bunch of coal operators' lawyers, a bunch of lawyers for the Mississippi River levee district. That is what would come from the district of the gentleman from Mississippi. Do not worry yourself. There would be some very smart men come to Congress for $2,500 a year; but God pity the poor laboring man, God pity the poor farmer, and God pity the average people generally in this country when such men come. [Applause.]

I remember the time when two distinguished gentlemen stood on opposite sides of this aisle as leaders of their parties. There has not been a man in this House since I have been here, from the standpoint of mentality, the equal of Finis Garrett, of Tennessee. Never has a finer spirit occupied a seat on the Republican side of the aisle than John Q. Tilson. [Applause.] Both these men are poor men. Both these men had to depend on salaries received as Representatives. One of them has been driven out of Congress because of his poverty, and I imagine some big interest has taken advantage of his splendid services. The Government loses thereby.

These amendments may not be demagoguery, but in the parlance of the old Arkansas hog raiser it has the "swallow fork" in the right ear and a "crop off" in the left of pure demagoguery. [Applause.]

Why, my friend from Tennessee says something about having relatives on the pay roll. Well, if a man can not depend upon his relatives in these treacherous times, who in the name of God can he depend on?

Mr. MITCHELL. Will the gentleman yield?

Mr. RAGON. Not now.

There is another angle to this question. There are men who have been in this Congress for 30 years who have relatives on the pay roll, the Speaker of the House—why mince words—the Democratic leader of the House, two high and honorable men, whose wives are just as highly honored and respected women as there are in the District of Columbia. [Applause.]

I have no defense for the man who has on his pay roll somebody back in his district who never shows up here. Of course that is wrong. [Applause.] I am talking about the honest Congressman that has an honest relative who is doing an honest day's work in his office. I think he has as much right to employ him or her as anybody else. I will tell you what I did this summer.

[Here the gavel fell.]

Mr. RAGON. Mr. Chairman, I ask unanimous consent to proceed for one more minute.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RAGON. I told my people from every platform in about 30 campaign speeches from the forks of the creek in little Perry County to the city park in the capital of the State of Arkansas, "Yes, I have relatives on my pay roll, and they are doing honest work, and they are going to remain on that pay roll," and I said further, "Whenever you go into this contract with me, you remember that if I stay in Congress 100 years and this relative is still able to work and wants to work, and is capable of doing the work, by the Eternal, she will stay on the pay roll." And I beat a fellow, who was a formidable opponent and who made this question an issue, better than 2 to 1, or more than 15,000 majority. [Applause.]

Mr. SIMMONS. Mr. Chairman, I offer a perfecting amendment.

The Clerk read as follows:

Amendment offered by Mr. SIMMONS to the amendment of Mr. WHITTINGTON: After the word "to" in the second line of the amendment, insert the words "a sum not in excess of."

Mr. SIMMONS. Mr. Chairman, to-day a word has been used on the floor and in discussions among us personally, and that is the word "demagoguery." Let us not apply that now to any Member. Suffice it to say there are Members sitting on the floor of this House to-day who in campaign speeches have repeatedly told their people that they do not believe the salary of a Member of Congress should be in excess of $5,000, or $6,000, or $2,500, or some other figure. There are Members elect who will be in the next body who have made the same statement. I have no personal interest, along with some 160 other Members, in this controversy, for my present service ends March 4 next.

I know what it is to raise a family and maintain two homes and try to send three children to school and maintain some semblance of the position I believe a Member of Congress should maintain in the Capital City and in his home.

My amendment will make it possible for that present Member of the House or that Member of Congress elect, be he demagogue or be he sincere, who believes that he should not receive the salary that is fixed for the Members of the House by law, it will permit that man to legally go to the Sergeant at Arms and say, "I want my salary fixed at $5,000 a year." [Applause.]

It will permit this man, be he demagogue or be he sincere, who says he only wants to draw half of his pay, to go to the Sergeant at Arms and let the other half lapse into the Treasury, and so lapse that he can not later recover it.

If the amendment that is proposed by the gentleman becomes a law, Members of the Congress will be drawing less pay than clerks of committees of this House. Members of Congress will be drawing less pay than chief clerks of bureaus in the departments. Members of Congress will be drawing less pay than bureau chiefs and others. Have we no respect left for ourselves or for membership in this body?

I agree with the gentleman from Arkansas [Mr. RAGON] that if you reduce the salary to $2,500 you will get some men more able than some of us who have been Members of this body or who will be Members of the next body. You will

also get in the Congress men who do not have the ability of the Members of this House, who have never been able to earn and probably will never earn the salary fixed by law for Members of this body. They will be willing to come here because it offers them an opportunity to earn more than they can make anywhere else, and some of them will be incompetent. Some of them may be otherwise, but by radical reduction of salaries you are going to make the Congress a rich man's club, with an annex made up of incompetents and the great rank and file of the men and women who could come here, men of ability and women of ability, who are ready to give the best years of their lives to public service in return for fair pay—you are going to shut them out of the Congress with this kind of foolish amendment.

Let us leave the salaries of the Members of Congress where the men who believe that a Member is entitled to the pay fixed by law can draw that pay; and then I am suggesting, in all seriousness, that those Members who believe they ought not to draw that much money and who want to keep demagogic statements they made in the campaign can go to the Sergeant at Arms and take somewhat less pay, and we will see how many of them have been sincere in the statements they have made if this amendment goes into the act.

Mr. CONNERY. Will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. CONNERY. Do I understand that the amendment of the gentleman from Nebraska simply allows a Member of Congress to turn back whatever part of his pay he wants to, at his own volition, to the Sergeant at Arms?

Mr. SIMMONS. He does not have to turn it back; he will not draw it; and it will be put where, later on, he can not claim it.

Mr. CONNERY. If that is true, I would like to support the gentleman's amendment, because I would like to see how many would avail themselves of that opportunity.

Mr. SWING. Mr. Chairman, I know that the membership of the House possesses facts enough and has knowledge enough to vote on this proposition, but no harm will come from putting into the RECORD and giving to the people some additional statement on the issue.

I have served in this House for 12 years. I think I am well within the truth when I state that I could have served here two years more if I had desired. But the fact is that at the end of 12 years I am poorer not only relatively but actually poorer than when I came to Congress. My modest savings, accumulated through the practice of my profession, have since been exhausted. It has now become necessary for me, considering the welfare of my family, to withdraw from public service and devote myself to my own affairs in hope of reestablishing my personal business on somewhat the same basis of prosperity it possessed before I assumed this office.

This House is patriotic; this House is sympathetic with the condition that prevails in the country. This House is prepared to make every sacrifice on its own part and to take any cut in salary that it may ask other Federal employees to take.

But the proper and rational way to legislate is not to come in with an attack on the pay of any one group, in a grandstand play, trying to make martyrs of ourselves, but rather to let the Economy Committee or the Committee on Expenditures bring in a bill, orderly and well thought out, which will meet the necessities for economy and at the same time do justice to all classes and groups of Government employees and officials. If that is done, no one will doubt but that this House will vote as patriotically and in accordance with the best interests of the Government on the adjustment of their own salaries as they will on the cut of any other employee in the Government.

I know personally what the requirements for effective and efficient service in this House are. My vote against these proposed cuts will be cast solely and wholly with a view to bringing to the floor of this House men and women best equipped and best qualified to perform the legislative duties of our Government in the interests of the people, disinterestedly and without being subjected to economic worries and temptations. In the long run that will prove the greatest economy to the people.

I sincerely hope the amendments will be defeated.

Mr. SANDLIN. Mr. Chairman, as I understand, this amendment limits the salary to $7,500.

The CHAIRMAN. The Clerk will report the amendment of the gentleman from Mississippi, and also the perfecting amendment by the gentleman from Nebraska.

The Clerk again reported the amendment and the perfecting amendment.

Mr. LAGUARDIA. Mr. Chairman, are we to establish a $2,500 class or a $5,000 class by this? Can we afford to do it?

Mr. SANDLIN. Mr. Chairman, I can not think that the gentleman from Nebraska [Mr. SIMMONS] offered his amendment in a serious mood, but that he did it for the purpose of directing the attention of the House to statements made by some candidates for office last fall.

Mr. RAMSEYER. Mr. Chairman, as I understand the amendment of the gentleman from Nebraska, it would give members an opportunity to turn back part of their salary. There is nothing in the law to prevent their doing that now, is there?

Mr. SANDLIN. Nothing that I know of. Mr. Chairman, since my service in this House for 12 years, unless I thought that I could give some information to the Members, I have kept my seat and refused to take the floor. I did not care to discuss this amendment because I could give to no Member of the House any information, for each must understand it as well as I. Let me state, as chairman of this subcommittee, that this proposition submitted by the gentleman from Mississippi [Mr. WHITTINGTON] was considered by the subcommittee, and it was also considered by the full Committee on Appropriations. No action was taken, as he suggests. For myself, I have no hesitation in stating my position here now or on a roll call in the House. This Congress has already let it be known, as the RECORD will show, that the Members of this House have cut their salaries by their own vote $1,000 a year. They have further, by their vote, reduced the terms of incoming Members by two months, a further reduction for them of $1,500. They have cut their mileage and stationery accounts and their clerk hire money and increased income tax rates, which will reduce their salary several hundred dollars additional.

If I wanted to represent a special interest in this House, or if any Member wants to represent a special interest or a special group, he can get the money to meet his campaign expenses from that group or interest. I stated in my campaign that I would not solicit nor accept 1 cent from any person or any interest who would expect to control my vote on legislation here in the House of Representatives. I come to this House a free agent to act for my people.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended for three minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SANDLIN. I do not stand here and accuse the gentleman from Mississippi [Mr. WHITTINGTON] or the gentleman from Tennessee [Mr. MITCHELL] of being demagogues. The record has been written, and the membership of this House surely is made up of average citizens from the various districts, and they can judge whether they are or not. I do say this, however, that with the reductions that we have made, and with Members making campaigns, paying their campaign expenses out of their own pockets, as many do,

who are working here to-day earnestly and seriously representing their people, that they are doing so on much more than $5,000 a year. I do not claim to have any more courage than other Members of Congress, but I have no apology to offer here or to my constituents for the position which I take upon these amendments. As has been suggested by other gentlemen, do we want the membership of this House to be made up of millionaires, or of people who come here as mere puppets of those who put up expenses to have them elected, and who will come here to vote for a special interest? I do not believe that any intelligent citizenship in any section of this great country who understands the situation would want us to support the amendment offered by the gentleman from Mississippi or the amendment offered by the gentleman from Tennessee. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska.

Mr. COCHRAN of Missouri. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COCHRAN of Missouri. Do I understand, if the Simmons amendment is adopted, that it means that the salary of a Member of Congress is $7,500?

The CHAIRMAN. The gentleman is correct.

Mr. COCHRAN of Missouri. In other words, the salary is reduced from $9,000 to $7,500.

The CHAIRMAN. That is correct.

Mr. SCHAFER. Mr. Chairman, I move to strike out the enacting clause.

Mr. O'CONNOR. Mr. Chairman, I rise to a point of order. The Chairman had already put the question; the question is on the motion of the gentleman from Nebraska, and I make the point of order that the motion to strike out the enacting clause comes too late. Further, it has been made once before, and no substantial amendment has been made to the bill in the interim.

The CHAIRMAN. Since the amendment to strike out the enacting clause was voted on, the committee has not adopted any material amendment. Therefore the Chair refuses to recognize the gentleman from Wisconsin for that purpose. The question is on the amendment offered by the gentleman from Nebraska to the amendment offered by the gentleman from Mississippi.

The amendment to the amendment was rejected.

The CHAIRMAN. The question now is on the substitute amendment offered by the gentleman from Tennessee to the amendment offered by the gentleman from Mississippi.

Mr. CONNERY. Mr. Chairman, a parliamentary inquiry. Is this the $5,000 amendment?

The CHAIRMAN. It is.

The question was taken; and on a division (demanded by Mr. COCHRAN of Missouri) there were—ayes 2, noes 161.

So the amendment in the nature of a substitute was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. MCGUGIN and Mr. WHITTINGTON) there were—ayes 32, noes 145.

Mr. WHITTINGTON. Mr. Chairman, I demand tellers.

The CHAIRMAN. The gentleman from Mississippi demands tellers. Those in favor of taking the vote by tellers will rise and stand until counted. [After counting.] Five Members have risen, not a sufficient number, and tellers are refused.

So the amendment was rejected.

The Clerk read as follows:

COMMITTEE EMPLOYEES

Clerks, messengers, and janitors to the following committees: Accounts—clerk, $3,300; assistant clerk, $2,460; janitor, $1,560. Agriculture—clerk, $3,300; assistant clerk, $2,460; janitor, $1,560. Appropriations—clerk, $7,000 and $1,000 additional so long as the position is held by the present incumbent; assistant clerk, $5,000 and $1,000 additional so long as the position is held by the present incumbent; three assistant clerks at $3,900 each; assistant clerk, $3,600; two assistant clerks at $3,300 each; messenger, $1,680. Banking and Currency—clerk, $2,760; assistant clerk, $1,740; janitor, $1,260. Census—clerk, $2,760; janitor, $1,260. Civil Service—clerk, $2,760; janitor, $1,260. Claims—clerk, $3,300; assistant clerk, $1,740; janitor, $1,260. Coinage, Weights, and Measures—clerk, $2,760; janitor, $1,260. Disposition of Useless Executive Papers—clerk, $2,760. District of Columbia—clerk, $3,300; assistant clerk, $2,460; janitor, $1,260. Education—clerk, $2,760. Election of President, Vice President, and Representatives in Congress—clerk, $2,760. Elections No. 1—clerk, $2,760; janitor, $1,260. Elections No. 2—clerk, $2,760; janitor, $1,260. Elections No. 3—clerk, $2,760; janitor, $1,260. Enrolled Bills—clerk, $2,760; janitor, $1,260. Expenditures in Executive Departments—clerk, $3,300; janitor, $1,260. Flood Control—clerk, $2,760; janitor, $1,260. Foreign Affairs—clerk, $3,300; assistant clerk, $2,460; janitor, $1,260. Immigration and Naturalization—clerk, $3,300; janitor, $1,260. Indian Affairs—clerk, $3,300; assistant clerk, $2,460; janitor, $1,260. Insular Affairs—clerk, $2,760; janitor, $1,260. Interstate and Foreign Commerce—clerk, $3,900; additional clerk, $2,640; assistant clerk, $2,100; janitor, $1,560. Irrigation and Reclamation—clerk, $2,760; janitor, $1,260. Invalid Pensions—clerk, $3,300; assistant clerk, $2,880; expert examiner, $2,700; stenographer, $2,640; janitor, $1,500. Judiciary—clerk, $3,900; assistant clerk, $2,160; assistant clerk, $1,980; janitor, $1,500. Labor—clerk, $2,760; janitor, $1,260. Library—clerk, $2,760; janitor, $1,260. Merchant Marine, Radio, and Fisheries—clerk, $2,760; janitor, $1,260. Military Affairs—clerk, $3,300; assistant clerk, $2,100; janitor, $1,560. Mines and Mining—clerk, $2,760; janitor, $1,260. Naval Affairs—clerk, $3,300; asisstant clerk, $2,100; janitor, $1,560. Patents—clerk, $2,760; janitor, $1,260. Pensions—clerk, $3,300; assistant clerk, $2,160; janitor, $1,260. Post Office and Post Roads—clerk, $3,300; assistant clerk, $2,100; janitor, $1,560. Printing—clerk, $2,760; janitor, $1,560. Public Buildings and Grounds—clerk, $3,300; assistant clerk, $1,740; janitor, $1,260. Public Lands—clerk, $2,760; acsistant clerk, $1,740; janitor, $1,260. Revision of the Laws—clerk, $3,300; janitor, $1,260. Rivers and Harbors—clerk, $3,300; assistant clerk, $2,460; janitor, $1,560. Roads—clerk, $2,760; assistant clerk, $1,740; janitor, $1,260. Rules—clerk, $3,300; assistant clerk, $2,100; janitor, $1,260. Territories—clerk, $2,760; janitor, $1,260. War Claims—clerk, $3,300; assistant clerk, $1,740; janitor, $1,260. Ways and Means—clerk, $4,620; assistant clerk and stenographer, $2,640; assistant clerk, $2,580; clerk for minority, $3,180; janitors—one, $1,560, one, $1,260. World War Veterans' Legislation—clerk, $3,300; assistant clerk, $2,640; in all not to exceed $271,334.

Mr. SCHAFER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER: On page 15, line 5, strike out the words "assistant clerk, $1,740."

Mr. SCHAFER. Mr. Chairman, I shall be brief, and I hope the membership will pay some attention to the facts which justify this amendment. This strikes out the appropriation for an assistant clerk for the War Claims Committee. That committee will still have a committee clerk with a salary of $3,300 and a janitor with a salary of $1,260. We know the War Claims Committee only has jurisdiction over claims occurring during the war period.

Most of the work of that committee has been completed. If you will look at the Private Calendar you will find the work has been very greatly decreased. This committee, in my judgment, should be abolished in the next session of Congress and its jurisdictions and functions transferred to the Claims Committee. I expect that the chairman of the War Claims Committee, the distinguished gentleman from Alabama [Mr. ALLGOOD], one of the greatest economy experts on the floor of the House during the past few months, will rise in the well of the House and ask for this reduction in order to benefit the taxpayers whose cause the gentleman so eloquently expounds from day to day. It is indefensible to continue this additional clerk. It may be only a saving of a little more than $1,000 a year, but when are we going to reduce the burden of the taxpayers 25 per cent, as the Democratic Party promised in the last campaign, if we do not start with a thousand here and a thousand there and several thousand in other places? It seems that notwithstanding the fact that the Democratic majority rode into office on the promise to reduce the cost of government 25 per cent, and notwithstanding the fact that for the past two years that party has had control of the House of Representatives, the body in which appropriations must orig-





inate, they have not made any attempt whatever to carry out their platform pledges.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHAFER].

The question was taken; and on a division (demanded by Mr. SCHAFER) there were ayes 17 and noes 62.

So the amendment was rejected.

Mr. SCHAFER. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHAFER: On pages 5, 12, 13, 14, and 15 strike out all appropriations for janitors.

Mr. O'CONNOR. Mr. Chairman, I make the point of order that that amendment is not in proper form. It is impossible to legislate in that way. The lines and the words to be stricken should be denoted.

Mr. BANKHEAD. In addition to that, Mr. Chairman, does it not deal with paragraphs of the bill that have already been passed?

The CHAIRMAN (Mr. BULWINKLE). The Chair will overrule the point of order. The language to be stricken is sufficiently identified.

Mr. SCHAFER. Mr. Chairman, this amendment is offered in good faith.

I was surprised upon making a study of this bill and the hearings thereon and the report of the Clerk of the House of Representatives to find committees of this House furnished with special janitors, some of them at an annual salary of $1,560, some committees which only met three or four weeks during the year and which committees only have one room in the House Office Building. Under what principle of government can the House of Representatives, in its attempt to assist the overburdened taxpayers of America, continue to appropriate for its own committees $1,540 for a special janitor for a committee which has only one room in the House Office Building, when the janitor work and cleaning is done by other regular employees? The economy experts in the House now have an opportunity to vote for real economy. Do not vote against this amendment because it saves only a small amount of $25,000 or $30,000, because if you save $25,000 here and $25,000 there in the final analysis you are giving the taxpayers some substantial relief.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. SCHAFER].

The question was taken; and on a division (demanded by Mr. SCHAFER) there were ayes 27 and noes 69.

So the amendment was rejected.

Mr. SIMMONS. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Nebraska is recognized for five minutes.

Mr. SIMMONS. Mr. Chairman, I ask unanimous consent to proceed out of order for five minutes.

Mr. BRUNNER. Mr. Chairman, I object.

Mr. SIMMONS. Mr. Chairman, in the noontime edition of to-day's Washington News I find this statement:

LEGION COMMANDER SCORES OFFICERS' RETIREMENT ACT

BALTIMORE.—"Damn near every doctor in Washington" is on the Government pay roll as a result of enlargement of provisions of the emergency officers' retirement act, Louis Johnson, national commander of the American Legion, charged in an address here last night.

The Legion backed the legislation to provide full officers' salaries for about 700 "battlefield casualties," Johnson said. He charged the Veterans' Bureau with responsibility for its misadministration.

Johnson admitted the Legion had suffered considerable harm from recent criticism which, at one stage, he described as acute. But he added that most of those who had directed their shafts at the organization have since been defeated.

The national commander also scored the National Economy League, which has been attacking certain veterans' relief payments, as backers of a movement to take from the war-torn soldiers and give to the already rich.

There are a number of Members still on the floor who were here during that fight. I was involved in it. The emergency officers' retirement bill is the baby of the American Legion. It was forced through the Congress by the American Legion and passed over the veto of President Coolidge at the demand of the American Legion. They issued their orders to men in this House who took them. They circularized the membership of the House and demanded that the bill be passed without amendment. It was passed without amendment. A number of us did propose to offer amendments that would have taken out of that bill some of the damnable payments that are now being made under it by the Treasury and we were defeated at the behest of the American Legion.

Now that the public knows what the bill has done, now that the American people have found out some of the things the American Legion has been responsible for in charges on the Treasury, now that there is resentment in the country against all veterans' payments, and lots of it unjustified, because of things of this kind, the American Legion is trying to scuttle its own handiwork and disown its own child. I have taken these five minutes that we may again call the attention of the House to the fact that the American Legion can not under any circumstances avoid and escape responsibility for that piece of legislation and the payments, unjustified and unconscionable and uncalled for that are being made to several thousand soldiers of the World War as a result of it.

This Congress last session passed a bill through the House that would have taken probably 2,000 names off the pay roll placed there by that bill. It would have removed the more glaring injustices of the emergency officers' act. That bill is sleeping peacefully in another body, and the American Legion, through its national officers, is insisting that it be not disturbed. The American Legion to-day is using its power and influence in Congress to prevent the legislative correction of the very thing that the national commander publicly condemns.

The American Legion and its national commander ought to have the courage to tell the American people they made a mistake and accept responsibility for that which they have done rather than to attempt now to place the responsibility for their mistakes on the Veterans' Administration, as Mr. Johnson did, according to this press release.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. SIMMONS. I shall be pleased to.

Mr. RANKIN. As the gentleman from Nebraska knows, I opposed the passage of that measure and was one of the men who signed the minority report against it. I pointed out, as did other Members of the House at that time, that the list included would grow just as it has grown; and I want to call attention to the fact that the gentleman from Ohio, Mr. Fitzgerald, Roy Fitzgerald, the author of the bill, admitted in his argument on the bill here in the House at that time that it was a pension based on rank, which I contended then violated every principle of American institutions.

Mr. JOHNSON of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. JOHNSON of South Dakota. That is the same Roy Fitzgerald who urged this at the behest of the Legion and who afterwards was defeated by the soldier vote in his own district.

Mr. RANKIN. I do not know how he was defeated.

Mr. JOHNSON of South Dakota. I do.

Mr. RANKIN. But I do know that when we considered this at that time, the gentleman from Nebraska, the gentleman from Michigan, Mr. Vincent, who has since passed away, and the gentleman from Missouri [Mr. MILLIGAN],

and myself filed a minority report against the bill, and the gentleman from Ohio, Mr. Roy Fitzgerald, author of the bill, stated on this floor that it was a pension based on rank; and no man has any right now to say that he was deceived as to what the bill meant.

Mr. SIMMONS. The American Legion, through its national organization and its legislative committee, forced the bill through Congress without amendment. Responsible spokesmen of the American Legion have since repeatedly boasted of that fact, and have boasted and now do boast of their successful defense of any attempt to change it or reduce the payments made under it.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. SIMMONS. I yield.

Mr. BLANTON. When the bill was first proposed, we were assured it would affect only 900 officers. After the bill was passed 7,000 officers were granted retired pay for life, when over half of them had only presumptive disabilities not of service origin.

[Here the gavel fell.]

Mr. BRITTEN. Mr. Chairman, I ask unanimous consent that the gentleman from Nebraska may proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SIMMONS. In view of the fact the article quoted says the American Legion's proposal was to make payments to "battlefield casualties," I ask unanimous consent to extend my remarks by inserting the bill. It is not long. I do this to show that the bill is not limited to battlefield casualties and never was intended to be so limited, and the American Legion never asked that it be so limited. I personally offered to withdraw my objection to the bill if it were so limited, and the representatives of the American Legion rejected the proposal and insisted upon its passage just as they proposed it and just as it became a law. The American Legion sponsored the bill; they fought for it; they insisted on its passage "as is." An attempt to shift now, to duck responsibility, comes with not only poor grace but with utter disregard of the facts—facts known to all who had anything to do with the passage of that bill. If the American Legion is now ready to admit its mistakes, it should do so as fighting men admit mistakes, not by attempting to blame some one else for that which the Legion has done.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The matter referred to follows:

[Public, No. 506, Seventieth Congress]

S. 777

An act making eligible for retirement, under certain conditions, officers and former officers of the Army, Navy, and Marine Corps of the United States, other than officers of the Regular Army, Navy, or Marine Corps who incurred physical disability in line of duty while in the service of the United States during the World War

Be it enacted, etc., That all persons who have served as officers of the Army, Navy, or Marine Corps of the United States during the World War, other than as officers of the Regular Army, Navy, or Marine Corps, who during such service have incurred physical disability in line of duty, and who have been or may hereafter within one year be rated in accordance with law at not less than 30 per cent permanent disability by the United States Veterans' Bureau for disability resulting directly from such war service, shall from date of receipt of application by the Director of the United States Veterans' Bureau be placed upon and thereafter continued on separate retired lists hereby created as part of the Army, Navy, and Marine Corps of the United States, to be known as the emergency officers' retired list of the Army, Navy, or Marine Corps of the United States, respectively, with the rank held by them when discharged from their commissioned service, and shall be entitled to the same privileges as are now or may hereafter be provided for by law or regulations for officers of the Regular Army, Navy, or Marine Corps who have been retired for physical disability incurred in line of duty, and shall be entitled to all hospitalization privileges and medical treatment as are now or may hereafter be authorized by the United States Veterans' Bureau, and shall receive from date of receipt of their application retired pay at the rate of 75 per cent of the pay to which they were entitled at the time of their discharge from their commissioned service, except pay under the act of May 18, 1920: *Provided*, That all pay and allowances to which such persons or officers may be entitled under the provisions of this law shall be paid solely out of the military and naval compensation appropriation fund of the United States Veterans' Bureau, and shall be in lieu of all disability compensation benefits to such officers or persons provided in the World War veterans' act, 1924, and amendments thereto, except as otherwise authorized herein, and except as provided by the act of December 18, 1922: *Provided further*, That all persons who have served as officers of the Army, Navy, or Marine Corps of the United States during the World War, other than as officers of the Regular Army, Navy, or Marine Corps, who during such service have incurred physical disability in line of duty, and who have heretofore or may hereafter be rated less than 30 per cent and more than 10 per cent permanent disability by the United States Veterans' Bureau for disability resulting directly from such war service, shall from date of receipt of application by the Director of the United States Veterans' Bureau be placed upon and thereafter continued on the appropriate emergency officers' retired list, created by this act, with the rank held by them when discharged from their commissioned service, but without retired pay, and shall be entitled only to such compensation and other benefits as are now or may hereafter be provided by law or regulations of the United States Veterans' Bureau, together with all privileges as are now or may hereafter be provided by law or regulations for officers of the Regular Army, Navy, or Marine Corps who have been retired for physical disability incurred in line of duty: *And provided further*, That the retired list created by this act of officers of the Army shall be published annually in the Army Register, and said retired lists of officers of the Navy and Marine Corps, respectively, shall be published annually in the Navy Register.

SEC. 2. No person shall be entitled to benefits under the provisions of this act except he make application as hereinbefore provided and his application is received in the United States Veterans' Bureau within 12 months after the passage of this act: *Provided*, That the said director shall establish a register, and applications made hereunder shall be entered therein as of the actual date of receipt, in the order of receipt in the Veterans' Bureau, and such register shall be conclusive as to date of receipt of any application filed under this act. The term "World War" as used herein is defined as including the period from April 6, 1917, to July 2, 1921.

NICHOLAS LONGWORTH,
Speaker of the House of Representatives.
CHARLES G. DAWES,
Vice President of the United States and President of the Senate.

IN THE SENATE OF THE UNITED STATES,
May 3 (calendar day May 24), 1928.

The Senate having proceeded, in pursuance of the Constitution, to reconsider the bill (S. 777) entitled "An act making eligible for retirement under certain conditions officers and former officers of the Army, Navy, and Marine Corps of the United States, other than officers of the Regular Army, Navy, or Marine Corps, who incurred physical disability in line of duty while in the service of the United States during the world War," returned to the Senate by the President of the United States with his objections thereto, with the message of the President returning the bill; and

Resolved, That the bill do pass, two-thirds of the Senate agreeing to pass the same.

Attest:

EDWIN P. THAYER, *Secretary.*

Mr. SANDLIN. Mr. Chairman, I ask unanimous consent that debate on this paragraph and all amendments thereto close in five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. CONNERY. Mr. Chairman, I have no desire to hold up action on this bill; but three or four different Members of the House, all of whom, I think, were officers during the World War, have just gone on record as opposing the American Legion stand on this proposition. I was not an officer in the World War. I was first a private, and when the war ended I was a color sergeant. I fought for the disabled emergency officers on the floor of this House when that bill came up, and I say that the American Legion was absolutely right in its contention.

Before that bill was passed disabled emergency officers of the Regular Army, Navy, and Marine Corps were already on the retired rolls. They were already on the rolls as disabled emergency officers, and I claimed at that time that

as long as you had them on the rolls, or unless you took them off of the rolls, in justice we ought to put the officers of the National Guard and National Army who went over the top in France in the same position.

Mr. SIMMONS and Mr. JOHNSON of South Dakota rose.

Mr. CONNERY. I shall yield to both of the gentlemen later. Incidentally, I have both a sincere admiration and friendship for the gentleman from South Dakota and the gentleman from Nebraska. I hold it is entirely a matter of the administration of this act by the Veterans' Bureau that has created this furore, and that the law as passed by Congress was a good law.

Go down to the Veterans' Bureau with a man who fought on the field of battle in France and see what happens. I had an individual case myself of Lieut. John Gillespie, a lieutenant in my own company, a company of the One hundred and first Infantry. I saw him after a box barrage at Humbert plantation, in the Toul sector, when he was picked up by shells and tossed aside while going to the relief of the fourth platoon of A Company, which was attacked by a large force of German infantry. I saw him the next morning right after the battle, and I saw that that man had been changed overnight from a normal human being into a shell-shocked, disabled veteran, his nerves racked to pieces in that battle.

I have been fighting for two years down in the Veterans' Bureau to get that man put on the rolls at 30 per cent disability. I submitted an affidavit of my own knowledge. He is a man who could earn a salary of three or four thousand dollars a year before the war, but now he can not make $25 a week. They say, "No, we can not give him 30 per cent disability." But some Regular Army man who fell off his horse over at the parade grounds at Fort Myer or at Chaumont during the war does not have much trouble getting a 30 per cent disability rating.

I now yield to the gentleman from Nebraska.

Mr. SIMMONS. The gentleman believes in the bill and I am not quarreling with him about that. I am quarreling with the attempt now of the American Legion to disclaim responsibility for the bill.

Mr. CONNERY. They are disclaiming responsibility for what the Veterans' Bureau has done under the bill. That is all they are disclaiming.

Mr. SIMMONS. That has been done under a law that they asked us to pass.

Mr. CONNERY. I now yield to the gentleman from South Dakota.

Mr. JOHNSON of South Dakota. That is the matter I want to bring up. The gentleman and I have no dispute about this bill. It is the law, but I think the gentleman will agree with me that the American Legion wrote letters to every Member of Congress and insisted on the passage of the bill.

Mr. CONNERY. Yes.

Mr. JOHNSON of South Dakota. And it does not seem in good taste for the present commander of the American Legion, who knew nothing about it at the time, to now say that the responsibility is on Members of Congress and the Veterans' Bureau when the responsibility should be taken by them.

Mr. CONNERY. He is right with respect to the Veterans' Bureau. Congress enacted the law in good faith, but the Veterans' Bureau has certainly done a terrible job in administering the act.

Mr. JOHNSON of South Dakota. But it was done at the request of the American Legion.

Mr. BOILEAU. Will the gentleman yield?

Mr. CONNERY. I yield to the distinguished gentleman from Wisconsin.

Mr. BOILEAU. I would like to call attention to the fact that I know of a captain of marines in Wisconsin who was decorated for bravery during service at the front, who has a service-connected disability of 100 per cent, but because of a discriminatory feature of that law, saying that he must file his application within one year, on account of the fact he did not file his application under the right acts, he can not come in under the emergency officers' disability act.

Mr. JOHNSON of South Dakota. I think the American Legion is to blame also for that language in the act.

Mr. CONNERY. The American Legion acted in good faith in asking for the passage of that law, and the onus was upon the Veterans' Bureau to administer that act justly. If they had done that, there would be no complaint.

Mr. GOSS. Will the gentleman yield?

Mr. CONNERY. Yes. The gentleman from Connecticut, I know, has studied this law carefully.

Mr. GOSS. May I call the gentleman's attention to the fact that it was not the Veterans' Bureau but a decision of the Attorney General with respect to the original act that allowed these additional men to come in, as was shown by hearings of our Military Affairs Committee last year.

Mr. CONNERY. Yes; you would not have had the presumptive cases brought in if it were not for the decision of the Attorney General.

As a former sergeant who will receive no benefit from this at all and as one who is simply interested in taking care of the interests of these officers of the National Guard and National Army who fought in France, I submit that before Congress does anything with respect to this act they should look into it very carefully, because I want justice done to those men who fought on the field of battle. [Applause.]

Mr. GOSS. Mr. Chairman, the American Legion supported this legislation originally, before the decision of the attorney General which allowed presumptive cases to be admitted. Now the Legion may not think it advisable to support this legislation in view of the Attorney General's decision. Surely that is plausible. General Hines has always opposed the Attorney General's decision in regard to this matter.

The Clerk read as follows:

OFFICE OF DOORKEEPER

Salaries: Doorkeeper, $6,000; special employee, $2,820; superintendent of House press gallery, $3,660; assistant to the superintendent of the House press gallery, $2,520; chief janitor, $2,700; messengers—17 at $1,740 each, 14 on soldiers' roll at $1,740 each; laborers—17 at $1,260 each, 2 (cloakroom) at $1,380 each, 1 (cloakroom) $1,260, and 7 (cloakroom) at $1,140 each; 3 female attendants in ladies' retiring room at $1,680 each; attendant for the ladies' reception room, $1,440; superintendent of folding room, $3,180; foreman of folding room, $2,640; chief clerk to superintendent of folding room, $2,460; 3 clerks at $2,160 each; janitor, $1,260; laborer, $1,260; 31 folders at $1,440 each; shipping clerk, $1,740; 2 drivers at $1,380 each; 2 chief pages at $1,980 each; 2 telephone pages at $1,680 each; 2 floor managers of telephones (1 for the minority) at $3,180 each; 2 assistant floor managers in charge of telephones (1 for the minority) at $2,100 each; 41 pages, during the session, including 10 pages for duty at the entrances to the Hall of the House, at $4 per day each, $27,210; press-gallery page, $1,920; superintendent of document room (Elmer A. Lewis), $3,960; assistant superintendent of document room, $2,760 and $420 additional so long as the position is held by the present incumbent; clerk, $2,320; assistant clerk, $2,160; 8 assistants at $1,860 each; janitor, $1,440; messenger to pressroom, $1,560; maintenance and repair of folding room motor truck, $500; in all, not to exceed $236,033.

Mr. PATTERSON. Mr. Chairman, I make a point of order. It occurs to me that the language in line 11, on page 17, "$420 additional so long as the position is held by the present incumbent," has been carried in the appropriation bill for year after year and is now out of date and is not authorized by law. I therefore make a point of order on that language.

Mr. SANDLIN. Mr. Chairman, this is carried under a provision of the legislative pay act of June 20, 1929, Public, No. 17. The language of the act is identical with the language in the bill and is permanent law.

The CHAIRMAN (Mr. BANKHEAD). The Chair is ready to rule.

The attention of the Chair has been called to the legislative pay bill, and the item to which the gentleman from

Alabama [Mr. PATTERSON] objects is clearly authorized in the text of the law.

The Chair overrules the point of order.

The Clerk read as follows:

For miscellaneous items, exclusive of salaries and labor unless specifically ordered by the House of Representatives, including reimbursement to the official stenographers to committees for the amounts actually and necessarily paid out by them for transcribing hearings, and including materials for folding, $65,000.

Mr. SCHAFER. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 20, line 11, after the figures "$65,000" insert: "*Provided*, That no part of this appropriation shall be expended in connection with the House restaurant or kitchen in the Capitol Building."

Mr. SCHAFER. Mr. Chairman, this is an amendment that is offered and if adopted will save the taxpayers of this country some $20,000 a year. We have a peculiar situation existing under the dome of the Capitol, and I am somewhat surprised that the distinguished gentleman from Missouri [Mr. SHANNON], who is frequently making speeches against the Government in business, has overlooked the Government in the restaurant business and the subsidy under the dome of the Capitol.

I had no criticism in my prior talk on the subject for the distinguished gentleman from North Carolina [Mr. WARREN], because I know he and his committee have been doing a fine job, but what situation do we have here? We have a restaurant which the Members of the House and the public patronize. The patrons pay about as much per meal, and in some cases more, than they would at a regular private restaurant.

Here is a restaurant that does not pay rent, that does not pay for light, that does not pay for heat, and equipment, and so forth. It does not pay any personal property or real estate or income taxes, but it has a subsidy from the Federal Treasury to the extent of about $20,000 a year.

This amendment, if adopted, would save the taxpayers that $20,000 a year.

If every restaurant in the Nation needed such a subsidy and the many free contributions they would be closed and put through the bankruptcy court if denied them.

I think it is rather strange that these Members who talk in favor of economy, who talk against subsidies, and in favor of taking the Government out of business, should remain silent with reference to this subsidy.

You Members of the House and the incoming Members of the next House will be criticized, as Members have in the past, for obtaining your meals free in this restaurant, which, of course, is not the fact. The fact is that a Member of Congress or the general public pay more for their meals than they will in an outside restaurant. This House restaurant pays for no heat, no rent, no light, no taxes, no water, and so forth, which a private one does, and in addition receives a subsidy from the taxpayers' Treasury of about $20,000 a year.

Gentlemen, I urge that you adopt this amendment. I particularly call upon you Democratic Members who promised on the stump last fall that you would reduce the cost of government 35 per cent to support this amendment. You ought to begin economy now, because the 4th of March is coming soon, and you then can not blame Mr. Hoover or Mr. Mellon for every ill of America and the world.

Mr. KELLER rose.

Mr. SCHAFER. Yes; I will yield to the gentleman from Illinois, who believes that all Uncle Sam has to do is to comb his whiskers and get goldback bills, just as the soldiers picked the cooties out of their hair in France. [Laughter.]

Mr. KELLER. How long has the gentleman been in Congress?

Mr. SCHAFER. Ten years.

Mr. KELLER. Has the gentleman ever attacked the subsidy before?

Mr. SCHAFER. Yes; certainly.

Mr. KELLER. When did the gentleman do it?

Mr. SCHAFER. I could not tell the gentleman the exact date, but if he will go back and look at the RECORDS he will find that I joined with the economy expert—the gentleman from Michigan, Mr. Cramton—against these subsidies, and, furthermore, past history is not present history. We must reduce appropriations now.

Mr. BOYLAN. Mr. Chairman, I am rather surprised to see the vociferous gentleman from the State of Wisconsin [Mr. SCHAFER] rise and protest against the excellent restaurant we have here under the dome of the Capitol. I am startled, I am amazed, to think that after he has been down there day after day for 10 years——

Mr. SCHAFER. Oh, the gentleman does not go down to that restaurant.

Mr. BOYLAN. And that after having regaled himself with delicious dishes of pigs' knuckles and sauerkraut, hasenpfeffer, Norfolk spots, Potomac shad, terrapin, and all of the other delicacies the restaurant affords, that he should get up here at this late hour and abuse our dear old restaurant; that has been so wonderfully managed by Mr. WARREN. We all know that the gentleman would never be able to come up here and let out his magnificent voice, with all the steam he puts behind it, if he had not previously fortified himself by the good, nourishing, voice-building food that we have down in that restaurant. The gentleman well knows that it is merely a matter of convenience to the Members to have this restaurant. I wager that when the distinguished constituents of the gentleman from the historic city of Milwaukee come here the gentleman is pleased to have the opportunity of taking them to a restaurant of the type and character that we here afford for the service of the gentleman's guests.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. SCHAFER. I am not opposed to a restaurant in the Capitol, but I am opposed to the Government subsidizing and running a restaurant. I am in favor of getting money into the Treasury by leasing the restaurant quarters for private operation.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. BOYLAN. In a moment please. The gentleman from Wisconsin has told this to us so often in the last six or seven weeks that I almost remember it word for word. He gets up here and says that the Democrats have not reduced expenses, that the Democrats did not do this, that the Democrats did not do that, and he did it so much that the other day I asked him whether he had read a poem that had been inserted in the RECORD entitled "The Last Will and Testament of a Lame Duck." He said he had not. So, how can I speak intelligently to him, when he has not read that beautiful poem that describes what is going to happen to the lame ducks after they leave here. I know that we are going to have trouble in running this Congress when the gentleman leaves us, because he is in a class by himself. I regret to see him go. He has added comedy and humor on many dull days, and I know that we all have enjoyed him. I do not speak in a jocose manner when I say that I regret the departure of the gentleman. He reminds me of a story that my grandfather used to tell me. He said that one night in Ireland there was a big wind, and it was such a big wind that houses were blown down and property was destroyed. He said that after that time everything that happened in a chronological way was dated from the night of the big wind, and it occurs to me that we might have to date any event that transpires hereafter in the Congress from the date of the departure of the big wind. [Laughter.]

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. BOYLAN. Yes.

Mr. ALLGOOD. The gentleman from Wisconsin says that he does not go down to the restaurant. If they will put a refreshment parlor down there, I think he will go down there and he will stay there.

Mr. BOYLAN. I wish they would put it in. I would be glad to join the gentleman. [Laughter.] I know that we would have good Milwaukee beer there; but in all seriousness, I sincerely regret the departure from our midst of the distinguished orator from Milwaukee.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. PATTERSON. Mr. Chairman, I ask unanimous consent that the amendment be again reported.

There was no objection, and the Clerk again reported the Schafer amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

The Clerk read as follows:

No part of the appropriations contained herein for the contingent expenses of the House of Representatives shall be used to defray the expenses of any committee consisting of more than four persons (not more than two from the House and not more than two from the Senate), nor to defray the expenses of any other person except the Sergeant at Arms of the House or a representative of his office, to attend the funeral rites and/or burial of any person who at the time of his or her death is a Representative, a Delegate from a Territory, or a Resident Commissioner from Puerto Rico or the Philippine Islands.

Mr. O'CONNOR. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 20, beginning in line 16, strike out all of the paragraph down to and including line 2 on page 21.

Mr. O'CONNOR. Mr. Chairman, my amendment strikes out the limitation on the number of Members who may attend the funeral of a deceased Member, which has been inserted in this bill for the first time. I know there has been a lot of criticism and comment in reference to funeral expenses paid out of the contingent fund on the decease of a Member of this House. I do not know whether the Members of the House know just how much that is, but over a period of 10 years the total expenses of all funerals for Members of this House have aggregated just $16,000. I think we are getting a little small and a little picayune when we adopt such an item in reference to the dead and try to save a few dollars. To say that we shall show such small respect upon the death of one of our colleagues as that only two Members of the House may attend his funeral, I think, is going pretty far. If there is a Member of this House whose funeral only two Members of Congress would attend, let me submit that that man should never have been elected to this House. If that is the only respect that this House can show to a deceased colleague, then we are getting down to pretty small potatoes, in my estimation.

I know it will be said that if they want to go they can go at their own expense, but that does not meet the fact that two Members of this House are picked out to attend a man's funeral. In the first place, it is impossible to have both sides represented at the funeral. It was suggested that the chairman of the committee on which the gentleman served should be chosen to attend, and a Member from the deceased Member's State. There would be no representative of the minority. I believe it would unduly dignify two Members of this House. My amendment is to strike out the paragraph and leave it to the discretion of the Speaker. It is safe in the hands of the Speaker. The present Speaker has cut down the committees. There has been no waste of money with respect to this particular item. It is suggested that the number might be limited. If the number were limited, I would say surely that 10 would not be an extravagant number to send to the funeral of a deceased Member, if they wanted to go.

Mr. WARREN. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. WARREN. The Committee on Accounts carefully considered a resolution introduced by the gentleman from Texas [Mr. SUMNERS], and I understand he has insisted upon this provision being in the present bill also, but after considering it from every angle we reported out a bill providing for five Members rather than two, as this bill now carries. That bill is pending now on the calendar.

Mr. O'CONNOR. Of course, the present provision is right before us in this appropriation bill. The bill reported by the gentleman's committee will not come before us if this provision is passed, so that it is my suggestion that we eliminate this provision from the appropriation bill and take up the subject on its merits when the gentleman reports his bill. Of course, I do not agree that five is a sufficient number. I believe 10 would be a fair number except in an extraordinary case.

So, Mr. Chairman, I have offered the amendment in good faith, out of respect to deceased Members who have served with us here, that we should at least show some respect by sending more than two Members to attend the funeral.

The CHAIRMAN. The time of the gentleman from New York [Mr. O'CONNOR] has expired.

Mr. BLANTON. Mr. Chairman, the provision in this bill limiting and reducing the cost of congressional funerals is something I have been contending for ever since I have been in Congress.

Mr. Chairman, I wish to commend the gentleman from Louisiana [Mr. SANDLIN] and the subcommittee for putting this provision in the bill, and I commend all of the members of the Committee on Appropriations for allowing it to stay in the bill. I want to commend my friend and colleague from Texas [Mr. SUMNERS] for the splendid work he has been doing to bring about this proper reform. I want to commend our splendid and efficient Sergeant at Arms, Mr. Kenneth Romney, who since he has been in office has cut down the funeral expenses materially by refusing to pay extraordinary and unusual and extravagant bills that have been rendered him by Members and various funeral directors who had connection with the funerals. He has saved down to the minimum.

This is a matter that I have been studying for a number of years. I have been hoping that the Congress would cut this matter down to a proper number ever since I have been in Congress. You will find that only very few of those appointed on funeral committees actually reach the funeral.

Mr. BRITTEN. Will the gentleman yield?

Mr. BLANTON. I regret that I have not the time.

A great number are appointed but they do not always attend the funeral. The people back home are not in these congressional funerals. I think two Members would be sufficient from the Senate and two from the House; and I have assurance from the Democratic leader of the Senate that he will offer this same provision to Senate funerals when it comes to the Senate, limiting the number of Senators to two who will attend the congressional funeral. I have assurances from several Senators, distinguished men who watch these matters, that they will back up our committee and put on the same provision when the bill reaches the Senate, limiting the number of Senators who are appointed to two. We have no control over the contingent fund of the Senate. Every time a Member of this House dies or a Delegate or a Resident Commissioner dies we pay not only for our own delegation out of the contingent fund of the House but we pay for the senatorial delegation as well.

Mr. O'CONNOR. Will the gentleman yield and tell the reverse of that?

Mr. BLANTON. Yes; the reverse is that the Senate pays for our committee on Senate funerals, but the money all comes out of the people's Treasury. And that is the reason they are going to put this same limitation on Senate funerals to cut it down to 2 Senators, so that there will be only 2

Senators and 2 Representatives with the Sergeant at Arms. Two Senators and two Representatives and the Sergeant at Arms, who looks after the arrangements, is a sufficient delegation of Congress to go from here across the United States when a Member dies. You will find that the people will have more respect for Congress. They will have more respect for the way we handle affairs here. They will have more respect for the feeling of friendship that we have for each other if we will send a reasonable delegation, and not a great, tremendous committee that is top-heavy.

Now, I want to say that my colleague from Texas [Mr. SUMNERS] has done splendid work. The subcommittee has done splendid work. The Committee on Accounts has done splendid work in hearing the matter. I wish you would get the hearings and read the testimony of the Sergeant at Arms on this point, and you will be in favor of the provision our committee has approved in this bill.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. SANDLIN. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SUMNERS of Texas: Page 20, line 16, strike out the entire paragraph, down through line 2 of page 21, and insert in lieu thereof the following: "No part of the appropriation contained herein for the contingent expenses of the House of Representatives shall be used for the payment of any expense connected with the funeral of a deceased Member of Congress, Delegate from a Territory, Resident Commissioner from Puerto Rico or the Philippine Islands, or officer, or employee of the House of Representatives."

Mr. SUMNERS of Texas. Mr. Chairman, personally I wish to express very great appreciation to the gentleman from Louisiana [Mr. SANDLIN] and his subcommittee for a provision in the bill limiting the expenditures with reference to congressional funerals.

The proposed amendment just read by the Clerk, abolishing entirely the custom, represents my personal views with regard to this matter. I recognize that it is impossible to procure the adoption at this time of the amendment which I have offered, and I shall therefore, at the conclusion of my remarks, ask unanimous consent that it may be withdrawn in favor of the provision which the committee has incorporated in this bill.

Mr. Chairman, I do not believe I may be classed among the sensational Members of this body. I do not believe it is sound public policy, or a proper way to show respect, to take Members of Congress away from their business here and send them across the country at public expense to attend the funerals of our deceased colleagues. When Mr. Longworth was alive he was sympathetic with the efforts which I was making to abolish this custom. It happens that the custom had not been abolished when he died, and recently the papers have been printing stories of the expenditures connected with his funeral.

In my judgment, these expenditures do not add to the appreciation of the people of the person in whose honor we make the expenditure. The contrary is true. This is no way to do honor. This is no proper expenditure of public money. In my view those of us who hold public office are merely private citizens temporarily called to public service. In times like this to take the money of the people and to take Members of Congress away from their duties and send them across the country, does not seem to me to be in line with intelligent public policy. Under the established custom we always have to send a delegation in order to avoid showing disrespect. It is the custom whenever a Member dies to offer the usual resolution. It is not a special indication of respect but is a thing we have to do. I dare say not a Member of this House would rise in his place now and say that in the event of his demise he would want his colleagues, in a time like the present, to leave their post of duty, go across the country, and compel the people of the United States to pay the expenses of those making the trip.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. O'CONNOR. Of course, Members die when Congress is not in session and upon such occasions the Members do not leave their posts of duty.

Mr. SUMNERS of Texas. No; but I am speaking of what usually occurs.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. SUMNERS of Texas. I yield.

Mr. JONES. I am in thorough sympathy with the purpose of the gentleman. I hope he will permit his amendment to be voted on.

Mr. SUMNERS of Texas. I would be very glad to do it were there a chance of its passage, but there is not, in my judgment.

Mr. Chairman, I ask unanimous consent to withdraw the amendment.

Mr. BACON. Mr. Chairman, reserving the right to object, I hope the gentleman will let the amendment be brought to a vote.

Mr. SUMNERS of Texas. I will do it, then. I wish we could procure its adoption.

Mr. LUDLOW. Mr. Chairman, I rise in opposition to the amendment of my friend the gentleman from New York.

It is true this is not an extremely large item, but there is no doubt that in the past it has verged on scandal.

The gentleman from New York says the expense is very small; but it is not so small, after all, as the hearings show that during the decade from 1922 to 1932 the total expense was $164,303. I wonder if the House knows that in one instance the large sum of $7,500 was paid out of the Federal Treasury to purchase a casket for a United States Senator whose name I shall not give?

Mr. O'CONNOR. That was paid out of the contingent fund of the Senate. We did not do that.

Mr. LUDLOW. It is a part of this same proposition. It is a part of the same picture. It may have come out of the Senate fund; but we could put a limitation in this bill which would prevent a repetition of such expenditure. But, coming to the House, in another instance the funeral expenses of a Member of this branch of Congress from the State of California, who died in the city of Washington, amounted to just a little less than $8,000, of which more than $5,000 was for transportation. I do not believe anyone will contend that such expenditures of the taxpayers' money can be justified.

The main item in these expenditures, at all times, has been the cost of transportation; and the committee by cutting down the personnel of these committees from 20, 30, or 35 Members, as sometimes has happened, to 2, cuts out the main cost.

The purpose of this custom is to show the sentiment and respect of Congress toward one of its deceased Members. I submit that respect can be shown just as well by a committee of 2 Members as by one of 20 or 30 Members. This enormous and unwarranted expenditure can and should be prevented.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. LUDLOW. I yield.

Mr. O'CONNOR. The average cost of these funerals has been $1,800. As a rule nearly $1,000 is expended for the undertaker's bill, and so forth. All that would be saved would be part of the transportation, about four-fifths of the additional $800. Every time a Member died there would be saved about $500 if this amendment were adopted.

Mr. LUDLOW. In response to the statement of the gentleman from New York, I quote the Sergeant at Arms of the

House, who has charge of the administration of this function. He says the transportation item on the average amounts to about two-thirds of the entire bill.

Mr. O'CONNOR. That could not be. If the total funeral cost is $1,800 and of that $800 goes to the undertaker, transportation could not account for two-thirds of the bill.

Mr. BLANTON. The cost of the casket is limited to $400.

Mr. LUDLOW. The gentleman from New York is mistaken as to the average amount of the undertaker's bill. The gentleman from Texas is correct. The cost of the casket is limited by the Sergeant at Arms to $400. I have nothing more to say. I think the people of the entire country are beginning to look with very grave suspicion on this custom and I think it should be abolished for the sake of the good name of the House of Representatives.

Mr. MAY. Will the gentleman yield for a question?

Mr. LUDLOW. Yes; with pleasure.

Mr. MAY. Does not the gentleman think that perhaps this abuse, about which there has been talk here, could be corrected without withdrawing the long-time custom of the House of Representatives in so honoring its Members, and does not the gentleman think that it is more a matter of abuse in the way it is handled than a matter of having the custom?

Mr. LUDLOW. I may say to the gentleman that under the proposed legislation contained in the pending legislative appropriation bill now before the House, the House of Representatives does not discontinue the custom of showing respect to its deceased Members.

There were alternative propositions before the committee. One was for the total abolishment of this custom and another was a modification of the custom so that only 2 Members would be chosen to represent the House instead of 20 or 30. It was decided by our subcommittee to continue the custom by which Congress shows its respect to the deceased, but to reduce the congressional committee to merely nominal size. This takes the evil out of the practice and removes all ground for criticism of Congress. It preserves the ancient custom and tradition of the Congress, about which a great deal of sentiment has become interwoven throughout the years, but it also places that custom and tradition above suspicion.

Mr. MAY. Is the gentleman unwilling to leave the number to the discretion and judgment of the Speaker of the House?

Mr. LUDLOW. While I have not consulted the Speaker, yet I believe he would approve of this proposition.

Mr. BLACK. Mr. Chairman——

Mr. PATTERSON. Mr. Chairman, I ask unanimous consent that the gentleman from New York may proceed for two minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLACK. Mr. Chairman, I am not particularly concerned about the amendment, except I do think it is a matter for the Committee on Accounts to handle in its own way, and is a matter that should be handled deliberately.

Some kind words were said by the gentleman from Texas [Mr. BLANTON] about Mr. Romney, the Sergeant at Arms, and his services. I join the gentleman in those statements, but I do not want the records of the House to indicate that these kind words are any reflection on any former Sergeant at Arms.

I have served on congressional committees attended by Mr. Joe Rodgers, one of the most likable characters in Washington. I served on an investigating committee that was away for a long time and covered a great deal of the country. Mr. Rodgers not only served the committee courteously and efficiently and performed some arduous work—in fact, he was at work all the time when the committee was in the western part of the country—he also at all times saw to it that the funds of the Government were not in any way wasted.

I am merely rising so that the CONGRESSIONAL RECORD will show that this gentleman served diligently, efficiently, and economically, as well as the present Sergeant at Arms. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. SUMNERS].

The question was taken; and on a division (demanded by Mr. SUMNERS of Texas) there were—ayes 31, noes 75.

So the amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from New York [Mr. O'CONNOR].

The question was taken; and on a division (demanded by Mr. O'CONNOR) there were—ayes 60, noes 53.

Mr. SANDLIN. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. SANDLIN and Mr. O'CONNOR.

The committee again divided; and the tellers reported that there were—ayes 63, noes 60.

So the amendment was agreed to.

The Clerk read as follows:

For stationery for Representatives, Delegates, and Resident Commissioners, including $4,400 for stationery for the use of the committees and officers of the House, $44,000.

Mr. LUCE. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I make the pro forma amendment in order that in the CONGRESSIONAL RECORD of the same day with the remarks of the gentleman from Nebraska [Mr. SIMMONS], regarding candidates for office who offer to take less than their salaries, there may appear a brief statement of one phase of the law in the matter.

In my judgment a Committee on Elections of the House would be warranted by the court precedents in refusing admission to any man claiming to have been elected who had promised to forego the receipt of part of his salary.

To save the time of the committee, I ask unanimous consent to extend my remarks by including the statement in question.

Mr. LOZIER. Will the gentleman yield for a question?

Mr. LUCE. I yield.

Mr. LOZIER. Is it not true that many States have statutes of that kind penalizing such conduct on the part of candidates and to some extent disqualifying them from taking office, if they make promises of that kind during the campaign?

Mr. LUCE. One of the legal citations I shall include refers to a case in the gentleman's own State.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The matter referred to follows:

When in 1873 J. E. Newell offered the voters of Vernon County, Wis., to serve as county judge for $700 a year, $1,000 being the salary, and later reduced his offer to $600, the court held (State *v.* Purdy, 36 Wis. 213) that votes given by reason of such an offer were void. The voice of justice spoke still more emphatically as a result of what took place in Calloway County, Mo., in 1878. About a thousand citizens held a mass meeting and passed resolutions in which they said the salaries of their county officers were larger than they could afford to pay, and that there were plenty of good men, competent and honest, who were willing to perform the services at lower rates set forth in the resolutions. It was voted to support no man who would not agree to serve for an amount specified. One Collier was elected judge of probate under such an agreement. The matter was carried to the Supreme Court, which held against him. (State *v.* Collier, 72 Mo. 13, 1880.) The ground for the decision was that such a promise tends to swerve the voter from his duty as a citizen; to blind his perceptions to the sole question he should consider, the qualifications of the candidate; and to fix them upon considerations altogether foreign to the proper exercise of the highest right known to free men, the right of suffrage. However, laudable the promise in its object, it is demoralizing in its tendencies and utterly contrary to the plainest dictates of public policy.

The Clerk read as follows:

One-half of the foregoing amounts under "Capitol police" shall be disbursed by the Secretary of the Senate and one-half by the Clerk of the House.

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not intend to take up the five minutes. What I really wanted to do was to move to strike out the enacting clause. I probably could not do it under the rule if objections were made. I am consistently moving to strike out the enacting clause of all of these appropriation bills for the reasons that I have before given.

What I want to point out is that in this bill we are making appropriations by which the next Congress itself will be paid. Many of the Members who are voting to-day will be Members of that Congress. During the last session 50 per cent of every dollar of salary paid to you and me and everybody else on the pay roll went over into the national debt for our children to pay.

When you pass this bill to-day we know that a goodly part of it will never be paid by this generation, and that it too will pass over into the national debt to be paid by the people of the next generation. We know that in passing these appropriations we are not going to have the revenue to meet it. For that reason the enacting clause should be stricken out.

Mr. Chairman, I ask unanimous consent to withdraw the pro forma amendment.

The CHAIRMAN. Without objection, it is so ordered.

Mr. McGUGIN. Now, Mr. Chairman, I move to strike out the enacting clause, and I do not care to discuss it.

The CHAIRMAN. The gentleman from Kansas moves to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. BLANTON and Mr. McGUGIN) there were—ayes 2, noes 60.

So the motion was rejected.

The Clerk read as follows:

OFFICE OF THE ARCHITECT OF THE CAPITOL

Salaries: For the Architect of the Capitol, Assistant Architect of the Capitol, and other personal services at rates of pay provided by law; and the Assistant Architect of the Capitol shall act as Architect of the Capitol during the absence or disability of that official or whenever there is no architect; $43,500.

Mr. SANDLIN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 24, line 18, strike out "$43,500" and insert "$44,500."

Mr. SANDLIN. That is to correct an error.

The amendment was agreed to.

The Clerk read as follows:

Capitol garages: For maintenance, repairs, alterations, personal and other services, and all necessary incidental expenses, $7,540.

Mr. BACON. Mr. Chairman, I move to strike out the last word in order to ask a question. I should like to ask the chairman of the subcommittee what are the Capitol garages mentioned on top of page 26?

Mr. SANDLIN. It is the garage where Senators and a limited number of Representatives keep their cars.

Mr. BACON. Is it the garage just completed in the new Plaza?

Mr. SANDLIN. Yes.

Mr. BACON. I thought that was for the exclusive use of Members of the Senate.

Mr. SANDLIN. I think some Members of the House use it.

Mr. KELLER. How did they chisel in?

Mr. SANDLIN. Not being one of the Members that chiseled in, I do not know.

Mr. BACON. How do you get into the membership of that club? [Laughter.]

The pro forma amendment was withdrawn.

The Clerk read as follows:

The sum of $240,000 of the unexpended balances in the appropriations available for construction and furnishing of the new House Office Building shall be covered into the Treasury.

Mr. SANDLIN. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. SANDLIN for the committee: Page 26, line 20, strike out "$240,000" and insert in lieu thereof "$220,000".

The CHAIRMAN. The question is on agreement to the amendment.

The amendment was agreed to.

Mr. MAY. Mr. Chairman, I move to strike out the last word, in order to get a little information. On page 26, line 18, under the heading House Office Building, there is a provision for an appropriation $277,950, "For maintenance, including miscellaneous items, and all necessary services," at the House Office Building. There was an amendment in which the question for janitors for various rooms of the House Office Building was discussed. Does this item cover all those services, including the ones included in the janitors' services?

Mr. SANDLIN. It does not include the janitors for the different committees. It includes the services of the charwomen, and that sort of service, and not those we had under discussion a few moments ago.

Mr. MAY. In other words, it is not a duplication of anything else?

Mr. SANDLIN. No.

The Clerk read as follows:

The appropriations under the control of the Architect of the Capitol may be expended without reference to section 4 of the act approved June 17, 1910 (U. S. C., title 41, sec. 7), concerning purchases for executive departments.

Mr. GOSS. Mr. Chairman, I move to strike out the last word. Does this make it permanent law, or does it apply only to this year's appropriations?

Mr. SANDLIN. It will not make it permanent law.

The Clerk read as follows:

BOTANIC GARDEN

Salaries: For the director and other personal services, $85,000; all under the direction of the Joint Committee on the Library: *Provided*, That the quarters, heat, light, fuel, and telephone service heretofore furnished for the director's use in the Botanic Garden shall not be regarded as a part of his salary or compensation, and such allowances may continue to be so furnished without deduction from his salary or compensation notwithstanding the provisions of section 3 of the act of March 5, 1928 (U. S. C., title 5, sec. 678), or any other law.

Mr. SCHAFER. Mr. Chairman, I make the point of order against the proviso beginning in line 4 and continuing through, ending in line 11, on page 29, on the ground that it is legislation on an appropriation bill, unauthorized by law, and that it increases expenses from the Federal Treasury.

Mr. SANDLIN. Mr. Chairman, this provision has been carried for years, but I concede the point made by the gentleman is well taken.

The CHAIRMAN. The Chair sustains the point of order.

The Clerk read as follows:

INCREASE OF THE LIBRARY

For purchase of books, miscellaneous periodicals and newspapers, and all other material for the increase of the Library, including payment in advance for subscription books and society publications, and for freight, commissions, and traveling expenses, including expenses of attendance at meetings when incurred on the written authority and direction of the Librarian in the interest of collections, and all other expenses incidental to the acquisition of books, miscellaneous periodicals, and newspapers, and all other material for the increase of the Library, by purchase, gift, bequest, or exchange, to continue available during the fiscal year 1935, $100,000.

Mr. BACON. Mr. Chairman, I move to strike out the last word for the purpose of asking the chairman of the subcommittee a question. Did the subcommittee give any consideration to the building of the new annex to the Library of Congress?

Mr. SANDLIN. We did.

Mr. BACON. The gentleman, of course, is aware that the Library of Congress is now so completely overcrowded that it is difficult to make full and complete use of the Library. Congress has passed a law authorizing the new

annex. The plans have been drawn, and the land has been purchased. The probability is that the building could be constructed more cheaply at this particular time than it can be later. It has got to be constructed sometime, and I believe a million dollars or so could be saved by building it now. I think it is false economy to postpone its construction until building prices go up.

Mr. SANDLIN. Mr. Chairman, the committee gave serious consideration to that and to the statement made by Doctor Putnam and others, which showed that the condition of the Library is overcrowded indeed, but it is not in as bad shape as the United States Treasury. Inasmuch as building generally has been curtailed at the Army posts all over the country, where the gentleman and I know it is very necessary at this time, the committee thought it best to not go on with the construction of that building now. Boiled down to a simple question it is, Where are you going to get the money for it?

Mr. BACON. I did not rise to criticize the action of the subcommittee.

Mr. SANDLIN. And I do not take the gentleman's question as a criticism.

Mr. BACON. But I rose to find out whether the subcommittee had gone into the matter thoroughly.

Mr. SANDLIN. Yes; we did. We considered it very seriously but felt that at the present time, on account of the condition of the Treasury and the unbalanced Budget, the matter could be held up until some other time.

Mr. BACON. I appreciate the necessity for economy. However, I hope that this annex to the Library can be built as soon as the financial conditions of the Treasury warrant it. The work of the Library is seriously hampered by its overcrowded condition. The need for relief is pressing.

Mr. LUCE. Mr. Chairman, I rise simply to record my regret that the committee did not deem it possible to continue with this work at the present time. My hope is that at the earliest possible moment, if it can not be done now, the work will be completed.

The Clerk read as follows:

No part of any money appropriated in this act shall be paid to any person employed in the Government Printing Office while detailed for or performing service in any other executive branch of the public service of the United States unless such detail be authorized by law.

Mr. MEAD. Mr. Chairman, I move to strike out the last word. While we are on this appropriation with the Government Printing Office, I should like to ask the chairman of the subcommittee if any arrangements have been made to take care of the employees' time off which was accrued and which was theirs when the furlough law went into effect.

Mr. SANDLIN. We did not have any authority to do that in this bill. We understand there is a bill pending to take care of that.

Mr. MEAD. Does the gentleman understand that the employees of the Government Printing Office had earned 30 days' annual leave prior to the enactment of the furlough law, and that by reason of the operation of the furlough they are penalized in a double way by forfeiting that 30 days this year also?

Mr. SANDLIN. I said I had understood that; but that we could not correct that on this bill, because it would be legislation on an appropriation bill. I think the bill should be passed to correct that.

Mr. MEAD. There is justice in their claim.

Mr. SANDLIN. Yes.

The pro forma amendment was withdrawn.

Mr. ELLZEY. Mr. Chairman, I ask unanimous consent to revise and extend the remarks I made to-day.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The Clerk concluded the reading of the bill.

Mr. SANDLIN. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BULWINKLE, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 14562) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1934, and for other purposes, directed him to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

Mr. SANDLIN. Mr. Speaker, I move the previous question on the bill and all amendments to final passage.

The motion was agreed to.

The SPEAKER. Is a separate vote demanded on any amendment?

Mr. BLANTON. Mr. Speaker, I ask for a separate vote on the O'Connor amendment.

The SPEAKER. Is a separate vote demanded on any other amendment? If not, the Chair will put them en gros.

The other amendments were agreed to.

The SPEAKER. The Clerk will report the amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: Page 20, beginning in line 16, strike out all down to and including line 2, on page 21.

The SPEAKER. The question is on the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 61 and noes 69.

So the amendment was rejected.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. SCHAFER. Mr. Speaker, I have a motion to recommit.

The SPEAKER. Is the gentleman a member of the committee?

Mr. SCHAFER. I am not, Mr. Speaker.

The SPEAKER. The rule is that if minority members of the committee desire to offer a motion to recommit, the Chair will give preference to them. Otherwise he will recognize any member of the committee to offer a motion to recommit if he is opposed to the bill.

Mr. BOYLAN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman a member of the committee?

Mr. BOYLAN. I am, sir.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BOYLAN. I am, sir.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. BOYLAN moves to recommit the bill to the Committee on Appropriations with instructions to that committee to report the bill back forthwith with the following amendment: On page 32, strike out the language in lines 15 to 20, both inclusive.

Mr. BOYLAN. On that motion, Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit offered by the gentleman from New York [Mr. BOYLAN].

The question was taken, and the motion was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the bill was passed.

On motion by Mr. SANDLIN, a motion to reconsider the vote by which the bill was passed was laid on the table.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. TAYLOR, of Tennessee, for one week, on account of important business.

TERMS OF PRESIDENT, VICE PRESIDENT, AND MEMBERS OF CONGRESS

The SPEAKER laid before the House a communication from Wilbur L. Cross, Governor of the State of Connecticut, transmitting a certified copy of a resolution of the House of Representatives and the Senate of the State of Connecticut, ratifying the proposed amendment to the Constitution of the United States fixing the commencement of the terms of the President and the Vice President and the Members of the Congress, and fixing the time of the assembly of the Congress.

LATE PRESIDENT COOLIDGE

Mr. LUCE. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting a short poem in the RECORD relating to the late President Coolidge.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. LUCE. Mr. Speaker, under permission to extend my remarks, I so do with the following poem, written by a Massachusetts man, who at one time worked with the late President Coolidge, and read over the National hook-up, by Rev. S. Parkes Cadman, Sunday afternoon, January 15, 1933:

CALVIN COOLIDGE

By William H. McMasters

Home in the native soil that sent him forth,
Where loving eyes may view the tranquil scene,
Home from the fleeting glories of the earth,
He rests in peace, unhurried, calm, serene.
No more responsive to the sordid cry
Of selfish hopes, of nations torn with pain,
He kept his tragic tryst with destiny
And shall not walk these troubled ways again.
Humbly he lived, in death yet played his part;
Alone, he closed his patient eyes in sleep;
Secure his fame, enshrined within the heart
Of men, in words of simple faith and deep.
Where once his youthful hands upturned the sod,
His spirit roams the silent hills with God.

CIVIL SERVICE RETIREMENT

Mr. GIBSON. Mr. Speaker, I ask unanimous consent to insert in the RECORD some remarks of my own in regard to the operation of the civil service retirement act.

The SPEAKER. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. GIBSON. Mr. Speaker, the last annual report of the Administrator of Veterans' Affairs and the report of the joint conference on retirement present some interesting and instructive facts that should come to the attention of the Members of Congress.

The retirement act was approved May 22, 1920. It became effective for deductions from salary of employees August 1, 1920, and fully effective August 21, 1920.

There have been nine legislative amendments since the first act, May 22, 1920. The outstanding changes were made September 22, 1922; July 1, 1926; and May 29, 1930.

Statement of the retirement and disability fund

Total deductions from pay of employees, from 1920 to June 30, 1932	$258,970,784.90
Interest and profits during same period	39,325,255.17
Service credit payments and miscellaneous receipts	1,448,932.05
Appropriated by the Government from 1929 to June 30, 1932	82,450,000.00
Total receipts	382,194,972.12
Annuities paid from 1920 to June 30, 1932	109,558,715.17
Refunds and interest to those leaving service during this period	39,168,413.07
Direct settlements, etc	120,282.14
Total disbursements from 1920 to June 30, 1932	158,606,846.10
Deductions from pay of employees during fiscal year ending June 30, 1932	$31,517,286.38
Annuities paid during fiscal year ending June 30, 1932	23,553,816.82
Refunds during fiscal year ending June 30, 1932	3,924,553.04
Interest earned during fiscal year ending June 30, 1932	8,588,812.39
Total funds available for annuities and refunds Dec. 1, 1932	243,402,075.46
Cost of annuities for June, 1932	2,060,839.80
Cost of annuities for December, 1932	2,537,072.23
Increase of cost in December over that of June	466,232.43

Number of annuitants on retired roll

Compulsory retirements from July to December, 1932	3,700
Number on retired roll June 30, 1932	25,567
Number on retired roll Dec. 1, 1932	30,956
Number on retired roll for age	20,865
Number on retired roll for disability	6,614
Number on retired roll accepting optional retirement	1,983
Number on retired roll by involuntary separation	1,494
Number on roll between ages of 90 and 99, inclusive	94
Number on roll between ages of 80 and 89, inclusive	1,590
Number on roll between ages of 70 and 79, inclusive	10,837

There is one annuitant on roll 112 years of age.

There are two annuitants on roll 103 years of age.

There are more than 400,000 employees who come within the purview of the law.

While the retirement law is one of the best, if not the best law in operation to-day, there is a need for some changes to safeguard the service and protect the employees which will be presented in the form of bills in the future.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 13607. An act to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 487. An act for the relief of Herbert G. Black, owner of the Schooner *Oakwoods*, and Clark Coal Co., owner of the cargo of coal on board said schooner; and

S. 4509. An act to further amend the act approved February 25, 1920, entitled "An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain."

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 13959. An act to authorize the incorporated town of Fairbanks, Alaska, to issue bonds in any sum not exceeding $100,000 for the purpose of constructing and equipping a public-school building in the town of Fairbanks, Alaska, and for other purposes.

ADJOURNMENT

Mr. SANDLIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 7 minutes p. m.) the House adjourned until Monday, February 6, 1933, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Monday, February 6, 1933, as reported to the floor leader:

DISTRICT OF COLUMBIA—SUBCOMMITTEE ON INSURANCE AND BANKING

(10.30 a. m.—Room 377, House Office Building)

Hearing on H. R. 14204, to amend section 653 of the Code of Laws for the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. POU: Committee on Rules. House Resolution 369. Resolution providing for the consideration of H. R. 13918, a bill to extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law," approved April 1, 1932; without amendment (Rept. No. 1973). Referred to the House Calendar.

Mr. PESQUERA: Committee on Insular Affairs. House Joint Resolution 564. Joint resolution to validate an act of the fourth special session of the Twelfth Legislature of Puerto Rico entitled "An act authorizing the Governor of Puerto Rico to guarantee repayment, in the name of the people of Puerto Rico, of loans made by the Reconstruction Finance Corporation to the agricultural credit corporations of the island of Puerto Rico, and for other purposes," approved October 21, 1932; without amendment (Rept. No. 1976). Referred to the House Calendar.

Mr. DREWRY: Committee on Naval Affairs. H. R. 13026. A bill to amend section 546, title 34, of the United States Code; without amendment (Rept. No. 1978). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. THOMASON: Committee on Military Affairs. H. R. 1430. A bill for the relief of Frank Fanning; without amendment (Rept. No. 1974). Referred to the Committee of the Whole House.

Mr. THOMASON: Committee on Military Affairs. H. R. 10542. A bill for the relief of John Newman; without amendment (Rept. No. 1975). Referred to the Committee of the Whole House.

Mr. LANKFORD of Virginia: Committee on Naval Affairs. H. R. 12193. A bill for the relief of John P. Seabrook; without amendment (Rept. No. 1977). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII,

Mr. GOSS introduced a bill (H. R. 14579) to provide for the free importation of certain articles exported temporarily for scientific or educational purposes; which was referred to the Committee on Ways and Means.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Memorial of the Legislature of the State of Nevada, memorializing Congress to adopt the Oddie amendment to the reconstruction finance act, whereby money can be loaned to schools; to the Committee on Banking and Currency.

Memorial of the Legislature of the State of Wisconsin, memoralizing Congress not to impose a tax in excess of $3 per barrel on beer; to the Committee on Ways and Means.

Memorial of the Legislature of the State of Wisconsin, indorsing the Great Lakes-St. Lawrence waterway project, and memoralizing Congress to ratify the treaty with Canada; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII,

Mr. PURNELL introduced a bill (H. R. 14580) granting an increase of pension to Rachel N. Martin, which was referred to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

10184. By Mr. BOYLAN: Letter from the Monterey Sardine Canners' Association, Monterey, Calif., favoring House bill 13999; to the Committee on Ways and Means.

10185. Also, resolution adopted by the American Society of Civil Engineers, New York City, N. Y., recommending the modification of title 2 of the emergency relief and construction act of 1932; to the Committee on Banking and Currency.

10186. By Mr. DELANEY: Petition of the Niagara Textile Co., of Lockport, N. Y., urging the passage of House bill 13999, introduced by Congressman HILL of Washington; to the Committee on Ways and Means.

10187. Also, petition of the Educational Conservation Society favoring the passage in the House of Senate Concurrent Resolution 6, providing for an American conservation week; to the Committee on Ways and Means.

10188. Also, petition of the Mercantile Import & Export Corporation of New York City, opposing any tariff bills increasing the duty on goods imported from countries with depreciated currencies; to the Committee on Ways and Means.

10189. Also, petition of Henry H. Scott, captain, United States Army, retired, protesting against the Connery amendment to the appropriation bill; to the Committee on Appropriations.

10190. By Mr. GIBSON: Petition of the West Haven Grange, No. 390, opposing the curtailment of the Rural Mail Service; to the Committee on the Post Office and Post Roads.

10191. By Mr. GILBERT: Petition by 205 residents of the District of Columbia who are opposed to the return of the liquor traffic in any form; to the Committee on the Judiciary.

10192. By Mr. GREENWOOD: Petition of residents of the District of Columbia, opposing the return of the liquor traffic in any form in the Nation's Capital; to the Committee on the District of Columbia.

10193. By Mr. HANCOCK of New York: Petition of W. W. Hunt and other residents of Syracuse, N. Y., favoring the stop-alien amendment to the Constitution; to the Committee on the Judiciary.

10194. By Mr. KOPP: Petition of Edith L. Birkett and many other citizens of Durant, Iowa, urging the revision of the banking laws to safeguard depositors; to the Committee on Banking and Currency.

10195. By Mr. LINDSAY: Petition of the Mercantile Import & Export Corporation, New York City, concerning tariff bills to increase duty on goods imported from countries with depreciated currencies; to the Committee on Ways and Means.

10196. Also, petition of Niagara Textile Co., Lockport, N. Y., favoring the enactment of House bill 13999; to the Committee on Ways and Means.

10197. By Mr. McCLINTOCK of Ohio: Petition of citizens of the District of Columbia, opposing the return of the liquor traffic in any form in the Nation's Capital; to the Committee on the District of Columbia.

10198. By Mr. PARKER of Georgia: Memorial of Gen. William L. Grayson, of Savannah, Ga., protesting against the methods employed by the Government in disposing of the 500,000 bales of cotton allocated for relief through the American Red Cross during the last session of Congress and commenting on the manner in which the additional 329,000 bales of cotton will be disposed of under the plans of Congress at this time to further relieve the distress of the people and to further reduce our surplus of cotton; to the Committee on Agriculture.

10199. By Mr. RAGON: Petition of the House of Representatives and the Senate of the State of Arkansas, mem-

orializing Congress to give consideration to the Glenn-Smith bill; to the Committee on Flood Control.

10200. By Mr. RUDD: Petition of the Mercantile Import & Export Corporation, New York, referring to tariff bills to increase duty on goods imported from countries with depreciated currencies; to the Committee on Ways and Means.

10201. By Mr. SEGER: Petition of Associated Letter Shops of Northern New Jersey, favoring legislation to reduce the 3-cent postage rate to 2 cents; to the Committee on the Post Office and Post Roads.

10202. Also, petition of Clearing House Association of Paterson, N. J., opposing enlargement of Postal Savings System facilities, and favoring legislation to eliminate Government competition with banks and other business; to the Committee on Banking and Currency.

10203. By Mr. SPENCE: Petition of C. G. Flarity, cashier the Farmers Bank of Butler; Henry Kroeger and others, of Ludlow; John J. Burke, of Latonia; Arthur Frost and others, of Bellevue; Mr. and Mrs. Joseph Krebs, sr., and others, of Fort Thomas; George Listerman and others, of Newport; Mrs. James C. Layne, of Florence; George McHugh and others, of Erlanger; A. C. Gardner and others, of Melbourne; Mr. and Mrs. Joseph Krebs, jr., and others, of Cold Springs; and Ennis L. Ewing and others, of Covington, all of the State of Kentucky, requesting the revaluation of the gold ounce and correction of financial abuses; to the Committee on Banking and Currency.

10204. By Mr. SWICK: Petition of William Gilboy, 226 Elm Street, New Castle, Pa., and 158 other residents of New Castle, urging the revaluation of the gold ounce, and elimination of mass production as proposed by Rev. Charles E. Coughlin in his radio discourses; to the Committee on Banking and Currency.

10205. By Mr. TARVER: Petition of a number of citizens of the Green Street Church community, Dalton, Ga., protesting against the repeal of the eighteenth amendment; to the Committee on the Judiciary.

